



NEWS RELEASE

FOR IMMEDIATE RELEASE
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Contact: Patrick Dorinson
(888) 516-NEWS

CAL-ISO LIFTS STAGE TWO EMERGENCY

(Folsom, CA) The California Independent System Operator (Cal-ISO) ended its Stage Two Emergency at 10:06 this morning, Monday, December 21, 1998 and has returned to normal operations. A natural gas shortage caused by the frigid cold in the Northwestern United States prompted the Stage Two Emergency at 7:20 a.m. The Cal-ISO quickly worked to secure additional electricity reserves from out-of-state and was able to bring back generating units inside California to provide the backup power necessary to lift the Stage Two. With natural gas in short supply and icy cold temperatures continuing in the Western United States, the Cal-ISO called the Stage Two Emergency to reduce power demand on the state's transmission system. The arctic cold front blasting the Northwestern states extending down into Northern California is temporarily causing shortages of natural gas due to heating demands and the shortfall is affecting the supply of fuel needed to generate electricity at power plants in California. Additional problems were created by congestion on California's transmission lines as the Southwest states, which are not suffering from the arctic cold, sent surplus electricity north via California to the Northwest where power is deficient.

A Stage Two Emergency is declared when operating reserves dip below five percent or are expected to within the next two hours. At this stage, the Cal-ISO asks the state's utilities to implement their load management programs. At this point, only customers in Northern California, Pacific Gas & Electric's service area, are affected. The voluntary programs rely on commercial and industrial customers who receive discounted electricity rates to voluntarily curtail their electricity use in order to lower the state's demand for power.

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The Cal-ISO's Electrical Emergency Plan (EEP) is part of the state's enhanced reliability standards created by landmark legislation Assembly Bill 1890, which restructured California's electricity industry. Cal-ISO's EEP is activated when operating reserves fall below seven percent. That's when a Stage One Emergency is initiated to advise the public of potential power shortages and to ask all customers to conserve electricity in order to ensure there will be enough power to meet future demand. For more information on Cal-ISO's EEP, please visit our Internet home page at www.caiso.com.

Cal-ISO is chartered by the state to manage the flow of 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:

WSCC	Kim Astin/(801) 582-0353
PG&E	Leonard Anderson/(415) 973-5930
SCE	Clarence Brown/(626) 302-2255
SDG&E	Doug Kline/(877) 866-2066

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