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Congress of the United States
House of Representatives

"THE FOX IS GUARDING THE HENHOUSE"

June 13, 2002

Dear Colleague,

When it comes to Enron and the Federal Energy Regulatory Commission (FERC), the dynamic is quite clear. After all, two of FERC's five commissioners, Chairman Pat Wood and Commissioner Nora Mead Brownell, were hand picked by Enron Chief Kenneth Lay.

FERC is supposed to be an independent agency focused on protecting the energy, economic and environmental interests of the American people. FERC's mission is to regulate the energy industry. Over the past several months, it has looked and acted like Enron's interests are its chief concern. In fact, from May-August 2001, the agency looked into Enron's activities and concluded there was "no reason for concern and no cause for action." Once again FERC is investigating Enron and other energy traders, and again it is failing to address Enron's misdeeds.

On June 4, Commissioner Brownell, a Lay favorite, said that FERC's threat to revoke four energy companies', including an Enron subsidiary, right to sell electricity on the wholesale market "is a signal that we're not going to treat this casually." I would hope not. Alarming, in the next breath, Ms. Brownell has already reached a conclusion in the matter, stating that she expected the "four companies would most likely provide satisfactory explanations and ultimately avert a formal order revoking their rate authority." This sounds eerily familiar to the conclusion FERC reached last August.

Those sitting in judgment of Enron should not be the same people on whose behalf the company strongly advocated. FERC would be wise to remember the words of its own Ethics Mandate, which says, "Every citizen must have complete confidence in the integrity of the Federal Energy Regulatory Commission; otherwise, our ability to act in the public interest will be compromised." I have asked Ken Lay's commissioners to step aside to restore confidence in the Commission's probe. They have chosen not to respond.

Sincerely,

Bill Pascrell, Jr.

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AND INFRASTRUCTURE
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CO-CHAIR, TASK FORCE ON
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THE NEW YORK TIMES **EDITORIALS/LETTERS** WEDNESDAY, JUNE 12, 2002

Inquiry on Energy Rates

To the Editor:

Re "U.S. Threatens Energy Traders With Limits on Pricing" (Business Day, June 5):

The Federal Energy Regulatory Commission's mission is to regulate the energy industry. Two of its commissioners, Patrick Wood III, the FERC chairman, and Nora Brownell, were recommended by Kenneth L. Lay, Enron's former chairman. These same commissioners are overseeing FERC's investigation into Enron's practices.

You report that the commission has threatened to revoke an Enron subsidiary's authority to charge unregulated electricity rates.

The fox is guarding the henhouse. I have urged Mr. Lay's commissioners to recuse themselves from the investigation to ensure the confidence of the American public.

BILL PASCRELL JR.
Member of Congress, 8th Dist., N.J.
Washington, June 6, 2002