



NEWS RELEASE

FOR IMMEDIATE RELEASE
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HEAT WAVE GRADUATES TO STAGE TWO EMERGENCY Cal-ISO Asks Utilities to Interrupt Load to Willing Customers

(Folsom, CA) The California Independent System Operator (Cal-ISO) declared a Stage Two Emergency at 3:05 p.m. today. The Cal-ISO has requested a total of 1500 megawatts (MW) from Southern California Edison and Pacific, Gas & Electric; San Diego Gas & Electric instituted its interruptible load program early today. The Stage Two Emergency will be in effect until 7 p.m. tonight when the Cal-ISO returns to a Stage One Emergency until 9 p.m. Earlier today, at 2 p.m., the Cal-ISO declared a Stage One Emergency as the state's electric system responded to today's statewide heat wave.

A Stage Two Emergency is declared when it is clear that Operating Reserves have dipped below 5 percent or are expected to within the next two hours. At this level the Cal-ISO will ask the state's investor-owned utilities to institute their interruptible load programs; such programs interrupt service to commercial and industrial customers who have volunteered to have their power cut off or partially curtailed in return for discounts on their electricity rates.

The peak demand on the transmission system is expected to reach 44,500 megawatts by late afternoon. On Monday, August 3, 1998, Californians broke the all-time electricity consumption record in the state (for areas served by investor-owned utilities) by using 44,927 megawatts of energy at 4:11 p.m.

Stage One of the state's Electrical Emergency Plan is initiated to advise the public of potential power shortages and to ask all customers to conserve electricity to ensure there will be enough power to meet future demand. The request for demand reduction is not intended to disrupt employment or curtail industrial production or commerce. However, if the conservation measures are

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insufficient in lowering the demand for power, load management programs that implement voluntary curtailments of power are probable. The Cal-ISO will acquire by any means, including non-competitive bid, additional resources in an amount sufficient to maintain minimum operation reserves. The Cal-ISO's Electrical Emergency Plan (EEP) is part of the state's enhanced reliability standards enacted by landmark legislation Assembly Bill 1890 that led to the restructuring of California's electricity industry.

A Stage One Emergency takes effect when electricity operating reserves fall to below seven percent. A Stage Two is declared when reserves drop below five percent. At this level, large commercial customers that have signed up to voluntarily curtail power during high demand days will be asked to do so. If an operating reserve shortfall of less than one-and-a-half percent is unavoidable, Stage Three is initiated. Involuntary curtailments of service to customers including "rolling blackouts" are probable during this emergency declaration.

Cal-ISO is chartered by the state to manage the flow electricity along the long-distance, high-voltage power lines that make up the bulk of California's transmission system. The not-for-profit public-benefit corporation assumed the responsibility in March 1998 when California opened its energy markets to competition and mandated the investor-owned utilities turn their private transmission power lines over to the Cal-ISO's public power grid. The mission of the Cal-ISO is to safeguard the reliable delivery of electricity and ensure equal access to the state's "electron highway", which spans 124,000 miles or three-quarters of the state. The Cal-ISO is the second largest control area in the U.S. and the fifth largest in the world. Its computerized control center is located in Folsom, 22-miles from the capital city of Sacramento.

Other helpful contacts:

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