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COMMITTEE ON ENERGY AND
COMMERCE

Congress of the United States
House of Representatives
Washington, DC 20515-0529

HENRY A. WAXMAN
29TH DISTRICT, CALIFORNIA

December 14, 2001

The Honorable Pat Wood
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Wood:

Thank you for testifying on December 12 before the House Energy and Commerce Committee's Subcommittee on Energy and Air Quality. I appreciated your testimony which helped identify some of the significant flaws in H.R. 3406, the "Electric Supply and Transmission Act." I am writing today to follow up regarding an important issue raised at that hearing.

H.R. 3406 would substantially revise the current laws governing the electric utility industry -- restructuring the industry in dramatic and controversial ways. As I mentioned at the hearing, there appears to be major support for the policies in H.R. 3406 from companies and officials from Texas. As you know, the legislation has been introduced by Chairman Barton, a prominent member of the House of Representatives' Texas delegation. President Bush's Department of Energy testified generally in favor of this legislation. Moreover, Enron, a Texas-based energy company, has been lobbying for the policies in H.R. 3406 for years. Reliant, another Texas-based energy company, has lobbied for the demand reduction program under Section 103 of H.R. 3406. And, of course, you have an extensive background in Texas, and are obviously working towards the goals of this bill through administrative action.

It is ironic, then, that some of the most controversial provisions of H.R. 3406 do not appear to apply to Texas. Texas is the one state in the continental U.S. that is not affected by the transmission provisions in this legislation. Texas has been historically treated separately from the rest of the United States under the logic that electricity does not flow across its borders. This logic is no longer true. Texas' electricity grid is now connected across state boundaries.

That's why I asked each FERC commissioner if they believed Texas should now be subject to FERC jurisdiction. Commissioners Massey, Breathitt, and Brownell all agreed that it would make sense to have Texas under FERC jurisdiction.

The Honorable Pat Wood
December 14, 2001
Page 2

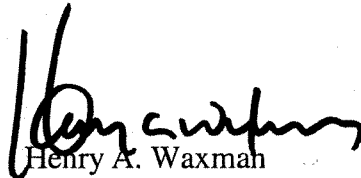
As you will remember, you opposed FERC jurisdiction in Texas. I am confused by your answer, especially given your written testimony which stated:

“Separate but equal” transmission is inherently unequal. Transmission of electric power is interstate commerce and should be fairly recognized as such. And all users of transmission service should be treated equally, provided they pay for it.

In stating your opposition to applying the policies you propose for the rest of the country to Texas, you stated that it would “slow down” the progress being made there. I don’t understand this statement, and would appreciate it if you could provide a detailed a list of your concerns. I also don’t understand why so many from Texas are anxious to apply new rules to the rest of the country, but don’t want those rules to apply to Texas. I would be grateful if you could provide any information that would explain this peculiar circumstance.

Chairman Barton has scheduled a markup for December 18, 2001. Therefore, please provide an answer by December 17, 2001. I appreciate your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman". The signature is stylized and cursive.

Henry A. Waxman
Member of Congress