



January 8, 2001

**Kenneth L. Lay**  
*Chairman and  
Chief Executive Officer*

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**Clay Johnson**  
**Executive Director**  
**Bush-Cheney Transition Team**  
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Dear Clay:

Congratulations on the speed with which you, Dick and others have been able to place high quality individuals in every cabinet post. It is a clear early indicator of a President and a Vice President-Elect who know how to delegate, make decisions and get things done.

I presume you will soon be focusing on members for the various regulatory agencies. One key regulatory agency is the Federal Energy Regulatory Commission and its role is even more important given the recent natural gas and electricity problems.

I am attaching a one-page description of the kind of individuals we think you should be looking for. With those criteria in mind, I'm also attaching a list of potential candidates that we think would do an excellent job on the Federal Energy Regulatory Commission.

I would be happy to discuss this with you or provide any additional information that might be helpful.

Sincerely,

A handwritten signature in black ink, appearing to be "Ken", written in a cursive, slanted style.

cc: Vice President-Elect Dick Cheney

Attachments (2)

Endless possibilities.™

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## FERC Commissioner Qualifications

We support FERC Commissioners who will embrace a regulatory approach that fosters competitive markets that rely on bilateral contracts to avoid the volatility of short-term spot markets. Any candidate should be a strong supporter of the need for FERC to continue its leadership role in deregulating the electric industry in order to benefit consumers. Such a candidate should support steps to ensure liquidity in energy markets with price certainty for ultimate physical delivery of energy known in advance. Ending residual discrimination in wholesale electricity markets, such as the current native load exception, should be among a candidate's primary objectives. Also essential to competitive electric markets is building a commission committed to placing all transmission in the U.S. under the Commission's jurisdiction. A candidate should support the Commission exercising the exclusive jurisdiction over the reliability of the bulk power system. To this end, a strong candidate is someone committed to working with all the stakeholders and who understands and believes in competitive, transparent and unhindered energy markets. Candidates with a good working relationship with Congress, specifically the Senate Energy and Natural Resources Committee and House Commerce Committee, would be advisable, particularly in the Chairman.

In summary, we believe the following criteria should reflect the profile of a FERC Commissioner:

- Understands the need for Federal leadership and authority to ensure well functioning and efficient interstate bulk power markets;
- Well grounded in free markets (free energy and financial markets), open access, orderly rules of the road;
- Proponent of Commission action to end residual discrimination in wholesale electric markets;  
Willingness to abolish current native load preference under current tariffs;
- Recognized leader and articulate spokesman of energy and financial issues;
- Advocate of secure, competitive and responsible sources and production of energy that serves the needs of the public;
- Strong manager;
- Committed to the Commission's role in information collection, analysis and research on energy data & prices which helps develop informed decisions on long term energy supply and use;
- Comfortable relying on market forces to ensure the provision of safe, reliable and abundant energy (gas and electric).

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## Specific Candidates

### Strong Candidates

- Pat Wood** Current Chairman of the Texas Public Utility Commission who worked as an aide to FERC Commissioner Langdon in the early 1990s. Supports free markets. Wood was instrumental in implementing a plan that resulted in the successful deregulation of the Texas electricity market. The Texas experience provides a favorable contrast to California's failed effort.
- Nora Brownell** Brownell currently serves as Pennsylvania PUC Commissioner. She is a former deputy executive assistant to Gov. Richard Thornburgh and a banking executive. She supports free markets and was the swing vote enabling Pennsylvania to open its electric markets to competition. Pennsylvania's program is widely regarded as the nation's most successful.
- Cathy VanWay** Current counsel to the House Commerce Committee under Congressman Tom Bliley. Cathy has worked for the Committee in this capacity for both the majority and minority. Prior to working for the Committee, Cathy worked for Verner Liipfert. She has drafted pro-free market electricity restructuring legislation.
- Phil Moeller** Currently works on energy issues for Senator Slade Gorton. He is not an attorney, but aided in crafting electricity restructuring legislation as a staffer in the Washington State Legislature. Has a Northwest perspective on the hydro-licensing issue. He has drafted pro-free market electricity restructuring legislation.
- Richard Glick** Currently serves as Senior Policy Adviser for Electricity and Energy in the Office of the Secretary of Energy who worked closely with stakeholder groups in attempting to reach consensus on and pass electricity restructuring legislation. He is a former staff member for Senator Dale Bumpers and also worked for Verner Liipfert. He has drafted pro-free market electricity restructuring legislation.
- McLane Layton** Layton currently serves as counsel on energy issues to Senator Don Nickles. Formerly worked as counsel at the Department of Interior. She has drafted pro-free market electricity restructuring legislation.
- Bill Scherman** Former General Counsel at FERC under Martha Hesse where he was pro free markets.