

June 5, 2002

Attachment 1

I. Requests for Admissions

A. **Admit or Deny: The company engaged in activities referred to as “wash,” “round trip” or “sell/buyback” trading. This trading involves the sale of a natural gas product together with a simultaneous purchase of the same product at the same price.**

Denied. SET did not engage in activities referred to as “wash,” “round trip” or “sell/buyback” trading. During the period of January 1, 2000 through December 31, 2001, SET entered into more than 14,000 gas transactions involving 1,867,737,814 mmBtus in the WSCC and Texas. As part of its investigation, SET identified only four pairs of transactions (each for a single day of gas) that, in each case, involved apparently simultaneous purchases and sales with the same counterparty at the same price. In all of these instances, SET’s investigation concluded that none of the foregoing transactions would have been entered into to inflate reported revenues, trading volumes, or prices and, more likely, were done to reverse an inadvertent execution of a trade, reflect an input error or were a coincidental match generated by our search inquiry. Moreover, the de minimis number of these isolated transactions, constituting less than .0021% (.000021) of the volume SET entered into during this time period, belies any intent or practice to inflate reported revenues, trading volumes, or prices.

B. **If you so admit, provide transaction by transaction details for all such transactions your company engaged in, including, but not limited to, the following:**

1. Indicate the methods and rationale used to arrive at the value or compensation of such transactions.

Not applicable.

2. For each transaction, indicate whether that transaction was reported to Platt’s, Bloomberg, or any organization that monitors, publishes or reports trading data (including bid-and-ask data) or publishes or reports prices or forward indices.

Not applicable.

3. Identify each trader that devised or participated in such transactions, by name and position within your company, if employed by you. If not employed by

you, identify each trader's name and affiliation. For each former trader, state their last known home address and telephone number.

Not applicable.

4. Identify how such transactions were executed (e.g., whether an electronic platform was used to initiate the sale or purchase, with the purchase or sale transaction subsequently arranged through a broker or by telephone).

Not applicable.

5. Describe all policies and procedures that have been implemented to prevent future transactions of this type.

Not applicable.

II. Request for Production of Documents

To the extent your company engaged in "wash," "round trip," or "sell/buyback" type transactions, provide the following documents:

- A. Provide copies of all communications or correspondence, including e-mail messages, instant messages, or telephone logs, between your company and any other company (including your affiliates or subsidiaries) that refer or relate to this activity.**

Not applicable.

- B. Provide copies of all material, including, but not limited to, opinion letters, memoranda, communications (including e-mails and telephone logs), or reports, that address or discuss your company's knowledge of, awareness of, understanding of, or employment or use of any of any such transactions in the U.S. portion of the WSCC during the period 2000-2001.**

Not applicable.