Enron Documents

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| DOE Addressee | Elizabeth Moler | Source | PM-O |
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| Sensitivity | Not Applicable | Classification | None |
| Topical Index | RE: AIR POLLUTION IMPACTS OF INCREASED Deregulation in the Electric Power Industry: An Initial Analysis - 1/15/98 |
| Point of Contact | LOHRM |
| Action Office | 202 586-0471 Lohr, Michael |
| Action Requested | Assigned To | PO |
| Special Instructions | Date Due | |
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Dear Deputy Secretary Moler:

Over the past two years, Northeast Governors, Environmental Commissioners, and air quality regulators have written the Administration to stress that achieving the full benefits of competition requires the application of comparable environmental standards to all electric power generators. We remain concerned that, without environmental safeguards, newly competitive electricity markets will favor the lowest cost, most polluting power generators. Like you, we care deeply about reducing our citizens’ exposure to ozone smog and fine particle pollution. As a region already struggling with serious air quality problems, the prospect of increased transport of NOx, mercury and other pollutants from largely unregulated, high-emitting powerplants causes us great concern. We have asserted, and continue to believe now, that environmental concerns must be addressed nationally as part of electric utility restructuring.

As you recall, we initially voiced these concerns in the context of the Federal Energy Regulatory Commission’s (FERC) 1996 rulemaking concerning transmission access and competition in wholesale electricity markets, which ultimately resulted in FERC Order 888. We were gratified when in June of 1996, FERC and EPA pledged to work together to (1) track the future environmental impacts of open access and competition and (2) mitigate any adverse environmental impacts associated with open access.

Since these commitments to track and mitigate any increased emissions were made, we are not aware of any publicly available analysis conducted by EPA or FERC examining the air quality impacts of increased competition. Given our continuing concerns, we asked our staff to work through our regional association, the Northeast States for Coordinated Air Use Management (NESCAUM), to try and determine if our earlier concerns were justified.
The results of our initial analysis (attached) affirm our belief that comparable environmental standards must be applied to all electricity generators to ensure that increased competition does not have the unintended effect of increasing air pollution.

Specifically our analysis finds that:

1. Several large Midwestern power companies — most notably American Electric Power (AEP) — substantially increased their short-term wholesale electricity sales between 1995 and 1996. The amount of power sold to non-traditional market players, such as power marketers, also increased dramatically in that period. (p. 5-6)

2. Increased wholesale sales were accompanied by substantially increased generation at several of these companies' highest polluting coal-fired power plants from 1995 to 1996. (p. 7)

3. Contrary to prior assertions, the existing transmission infrastructure was able to support large increases in the flow of power from the Midwest toward the east. (p. 9-10)

4. Increased coal-fired generation resulted in substantial increases in powerplant emissions, notably of nitrogen oxides (which contribute to acid rain, ozone, fine particle pollution and the eutrophication of aquatic ecosystems) and other pollutants. (p. 8-9)

We understand that the Administration is currently evaluating the need to include environmental safeguards in national restructuring legislation. Our ability to examine only two years of data and a handful of power companies prevents us from assessing aggregate national impacts or documenting lasting market shifts. However, these findings strongly support the inclusion of environmental safeguards in any legislative proposals regarding utility restructuring. This analysis also argues for more comprehensive and sophisticated efforts to track and analyze emerging power market trends, in line with the commitments made by EPA, FERC, the Department of Energy and the Council on Environmental Quality in connection with FERC Order 888. We stand ready to offer whatever assistance we can to EPA and other federal agencies in fulfilling these commitments.

In closing, we wish to stress that restructuring is not the problem. The Northeast states have always supported and continue to support increased competition in the electric power industry. The problem is the inequity that enables some utilities to operate with excessively high pollutant emissions. Comparable environmental standards are necessary to insure that restructuring does not make a bad problem worse by rewarding dirty power plants with incentives to increase operation.
Thank you for your consideration of these important issues. We look forward to continuing to work together to harmonize our environmental and economic goals.

Sincerely,

Edward Sullivan  
Environmental Commissioner  
of the State of Maine

Barbara Ripley  
Environmental Secretary  
of the State of Vermont

David Struhs  
Environmental Commissioner  
of the State of Massachusetts

Robert Varney  
Environmental Commissioner  
of the State of New Hampshire

Arthur J. Roque, Jr.  
Environmental Commissioner  
of the State of Connecticut

John Cahill  
Environmental Commissioner  
of the State of New York

Andrew McLeod  
Environmental Director  
of the State of Rhode Island
Air Pollution Impacts of Increased Deregulation in the Electric Power Industry: An Initial Analysis
January 15, 1998

Introduction:

The Northeast states – which bear some of the nation’s highest electricity costs – welcome efforts to restructure the U.S. utility industry. However, as a region hard hit by ozone smog, acid rain and other pollution problems, the Northeast states are also concerned that deregulation is proceeding without adequate national environmental safeguards. In particular, the Northeast states have argued that comparable environmental standards must be applied to all electricity generators as a precondition for truly equitable, economically efficient and environmentally sound competition in the nation’s power markets. Absent a “level environmental playing field,” the Northeast states are fearful that deregulated markets will result in significantly increased power production at low-cost, highly polluting coal-fired power plants. Many such facilities are clustered in the industrial Midwest. As was demonstrated in the recent Ozone Transport Assessment Group (OTAG) process, prevailing west to east wind patterns are capable of transporting pollutants from these power plants over long distances, exacerbating already severe air quality problems in the Northeast.

NESCAUM and others raised these concerns in comments on the Environmental Impact Statement (EIS) developed for FERC’s Open Access Rule (Order 888). In this EIS, finalized in April of 1996, FERC asserted that open access to utility transmission lines would have negligible environmental impacts. This conclusion was based primarily on assumptions that the percentage of electricity generated by natural gas would continue to grow and that the Eastern Interconnection of the U.S. transmission grid could not accommodate significant additional power flows.

Recent evidence suggests that the Administration should re-examine these assumptions. First, data recently released on nationwide electricity generation in 1996 show an increase of 83 million Megawatt-hours (MWh) in coal-fired...
generation and a decrease of 44 million MWh in gas-fired generation compared to 1995 levels. Second, data filed by utilities on interchange among power control areas indicate that growth in the use of the transmission system may have already outstripped FERC's longer-term growth assumptions.

Fully understanding the causes of this shift in resource use and power flows will require a much more thorough analysis than presented here. Relative fuel prices and nuclear outages are perennial drivers of shifts in the use of coal and gas, and separating the effects of these factors from industry restructuring will be difficult. The data presented here, however, strongly suggest that industry restructuring played a significant role in both the shift from gas to coal in 1996 and changes in bulk power flows.

The following analysis represents an initial attempt to investigate whether evidence exists to link open power markets – particularly at the wholesale level – and increased power production at low-cost, highly polluting coal-fired power plants. Specifically, the NESCAUM Energy Workgroup was interested in exploring the following questions:

1. Are power markets beginning to respond to increased access and competition? (Indicators might include levels of wholesale power flows and the presence of new market participants such as power marketers.)

2. Is any new demand for low-cost wholesale power resulting in increased production at less stringently regulated coal-fired power plants?

3. Have significant changes in utility emissions occurred between 1995 and 1996 concurrent with restructuring?

4. Is the existing transmission infrastructure capable of supporting a significant increase in transfers of electricity, thereby allowing low-cost, high pollution power to flow to new markets?

The NESCAUM Energy Workgroup began its exploration of these questions by looking at 1995 to 1996 data from several utility companies, including Ohio-based American Electric Power (AEP), Indianapolis Power & Light (IPALCO), Illinois Power, and New England Electric System (NEES). Information supplied by these companies to the Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE) forms the basis for this analysis.

NESCAUM recognizes this limited analysis is not adequate to establish long-term trends, or to gauge the overall impact of recent changes in the regulation of the electric utility industry. However, our preliminary findings suggest that increased

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2. Gas prices rose in relation to coal prices in 1996, however nationwide nuclear generation remained stable, rising by only 1.4 million MWh, or 0.2%.
competition is contributing to increased emissions at coal-intensive utilities, and that some form of mid-course public policy correction may be necessary. These findings underscore the need for comprehensive efforts to document the impacts of restructuring on air quality, and lend impetus to state and federal efforts to establish adequate emissions tracking and disclosure systems. Moreover, these findings suggest that equitable environmental standards must be made an integral part of ongoing competitive reforms.

Background:

In 1995, the NESCAUM Energy Workgroup sponsored a comparative analysis of the emissions and cost characteristics of three major power systems: AEP, the Pennsylvania-New Jersey-Maryland (PJM) pool, and the New England Power Pool (NEPOOL). The analysis indicated that the AEP system was characterized by substantially higher emissions of NOx, SO2, and CO2 per unit of electricity output than either the PJM or NEPOOL systems. At the same time, AEP was estimated to have a significant amount of production capacity available at relatively low cost. Specifically, the report estimated that AEP could generate approximately 60 million additional megawatt-hours (MWh) for 3 cents per kWh or less (see Attachment A). To put this into context, the total power supplied by the NEPOOL system in a typical year is less than 120 million MWh. Furthermore, the analysis estimated that the NEPOOL system could generate only 7 million additional megawatt-hours for 3 cents per kWh or less. The analysis concluded that if existing AEP power plants are utilized to the maximum extent practicable (i.e. 85% capacity factor), AEP NOx emissions can increase by about 60% over average daily NOx emissions during the 1985-92 time period (see Attachment A). Regardless of where the additional power is sent, increases in pollutant emissions at upwind power plants will affect downwind communities and sensitive environmental areas.

Recognizing that other upwind utilities besides AEP also own low-cost, high-emitting coal-fired capacity, the Northeast states began to express concern about the environmental impacts of open access, absent comparable emission standards for upwind power generators. An early and crucial forum for these concerns was the FERC’s landmark rulemaking to promote competitive wholesale power markets by requiring utilities to provide open access to transmission services. Between 1995 and 1996, the Northeast states provided comment on this rulemaking process and on FERC’s development of an accompanying environmental impact statement (EIS). In its final EIS, released in April of 1996, FERC concluded that its rulemaking would have negligible environmental impacts. FERC Order 888 establishing open access in wholesale electricity markets was promulgated shortly thereafter.

NESCAUM and other observers questioned FERC’s assessment of the environmental impacts of increased competition encouraged by Order 888. In particular, the EIS was criticized for failing to assess these impacts against a true “no-action” base case and for making unduly modest assumptions about the ability of
power markets – and particularly the transmission infrastructure – to respond to new market opportunities. According to FERC's projections, transmission constraints would continue to seriously restrict power flows such that power transfers between regions would continue to represent a relatively small share (< 5%) of overall generation in most regions, even as late as 2005.

In May of 1996, the Environmental Protection Agency (EPA) referred FERC Order 888 to the President's Council on Environmental Quality on grounds that the rule could, under certain circumstances, lead to increases in air pollution in the future. Nevertheless, EPA supported immediate implementation of the rule based on its assessment that "the open access rule is unlikely to have any significant adverse environmental impact in the immediate future." As part of the resolution of this referral, FERC, EPA, and the Department of Energy pledged to work together to track the impacts of open access over time. EPA agreed to take all available action under existing Clean Air Act authority to limit future NOx emissions, and FERC agreed to undertake additional actions in the future should EPA authority and the outcome of the OTAG process fail to be adequate to ensure against future adverse impacts. Subsequently, EPA proposed under Section 110 of the Clean Air Act the implementation of caps on NOx emissions throughout the eastern half of the United States, effective in the 2003 timeframe if promulgated. NESCAUM strongly supports the implementation of Section 110 NOx caps. In the meantime, however, power generators in the Northeast face widely disparate environmental standards from upwind competitors, leaving Northeast residents vulnerable to increased pollution transport. To the best of our knowledge, neither FERC, DOE, or EPA have begun to assess the environmental issues involved with the move to increased wholesale electricity competition. Therefore, the NESCAUM Energy Workgroup set out to begin the examination of the impacts of increased competition.

Structure of the Analysis and Data Source:

The following analysis is structured along the four main lines of inquiry summarized in the Introduction. Because the Energy Workgroup did not have the resources to undertake a comprehensive assessment, several specific utilities were selected to see if they provided any early evidence of trends in restructured electricity markets. The most in-depth analysis was undertaken for AEP, which is a particularly large and important Midwestern utility, and which had been the subject of the earlier work by NESCAUM described above. The Workgroup relied entirely on publicly available information in this effort. Data from 1993 through 1996 on power generation, purchases, and sales are from FERC 1 Forms and EIA 759 Forms. Data on power transfers between control areas are from FERC 714 Forms. Emissions were estimated using data from EPA's Acid Rain Database.
FINDINGS:

Are power markets beginning to respond to increased access and competition?

Judging by growth in wholesale sales and increased sales to non-traditional market participants, such as power marketers, the answer is clearly yes. Between 1995 and 1996, non-requirements wholesale sales increased at AEP by 9.6 million MWh (46%) (Figure 1). Though smaller in absolute terms, other utilities registered similar growth in non-requirements wholesale sales between 1995 and 1996. Sales at Illinois Power Company increased by 1.4 million MWh (23%), and sales at IPALCO increased by 0.3 million MWh (84%) (Figure 2).

Figure 1. AEP non-requirements wholesale sales increased by 46% from 1995 to 1996.

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Non-requirements sales include energy sales not associated with long-term commitments that the company includes in projected load.
Figure 2. Illinois-Power Company non-requirements wholesale sales increased by 23%. IPALCO’s increased by 84%.

Furthermore, the kinds of contracts under which non-requirements energy was purchased from these utilities changed significantly between 1995 and 1996, as did the composition of the companies purchasing the energy (see, e.g., Attachment B, Tables 3, 7, & 11). First, much more energy was sold under short-term, non-firm contracts in 1996. For example, AEP’s short-term sales to non-affiliated companies increased by 104%, or 8.5 million MWh, between 1995 and 1996. Second, far more wholesale energy was sold to energy marketing companies, as opposed to other utilities, in 1996. Clearly, new energy marketing companies have begun to fill a market niche created by industry restructuring. Unlike traditional utilities, power marketing companies do not have geographic service areas and, as of yet, have relatively few retail customers. In 1996, companies such as AES Power, Koch Power Services, Phibro, Inc., and Enron Power Marketing acted mainly as wholesale electricity brokers.

Looking at the ten largest purchasers of short-term wholesale energy from AEP, the percentage of energy (in MWh) going to marketing companies increased from zero in 1995 to 67% in 1996 (see Attachment B, Figure 3). At IPALCO, this percentage increased from 0.1% in 1995 to 29% in 1996 (see Attachment B, Figure 8). At Illinois Power, the increase was from 25% to 49% (see Attachment B, Figure 6). While we cannot definitively conclude that this shift from long-term to short-term sales and the increase in sales to power marketers is a response only to industry restructuring, these are precisely the kind of changes one would expect in response to increasingly open and competitive wholesale markets.
Is new demand for low-cost wholesale power resulting in increased production at less stringently regulated coal-fired power plants?

As noted above, nationwide coal-fired generation increased significantly in 1996 and gas-fired generation declined (see Attachment B, Figure 1). This change is attributable to a variety of factors, including changes in relative fuel prices, the generation sources available to offset a number of nuclear outages, and, we believe, industry restructuring. At this point, it is premature to suggest that a substantial driver of this shift is restructuring without environmental safeguards. But at three of the four utilities studied, it is clear that additional wholesale sales were made possible by increased generation at coal-fired power plants.

Between 1995 and 1996, coal-fired generation increased at AEP by 10.3 million MWh (10%). Coal-fired generation at Illinois Power Company increased by 1.6 million MWh (9.9%), while coal-fired generation at Indianapolis Power & Light (IPALCO) increased by 0.6 million MWh (4.2%). Coal-fired generation at NEES increased by 0.9 million MWh (9.7%), but a greater increase of 2.0 million MWh was provided by gas-fired generation (170% increase from 1995). While uncertainty remains for the reasons for these changes, there is no question that the increase in coal use is resulting in increasing pollution levels that are detrimental to public health and the environment.

![Figure 3. Increase in coal-fired generation increased from 1995 to 1996 at four utility systems.](image)

Have significant changes in utility emissions occurred between 1995 and 1996 concurrent with restructuring?

Yes. Between 1995 and 1996, oxides of nitrogen (NOx) emissions increased by 51,518 tons at AEP coal-fired power plants. The increase by itself is greater than the
total 1996 NOx emissions from all fossil fuel power plants (coal, oil, and natural gas) in the states of Massachusetts and New Hampshire combined.

In six Midwest states (IL, IN, KY, MI, OH and WV) where coal generation dominates the utility fossil fuel consumption, NOx emissions increased 6% from 1995 to 1996. The increase in 1996 occurred even though modest decreases are being made in NOx emission rates from Group I utility boilers due to the Clean Air Act Title IV acid rain provisions. This illustrates that decreasing the rate of NOx emissions (or any pollutant) from coal-fired power plants can be offset by increasing the amount of coal burned if total emissions are not capped.

Part of the increase in NOx emissions appears to be attributable to the increased utilization of the highest emitting coal power plants. Three of the five AEP plants that significantly increased generation in 1996 have extremely high NOx emission rates. At the Gavin plant, with a NOx rate of 12.9 lb/MWh, generation increased by 2.8 million MWh in 1996. At the Tanners Creek plant, with a NOx rate of 15.8 lb/MWh, generation increased by 855 thousand MWh. At Muskingum River, with a rate of 8.35 lb/MWh, generation increased by 2.7 million MWh. Illinois Power’s Baldwin plant, with a NOx rate of 13.2 lb/MWh, increased its generation in 1996 by 650 thousand MWh. By comparison, the average emission standards for large fossil fuel-fired boilers in the Northeast are between 3 and 4 lb/MWh.

While increases in pollution due to increases in power generation at one utility could be offset by decreases in generation at another utility, the increases described above are at some of the highest emitting coal power plants in the country. Therefore, it is very unlikely that an increase in pollution levels at these power plants will be completely offset by decreases in emissions elsewhere due to displaced power generation.

New England Electric System (NEES) also experienced increasing non-requirements wholesale sales (170%) from 1995 to 1996, as well as an increase of 21% in overall generation that resulted in an increase in NOx emissions by 1,390 tons. Unlike the utilities described above, however, a large part of the increased generation at NEES was provided by a newly repowered gas-fired power plant, resulting in an increase in gas-fired generation of 170%. Along with the large increase in gas-fired generation, coal-fired generation increased 9.7%. It appears that the increases in fossil fuel-fired generation at NEES in 1996 were likely due to nuclear outages within the region. Overall, air emissions from NEES power plants increased over 1995 levels due to the replacement of nuclear generation (see discussion in Attachment B).

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4 These figures are based on 1995 NOx emission rates, which are not likely to have changed significantly in 1996.
In addition to NOx, increases in SO\textsubscript{2} and CO\textsubscript{2} emissions from coal-fired generation also occurred from 1995 to 1996 at the four utility systems studied. Figure 4 below shows the relative increases for AEP, Illinois Power, IPALCO, and NEES from 1995 to 1996.

![Increase in Coal-Fired Power Plant Emissions from 1995 to 1996 at Four Utility Systems](image)

Figure 4. Relative increases in NOx, SO\textsubscript{2} and CO\textsubscript{2} emissions from coal-fired generation at four utility systems between 1995 and 1996.

Nationally, CO\textsubscript{2} emissions from all fossil fuel-fired generation increased by about 4.7% from 1995 to 1996. This one-year increase is greater than the cumulative increase in CO\textsubscript{2} emissions between 1990 and 1995. Coal contributed a disproportionately large part of the increase because coal combustion emits more carbon per kilowatt-hour of electricity generated than the other fossil fuels.\textsuperscript{5}

Is the existing transmission infrastructure capable of supporting a significant increase in transfers of electricity, thereby allowing low-cost, high pollution power to flow to new markets?

Again, the answer appears to be yes. Gross exports from the AEP system rose 17.5% to 70.5 million MWh between 1995 and 1996. Net exports rose by 8.8 million MWh (161%) to a total of 14.3 million MWh. AEP's net exports to three control areas that form connections to control areas farther east increased by 7.6 million MWh (96%) (see Attachment B, Figure 4). In turn, the net exports of these three control areas to the Pennsylvania-New Jersey-Maryland (PJM) control area rose by 9.5 million MWh (69%).

The capacity of the transmission system is a key issue in the debate over the environmental implications of electric utility restructuring. In concluding that Order 888 would have little or no environmental impact, FERC made an important assumption that transmission prices, but not capacity, would change substantially in response to open access. As a result, FERC assumed that power transfers between regions would remain relatively small even after competition was well underway. For instance, as its environmental worst case, FERC modeled a “Competition Favors Coal” scenario. Even under that scenario, FERC projected that the coal intensive East North Central region (which includes the states of Ohio, Indiana, Michigan, Illinois, and Wisconsin) would export just 1 million net MWh in the year 2000. While this projection, which is for an entire region, can’t be compared to the performance of a single utility, AEP alone exported a net of 14.3 million MWh—most of it to power systems outside the East North Central region—in 1996.

In response to criticisms that it had used unduly constrained transmission assumptions, FERC also modeled an “Expanded Transmission” case in combination with the “Competition Favors Coal” scenario. The effect of this case was to increase projected net exports from the East North Central region from the 1 million MWh noted above to a total of 10.9 million MWh in the year 2000. Although FERC asserted that the expanded transmission assumptions underlying this projection were highly unrealistic, 10.9 million MWh are still significantly below the 14.3 million MWh of net exports attributed to AEP alone in 1996.

In short, the initial NESCAUM analysis indicates that the existing transmission infrastructure is capable of supporting substantial increases in power flows between systems. Moreover, as NESCAUM argued in earlier comments to FERC on its EIS, it is entirely reasonable to expect that transmission capacity will continue to be enhanced in response to emerging market opportunities.

Policy Implications:

_Emission caps_

The increase in NOx emissions from increased coal-fired generation demonstrates a clear need for aggressive, overall NOx emission caps for states as proposed by EPA under Section 110 of the Clean Air Act. Regardless of the reasons for the pollution increases in 1996, an environmental policy is needed to prevent such increases in the future. Moreover, EPA needs to accelerate implementation of a national NOx emissions cap in order to prevent continued increases prior to 2003. Furthermore, NOx emissions have a large role in acidic and nitrogen deposition on lakes, forests and estuaries, in addition to summertime ozone formation and other health and environmental impacts. The Administration must consider the year-round harms from NOx emissions in establishing a national NOx cap. Attention must also be paid to capping CO2 emissions in order to meet the terms of international climate change treaties.
Full disclosure

Informed decisions depend on ready access to accurate information. The federal government to date has not provided or required sufficient data for a comprehensive assessment of current trends due to restructuring. From the questions raised in this analysis, it is clear that much more information must be made available in a concise and timely manner to evaluate the impacts of the changing utility industry. Customers, too, must have access to comprehensive information on the fuel mix and emissions profiles of competing suppliers. Markets alone are unlikely to provide comprehensive information to customers; suppliers must be required to provide full information about fuel sources and emissions.

Comparable environmental performance

From the potential trends noted in this paper, EPA, DOE, FERC, and the Administration's Council on Environmental Quality need to live up to the commitments made with regard to FERC Order 888. National restructuring legislation and state reforms should include environmental safeguards applicable to all market participants. Equivalent environmental standards such as generation performance standards (in lb/MWh) must be established and enforced. Progress made over the years in improving the nation's air quality need not be sacrificed in order to reap the benefits of a more competitive electricity market.

Conclusion

The initial investigation presented here does not yield a single definitive answer about the impact increased wholesale competition is having on environmental quality. It does suggest, however, that the NESCAUM states and all interested parties should continue to be concerned about increasing pollution from utility restructuring without public health and environmental safeguards. Of course, it is not certain that the trends apparent in these data on 1996 generation, sales, and net interchange represent long-term trends. But from recent industry projections and statements, these trends appear consistent with the direction in which coal-intensive utilities are heading. For example, in announcing record third-quarter earning in 1997, AEP chairman Linn Draper said, “The improvement can be attributed to increased wholesale sales and non-operating income .... Wholesale energy sales were up 43% as a result of power marketing transactions and coal conversion services.”

The NESCAUM states support the opportunity to access inexpensive electricity and greater competition within the utility industry as a result of restructuring. In addition, the states support increasing profits for utility industry participants adept in working the evolving power market. The market, however, must not evolve to the detriment of public health and the environment.

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The NESCAUM states look forward to working with interested parties in continuing to monitor the progress of utility market competition and environmental quality. Emission caps are needed that will reduce the total amount of pollution released into the atmosphere. Full disclosure of market transactions, including fuel mix and emissions information, must be made available so that informed decisions are made. Comparable environmental standards must be established to ensure competition is consistent with public health and environmental goals. With adequate information and appropriate safeguards, the dual goals of a more competitive electricity market and improved environmental quality can be met.
ATTACHMENT A
GROUNDS FOR CONCERN

A Comparison of Production Costs and Pollution Emissions
In Two Regional Power Pools

The following graphs compare emissions and costs for two large power systems, Ohio-based American Electric Power (AEP) and the New England Power Pool (NEPOOL). These two systems are comparably sized, dispatching approximately 25,000 and 20,000 megawatts (MW) of generating capacity respectively.

Figure 1 shows emissions of nitrogen oxides (NOx), compared to power production costs, for the two power systems. NOx is a key ingredient in ozone smog. It is also a precursor for fine particle pollution and contributes to the eutrophication of water systems. The AEP plants are clearly characterized by lower costs and higher NOx emissions rates compared to the NEPOOL plants.

Figure 2 shows the potential for pollution increases in both systems if existing plants were utilized to the maximum extent practicable (i.e. 85% capacity factor). Total NOx emissions for the AEP system, which are already much higher than NEPOOL's, could grow far more dramatically in response to increased demand and fuller plant utilization.

Moreover, available power on the AEP system would be very cost-competitive. In a year, AEP could generate approximately 60 million additional megawatt-hours for 3 cents per kWh or less. That's more than half the total power typically supplied by NEPOOL in a year. By contrast, the NEPOOL system could generate only 7 million additional megawatt-hours for 3 cents per kWh.

The upshot: if we do not first level the environment playing field, unconstrained competition is likely to increase demand for power from cheap, but dirty power plants such as those in the AEP system. The result could be significantly higher emissions. These emissions will blow toward the Northeast regardless of where the power is sold.
Figure 1.

NOx Rate vs Production Cost
AEP and NEPOOL Plants

Figure 2.

Potential to Increase Daily Emissions
NOx emissions for 1995-99 period

- AEP
- NEPOOL

- 85% capacity factor
- Avg CF (1985-92)
ATTACHMENT B
Attachment B: Data

Data recently released on nationwide electricity generation in 1996 show an increase of 83 million Megawatt-hours (MWh) in coal-fired generation and a decrease of 44 million MWh in gas-fired generation compared to 1995 levels.

![U.S. Coal-Fired Electricity Generation, 1990-96](chart1.png)

![U.S. Gas-Fired Electricity Generation, 1990-96](chart2.png)

*Source: U.S. Energy Information Administration.*

**Figure 1.** U.S. coal-fired and gas-fired electricity generation trends (1990-1996).

**American Electric Power**

AEP's annual generation increased by 13.0 million MWh, or 9.9%, between 1995 and 1996. The company's purchases from other companies dropped by 471 thousand MWh, or 4.6%. Non-requirements sales for resale increased by some 9.6 million MWh, or 46%. The category of non-requirements sales for resale includes energy sales not associated with long-term commitments the company includes in projected load. Requirements sales for resale—the long-term commitments the company does include in system planning—rose by
188 thousand MWh, or only 1.7%, and sales to ultimate customers rose by 1.6 million MWh, also 1.7%.

The vast majority of AEP's incremental generation between 1995 and 1996 was produced using coal. The company's coal-fired generation increased by 10.3 million MWh, or 9.0%. This is roughly 12% of the total national increase in coal-fired generation.

Table 1. AEP Generation by Fuel Type, 1993-1996

<table>
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<tbody>
<tr>
<td>Coal</td>
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<td>115,624,988</td>
<td>116,061,204</td>
<td>126,449,226</td>
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<td>Nuclear</td>
<td>16,313,243</td>
<td>9,291,420</td>
<td>13,999,316</td>
<td>16,395,865</td>
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<td>Oil</td>
<td>276,503</td>
<td>299,050</td>
<td>262,960</td>
<td>314,608</td>
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<td>Hydro</td>
<td>1,024,374</td>
<td>965,846</td>
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<td>Total</td>
<td>126,321,379</td>
<td>126,181,304</td>
<td>131,214,304</td>
<td>144,264,162</td>
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</table>

The composition of AEP's wholesale power sales changed significantly between 1995 and 1996. Short-term, non-firm transactions (categorized in Table 2 as "Other Service") became a significantly larger portion of total wholesale sales in 1996.

"Requirements sales for resale" refers to "service which the supplier plans to provide on an ongoing basis (i.e. the supplier includes projected load for this service in its system resource planning)." All other sales for resale are "non-requirements sales for resale."
Table 2. AEP Wholesale Power Sales by Contract Type

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>1995 MWh</th>
<th>% of Total</th>
<th>1996 MWh</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>Requirements Service</td>
<td>11,199,396</td>
<td>35.0%</td>
<td>11,418,329</td>
<td>27.3%</td>
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<td>Unit and Firm Service</td>
<td>12,633,836</td>
<td>39.5%</td>
<td>13,762,248</td>
<td>32.9%</td>
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<tr>
<td>Other Service</td>
<td>8,168,345</td>
<td>25.5%</td>
<td>16,641,211</td>
<td>39.8%</td>
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<td>Total</td>
<td>32,001,577</td>
<td>100.0%</td>
<td>41,821,788</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: FERC forms 1.

AEP sold far more "OS" category energy to marketing companies in 1996 than in 1995. Companies that purchased no energy from AEP in 1995 are marked with an asterisk.

Table 3. The Ten Companies Purchasing the Most "OS" Category Energy from AEP, 1995-96

<table>
<thead>
<tr>
<th>Company</th>
<th>1995 MWh</th>
<th>Percent of Total</th>
<th>Company</th>
<th>1996 MWh</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers Power</td>
<td>1,938,182</td>
<td>27.5%</td>
<td>*AES Power</td>
<td>2,616,557</td>
<td>20.1%</td>
</tr>
<tr>
<td>Allegheny Power</td>
<td>1,929,402</td>
<td>27.4%</td>
<td>*PECO Energy</td>
<td>2,409,918</td>
<td>18.5%</td>
</tr>
<tr>
<td>West PA Power Co.</td>
<td>906,920</td>
<td>12.9%</td>
<td>*Koch Power Services</td>
<td>1,560,548</td>
<td>12.0%</td>
</tr>
<tr>
<td>Commonwealth Ed</td>
<td>461,187</td>
<td>6.5%</td>
<td>Consumers Power</td>
<td>1,500,263</td>
<td>11.5%</td>
</tr>
<tr>
<td>TVA</td>
<td>436,381</td>
<td>6.2%</td>
<td>Citizen Lehman</td>
<td>1,315,624</td>
<td>10.1%</td>
</tr>
<tr>
<td>American Mun. Pwr</td>
<td>346,780</td>
<td>4.9%</td>
<td>*Commonwealth Ed. Services</td>
<td>1,040,674</td>
<td>8.0%</td>
</tr>
<tr>
<td>Ohio Edison</td>
<td>345,558</td>
<td>4.9%</td>
<td>*Phibro, Inc.</td>
<td>780,424</td>
<td>6.0%</td>
</tr>
<tr>
<td>Virginia Electric Power</td>
<td>280,395</td>
<td>4.0%</td>
<td>Carolina P&amp;L</td>
<td>752,660</td>
<td>5.8%</td>
</tr>
<tr>
<td>Richmond P&amp;L</td>
<td>217,763</td>
<td>3.1%</td>
<td>TVA</td>
<td>573,059</td>
<td>4.4%</td>
</tr>
<tr>
<td>Duquesne P&amp;L</td>
<td>184,002</td>
<td>2.6%</td>
<td>*Buckeye Power</td>
<td>477,448</td>
<td>3.7%</td>
</tr>
<tr>
<td>Total &quot;OS&quot; Sales</td>
<td>7,046,570</td>
<td>100.0%</td>
<td>Total &quot;OS&quot; Sales</td>
<td>13,027,175</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: FERC forms 1.

