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July 8, 2002

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AZ CORP COMMISSION
DOCUMENT CONTROL

William A. Mundell, Chairman
Jim Irvin, Commissioner
Marc Spitzer, Commissioner
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

DOCKET NUMBERS: [REDACTED] E-01345A-01-0822; E-0000A-01-0630;
E-011933A-98-0471; E-01933A02-0069

As requested in Arizona Corporation Commission Chairman William Mundell's letter of May 14, 2002, to parties in the above referenced proceedings, Reliant Energy Services, Inc. and Reliant Energy Power Generation, Inc. (referred to together as "Reliant") provides its copy of its Second Supplemental Responses to the FERC's second set of Requests for Admissions filed on June 25, 2002.

**Fact Find Investigation of Potential Manipulation of Electric and Natural Gas Prices, Docket No. PA02-2-000; June 25, 2002
Supplemental Responses to Requests for Admissions and Requests for Production of Reliant Energy Services, Inc., and Reliant Energy Power Generation, Inc.**

Arizona Corporation Commission
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**Reliant Supplemental Responses to the
FERC's second set of Requests for
Admissions and Requests for Production**

**July 8, 2002
Page 2**

Should you have any questions regarding the enclosed Responses, please do not hesitate to contact Mr. Aldie Warnock, at 713-207-7318.

Respectfully submitted on behalf of Reliant,


Patricia L. vanMidde
Regulatory Consultant
22006 N. 55th Street
Phoenix, Arizona 85054

Enclosure

Hand delivered to:

Chairman William Mundell

Hercules Dellas, Aide to Chairman Mundell

Commissioner Jim Irvin

Kevin Barlay, Aide to Commissioner Irvin

Commissioner Marc Spitzer

Paul Walker, Aide to Commissioner Spitzer

Lyn Farmer, Chief Administrative Law Judge

Ernest Johnson, Utilities Division Director

Chris Kempley, Chief Counsel

Steve Oleo, Utilities Division

DOCKET NO. PA02-2-000

**FACT FINDING INVESTIGATION OF POTENTIAL MANIPULATION OF
ELECTRIC AND NATURAL GAS PRICES**

Supplemental Responses to Requests for Admissions and Requests for Production

**FOR RELIANT ENERGY RESOURCES CORP.,
RELIANT ENERGY SERVICES, INC.
AND RELIANT ENERGY POWER GENERATION, INC.**

Supplemental Responses to 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 natural gas together with a simultaneous purchase of the same product at the same price.

RESPONSE: In its initial response submitted June 5, 2002 in this docket, Reliant¹ informed the Commission that none of its volume-building “roundtrip” trades were transacted in the WSCC in 2000-2001. Reliant also described to the Commission the small number of trades (approximately 15 pairs) that were identified as having some characteristics of roundtrip trades, but arose under distinguishable circumstances (*i.e.*, trades with terms that matched coincidentally or were conducted for legitimate business purposes). To further the Commission Staff’s investigation, Reliant is supplementing its June 5, 2002 response by providing transaction information relative to these same-day, non-roundtrip transactions. This supplemental spreadsheet identifies the previously referenced non-roundtrip trades and contains a key describing the characteristics that distinguish the listed transactions from roundtrip trades.

¹ This response is provided on behalf of Reliant Energy Services, Inc. (“RES”), Reliant Energy Resources Corp., and Reliant Energy Power Generation, Inc., the affiliates of Reliant Energy Incorporated (“REI”) and Reliant Resources, Inc. (“RRI”) that sell natural gas and trade in markets within the U.S. portion of the Western Systems Coordinating Council (“WSCC”) and Texas (collectively, “Reliant”).

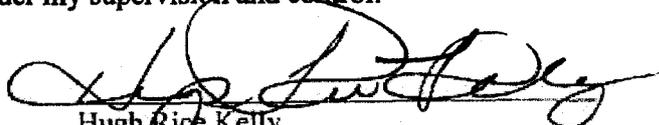
VERIFICATION

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

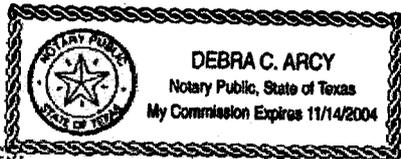
Hugh Rice Kelly, being duly sworn, deposes and says:

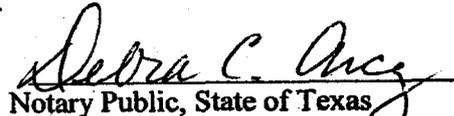
My name is Hugh Rice Kelly. I am the Executive Vice President, General Counsel and Corporate Secretary of Reliant Energy, Incorporated ("REI"), and Senior Vice President, General Counsel and Corporate Secretary of Reliant Resources, Inc. ("RRI") and am authorized to make this verification on behalf of REI, RRI and their subsidiaries, Reliant Energy Resources Corp., Reliant Energy Services, Inc. and Reliant Energy Power Generation, Inc. (referred to together as "Reliant").

