



Buyers Up • Congress Watch • Energy Program • Global Trade Watch • Health Research Group • Litigation Group
Joan Claybrook, President

June 8, 2004

Governor Robert L. Ehrlich Jr.
Member, Board of Public Works
100 State Circle
Annapolis, MD 21401-1925

Paula C. Hollinger, Chairman
Joan Carter Conway, Vice Chairman
Senate Education, Health & Environmental Affairs Committee
2 West, Miller Senate Building
Annapolis, MD 21401-1991

John Adams Hurson, Chairman
Peter A. Hammen, Vice Chairman
House Health and Government Operations Committee
161 Lowe House Office Building
Annapolis, MD 21401-1991

Dear Governor Ehrlich, Senators Hollinger and Conway, and Delegates Hurson and Hammen,

This letter requests that the Governor's Office, the Maryland General Assembly, members of the Board of Public Works, and members of the Procurement Advisory Council reconsider the recently-awarded electricity contract to Reliant Energy due to the company's April 2004 criminal indictment for manipulating electricity markets and intentionally causing widespread blackouts in California.

On March 30, 2004, the Maryland Department of General Services accepted a two year, \$21.2 million bid by Reliant Energy to deliver electricity to the Maryland Stadium Authority, the University of Maryland-Baltimore and Morgan State University.

This contract was awarded to Reliant Energy despite the April 8, 2004 criminal indictment brought by the U.S. Department of Justice against the company for Reliant's role in helping to create the California energy crisis of 2000-01.

According to the federal grand jury criminal indictment, Reliant Energy has been charged with conspiracy to commit wire fraud, in violation of 18 USC § 371; wire fraud, in violation of 18 USC §§ 1343 and 2; and manipulation of the price of electricity in violation of 7 USC § 13(a)(2). The federal grand jury found that Reliant Energy "devised an illegal scheme to drive up the price of electricity in California by shutting off the majority of the company's power generation plants, intentionally creating the appearance of an electricity shortage, and disseminating false and misleading information to the market that wrongly attributed the shut-downs to environmental limitations."

In addition to the criminal indictment, Reliant Energy has agreed to pay \$125 million to three different government entities to settle allegations the company manipulated the California energy market.

Public Citizen asks the State of Maryland to re-evaluate the Reliant Energy electricity contract in light of the federal criminal indictment obtained against the company and the \$125 million in payments the company has made to settle allegations it manipulated electricity markets.

The \$21.2 million state contract awarded to Reliant Energy is one of three similar contracts the company has secured from taxpayers in the Maryland-DC region. On May 12, the Baltimore City Board of Estimates and the Baltimore Metropolitan Council awarded Reliant Energy a \$67.3 million contract to provide electricity to over 20 local government entities. On May 19, the U.S. Department of Defense awarded a \$35.9 contract to Reliant Energy to deliver electricity to several military installations in the Maryland-DC region.

Public Citizen respectfully requests an answer to this letter.

Sincerely,

Tyson Slocum, Research Director
Public Citizen's Energy Program

Cc:

William Donald Schaefer, Comptroller
Member, Board of Public Works

Nancy K. Kopp, Treasurer
Member, Board of Public Works

Sheila C. McDonald, Executive Secretary
Board of Public Works

Warren Wright, Procurement Advisor
Board of Public Works

Boyd K. Rutherford, Secretary
Maryland Department of General Services
Member, Procurement Advisory Council

William E. Kirwan, Chancellor
University System of Maryland
Member, Procurement Advisory Council

James C. DiPaula, Jr., Secretary
Department of Budget & Management
Member, Procurement Advisory Council

Robert L. Flanagan, Secretary
Maryland Department of Transportation
Member, Procurement Advisory Council

J. Joseph Curran, Jr., Attorney General

Dr. Earl S. Richardson, President
Morgan State University

Alison L. Asti, Acting Executive Director
Maryland Stadium Authority