



NEWS RELEASE

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Contact: Patrick Dorinson

(916) 351-4466

CAL-ISO OPENS CALIFORNIA POWER GRID TO COMPETITION Consumers free to switch electricity suppliers

(Folsom, CA) A new chapter in electric history was written today, Tuesday, March 31, 1998, when the California Independent System Operator (Cal-ISO) opened the tollgates to the state's "electron highway". The newly created Cal-ISO commands the first fully competitive power grid in the country, a critical link in giving consumers served by investor-owned utilities access to buying energy from independent suppliers.

Cal-ISO CEO Jeffrey Tranen, along with the Chairman of its Board of Directors Jan Smutny-Jones, ushered in the new electricity era during a ceremony held in the heart of Cal-ISO operations-- a 15,000 foot, state-of-the-art power grid control center in Folsom, California. The high-tech facility directs the flow of electrons within California's electric artery that stretches 124,000 square miles, or three-quarters of the state--transmission systems formerly operated by the three investor-owned utilities in the state (Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric).

Tranen opened the ceremony by signaling the start of power scheduling at the Cal-ISO. "At midnight tonight, the schedules that we are processing at this very moment will direct the first 'hour of power' under Cal-ISO control," said Tranen. "Today marks the seamless transfer of responsibility that passes management of the power grid from the investor-owned utilities to us. It is our job to safeguard the power grid and keep the lights on for California while enabling customers to have a choice in new electricity markets."

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Tranen praised the 260 Cal-ISO employees for their tireless efforts in overcoming technical challenges that surfaced during the development of the Cal-ISO. "We brought new meaning to the term teamwork," said Tranen.

Tranen also thanked the 26-member Cal-ISO Board of Directors, headed by Smutny-Jones, for the months of planning and problem solving spent creating the infrastructure for the new corporation.

"Few organizations have been built from scratch in the time frame that the Cal-ISO was completed," added Smutny-Jones. "It went from ink on paper to a dynamic, multi-faceted operation less than a year after incorporation. All Californians should be justly proud of this achievement."

The Cal-ISO was born out of landmark decisions issued by the State Legislature and the California Public Utilities Commission (CPUC) that triggered the start of open competition in the electricity industry. The not-for-profit Cal-ISO now controls 75 percent of the electricity sold in the state; the remaining regions are controlled by municipal utilities.

More than 600 power plants will be connected to the ISO-controlled network of transmission lines, making Cal-ISO's control area, with approximately 45,000 megawatts of peak load, the second largest in the U.S. (Pennsylvania-New Jersey-Maryland Interconnection is the largest) and the fifth largest in the world. Enough power will be transported on the system to meet the annual energy needs of 27 million residents living in areas served by investor-owned utilities.

The Cal-ISO is an integral part of the state's mission to foster lower electric rates, provide consumer choice, and offer safe and reliable service.

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