

# Congress of the United States

Washington, DC 20515

May 19, 2004

Patrick Wood, Chairman  
Nora Brownell, Commissioner  
Joseph Kelliher, Commissioner  
Suedeem Kelly, Commissioner  
Federal Energy Regulatory Commission (FERC)  
888 First Street, NE  
Washington, DC 20426

Dear Mr. Chairman and Commissioners:

We are writing regarding the FERC's decision to revoke the market-based rate authority of Enron's power trading arm effective as of June 25, 2003, as well as recent filing by the FERC's litigation staff suggesting that FERC has no power to set the effective date of its revocation any earlier than June 25, 2003. Because Enron's trading operations were essentially defunct as of June 25, 2003, we believe the remedy chosen by the FERC does nothing to either relieve consumers of burdens of Enron's fraudulent practices or to ensure that electricity markets function free from fraud and manipulation. We accordingly urge you to impose the most stringent possible penalties on companies found responsible for market manipulation. We believe such actions are necessary to ensure that the FERC has the credibility needed as a regulator of energy markets.

In light of the Enron trader tapes recently submitted to the FERC, again demonstrating that fraudulent and manipulative activities at Enron occurred significantly before June 25<sup>th</sup> of 2003, we strongly urge you to take decisive action in this matter. Specifically, we ask that you take the common sense step of setting the date of revocation of Enron's ratemaking authority for the point at which it became clear the company was manipulating energy prices.

It is our understanding that the FERC staff litigation counsel has interpreted the law such that the revocation date could be set no earlier than when a complaint was filed. Enron and other companies effectively stole money from West Coast consumers by fraudulently manipulating the price of electricity. When a thief robs a bank, the government does not exempt the thief from charges if it takes the FBI time to gather evidence before filing charges. Northwest consumers, who are still paying the price for the energy price manipulations, should not be prohibited from compensation from fraudulent activities that occurred prior to the filing of a complaint. Their grievances should be redressed from the time when they became victimized. If the Commission determines that it lacks the necessary authority to set appropriate dates for revocation of ratemaking authority, then we will pursue a legislative correction to that problem.

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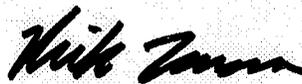
As you will recall, throughout the energy crisis, we and several other Members of Congress implored this Commission, and the Bush Administration, to impose price caps on the energy companies who were plainly gouging our constituents. Despite the self-evident fact that such activity was occurring during the energy crisis, President Bush, Vice President Cheney, and this Commission repeatedly sided with Enron others in the energy industry in the process of going against the public interest. Northwest consumers are still paying the price. Setting a reasonable date for revocation of the authority that allowed Enron to engaged in such fraudulent practices, and imposing firm penalties on energy market manipulators will send a message that this behavior will not be tolerated, and help regain much of the Commission's lost credibility.

To the extent necessary to comply with FERC's rules on *ex parte* communications, we respectfully request that you place copies of this letter in the record of those cases to which it may be relevant.

Sincerely,



Jay Inslee  
Member of Congress



Rick Larsen  
Member of Congress