



## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

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### United States Court of Appeals Rules in California's Favor State Retains Right to Designate California ISO Board of Governors

(Folsom, CA) In an important states rights vs. federal rights case decided today, Tuesday, June 22, 2004, the United States Court of Appeals ruled that the Federal Energy Regulatory Commission (FERC) cannot dictate a process for appointing the transmission grid operator's Board that is contrary to state law.

During the height of the energy crisis in 2001, the Governor of California and the State Legislature stepped in to statutorily reconstitute the California ISO Board of Governors, replacing the 26-member stakeholder Board with a five-member board appointed by the Governor and confirmed by the Senate. In 2000, Federal Energy Regulatory Commission (FERC), the entity that oversees the interstate transmission grid, proposed an order to replace the state appointed board and restructure it in a manner determined by FERC. Today, the Court of Appeals ruled that FERC has no authority to make or enforce such an order.

"Today's decision is a clear victory for California and endorses the actions made by the Governor and the Legislature three-and-a-half years ago," said ISO Board of Governors Chair Michael Kahn. "We will continue to work toward improving our relationship with the FERC and see the decision today as elimination of the one issue that stood between the state and the federal government."

Ruling from the United States Court of Appeals:

<http://pacer.cadc.uscourts.gov/docs/common/opinions/200406/02-1287a.pdf>

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 more than 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. The 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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