The charts in Figure 3 include the same companies as shown in Table 3, above. AES, PECO, Koch, Citizen Lehman and Phibro are categorized as marketing companies.
In 1995, AEP reported gross exports from its control area of 60.0 million MWh. In 1996, that number jumped to 70.5 million MWh, an increase of 10.5 million MWh, or 17.5%. Taking into account power flowing into the AEP system, net exports were 5.5 million MWh in 1995 and 14.3 million MWh in 1996, an increase of 8.8 million MWh, or 161%. The majority of these net imports went to three control areas to the east of AEP (Virginia Electric Power, Cleveland Electric Illuminating and Allegheny Power System).²

Table 4. Net Energy Exports from AEP to Control Areas with Connections to the East

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Net Interchange (MWh)</th>
<th>1995</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>VEPCo</td>
<td>2,476,000</td>
<td>4,134,000</td>
<td></td>
</tr>
<tr>
<td>CEI</td>
<td>53,000</td>
<td>779,000</td>
<td></td>
</tr>
<tr>
<td>APS</td>
<td>5,376,000</td>
<td>10,567,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,905,000</td>
<td>15,480,000</td>
<td></td>
</tr>
</tbody>
</table>

The figure below shows the relative position of the power control areas discussed in this report. The AEP system is centrally located and is also interconnected to more control areas than any other system in the Eastern Interconnection. Cleveland Electric Illuminating Co. (CEI), Allegheny Power System (APS), and Virginia Electric Power Co. (VEPCo) form connecting bridges between AEP and power control areas farther to the east. There are other control areas in this region, but these three are the link between AEP and the east coast power pools: the Pennsylvania-New Jersey-Maryland pool (PJM), the New York Power Pool (NYPP) and the New England Power Pool (NEPOOL). Other major control areas connected to the AEP system include the Michigan ECS, Public Service of Indiana (PSI), part of the Energy Corporation, and the Tennessee Valley Authority (TVA).³

³ Net exports to these three control areas are greater than the total net exports from the AEP system, due to significant AEP imports from several other control areas.

³ Note that the cells in this figure only approximate the location of these control areas.
The figures cited above indicate that the transmission system was able to move almost twice the amount of energy east from AEP in 1996 than in 1995.

In turn, CEI, APS and VEPCo increased their combined net deliveries to PJM between 1995 and 1996. In 1995, these systems delivered a net 13.8 million MWh to the PJM control area, and in 1996 this number climbed to 23.3 million MWh—an increase of 9.5 million MWh, or 69%. PJM, in turn, increased its net deliveries to NYPP from 4.4 million MWh in 1995 to 8.4 million MWh in 1996—an increase of 92%. Finally, NYPP increased its net deliveries of energy to NEPOOL from 3.1 million MWh in 1995 to 6.1 million MWh in 1996—an increase of 99%.

Thus, it appears that a significant amount of power exported east from the AEP system displaced generation on the east coast. This conclusion is supported by significant purchases directly from Midwestern utilities by northeastern utilities. For example, PECO Energy purchased 2.4 million MWh of "OS" category power from AEP in 1996 after purchasing none in 1995.

Analysis of 1995 and 1996 generation in these control areas also supports the conclusion that a significant amount of Midwestern power displaced generation on the east coast. Generation in the APS system increased by only 945 thousand MWh during this period.

---

4 The conclusion is also supported in purchases by northeastern utilities from the marketing companies purchasing from AEP.

5 Note that the actual output of AEP generators would not have been physically delivered across the APS system to the east coast. There is a "daisy chain" dynamic in long distance energy sales, in which energy generated in one control area makes available a roughly equal amount of energy in a contiguous area for export. In this case, for example, APS generators may have generated the energy which fulfilled AEP's contractual obligation to PECO. However, the important point from an emissions perspective, is that the output of AEP's generators increased, displacing the output of Northeastern generators.
while APS's net imports into PJM increased by 6.8 million MWh. Generation in the PJM area declined by roughly 1.5 million MWh (1.5%) in the face of annual load growth between 1 and 2% and significantly increased net exports to NYPP.

The table below shows the emissions associated with the additional fossil-fired generation at AEP in 1996. Using 1995 emission rates, the table takes into account all of AEP's fossil-fired generators, including units that reduced production as well as those that increased production.

Table 5. Increase in Air Emissions at AEP Fossil Plants, 1995-96

<table>
<thead>
<tr>
<th>Plant</th>
<th>NOx Increase (tons)</th>
<th>CO₂ Increase (tons)</th>
<th>SO₂ Increase (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Sandy</td>
<td>-4,235</td>
<td>-1,295,912</td>
<td>-12,846</td>
</tr>
<tr>
<td>Beckjord</td>
<td>125</td>
<td>44,470</td>
<td>328</td>
</tr>
<tr>
<td>Breed</td>
<td>no generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardinal</td>
<td>-2,615</td>
<td>-559,100</td>
<td>-6,185</td>
</tr>
<tr>
<td>Clifty Creek</td>
<td>1,148</td>
<td>185,570</td>
<td>1,704</td>
</tr>
<tr>
<td>Clinch River</td>
<td>2,214</td>
<td>339,828</td>
<td>1,928</td>
</tr>
<tr>
<td>Cardinal</td>
<td>-2,615</td>
<td>-559,100</td>
<td>-6,185</td>
</tr>
<tr>
<td>Clifty Creek</td>
<td>1,148</td>
<td>185,570</td>
<td>1,704</td>
</tr>
<tr>
<td>Clinch River</td>
<td>2,214</td>
<td>339,828</td>
<td>1,928</td>
</tr>
<tr>
<td>Conesville</td>
<td>569</td>
<td>225,108</td>
<td>2,760</td>
</tr>
<tr>
<td>Fourth Street</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gavin</td>
<td>17,744</td>
<td>3,163,271</td>
<td>4,567</td>
</tr>
<tr>
<td>Glen Lyn</td>
<td>172</td>
<td>71,166</td>
<td>475</td>
</tr>
<tr>
<td>Stuart</td>
<td>-725</td>
<td>-156,823</td>
<td>-1,088</td>
</tr>
<tr>
<td>Amos</td>
<td>11,717</td>
<td>3,506,754</td>
<td>22,465</td>
</tr>
<tr>
<td>Kammer</td>
<td>-1,113</td>
<td>-168,689</td>
<td>-4,589</td>
</tr>
<tr>
<td>Kanawha River</td>
<td>4,748</td>
<td>767,554</td>
<td>4,654</td>
</tr>
<tr>
<td>Kyger Creek</td>
<td>-659</td>
<td>-97,620</td>
<td>-1,095</td>
</tr>
<tr>
<td>Mitchell</td>
<td>-292</td>
<td>-118,990</td>
<td>-857</td>
</tr>
<tr>
<td>Mountaineer</td>
<td>3,969</td>
<td>1,460,628</td>
<td>7,628</td>
</tr>
<tr>
<td>Muskingum River</td>
<td>11,221</td>
<td>2,802,125</td>
<td>56,614</td>
</tr>
<tr>
<td>Sporn</td>
<td>1,208</td>
<td>235,059</td>
<td>2,365</td>
</tr>
<tr>
<td>Picway</td>
<td>835</td>
<td>328,465</td>
<td>8,181</td>
</tr>
<tr>
<td>Rockport</td>
<td>-1,821</td>
<td>-1,191,156</td>
<td>-38,219</td>
</tr>
<tr>
<td>Tanners Creek</td>
<td>6,769</td>
<td>940,709</td>
<td>8,270</td>
</tr>
<tr>
<td>Tidd</td>
<td>-63</td>
<td>244,499</td>
<td>625</td>
</tr>
<tr>
<td>Zimmer</td>
<td>no generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>51,518</td>
<td>10,726,918</td>
<td>57,685</td>
</tr>
</tbody>
</table>

Three of the five plants showing significant increases in generation have unusually high NOx emission rates. The NOx rate at Gavin is 12.9 lb/MWh, the rate at Tanners Creek is 15.8 lb/MWh and Muskingum River emits 8.35 lb/MWh. The weighted average emission rate of all of AEP's fossil-fired units in 1995 was 8.43 lb/MWh. The net increase in NOx emissions at AEP's power plants from 1995 to 1996 is estimated to be over 50,000 tons.

6 These plants burned a small amount of oil in 1996, however, over 99% of this generation was coal-fired.
7 Since utilities were required to meet the requirements of Phase I of the Acid Rain Program before 1996, it is unlikely that the emission rates at more than one or two of these generating plants changed significantly between 1995 and 1996.
Illinois Power Company

Illinois Power's total generation increased by 915 thousand MWh, or 4.3% between 1995 and 1996, however coal-fired generation rose by 1.6 million MWh, or 9.9%, offsetting decreases in nuclear and gas-fired generation. Non-requirements sales for resale increased by 1.0 million MWh, or 23%, while the company's retail sales dropped by 58 thousand MWh, or 0.3%. Thus, all of Illinois Power's increased generation in 1996 was produced for sale into wholesale markets.

Figure 5. Illinois Power Company
Generation, Purchases and Sales, 1995-96

Source: FERC Form 1, EIA Form 759.

Table 6. Illinois Power Generation by Fuel Type, 1993-96

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>14,282,481</td>
<td>14,567,861</td>
<td>15,978,878</td>
<td>17,564,268</td>
</tr>
<tr>
<td>Nuclear</td>
<td>5,085,610</td>
<td>6,431,430</td>
<td>5,296,169</td>
<td>4,615,693</td>
</tr>
<tr>
<td>Oil</td>
<td>-</td>
<td>66,770</td>
<td>47,033</td>
<td>18,116</td>
</tr>
<tr>
<td>Gas</td>
<td>155,754</td>
<td>46,645</td>
<td>160,587</td>
<td>88,804</td>
</tr>
<tr>
<td>Wood</td>
<td>0</td>
<td>0</td>
<td>853</td>
<td>162</td>
</tr>
<tr>
<td>Waste</td>
<td>0</td>
<td>0</td>
<td>67,053</td>
<td>133,434</td>
</tr>
<tr>
<td>Totals</td>
<td>19,590,611</td>
<td>21,092,969</td>
<td>21,521,656</td>
<td>22,436,804</td>
</tr>
</tbody>
</table>
Table 7. The Ten Companies Purchasing the Most "OS" Category Power from Illinois Power, 1995-96

<table>
<thead>
<tr>
<th>Company</th>
<th>MWh</th>
<th>% of Total</th>
<th>Company</th>
<th>MWh</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soyland Power Coop.</td>
<td>1,234,375</td>
<td>28.8</td>
<td>Electric Energy, Inc.</td>
<td>1,735,635</td>
<td>34.3</td>
</tr>
<tr>
<td>TVA</td>
<td>1,017,597</td>
<td>23.8</td>
<td>Soyland Power Coop.</td>
<td>1,148,744</td>
<td>22.7</td>
</tr>
<tr>
<td>Electric Energy, Inc.</td>
<td>905,871</td>
<td>21.1</td>
<td>Commonwealth Edison</td>
<td>535,164</td>
<td>10.6</td>
</tr>
<tr>
<td>Commonwealth Edison</td>
<td>567,859</td>
<td>13.3</td>
<td>Union Electric Co.</td>
<td>510,366</td>
<td>10.1</td>
</tr>
<tr>
<td>Union Electric Co.</td>
<td>330,543</td>
<td>7.7</td>
<td>TVA</td>
<td>380,634</td>
<td>7.5</td>
</tr>
<tr>
<td>Enron Power Marketing</td>
<td>95,770</td>
<td>2.2</td>
<td>Enron Power Marketing</td>
<td>240,089</td>
<td>4.7</td>
</tr>
<tr>
<td>Louis Dreyfus Marketing</td>
<td>44,684</td>
<td>1.0</td>
<td>LG&amp;E Power Marketing</td>
<td>208,181</td>
<td>4.1</td>
</tr>
<tr>
<td>Central Illinois Light Co.</td>
<td>36,891</td>
<td>0.9</td>
<td>*Koch Power Services</td>
<td>176,029</td>
<td>3.5</td>
</tr>
<tr>
<td>MidAmerican Energy Co.</td>
<td>27,752</td>
<td>0.6</td>
<td>MidAmerican Energy Co.</td>
<td>76,739</td>
<td>1.5</td>
</tr>
<tr>
<td>Central Illinois PS</td>
<td>22,972</td>
<td>0.5</td>
<td>Rainbow Energy Mrkting.</td>
<td>43,614</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>4,284,314</td>
<td>100.0</td>
<td>Total</td>
<td>5,055,195</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The charts in Figure 6 represent the data shown in Table 7. Enron, Louis Dreyfus, MidAmerican, LG&E, Koch and Rainbow are categorized as marketing companies.

Figure 6. Composition of the Ten Companies Purchasing the Most "OS" Category Power from Illinois Power

Marketers 25.1%  
Utilities 74.9%  

Marketers 49.1%  
Utilities 50.9%

The air emissions associated with Illinois Power's incremental 1996 generation (calculated using 1995 emission rates) are shown in Table 8, below. The Baldwin plant, which increased its generation in 1996 by 650 thousand MWh, had the highest 1995 NOx emission rate (13.5 lb/MWh) of any Illinois Power plant. The weighted average NOx rate of the company's fossil-fired plants in 1995 was 10.1 lb/MWh.
Table 8. Increase in Air Emissions at Illinois Power Fossil Plants, 1995-96

<table>
<thead>
<tr>
<th>Plant</th>
<th>Increase in NOx (tons)</th>
<th>Increase in CO₂ (tons)</th>
<th>Increase in SO₂ (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baldwin</td>
<td>4,296</td>
<td>676,144</td>
<td>17,504</td>
</tr>
<tr>
<td>Havana</td>
<td>134</td>
<td>70,441</td>
<td>254</td>
</tr>
<tr>
<td>Hennepin</td>
<td>1,209</td>
<td>436,985</td>
<td>10,393</td>
</tr>
<tr>
<td>Joppa Steam</td>
<td>14</td>
<td>12,818</td>
<td>39</td>
</tr>
<tr>
<td>Vermillion</td>
<td>-279</td>
<td>-118,597</td>
<td>-1,349</td>
</tr>
<tr>
<td>Wood River</td>
<td>2,052</td>
<td>650,974</td>
<td>3,652</td>
</tr>
<tr>
<td>Totals</td>
<td>7,426</td>
<td>1,728,765</td>
<td>30,492</td>
</tr>
</tbody>
</table>

Like AEP, Illinois Power incurred the cost of using SO₂ allowances in order to increase its SO₂ emissions, but was allowed to increase its NOx and CO₂ emissions by the amounts shown at no cost.

Indianapolis Power & Light Co.

IPALCO’s 1996 non-requirements wholesale sales rose 84% over 1995 levels—almost twice the increase seen at AEP and Illinois Power. Further, IPALCO relied entirely on self-generated power in providing this increased wholesale power.
### Table 9. IPALCO Generation by Fuel Type, 1993-96

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>13,216,575</td>
<td>13,520,422</td>
<td>13,970,573</td>
<td>14,555,424</td>
</tr>
<tr>
<td>Oil</td>
<td>23,969</td>
<td>40,829</td>
<td>25,623</td>
<td>20,596</td>
</tr>
<tr>
<td>Gas</td>
<td>44</td>
<td>6,715</td>
<td>25,940</td>
<td>11,104</td>
</tr>
<tr>
<td>Hydro</td>
<td>12,417</td>
<td>10,010</td>
<td>9,662</td>
<td>-1,370</td>
</tr>
<tr>
<td>Total</td>
<td>13,253,005</td>
<td>13,577,976</td>
<td>14,031,791</td>
<td>14,585,754</td>
</tr>
</tbody>
</table>

### Table 10. IPALCO Wholesale Sales By Contract Type

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>1995 MWh</th>
<th>1996 MWh</th>
<th>Change MWh</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements Service:</td>
<td>27,624</td>
<td>28,866</td>
<td>1,242</td>
<td>4.5%</td>
</tr>
<tr>
<td>Unit and Firm Service:</td>
<td>275</td>
<td>1,851</td>
<td>1,576</td>
<td>573%</td>
</tr>
<tr>
<td>Other Service:</td>
<td>393,857</td>
<td>723,507</td>
<td>329,650</td>
<td>83.7%</td>
</tr>
</tbody>
</table>

The companies purchasing the most "OS" category power from IPALCO in 1995 and 1996 are shown in Table 11. Companies purchasing no power from IPALCO in 1995 are marked with an asterisk.

### Table 11. Ten Companies Purchasing the Most "OS" Category Power from IPALCO, 1995-96

<table>
<thead>
<tr>
<th>Company</th>
<th>1995 MWh</th>
<th>% of Total</th>
<th>Company</th>
<th>1996 MWh</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wabash Valley Pwr. Assoc.</td>
<td>122,573</td>
<td>31.1</td>
<td>Hoosier Rural Elec. Coop.</td>
<td>194,913</td>
<td>26.9</td>
</tr>
<tr>
<td>So. Indiana Gas &amp; Electric</td>
<td>113,280</td>
<td>28.8</td>
<td>*LG&amp;E Power Marketing</td>
<td>161,025</td>
<td>22.3</td>
</tr>
<tr>
<td>Cinergy</td>
<td>90,151</td>
<td>22.9</td>
<td>Cinergy</td>
<td>138,191</td>
<td>19.1</td>
</tr>
<tr>
<td>Hoosier Rural Elec. Coop.</td>
<td>61,637</td>
<td>15.6</td>
<td>So. Indiana Gas &amp; Electric</td>
<td>92,780</td>
<td>12.8</td>
</tr>
<tr>
<td>Indiana Michigan Power</td>
<td>5,713</td>
<td>1.5</td>
<td>Wabash Valley Pwr. Assoc.</td>
<td>66,436</td>
<td>9.2</td>
</tr>
<tr>
<td>Enron Power Marketing</td>
<td>503</td>
<td>0.1</td>
<td>Enron Power Marketing</td>
<td>36,535</td>
<td>5.0</td>
</tr>
<tr>
<td>*Indiana Mun. Power Assoc.</td>
<td></td>
<td></td>
<td>*Indiana Mun. Power Assoc.</td>
<td>7,610</td>
<td>1.1</td>
</tr>
<tr>
<td>*Duke/Louis Dreyfus</td>
<td></td>
<td></td>
<td>*Duke/Louis Dreyfus</td>
<td>6,807</td>
<td>0.9</td>
</tr>
<tr>
<td>*Vitol Gas &amp; Electric</td>
<td></td>
<td></td>
<td>*Vitol Gas &amp; Electric</td>
<td>5,725</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Total "OS" Sales 393,857 100 Total "OS" Sales 723,507 100

Source: FERC Form 1.
The companies shown in the Table above are represented in the charts below. LG&E, Enron, Duke/Louis Dreyfus and Vitol are classified as marketers. Cinergy and Indiana Michigan (an AEP subsidiary) are classified as hybrid companies, utilities aggressively marketing wholesale power.

![Figure 8. Composition of the Ten Companies Purchasing the Most "OS" Category Power from IPALCO](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hybrids</th>
<th>Marketers</th>
<th>Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>24.3%</td>
<td>0.1%</td>
<td>75.5%</td>
</tr>
<tr>
<td>1996</td>
<td>21.0%</td>
<td>29.0%</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

Table 12. Increase in Air Emissions at IPALCO Fossil Plants, 1995-96

<table>
<thead>
<tr>
<th>Plant</th>
<th>NOx Increase (tons)</th>
<th>SO2 Increase (tons)</th>
<th>CO2 Increase (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stout</td>
<td>339</td>
<td>2,293</td>
<td>187,689</td>
</tr>
<tr>
<td>Pritchard</td>
<td>124</td>
<td>608</td>
<td>59,444</td>
</tr>
<tr>
<td>Perry K&amp;W</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Petersburg</td>
<td>755</td>
<td>3,535</td>
<td>405,779</td>
</tr>
<tr>
<td>Totals</td>
<td>1,218</td>
<td>6,436</td>
<td>652,912</td>
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</table>

New England Electric System

New England Electric System (NEES) is a utility holding company operating in Massachusetts, New Hampshire and Rhode Island. Until 1997 the company owned a diverse portfolio of generating resources: NEES' 1995 generation was 60% coal, 15% nuclear, 10% gas and 8% hydropower. Between 1995 and 1996, the company's generation increased by 3.1 million MWh, or 21%. Power purchases decreased by 1.1 million MWh, or 11%. NEES' retail sales and requirements sales for resale remained relatively stable during this period, while non-requirements wholesale sales increased by 2.1 million MWh, or 170%.
Unlike the Midwestern companies analyzed above, the majority of NEES' incremental 1996 generation was produced with gas (due primarily to the introduction of a newly repowered gas-fired plant late in 1995). Coal-fired generation increased by 871 thousand MWh, or 9.7%.

Table 13. NEES Generation by Fuel Type, 1993-96

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>8,698,672</td>
<td>8,750,062</td>
<td>9,025,402</td>
<td>9,896,029</td>
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<tr>
<td>Nuclear</td>
<td>2,439,211</td>
<td>2,072,573</td>
<td>2,199,283</td>
<td>1,584,453</td>
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<tr>
<td>Oil</td>
<td>2,907,461</td>
<td>1,918,413</td>
<td>1,071,304</td>
<td>1,348,606</td>
</tr>
<tr>
<td>Gas</td>
<td>55,473</td>
<td>319,358</td>
<td>1,545,207</td>
<td>3,537,760</td>
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<tr>
<td>Hydro</td>
<td>1,051,494</td>
<td>1,151,555</td>
<td>1,067,191</td>
<td>1,623,455</td>
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<tr>
<td>Total</td>
<td>15,152,311</td>
<td>14,211,961</td>
<td>14,908,386</td>
<td>17,990,302</td>
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</table>

Data reported on NEES' wholesale energy sales indicate that nuclear outages, and not market opportunities associated with restructuring, were the primary drivers of the 1996 increase in generation and sales. Northeast Utilities, with 2,600 MW of nuclear capacity unavailable, increased its "OS" category purchases from NEES by 196 thousand MWh between 1995 and 1996.
Table 14. Ten Companies Purchasing the Most “OS” Category Power from NEES, 1995-96

<table>
<thead>
<tr>
<th>Company</th>
<th>1995 MWh</th>
<th>% of Total</th>
<th>1996 MWh</th>
<th>% of Total</th>
</tr>
</thead>
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<tr>
<td>Bangor Hydro Electric</td>
<td>200,866</td>
<td>39.1</td>
<td></td>
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<tr>
<td>Boston Edison</td>
<td>142,877</td>
<td>27.8</td>
<td></td>
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<tr>
<td>Commonwealth Electric</td>
<td>41,161</td>
<td>8.0</td>
<td></td>
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<tr>
<td>Northeast Utilities</td>
<td>31,325</td>
<td>6.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montau Electric</td>
<td>28,070</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNG Power Services</td>
<td>19,330</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric Clearing House</td>
<td>16,160</td>
<td>3.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enron Power Marketing</td>
<td>11,560</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hudson L&amp;P Dept.</td>
<td>11,011</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fitchburg G&amp;E</td>
<td>10,962</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>513,322</td>
<td>100.0</td>
<td>939,341</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: FERC Form 1.

NEES also increased its unclassified sales to NEPOOL from 8,200 MWh in 1995 to 1.1 million MWh in 1996—an increase of over 13,000%. Most of this energy also probably served to replace energy previously provided by the Millstone plant. The idea that NEES' incremental 1996 generation was not driven primarily by new market opportunities is also supported by the fact that the NEPOOL control area was a net importer of electricity in both 1995 and 1996. Net imports in 1995 were 15.9 million MWh, and net imports in 1996 were 18.3 million MWh.

The companies listed in Table 14 are represented in Figure 10. CNG, Electric Clearing House and Enron are classified as marketing companies.

Figure 10. Composition of the Ten Companies Purchasing the Most “OS” Category Power from NEES

<table>
<thead>
<tr>
<th>1995</th>
<th>Marketers 9.2%</th>
</tr>
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<tbody>
<tr>
<td>Utilities 90.8%</td>
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<table>
<thead>
<tr>
<th>1996</th>
<th>Marketers 16.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities 83.3%</td>
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</table>

Perhaps the key question regarding NEES' 1996 activity is, what would the company's generation and sales have been had the outage at Millstone not occurred? In this case, would some marketers have turned to NEES rather than to Midwestern utilities for wholesale energy? NEES reported 1996 average operating costs at Salem Harbor and Manchester St. of 3.4 cents per kWh, and 2.5 cents/kWh at Brayton Point. Operating at a high capacity factor, the plants' marginal costs would be significantly below these levels.
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<td>Action Office #</td>
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<td>Appropriate Action</td>
<td>Assigned To</td>
<td>SL</td>
</tr>
<tr>
<td>Special Instructions</td>
<td>information copies: SL, GC, PO, ES1, Team</td>
<td>Date Due</td>
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<tr>
<td>Date Completed</td>
<td>2/4/98</td>
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</tbody>
</table>
February 2, 1998

The Honorable Federico F. Pena
Secretary of the Energy
Department of Energy
1000 Independence Avenue, SW
Room 7A-257
Washington, DC 20585-0001

Attn: Peg Weathers

Dear Mr. Secretary:

As discussed with your scheduler, we respectfully request to meet with you on Friday, February 20 at 8:30 a.m. The purpose of this meeting is to discuss the issues surrounding the upcoming electric restructuring legislation. The meeting will be attended by Ken Lay and myself.

Thank you for your consideration of this request. If you have any questions, please contact Stacey Bolton at (202) 466-9141.

Respectfully submitted,

Cynthia Sandherr

CAS/ssb
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</table>
The U.S.-South Africa Business Council

and

Dow
Lockheed Martin Corporation
MCHI/Ellipso Communications
Weyerhaeuser Company
Enron Corporation
TRW

invite you to a reception honoring:

the U.S.-South Africa Binational Commission

on Thursday, the twenty-fifth of February 26, 1998
from 6:00-8:00 pm

The President's Guest House
Gate #9
Church Street
Hatfield Pretoria
Republic of South Africa

By invitation only
Registration required by 24 February, 1998
Jenni Beggs, Johannesburg
telephone: 791 032 - fax: 792-6956

Business Attire
Invites the Secretary to attend a brief discussion of national Energy and environmental issues at Board Directors meeting – March 12 and 13, 1998.

Topical Index
Meeting Request

Signature/Approval
NA

Action Requested
Appropriate Action

Special Instructions
Info copies given to PO, EE, ES/Osuri and ES1 Team

Assigned To
SL

Date Due

Date Completed 3/11/98
February 19, 1998

Honorable Federico Peña
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Secretary Peña:

We would be honored if you would join executives of Ashland, Enron, Georgia Gulf, Methanex, Lyondell and other member companies of the American Methanol Institute for a brief discussion of national energy and environmental issues at our Board of Directors meeting in Washington on March 12 and 13, 1998.

There will be approximately 25 Directors and invited guests in attendance. They would enjoy meeting and hearing your remarks at dinner in the Hay-Adams seventh floor Federal Room anytime between 6 and 9 pm on Thursday, March 12. If it is more convenient for your schedule, your remarks can be arranged during the Board of Directors meeting on Friday, March 13, between 8 am and 2 pm, in the Concorde Room of the Hay-Adams Hotel.

The AMI leadership and natural gas executives who supply the methanol industry are especially interested to learn your views on the outlook for advanced technologies vehicles (particularly fuel cell vehicles), EPACT implementation, climate change initiatives and other major issues affecting our nation’s economy in the months ahead.

We appreciate your strong and consistent voice in Washington and nationwide on matters of importance to the methanol and natural gas industries, and look forward to the opportunity to meet and hear from you in person on March 12 or 13. Please do not hesitate to have your staff contact our office at (202) 467-5050 if we can be helpful in facilitating arrangements for your appearance.

Sincerely,

John E. Lynn
President/CEO

800 Connecticut Avenue, NW, Suite 620, Washington, DC 20006 • E-mail: AmMethInst@aol.com • Internet: www.methanol.org
Folder Profile

Control # 1998-003072
Name letter to the Secretary from Stephen C. beasley

Priority Important

DOE Addressee
Elizabeth Moler

Subject Text
Invites the Deputy Secretary to participate in a panel discussion at Tennessee Gas Pipeline's first Executive Forum reception and dinner - June 8, 1998

Topical Index
Meeting Request

Signature/Approval
NA

Action Requested
Appropriate Action

Special Instructions
Info copies given to EE and ES/Osuri and ES1 Team

Folder Trigger Invitation
Source PM-O

Correspondence Date 3/2/98

RIDS Information Head of Agency
Sensitivity Not Applicable
Classification None

Point of Contact NURI
202 586-1921 Nuri, Khalil

Action Office #

Assigned To
SL

Date Due

Date Completed 3/4/98
March 2, 1998

Ms. Elizabeth A. Moler
Deputy Energy Secretary of Energy
U. S. Department of Energy
Forrestal Building
1000 Independence Avenue, S. W.
Suite 7A-199
Washington, D. C. 20585

Dear Ms. Moler:

I would like to invite you to participate in a panel discussion at Tennessee Gas Pipeline's first “Executive Forum.” You would be among three or four other very distinctive panelists who will help lead our customers in this unique opportunity to discuss the critical issues facing the energy industry in the coming year and the new millennium.

Our business meeting, where you would be one of our honored guests, is being held on Tuesday, June 9, 1998 at Kingsmill Resort, located just minutes away from historic Williamsburg, Virginia. The meeting will begin at 8:30 a.m. We would ask that you present views on Strategic Energy Issues and Federal Regulation, spanning approximately fifteen minutes. After all of the panelists make their presentations, we will entertain an open forum of questions, answers, and discussion.

Since the business session begins early on the morning of June 9, we would invite you to join us for a reception and dinner on Monday evening, June 8. We will be holding registration for our customers beginning around noon, and you are certainly invited to arrive as early after that time as convenient. Tennessee Gas Pipeline will be pleased to provide for your travel along with your lodging and other expenses while at Kingsmill.

This meeting is being attended by approximately sixty-five top executives from our major customer companies, and will link all types of users on our system with the objective of facilitating more thought-provoking discussions about our future directions. I have attached a list of our invited guests to let you know in advance the make-up of our invited customers. This list includes executives from local distribution companies, end-users, marketers, producers, and power developers served by Tennessee Gas Pipeline. The executive management of Tennessee, as well as Bill Wise, the chairman of our El Paso Energy holding company, will host the meeting.

I do hope you can join us for what we at Tennessee believe will be a very stimulating meeting. I would very much appreciate a call from you by March 20, as to whether you will be able to participate. I can be reached at (713)757-5497. I look forward to your call and hope to see you at Kingsmill!

