



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO DG

June 18, 2004

Ms. Wenonah Hauter
Director
Public Citizen Energy Program
215 Pennsylvania Avenue, SE
Washington, DC 20003



Dear Ms. Hauter:

This is in response to two letters from your organization concerning Reliant Energy, the first, dated May 28, 2004, to Secretary Rumsfeld and the second, dated June 10, 2004, to Vice Admiral Keith W. Lippert, the Director of Defense Logistics Agency (DLA) and Richard J. Connelly, Director of the Defense Energy Support Center (DESC), a field activity of DLA. Your correspondence has been referred to me for direct response.

You requested that DLA suspend or debar Reliant Energy from all Federal contracts based on an April 2004 criminal indictment of a Reliant Energy affiliate for improper activities connected with energy pricing during the California energy crisis in 2000 and 2001. The DESC contracting officer was aware of the indictment of Reliant Energy Services, an entity that does business on the West Coast, when it awarded a contract to Reliant Energy Solutions-East for base support electrical service for several activities in the Washington, D.C. area. In the view of the DESC contracting officer, Reliant Energy Services and Reliant Energy Solutions-East are sufficiently separate entities so that the actions of one entity can not reasonably be attributed to the other. Because of the questions your organization has raised, DESC is reexamining the indictment of Reliant Energy Services and its corporate relationship to Reliant Energy Solutions-East.

As a matter of information, my office is also coordinating with other agencies that have contracts with Reliant Energy and any of its organizational elements in order to determine the appropriate agency to assume "lead agency status" with respect to the matter of "present responsibility."

Sincerely,

Bruce W. Baird
General Counsel
Defense Logistics Agency