I have examined the foregoing Supplemental Responses to May 22, 2002 Requests for Admissions and Requests for Production (the "Supplemental Responses"). Although facts stated in the Supplemental Responses are not within my personal knowledge, I certify that the information and documents provided constitute a response that is true and accurate to the best of my knowledge, information, and belief formed, after a thorough investigation was diligently conducted, under my supervision and control.


Hugh Rice Kelly

SUBSCRIBED AND SWORN TO BEFORE ME, on this the 25th day of June, 2002, to certify which witness my hand and seal of office.




Notary Public, State of Texas

My Commission Expires:

DOCKET NO. PA02-2-000

**FACT FINDING INVESTIGATION OF POTENTIAL MANIPULATION OF
ELECTRIC AND NATURAL GAS PRICES**

**Second Supplemental Response of Reliant Energy Power Generation, Inc.
and Reliant Energy Services, Inc. to
May 8, 2002 Requests for Admissions, Requests for Production,
and Requests for Other Information**

**FOR RELIANT ENERGY SERVICES, INC.
AND RELIANT ENERGY POWER GENERATION, INC.**

Supplemental Responses to Requests for Production

- 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 the trading strategies discussed in the Enron memoranda, or similar trading strategies, in the U.S. portion of the WSCC during the period 2000-2001. The scope of this request encompasses all material that address or discuss your company's knowledge or awareness of *other* companies' use of the trading strategies discussed in the Enron memoranda, or similar trading strategies, including, but not limited to: (i) offers by such other companies to join in transactions related to such trading strategies, regardless of whether such offers were declined or accepted; and (ii) possible responses by your companies to other companies' use of such trading strategies. To the extent that you wish to make a claim of privilege with respect to any responsive material, please provide an index of each of those materials, which includes the date of the each individual document, its title, its recipient(s) and its sender(s), a summary of the contents of the document, and the basis of the claim of privilege.

RESPONSE:

As part of its submission to this Commission on May 22, 2002, Reliant produced a copy of a 44-page slide presentation prepared by Perot Systems Corporation. On June 7, 2002, Reliant submitted a Supplemental Response relating to this document. In its Supplemental Response, Reliant informed the Commission Staff of a workshop Perot Systems conducted for Reliant's West power traders in June 1998. At the time of filing of the Supplemental Response, Reliant had not located any written information about the content of the June 1998 workshop, but believed it to be unrelated to the document included in Reliant's May 22 Response. Since that time, Perot Systems has located and provided to Reliant, and posted on the Perot Systems' company website, the document Perot Systems believes was presented at the June 1998 workshop. While Reliant cannot independently verify the authenticity of this document, Reliant has no reason to believe Perot Systems' identification to be incorrect. Based upon review of the June 1998 document, Reliant has confirmed its previously held belief that the document that Reliant provided with its May 22 Response is not related to the June 1998 workshop. Reliant is supplementing its response in this docket to submit a copy of the June 1998 presentation identified by Perot Systems. It is Reliant's understanding that this presentation has been provided by Perot Systems to the California Senate's Select Committee chaired by Senator Joseph Dunn.

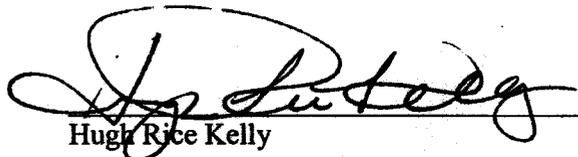
VERIFICATION

STATE OF TEXAS §
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COUNTY OF HARRIS §

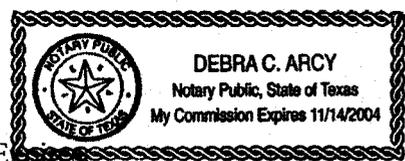
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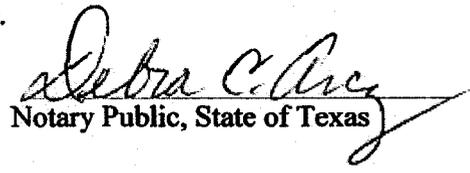
My name is Hugh Rice Kelly. I am the Executive Vice President, General Counsel and Corporate Secretary of Reliant Energy, Incorporated ("REI"), and Senior Vice President, General Counsel and Corporate Secretary of Reliant Resources, Inc. ("RRI") and am authorized to make this verification on behalf of REI, RRI and their subsidiaries, Reliant Energy Services, Inc. and Reliant Energy Power Generation, Inc. (referred to together as "Reliant").

I have examined the foregoing Second Supplemental Responses to May 8, 2002 Requests for Admissions, Requests for Production, and Requests for Other Information (the "Second Supplemental Response"). Although facts stated in the Second Supplemental Response are not within my personal knowledge, I certify that the information and documents provided constitute a response that is true and accurate to the best of my knowledge, information, and belief formed, after a thorough investigation was diligently conducted, under my supervision and control.


Hugh Rice Kelly

SUBSCRIBED AND SWORN TO BEFORE ME, on this the 25th day of June, 2002, to certify which witness my hand and seal of office.




Notary Public, State of Texas

My Commission Expires