

Portland General Electric to receive payment for California energy sales

by Bend_Weekly_News_Sources

PORTLAND, Oregon -- Portland General Electric Company announced this week that it has reached a settlement with certain parties in California relating to wholesale energy transactions in the western energy markets, under which it will receive a payment of approximately \$27 million for power sales the company made to California during the west coast energy crisis of 2000 and 2001. The settlement involves proceedings and investigations by the Federal Energy Regulatory Commission (FERC) and the U.S. Ninth Circuit Court of Appeals. The settlement was filed today with FERC and is subject to FERC approval.

"We're pleased to have reached agreement with the parties," PGE Executive Vice President and CFO Jim Piro said. "We appreciate the hard work of everyone involved in settling these issues."

As a participant in the western energy grid, PGE sold wholesale power to California at market rates set by the California ISO, which coordinates California's wholesale power grid, and the California Power Exchange (PX) between January 1, 2000 and June 20, 2001. In response to claims that these rates had become excessive, FERC initiated its refund proceeding. Certain payments to sellers of power, including PGE, were withheld or delayed by the ISO and PX pending resolution of the refund proceeding. Today's settlement when approved by FERC will permit refunds to settling parties out of the amount that is currently held by the PX and owed to PGE. A small reserve will be retained by the PX to fulfill miscellaneous obligations under the FERC proceeding. The remaining balance of about \$27 million owed to PGE (including interest) will be released to the company.

PGE had established a reserve to account for the California claims, based on its estimation of how much the value of the power sales in question would likely be reduced on recalculation. With FERC approval of the settlement PGE will record a pre-tax increase to income of approximately \$4 million to \$5 million.

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