

Casanova, Laetitia

From: Casanova, Laetitia (Mirant)
Sent: Wednesday, June 06, 2001 12:49 PM
To: Gallaspy, David T.
Subject: RE: GAS DAILY TRADE VOLUME

I have a meeting @ 1 with Sailesh and other corporate folks re: policy for etrading, but I will answer your email later today.

-----Original Message-----
From: Gallaspy, David T.
Sent: Wednesday, June 06, 2001 12:45 PM
To: Casanova, Laetitia (Mirant)
Subject: RE: GAS DAILY TRADE VOLUME

Can you explain the choice market pricing -- what was actually posted on the ICE screen?

-----Original Message-----
From: Casanova, Laetitia (Mirant)
Sent: Wednesday, June 06, 2001 12:45 PM
To: Gallaspy, David T.
Subject: RE: GAS DAILY TRADE VOLUME

I asked the trader yesterday. Probably Duke and Aquila

-----Original Message-----
From: Gallaspy, David T.
Sent: Wednesday, June 06, 2001 12:30 PM
To: Casanova, Laetitia (Mirant)
Subject: FW: GAS DAILY TRADE VOLUME

We ought to be able to see who this is from the rankings.

-----Original Message-----
From: smalik@reliant.com [mailto:smalik@reliant.com]
Sent: Wednesday, June 06, 2001 11:45 AM
To: JMcArdle@utilicorp.com; jenni.powers@mirant.com; pdaddis@aep.com;
tmaschbacher@duke-energy.com; bourmt@epenergy.com;
sean.cooper@elpaso.com; gary.morsches@mirant.com;
JoeBob-Perkins@reliantenergy.com; ejvanderwalde@aep.com;
david.gallaspy@mirant.com; ejvanderwalde@aep.com
Subject: GAS DAILY TRADE VOLUME

To All ICE Consortium Members,

We also noticed huge volumes being transacted, apparently between two consortium members. This is contrary to what we agreed to. In summary:

On Tuesday, June 5, 2001, there were ten very large trades done on ICE under the description "NG Firm Phys, ID, GDD - TCO - Custom (Apr 01, 2002 Oct 31, 2002) @ 0.0000" which totalled 203,300,000 MMBtus. These transactions were unusual and out of the course of ordinary business for several reasons:

The trades were done in a very short period of time.
The bulk of these trades (171,200,000 MMBtus or 84%) were done in a total of 26 minutes between 2:15 pm and 2:41pm CST. All of the trades were

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transacted after the close of the exchange when business is typically slow between 2:15 pm and 4:04 pm CST.

2. From the movement of rankings, the trades were transacted primarily between two parties. Both are members of the consortium.

3. The deals were transacted under "choice" markets 0.0000 bid/0.0000 offer 100,000/d up on either side.

4. Several members of the consortium were blocked from these transactions due to credit restrictions (adequate number of days) set by other members.

Clearly this was not what was intended under the arrangement of the Call Agreement which set out to provide liquidity on the platform. Reliant proposes that the above referenced transactions be tagged, reviewed and pulled from the Call Agreement as soon as possible so that the integrity of the agreement remains intact. Furthermore, this kind of activity has to stop - please look into this and we await your comments.

Sincerely,