

NEWS RELEASE

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Suspect Arrested Following Dual Incidents at California ISO *Employee of Firm on Contract with ISO Faces Federal Charges*

(Folsom, CA) The California Independent System Operator Corporation (California ISO) expresses its gratitude to authorities following the apprehension today of a suspect wanted in connection with two incidents that happened this week at its Folsom headquarters. The Federal Bureau of Investigation (FBI) reports that Lonnie Charles Denison, 32, employed by a firm on contract with the ISO, was arrested at 1:30 p.m. today. Denison faces federal charges of Destruction of an Energy Facility. The FBI reports he is housed at the Sacramento County main jail and makes his initial appearance in Sacramento Federal Court on Thursday, April 19, 2007.

The ISO thanks the FBI and the quick response provided Monday by local law enforcement, which included the Folsom Police Department, Sacramento Police Department and the Sacramento County Explosives Ordnance Detail.

Authorities were called in to investigate immediately following a midnight act Sunday night that cut off the internal power supply to several computer systems that handle ISO market data. The deliberate disruption of onsite power to the computer banks did not impact grid operations or affect any electricity customers. Built-in redundancies in the ISO computer backbone prevent a single action from affecting the power grid. Additionally, the Energy Management System, which provides the computerized support of grid operations, remained unaffected. The ISO markets were functioning by 3:00 a.m., with full restoration of the computer systems by 6:00 a.m.

Nearly twelve hours after the first incident, the California ISO received a credible threat of physical harm to the facility via an email from the same suspect. With employee safety the top priority, the threat was taken very seriously and a decision was made immediately to evacuate all three ISO buildings at the Folsom campus. Grid operations were transferred within minutes to the California ISO's

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second Control Center, while approximately 500 employees safely evacuated its Folsom headquarters.

The ISO Folsom campus was cleared for reentry at approximately 5:00 p.m. Monday and ISO grid operations personnel returned to staff the Folsom Control Center for the night shift, assuming operation of the grid from its other control center by approximately 6:00 p.m.

The FBI and other authorities have established a link between the two incidents and have determined the suspect acted alone.

While many things went right in terms of the response to and recovery from these events, the California ISO is launching an internal investigation to review security policies and procedures, and other mitigation steps taken in response to the incidents.

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California's open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to 25,000 circuit miles of "electron highway." As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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