



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

News Release

FOR IMMEDIATE RELEASE

Media Contact: Terrie Prosper – 415.703.1366 – news@cpuc.ca.gov

PUC STAFF REACHES TENTATIVE SETTLEMENT WITH DUKE IN REFUND CASE

SAN FRANCISCO, July 13, 2004 – Staff of the California Public Utilities Commission (PUC) today announced that the California Parties reached a settlement with Duke Energy regarding the California Refund Case and related cases. The settlement is subject to approval by the PUC. Commission staff is pleased with the settlement and will recommend approval by the PUC of Definitive Agreements that substantially incorporate the terms of the settlement, and that the PUC become a party to the Definitive Agreements.

“I am pleased that after much hard work the Commission’s staff has come to a settlement with Duke that they are happy with,” said PUC President Michael R. Peevey. “The Commission will determine whether to approve the recommended settlement, but it appears to be the end of another hard fought battle we waged on behalf of ratepayers to return money to Californians that was lost as a result of the energy crisis.”

The highlights of the settlement are:

- Settlement value is approximately \$200.5 million;
- Duke will pay 100 percent of refunds it owes pursuant to existing Federal Energy Regulatory Commission (FERC) orders, adjusted for partial recovery of claimed “gas adder” costs, estimated at \$122.1 million;
- Duke will pay an additional \$38.1 million to settle claims related to summer 2000;
- Duke will pay an additional \$40.3 million to settle other claims, including claims by the California Department of Water Resources for short-term bilateral purchases, and claims asserted by the California, Washington, and Oregon Attorneys General;

- Duke will make payment by: (1) payment of \$60.5 million in cash; and (2) assignment of its unpaid receivables (\$140 million), plus net interest. Net interest could increase the value of the settlement to California;
- Duke agrees to abide by FERC market rules prohibiting manipulation, to undergo periodic audits intended to ensure that Duke does not engage in physical withholding of energy from the markets, and to offer its available capacity to the Independent System Operator in the event of a system emergency;
- All parties to the Refund Case will be invited to opt-in to the deal and receive an allocated share of refunds;
- Duke will also pay \$7 million to settle private class action cases; and
- The settlement is subject to FERC and PUC approval.

For more information on the PUC, please visit www.cpuc.ca.gov.

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