Very truly yours,

Steve Beasley

Stephen C. Beasley
TENNESSEE GAS PIPELINE
INVITATIONS FOR EXECUTIVE FORUM CUSTOMER MEETING
KINGSMILL RESORT, WILLIAMSBURG, VA.

Bernard J. Kennedy (Bernie) - Chairman & CEO - National Fuel Supply & Distribution
Buffalo, NY
Chester R. Messer II (Chet) - President & CEO - Boston Gas Company - Boston, MA
Roger A. Young - Chairman, President & CEO - Bay State Gas Company - Westborough, MA
Joel Singer - President & COO - Bay State Gas Company - Westborough, MA
Jim Mahoney - Sr. Vice President - U.S. Generating - Bethesda, MD
Thomas Newland (Tom) - President & CEO - East Ohio Gas Company - Cleveland, OH
Clement E. Nadeau (Clem) - Vice President, Marketing & Planning - Niagara Mohawk
Syracuse, NY
Thomas L. Fisher (Tom) - Chairman, President & CEO - NIGAS - Naperville, IL
D. Louis Peoples - Vice Chairman & CEO - Orange & Rockland Utilities - Pearl River, NY
James R. Lee - Ex. Vice President - Columbia Gas Distribution Companies - Columbus, OH
Russell D. Wright - President & CEO - Commonwealth Gas Company - Southborough, MA
Lawrence Codey (Larry) - President & COO - Public Service Electric & Gas - Newark, NJ
Frederic L. Putnam, III (Larry) - President & CEO - Colonial Gas Company - Lowell, MA
Arthur C. Marquardt (Art) - CEO - Connecticut Natural Gas Company - Hartford, CT
John H. Maxheim - President & CEO - Piedmont Natural Gas Company - Charlotte, NC
(Nashville, TN is the market)
Jeffrey W. Yundt (Jeff) - Ex. Vice President & COO - NIPSCO - Hammond, IN
Robert B. Catell (Bob) - President & CEO - Brooklyn Union Gas Company - Brooklyn, NY
Mike I. German - Sr. Vice President - New York State Electric & Gas Binghamton, NY
Branco Terzic - Chairman & CEO - Yankee Gas Company - Meriden, CN
Mary Jane McCartney - Sr. Vice President - ConEd of NY - New York City, NY
John Gongas, Jr. - Sr. Vice President - Equitable Resources, Inc. - Pittsburgh, PA
Joseph Crespo (Joe) - Chairman, President & CEO - So. Conn. Gas Company - Bridgeport, CN
Robert R. Giordano (Bob) - President & CEO - Energy North - Manchester, NH
Kenneth L. Pollock (Ken) - President & CEO - PG Energy - Wilkes-Barre, PA
John W. Rowe - Chairman - New England Power - Westborough, MA
Roger W. Kober - Chairman, President & CEO - Rochester Gas & Electric - Rochester, NY
Bob Best - Chairman/CEO - United Cities/ATMOS - Dallas, TX
William Fox (Bill) - President - Peoples Natural Gas - Pittsburgh, PA
James H. Dodge (Jim) - Chairman, President & CEO - Providence Gas Company
Providence, RI
Walter M. Higgins - President & CEO - Atlanta Gas Light/Chattanooga Gas - Atlanta, GA
Scott S. Robinson - President & CEO - Berkshire Gas Company - Pittsfield, MA
Alfred P. Degen (Al) - President & CEO - Valley Gas Company - Cumberland, RI
Paul J. Ganci - President - Central Hudson Gas & Electric - Poughkeepsie, NY
Philip H. Reardon (Phil) - President & CEO - Essex County Gas Company - Amesbury, MA
Larry Flemming - President & CEO - Knoxville Utility Board - Knoxville, TN
Frank T. Balmuth - Sr. Vice President - NUI Corporation - Bedminster, NJ
Chad King - Vice President - Amoco Energy Trading - Houston, TX
Mike Johnson - Vice President, Gas/Gas Products - Conoco, Inc. - Houston, TX
Murry Gerber - CEO - Coral Energy Resources, L.P. - Houston, TX
Julie Gomez - Vice President - Enron - Houston, TX
R. A. Lusbacher, M.D. (Robbi) - Vice President - Exxon - Houston, TX
Stephen W. Bergstrom (Steve) - President - NGC Transportation - Houston, TX
TENNESSEE GAS PIPELINE
INVITATIONS FOR EXECUTIVE FORUM CUSTOMER MEETING
KINGSMILL RESORT, WILLIAMSBURG, VA.

Curtis Frasier - President - Shell Midstream Enterprises - Houston, TX
Paul D. Koonce - Vice President - Sonat Marketing - Houston, TX
Marc Fuller - CEO - The Southern Company Energy Marketing Co. - Atlanta, GA
Patrick J. Fleming (Pat) - President - Texaco Natural Gas, Inc. - Houston, TX
Joseph A. Blount, Jr. (Joe) - Vice President - Unocal Global Trade - Sugarland, TX
Greg Jenkins - President - El Paso Energy Resources - Houston, TX
Glen Kinder - President - CoEnergy Trading - Detroit, MI
Bradley C. Karp (Brad) - Ex. Vice President - Duke Energy - Houston, TX
Jack Herbert - Ex. Vice President - Eastern Group, The - Alexandria, VA
William Grealis (Bill) - President, Energy Services - Cincinnati Gas & Electric - Cincinnati, OH
Thomas J. Patrick (Tom) - Executive Vice President - Peoples Gas Light & Coke - Chicago, IL
Wayne D. Stinnett, Jr. - Sr. Vice President & CFO - Entex - Houston, TX
Stephen R. Wood (Steve) - President - Louisville Gas & Electric Co. - Louisville, KY
Matt Holleman - President & CEO - Mississippi Valley - Jackson, MS
Gordon Shearer - Chairman - Distrigas of Massachusetts - Boston, MA
Michael R. Soland (Mike) - Ex. Vice President - OXY USA - Houston, TX
Richard A. Hale - COO & General Manager - H & N Gas, LTD - Kingwood, TX.
Randolph Mundt - Ex. Vice President, No. Amer. Mktg. - Burlington Resources - Houston, TX.
Charles A. Daverio (Chuck) - Vice President - Energy Exchange Group - Long Island Lighting
Long Island, New York
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<td>PM-O</td>
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<td>Correspondence Date</td>
<td>3/2/98</td>
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<td>3/4/98</td>
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March 2, 1998

Ms. Elizabeth A. Moler  
Deputy Energy Secretary of Energy  
U. S. Department of Energy  
Forrestal Building  
1000 Independence Avenue, S. W.  
Suite 7A-199  
Washington, D. C. 20585

Dear Ms. Moler:

I would like to invite you to participate in a panel discussion at Tennessee Gas Pipeline's first "Executive Forum." You would be among three or four other very distinctive panelists who will help lead our customers in this unique opportunity to discuss the critical issues facing the energy industry in the coming year and the new millennium.

Our business meeting, where you would be one of our honored guests, is being held on Tuesday, June 9, 1998 at Kingsmill Resort, located just minutes away from historic Williamsburg, Virginia. The meeting will begin at 8:30 a.m. We would ask that you present views on Strategic Energy Issues and Federal Regulation, spanning approximately fifteen minutes. After all of the panelists make their presentations, we will entertain an open forum of questions, answers, and discussion.

Since the business session begins early on the morning of June 9, we would invite you to join us for a reception and dinner on Monday evening, June 8. We will be holding registration for our customers beginning around noon, and you are certainly invited to arrive as early after that time as convenient. Tennessee Gas Pipeline will be pleased to provide for your travel along with your lodging and other expenses while at Kingsmill.

This meeting is being attended by approximately sixty-five top executives from our major customer companies, and will link all types of users on our system with the objective of facilitating more thought-provoking discussions about our future directions. I have attached a list of our invited guests to let you know in advance the make-up of our invited customers. This list includes executives from local distribution companies, end-users, marketers, producers, and power developers served by Tennessee Gas Pipeline. The executive management of Tennessee, as well as Bill Wise, the chairman of our El Paso Energy holding company, will host the meeting.

I do hope you can join us for what we at Tennessee believe will be a very stimulating meeting. I would very much appreciate a call from you by March 20, as to whether you will be able to participate. I can be reached at (713)757-5497. I look forward to your call and hope to see you at Kingsmill!

Very truly yours,

Stephen C. Beasley

Stephen C. Beasley
TENNESSEE GAS PIPELINE
INVITATIONS FOR EXECUTIVE FORUM CUSTOMER MEETING
KINGSMILL RESORT, WILLIAMSBURG, VA.

Bernard J. Kennedy (Bernie) - Chairman & CEO - National Fuel Supply & Distribution
Buffalo, NY
Chester R. Messer II (Chet) - President & CEO - Boston Gas Company - Boston, MA
Roger A. Young - Chairman, President & CEO - Bay State Gas Company - Westborough, MA
Joel Singer - President & COO - Bay State Gas Company - Westborough, MA
Jim Mahoney - Sr. Vice President - U.S. Generating - Bethesda, MD
Thomas Newland (Tom) - President & CEO - East Ohio Gas Company - Cleveland, OH
Clement E. Nadeau (Clem) - Vice President, Marketing & Planning - Niagara Mohawk
Syracuse, NY
Thomas L. Fisher (Tom) - Chairman, President & CEO - NIGAS - Naperville, IL
D. Louis Peoples - Vice Chairman & CEO - Orange & Rockland Utilities - Pearl River, NY
James R. Lee - Ex. Vice President - Columbia Gas Distribution Companies - Columbus, OH
Russell D. Wright - President & CEO - Commonwealth Gas Company - Southborough, MA
Lawrence Codey (Larry) - President & COO - Public Service Electric & Gas - Newark, NJ
Frederic L. Putnam, III (Larry) - President & CEO - Colonial Gas Company - Lowell, MA
Arthur C. Marquardt (Art) - CEO - Connecticut Natural Gas Company - Hartford, CN
John II. Maxheim - President & CEO - Piedmont Natural Gas Company - Charlotte, NC
(Nashville, TN is the market)
Jeffrey W. Yundt (Jeff) - Ex. Vice President & COO - NIPSCO - Hammond, IN
Robert B. Catell (Bob) - President & CEO - Brooklyn Union Gas Company - Brooklyn, NY
Mike I. German - Sr. Vice President - New York State Electric & Gas Binghamton, NY
Branko Terzic - Chairman & CEO - Yankee Gas Company - Meriden, CN
Mary Jane McCartney - Sr. Vice President - Con Ed of NY - New York City, NY
John Gongas, Jr. - Sr. Vice President - Equitable Resources, Inc. - Pittsburgh, PA
Joseph Crespo (Joe) - Chairman, President & CEO - So. Conn. Gas Company - Bridgeport, CN
Robert R. Giordano (Bob) - President & CEO - Energy North - Manchester, NH
Kenneth L. Pollock (Ken) - President & CEO - PG Energy - Wilkes-Barre, PA
John W. Rowe - Chairman - New England Power - Westborough, MA
Roger W. Koher - Chairman, President & CEO - Rochester Gas & Electric - Rochester, NY
Bob Best - Chairman/CEO - United Cities/ATMOS - Dallas, TX
William Fox (Bill) - President - Peoples Natural Gas - Pittsburgh, PA
James H. Dodge (Jim) - Chairman, President & CEO - Providence Gas Company
Providence, RI
Walter M. Higgins - President & CEO - Atlanta Gas Light/Chattanooga Gas - Atlanta, GA
Scott S. Robinson - President & CEO - Berkshire Gas Company - Pittsfield, MA
Alfred P. Degen (Al) - President & CEO - Valley Gas Company - Cumberland, RI
Paul J. Ganci - President - Central Hudson Gas & Electric - Poughkeepsie, NY
Philip H. Reardon (Phil) - President & CEO - Essex County Gas Company - Amesbury, MA
Larry Fleming - President & CEO - Knoxville Utility Board - Knoxville, TN
Frank T. Rahmiuk - Sr. Vice President - NUI Corporation - Bedminster, NJ
Chad King - Vice President - Amoco Energy Trading - Houston, TX
Mike Johnson - Vice President, Gas/Gas Products - Conoco, Inc. - Houston, TX
Murry Gerber - CEO - Coral Energy Resources, L.P. - Houston, TX
Julie Gomez - Vice President - Enron - Houston, TX
R. A. Luxbacher, MD (Robbi) - Vice President - Exxon - Houston, TX
Stephen W. Bergstrom (Steve) - President -NGC Transportation - Houston, TX
TENNESSEE GAS PIPELINE
INVITATIONS FOR EXECUTIVE FORUM CUSTOMER MEETING
KINGSMILL RESORT, WILLIAMSBURG, VA.

Curtis Frasier - President - Shell Midstream Enterprises - Houston, TX
Paul D. Koonce - Vice President - Sonat Marketing - Houston, TX
Marc Fuller - CEO - The Southern Company Energy Marketing Co. - Atlanta, GA
Patrick J. Fleming (Pat) - President - Texaco Natural Gas, Inc. - Houston, TX
Joseph A. Blount, Jr. (Joe) - Vice President - Unocal Global Trade - Sugarland, TX
Greg Jenkins - President - El Paso Energy Resources - Houston, TX
Glen Kinder - President - CoEnergy Trading - Detroit, MI
Bradley C. Karp (Brad) - Ex. Vice President - Duke Energy - Houston, TX
Jack Herbert - Ex. Vice President - Eastern Group, The - Alexandria, VA
William Grealis (Bill) - President, Energy Services - Cincinnati Gas & Electric - Cincinnati, OH
Thomas Patrick (Tom) - Executive Vice President - Peoples Gas Light & Coke - Chicago, IL
Wayne D. Stinnett, Jr. - Sr. Vice President & CFO - Entex - Houston, TX
Stephen R. Wood (Steve) - President - Louisville Gas & Electric Co. - Louisville, KY
Matt Holleman - President & CEO - Mississippi Valley - Jackson, MS
Gordon Shearer - Chairman - DistriGas of Massachusetts - Boston, MA
Michael R. Soland (Mike) - Ex. Vice President - OXY USA - Houston, TX
Richard A. Hale - COO & General Manager - H & N Gas, LTD - Kingwood, TX
Randolph Mundt - Ex. Vice President, No. Amer. Mktg. - Burlington Resources - Houston, TX.
Charles A. Daverio (Chuck) - Vice President - Energy Exchange Group - Long Island Lighting
Long Island, New York
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March 5, 1998

The Honorable Elizabeth A. Moler
Deputy United States Secretary of Energy
Washington, D.C. 20595

Dear Deputy Secretary Moler:

It is our pleasure to invite you to join us as a Plenary Session speaker this July 22 in Mexico City for the year's major Mexican natural gas congress and exhibition, *Toward the Future: The Mexican Natural Gas Industry in the 21st Century*. Secretary Peña has been invited to join Mexican Energy Secretary Luis Tellez in opening the meeting, but our Mexican colleagues have specifically requested your participation also. Other invited and expected speakers include the President of the Republic of Mexico, Ernesto Zedillo, the Governor of Mexico City, Cuahutémoc Cárdenas, and the Chairman of the Mexican Energy Regulatory Commission (CRE), Héctor Olea.

The Plenary Session would give you wide latitude to speak on any matters regarding the "Outlook for the Mexican Gas Industry in the 21st Century." All speakers in the session will be government officials, and I presume that you would want to focus on regulatory topics.

The event is being organized jointly by the International Gas Center (IGC) and the Mexican Gas Association (Asociacion Mexicana de Gas Natural), in collaboration with the Mexican Energy Secretary, the Mexican Energy Regulatory Commission (Comision Reguladora de Energia) and the Canadian Gas Association. IGC is an independent association of U.S. companies conducting natural gas business abroad, which was spun off from the American Gas Association in 1996.

Held biennially since 1994, this conference brings together 400 of the major natural gas decision-makers and experts from Mexico, the United States and Canada. The exhibition draws 1000 visitors. Literature describing IGC and the Mexican event are enclosed.

We will contact your staff to see if you require further information. Please do not hesitate to contact me at 703-741-3944. We would greatly appreciate a response before March 15th, when we will go to print with a major congress mailing.

Sincerely,

Nelson E. Hay
President & CEO
Toward the Future: The Mexican Natural Gas Industry in the 21st Century
July 21-23, 1998
Camino Real Hotel, Mexico City

Speaker Response Form

☐ Yes, I am pleased to accept your invitation to participate in the Mexican Natural Gas Congress and Exhibition program.

☐ No, I do not plan to participate in the program.

Last Name ___________________________ First Name ___________________________ MI ___________________________

Title ___________________________

Company ___________________________

Address ___________________________

City ___________________________ State ___________________________ Zip Code ___________________________

Phone ___________________________ Fax ___________________________

Mail or fax to:

Diana Spencer
International Gas Center
1400 Wilson Boulevard
Suite 230
Arlington, VA 22209

FAX: 703/741-3951-
TOWARD THE FUTURE: THE MEXICAN NATURAL GAS INDUSTRY IN THE 21ST CENTURY CONGRESS AND EXHIBITION
July 21-23, 1998
Camino Real Hotel
Mexico City

Tuesday, July 21

3:00-10 p.m. Registration
Foyer Friedeberg

6:00 p.m. Exhibition Opening
Camino Real Ballroom

Name
U.S. Ambassador to Mexico
Stanley Edward Gooch
Canadian Ambassador to Mexico
Herminio Blanco
Mexican Minister of Commerce

6:30-10:00 p.m. Reception
Camino Real Ballroom

Wednesday, July 22

7:00 a.m.-5:00 p.m. Registration
Foyer Friedeberg

8:00-9:30 a.m. Continental Breakfast and Exhibition
Camino Real Ballroom

9:30 a.m. Welcome
Salon del Sol

Angélica Fuentes Téllez
Director General
Grupo Imperial and
President
Asociación Mexicana de Gas Natural

Nelson E. Hay
President & CEO
International Gas Center
9:45 a.m.  
Conference Opening
*Salon del Sol*

Luis Tellez  
Energy Secretary, Mexico

Federico Peña  
Energy Secretary, USA

Presidium  
Hector, Olea  
Chairman  
Comision Reguladora de Energía

Angélica Fuentes Téllez  
Director General  
Grupo Imperial and  
President  
Asociación Mexicana de Gas Natural

Nelson E. Hay  
President & CEO  
International Gas Center

Terry Parsons  
President  
GSW Water Heating Company and  
Chairman  
Canadian Gas Association

10:30 a.m.  
Coffee Break

11:00 a.m.  
Plenary Session
The Mexican Gas Industry--Outlook for the 21st Century
*Salon del Sol*

Moderator:  Angélica Fuentes Téllez  
Director General  
Grupo Imperial and  
President  
Asociación Mexicana de Gas Natural

Panel:  Hector Olea  
Chairman  
Comision Reguladora de Energía
Marcos Ramirez
Director General,
Pemex Gas and Basic Petrochemicals

Jorge Chávez Peón
Mexican Undersecretary of Energy

Elizabeth A. Moler
Deputy Secretary
Department of Energy

12:15 p.m.  Special Speaker:   Adrian Lajous
            Director General
            Pemex Exploration & Production

1:30 p.m.  Buffet Luncheon and Exhibition
            Camino Real Ballroom

3:00-5:00 p.m.  Simultaneous Sessions

Session I
Project Financing and Future Investment Patterns
Salon Jardin

Moderator:  Agustin Humann
            Asociación Mexicana de Gas Natural

Panel:  Jaime Alatorre
            Title
            Mexican Investment Bank

            Quezada
            Title
            City Bank

            John E. Buchanan
            Vice President
            Stone & Webster Management Consultants, Inc.

            Roldán Trujillo
            Title
            Co.

            Kurt Loos
            Title
            Co.
Session 2
Natural Gas Trade Development in North America
Salon Arco Iris

Moderator: Luis Vazquez
Director General
Grupo Diavaz

Panel: Luis Felipe Luna
Subdirector, Natural Gas
Pemex Gas and Basic Petrochemicals

William Whitsitt
President
Domestic Petroleum Council

Roy E. Johnson/William H. Poland
TransCanada International

Wade Watkins
New Business Development
Shell Exploration and Production

Alberto Zapanta
President
Mexican-U.S. Bank of Commerce

El Paso Natural Gas

Session 3
Training and Management Development Needs
Salon Camélulas

Moderator: Marcelo Chauvet
Asociación Mexicana de Gas Natural

Panel: Rose Gailey
Vice President
Senn-Delaney Leadership Consulting
Southwest Research Institute
CERI
UNAM
César Morales
ITESM
Miguel Favela
Asociación Mexicana de Gas Natural

7:00-10 p.m. Reception
Camino Real Ballroom

Thursday, July 23

9:00-11:00 a.m. Plenary Session
The Mexican Gas Industry—Outlook for the 21st Century
Salon del Sol

Moderator: Nelson E. Hay
President & CEO
International Gas Center

Panel: Christopher R. Sherman
President
Pacific Enterprises International and
Treasurer
International Gas Center

- Terence H. Thorn
Executive Vice President, International:
Government Relations & Environmental Affairs
Enron International and
Vice Chairman
International Gas Center

- Larry W. Brummett
Chairman of the Board & CEO
Oklahoma Natural Gas Company

- Juan Diego Gutierrez Cortina
President
Company
Rafael Matinez Andina
Repsol

11:00 a.m. Coffee Break

11:30 a.m.-1:30 p.m. Simultaneous Sessions

Session 4
Industrial, Commercial and Electric Generation Market Development
Salon Jardin

Moderator: Jorge Otero
Title
Company

Panel: Dionisio Perez Jacome
Almeida
Title
Company

Ruben Fores
Title
Comision Reguladora de Energia

Gerald L. Shaheen
Vice President
Caterpillar

Jorge Borja
President
ICA-Fluor Daniel

Manuel Guitierrez
Title
Alfa

Session 5
Environmental Protection/Natural Gas Vehicles
Salon Arco Iris

Moderator: Alejandro Maldonado
Title
Asociación Mexicana de Gas Natural
Session 6
Future Development of Mexican Natural Gas Transmission and Distribution Systems
Salon Camelias

Moderator: Jaime Carretero
Title
Asociación Mexicana de Gas Natural

Panel: Aliber García Cantú
Director General
Tubacero

Richard B. Williamson
Chairman, President & CEO
T.D. Williamson, Inc. and Secretary
International Gas Center

Javier Miguel
President
Consejo Driscopipe

Alden Kiefer
Title
Schlumberger

Agustín P. Berdeja
Title
Berdeja & Associates
Ricardo Platt Garcia
President
CMIC ??

1:30 p.m. Luncheon
Camino Real Ballroom

Luncheon Speaker
Cuahutémoc Cárdenas
Mexico City Governor

3:00-5:00 p.m. Simultaneous Sessions

Session 7
Service to End-Users/Support Services
Salon Jardín

Moderator: Fernando Calvillo
Title
Asociación Mexicana de Gas Natural

Panel: Javier Estrada
Title
Comisión Reguladora de Energía

John Kean
Chairman of the Board
NUI Corporation

Marcelo Parizott
Title
Pemex Gas

William S. Garner
Vice President of Int’l Business Development
KN Energy, Inc.

Richard Seif
Vice President, Sales and Marketing
Equimeter

Gas Natural de Pánuco

Session 8
Safety
Salon Arco Iris
Session 9
Regulatory and Legal Framework
Salon Camélulas

Moderator: Jesus Rodríguez
Title
Asociación Mexicana de Gas Natural

Panel: Raúl Nocedal
Title
Comisión Reguladora de Energía
Name
President
Comisión de Energía de la

Dr. Soberán
Title
Instituto de Investigaciones

Jurídicas UNAM
7:00 p.m.       Gala Fiesta
                Ex-Convento de la Merced

7:00 p.m.       Bus Transportation
7:30 p.m.       Reception
8:30 p.m.       Ernesto Zedillo
                 President of the Republic of Mexico

9:30 p.m.       Dinner
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March 11, 1998

The Honorable Federico F. Pena
Secretary of Energy
US Department of Energy
1000 Independence Avenue, SW
Room 7A-257
Washington, DC 20585

Dear Secretary Pena:

We wish to express our strong interest in including as part of your itinerary a visit to Bangladesh in your upcoming trip to Asia. US business opportunities, particularly in the energy sector, are at a pivotal stage of development and your visit can be materially helpful.

The Bangladesh Energy Minister is faced with the impending liberalization and privatization of the natural gas industry and is concerned with several key policy issues including pricing issues, export policy (currently export of gas by pipeline to India, which is the only significant market not permitted), a lack of meaningful national energy policy, and the desperate need for natural gas policy and regulatory framework. The US Department of Energy can directly assist the development of these efforts through its Office of Policy and International Affairs as it has done elsewhere in the world.

We and other US companies in Bangladesh face international competition, notably from the United Kingdom, which recently reinforced their presence with an influential business delegation led by their High Commissioner. Additionally, a sense of being a low priority was inadvertently created in January when Secretary Albright had to cancel her scheduled visit to Bangladesh due to the Iraqi situation. It was noted in the local press that she did not cancel her visits to India or Pakistan.

Again, we solicit your assistance and enthusiastically encourage you to include Bangladesh on your Asian tour.

Sincerely,

Terence H. Thorn
Executive Vice President International Government Relations & Environmental Affairs
Enron International

Natural gas. Electricity. Endless possibilities.
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March 12, 1998

Fax: 202 586 4403

Secretary of Energy Pena
U.S. DOE - EIA
Washington, DC 20585

Dear Secretary Pena:

It is not often that we stop and take time to thank our federal employees for a job well done. Yet I wanted to thank Michael Grillot and Patricia Smith and their team for the great job on the 1996 International Energy Annual. We use it so often in our work and its increased scope and timeliness over the years are greatly appreciated. Thanks again.

Yours sincerely,

[Signature]
Margaret Carson
Director
Corporate Strategy & Competitive Analysis

Copy to: President Bill Clinton

Natural gas. Electricity. Endless possibilities.
Folder Profile

Control # 1998-003664
Name Letter to the Secretary from E. Joseph Hillings

Priority Important

DOE Addresser
Federico Peña

Subject Text
encloses a copy of a general announcement regarding Ken Lay

Topical Index

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Special Instructions
information copies: ES1 Team

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Source PM-O

Correspondence Date 3/12/98

RIDS Information Head of Agency

Sensitivity Not Applicable

Classification None

Point of Contact HOLLOWAG
202 586-2584 Holloway, Geneva

Action Office #

Assigned To Federico Peña

Date Due

Date Completed 3/18/98
March 12, 1998

The Honorable Federico F. Pena
Secretary of Energy
US Department of Energy
1000 Independence Avenue, SW
Room 7A-257
Washington, DC 20585

Dear Secretary Pena:

I thought the attached information regarding Ken would be of interest to you.

Warmest regards.

Sincerely,

Encl.

Natural gas. Electricity. Endless possibilities.
GENERAL ANNOUNCEMENT

To: Enron Employees Worldwide
Date: March 11, 1998

The Texas Railroad Commission has named Ken Lay the recipient of its 1998 Texas Energy Pioneer Award. The award recognizes the leadership and contributions of individuals to the State of Texas, as well as national and global energy communities. It will be presented to Ken on April 22 at the Commission's annual State-of-the-Industry Conference to be held in Austin.

Texas Railroad Commission Chairman Charles Matthews nominated Ken, whom he considers a true pioneer and whose outstanding contributions and "many innovations in natural gas have served to improve and enhance Texas' leading position in the natural gas industry." The nomination drew immediate and enthusiastic endorsements from Commissioners Barry Williams and Carole Keeton Rylander.

Please join others from across Texas and the energy industry in congratulating Ken. The award is an extreme honor for him and his family.
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Deputy Secretary copy of a letter addressed to Mr. Charles R. Fulberuge, United States Court of Appeals for the Fifth District. Info copies: ES1 Team.
March 16, 1998

Mr. Charles R. Fulberuge, III, Clerk
United States Court of Appeals
for the Fifth District
600 Camp Street
New Orleans, LA 70130

Re: The Brooklyn Union Gas Company, Consolidated Edison Company of New York, Inc., and PECO Energy Company, Petitioners,
Case No. 98-60057 and
Southern Natural Gas Company, Petitioner,
Case No. 98-60114
v.

Dear Mr. Fulberuge:

Enclosed please find for filing an original and 3 copies of the Motion to Intervene of the Pennsylvania Office of Consumer Advocate in the above-referenced proceeding. Copies of this document have been served upon all parties of record in the Court below, as evidenced by the attached Certificate of Service, in accordance with Rule 15(C) of the Federal Rules of Appellate Procedure.

Also enclosed is one extra copy of this document. We would appreciate it if this copy could be time-stamped and returned to this Office in the self-addressed, stamped envelope.

Very truly yours,

[Signature]
Denise C. Goulet
Assistant Consumer Advocate

Enclosure
cc: All parties
IN THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

The Brooklyn Union Gas Company, Consolidated Edison Company of New York, Inc., and PECO Energy Company, Petitioners, and

Southern Natural Gas Company, Petitioner,

v.


Case No. 98-60057

Case No. 98-60114

PENNNSYLVANIA OFFICE OF CONSUMER ADVOCATE’S MOTION TO INTERVENE

Pursuant to Rule 15(d) and Rule 27 of the Federal Rules of Appellate Procedure, the Pennsylvania Office of Consumer Advocate ("Pa. OCA") respectfully requests leave to intervene in the above-captioned proceeding. In support of this Motion, the Pa. OCA submits the following:

Transcontinental Gas Pipe Line Corporation, Docket Nos. CP97-92-000 et al., “Preliminary Determination on Non-Environmental Issues”, 81 FERC ¶ 61,104 (October 29, 1997); and


2. The Pa. OCA is a state agency administratively housed within the Office of Attorney General and empowered by statute to represent the interests of consumers of utility services in the Commonwealth of Pennsylvania in proceedings before the Pennsylvania Public Utility Commission, similar federal regulatory commissions and state and federal courts.

3. The Pa. OCA was not an intervenor in the proceedings below from which these appeals have been taken. However, the Pa. OCA represents the interests of Pennsylvania consumers who are served by local distribution company customers of Transcontinental Gas Pipe Line Corporation (“Transco”), including customers served by PECO Energy Company, one of the Petitioners in the proceedings. These retail consumers depend on the transportation services provided by Transco. The rates paid by these consumers for Transco’s services will be adversely affected by the Commission’s orders on appeal in this proceeding. The Pa. OCA has reviewed the orders on appeal and has determined that in order to adequately represent Pennsylvania consumer interests, the Pa. OCA must be able to participate in the matters before this Court in these cases.

4. No other party can adequately represent the Pa. OCA’s interests in these proceedings since the local-distribution companies who serve Pennsylvania consumers often have different interests that can conflict with the more narrow interests represented by the Pa. OCA.

5. Good cause exists to grant this Motion to Intervene. Since the Pa. OCA was not a party below and was consequently not on the service list in that proceeding, the Pa. OCA was
unaware that Petitioners (Brooklyn Union Gas, et al.) had filed their appeals until counsel for Consolidated Edison brought the matter to the Pa. OCA's counsel's attention on March 6, 1998. Due to the fact that Southern Natural Gas Company filed on March 2, 1998 with this Court in Case No. 98-60114 another Petition for Review of the same orders on appeal in this docket, the time for intervention in the proceeding has not yet run.

WHEREFORE, the Pennsylvania Office of Consumer Advocate respectfully requests that this Motion to Intervene be granted.

