

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER KATHLEEN CONNELL SAYS GOVERNOR'S ENERGY PLAN WON'T SOLVE CASH FLOW CRISIS

Sacramento, April 6, 2001 – State Controller Kathleen Connell today said the energy plan Governor Davis unveiled in a televised address last night will not solve the state's most imminent problem.

"For the past three weeks, I have made it clear California is headed for a serious cash flow crisis." Connell said. "I am disappointed that the Governor's plan fails to address the severe cash deficit California will soon face as a result of the ongoing energy purchases."

Connell noted that solutions that may be valid in the long term do not address the immediate cash flow issues.

"The Governor called for conservation, and I support that. It may be the only way to minimize summer blackouts. However the Governor's plan has no immediate solutions," Connell said. "PG&E's surprise move to file for bankruptcy today is another indication that the Governor's new plan falls short of a comprehensive solution."

Connell again called for the disclosure of information about energy purchases and rate hike revenues and encouraged the Governor to work with other elected state officials.

"As I said more than two months ago, we need more information about electricity purchases and potential revenues if we are to develop a plan for meeting our short- and long-term statewide obligations," Connell said. "I am doing all I can to share the information I have about the state's cash flow situation. I can't emphasize enough that a solution must take into account all the financial information. Disclosure of the energy costs must occur now, as well as a financing plan to pay for energy purchases, if we are to avoid a shortfall," she said.

Controller Connell has been sharing cash flow analyses that project a general fund deficit and the need to borrow from other funds before the end of the year.

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