

**CALIFORNIA STATE SENATE
BEFORE THE
SELECT COMMITTEE TO INVESTIGATE PRICE MANIPULATION OF THE
WHOLESALE ENERGY MARKET**

**RESPONSE OF PG&E NATIONAL ENERGY GROUP, INC. TO THE COMMITTEE'S
JUNE 7, 2002 LETTER TO PACIFIC GAS AND ELECTRIC COMPANY**

PG&E National Energy Group, Inc. ("NEG"), on its behalf and on behalf of its subsidiaries, respectfully submits its response to the Select Committee to Investigate Price Manipulation of the Wholesale Energy Market ("Committee") data request letter issued June 7, 2002 ("June 7 Letter") to Pacific Gas and Electric Company ("PG&E") regarding any contact PG&E had with Perot Systems and any documents that relate to Perot Systems.

NEG is a subsidiary of PG&E Corporation, which also owns Pacific Gas and Electric Company. NEG and its subsidiaries operate separately from Pacific Gas and Electric Company, which will submit a separate response to the June 7 Letter. Energy Services was an affiliate of NEG. NEG sold Energy Services in June of 2000.

NEG responds to the June 7 letter as follows:

Based upon NEG's review, NEG has not engaged Perot Systems to assist NEG or any of its subsidiaries on issues involving the California markets, and has no other business relationship with Perot Systems.

NEG is continuing the process of reviewing its records to locate documents that reference or relate to Perot Systems, and is providing the responsive documents NEG has identified thus far. NEG has identified documents that reflect or relate to an attempt in 1997 by Policy Assessment Corporation, apparently working with Perot Systems, to market services related to the California energy market. Neither Policy Assessment Corporation nor Perot Systems was hired for any of the services marketed. NEG is providing two additional documents

that it identified, one of which is an article from a public industry publication, and the other of which was is a resume from a former employee of Perot Systems. NEG is continuing to review documents in NEG's possession, including documents from NEG's former subsidiary, PG&E Energy Services Corporation ("Energy Services"), which was sold by NEG in June 2000. NEG will notify the Committee when and if NEG is able to locate other responsive documents.

The Committee has indicated that it seeks information regarding PG&E's contact and relationship with Perot Systems. As discussed in the preceding paragraph, the documents NEG has located and is providing indicate that Policy Assessment Corporation (and perhaps Perot Systems) sought to make, and may have made, a presentation to Energy Services. Other than as indicated in the attached documents, NEG has no knowledge of any contacts with Perot Systems, except possibly in public meetings with the California Independent System Operator.

NEG understands that Perot Systems has placed two additional documents on its web site that refer to PG&E. While one of these documents is similar to some of the documents NEG is submitting, NEG has not located either of these particular Perot Systems documents in its files or computer databases, and has no record that it ever received these particular documents.

NEG will preserve any and all responsive documents as requested by the Committee. NEG is unaware that any responsive documents have been discarded or destroyed.