Respectfully submitted,

Denise C. Goulet
Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120
(717) 783-5048

Dated: March 16, 1998
CERTIFICATE OF SERVICE

Re: The Brooklyn Union Gas Company, Consolidated Edison Company of New York, Inc., and PECO Energy Company, Petitioners, and

Case No. 98-60057
Case No. 98-60114

I hereby certify that I have this date served the foregoing document upon each person designated on the official service list compiled in Docket No. CP97-92-000 by the Secretary of the Federal Energy Regulatory Commission and as evidenced by the attached service list, and on the Solicitor, Jay L. Watkins of the Federal Energy Regulatory Commission.

Dated at Harrisburg, PA this 16th day of March, 1998.

Respectfully submitted,

Denise C. Goulet
Assistant Consumer Advocate

Office of Attorney General
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120
(717) 783-5048
EDWARD H. COMER
EDISON ELECTRIC INSTITUTE (DC)
701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, DC 20004-5550

KURT J. CONGER, DIRECTOR
AMERICAN PUBLIC POWER ASSOCIATION
2301 M STREET, N. W.
WASHINGTON, DC 20037

RICHARD A. DROM
PJM INTERCONNECTION L.L.C. (PA)
955 JEFFERSON AVENUE
VALLEY FORGE CORPORATE CENTER
NORRISTOWN, PA 19403

LARRY F. EISENSTAT, ESQ., 10TH FLOOR
DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP
2101 L STREET, N.W.
WASHINGTON, DC 20037-1526

NORTH AMERICAN ELECTRIC
NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL
116-390 VILLAGE BOULEVARD
PRINCETON, NJ 08540-5731

CHRISTOPHER T. ELLISON, ESQUIRE
ELLISON & SCHNEIDER (CA)
2015 H STREET
SACRAMENTO, CA 95814-3109

N. BETH EMERY, V. PRESIDENT
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
P. O. BOX 639014
FOLSOM, CA 9563-9014

PETER G. ESPOSITO, ESQUIRE
ELECTRIC CLEARINGHOUSE, INC. (DC)
SUITE 510-A
805 15TH STREET, N.W.
WASHINGTON, DC 20005-2207

DENNIS E. EYRE, EX. DIRECTOR
WESTERN SYSTEMS COORDINATING COUNCIL
UNIVERSITY OF UTAH RESEARCH PARK
540 ARAPEEN DRIVE, SUITE 203
SALT LAKE CITY, UT 84108

JEFFERY A. FROESCHLE, ESQUIRE
FLORIDA POWER CORPORATION
P. O. BOX 14042
3201 34TH STREET SOUTH
ST. PETERSBURG, FL 33711

BRYAN G. MOORHOUSE, ESQUIRE
MARYLAND PUBLIC SERVICE COMMISSION
6 ST. PAUL CENTRE, 16TH FLOOR
BALTIMORE, MD 21202
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Memo from FE/Godley to the Secretary

DOE invites participation in proposed study on regional integration

Federico Peña

Action Office #

Special Instructions...

Deitrick, Karen

202 586-5084

POLICYD

None

Head of Agency

Not Applicable

Internal Memo

AM

3/12/98

FE
Ing. Efraín Carrera, President  
C.V.G. Electrificacion Del Caroni C.A., EDELCA  
Edificio General, Planta Baja  
Avenida La Estancia, Chacao  
Caracas, Venezuela  

Dear Ing. Carrera:

I appreciated having the opportunity to meet you when you accompanied Minister Arrieta during our meeting on January 26, 1998. I understand our meeting was followed by a meeting with two members of my staff at the World Energy Conference in Caracas, Venezuela, February 11-13, 1998, to discuss the proposed technical study on Regional Integration, Bulk Power Reliability and Quality of Service.

I would like to formally invite EDELCA's participation in this important study. This study will be led by Ing. Hugo L. Rincón Sergent, Secretary General, Comisión de Integración Eléctrica Regional (CIER) with participation from the U.S. electric power and natural gas industry and our Latin American counterparts. Each of the study participants, including the Department of Energy, has agreed to contribute $50,000 to this effort.

The Ministers of Energy during their meeting in Caracas last January agreed upon the importance of promoting policies and processes to facilitate the physical interconnection of the natural gas and electricity infrastructure throughout the Hemisphere. A complete understanding of the technical issues that must be faced as we move toward this integration of our energy systems is essential. We believe that this study, when combined with the other important work that CIER has undertaken, can provide insights necessary for governments to put in place the right policy environment.

The contribution of the United States is not only monetary but will also include the expertise of our electric power industry and government regulatory bodies. This study is designed to benefit all participants with no duplication or overlap of effort with respect to previous CIER studies.
This study was the result of a dialogue between the United States and Latin American countries at the Meeting on Natural Gas and Electric Power Integration in the Southern Cone, in Montevideo, Uruguay, September 8-10, 1997. At the meeting, over 230 high-level energy officials and industry executives from the United States and the Southern Cone countries (Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay) addressed issues created by rising energy demand in those countries, investment opportunities in the natural gas and energy sectors, potential partnerships, barriers to regional energy integration, infrastructure requirements, trading across borders, developing competitive energy markets, and capacity building.

There are enormous fossil fuel and hydropower resources in Venezuela and throughout the Hemisphere that could become part of an integrated electricity grid, facilitating integration of thermal and hydroelectric resources. Facilitation of cross border energy trading and development of an integrated system can be achieved with the implementation of consistent and coordinated energy policies.

I have enclosed the draft terms of reference for the study and the executive summary from the Uruguay conference for your review. Because your organization is a leader in the electric power sector of the Western Hemisphere, your support and sponsorship is essential to the ultimate success of this important study.

If your have any questions or require additional information, please contact Ms. Annette DuPont-Ewing of my staff at (202) 586-0504 or by facsimile at (202) 586-4729. I look forward to hearing from you at your earliest convenience.

Sincerely,

Federico Peña

Enclosures
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Enron Corporation appreciates the Congress support of the Supplemental Appropriation for the International Monetary Fund — SICC.
March 27, 1998

The Honorable Gary L. Ackerman  
U.S. House of Representatives  
2243 Rayburn House Office Building  
Washington, DC  20515-3205

Dear Congressman Ackerman:

Enron Corp. asks you to support the Supplemental Appropriation legislation for the International Monetary Fund (IMF) replenishment, which we expect will be considered by the full House after the Congressional recess. The IMF is important to preserve worldwide economic stability essential to U.S. business competitiveness, as evidenced by the Asian financial crisis.

Enron Corp. is actively developing and operating clean power projects in many Asian countries, including China, the Philippines and India. Currently, Enron is pursuing the development of a pipeline project in Bangladesh, researching the privatization possibilities in Thailand, exploring energy investment options in South Korea, and considering possible projects in Nepal. In addition, Enron has a large potential power project in Indonesia that has been put on hold due to the financial crisis in that country.

U.S. investment in ASEAN countries at the end of 1996 stood at $35 billion, according to the Department of Commerce. Enron’s energy development and exploration and production totals $20 billion in emerging markets, including many in Asia. I view our long-range opportunities to be considerable as these economies modernize and foster the demand for our energy efficient and environmentally-sensitive capabilities.

The Asian financial crisis puts a damper on Enron’s ability to raise funds for the many international projects we have in the developmental stages. Capital market investors are reluctant to provide additional debt for these emerging markets. Loans from banks are even more difficult to arrange and more costly. Enron’s corporate cost of borrowing is beginning to increase because of the strain that the Asian crisis has placed on the Japanese banks. The impact could have been markedly worse without the IMF’s assistance in weathering this economic storm.

Natural gas. Electricity. Endless possibilities.
The Asian financial challenge presents a unique opportunity to convince these nations of the benefits of liberalizing their economies and adopting open trading systems. We have been working actively in the APEC forum, which is currently negotiating to liberalize laws and regulations that hinder the marketing of energy equipment and energy services. The current crisis is moving Asian nations away from protectionist policies and towards a realization that only with the opening of their economic systems to foreign investment will they achieve long-term economic security.

The Asian crisis has depleted the IMF; its usable resources are low. The IMF, as it stands today, would be unable to meet the demands of another crisis on the level of the Asian crisis.

The United States is actively engaged in the global economy -- which, while seemingly remote to some of our fellow citizens -- has a significant impact on our domestic economy leading to our continued prosperity as a nation and as a people. IMF replenishment will help secure U.S. economic prosperity and create employment for our workers. Above all, funding of the IMF is essential to preserve U.S. global leadership. Enron Corp. respectfully urges your support for the IMF replenishment as contained in the Supplemental Appropriations.

Thank you for your attention to this important matter.

Sincerely,
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<td>The Honorable Gary L. Ackerman</td>
<td>U.S. House of Representatives, 2243 Rayburn House Office Building, Washington, DC 20515-3205</td>
<td>(202) 225-2601</td>
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<td>The Honorable Spencer Bachus</td>
<td>U.S. House of Representatives, 442 Cannon House Office Building, Washington, DC 20515-0106</td>
<td>(202) 225-4921</td>
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<td>The Honorable Tom Barrett</td>
<td>U.S. House of Representatives, 1224 Longworth House Office Building, Washington, DC 20515-4905</td>
<td>(202) 225-3571</td>
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<td>The Honorable Xavier Becerra</td>
<td>U.S. House of Representatives, 1119 Longworth House Office Building, Washington, DC 20515-0530</td>
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<td>The Honorable Doug Bereuter</td>
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<td>The Honorable Michael Bilirakis</td>
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<td>U.S. House of Representatives, 328 Cannon House Office Building, Washington, DC 20515-3513</td>
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The Honorable Benjamin A. Gilman
U.S. House of Representatives
449 Rayburn House Office Building
Washington, DC 20515-3220
Phone: (202) 225-3776

The Honorable Henry B. Gonzalez
U.S. House of Representatives
2413 Rayburn House Office Building
Washington, DC 20515-4320
Phone: (202) 225-3236

The Honorable Porter J. Goss
U.S. House of Representatives
108 Cannon House Office Building
Washington, DC 20515-0914
Phone: (202) 225-2536

The Honorable Lindsey O. Graham
U.S. House of Representatives
1429 Longworth House Office Building
Washington, DC 20515-4003
Phone: (202) 225-5301

The Honorable Kay Granger
U.S. House of Representatives
515 Cannon House Office Building
Washington, DC 20515-4312
Phone: (202) 225-5071

The Honorable Gene Green
U.S. House of Representatives
2429 Rayburn House Office Building
Washington, DC 20515-3229
Phone: (202) 225-1688

The Honorable Luis Gutierrez
U.S. House of Representatives
2438 Rayburn House Office Building
Washington, DC 20515-4304
Phone: (202) 225-8203

The Honorable Gilbert W. Gutknecht
U.S. House of Representatives
426 Cannon House Office Building
Washington, DC 20515-2301
Phone: (202) 225-2472

The Honorable Tony P. Hall
U.S. House of Representatives
1432 Longworth House Office Building
Washington, DC 20515-3503
Phone: (202) 225-6465

The Honorable Ralph M. Hall
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515-4304
Phone: (202) 225-6673

The Honorable J. Dennis Hastert
U.S. House of Representatives
2241 Rayburn House Office Building
Washington, DC 20515-1314
Phone: (202) 225-2976

The Honorable Alcee Hastings
U.S. House of Representatives
1039 Longworth House Office Building
Washington, DC 20515-0923
Phone: (202) 225-1313

The Honorable Richard Hastings
U.S. House of Representatives
1323 Longworth House Office Building
Washington, DC 20515-4704
Phone: (202) 225-5816

The Honorable Joel Hefley
U.S. House of Representatives
2230 Rayburn House Office Building
Washington, DC 20515-0605
Phone: (202) 225-4422

The Honorable Wally Herger
U.S. House of Representatives
2433 Rayburn House Office Building
Washington, DC 20515-502
Phone: (202) 225-3076

The Honorable Rick Hill
U.S. House of Representatives
1037 Longworth House Office Building
Washington, DC 20515-2601
Phone: (202) 225-3211

The Honorable David L. Hobson
U.S. House of Representatives
1514 Longworth House Office Building
Washington, DC 20515-3507
Phone: (202) 225-4324

The Honorable Darlene Hooley
U.S. House of Representatives
1419 Longworth House Office Building
Washington, DC 20515-3705
Phone: (202) 225-5711

The Honorable Steve Horn
U.S. House of Representatives
438 Cannon House Office Building
Washington, DC 20515-0538
Phone: (202) 225-6676

The Honorable Asa Hutchinson
U.S. House of Representatives
1110 Longworth House Office Building
Washington, DC 20515-3231
Phone: (202) 225-3161

The Honorable Terri A. HYde
U.S. House of Representatives
2110 Rayburn House Office Building
Washington, DC 20515-1036
Phone: (202) 225-4561

The Honorable Bob Inglis
U.S. House of Representatives
320 Cannon House Office Building
Washington, DC 20515-4004
Phone: (202) 225-6030
The Honorable Ernest Istook  
U.S. House of Representatives  
19 Cannon House Office Building  
Washington, DC 20515-3605  
Phone: (202) 225-2132

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U.S. House of Representatives  
313 Cannon House Office Building  
Washington, DC 20515-1302  
Phone: (202) 225-9773

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U.S. House of Representatives  
410 Cannon House Office Building  
Washington, DC 20515-4318  
Phone: (202) 225-3816

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U.S. House of Representatives  
240 Cannon House Office Building  
Washington, DC 20515-1802  
Phone: (202) 225-6636

The Honorable Christopher John  
U.S. House of Representatives  
1504 Longworth House Office Building  
Washington, DC 20515-1807  
Phone: (202) 225-2031

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U.S. House of Representatives  
1313 Longworth House Office Building  
Washington, DC 20515-4908  
Phone: (202) 225-5665

The Honorable Sam Johnson  
U.S. House of Representatives  
1030 Longworth House Office Building  
Washington, DC 20515-4303  
Phone: (202) 225-4201

The Honorable Eddie Bernice Johnson  
U.S. House of Representatives  
1123 Longworth House Office Building  
Washington, DC 20515-4330  
Phone: (202) 225-8885

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U.S. House of Representatives  
2311 Rayburn House Office Building  
Washington, DC 20515-5903  
Phone: (202) 225-4146

The Honorable John R. Kasich  
U.S. House of Representatives  
1111 Longworth House Office Building  
Washington, DC 20515-3512  
Phone: (202) 225-5355

The Honorable Sue Kelly  
U.S. House of Representatives  
1222 Longworth House Office Building  
Washington, DC 20515-3219  
Phone: (202) 225-5441

The Honorable Jay Kim  
U.S. House of Representatives  
227 Cannon House Office Building  
Washington, DC 20515-0541  
Phone: (202) 225-3201

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U.S. House of Representatives  
1713 Longworth House Office Building  
Washington, DC 20515-4903  
Phone: (202) 225-5506

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U.S. House of Representatives  
403 Cannon House Office Building  
Washington, DC 20515-3203  
Phone: (202) 225-7896

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U.S. House of Representatives  
2301 Rayburn House Office Building  
Washington, DC 20515-4904  
Phone: (202) 225-4572

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2331 Rayburn House Office Building  
Washington, DC 20515-4902  
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The Honorable Ray LaHood  
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The Honorable Rick Lazio  
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The Honorable Jim Leach  
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The Honorable Jerry Lewis  
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The Honorable Frank A. LoBiondo  
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<td>U.S. House of Representatives</td>
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Urging the leaders of the U.S. House of Representatives to use their influence to address the critical need for the International Monetary Fund.
April 23, 1998

The Honorable Bill Archer
U.S. House of Representatives
1236 Longworth House Office Building
Washington, DC 20515-4307

Dear Bill:

The House and Senate passed Supplemental Appropriations bills, H.R. 3579 and S. 1768, will move to Conference as soon as the House Conferees are appointed, which we believe should be done expeditiously. The Senate legislation contains important provisions to provide for funding and reforms of the International Monetary Fund (IMF), provisions we consider vital. The purpose of my letter is to ask you, as a leader of the House, to use your influence to address the critical need for IMF funding by urging the House to recede to the IMF provisions as contained in the Senate passed legislation.

Solving the Asian crisis and promoting the growth of trade requires a global lender of last resort such as the IMF. According to the Federal Reserve Chairman Alan Greenspan, there is a small but not negligible probability that Asia's financial turmoil threatens not only Japan, but also Latin America, and Eastern and Central Europe. This ripple effect in turn has repercussions elsewhere, including the U.S.

I believe those repercussions are beginning to manifest themselves in Latin America, a continent in which the U.S. has a significant and growing stake. Over the past year, Enron has completed a very significant series of initiatives in the Brazilian and Bolivian markets as have a number of other U.S. firms in the energy, telecommunications and manufacturing sectors.

Brazil has been under considerable financial strain as a consequence of the Asian crisis. As the largest South American economy in the midst of a major effort to privatize much of its infrastructure and transition towards a more open free market economy, it is particularly vulnerable to the ripple effects of the Asian crisis. While Brazil has responded well to the financial threats posed by the Asian currency problem, it remains vulnerable. If Brazil were to need support from the International Finance Corporation (IFC), and that institution lacked the resources with which to respond, the result could be calamitous, not only for Brazil and the rest of South America, but for the entire global trading system.

In bolstering the financial resources of the IMF, Congress will put in place a necessary insurance policy ensuring that a quick response to the crisis is possible if it deepens. Failure to support the IMF would leave the U.S. and the world economy vulnerable to additional financial shocks in Asia and elsewhere. It would be seen as a repudiation of current American leadership and of the long-standing American commitment to expanding global trade.

I thank you for your attention and consideration of this request.

Sincerely,

Kenneth Lay
Chairman and Chief Executive Officer

Enron Corp.
P.O. Box 1188
Houston, TX 77251-1188
(713) 853-6773
Fax (713) 853-5313
klay@enron.com

Natural gas. Electricity. Endless possibilities.
cc: The Honorable David Aaron
The Honorable Madeleine Albright
The Honorable Charlene Barshefsky
Mr. Ernie Bower
The Honorable William M. Daley
The Honorable Stuart E. Eizenstat
The Honorable Thomas F. McLarty, III
The Honorable Elizabeth Moler
Mr. Robert S. Price, Jr.
Mr. Ed Rice
The Honorable Robert Rubin
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April 27, 1998

The Honorable Elizabeth A. Moler  
Deputy Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Deputy Secretary Moler:

On behalf of the conference planning committee, it is my pleasure to extend to you an invitation to be the keynote speaker at the Indiana Energy Conference (IEC) on Tuesday, September 22, 1998, in Indianapolis. It is my understanding that this date is available for you at the present time.

The goal of the IEC is to present thought-provoking speakers and topics to over 300 conference participants who have an expertise or interest in energy issues and how they will affect the broad spectrum of customers. Most participants will come from various areas across the region.

The Planning Committee, consisting of American Electric Power (AEP), Indiana Citizen’s Action Coalition, the Indiana Department of Commerce, Enron, and a host of others, will look forward to your confirmation to this invitation. If possible, please let us know by Wednesday, May 13th. If you have any questions, please feel free to contact me.

Sincerely,

Jeffery A. Drozda
Manager  
Governmental Affairs

Jeffery A. Drozda

Hope you can make it!
**Folder Profile**

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Sign Letters to members of the Tennessee Valley Electric System Advisory Committee.
Mr. Joseph Hartsoe  
Vice President  
ENRON Corporation  
1775 Eye Street, NW  
Suite 800  
Washington, DC 20006  

Dear Mr. Hartsoe:  

I have received the report of the Tennessee Valley Electric System Advisory Committee and congratulate you on your excellent work. The recommendations and position statements contained in the report provide important insight into the essential issues related to integrating the Tennessee Valley Authority into a competitive electricity industry. 

Please accept my thanks and appreciation for your willingness to serve on the Advisory Committee. Be assured your report will be an important consideration as I make my recommendations to the Administration on how these issues are addressed as part of the Comprehensive Electricity Competition Plan. 

I look forward to working with all of you in the future in order to bring the benefits of a competitive electricity industry to the citizens of the Tennessee Valley. 

Sincerely, 

Federico Peña
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May 6, 1998

The Honorable Federico Pena
Secretary of Energy
U.S. Department of Energy
Washington, D.C. 20585

Dear Secretary Pena:

It is with honor that I accept your invitation to serve as a member of the National Coal Council (NCC). I look forward to working with the new Executive Director and the other members of the NCC in an advisory capacity to the Secretary of Energy.

My only regret is that I will not have the opportunity to work with you; as a long time resident of the Denver-metro area, I have followed your career and enjoyed being witness to your many accomplishments. I wish you the best in your new endeavors and fully expect that I and the Western Coal Council (WCC) will prove to be valuable resources for the incoming Secretary of Energy.

Thank you, again, for your invitation. I will serve on the National Coal Council with honor and to the utmost of my ability.

Regards,

Janet Gellici
WCC Executive Director
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June 24, 1998

The Honorable Elizabeth A. Moler
Deputy Secretary
US Department of Energy
Forrestal Building Room 7B-199
1000 Independence Avenue, SW
Washington, DC 20585

Dear Ms. Moler:

The European Institute Roundtable on Energy, Environment and Transportation is preparing for a major transatlantic forum on “Energy Security and Global Fuel Needs in the 21st Century” to be convened on September 17, 1998. This seminar will address the economic, political and environmental forces shaping the need for diversification in the world’s energy supply. The role of governments and businesses in the evolution of the energy industry, and the implications of a new fuel mix for the US and European economies, will also be addressed. The Honorable Pablo Benavides, Director-General for Energy (DG XVII), European Commission, has confirmed his participation.

On behalf of the Board of Directors and the Members of the Roundtable, I would like to invite you to deliver remarks, sharing your views on the role of governments in the evolution of the fuel mix, at the outset of the second session of this important event. It was an honor to include your participation in the October 1997 seminar on “Transatlantic Energy Market Liberalization.” We would welcome the opportunity to receive you once more and benefit from your expertise. We would be pleased to further define the topic of your remarks with your staff upon your reply.

The format of the seminar will include two afternoon sessions of moderated roundtable discussion, with brief presentations being made by various speakers, followed by a dinner. Session I will focus on “The New Global Fuel Mix in the 21st Century” and Session II will examine “Government and Market Forces in an Evolving Energy Industry.” The discussion will be chaired by Ambassador Sidney Linn Williams, Senior Vice President and General Counsel, Edison Mission Energy Company. Invited speakers include John Battle, MP, Minister of State for Industry, Energy, Science and Technology of the United Kingdom, Dr. Daniel Yergin, President, Cambridge Energy Research Associates, and several energy industry executives.

As you know, The European Institute is the leading Washington-based organization devoted to European-American relations. Among its members are 23 European governments and more than 70 multinational corporations. The administrations of the United States and Europe cooperate with us in the development and organization of high-level meetings and international seminars allowing us to unite members into an exclusive network of decisionmakers on both sides of the Atlantic. Participants in Institute programs monitor policy developments while engaging in practical analyses...
of major economic and political issues common to governments, business, and societies. Updated materials on the Institute are enclosed for your information.

The Institute’s Roundtable on Energy, Environment and Transportation brings together policymakers, legislators, and regulators from the US and Europe; executives representing US and European companies; representatives from industry and environmental organizations; senior officials of multilateral organizations; and independent experts to explore possibilities for US-European cooperation across the Atlantic and globally.

Members of the energy roundtable include representatives from Cap Gemini, Electricité de France, Infilco Degremont, General Electric, Enron, Edison Mission Energy, ENI, Exxon, British Nuclear Fuels Ltd, Siemens, and Mobil. The upcoming meeting is a result of their expressed interest in addressing the evolution of the energy industry from a transatlantic perspective.

The September 17 forum will be held from 3:00 p.m. until 9:00 p.m. at the Mayflower Hotel, 1127 Connecticut Avenue, NW, Washington, DC. A preliminary program agenda is enclosed for your review.

It would be an honor to receive you once again at The European Institute. In order to facilitate the organization of this international event, we would appreciate your early consideration of this invitation. If you or your staff have any questions, please do not hesitate to contact me at (202) 895-1670. I look forward to your reply and hope that you will be able to join us on September 17.

Sincerely,

Jacqueline Grapin
President

Enclosures
THE EUROPEAN INSTITUTE

TRANSA T L A N T I C S E M I N A R O N E N E R G Y S E C U R I T Y
AND GLOBAL FUEL NEEDS IN THE 21ST CENTURY

Convened under the auspices of The European Institute's
Roundtable on Energy, Environment and Transportation

September 17, 1998
Mayflower Hotel
Washington, DC

Colonial Room

2:45 p.m. REGISTRATION

3:00 p.m. WELCOME AND INTRODUCTION

*Jacqueline Grapin, President, The European Institute
Chairman: *Ambassador Sidney Linn Williams, Senior Vice President and
General Counsel, Edison Mission Energy Company

3:15 p.m. SPECIAL OPENING REMARKS

What are the challenges to global energy supply? How do they affect policy?
Dr. Daniel Yergin, President, Cambridge Energy Research Associates

3:45 p.m. SESSION I - THE NEW GLOBAL FUEL MIX IN THE 21ST CENTURY

The security of natural gas and other sources
*The Honorable Pablo Benavides, Director-General for Energy (DG XVII), European Commission

Projected energy demand in the developing world: what kind of energy will China
and others be importing?
James Bond, Director, Energy, Mining and Telecommunications, World Bank

What will be the ramifications of the Kyoto Protocol for energy development? Will
we clean up the fuels we use or look for alternatives?
Industry representative (oil - US)
Industry representative (electricity - US)

Prices as driving forces in the fuel mix
European government representative

5:00 p.m. BREAK

5225 Wisconsin Avenue, N.W., Suite 200, Washington, DC 20015-2014
Telephone: (202) 895-1670 • Fax: (202) 362-1088 • E-mail: info@europeandinstitute.org
5:15 p.m. **SESSION II - GOVERNMENT AND MARKET FORCES IN AN EVOLVING ENERGY INDUSTRY**

*proposed* Can and should governments influence the fuel mix?

*role* The Honorable Elizabeth Moler, Deputy Secretary, US Department of Energy

A corporate perspective on the role of government

*Industry representative* (nuclear - Europe)

Will emissions trading be local or international? Will there be caps on it? How do opinions on this topic differ in the US and Europe?

*Industry representative* (US or Europe)

Prospects for free trade in energy sector products within the new Transatlantic Economic Partnership (TEP)

*Donald Eiss,* Acting Assistant United States Trade Representative for Industry

How do these issues affect research and development?

*Dr. Frederic Bernthal,* President, Universities Research Association

6:30 p.m. **END OF DISCUSSION**

*East Room*

7:00 p.m. **DINNER**

*Keynote Address*

*John Battle, MP,* Minister of State for Industry, Energy, Science and Technology of the United Kingdom

9:00 p.m. **END OF MEETING**

*confirmed as of June 24, 1998*
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Mr. Kenneth L. Lay  
Chairman and Chief Executive Officer  
Enron Corp.  
Post Office Box 1188  
Houston, Texas 77251-1188

Dear Mr. Lay:

On June 30, 1998, I will be leaving the Department of Energy. Before I depart, I wanted to share with you some recent accomplishments that may be of interest to you.

In April 1998, we released the Comprehensive National Energy Strategy, a copy of which is enclosed. One of our important national goals is to protect our economy against energy supply disruptions and to provide for specific measurable milestones to accomplish this goal. These include stopping the decline in U.S. oil production by 2005, increasing domestic natural gas production, maintaining the readiness of the Strategic Petroleum Reserve, and diversifying the sources of oil available for world markets.

Our strategy also identifies ways to reduce our reliance on oil supplies from the Persian Gulf. In early April, I traveled to Moscow where I had the opportunity to meet with Prime Minister Sergei Kiriienko and First Deputy Prime Minister Boris Nemtsov. These were important and productive meetings during this time of transition in the Russian Government. I emphasized to each official the strong partnership that exists between the U.S. and Russia, the progress we have made on energy issues, the high priority oil and gas projects, and our mutual interests in the Caspian region.

We have worked diligently to ensure that we move forward to realize other goals in the Comprehensive National Energy Strategy, particularly to ensure greater development of U.S. oil and gas resources. The Strategy was developed with the full involvement of top DOE management, and it represents a departmental blueprint that will continue to guide our policy-making even after I depart.

I have been honored by the President to have been given the opportunity to serve as Secretary of Energy, and I leave the position with a strong belief in the importance of reducing our reliance on select sources of energy and the role that the U.S. oil and gas industry must play to help secure our Nation’s energy future.

Sincerely,

Federico Peña

Enclosure
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July 15, 1998

Enclosed for your review is a press release and speech given by Ken Lay, CEO of Enron, to the Western Economic Association Conference in Lake Tahoe which explains Enron's current and future retail activities in California. Enron currently serves over 30,000 residential and business customers in California, with seven major offices and ten sales offices throughout the state.

If you have any questions about the enclosed materials, or would like further information, please contact me at (202) 466-9145.
ENRON CHAIRMAN KENNETH L. LAY PRAISES PROGRESS TOWARD A COMPETITIVE ELECTRICITY MARKET IN CALIFORNIA; ADVOCATES FURTHER IMPROVEMENTS

Lay Opposes Ballot Initiative, Says Focus Should be on Improving the Current Market Structure

FOR IMMEDIATE RELEASE: Tuesday, June 30, 1998

LAKE TAHOE, Calif. – Enron Chairman and CEO Kenneth L. Lay today urged California state legislators and regulators to continue the progress they have made toward customer choice and competition in the electricity industry. Lay’s remarks were made during his address to the Western Economics Association Conference.

“I want to congratulate the California Public Utilities Commission (CPUC) for starting the march toward consumer choice and competition in electricity in 1994,” Lay said. “I also commend the California Legislature for providing the leadership to finish the job in 1996 with the passage of AB 1890, the legislation that made competition and choice the law in California.”

Lay challenged lawmakers and regulators across the country to assure that customers are not held hostage for every penny of the incumbent monopolies’ “stranded costs” and also assure that utilities are prohibited from writing the rules for competition.

“If incumbent monopolies are handed 100 percent of their stranded costs and allowed to write monopoly-friendly rules, consumers will continue to suffer from the same high prices, poor service and lack of innovation that they have been subjected to for decades,” Lay said.

“Consumers have increasingly become an afterthought in the deregulation process.

“If we do not succeed, consumers and our economy will lose, and the losses will be significant,” Lay warned. “We must re-focus our efforts on the consumer, and we must do it quickly.”

Noting the opportunity for improvement in AB 1890, Lay suggested giving all customers the right to choose their service provider immediately and discontinuing the utility’s exclusive franchise for customers who neglect to make a choice.
“If no supplier can beat the incumbent’s rate, then the incumbent will continue to serve and no one will be any worse off,” Lay said. “If a competing service provider can beat the monopoly’s rate, then the aggregated customers will be better off. We plan to press hard for what we think is clearly a superior alternative for consumers, and we will work with CPUC President Bilas and the Legislature to implement this type of competitive framework for default service.”

Lay reiterated Enron’s pledge to work with the Legislature and CPUC to improve the market structure. He also encouraged California voters to reject an initiative that has been placed on the November ballot by California consumer groups and which, if passed, would roll back the progress to date that has been made.

“We’re very excited about California,” Lay said. “Enron currently has over 30,000 residential and business customers. We have seven major offices and ten sales offices around the state and over 300 employees, including 200 serving the newly deregulated marketplace. We’re currently bringing energy savings and innovation to the University of California and California State University systems, Kaiser Permanente, Pacific Bell and Lockheed Martin. Thanks to California’s decision to give consumers a choice, we’re helping to bring real energy savings and innovation to California’s families, schools, health care system and businesses.”

