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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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July 6, 2007

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The Honorable Michael Chertoff
Secretary
U.S. Department of Homeland Security
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20229

Dear Secretary Chertoff:

The Committee on Energy and Commerce and its Subcommittee on Oversight and Investigations are investigating the origins of the non-competitive contract that the Science and Technology Directorate of the Department of Homeland Security (DHS) awarded to American Superconductor Corporation (AMSC) and Consolidated Edison (ConEd) for a project to develop electricity grids in New York City that can withstand major disruptions. A May 21, 2007, press announcement indicates that the DHS Science and Technology Directorate will provide up to \$25 million of the total project cost of \$39.3 million to develop technology for "Secure Super Grids." The press release claims that the new grids will use high temperature superconductor (HTS) wires, power cables, and ancillary controls to deliver more power while suppressing power surges that can disrupt service.

In response to a Committee request, the Science and Technology Directorate, which is headed by Under Secretary Jay M. Cohen, provided a "Chronology of Meetings with AMSC and ConEd" dated April 20, 2007, which delineated an unsolicited proposal from AMSC for the Department to invest in a High Temperature Superconductor project. While AMSC had initially proposed a joint project with the Long Island Power Authority, the Directorate apparently wanted to have AMSC conduct a project with ConEd in New York City instead, and, based on the chronology, arranged for AMSC to partner with ConEd.

AMSC was contracted to use its high temperature superconductor wire to develop smaller and lighter motors for the U.S. Navy, during Under Secretary Cohen's previous tenure as Rear Admiral and director of Naval Research.

The Committee is following up on that chronology of meetings by requesting key documents, which underpin the award of this contract, including:

1. The contract between AMSC, ConEd and DHS;
2. The basis for the costs of this project, the respective contributions by DHS, ConEd, and AMSC, and the basis for concluding the price was appropriate;
3. The legal basis for the method of contracting, and the justification for sole source contracting;
4. ConEd's "Non-Binding Outline Term Sheet Concerning Proposed Superconducting Cable and Fault Current Limiter Demonstration Project" received by DHS in December 2006;
5. Unsolicited proposals from AMSC, including the proposal of February 5, 2007, revised proposal (Revision 1) of February 10, 2007, revised proposal (Revision 2) of March 1, 2007, and a revised proposal (Revision 3) submitted at a subsequent date;
6. Joint proposed work scope submitted by AMSC and ConEd on March 20, 2007;
7. Documents related to the acceptance of March 1, 2007 proposal;
8. Plan for independent evaluation of this project;
9. Written correspondence and e-mail communications between AMSC and its representatives and DHS officials and contractors or consultants between January 1, 2006, and June 19, 2007;
10. Written correspondence and e-mail communications between ConEd and its representatives and DHS officials and contractors or consultants between January 1, 2006, and June 19, 2007, concerning this project; and
11. The names, titles, and contact information for all DHS employees, contractors, and consultants working on this project.

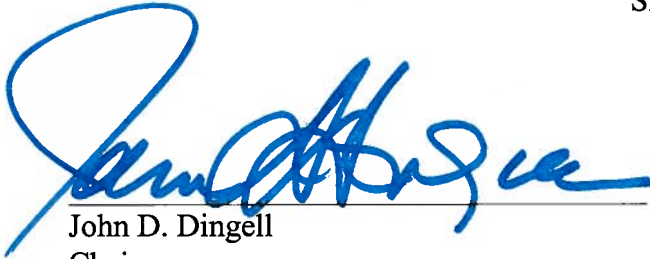
The Committee would also like to receive a detailed briefing on this project regarding the origins of this proposal, the teaming strategy, the decision to use non-competitive bidding, the evaluation criteria used to accept this proposal, the criteria and methods for evaluating the success of this project, and the role of other Federal agencies in reviewing this project, particularly the Department of Energy, which has an office with responsibility for energy transmission reliability.

The Honorable Michael Chertoff

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If you have any questions and to arrange for the briefing, please contact us, or have your staff contact John F. Sopko, Chief Counsel for Oversight, or Richard Miller, Investigator, with the Committee on Energy and Commerce staff at (202) 226-2424.

Sincerely,



John D. Dingell
Chairman



Bart Stupak
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable Ed Whitfield, Ranking Member
Subcommittee on Oversight and Investigations

The Honorable Richard L. Skinner, Inspector General
United States Department of Homeland Security

The Honorable Gregory H. Friedman, Inspector General
United States Department of Energy

The Honorable Jay M. Cohen, Under Secretary for Science and Technology
United States Department of Homeland Security