

DETERMINED TO BE AN ADMINISTRATIVE MARKING  
E.O. 12065, Section 8-103  
By *JMV* NARS, Date *5/2/2012*

Dec-07-01 U4:30PM From-

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ONE HUNDRED SEVENTH CONGRESS

U.S. House of Representatives  
Committee on Energy and Commerce  
Washington, DC 20515-6115

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CHAIRMAN

December 7, 2001

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DAVID V. MARVENTANO, STAFF DIRECTOR

The Honorable Harvey Pitt  
Chairman  
Securities and Exchange Commission  
450 5<sup>th</sup> Street, N.W.  
Washington, DC 20549

Dear Chairman Pitt:

The Committee on Energy and Commerce has jurisdiction over exploration, production, storage, supply, marketing, pricing, and regulation of energy resources; energy information generally; the generation and marketing of power; reliability and interstate transmission of, and ratemaking for, all power; national energy policy generally; accounting standards; and consumer protection. The Committee is profoundly disturbed by the events surrounding Enron Corporation. The apparent collapse of the company has resulted in the loss of substantially all of the equity value in Enron, and the loss by many participants of sizeable portions of their retirement savings in Enron's 401(k) plan. It has also highlighted the lack of transparency in Enron's derivative positions in the energy market.

In accordance with Committee oversight obligations, we are conducting a full review of the issues surrounding Enron's collapse as well as the accounting issues that have arisen in the recent disclosures. The Committee will also review the implications for the U.S. electricity and natural gas markets. Accordingly, pursuant to Rules X and XI of the U.S. House of Representatives, we request that you provide to the Committee the following information by December 17, 2001:

All Commission reviews of Enron filings on forms 10Q and 10K for the period beginning January 1997 until the date the SEC began its formal inquiry into Enron, and all records relating to any such reviews. In addition, please provide all records relating to any proposed adjustments to Enron's filings submitted by Enron's auditors. The terms "records" and "relating" should be interpreted in accordance with the attachment to this letter. If reviews of those Enron filings were conducted, we request that you make available to the Committee the SEC employees who reviewed and commented on said filings.

In addition, we request the Commission provide answers to the following questions by December 17, 2001:

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1. For the period beginning January 1997 until the SEC began its formal inquiry into Enron, did the SEC review any of the 10Qs or 10Ks filed by Enron? If so, identify the filings reviewed and provide a brief description of the review.
2. Please explain how Enron or any other commercial entity can include in current earnings unrealized gains on its derivatives portfolio. What guidance do accounting rules provide for the valuation of energy derivatives in a portfolio?
3. Under what circumstances do accounting guidelines allow for the non-consolidation of Special Purpose Entities from the sponsoring company's financial statements?

Finally, we request that the Commission provide to the Committee staff by December 14, 2001, a private briefing covering the details of the Commission's investigation of Enron.

Sincerely,

*Billy Tauzin*  
W.J. "Billy" Tauzin  
Chairman

*James Greenwood*  
James C. Greenwood  
Chairman, Subcommittee on Oversight and  
Investigations

Attachment

cc: The Honorable John D. Dingell  
Ranking Minority Member

The Honorable Peter Deutsch  
Ranking Member, Subcommittee on Oversight and Investigations

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12065, Section 6-102  
By *JWH* NARS, Date *5/2/2012*

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ATTACHMENT

1. The term "records" is to be construed in the broadest sense and shall mean any written or graphic material, however produced or reproduced, of any kind or description, consisting of the original and any non-identical copy (whether different from the original because of notes made on or attached to such copy or otherwise) and drafts and both sides thereof, whether printed or recorded electronically or magnetically or stored in any type of data bank, including, but not limited to, the following: correspondence, memoranda, records, summaries of personal conversations or interviews, minutes or records of meetings or conferences, opinions or reports of consultants, projections, statistical statements, drafts, contracts, agreements, purchase orders, invoices, confirmations, telegraphs, telexes, agendas, books, notes, pamphlets, periodicals, reports, studies, evaluations, opinions, logs, diaries, desk calendars, appointment books, tape recordings, video recordings, e-mails, voice mails, computer tapes, or other computer stored matter, magnetic tapes, microfilm, microfiche, punch cards, all other records kept by electronic, photographic, or mechanical means, charts, photographs, notebooks, drawings, plans, inter-office communications, intra-office and intra-departmental communications, transcripts, checks and canceled checks, bank statements, ledgers, books, records or statements of accounts, and papers and things similar to any of the foregoing, however denominated.
2. The terms "relating," "relate," or "regarding" as to any given subject means anything that constitutes, contains, embodies, identifies, deals with, or is in any manner whatsoever pertinent to that subject, including but not limited to records concerning the preparation of other records.