Lay noted that Enron’s commitment to customer choice is consistent with its opposing viewpoint of the ballot initiative.

“The initiative represents a significant step backward because it will remove the benefits of choice and competition from consumers’ pockets and deliver them to lawyers and consultants who will be grid-locked in endless battles over the legality of the initiative’s provisions,” Lay said. “The right course of action is to overhaul the industry’s poor performance record and loosen its grip on customers. In addition, we need to pursue improvements in the current market structure and improve the rules created by the Legislature and CPUC.”

Enron is the world’s leading integrated electricity and natural gas company. The company, which owns approximately $24 billion in energy related assets, produces electricity and natural gas, develops, constructs and operates energy facilities worldwide and delivers physical commodities and risk management and financial services to customers around the world. Enron’s Internet address is www.enron.com, and the stock is traded under the ticker symbol, “ENE.”
Thank you President Bilas. It is a pleasure to be with you today.

I am particularly pleased to have the opportunity to share my thoughts on a topic that economists have done much to shape.

It wasn’t too long ago that economists weren’t much welcome in discussions over how best to organize some of our economy’s most vital industries, like airlines, natural gas, financial services, telecommunications, electricity, and water.

But economists are nothing if not dogged. And with their help, we’ve seen industry after industry move away from monopolies and intrusive regulation to markets and competition. Consumers have seen equally dramatic results. The shift away from government planning has brought cost savings and innovation that have surpassed the expectations of industry restructuring’s most ardent supporters.

So it wasn’t that long ago that those of us on the side of markets, competition and choice were a lonely group, accused of being extreme, and worse, impractical. But today things are different. Governments around the world are looking to the private sector to deliver essential infrastructure. An increasing number of state legislatures and public utility commissions have sided with markets; and it’s only a matter of time before Congress does the same. Even groups like the Edison Electric Institute claim to support competition and choice. Economists who opposed a common wisdom bent on guarding monopolies and were once considered “fringe” are now mainstream.

And there’s a reason for that. At Enron, we have a saying. “Facts are friendly.” And the facts show beyond a doubt that when competition and choice replace monopolies and government planning, consumers and the economy are better off. It is difficult to overstate the importance of this accomplishment, and the vital role that economists have played in achieving it. It is an accomplishment our profession can be proud of.

Change hasn’t been easy, and it won’t get any easier. Understandably, the
incumbent utilities who have benefited from 100 years of monopoly will not relinquish control willingly. But the change will come. It’s only a matter of time. The electric industry, like the natural gas, airlines and telecommunications industries before it, is on the threshold of a new era. We at Enron embrace the change. In fact, we’re doing everything we can to hasten its arrival. So I want to congratulate and thank those of you whose work has helped to bring consumers the benefits of choice and competition that they have been denied for far too long.

Ideas and theories are important. But it is actions that matter in the end. In the battle of ideas that took place over electricity in states like California, New Hampshire, Nevada, Pennsylvania, and Arizona, markets, competition and choice won the day. Competition and choice won the day when Congress moved to restructure telecommunications, surface freight, airlines, and natural gas. But the real test has always been implementation. That test is currently underway in California.

First I want to congratulate the California Public Utilities Commission for starting the march toward consumer choice and competition in electricity in 1994. And I commend the California Legislature for providing the leadership to finish the job in 1996 with the passage of AB 1890, the legislation that made competition and choice law in California.

Now are the rules that the California Public Utilities Commission initially established to govern competition and choice in California the very best that they can be? We don’t think so. Is there room for improvement in AB 1890? In our view, there is. But more importantly, were the actions of the California PUC and Legislature a step in the right direction? Are the state’s consumers, its economy and California’s electric industry better off as a result? You bet. And for that reason, California should be applauded.

We’re very excited about California. Enron currently has over 30,000 residential and business customers. We have seven major offices and ten sales offices around the state and over 300 employees, including 200 serving the newly deregulated marketplace. We’re currently bringing energy savings and innovation to the University of California and California State University systems, Kaiser Permanente, Pacific Bell and Lockheed.
Thanks to California’s decision to give consumers choice, we’re helping to bring real energy savings and innovation to California’s families, schools, health care system and businesses.

That’s why we staunchly oppose the initiative that some consumer groups have placed on California’s November ballot. The initiative represents a significant step backwards. It won’t do much more than take the benefits of choice and competition out of the pockets of consumers and hand them over to lawyers and consultants in endless battles over the legality of the initiative’s provisions. Is more work needed to ensure that Californians get real choice and real competition? Absolutely. And we intend to roll up our sleeves and work constructively with the California Public Utilities Commission and the Legislature to get the job done. But the initiative simply is not the answer. It is the wrong thing to do. And that’s why we oppose it. The right thing is to continue to encourage and create opportunities for companies like Enron to revitalize an industry that has kept choice from consumers and performed poorly for too long, and at the same time to improve the current market structure and rules created by the Legislature and the California Public Utilities Commission.

The sooner we get that job started, the more unpopular the initiative will become. The longer we delay, the more attractive the initiative will become to monopoly-weary consumers.

Before focusing specifically on California, let me share some general observations about the state of consumer choice and competition in the US electric industry now that we have some experience under our belts.

Two issues stand out in particular. First, since electric industry restructuring began several years ago, many have taken their eyes off the ball. There’s been a tendency to lose sight of why we decided to end 100 years of monopoly control in the first place. It’s about consumers. Consumers, and the benefits that come with the freedom to make energy choices for themselves must remain the focus. Unfortunately, consumers have increasingly become an afterthought. Consumers have taken a back seat to utility shareholders and managers, and to the interest groups who have relied on legislative and regulatory forums to secure funding for pet projects through utility rates. Clearly, these
groups should be treated fairly in the transition. But we can’t allow special narrow interests to ride roughshod over the interests of consumers, or restructuring will fail. I understand that those who benefit under the status quo might welcome failure. But if we do not succeed, consumers and our economy will lose, and the losses will be significant. So we must re-focus our efforts on the consumer, and we must do it quickly.

The second issue is closely related to the first. If, as the quid pro quo for choice and competition, we require consumers to pay for every penny of the incumbents’ ‘stranded costs,” we cannot also allow the incumbent monopolies to write the rules for competition. If allowed to write the rules, the incumbent monopolies will eliminate competition before it ever begins. We’ve already seen how this can happen. For example:

- by guaranteeing the utility market share at no cost by leaving it with the role of default service provider;
- by allowing the monopoly to use revenues from captive customers to fund unregulated affiliates and allowing the affiliates to leverage the incumbent’s ratepayer-financed brand equity;
- by allowing the monopoly to retain control over transmission and generation assets and use those assets to exercise market power;
- by allowing the monopoly to devise arcane regulatory schemes to “estimate” stranded costs rather than rely on the market to value assets, and to keep us in the dark about the size of stranded costs;
- by allowing the monopoly to retain control over other competitive market segments like metering, billing and distribution services.

If incumbent monopolies are handed 100% of stranded costs and permitted to write monopoly-friendly rules like these, consumers will continue to suffer from the same high prices, poor service and lack of innovation that they have been subjected to for decades.

Many of you in this room worked hard to debunk the notion that we are better off with a policy that requires all of us to get our electric-service from a monopoly. But the job is far from over. Now we have got to work just as hard to make sure that the
transition to choice and competition doesn’t leave us worse off by trading in a regulated monopoly for an unregulated one.

Let me turn to California and share with you how we see the electricity market shaping up over the next few years.

We entered the California market committed to serving all consumers, from the largest business customers to the smallest household. And our investment in marketing, sales and back office operations speaks volumes about that commitment. We believed we could incent customers to switch and do so economically. But as you are probably aware, market conditions in California have forced us to refocus our efforts. What happened?

First and foremost, California’s market structure and rules leave little if any room to offer residential consumers a reason to switch during the transition and give our shareholders an acceptable return on their investment. For example, the amount of stranded costs that consumers must ultimately pay the incumbents for bad investments is a big unknown. The failure to fix the amount injects a high level of risk into business planning. It’s hard to set prices when one of the biggest components of your cost structure is so ill-defined. Real choice and real competition requires that the level of stranded costs be fixed, and fixed right at the start.

The ten percent rate cut mandated by AB 1890 for residential consumers is another reason we’ve refocused. Based on press accounts and conversations with AB 1890’s principal authors, we understand that the California Legislature believed there were a couple of good reasons for mandating the rate cut.

First, the authors feared that competitors would ignore residential customers and focus on large customers. They apparently saw the ten percent rate cut as a way to guarantee savings for residential customers whether or not competition bloomed for small customers. Second, the authors hoped that the rate cut would protect small consumers. They figured that the market would have a difficult time competing with the ten percent rate cut, which would make the residential sector unattractive enough that unscrupulous competitors would look elsewhere.

So as we understand it, AB 1890’s authors never intended for competition to reach California’s residential customers during the four-year transition and they
structured the market with that goal in mind.

The legislation may have hedged these perceived risks, but in our view it overlooked another important risk. By focusing solely on a short term rate decrease, California traded-off competition's biggest benefit—innovation. All things being equal, California's residential consumers are better off paying ten percent less for their electricity. But by handing the residential market over to the incumbent utilities in exchange for a ten percent rate decrease, consumers will forego the benefits of innovation and perhaps even greater price cuts. That's because competition is the engine that drives innovation, and competition isn't going to be there—at least during the transition. In our view, we'll reap the greatest benefit by unleashing rigorous competition—and innovation—for all customers.

Most troubling about the current market structure is the fact that it guarantees market share for the incumbent. Competitive markets just don't provide guarantees. But the way things are today in California—and in other state's that have opted for consumer choice—the utility gets the privilege of serving any customer who fails to make a choice. The same thing happened when, for competition's sake, AT&T was forced to divest its long-distance operations. AT&T enjoyed what amounted to an exclusive franchise on every customer who did not choose to take service from another customer. And because AT&T's costs were significantly higher than its competitors, consumers who were stuck with AT&T as the default provider ended up paying billions of dollars in higher telephone bills.

We think there's a better way. Give all customers the right to choose immediately, but don't continue the utility's exclusive franchise for customers who neglect to make a choice. They'll benefit more if we aggregate them and let competing suppliers bid to serve them. If no supplier can beat the incumbent's rate, then the incumbent will continue to serve them and no one is any no worse off. If a competing service provider can beat the monopoly's rate, then the aggregated customers will be better off. We plan to press hard for what we think is clearly a superior alternative for consumers and will work hard with President Bilas and the Legislature to implement this sort of competitive framework for default service. It just doesn't make sense to condemn
California’s electricity consumers to the same high prices AT&T’s customers fell prey to.

These are some of the key features of California’s market structure that led us to refocus our business strategy. It shows the importance of establishing a market structure that is friendly to competition at the outset if we want to maximize competition, innovation and savings for all consumers.

These shortcomings aside, California did the right thing by passing AB 1890 and deserves our congratulations. The best thing for California to do now is work diligently and constructively to improve as quickly as possible on what has been a good start. Passing the initiative that recently qualified for the ballot would be the worse thing to do.

Let me close with a few comments about our decision to suspend our residential efforts in California, and in other markets where the structure and rules preclude us from participating in a way that is attractive to consumers and our shareholders. Much has been made of that decision; too much, in my view. The more important question is: Are consumers better off when they’re captive to a monopoly or when they’re free to choose for themselves? The answer is clear.

They are better off for one simple reason: the mere threat that a customer might choose someone else provides a powerful incentive to keep costs and prices low. In California, as in other states, utility prices, like taxes, rose steadily for decades. But when the California Commission released its landmark choice proposal in 1994 and the utilities saw competition on the horizon, they actually did something very novel. They started to trim costs, lower prices and focus on serving customers better. So in a very short time, the threat of competition has accomplished something that California’s regulators have struggled to achieve for a long time. So California made the right choice—it abandoned monopolies for markets—and we’re going around the country urging other states to do the same. Just as importantly, the deals Enron has already done in California will help California’s universities, hospitals and telecommunications firms lower costs and provide better, more cost-effective service to Californians.

As for Enron, we’re very excited about the opportunities that exist today and the opportunities opening up every day. We’re very pleased about the success we’ve had, and we’re confident that that success will continue. We will continue to assess our
opportunities month by month, market by market. Our obligation to our shareholders demands it. From time to time, circumstances will cause us to shift our focus and make mid-course corrections. But if an opportunity exists, we'll be there, like we are in California. And we're here to stay. The opportunities are increasing every day. And we intend to seize them. Thank you.
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July 22, 1998

The Honorable Neil Abercrombie
U.S. House of Representatives
1233 Longworth House Office Building
Washington, DC 20515-1101

Dear Congressman Abercrombie:

The House will shortly be considering a variety of issues important to U.S. international trade policy. Therefore, I wanted to share with you our position on these issues based on our global work experience. These are issues which not only influence foreign and trade policy, but also have a very direct impact on domestic job growth and U.S. business competitiveness.

Most Favored Nation trade status will soon be more clearly known as Normal Trade Relations. The House Ways and Means Committee encouraged the full House to support continuing Normal Trade Relations with China. China has become a significant market for the sale of energy, transportation, telecommunications and a variety of other industries. Current news reports from China show there are many changes underway in commerce as well as opportunities for democratic ideals and free market principles. However, we know greater change must take place. In addition to a power plant in Hainan Island, we are developing a gas field in the Szechuan Province, and discussing other clean energy and renewable energy projects.

Many of the most significant opportunities in terms of U.S. manufactured goods and related services have presented themselves in developing nations such as Mozambique, Croatia and Romania. These are truly developing nations and developing markets where U.S. participation is wanted, appreciated and needed to establish long-term political and economic relationships. However, the very nature of these markets requires a variety of tools including export credit availability. The Overseas Private Investment Corporation (OPIC), the U.S. Export-Import Bank (Ex-Im Bank), and the Trade and Development Agency (TDA) make U.S. participation in developing markets possible. Export credit agencies from other nations are active in support of their companies. The availability of OPIC, Ex-Im Bank and TDA is critical to our global competitiveness which in turn supports the creation of jobs. I hope you will support the Foreign Operations Appropriations legislation, which funds these agencies, when it comes before the House.

Another important tool in foreign trade effectiveness is the International Trade Administration of the Department of Commerce, especially its business advocacy function which is included in the Commerce, Justice, State Appropriations bill. Not only Enron but many small and medium-sized companies benefit from this function which uses U.S. influence and a staff of senior commercial officers to help position U.S. companies in highly competitive markets.

E. Joseph Hillings
Vice President and General Manager
Federal Government Affairs

Enron Corp.
1775 Eye Street, NW, Suite 800
Washington, D.C. 20006-4607
(202) 466-9145
Fax (202) 828-3372
jhillin@enron.com

Natural gas. Electricity. Endless possibilities.
Included in the Foreign Operations Appropriations bill is U.S. financial support for the International Monetary Fund (IMF). We encourage you to support the Administration’s full $18 billion request. Global economic stability is very important for U.S. business investment in overseas markets. Today, through superior communication, the effects of the Asian, and now Russian, financial crises have been immediately and globally recognized. The IMF like so many of our national and global institutions is not a perfect entity. Nonetheless, it is the only institution which has a charter to address financial crises when they arise and bring stability and liquidity to global markets under stress. Let’s support funding for the IMF even while encouraging reforms that can make its operation more effective.

I thank you for your patience in considering these near-term items which are sometimes difficult to fully appreciate unless you are actively engaged in international commerce. There are other challenging issues such as sanctions which are also likely to come before you before you adjourn for the year. Your support of the issues mentioned above is critical to U.S. global competitiveness. I hope you will support these issues as they produce prosperity and stability for our nation.

Warmest regards and best wishes.

Sincerely,

[Signature]
cc: The Honorable David Aaron
    The Honorable Madeleine Albright
    The Honorable Charlene Barshefsky
    Mr. Ernie Bower
    Mr. T.S. Chung
    The Honorable William M. Daley
    The Honorable Stuart E. Eizenstat
    Ms. Mary Irace
    The Honorable Thomas F. McLarty, III
    The Honorable Elizabeth Moler
    Mr. Robert S. Price, Jr.
    Mr. Ed Rice
    The Honorable Robert Rubin
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Invites the Deputy Secretary to attend inaugural 1998 Forbes Executive Women's Summit – November 10-12, 1998.
July 31, 1998

Ms. Elizabeth A. Moler  
Deputy Secretary of Energy  
U.S. Department of Energy  
1000 Independence Avenue S W  
Washington, DC  20585-0001

Dear Ms. Moler:

We hope you will join me, Anita Roddick of The Body Shop, and a host of other business leaders, management thinkers, public policy officials, and prominent academicians for the inaugural 1998 Forbes Executive Women's Summit, November 10-12, in Washington, D.C. Participation is by invitation only to senior executives involved in formulating and implementing their firms' business strategy.

The Forbes Executive Women's Summit will be the premier forum in which women executives can learn from peers, exchange leadership strategies, and overcome challenges in an environment of shared experience and candor. Forbes editors, in conjunction with our friends at Catalyst and our distinguished advisory board of visionaries, are in the midst of tailoring a program that explores the challenges and opportunities posed by globalization, rapid technological innovation, and workforce evolution.

The theme of the Summit is Leading from the Future: The Women and Ideas that Are Changing Business. Topics to be addressed include—the new leadership paradigm; managing your company in an interconnected economy; how stakeholders can make you a better executive; the global cultural time warp; turning away from the top; the balancing act; plus many more. An executive summary and description of each is enclosed.

In addition to-Anita Roddick, featured presenters include: Judy Bardwick, author, In Praise of Good Business; Judy Rosener, professor, University of California Graduate School of Management, and The Honorable Ellen Tauscher (D-CA), United States House of Representatives.

As a Summit participant you will return to the workplace with new ideas, contacts, and strategies for meeting the various challenges and opportunities you face. To foster the interactive nature of the Summit, participation is limited, so kindly return the enclosed registration form by Friday, August 28, 1998.

We look forward to seeing you in Washington, D.C.

Cordially,

Steve Forbes  
Editor-in-Chief  
FORBES Magazine

P.S. To register call 212-499-3521, or just fax the enclosed registration form to 212-499-3324.
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August 6, 1998

The Honorable Bill Richardson  
Secretary-designate  
Department of Energy  
1000 Independence Ave., S.W.  
Washington, DC 20585

Dear Secretary-designate Richardson:

On behalf of the members of the Business Council for Sustainable Energy, I offer my warmest congratulations on your nomination and recent Senate confirmation. I join the many other energy professionals excited about working with the Department of Energy under your leadership.

The Business Council for Sustainable Energy was created in 1992 by executives in the natural gas, energy efficiency, electric utility and renewable energy industries. Member companies include Enron, Honeywell, Maytag, Los Angeles Department of Water and Power, Ballard Fuel Cells, Brooklyn Union (MarketSpan), Southern California Gas (Sempra), and industry trade groups representing the natural gas, insulation, solar and wind energy industries. Some of our original members included Mack McLarty and Hazel O'Leary in their pre-Administration days. Our focus on promoting energy efficiency and renewable energy, and using natural gas as a bridge fuel, directly conforms to this Administration's sustainable energy policy goals.

Consider this letter as both a congratulations and a placeholder for an invitation to address our annual meeting the morning of October 21, 1998. Since our previous three speakers have been Federico Peña, Betsy Moler and Kathleen McGinty, the group will be eager to hear from you about ways in which we can accomplish our mutual goals.

Again, we look forward to working with you to promote sound energy policies in the coming years. Please do not hesitate to contact me directly if there is anything we in the Council can do to facilitate your transition.

With best wishes,

Michael L. Marvin  
Executive Director

cc: BCSE Board of Directors
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Invites the Secretary to join Economist Group as a featured speaker at their third annual Latin America Energy Summit – January 25-26, 1998.
Bill Richardson  
Secretary of Energy Designate  
Department of Energy  
Washington, D.C.  

Via FAX: (202) 586-7573  

August 11, 1998

Dear Ambassador Richardson:

On behalf of The Economist Group, it is my great pleasure to invite you to join us as a featured speaker at our third annual Latin America Energy Summit. This event will take place on January 25-26, 1999 in Houston, Texas.

This annual conference aims to bring together top Latin American government officials and corporate officers with a group of senior, multinational executives responsible for energy operations in this region. Last year's event on this topic was a great success, with presentations by Evanuen Romero, Vice Minister of Energy and Mines for Venezuela, Orlando Cabralcs, Minister of Mines and Energy for Colombia, John Hushon, President of El Paso Energy International, and James Bannantine, Managing Director of Enron International, as well as many other leading figures involved with the energy sector in Latin America. The conference was attended by over 120 delegates from nine different countries, generating many viral and topical discussions on key issues such as project finance, distribution and infrastructure development, strategic planning, privatization, and risk management.

We would be truly honored to have you join us at this event and share with us your views on recent developments in the global oil market, current challenges facing the Latin American region with respect to energy policy, and especially the potential for cooperation between the US and Latin America within this context. If you do think you will be available to participate, I will be happy to work with your office to arrange a time and format that is most convenient for you.

Please do not hesitate to contact me if you have any questions regarding this event. I can be reached by telephone at +212 554 0615 or by fax at +212 698 9732. I do hope that you will be able to accept this invitation, and I look forward to your response.

Yours sincerely,

Rachel Schedler  
Conference Manager
**Folder Profile**

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</table>
August 12, 1998

The Honorable Elizabeth Moler
Acting Secretary of Energy
Department of Energy
Room 7A-199
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Moler:

Attached is a description of a new program being offered by Enron Federal Solutions, Inc. which I thought would be of interest to you and your colleagues at OMB.

Bill Votaw heads this group at Enron and they have been awarded similar work from GSA.

Could we arrange a briefing for the appropriate people at the Department of Energy? Please let me know at 202-466-9142.

Sincerely,

cc: Bill Votaw
U.S. DEPARTMENT OF ENERGY
CORRESPONDENCE CLOSE-OUT (BY MEETING OR TELEPHONE)
(Forward to ES (7E-054 Forrestal) with original of incoming to close out action)

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CORRESPONDENCE FROM (SIGNED BY)  
E. Joseph Hillings  
ON BEHALF OF (AFFILIATION OR CONSTITUENT)

SUBJECT

☐ MEETING OR  ☑ TELECON PARTICIPANTS  
DATE  9/25/98

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<td>Katherine Saunders</td>
<td>Enron Corp.</td>
<td>202-466-9164</td>
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DOE PERSONNEL

Tanya Sadler  
EE-92, FEMP  
6-7755

REMARKS
Meeting tentatively scheduled for 10:00 a.m. on Oct. 8.

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Department of Energy  
Washington, DC 20585  
August 28, 1998  

Mr. Kenneth C. Karas  
Chairman and Chief Executive Officer  
Enron Wind Corp.  
P.O. Box 1910  
Tehachapi, California 93581  

Dear Mr. Karas:  

We have received your correspondence dated August 20, 1998, on behalf of the Enron Wind Corp., inviting Secretary Richardson to participate in the dedication of the Lake Benton I wind power generating facility, September 26, 1998.

We have forwarded your invitation to the Secretary's Office of Scheduling and Advance. A staff member from that office will contact you regarding the status of your invitation.

If you have any questions, please call Ms. Robyne Johnston at (202) 586-5534.

Sincerely,  

[Signature]  
James N. Solit  
Director, Executive Secretariat
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**Special Instructions**: Declined. Info copy: ES/Holloway.
August 13, 1998

Elizabeth Moler
Deputy Secretary
Department of Energy
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

Dear Betsy:

ELCON's 1998 Annual Seminar will be held at the Omni Shoreham, Washington, D.C. from October 15-16, 1998. I invite you to speak at this year's program. A draft agenda is attached for your information.

ELCON's seminar has proven to be one of the most widely attended electricity-focused events of the year. In the past our Seminar has had an audience of over 400 including industrial and commercial energy consumers, electric utility executives and, government legislators and regulators.

Specifically, we would be honored if you would deliver the keynote address at the luncheon scheduled for 12:00 to 2:00 pm, on October 15th. We are particularly interested in your thoughts on the electricity restructuring process—How is it proceeding?; Where is it going?; How should it turn out?; What is the Administration's role?

I hope that you are able to accept this invitation. Feel free to contact me with any questions you may have about the program.

Sincerely,

[Signature]
TENTATIVE PROGRAM AGENDA

THURSDAY, OCTOBER 15TH – MORNING SESSION

Morning Moderator - Robert Merlo, ELCON Chairman, Anheuser-Busch Companies

7:00 a.m. - 5:00 p.m. Registration

7:00 a.m. - 8:00 a.m. Continental Breakfast

8:00 a.m. - 8:15 a.m. Opening Remarks
Robert Merlo, ELCON Chairman, Anheuser-Busch Companies

8:15 a.m. - 9:00 a.m. Opening Speaker
The Dynamics of U.S. Electric Utility Restructuring
Dr. George Backus, President, Policy Assessment Corp.

9:00 a.m. - 9:30 a.m. Topic to be Announced
Richard Tabors, Lecturer, MIT and Principal, Tabors, Caramanis & Associates - Invited

9:30 a.m. - 10:00 a.m. Break

10:00 a.m. - 11:00 a.m. Stranded Cost Recovery - How To Make or Break a Market
John Hanger, Former Commissioner, PA Public Utility Commission
Steve Kean, Senior Vice-President, Enron Corp.

11:00 a.m. - 11:30 a.m. Incumbents Masquerade? Discrimination in Service to the Native Load
Dan Watkiss, Partner, Bracewell & Patterson

11:30 a.m. - 12:00 p.m. Market Power Mitigation: The Road to Reality
George Cary, Cleary, Gottlieb, Stein & Hamilton

12:00 p.m. - 2:00 p.m. Luncheon speaker
Elizabeth Moler, Deputy Secretary, Department of Energy – Invited

THURSDAY, OCTOBER 15, 1998 – AFTERNOON SESSION

Afternoon Moderator - Lynn Elder, ELCON Vice-Chairman, A.E. Staley

2:00 p.m. - 3:00 p.m. Name That ISO: How Much Independence? How Many Operators?
Kevin Kelly, Deputy Director, Electric Power & Regulation, FERC

2:30 p.m. - 3:00 p.m. What’s Left For The States To Regulate?
Margaret Welsh, Executive Director, NARUC

3:00 p.m. - 3:30 p.m. Break

3:30 p.m. - 4:00 p.m. The Development of Commercial Markets and the Nexus with Reliability
Terry Callender, Vice President, NGC

4:00 p.m. - 4:30 p.m. Topic to be Announced
Rob Kelter, Citizens Utility Board, Illinois
4:30 p.m.-5:00 p.m.  New Technologies - The Savings Grace  
Lindsay Audia, Energywiz Inc.

5:00 p.m. - 5:30 p.m.  Adapting to Competition - The Cooperatives' Response  
Glenn English, CEO, NREC

FRIDAY, OCTOBER 16TH

Moderator - Peggy Claytor, ELCON Secretary-Treasurer, The Timken Company

7:00 a.m. - 8:00 a.m.  Continental Breakfast

8:00 a.m. - 8:45 p.m.  FERC Activities - The Only One At the Dance?  
Bill Massey, Commissioner, FERC - Invited

8:45 a.m. - 9:15 a.m.  Reliability at Any Cost? Or Damn the (Competitive) Torpedoes and Full Speed Ahead  
Phillip Sharp, Lecturer, John F. Kennedy School of Government

9:15 a.m. - 9:45 a.m.  Break

9:45 a.m. - 11:00 a.m.  Back To The Future  
Susan Kelly, Partner, Miller, Balis & O’Neil  
Cynthia Sandherr, VP, Federal Legislative Affairs, EnronCorp.  
Julie Simon, Director Regulatory Policy, EPSA  
Linda Stuntz, Partner, Stuntz & Davis  
Ann Tutwiler, Director Government Relations, Central Soya

11:00 a.m. - 11:15 a.m.  Wrap-Up  
John Anderson, Executive Director, ELCON
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Sincerely,  

James N. Solit  
Director, Executive Secretariat
Summary in August

Ministry of International Trade and Industry (MITI) announced a draft for FY 1999 budget. The ministry determined to work on recovering the economic depression through economic structural reforms. Pillars of MITI's policies on photovoltaic power generation are shown in Figure 1.

PV system related budget has been substantially increased as part of the energy policies for environmental conservation against global warming.

Regarding PV system related budget, as shown in Table 1, budget for promoting residential PV system increased from 14.7 billion Yen to 16.22 billion Yen. Budget for PV system field test program for industrial use starting this fiscal year gained by 10 million Yen to 2.41 billion Yen. Budget for development of low energy consumption type manufacturing process for solar grade silicon (SOG-silicon) increased to 1.00 billion Yen from 830 million Yen, while budget for development of technology for practical application of PV systems (budget for R&D) increased to 8.17 billion Yen from 7.41 billion Yen. Budget for international joint demonstration and development of PV system leveled off at 280 million Yen. Furthermore, 200 million Yen was newly budgeted for technical development to produce high quality and high efficiency solar cells (budget for immediately effective technology development of high efficiency solar cells) for promoting PV power generation. Subsidy system for entrepreneurs who introduce new energy has sharply increased to 9.70 billion Yen from 5.39 billion Yen. Regional new energy promotion policy budget, which promotes large-scale and intensive introduction of new energy by local governments, has increased to 6.62 billion Yen from 4.38 billion Yen. Budget for assistance to regional new energy and energy-saving vision development has been almost doubled to 1.55 billion Yen from 800 million Yen. Budget for promotion of residential PV system is
residential PV system is aimed at growing to be an independent market of around 100,000 houses annually after FY 2000. Next fiscal year will be the sixth year for this budget.

Figure 1  PV power generation in MITI policies in FY 1999
Table 1  MITI's PV system related budget for FY 1999

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<td>Introduction and promotion of residential PV system</td>
<td>11.11</td>
<td>14.70</td>
<td>16.22</td>
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<td>Field test program for PV power generation for industrial use</td>
<td>-</td>
<td>2.40</td>
<td>2.41</td>
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<td>Field test program for PV power generation for public facilities</td>
<td>1.35</td>
<td>0.17</td>
<td>0.11</td>
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<td>Development of low energy consumption type manufacturing process for SOG-Si</td>
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<td>0.83</td>
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<td>Development of technology for practical application of PV systems</td>
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<td>International joint demonstration and development of PV system</td>
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<td>Immediately effective technology development of high efficiency solar cells</td>
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<td>-</td>
<td>0.20 (new)</td>
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<td>20.27</td>
<td>26.07</td>
<td>28.39</td>
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<td><strong>Subsidy system for entrepreneurs who introduce new energy</strong></td>
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<td>4.38</td>
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<td>0.80</td>
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<td><strong>Subtotal</strong></td>
<td>2.85</td>
<td>5.18</td>
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NEDO started accepting applications for PV system field test for industrial use. Many companies participated in the explanatory meeting held last August. This shows that many companies are interested in PV system for industrial use. PV system for industrial use has a large potentiality in introduction scales and is also expected to last for a long time so that the market is expected to grow.

PV Insiders' Report announced its forecast, based on the worldwide production of solar cells from January to July 1998, saying that PV power generation will grow to 147 to 160 MW in 1998. PV power generation market continues to grow.

This month's photographs are 21.6 kW canopy (roof) -integrated PV system at Morges station on Swiss National Railroad along Lake Leman. As this system is roof-integrated with transparent solar cells which can be seen from the platforms, it calls public perception to the system. Platforms are lighter with this system. This is also highly recommended to some Japanese railroad stations.
Canopy-integrated PV system on the railroad platforms

Location:
Morges Station, Swiss National Railroad (SBB-CFF), next station from Lausanne, Along Lake Léman

Capacity:
21.6 kW

Solar cells:
Multi-crystalline silicon solar cell by Solarex.
PV modules by Solution

Inverter:
By Solar Max

Type:
Grid connected type

Installation:
In 1995 (at the reconstruction of the station)

Transparent PV modules are used with multi-crystalline Si solar cells. Platforms and stairs towards underground pathway are lighter with the appropriate amount of light. It saves energy compared to fluorescent lights.

Solar cells can be seen from the platforms, which contributes to public perception of PV power generation.

(Top: Overview of Morges station)

(Middle: Installed on the roofs of two platforms)

(Bottom: Roofs seen from above)
(Top: Installed from one end to the other end of the roofs)

(Middle: Stairs are also lighted)

(Bottom: Shadows of each solar cell on the platforms)

(Source: Resources Total System)
This month's government, local governments, suppliers and users activities

(1) Government related

MITI compiled a draft of FY 1999 budget. New energy-related budget has been drastically increased, which shows the ministry's eagerness to work on global warming. Promotion, introduction as well as research and development of PV power generation have been allotted increased amount. The current residential PV system market is approximately 10,000 houses annually, and is expected to expand to 100,000 houses annually after FY 2000 to be an independent market.

FY 1999 New Sunshine Project by Agency of Industrial Science and Technology will put emphasis on technical development for reducing CO₂ emissions to achieve the reduction target of green house gas emissions agreed at COP3. 8.24 billion Yen has been requested for research and development of PV system.

NEDO started accepting applications for PV field test program for industrial use. In the program, companies planning to introduce PV system and NEDO jointly demonstrate the effectiveness of PV power generation for industrial use. Systems introduced are standard type and new type. Half of the installation cost will be subsidized.

(2) Local governments related

Tokyo Metropolitan Government will start experiments on purifying water quality at a dam with 150 kW PV system in April 1999. Alga collection equipment will be floated on the surface of Ogouchi Dam in Okutama Town and dry the alga. 125 kW PV panels will be installed on the ground and 25 kW panel on the alga collection equipment. All the electricity will be supplied by PV power generation.

Sayama City, Saitama Prefecture will build environmentally-friendly schools in terms of energy-saving and recycling. At the first stage, solar energy and wind power generation systems will be introduced to Irumagawa Elementary School, at the time of reconstruction. The school will also be equipped with facilities to recycle rainwater. 20 kW PV system will be installed on the roofs of the gym, supplying the electricity of the gym and 20 classrooms out of 24.

(3) Utilities related

Chubu Electric Power Co. will promote the combined sales of PV system
and all electrified housing because the number of all electrified housing continues to grow. The number of contracts for PV system reached 182 houses from April to July, 19 of which were all electrified housing. Chubu Electric Power Co. and Panahome Tokai jointly started the campaign to install PV system free of charge to all electrified houses who purchased air conditioning and hot water systems by electric power. Ten monitors will be picked up and 3 kW roof-integrated PV system will be provided for free. Monitors will have to give a regular report on operation data.

Shikoku Electric Power Co. completed the reconstruction of Sakaide branch and installed 6 kW PV system on roof. This system is for a display as well as supplies electricity for cooking classes and galleries.

Hokkaido Electric Power Co. started the construction of solar energy experimental housing for cold districts. Targeting passive solar housing, PV system is used as a power source for fans to circulate the air.

(4) PV industry related

Mitsubishi Electric started the operation of the PV system plant in lida works of Nakatsugawa factory producing 20 MW annually. In the first period of the three construction periods, 3.5 billion Yen was invested. Multicrystalline silicon PV modules are produced from cells at the new PV system plant while monocrystalline silicon PV modules are purchased. The plant produces 6,700 sets of 3 kW system annually. The plant is operating now on two-shift basis (two thirds of production capacity) and will be expanded to a full operation in next April on a three-shift basis.

Mitsubishi Electric will commercialize the thinnest 19 mm multicrystalline silicon PV module and will start the sales of PV system for housing using this module starting on October 1. Mitsubishi Electric will also start the sales of power monitor, which shows generation amount and operating condition with a remote display. 1,500 sets of modules are expected to be sold in the latter half of FY 1998. 3 kW system costs approximately 3 million Yen for general housing (open price).

Sharp expects to receive at least 5,000 to 7,000 orders of residential PV system. 9,000 average-sized houses can be supplied PV system with the current production capacity of 28 MW. A pilot plant with the annual production capacity of 3 MW will start mass production of amorphous silicon solar cells.

Sanyo Electric will reorganize the company organization as of October 1, to
strengthen its technical development of PV system and to establish the low cost, highly efficient production system. Production Division of Sanyo Solar Industries will be separated and new Solar Department will be established under Soft Energy Division. Sanyo Solar Industries, a 100 % subsidiary company of Sanyo Electric, is now responsible for production and sales of PV system. Sanyo Solar Industries will change its name to Sanyo Solar Engineering and will concentrate its business on sales expansion of PV system for private housing and industrial use.

Shimizu, Sharp and Kawasaki Steel jointly developed three kinds of building material-integrated PV systems for buildings and plants. “Flat roof type” is installed on the roof, “lighting type” generates electricity with solar cells set between tempered glasses penetrating sunshine. “Screen type” is installed in the walls of cooling towers to hide facilities and equipment on the roof.

Japan Storage Battery developed a sealed lead storage battery, which achieved 6,300 times of charge-discharge, three times as many as conventional batteries. With this battery, maintenance-free PV system can possibly be developed.

Aichi Electric delivered 10 kW PV system to an electronic equipment company Meiryo Electric. The system is installed on the roof of the head office building of Meiryo Electric and supplies electricity for company use. If there is any surplus electricity, they will sell it to electric power company.

(5) Users related

Daiwa House Industry will start the sales of roof material-integrated PV system using Cañon’s amorphous silicon solar cells. The design is in good harmony with a hip roof. As the roof materials are integrated, installation labor has been reduced. 500 sets are expected to be sold in the first year with the capacity of 2.85 to 4.75 kW and 10-year guarantee (price: 1.94 to 4.50 million Yen).

Misawa Homes’ ceramics type housing “HYBRID-Z” with 12.3 kW PV system was authorized as Zero Energy Housing by Housing, Construction and Energy-saving Organization. 206 HYBRID-Z houses have been sold since the start of the sales on July 1, achieving the record sales of a month.

Misawa Homes will also join PV business with Omron. They will start the nationwide sales of medium to large-scale system with 10 kW or more capacity. 100 sets with 10 kW capacity are expected to be sold. By developing small and light-
weight "Linear PV Module" with the capacity of 20 to 30 W and introducing them with the foundation and support structure, the total cost reduced by 20 % and 10 kW system can be installed in a day.

**Kyoto Consumers' Co-operative Union** established a subsidy program for PV system constructions undertaken by Kyoto Consumers' Co-operative Union. This is the first case of all the Consumers' Cooperatives in Japan. 20,000 Yen per 1 kW, limiting to 200,000 Yen per 10 kW, will be subsidized after the completion of each construction.

**Tochigi Bank** will start to give preferential interest rate in housing loans to those who purchase PV housing. They will also start a loan for the installation of the PV system. Fluctuating interest rate in housing loans is applied, and now 2.425 % annually, 0.2 % lower than usual. Amounts vary from one million Yen to 100 million Yen for 35 years maximum.

(6) **New products and applications related**

**Terao Sash Industry** introduced the technology from Guts, Germany and will start the sales of environmentally-friendly curtain walls using solar cells. Solar cell-driven fan is installed in between the double glasses of the surface wall to maintain the stable room temperature and emit dirty air outside.

**Denshi Tsusho** started the sales of all weather type solar radio driven by solar cells. This is a waterproof flashlight with solar cells on the grip and can sound a siren for emergency. The price is 4,000 Yen.

(7) **New systems related**

**Kyocera** completed the construction of the new head office building with 214 kW PV system. The 20-story, 95 meter high building cost 20 billion Yen. It took 29 months to be completed. 1,392 one-square-meter solar panels are installed on the façade of the building and 540 panels on the roof. 214 kW (approximately 12.5 % of the total electricity capacity of new head office) will be generated.

**Minami-kyushu FamilyMart** (franchised convenience stores) will introduce PV system to two stores in Kiire Town, Ibusuki County, and Miyazaki City.

**Nagano Keiki** will introduce 17 kW PV system to its head office building now under construction. PV system installed on the roof will supply approximately 10 % of the necessary electricity.
ORDER FORM

We have published monthly report "PV Activities in Japan" since 1995.
This report aims to introduce PV activities in Japan to overseas.
If you are interested in our report, please complete this form and send to the above address
(person in charge: T. OHIGASHI).

- Subscription rates: **$900.00 per year**, including postal charges.
- Payment: Every 6 months (after mailing 6 monthly reports).
- Back numbers (Aug. 1995-) are available at $40 per copy. Please contact us.

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Resources Total System Co., Ltd.
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<th>Name</th>
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September 1, 1998

Honorable William Richardson
Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Bill:

Congratulations on your recent confirmation as Secretary of Energy. Enron is extremely pleased to have such an experienced and capable statesman as the leading advocate for the United States energy industry both domestically and internationally.

As you are aware, Enron is extremely active in the international energy industry and is deeply engaged in energy development in the Asia-Pacific economies. Although the recent economic problems have done great damage to the Asian economy, we believe that the crisis has also created a new and enthusiastic constituency for policy reform across the region. Indeed, the crisis has created a window of opportunity to conduct policy reform that under less urgent circumstances might be indefinitely postponed. The objective should be to create a dynamic regional energy economy with a stable and transparent regulatory environment, based on open access and market-driven competition. United States' energy companies will benefit directly from such reforms.

Asia-Pacific is of particular interest to us. Many of the 18 member economies of APEC have just started to learn about market reforms and the benefits a liberalized energy sector can bring to their economies. We are working closely with the Philippine Congress as it begins its legislative process to privatize and deregulate the Philippine electricity industry. We have been invited by the Indonesian government to provide a one-day seminar to its key officials on Enron's perspective on privatized and deregulated energy markets. Both the Koreans and Thais have announced privatization efforts that should commence in earnest later this year.

We hope to work with all of these countries and many others in developing a competitive and efficient energy market that will be open to American and other companies. Asian countries need our participation since we bring the creativity and innovation that their economies need. Most importantly, American companies can provide the private capital that these countries desperately need in order to build their economies. This was emphasized to one of my colleagues when he discussed last week with a Philippine congressman the pending electricity privatization and

Natural gas. Electricity. Endless possibilities.
deregulation legislation. He was told that the Philippines wants to build an industry that will be attractive to US companies like Enron.

In order to accomplish the goal of liberalized and competitive energy markets in Asia, we must have the full support of the United States government and especially the Department of Energy. Energy is the lifeblood of an economy. A competitive and efficient energy sector is the base on which all economic activity can grow. We have the unique, if not critical, task in assisting these countries to build a better economy that can only lead to our mutual prosperity and security.

I look forward to working with you on these very substantial issues. I feel that it is imperative that as Secretary of Energy you assume a visible position as the main proponent of energy liberalization and efficiency. Your attendance at the upcoming APEC Energy Ministers conference in Okinawa on October 8 and 9 is essential for you to emphasize your commitment to these goals. One of the topics at this conference will be the APEC Natural Gas Initiative. This initiative is designed to provide APEC countries with policy recommendations to facilitate natural gas infrastructure and gas consumption. President Clinton, in his acceptance to the Vancouver APEC conference, mentioned this initiative several times. I urge you to attend this conference in order to support the natural gas initiative. Your attendance would also greatly enhance Enron's and other US companies' support of privatized and deregulated energy markets throughout the region.

Once again, congratulations on your recent confirmation. We look forward to working with you on this and many other initiatives.

Sincerely,

Terence H. Thorn
Enron International
Executive Vice President
International Government Relations & Environmental Affairs
Control # | 1998-010225  
---|---
Name | Letter to the Secretary from Terence H. Thom, ENRON Corp

Priority | Important
DOE Addressee |
Bill Richardson

Folder Trigger | Invitation
Source | PM-O
Correspondence Date | 9/1/98

Subject Text
Requests the Secretary to attend the upcoming APEC Energy Ministers Conference to support the natural gas initiative — No Date mentioned

RIDS Information | Head of Agency
Sensitivity | Not Applicable
Classification | None

Topical Index
Meeting Request
Signature/Approval | NA

Point of Contact | NURI
202 586-1921 | Nuri, Khalil
Action Office # | 

Action Requested
Appropriate Action

Special Instructions
Info copy given to ES/Holloway

Assigned To | SL/Johnston

Date Due | 

Date Completed | 9/1/98
September 1, 1998

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Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

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Once again, congratulations on your recent confirmation. We look forward to working with you on this and many other initiatives.

Sincerely,

Terence H. Thorn
Enron International
Executive Vice President
International Government Relations & Environmental Affairs.
Folder Profile

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Subject Text

Thank the Secretary for meeting with sustainable energy industry and for supporting renewable energy, energy efficiency and natural gas programs.
September 3, 1998

The Honorable Bill Richardson  
Secretary  
Department of Energy  
1000 Independence Ave., SW  
Washington, DC 20585  

Dear Secretary Richardson:

Thank you again for taking time to meet with me and others in the sustainable energy industry last week. Your support for renewable energy, energy efficiency and natural gas programs is greatly appreciated.

As I mentioned at the meeting, the Council provides a unique forum in Washington—environmental leaders and energy executives from large and small energy companies working together on energy policy issues ranging from climate change to utility restructuring to research and development priorities.

I hope you will consider the Council as a place to turn for input or assistance that you might need from the private sector to promote our mutual goals. With electric and natural gas utilities, energy efficiency and renewable energy companies, and national and international industry trade groups as our members, the Council’s diversity offers a wealth of ideas, opinions and approaches that we believe can provide support to you as Secretary.

Again, thanks for your time; on behalf of the members of the Business Council for Sustainable Energy, I look forward to working with you and your staff.

With best wishes,

Michael L. Marvin  
Executive Director

Jan Schori, Chair and President, SMUD  
S. David Freeman, LADWP  
Terry Thorn, Enron  
David Parker, American Gas Association
Letter to EE/Dan Reicher from Congressman David Minge

Control #: 1998-011053

Folder Trigger: Letter

Priority: Important

DOE Addressee: EE

Source: CC

Correspondence Date: 9/3/98

RIDS Information: Head of Agency

Sensitivity: Not Applicable

Classification: None

Point of Contact: POLICYC

202 586-5089 INACTIVE

Action Office #: 

Action Requested: Prepare Response

Assigned To: EE

Date Due: 9/24/98

Date Completed: 9/23/98

Special Instructions:
Tele response, see image out. Final response or interim acknowledgement must reach the Office of the Executive Secretariat by the due date. CI concurrence required.
September 3, 1998

Mr. Dan Riecher
Assistant Secretary for
Energy Efficiency and Renewable Energy
U.S. Department of Energy
Forrestal Bldg., 1000 Independence Ave., SW
Washington, DC 20585-1000

Dear Assistant Secretary Riecher:

It has come to my attention that you have been invited to attend the dedication of a new Wind Power Generator Project at Lake Benton, Minnesota in my Congressional District on September 26, 1998. I am writing to urge you to attend this important event.

The 107MW Lake Benton I Wind Power Generation Project is a world-class wind power generation facility. The facility will be operated by Earon Wind Corporation to supply clean wind generated electricity to Northern States Power and its customers across the Midwest. I believe that your attendance at the dedication would be an excellent opportunity to demonstrate your commitment to energy alternatives such as wind technology.

Dan, I have appreciated your work at the Department of Energy and your commitment to renewable energy. I hope that you will be able to attend the dedication at Lake Benton. If you have any questions on this request, please feel free to contact me or have your staff contact Ross Peterson at (202) 225-2331. Thank you for consideration of this request.

Sincerely,

DAVID MINGE
Member of Congress
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**CORRESPONDENCE FROM (SIGNED BY)**

| DAVID MINGE, Member of Congress |

**OF**

| Congress |

**ON BEHALF OF (AFFILIATION OR CONSTITUENT)**

**SUBJECT**

**MEETING OR TELECON PARTICIPANTS**

**DATE**

| 9/22/98 |

**NAME(S)**

| Ross Peterson |

**AFFILIATION OR OFFICE**

| Hon. DAVID MINGE |

**TELEPHONE NUMBER(S)**

| 202-358-2331 |

**DOE PERSONNEL**

| Nancy Joffery |

**AFFILIATION OR OFFICE**

| EE-70 |

**TELEPHONE NUMBER**

| 586-9373 |

**REMARKS**

Mr. Peterson was informed that ASESS would be attending the dedication of the wind turbine in Lake Benton on 9/26/98. Mr. Peterson said there was no need to send a formal response to the Congressman's letter and thanked me for calling.

**DATE CLOSED OUT**

| 9/22/98 |
Mr. Dan Riecher  
Assistant Secretary for  
Energy Efficiency and Renewable Energy  
U.S. Department of Energy  
Forrestal Bldg., 1000 Independence Ave., SW  
Washington, DC 20585-1000

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Sincerely,

DAVID MINGE  
Member of Congress

UNITED STATES  
HOUSE OF REPRESENTATIVES  
September 3, 1998
People for an Energy Policy requests a meeting with the Secretary to discuss the need for a National Energy Policy - No Date Mentioned

Topical Index
Meeting Request

Signature/Approval
NA

Action Requested
Appropriate Action

Special Instructions
Info copy given to PO and ES/Holloway

Assigned To
SL/Johnston

Date Due

Date Completed 9/16/98
PEOPLE FOR AN ENERGY POLICY

The honorable; Bill Richardson
U.S. Secretary of Energy
Washington D.C.

Mr. Secretary:

I am sending this Fax to you in response to an article that I read in the Houston Chronicle, Tuesday, Aug. 25, 1998 (U.S. must cut use of foreign oil).

As President of People for an Energy Policy, having worked closely for the past twelve years with Don Hodel, Robert O. Anderson and many other very wise people, it now seems that we finally have someone in Energy secretary's job who understands what we have been saying for 12 years. America is headed for some serious problems unless we develop "A Reliable and Sustainable Long-term Supply of Energy that Conforms to Our National, Social and Economic Needs".

We at PEP have worked hard for the past twelve years trying to point out the need for a national energy policy, both to the public and also to our elected officials. We have assembled some of the best minds that could be found in order that the statements we made would have validity. The accompanying background sheet and the outline that I am sending to you will give you some insight into our organization and the efforts we have put forth in trying to get attention drawn to the perils of not having a National Energy Policy.

We at PEP look forward to meeting with you and assisting in any way possible.

Sincerely

Larry L. Strahan, President
People for an Energy Policy
phone & Fax 281-359-7123

Larry L. Strahan,
Incorporated in 1988, Houston-based People for an Energy Policy (P.E.P.) is a non-profit organization within the U.S. oil and gas industry. According to its charter, P.E.P. is organized "to promote, support and educate the American public on the need for a comprehensive, consistent set of guidelines to govern the development of rational policies pertaining to energy-related issues."

P.E.P. is composed of civic-minded members from the energy industry, who come from different segments, including exploration, drilling, production, equipment, service and supply firms. Support has grown to include a wide range of other industries and labor.

Concentrating on projects that would bring national attention to energy as an election issue, P.E.P. capped its 1988 activities by planning a national energy policy forum in Houston. The two major presidential candidates, then-Vice President George Bush (Republican) and Governor Michael Dukakis (D-Mass.), were invited. Governor Dukakis accepted and kept his pledge to appear at the Sept 19th event before concerned oilmen and other interested voters, bringing along his running mate, Sen. Lloyd Bentsen (D-Tex.). The Republicans declined at the last minute to address the industry.

Although only the Democratic energy position was presented, the forum was still successful. Through C-SPAN's live coverage and exposure provided by the large media corps attached to the campaign, only this forum succeeded in bringing nationwide attention to energy policy as a presidential issue during 1988.

P.E.P. resumed an expanded program in 1992. A documentary was filmed in conjunction with McNellie/Lehrer News-Hour to show the demise of the domestic Oil and Gas industry. A comprehensive energy policy questionnaire was sent to the two major party candidates, then-President Bush and Governor Bill Clinton (D-Ark.). Questionnaire results were made available to the industry and national media on Sept 1, 1992. It was the only comprehensive energy policy questionnaire during the campaign.

P.E.P. commissioned a study in January 1993 on jobs, economy and energy. The study was completed and copies have been made available. Results from the study prompted P.E.P. and the University of Houston to co-host the Domestic Energy Conference for Economic Revitalization and Job Creation in April 1994, featuring nationally recognized speakers from industry, academia, labor and government, the conference was held in Houston. Participants included keynote speaker Admiral Bobby R. Inman, USN (Ret), Donald Paul Hodel, Bill Cunningham, Robert C. Kelly, Ernie Cade, Reginal Spiller, Forrest Hoglund, Oscar Wyatt and many other industry notables.
Participants included keynote speaker Admiral Bobby R. Inman, USN (Ret.), Donald Paul Hodel, Bill Cunningham, Robert C. Kelly, Ernie Cade, Reginal Spiller, Forrest Hoglund, Oscar Wyatt and many other industry notables.

In May of 1994 P.E.P. was invited to hold a press conference at OTC 94, this was a first for P.E.P. In June of 1994, the board of directors recognized the need for a more structured organization, and it was decided, that P.E.P. should have as chairman, a person of stature who could offer leadership at the top. Mr. Robert O. Anderson, Chairman of Hondo Oil and Gas was selected to serve as Chairman, Mr. Donald P. Hodel, President, Summit Group International, Inc. was selected to serve as Vice Chairman, Mr. Paul Puhs, Commerce Commissioner, Alaska, was selected to serve as Vice Chairman, Mr. Larry L. Strahan was selected to serve as full time President of People for an Energy Policy. All persons selected, accepted the positions, and today P.E.P. is a strong, bi-partisan, broad based organization of people from across the U.S. who are pushing Sustain America's Future in Energy program, and has a grass roots project to sign up as many members as possible from across America.
ROUGH DRAFT OUTLINE

LEGISLATIVE APPROACH TO SUSTAINING AMERICA'S FUTURE IN ENERGY

Preamble (probably in the nature of legislative findings) [These are illustrative, only. They would need careful review before proposing them.]

Recite the importance of energy to the US's position in the world; to the quality of life of every American; to our national security.

Recite the heavy dependence on energy, large volumes consumed.

Recite the need to reduce our long-term dependence on polluting sources of energy on a total systems basis.

Recite the difficulty of doing so when the price of energy fluctuates widely, destabilizing newer and promising technologies and damaging investment in and infrastructure of conventional energy sources.

Recite gains made in conservation, renewables, alternatives, cleaner burning coal, technologies for finding more oil and gas.

Recite the relatively slow growth of those sectors and attribute part of that at least to world oil price collapses.

Recite how difficult it is for domestic renewable, conservation and alternatives enterprises to grow and prosper, even with substantial subsidies and tax incentives, when the price for competitive energy sources drop drastically from time to time.

Recite the need for fostering renewables, alternatives and conservation in order to move them faster into the stream of commerce.

Recite need for incentives to encourage research, development, testing, investment, introduction, marketing, etc. of new energy technologies.

Recite that the calculation of revenue impacts by the USG inadequately accounts for the benefits of taxes paid, royalties from federal energy resources developed and utilized, families not on welfare, etc.

Recite the environmental benefits of producing energy resources in the US or in North America rather than longer, ocean transport of energy.

Recite that it is in the long-term interests of the US to move in the direction of less dependence upon imported fossil fuels from beyond North America.
Recite the enormous impact on the US balance of trade from its large and growing dependence on imports.
Recite how the US, for the sake of saving starving millions of people in developing countries, must reduce its drain on oil, generally, and foreign oil in particular.
Recite that, therefore, insofar as possible the US should institute incentives to encourage production of domestically producible oil and gas.
Recite the damaging effect changing USG policies have had on domestic industries and investment from time to time and recognize that there must be some assurance that incentives granted and protections provided will not be altered to the detriment of persons relying on them with less than 7 years' notice.
Recite target rates of growth for renewables, conservation, alternatives and domestically produced resources.
Recite target rates of decline in imports of oil and petroleum products.
Recite, finally, that price stability being essential to any long-range sustainable energy future for the US, it is necessary to craft a means of assuring that the US will not be subject to the vagaries of price collapses in the world oil market.

Enact the following:

I. RENEWABLES
   A. Define "renewables." Look at prior renewable legislation to see if the prior definition is still applicable.
   B. Provide tax incentives for investment in renewables. [The conservation industries ought to have a shopping list of these. They could include tax credits for gains on such investments.]
   C. Provide tax incentives for revenues produced from the marketing of renewables. [Again, ask the Industry for its "want" list. It should include tax credits or favorable rates, tax holidays for the first few years, etc. These ought to be "marketable" so that successful companies in other areas could invest in these and get the benefit of offsetting their earnings elsewhere with the credits or reduced rates from the renewables area.]

II. CONSERVATION
   A. Define "conservation" to include both active and passive conservation activities and technologies.
B. Provide tax incentives for expenditures on conservation. [The conservation industries ought to have a shopping list of these. They could include tax credits for gains on such investments.]

C. Provide tax incentives for revenues produced from the marketing of conservation. [Again, ask the industry for its “want” list. It should include tax credits or favorable rates, tax holidays for the first few years, etc. These ought to be “marketable” so that successful companies in other areas could invest in these and get the benefit of offsetting their earnings elsewhere with the credits or reduced rates from the conservation area.]

III. ALTERNATIVES
A. Define “alternatives.”
B. Provide tax incentives for investment in alternatives. [The alternatives industries ought to have a shopping list of these. They could include tax credits for gains on such investments.]
C. Provide tax incentives for revenues produced from the marketing of alternatives. [Again, ask the industry for its “want” list. It should include tax credits or favorable rates, tax holidays for the first few years, etc. These ought to be “marketable” so that successful companies in other areas could invest in these and get the benefit of offsetting their earnings elsewhere with the credits or reduced rates from the alternatives area.]

IV. CONVENTIONAL RESOURCES
GAS:
A. Define terms.
B. Provide Incentives (see “OIL,” below)
C. Open identified federal lands for exploration and production.

OIL:
A. Define terms.
B. Provide incentives
   Depletion allowance (limited to reinvestment in e & p?)
   Remove disincentives (AMT)
   Tax credits for wild-catteg
   Tax holiday for discovery well in new field
e tc.
C. Open identified federal lands for exploration and production.
D. Rationalize environmental restraints.

COAL:
A. Define terms.
B. Provide incentives
C. Federal R&D expenditures for improved clean coal technology
D. Provide real incentives for private R&D, such as 5-10 years of tax free profitability from new discoveries.
E. Rationalize the coal-related environmental laws.

NUCLEAR
A. Define terms.
B. Provide incentives
C. Federal R&D expenditures for improved technology
D. Assurance of waste disposal system.
E. Rationalize the nuclear-related environmental laws.

V. GENERAL ENABLING PROVISIONS
A. Revenue calculations.
   1. Within 60 or 90 days of enactment of this act, all USG agencies, including especially, the OMB, Treasury, and CBO must develop and apply to any calculations of revenue consequences flowing from this act a revised revenue model.
   2. The revised revenue model must be capable of approximating the full revenue consequences of any energy incentive measures and in doing so must include the prospective revenue enhancing consequences and take into account possible market responses to taxes and incentives.

   [Thus, instead of assuming, as they did, that the boat market would be unaffected by a 10% luxury tax and calculating revenue gains based on that totally erroneous and mistaken assumption, under this provision they would have been required to take into account the possibility that the boat business would collapse and that revenues would be only a fraction of projections. Or, in the current situation, they would have to take into account that by reducing royalties and taxes on marginal wells the small amount of reduced revenue on those wells which would continue without incentives would be more than offset by the Investment in jobs and equipment which would result from the incentives (as Texas has proven recently with its incentives program).]

B. Targets/goals.
   1. Set numerical or percentage market share goals for each energy category 5, 10, 15, 20, 30, 40, and 50 years hence.
   2. Provide increasing incentives for at least a ten-year period in the event the targets are not being met.
3. Provide decreasing incentives after 10 years' advance notice if the goals or targets are being exceeded by more than 10%. [Or some other number which is deemed to be way too high a rate.]

C. Incentives security.

1. Require the DOE (or other USG entity, DOC?) to enter into contracts ["shall contract"] committing the USG to honor incentives and tax treatment for not less than 10 years from the date on which the USG legislatively or administratively adversely changes the laws or regulations. [While Congress could still change the law this would provide at least some financial protection to investors.]

2. The contracts shall provide for favored nation treatment so that early participants get the benefit of future beneficial improvements in incentives.

3. The contract shall not be unreasonably delayed or withheld, e.g., within 60 days DOE shall notify of rejection, or the applicant is entitled to a signed contract.

D. Price stability. [Open for discussion, but I include here one kind of mechanism for establishing stability.]

1. Establish a floor under the price of imported oil and petroleum products.

2. $1/barrel below the world price on the day of establishment.

3. Follows the world price down on a weighted average basis after three months at the rate of 10% of the difference each month, remaining $.50/barrel above the world price [e.g., if the floor is established at $20 and the world price drops to $15/barrel and stays there, eventually the floor would drop to $15.50].

4. Follows the world price up to $22 anytime the world price moves more than 5% above the floor, the floor moves up 1/2 the distance to the world price.

5. Oil bought below the floor price would be taxed for the difference between the floor price and the actual purchase price. [e.g., if the floor price were $20 and the purchase price were $18, the USG would collect $2 from the first buyer in the US. It looks like he is buying oil for $18, but by the time he pays the tax, it is $20. In that case the seller will charge $20 and the USG won't collect much tax.]

Special Note: 6. If GATT or other international trade agreements interfered with the operation of the floor provision, the floor price could be recast as a tax on all oil, within or from outside the US. Thus, a buyer in the US who bought oil at $18 would be required to pay the USG $2. In that case it is likely the seller could charge $20...
since it makes no net difference to the buyer. And, such a tax ought to be outside the scope of GATT, etc., it looks just like a tax at the gas pump since it does not discriminate based upon the source of oil in its application.

[Additional details of the operation of such a price floor can be found in the book *Crisis in the Oil Patch.*]

Clarifications and arguments in favor of the various elements of the foregoing outline would be available upon request. However, this mostly is intended to provide a skeletal form on which much will be added as time goes on and which may change shape as matters progress.

It appears from a quick comparison that the National Energy Strategy document from the Energy Council is generally consistent with the main provisions of the foregoing outline.
Mr. Terence H. Thorn  
Executive Vice President  
International Government Relations  
and Environmental Affairs  
Enron International  
Enron Corp.  
1775 Eye Street, N.W., Suite 800  
Washington, D.C. 20006

Dear Mr. Thorn:

We have received your correspondence dated September 1, 1998, on behalf of the Enron Corporation, requesting Secretary Richardson to attend the upcoming APEC Energy Ministers Conference on October 8-9, 1998.

We have forwarded your invitation to the Secretary's Office of Scheduling and Advance. A staff member from that office will notify you regarding the status of your invitation.

If you have any questions, please call Ms. Robyne Johnston at (202) 586-5534.

Sincerely,

James N. Solit  
Director, Executive Secretariat
Folder Profile

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Catalytica
Combustion Systems
September 16, 1998

The Honorable William Richardson
U.S. Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., Room: 7A-257
Washington, D.C. 20585

Dear Secretary Richardson:

I am writing to invite you to the city of Santa Clara, California, October 8 for a significant event, which highlights a commitment made by the Department of Energy (DOE) to develop innovative air pollution control technologies. At this event, my company is going to demonstrate the commercial success of a technology that the DOE is supporting.

Catalytica Combustion Systems, Inc., in conjunction with Silicon Valley Power, Santa Clara's municipal power company, will hold an event to commemorate the first commercial site for XONON, a technology that virtually eliminates, through prevention, emissions of air pollutants (such as NOx) from gas turbines. This event is an outstanding opportunity for you to highlight the progress and importance of technological solutions that address critical air quality concerns in United States. XONON has been selected as a key component of the DOE's Advanced Turbine System (ATS) programs with Allison (Rolls Royce) and Solar Turbines.

XONON is a technology that will help the power generation industry, and ultimately the public, bridge the gap between meeting stricter environmental standards and maintaining the economic viability of power generation. The economic benefits of this pollution prevention technology will enable the greater use of clean fuel (natural gas) to power gas turbines of all sizes. In fact, it is a proven technology that has already been selected by such major industry leaders as Allison (Rolls Royce), Caterpillar (Solar Turbines), Enron, General Electric, and Pratt & Whitney.

We have invited Vice President Gore to join us October 8 at this event. We understand he already will be in California that week, and believe his commitment to the environment and interest in the Silicon Valley make this event one he will want to attend. Independent of the vice president's decision, we are hoping you will attend and address our guests with a few words about the Energy Department's goals and commitments to meet future energy needs with innovative pollution control technologies.

As the president and chief executive officer of Catalytica Combustion Systems, Inc. in Mountain View, California, I am proud of the results we have accomplished in enhancing air quality. XONON is a pollution prevention technology that cost-effectively replaces the current exhaust clean-up approaches for removing NOx emissions from gas turbine exhaust streams.

I look forward to hearing from you or your office at your earliest convenience. Thank you for your consideration to participate in this major environmental event for the power industry.

Sincerely, and Gratefully,

Dennis A. Orwig
President &
Chief Executive Officer

cc: Mr. Stu Nagurka

430 Ferguson Drive
Mountain View, CA 94043-5272
650.940.6234 fax 650.965.4345
dao@mv.catalytica-inc.com
www.catalytica-inc.com
Department of Energy
Washington, DC 20585
September 23, 1998

Mr. Dennis A Orwig
President & Chief Executive Officer
Catalytica Combustion Systems, Inc.
430 Ferguson Drive
Mountain View, CA 94043-5272

Dear Mr. Orwig:

We have received your correspondence dated September 16, 1998, inviting Secretary Richardson to an event to commemorate the first commercial site for XONON on October 8, 1998.

We have forwarded your invitation to the Secretary's Office of Scheduling and Advance. A staff member from that office will notify you regarding the status of your invitation.

If you have any questions, please call Ms. Robyne Johnston at (202) 586-5534.

Sincerely,

James N. Solit
Director, Executive Secretariat
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September 21, 1998

The Honorable Bill Richardson  
Secretary of Energy  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington DC 20585

Attention: Mike Fourcher  
F: 586-7573

Dear Secretary Richardson:

On behalf of the National Energy Resources Organization (NERO), we want to formally invite you to address NERO at our next luncheon on Tuesday October 20, in room 325 Russell Senate Office Building. Our membership would like to learn about your future policy plans and initiatives for the Department of Energy.

The luncheon generally runs from 12:00 to 1:30 pm. We will begin with a welcoming reception, followed by lunch at 12:30 pm. Your remarks of around 15 to 20 minutes can be scheduled within this time frame.

NERO is a non-profit organization of professionals in the energy and environmental field engaged in the exchange and dissemination of ideas related to national energy and environmental policies. NERO members, representing the mining, natural gas, petroleum, utility and other manufacturing industries, the Executive Branch, and the Congress, meet monthly on Capitol Hill to hear distinguished guests speak on important national energy issues. Recent speakers include Congressman John Dingell, Senator Frank Murkowski, Congressman Paxon, Deputy Secretary Elizabeth Moler, and Senator Slade Gorton.

We would greatly appreciate a response from you as soon as possible. If you have any questions, please feel free to call me or Saurabh Gupta at (202) 828-2471.

Sincerely,

Kathy Belyeu  
Acting Executive Director
NERO OFFICERS AND DIRECTORS

Rob Long (Chairman), National Mining Association
Deborah Ettau (President), American Gas Association
John Sparkman (Senior V.P.), PP&L Corporation
Susan Moya (V.P. Awards), American Petroleum Institute
Pat Schaub (V.P., Membership), Entergy
David Nemtzow V.P. Special Projects, Alliance to Save Energy
Marc Yacker (Treasurer), Electricity Resource Council (ElCon)
Michael Marvin (Secretary), Business Council for Sustainable Energy
Tom Runge (Counsel), Stuttz & Davis
Roy Willis (Chairman Emeritus), Petroleum Energy Research Council
Kathy Bolyeu (Acting Executive Director), Franklin & Burling

July 1999
Michael Woo
U.S. Enrichment Corporation
Bob Howard
FORD
Don Duncan
Phillips Petroleum

July 2000
Tobyn Anderson
Electric Power Supply Association
Adrienne Burns
SONAT
Rick Casali
Columbia Energy Group
Peggy Welsh
NARUC

July 2001
Ted Garrish
Nuclear Energy Institute
John Neumann
Edison Electric Institute
Cynthia Anderson Sardherr
ENRON CORP.
Mark Whitenton
National Association of Manufacturers
NERO CORPORATE MEMBERS

Air Products & Chemicals, Inc.
Alyeska Pipeline
American Electric Power
American Forest & Paper Association
American Gas Association
American Petroleum Institute
ARCO
Ashland Oil, Inc.
Baltimore Gas and Electric
Boland and Madigan
Central & Southwest
Chemical Manufacturers Association
The Chevron Companies
Columbia Energy Group
Consolidated Natural Gas Co.
The Detroit Edison Company
Duke Energy
Edison Electric Institute
Elcon
El Paso Energy Corporation
ENRON CORP
Entergy Corporation
Florida Power Corporation
Florida Power & Light
Franklin & Burfing
General Public Utilities
Houston Industries
Independent Petroleum Association of America
Interstate Natural Gas Association of America
Kaiser Aluminum & Chemical
Kenner & Associates
Large Public Power Council
Mobil
National Association of Manufacturers
National Mining Association
Northern States Power Company
Nuclear Energy Institute
Pacific Gas & Electric Company
PECO Energy Company
Phillips Petroleum Company
PP & L Inc.
Southern California Edison Company
The Southern Company
Stuntz & Davis
Virginia Power
Washington Gas Company
TO: Mike Fourcher

FAX: 586-7573

FROM: Kathy Belyeu
Acting Executive Director

DATE: September 22, 1998

PAGES: 4
(Including cover)

Invitation for Secretary Richardson to speak to our membership on October 20, 1998.
Ms. Kathy Belyeu  
Acting Executive Director  
National Energy Resources Organization  
1101 Connecticut Avenue, N.W.  
Suite 1200  
Washington, D.C. 20036  

Dear Ms. Belyeu:

We have received your correspondence dated September 21, 1998, inviting Secretary Richardson to address the National Energy Resources Organization luncheon on October 20, 1998.

We have forwarded your invitation to the Secretary's Office of Scheduling and Advance. A staff member from that office will notify you regarding the status of your invitation.

If you have any questions, please call Ms. Robyne Johnston at (202) 586-5534.

Sincerely,

James N. Solit  
Director, Executive Secretariat
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September 22, 1998

The Honorable Ernest J. Moniz
Under Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Under Secretary Moniz:

Thank you for meeting with Council representatives last week to discuss the Clean Power Generation Technologies Road Map and other cooperative RD&D matters between government and industry. Council members appreciate your leadership on the development of innovative power generation technologies for the twenty-first century.

As expected, the meeting presented the opportunity for an active and informative discussion of the Road Map, tax incentives for energy efficiency and renewable energy technologies, and "site v. source" measures of energy efficiency. Industry attendees at the meeting welcomed the opportunity to discuss the tax incentive package for clean energy technologies and would particularly welcome your support for the package within the Administration.

The Council awaits the results of this week's meeting of the Road Map's core group and will keep in contact with you regarding this and other RD&D matters. Thank you again for your leadership which will promote private-sector investment in high-efficiency energy technologies to strengthen our economy, conserve energy use, and provide a cleaner environment for present and future generations.

With best wishes,

Michael L. Marvin
Executive Director

cc: Robert L. San Martin, Scientific Initiatives Director, DOE
Melanie Kenderdine, Deputy Assistant Secretary for Congressional and Intergovernmental Affairs, DOE
Murray S. Liebman, Chair, RD&D task force, BCSE
David Berokoff, Technology Development Manager, Southern California Gas Company
Jeff Keeler, Director, Federal and Governmental Relations, Enron Corporation
Her Excellency Vasso Papandreou
Minister of Development of the Hellenic Republic
Athens, Greece

Dear Madam Minister:

The United States is pleased with the Greek government’s interest to include our companies in important energy projects being developed in Greece. We have been following your efforts since January of this year when your Ministry of Development and the Public Natural Gas Corporation (DEPA) met with U.S. officials and industry in Washington and Houston.

We are pleased to learn that Enron, a major U.S. energy company, expressed interest in expanding its involvement in the Greek energy sector and has submitted a bid to perform operations and maintenance on DEPA’s high pressure gas transmission system. Enron is a highly regarded U.S. energy company with a reputation for high quality expertise and experience.

We are pleased to support Enron and other high-caliber U.S. companies that have the expertise to complete successfully projects of this type. We encourage you to give Enron full consideration in your award of this contract. In addition, the U.S. looks forward to our continued bilateral relationship and hope that you will consider U.S. companies in future projects.

Yours sincerely,

Bill Richardson

Bill Richardson
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The Honorable Bill Richardson  
Secretary  
Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Dear Secretary Richardson:

As you know, the West has some of the most spectacular vistas in the world. We are also a dynamic and growing region. To meet the challenge of protecting and enhancing our air quality while accommodating economic growth, western governors and tribal leaders have formed the Western Regional Air Partnership (WRAP) to implement the recommendations of the Grand Canyon Visibility Transport Commission. The WRAP is an example of the new collaborative approach needed to implement energy and environmental policies in the western states. It is founded on the belief that diverse stakeholders working on a common problem, such as protecting visibility and air quality, will lead to more creative and cost-effective solutions than traditional regulatory approaches by themselves.

Several of the key recommendations being implemented by the WRAP directly complement the mission of the Department of Energy. The WRAP is working to significantly expand the production of power from renewable energy resources and to increase the efficiency with which energy is used in the region. A forum of diverse stakeholders has been charged with developing strategies to meet these goals. The forum is co-chaired by my Department of Natural Resources and Enron Wind Corporation.

Given the shared interest to increase use of renewable energy and energy efficient technologies among DOE and western states and tribes, I strongly urge you to approve and fund the enclosed proposal which will provide necessary staff and analytic support to enable the WRAP to achieve the Commission’s efficiency and renewable energy goals.

Please contact Jim Souby (303/623-9378) or Doug Larson (303/573-8910) if you need additional information.

Sincerely,

Michael Leavitt, Co-Chairman  
Western Regional Air Partnership  
Governor of Utah
Advancing Renewable Energy Through the Pollution Prevention Forum of the Western Regional Air Partnership

Background

The 1990 Amendments to the Clean Air Act created the Grand Canyon Visibility Transport Commission (GCVTC) to prepare recommendations to the Environmental Protection Agency on actions to protect visibility in the national park. Western governors expanded the role of the Commission to address visibility in all the parks and wilderness areas on the Colorado Plateau and expanded the membership to include eight states.

The Commission's report to EPA in June 1996 made numerous recommendations on how to protect visibility, including a recommendation that 10 percent of western energy needs be met by renewables in 2005 and 20 percent by 2015.

The governors have created the 12-state Western Regional Air Partnership (WRAP) to implement the Commission's recommendations. The WRAP has established a number of committees (called forums) to implement specific recommendations. One forum, the Pollution Prevention Forum, is focusing on implementing the renewable recommendations. The Forum is co-chaired by Hap Boyd (Enron) and Jeff Burks (Utah Office of Energy and Resource Planning). Among a total of five groups of GCVTC recommendations, the Pollution Prevention Forum has three energy-specific objectives that directly relate to the mission of the DOE's Office of Energy Efficiency and Renewable Energy. Specifically, the Forum is charged with developing a program to:

1. Achieve the GCVTC goal of producing 10 percent of the region's energy from renewables by 2005 and 20 percent by 2010;

2. Increase energy efficiency of residential and commercial building sectors through market based incentives and practices that encourage energy efficient design and retrofit of existing structures; and

3. Develop market-based approaches to pollution prevention and energy conservation and efficiency through green pricing and disclosure of information on electricity bills.
The Forum will place its first priority on the goal of expanding the use of renewable energy. (The full charge to the Pollution Prevention Forum is attached.)

The initial step is to develop a White Paper by the end of August which will examine the western renewable resource base, the current and near-term economics of specific renewable technologies, identify the barriers to expanding the deployment of such technologies, identify actions which could overcome such barriers and then (and most importantly) provide an assessment of the feasibility of causing action to be taken to overcome the barriers\(^1\). The White Paper will be used to set priorities for the Forum and to identify additional Forum members who would be the most effective participants to address the identified issues and barriers. Based on the White Paper, a Forum work plan will be developed at the Forum's first meeting on September 17-18. The work plan and associated budget will determine the direction and level of effort of the Forum's work.

**Situation Analysis**

Increasing the deployment of renewable energy technologies will require a concerted effort by the private sector, the federal government, and state, local and tribal governments. There is an urgent need for such cooperative efforts given the changes occurring in the electric power industry and the need to reduce and prevent environmentally-damaging emissions.

Because of its resource base, the costs of producing renewable energy are likely to be lower in the West than any other region of the country. The best solar, wind, and geothermal resources are located in the western states. The region is also growing rapidly, which will require the installation of significant new energy infrastructure. This offers the opportunity for lower cost "greenfield" approaches rather than having to rely primarily on retrofitting.

The leadership of efforts to increase the use of renewable energy needs to be expanded beyond the current circle of advocates. Implementation of the recommendations of the GCVTC provides an opportunity to broaden the leadership (e.g., to include western governors and tribes) on renewable

---

\(^1\) A small group of experts, including the National Renewable Energy Laboratory, will meet on August 20 to provide guidance on the development of the White Paper. The DOE/EPRI study, *Renewable Energy Technology Characterizations*, will be used as a starting point for the White Paper.
The five years of consensus-building efforts among western industry, environmental organizations, states and tribes which led to the GCVTC recommendations provides an ideal platform upon which to broaden the leadership and build additional support for renewable resources throughout the West. And, there are a number of reasons why DOE should be a partner in this effort.

First, the Office of Energy Efficiency and Renewable Energy can fulfill its mission by dovetailing its programs with the WRAP initiative. The implementation of the GCVTC recommendations is a centerpiece of the western governors' new environmental doctrine, an effort spearheaded by Governors Leavitt (UT) and Kitzhaber (OR). As a result, implementing renewable energy and energy efficiency recommendations of the GCVTC is likely to receive a more favorable political response in the West than federal efficiency and renewable energy efforts.

Second, EPA is already funding much of the WRAP’s work and there are indications they want to move more deeply into the renewables and efficiency area. While there are clear synergies between EPA and DOE on these programs, it is not in the interest of the WRAP or DOE to have DOE pushed to the sidelines on efficiency and renewables and have these efforts strictly identified as environmental protection (not energy) programs.

Third, the WRAP program is a regional effort covering at least 13 western states. To build political support for its programs, DOE needs to demonstrate that its efforts are responsive to the needs of all regions, including the western region. Pushing renewable/efficiency initiatives through the WRAP is a way of demonstrating the contribution which DOE can make in solving a western environmental problem. (See attached resolution adopted by western governors in June 1998.)

Finally, because the GCVTC and WRAP are consensus-building processes involving the full spectrum of interest groups (utilities, mining companies, environmental groups, etc.), the WRAP process presents an opportunity for DOE to participate and in doing so gain the support for renewables/efficiency from previously disinterested or antagonistic parties.

For these reasons, DOE support of implementation of the renewable energy and energy efficiency recommendations of the GCVTC provides an ideal opportunity to advance the policy goals of
the Department and to broaden the leadership and support of renewable energy to encompass new, powerful constituencies.

Proposal

Four types of resources are necessary to enable the Pollution Prevention Forum to fulfill its responsibilities: (1) technical expertise for the August 20 workshop to develop a white paper; (2) ongoing Forum staff and meeting support; (3) hardship travel funds for Forum participants and invited presenters; and (4) money and in-kind expertise to address priority analytic issues developed by the Forum. Technical expertise for the August 20 workshop has been secured. However, there are no funds for ongoing staff support. At present, some in-kind staff support is being provided by the Western Interstate Energy Board. Hardship travel funds for Forum participants is being provided through a grant from EPA to the Western Governors' Association.

It is not possible to accurately estimate needed resources for in-depth analysis until the Forum establishes its analytic priorities, however the co-chairs have identified funding of staff and meeting support for the Forum over the next 12 months as the most pressing near-term need. As the following budget illustrates, this can be accomplished at a relatively modest cost. In addition to the proposed budget it is anticipated that a significant amount of the resources necessary to complete the work of the Forum will be provided by in-kind contributions from state, industry and environmental members of the Forum.

Forum Staff and Meeting Support

**Proposed one-year budget**

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Staff Support: Because each of the Forum co-chairs and Forum members have other full-time jobs, adequate staff support to the Forum is critical to its success. Staff needs to perform the following functions:

- Assist the co-chairs in strategic planning on the desired outcomes and process for achieving outcomes
- Conduct literature research and telephone inquiries, as required by the work of the Forum
- Development of Forum briefing materials
- Meeting organization (logistics/invitations)
- Forum meeting summaries
- Actions to follow-up Forum decisions
- Preparation of reports to the WRAP
- Liaison with Forum work groups and other parties working on priority Forum topics
- Monitoring developments involving other Forum charges
- Contract management
- Managing the Forum's section of the WRAP Internet home page

The Western Interstate Energy Board\(^2\), which is the energy arm of the Western Governors’ Association, would be best suited to provide staff support to the Forum because of its expertise in western energy issues, its existing network to state energy agencies (e.g., western state PUCs, energy agencies and facility siting agencies), its knowledge of the views and priorities of western governors, its extensive experience in the analysis of western energy issues and preparation of briefing materials, its proven track record in organizing and executing both small and large meetings of diverse participants on

\(^2\) The Western Interstate Energy Board is an association of western states and western Canadian provinces. The legal basis of the Board is an interstate compact which has been ratified by Congress (PL 91-461). The Board includes a Federal Representative appointed by the President. It also serves as the energy advisory arm of the Western Governors’ Association. The Board maintains a staff at its Denver, Colorado, office. Board members are appointed by the governor of each state and are generally the head of the state energy agency. The purposes of the Board are to:
- Provide a forum for identifying, discussing and resolving regional energy-related issues and problems of interest to its members and provide assistance in policy formulation;
- Provide multi-state services to member states, including the management and oversight of special projects;
- Monitor, analyze and report on federal, state and private sector activities affecting western energy interests; and
- Assist states in coordinating activities with federal agencies.
difficult technical and policy issues, and its existing links to the Internet server housing the WRAP's home page.

**Staffing costs** assume a part-time project manager (434 hours at $35/hour) and part-time policy analyst/internet administrator (1240 hours at $20/hour). Overhead (at 1.71) includes all non-salary costs, including fringe benefits, support staff, office expenses.

Granting of the funds could be accelerated by adding a task on the existing Department of Energy agreement with the Western Interstate Energy Board (DE-FG48-97R810626).

**Meeting Support:** Meeting expenses assume ten small meetings (e.g., 15-25 people) at an average meeting cost of $500 per meeting and three large meetings (e.g., meetings of 100 people) at an average meeting cost of $1,500 per meeting. It is assumed that the Forum, consisting of 12-15 people, would meet monthly in the first three months, and quarterly thereafter, for a total of six of the ten small meetings during the year. The budget assumes four smaller technical meetings which may be necessary to organize one or more of the larger meetings or to address specific technical issues, such as exploring potential synergies between hydroelectric storage and intermittent renewable generation or to evaluate information on the consumer response to green pricing programs. The large meetings would be for the purpose of engaging those whose cooperation is necessary to implement a specific action. An example of a large meeting might be to work with transmission owners to encourage the adoption of transmission pricing systems more favorable to intermittent renewable energy sources, which are located distant from load centers. Other large meetings might address the adoption of solar portfolio standards or wires charges, or the development of uniform information disclosure procedures.

A number of these meetings may require the payment of outside experts. For the purposes of the budget, it is assumed that each of the 10 smaller meetings would, on average, require the payment of travel costs for one technical expert at $1,000 per trip and that the three large meetings would require the payment of three technical experts at $1,000 per trip.
Western Governors' Association
June 30, 1998
Resolution 98 - 026

SPONSORS: Governors Nelson and Schafer

SUBJECT: Western State Leadership in Renewable Energy Development

A. BACKGROUND

1. The West has the greatest abundance of renewable energy resources of any region in the United States. The West has extensive hydroelectric generation, nearly all the geothermal energy production in the U.S., significant biomass production, and the best solar, wind and ocean resources in the U.S.

2. The development and deployment of technologies to utilize these resources will help diversify the western energy system and better position western companies to compete in the growing global renewable energy marketplace and to meet clean air mandates.

3. The successful deployment of renewable energy technologies requires continuing technological advances, removal of barriers to deployment, and ingenuity to find and exploit niche markets.

4. The federal government, through the U.S. Department of Energy's National Renewable Energy Laboratory and other national labs, has played a vital role in advancing renewable energy technology development and in assisting individual states in specific technical areas;

5. Western states are making major commitments to the development and deployment of renewable energy resources.

B. GOVERNORS' POLICY STATEMENT

1. Western governors believe that the development and deployment of renewable energy technologies can benefit the region by:

   a. Diversifying the region's energy supply;
   b. Promoting the development of new technologies and Western companies in a growing global market;
   c. Reducing traditional air pollutants from energy production;
   d. Providing a safety net in the event reductions in greenhouse gases are required; and
   e. Meeting the obligation of today's westerners to their children, and to future citizens of the region through careful stewardship of indigenous natural resources.
2. Western governors recognize the leadership which individual Western states have provided in efforts to capitalize on the potential benefits of renewable energy development in the West.

3. Western governors recognize the contribution which the National Renewable Energy Laboratory and other federal labs have made in developing technologies which enable the cost-effective use of an increasing portion of the western renewable energy resource.

4. Western governors will promote renewable energy, including efforts of the National Renewable Energy Laboratory and other federal labs to continue outreach to western states to ensure that their research and development efforts are germane to the western resource base and thereby offer technology options that can contribute to increasing the availability of renewable power generation and to the resolution of important public policy issues in the region.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. WGA staff shall convey this resolution to the President, the Secretaries of Energy, Agriculture and Commerce, the Administrator of the Environmental Protection Agency, the National Renewable Energy Laboratory and appropriate members and committees of Congress.

2. WGA staff, in coordination with the Western Interstate Energy Board, is directed to monitor and share information on the initiatives of western states to capitalize on the renewable energy resources in the West. Staff is directed to seek opportunities where the National Renewable Energy Laboratory and other national labs can contribute to achieving the policy objectives of western governors. Staff is directed to monitor and report on the progress in implementing this resolution.
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October 9, 1998

The Hon. Elizabeth A. Moler  
Deputy Secretary  
Department of Energy  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Dear Betsy:

On behalf of the Women's Council on Energy and the Environment, we would like to thank you for agreeing to join us for our annual meeting and Woman of the Year ceremony on Thursday, November 19, 1998. The 18th Annual WCEE Woman of the Year ceremony will take place from noon to 2:00 p.m at the Hotel Washington, 515 15th Street, N.W. I have attached a copy of the WCEE's Calendar of Events Newsletter which highlights your participation.

We are very excited about having you join us. Daryl Owen thinks he will be able to join us too.

Very truly yours,

[Signature]

Sheila Slocum Hollis  
for DUANE, MORRIS & HECKSCHER

SSH:jrw
October 5, 1998, Noon to 1:30 p.m., Use of Fire Retardant Chemicals in Textile Manufacturing — A Regulatory Update. Mr. Peter Sparber of Sparber and Associates, a prominent Washington lobbying firm, will present updates on the proposed regulations requiring fire retardant chemicals on upholstered furniture and the potential impact on consumers and the environment. Please join us at Bracewell & Patterson, L.L.P., 2000 K Street, N.W., Suite 500, Washington, D.C. 20008 (Farragut North or Farragut West Metro Stations). Cost is $5 for WCEE members and $10 for non-WCEE members. Beverages and dessert will be provided. Please RSVP to the WCEE hotline 703-208-1469.

October 15, 1998, Noon to 2:00 p.m., Federal Energy Regulatory Commissioner Linda Key Breathitt. Ms. Breathitt was nominated by President Clinton on October 24, 1997 and confirmed by the Senate on November 7, 1997. Her term expires June 30, 2002. We will be meeting over brown bag lunches at FERC Headquarters, 888 First St. NE, Washington, DC. Cost is $5 for members and $10 for non-members. Beverages and dessert will be provided. Please RSVP to the WCEE hotline: 703-208-1469.

November 17, 1998, Noon to 1:30 p.m., Women in Leadership Series. This event will feature Cynthia Quartermann, Director, U.S. Department of the Interior, Mineral Management Service. This series gives our members the opportunity to interact on a personal level with leaders in the energy and environmental fields. As per our recent policy statement, these events are not intended to be an opportunity to advance specific positions or interests of individual WCEE members, their employers or their clients. We will be meeting over brown bag lunches at the Department of the Interior, 1849 C Street, NW, Room 4212, Washington, D.C. Beverages and dessert will not be provided. Attendance is limited to 15 WCEE members and is free. Please RSVP to the WCEE hotline: 703-208-1469.

November 19, 1998, Noon to 2:00 p.m., Annual Meeting and Woman of the Year Award. The annual meeting and Woman of the Year award celebration will take place at the Hotel Washington, 515 15th Street N.W., Washington, D.C. Elizabeth Moler, Deputy Secretary of Energy will be honored as the WCEE Woman of the Year. We gratefully acknowledge our Sponsors’ support. Sustaining WCEE Sponsors are: Bracewell & Patterson, LLP; Duane, Morris & Heckscher, LLP; Dyncorp I&E; Glassman-Oliver Economic Consultants, Inc.; Tetra Tech EM, Inc.; United Technologies Corporation; and Winston & Strawn. In addition, ENRON Corporation and the American Public Power Association (APPA) have provided support for the Woman of the Year event. We encourage other potential sponsors of this, or other events, to contact any member of the Board of Directors.

November newsletter deadline: COB Friday, October 9, 1998.
**Folder Profile**

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<td>Requests approval for the establishment of a Committee and Subcommittee for the National Petroleum Council on Natural Gas (Rec'd in ES 10/9)</td>
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**Special Instructions**

info copy: OS/Kenderdle; Signed Response given to FE/Hebron for dispatch 11/18 per Yvonne West.
The Honorable
Bill Richardson
Secretary of Energy
Washington, D.C. 20585

Dear Mr. Secretary:

In order to prepare a response to the May 6, 1998, request for the Council to reassess its 1992 study on the potential for natural gas in the United States, I wish to establish and appoint the members of an NPC Committee on Natural Gas. In addition, I wish to establish and appoint a Coordinating Subcommittee, which will report to the Committee on Natural Gas.

Accordingly, pursuant to Section 6-1 of the Articles of Organization of the Council, your approval is requested for the establishment of the Committee and its Subcommittee, and for the appointment of the members as shown on the enclosed proposed rosters. Your designation of Government Cochairs for the Committee and Coordinating Subcommittee would also be appreciated.

Finally, it would be appropriate and desirable for a representative of the Department of the Interior to be designated to participate on the Coordinating Subcommittee.

Very truly yours,

Joe B. Foster
Chair

Enclosures

cc: Peter I. Bijur
H. Leighton Steward
William A. Wise
Robert S. Kripowicz
Melanie Kenderdine
Margie Biggerstaff
NATIONAL PETROLEUM COUNCIL
PROPOSED COMMITTEE ON NATURAL GAS

CHAIR
Peter I. Bijur
Chairman of the Board and
Chief Executive Officer
Texaco Inc.

GOVERNMENT COCHAIR
(designation pending)

EX OFFICIO

VICE CHAIR, DISTRIBUTION
William A. Wise
Chairman, President and
Chief Executive Officer
El Paso Energy Corporation

SECRETARY
Marshall W. Nichols
Executive Director
National Petroleum Council

VICE CHAIR, SUPPLY
H. Leighton Steward
Vice Chairman and
Chairman of the Executive Committee
Burlington Resources

Robert J. Allison, Jr.
Chairman and
Chief Executive Officer
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President and
Chief Executive Officer
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Chairman and
Chief Executive Officer
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Chief Operating Officer
Texas Utilities Company

Gregory L. Craig
President
Cook Inlet Energy Supply

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Chairman and
Chief Executive Officer
MarketSpan Corporation

George A. Davidson, Jr.
Chairman of the Board and
Chief Executive Officer
Consolidated Natural Gas Company

Collis P. Chandler, Jr.
Chairman of the Board and
Chief Executive Officer
Chandler & Associates, Inc.

Kenneth T. Derr
Chairman of the Board and
Chief Executive Officer
Chevron Corporation
PROPOSED NPC COMMITTEE ON
NATURAL GAS

Donald L. Evans
Chairman of the Board and
Chief Executive Officer
Tom Brown, Inc.

David A. Hentschel
Chairman and
Chief Executive Officer
Occidental Oil and Gas Corporation

Richard D. Farman
Chairman and
Chief Executive Officer
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L. Dean Jones
President and
Chief Executive Officer
DeGolyer and McNaughton

William L. Fisher
Leonidas T. Barrow Chair in
Mineral Resources
Department of Geological Sciences
University of Texas at Austin

Jon Rex Jones
Chairman
EnerVest Management Company, L.C.

H. Laurance Fuller
Chairman of the Board and
Chief Executive Officer
Amoco Corporation

Jerry D. Jordan
President
Jordan Energy Inc.

Barry J. Galt
Chairman
Seagull Energy Corporation

Robert Kelley
Chairman, President and
Chief Executive Officer
Noble Affiliates, Incorporated

Charles H. Gardner
President
Association of American
State Geologists
c/o North Carolina Geological Survey

Fred Krupp
Executive Director
Environmental Defense Fund

James A. Gibbs
President
Five States Energy Company

Ronald L. Kuehn, Jr.
Chairman, President and
Chief Executive Officer
Sonat Inc.

Alfred R. Glancy, Ill
Chairman, President and
Chief Executive Officer
MCN Energy Group

Kenneth L. Lay
Chairman and
Chief Executive Officer
Enron Corp.

Larry D. Hall
Chairman, President and
Chief Executive Officer
KN Energy, Inc.

Jack E. Little
President and
Chief Executive Officer
Shell Oil Company

Christine Hansen
Executive Director
Interstate Oil and Gas
Compact Commission

Max L. Lukens
Chairman and
Chief Executive Officer
Baker Hughes Incorporated

Dennis R. Hendrix
Former Chairman, PanEnergy Corp
c/o Duke Energy Corporation

Edward R. McCracken
Palo Alto, California

J. Larry Nichols
President and
Chief Executive Officer
Devon Energy Corporation
PROPOSED NPC COMMITTEE ON NATURAL GAS

C. R. Palmer
Chairman of the Board, President and Chief Executive Officer
Rowan Companies, Inc.

Richard E. Terry
Chairman and Chief Executive Officer
Peoples Energy Corporation

Robert L. Parker, Sr.
Chairman of the Board
Parker Drilling Company

Roger E. Tetrault
Chairman of the Board and Chief Executive Officer
McDermott International, Inc.

Richard B. Priory
Chairman and Chief Executive Officer
Duke Energy Corporation

H. A. True, III
Partner
True Oil Company

Lee R. Raymond
Chairman of the Board and Chief Executive Officer
Exxon Corporation

C. L. Watson
Chairman of the Board and Chief Executive Officer
Dynegy Inc.

Oliver G. Richard, III
Chairman, President and Chief Executive Officer
Columbia Energy Group

Rex H. White, Jr.
Partner
Hutcheson & Grundy, L.L.P.

John C. Sawhill
President and Chief Executive Officer
The Nature Conservancy

Mary Jane Wilson
President and Chief Executive Officer
WZI Inc.

Scott D. Sheffield
President and Chief Executive Officer
Pioneer Natural Resources Company

Brion G. Wise
Chairman and Chief Executive Officer
Western Gas Resources, Inc.

Matthew R. Simmons
President
Simmons and Company International

Daniel H. Yergin
President
Cambridge Energy Research Associates

Arlie M. Skov
President
Arlie M. Skov, Inc.
NATIONAL PETROLEUM COUNCIL
PROPOSED COORDINATING SUBCOMMITTEE
OF THE
NPC COMMITTEE ON NATURAL GAS

CHAIR
Claire Scoobee Farley
President
Texaco North America Production

GOVERNMENT COCHAIR
(designation pending)

ASSISTANT TO THE CHAIR
Rebecca B. Roberts
Strategic Partner
Global Alignment
Texaco Inc.

SECRETARY
John H. Guy, IV
Deputy Executive Director
National Petroleum Council

* * *

Collis P. Chandler, Jr.
Chairman of the Board and
Chief Executive Officer
Chandler & Associates, Inc.

Paul L. Kelly
Senior Vice President
Special Projects
Rowan Companies, Inc.

J. M. Funk
President
Shell Continental Companies

Thomas B. Nusz
Vice President
Strategic Planning and Engineering
Burlington Resources

James W. Hail, Jr.
Executive Vice President
DeGolyer and MacNaughton

Susan B. Ortenstone
Vice President
El Paso Gas Services Company

Patricia A. Hammick
Senior Vice President
Strategy and Communications
Columbia Energy Group

Charles E. Shultz
Chairman and
Chief Executive Officer
Dauntless Energy Inc.

Renze Hoeksema
Director of Public Policy and
Government Affairs
MCN Energy Group

Matthew R. Simmons
President
Simmons and Company International
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**Subject Text**

Proposed advocacy issue for Secretary Richardson's trip to Venezuela (Rec'd in ES 10/13)

**Topical Index**

**Signature/Approval**

**Action Requested**

**Assigned To**

**Special Instructions**
DATE: October 13, 1998    TIME: 4:23 PM

TO:
The Honorable William Richardson  
Secretary of Energy  
US Department of Energy  
1000 Independence Avenue, SW  
Room 7A-257  
Washington, DC 20585  
202-586-6210  
202-586-4403 (fax)

FROM: Joe Hillings  
Lora Sullivan  

PHONE: 202-466-9142  
FAX: 202-828-3372

CC: Mr. Henry Santiago  
Ms. Melanie Kenderdine  
Mr. David Pumphrey  
202-586-0013 (fax)  
202-586-0148 (fax)  
202-586-3047 (fax)

NUMBER OF PAGES IN FAX: 3

MESSAGE:
Re: Letter from Terry Thorn (Venezuela).
October 13, 1998

The Honorable Bill Richardson
Secretary of Energy
Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Bill:

Enron Corp. has had a significant presence in Venezuela's internal energy sector for over 30 years. For most of that time, it has been the country's largest distributor of liquefied petroleum gas (known often in the U.S. as "LPG" or "bottled gas"). This enterprise serves over 2,000,000 residential, commercial, and industrial customers throughout Venezuela. Currently, Enron is increasing our investment in Venezuela:

1) Drilling has begun on an offshore concession awarded to Enron Oil and Gas in 1996.
2) Construction and operation of a US$ 500 million natural gas processing facility was awarded to Enron and its partners this past August.
3) Construction and operation of 3 gas compression facilities (for enhanced oil recovery) were awarded to Enron and its partners the last two years.
4) In May, Enron purchased an electrical distribution company, and we are actively investigating further acquisitions in this sector.

I am informed that you are preparing to travel to Venezuela this October to meet with government officials. In light of Enron's substantial and long standing interests in this country, I wanted to provide you information on our projects in Venezuela and our views about the issues that we face in the energy business. Though much progress has been made to date, the administration of President Caldera has been unable to complete a number of initiatives directed at creating a more privatized, market-oriented energy sector. This circumstance coupled with varying policy positions among the various presidential candidates for this year's election, means that doubts are building about the near-term prospect faced by our operations.

One important issue involves the domestic LPG distributors (including those belonging to Enron's affiliate). A previously announced program to convert to market pricing for domestic LPG will not be implemented in 1999 as promised. However, the current program of price controls will expire at the end of this year. A replacement program or an extension of the existing program needs to be implemented by year-end in order to have a stable framework within which this vital service can be performed. We understand that the governing body, the Ministry of Mines and Energy is inclined to extend the existing regulations through next year, and we believe this would be positive for both investors and consumers. The other market participants which include another U.S. company, Acon Investments, and a host of locally owned operators share

Natural gas. Electricity. Endless possibilities.
The Honorable Bill Richardson  
October 13, 1998  
Page Two

this view. The key is to make the decision during this administration, and not leave the issue unanswered. Your assistance is requested to advocate for a quick resolution to this issue.

Attached you will find talking points which will provide you information on our advocacy request.

Enron's Washington office stands ready to provide additional information in advance of your leaving for Venezuela. In addition, Enron has a substantial office in Venezuela that is prepared to assist you or your staff in addressing this important issue.

Sincerely,

Terence H. Thorn  
Executive Vice President, International  
Government Relations & Environmental Affairs  
Enron International

cc: Ms. Melanie Kenderdine  
Mr. David Pumphrey  
Mr. Henry Santiago
October 13, 1998

Proposed Advocacy Issue for Secretary Richardson's trip to Venezuela, October 19, 1998

- Enron Corp, a multinational energy company that has participated in the Venezuelan energy sector for over 30 years; value of operations and projects in Venezuela in the US$ 1.0 billion range. Enron Corp seeks the support of the US Department of Energy.

- Issue is the need for a retail-pricing framework for LPG (propane) distribution.

- Background: Legislation is needed to adopt market based pricing that was not passed by the Venezuelan Congress and the current regulation established by decree will expire in January 1999. The country's LPG distributors, including companies owned and operated by Enron and the U.S. firm, Acon Investments feel strongly that a framework be enacted prior to the election of a new government in December of this year.

- Key government decision-maker: Minister of Energy and Mines, Erwin Arrieta

- Ministry position: The Ministry staff agrees with the LPG distributor association as does Petroleos de Venezuela, S.A. the state oil company. A draft decree has been prepared and Minister Arrieta has indicate has support for its issuance.

- Message:

1. Establishment of LPG pricing regulations for next year is in the interest of investors, both U.S. and Venezuelan, and the Venezuela consumers which depends on this vital service.

2. Efforts by Minister Arrieta to secure the near-term enactment of regulation for 1999 are appreciated and supported.
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November 18, 1998

Mrs. Robin Read
President and Chief Executive Officer
National Foundation for Women Legislators, Inc.
910 16th Street, NW, Suite 100
Washington, DC 20006

Dear Mrs. Read:

It was an honor to receive your invitation to address the 60th Anniversary Conference of the National Foundation for Women Legislators, Inc. I regret that I am not able to join you and your membership for this important meeting.

I am aware of the importance of NFWL, the value of your agenda, and your contributions to making a difference. I am confident that the audience that will attend this forum will greatly benefit from learning about the important information that will be shared and the influence of women legislators on the future of our Nation's legislative process.

With best wishes, I remain

Yours sincerely,

Bill Richardson
September 30, 1998

Secretary of Energy William Richardson  
Department of Energy - Scheduling Office  
1000 Independence Ave., SW  
Washington, DC 20585

Dear Secretary Richardson,

The National Foundation for Women Legislators, Inc. (NFWL) is pleased to invite you to speak at the first post-election legislative conference, the NOWL 60th Anniversary Conference being held in Charleston, SC, November 21 - 25. Hundreds of legislators from across the country and members of Congress are eager to hear from you. We would like you to keynote the breakfast or luncheon on Monday, November 23rd.

The legislators from all fifty states will be joined by private sector members such as Enron Corp., National Rural Electric Cooperative Association, SCANA and several other corporations with an interest in discussing energy policy. Your presentation will be included in our highly successful “Utility Restructuring” Certificate Program, which guarantees legislators will receive media training in order to become a spokesperson on energy issues. Since recent public opinion research shows that legislators are far more credible than scientists and experts in their field, and that today’s women legislators are viewed as twice as credible as their male counterparts, this is a key group of decision makers who need to know you and learn more about ways to work with the Department of Energy.

Past speakers at NFWL events include Governor Ann Richards, Congresswoman Patsy Mink, Secretary of the Army Togo West, the Honorable Jack Kemp, Counselor to the President Paul Begala, Senate Majority Leader Trent Lott, Senator Mary Landrieu, author Jack Canfield and inspirational speaker and author Marianne Williamson among many others.

NFWL is proud to provide federal and state women legislators with a safe environment to learn from you. The legislators appreciate the opportunity to hear a variety of viewpoints and take the information back to their districts. It is your support that allows us to offer such substantive, issue-packed programs to professional women lawmakers. We hope you will confirm your participation at the NOWL 60th Anniversary Conference and educate the legislators on the issues they will be addressing in their upcoming session.

Sincerely,

Robin Read  
President & CEO

NATIONAL FOUNDATION FOR WOMEN LEGISLATORS, INC.
Revised - November 12, 1998

Tentative AGENDA NOWL 1998 Annual Conference
Charleston, South Carolina, November 20 – 25 1998

Friday, 11/20/98

2:00PM – 3:00PM  NOWL Executive Committee Meeting

3:00PM – 4:00PM  *Who You Are Will Echo*, Kiame McCracken

4:00PM – 5:00PM  NOWL / NFWL Board of Directors Meeting at City Hall
Historical Introduction

7:00 PM –   Board Dinner
             off-site

Saturday, 11/21/98

8:00AM – 9:00AM  NFWL Board Breakfast @ CPH Grill

9:00AM – 10:00AM Registration

9:00AM – 4:00PM  Certificate Program
                   Media Training (One-on-Ones with consultants)

9:00 AM – 10:00AM  NOWL Nominating Committee Meeting

10:00AM – 11:30AM NOWL General Membership Meeting (Nominations)

11:30AM – 12:30PM NOWL Board & State Directors Presentation/Lunch

12:30PM – 2:00PM  NOWL General Membership Meeting & Elections

2:00PM – 4:00PM  Focus Groups (INTERNATIONAL)

1. Latin America
Carmen Lomettis, Executive, Inter-American Commission of Women
Gil Cordero
Arch Egil, Special Assistant to the Director, The Selective Service System

2. S. Africa
Representative Helen Giddings (TX)
Linda Wright, Policy Advisor, U.S. Catholic Conference

3. International Agriculture
Vera Wolfe Halle, Representative, Liaison Office of the International
Fund for Agricultural Development
Kay McClanahan
Gary Goldberg, Corn Growers of America

4. Campaign/Political Training
Ralph Murphy

5. Ambassador Program
People to People?
Toby Florino

2:00PM – 6:00PM  Exhibits-set-up
4:00PM - 6:00PM  
Speak to be Remembered  
John Davies, President, Davies Communications  
(Certificate Program)

6:30PM - 9:00PM  
Conference Kick-off at Grand Hall Exhibit Area  
Jazz Ensemble (Recreating '38)  
Senator Nancy Chard (VT)  
Harriet Keyserling - Author Against the Tide

Sunday, 11/22/98

7:30AM - 10:00AM  
Breakfast  
Citadel Color Guard  
Pledge of Allegiance  
Prayer  
Introduction of Board  
Report from the States  
Leadership in the Telecom Industry, Patrick Gaston, VP Strategic Alliances, Bell Atlantic

Synergy & Visionary Leadership: How Successful Women are able to Tap into Their Opposite Gender for Self Actualization, Gena Landrum, Author of numerous books, including Profiles of Power & Success

Welcome to South Carolina, Congressman James Clyburn (SC)  
KEYNOTE SPEAKER - Human is Power, Liz Carpenter, Press Secretary for President Lyndon Johnson

10:00AM - 11:00AM  
Workshops  
Urinary Incontinence: The Good, The Bad, the Ugly, Dr. Lyndsay Kerr & Dr. Kay Jewell, Mary Pat O'Connor, National Association for Continence.

The participant should be able to define incontinence and understand the impact incontinence has on patient lives. Review of the types of incontinence and the treatment of chronic incontinence will be undertaken. Areas of further research and funding needs will be addressed.

11:00AM - 12:00PM  
Roundtables  
1. Evening the Playing Field for Telecom & Cable Industries, Loretta Cecil, Law & Government Affairs Vice President, AT&T
2. Empowering Women, How the Civil Justice System Safeguards Our Families, Roselyn A. Bonanti, State Affairs, Association of Trial Lawyers of America

This panel will cover the impact of tort reform on women and how tort reform destroys the benefits provided by the civil justice system that are essential to keep women as well as our families safe. The protections currently provided by the civil justice system assist women in not only taking care of their families, should a tragedy take place, but in helping to ensure independence given the current imbalance in salaries, financial earnings, etc.


This panel will address issues facing some of the most difficult to serve areas of the country - rural America. Because electric co-ops are led by people in local communities, they are also involved in the efforts to ensure that vital services are developed and sustained for everyone's benefit. Co-op leaders are civic leaders whose interests extend beyond electric utility service. These co-op leaders are aware that electric utility restructuring will affect all segments of life in rural areas. At risk is access to health care services and providers, telecommunications, housing, reliable electric service for small businesses and consumers and tax revenues.
12:00PM - 2:00PM
Lunch/Plenary session
Speaker of the Assembly Antonio Villaraigosa (CA)
Anniversary: Proclaiming the Past; Facing the Future, Daris Weatherford,
Author, A History of the Suffragist Movement
WOW, We're on our Way!, Elizabeth Mabry, Executive Director, South
Carolina Department of Transportation
Don Fowler, 1995-97 National Chair, Democratic National Committee
KEYNOTE SPEAKER - Virginia Harris, Publisher, The Christian Science
Monitor
Scholarship Recipient, Karen Chan, Christian Science Monitor

2:00pm - 3:00pm
LEGISLATIVE EXCHANGE?

3:00PM-3:45PM
Roundtables
1. Importance of Private Schools, Dr. Lois M. Gerber, Chairman of the
   Board, National Independent Private Schools Association
   Why is private education so effective? There are some lessons to be learned from the private sector.
   Legislators need to look at standards, accountability, and competence.

2. Raising Safe Kids in an Unsafe World, Jan Wagner, Author & Founder
   with Nest Entertainment, Yello Dyno Child Protection Package
   Every incident of child sexual abuse costs the victim and society $90,000 (Miller, Cohen and Werseman,
   1996). This forum will discuss the legislative options that focus on the solution – of prevention over the
   costs of suffering.

   Women, Darcy Olsen, Entitlements Policy Analyst, CATO Institute
   This roundtable focuses on poor women, Social Security and personal retirement accounts. We will discuss today's Social Security system, how it affects women, and how a private system of individual retirement accounts would give women greater financial security than the present Social Security system.

4. How Procurement Affects Minority and Small Business Owners, Mark
   Harris

5. Building a Vision/Recruitment Retention Initiative to Assure Diversity on
   State College and University Campuses, Delegate Sharon Spencer
   (VV), and Jim Damron

6. Why State Religious Freedom Acts are Needed to Protect our First
   Freedom, J. Brent Walker, General Counsel, Baptist Joint Committee
   This seminar will explore the history of the free exercise of religion, including the Federal Religious
   Freedom Restoration Act, its constitutionality as applied to the states and why the states must now act to
   protect religious liberty – our first freedom

3:45PM - 4:30PM
Speak to Persuade, John Davies, President, Davies Communications
   (Certificate Program)

4:30PM - 7:00PM
   (Certificate Program – One-on-ones)
   Media Training
   Public Speaking, Image & various consulting

4:30PM - 6:00PM
Internet Training

5:00 PM - 7:00PM
Candidate Win or Lose Training

4:45PM-5:30PM
Leading with your Strength, Benson Smith

5:30PM - 6:15PM
How Attitude Affects Outcome, Margo Cheveres, Speaker,

6:15PM- 7:00PM
Balancing Power: Balancing Ourselves with Our Roles, David Woodward,
   Founder & President, The Milestones Institute

7:00PM
Minority Women's Reception –
Congresswoman Loretta Sanchez (California)
Congresswoman Donna M. Christian-Green (Virgin Islands)
Representative Barbara Marumoto
Monday, 11/23/98

7:00AM - 9:00AM  Breakfast/Plenary session
Report from the States
We're not OSHA: a look at the Occupational Safety and Health Review
Commission (OSHRC) Stuart Weisberg, Chairman, US OSHRC
Heroes of the Heart, Bill Halamandaris, Co-founder and President, The
Heart of America Foundation
NOD Grant Winners Awarded
Speaker Chuck Berry, CO
Foreign Trade & Your State Economy, Ceng, Grace Napolitano (CA)
KEYNOTE SPEAKER - Jack Anderson, Syndicated Columnist

9:00AM-10:00AM  Workshop
The Statux, Trends and Issues in Energy Deregulation, Ashton B. Collins, Jr.,
President, BCI Consulting Group
Holiday....More Than Ribbons and Blues (Dispelling and Debunking the Myths
of Depression), Paula Bristol, Project Coordinator and Director of Carolina
Counseling, Inc.

How women of all ages can maintain their active lifestyles under stress; how to determine when the
"blues" become depression. Clinical depression costs the business world $44 billion dollars annually.
Learn how to tackle this problem with an informative and fun presentation from the Breakfast Business
& Professional Women of Spartanburg, SC.

10:00AM - 11:00PM  Roundtables
1.  Mandating Mental Health Parity -- How it increases the ranks of the
    uninsured , Bruce Wiseman, President, Citizens Commission on
    Human Rights

   This roundtable will examine the effects that mandated mental health parity has created in some states
   where it has been implemented, and explore the impact of such mandates at both the state and national
   level.

2.  HIPAA: State Solutions, Leah Borean, Executive Director, Louisiana
    Health Insurance Association, Betty de Largy, General Counsel,
    Texas Health Insurance Risk Pool

   The panelists will discuss state solutions for the individual health insurance markets and "Alternative-
   Mechanism" under the federal Health Insurance Probability And Accountability Act enacted 1996.
   Under HIPAA, states were required to adopt one of several alternative mechanisms to provide portability
   for federally eligible individuals or else face federal enforcement in their state. Twenty-one states
   adopted a qualified risk pool; twenty-foue states adopted a guarantee issue approach or some variation
   of the federal default; and five states (CA, MA, MI, MO & R) failed to adopt alternative mechanisms.
   Many states that did not adopt the risk pool approach are finding that while portability theoretically
   exists for federally eligible individuals, affordability does not. The panelists will explain the benefits that
   high risk pools have provided for uninsurable individuals in their state.

3.  Women's Health and Managed Care, Dr. Mitzi Krockover, VP
    Women's Health, Humana

    Women make the majority of healthcare decisions for their families and utilize more health care services
    than men, yet may feel less "well" than their male counterparts. In the past decade, recognition of these
    discrepancies has fueled a surge in research in women's health and a focus on women's healthcare,
    due, in significant part, to legislative efforts. This roundtable will focus on: the definition of women's
    health, the factors impacting on the health of American women, including the influence of legislation; and
    the impact of managed care on women's health and women's impact on the healthcare system.

4.  Interstate Dairy Compacts, A Problem, Not a Solution, Connie Tipton,
    Sr. VP, International Dairy Food Association

   It's time to find a better way to address farm income! Dairy compacts are sweeping through state
   legislatures with little understanding of the implications for our families or our farms. Government
   policies that increase milk prices discriminate against the biggest milk drinkers 0 kids, and drive down
   milk consumption - especially among those with tight budgets. At the same time, farmers respond to
   higher prices by increasing milk production beyond market needs, pushing prices back down at the farm
level. This is a chance to learn more about dairy compacts and their implications to your constituents. Come with your questions!

5. **Women & Social Security**, Martha A. McStein, President, National Committee to Preserve Social Security and Medicare

11:00PM – 1:00PM **Lunch/Plenary Session**

**Youth Recognition Luncheon & Scholarship Awards**  
*Armed with Pride*, Wayne LaPierre, Executive Vice President, National Rifle Association

*Emilio St. Onge* sponsored by Representative Cathy Voyer (VT)  
*Georgia Liptak* sponsored by Representative Cole Hahn  
*Mele Coleman* sponsored by Representative Barbara Marumoto  
*Kristen Van Diggelen* sponsored by Representative Lyune Leach  
*Laura Rose* sponsored by Representative Diane Greendill  
*Angela Freeman* sponsored by Representative Elsie Hast Stuart  
*Charity Morrow* sponsored by Rep. Sharon Beasley Teague  
*Youth scholarship recipient, Kristen Van Diggelen*  
*Pat Harrison, Co-Chair, Republican National Committee*  
*Speaker of the House Harold Brubaker, NC*  
*Golf at a Leadership Yacht, Tanya Land, Peggy Kirk Bell, Pioneer*  

**Women Golfers**  
*You and your Health*, Hunter Harmon, VP, Community Relations, Trident Health System  
**KEYNOTE SPEAKER - The Space Program: Present & Future**, Dr. Linda Godwin, Astronaut, NASA

1:00PM-2:00PM **Workshop**  
*Global Climate Change*

2:00PM-5:00PM **Personal Wellness Afternoon**  
*Aromatherapy, massage, yoga, meditation, skincare & facials, nutrition, diet*  
*Aromatherapy*, Donna Bayles Wallace, Owner & Operator Bayles Ranch

(Or)

1:30PM – 6:30PM **Certificate Program**  
(One-on-ones)

(Or)

1:00PM **Bus departs from**  
*Charleston Place for Kiawah*

2:00PM – 2:30PM **Golf Clinic**  
- Peggy Kirk  
- Tanya Land*

2:30PM – 5:30PM **NFLW Kiawah Golf Tournament**  
5:30PM **Bus departs from Kiawah**  
6:30PM **Charleston Merchants Silent Auction and Christmas Shopping Spree**

**Tuesday, 11/24/98**

8:00AM – 9:30PM **Breakfast/Plenary session**
Report from the States

Where Does a 600 Hundred Pound Gorilla Sleep, Judge Alex Sanders, President, College of Charleston
Charleston Mayor Joe Riley, Jr.
Speaker of the House David H. Wilkins (SC)
Congressman George Nethercutt (WA)

KEYNOTE SPEAKER - The Empowering of America, Marianne Williamson, Author & Lecturer

9:30AM - 10:30AM

Corporate Citizen Workshop

(OR)

9:30 AM - 10:15 AM

Roundtable(s)

1. Year 2000 Program (Y2K), Rita Dozal, COO, LOGIX Solutions & Keith Rhodes, Technical Director, AIMD's Office of the Chief Scientist for Computers and Telecommunications

The Year 2000 Program Presentation is geared at placing a seemingly technical problem in a much broader strategic, economic and governmentwide perspective. The pitfalls of the Year 2000 and key issues of the non Y2K portion of the overall year 2000 problem - Embedded Systems will be addressed. The need for government at every level, particularly state and local governments, to get a clear picture of their Y2K exposure and compliance efforts. The background of Y2K at the GAO and individual agency assessments with their impact on key national sectors and governmentwide progress will also be covered.

2. The Year 2000 Legal Crisis: Legislative Reform, Barbara Wheeler, Legislative Advocate, Association for California Tort Reform

Unfortunately, a successful implementation of a technical and communication response to Year 2000 will not assure that a company will be safe from legal attacks. California's early legislative and judicial experience bears this out: Class action suits have been filed even though no Year 2000 date failure has occurred. The organized plaintiffs bar has stopped legislative attempts to modestly reduce liability by arguing, among other things, that any system, whenever developed, which is not Year 2000-compliant contains a "design defect." Literature, media and the Internet all indicate a hope among sectors of the "legal industry" that the Year 2000 will be the subject of the latest "mass tort." There is evidence that Year 2000 compliance is being delayed by a reluctance of some companies to communicate on the compliance status of their systems because of fear it will make them a target of lawsuits. In this light, every company's compliance plan should include support of legislation to enable fairer compliance communication and prevent liability suits that are driven by the prospect of huge judgments and settlements.

10:15AM - 11:00AM

Roundtable(s)

1. Conflict Management & Mediation: Legislative Success Stories & Hot Buttons, Joanne M. Hartman, Associate Director, National Association for Community Mediation.

Discussion will include the positive and negative aspects of past and pending legislation regarding mediation and conflict resolution. Legislation that has been successful in providing Dispute Resolution Service to the public will be examined. Ways of crafting such legislation, so that it effectively serves the public, the government and the corporate sector will also be discussed.

2. Breaking the Psychological Glass Ceiling: How you can develop a psychology of greater ambition, Dr. Heather Paul, Executive Director, National SAFE KIDS Campaign & Dr. Linda Austin, Public Education, Medical University South Carolina

3. Wellness Issues in Women's Health - a complete approach, Dr. David Soper & Dr. Melissa Holmes

Will look at women's health and wellness from a perspective of delivering medical care through an innovative approach that meets women in all phases of their lives. Share with doctors whose approach to healthcare is to provide medical, surgical, psychosocial, educational, and social services to empower women to maintain or regain health and balance in all phases of their lives. Come and be prepared to ask for more from your healthcare providers in the 21st Century.

4. Why are we getting heavier as we move faster, Dr. Brent Egan,

In the last 10 years, Americans have gained more weight than all the ships in the U.S. Navy combined. At the same time, we're getting fatter every year and spend lots of money on personal organizers and electronic calendars in an effort to keep up. Unfortunately, excess weight either directly or indirectly has adverse effects on virtually every system of the body. We'll take a look at our rush to destroy and discuss some healthy changes.
How to make schools safe?, Peggy Kerens, US Dept of Education
6. Refugees in the US: Where They Came From, Where They're Going,
   Lacy Wright, Policy Adviser, U.S. Catholic Conference

Refugees are people fleeing persecution, and our country currently welcomes about 78,000 each year
from all over the world. This humanitarian effort has given us Henry Kissenger, Madeleine Albright,
Tom Lantos and Gloria Estefan plus countless hardworking men and women - Southeast Asians,
Bosnians, Cubans, Sudanese and many others - who have made our country stronger. It is important to
understand how the United States today selects those it accepts from the 13 million refugees world-wide,
and the unique partnership among Washington, state governments, and private voluntary agencies which
starts victims of tragedy on their new lives here.

   Census Bureau

In less than 18 months the Census Bureau will launch the country’s largest peace-time mobilization as
the decennial census begins. State legislators can play active roles in helping ensure an accurate
accounting of their communities. This roundtable provides you with an up-to-date briefing on Census
2000 preparations by senior Bureau staff, a discussion of how local officials can check the accuracy of
census address lists, and a preview of the new census redistricting data that will be provided to state

11:00AM - 12:30PM  Focus Groups (issue-based preludes to Town Hall)
   Healthcare, Candice Campbell
   Social Security & Aging

12:30PM - 1:30PM  Lunch
   KEYNOTE SPEAKER - US Secretary of Energy Bill Richardson

1:30PM - 3:30PM  TELEVISION NATIONAL TOWN HALL SYMPOSIUM
   “Making Democracy Work: Restoring Hope at Home”

4:00PM - 4:30PM  Palmetto Carriage Rides & buses depart for Closing Reception

4:30PM  Closing Reception

6:30PM  Buses leave
   “The Christmas Serenade Show” at the Historic Charleston Music Hall

Wednesday, 11/25/98

8:00AM - 10:30AM  Farewell Breakfast

21 Tips for Achieving Financial Security in the
   21st Century, Jonathan Pond, President, Financial
   Planning Information, Inc.

   LEGISLATIVE EXCHANGE

MEDIA/CAMPAIGN CONSULTANTS

Television as a Leadership Tool, Wade West, Director, The MediaPower Group
Voice Coach, Naomi Frankel, Director, The Working Voice
Speak to Win, John Davies, President, Davies Communications
Effective Television Communication, Lynn Scarborough, President, Effective
Television Communication

Up and Running, Michelle Monopol, Partner, Certain & Monopol LLP
How to ask for money even if you hate to, Nancy Bosicker,
August 26, 1998

Secretary Richardson
Department of Education
Forrestal Building
1000 Independence Ave, SW
Washington, DC 20583

Dear Secretary Richardson:

It is with great pleasure that I invite you on behalf of incumbent women legislators from across the country to be a keynote meal speaker on November 22, 23, or 24 at our 1998 Annual Conference in Charleston, South Carolina.

Some of the other Annual Conference invited guests and speakers include Vice President Al Gore, the Reverend Billy Graham, actress Whoopi Goldberg, Senate Majority Leader Trent Lott, and boxer Evander Holyfield. The legislators are looking forward to hearing from you and sincerely hope that your schedule permits your participation. Over 800 people attended the 1997 Annual Conference and as this year marks our Sixtieth Anniversary, our Commemorative Conference promises to be the best one yet.

NFWL events offer an ideal opportunity for leaders like you to interact with legislators, Cabinet Secretaries, members of Congress, Administration Officials, and corporate sponsors. Previous speakers include the Honorable Robert Dole, former Governor of Texas Ann Richards, author of Chicken Soup for the Soul Jack Canfield, Counselor to President Clinton Paul Begala, the Honorable Jack Kemp, National Restaurant Association President Herman Cain, NBC Foreign Affairs Correspondent Andrea Mitchell and House Speaker Newt Gingrich.

Founded in 1938, the National Order of Women Legislators is the first and only nonpartisan organization with specialized educational programs for both state and federal women officeholders. Our nationwide membership provides a supportive environment for the professional development of these important women leaders. We take pride in the high caliber programs we offer and we want you to join us.

Your presence at the Annual Conference will offer our members the type of excellent programs they have come to expect. I hope you can make arrangements in your busy schedule to join us at the 1998 NFWL Annual Conference. I look forward to hearing from you soon.

Sincerely,

Robin Read
President & CEO

Women Legislators • The Power To Make A Difference
910 16TH STREET, NW, SUITE 100 • WASHINGTON, DC 20006 • 202-337-3565 • FAX 202-337-3566

The Foundation operates as a non-profit organization under 501(c)(3) of the Internal Revenue Code. Tax ID number 20-5487998.