

LOBBY WATCH

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Power Surge:

TXU's Patronage Grid Plugs All But Seven Lawmakers

- **Utility Gives the Most Kilowatt Cash To 'Governor Fast-Track.'**

One overlooked barrier to TXU Corp's unraveling scheme to build 11 new dirty-coal plants across Texas may have been the company's failure in the 2006 election cycle to deliver campaign checks to seven current members of the Texas Legislature.

While such wall-to-wall carpeting would be thorough for most corporations, this big polluter was pushing plans to blanket the state in whole new layers of smog. How could it afford to stiff even seven out of 181 legislators? It may have been an early warning sign that TXU needed new ownership.

Last week news surfaced that buyout firms Kohlberg Kravis Roberts and Texas Pacific Group are seeking to acquire TXU in what would be the biggest buyout in history. To sweeten the deal they pledged to seek three new coal plants instead of 11.

The Texas legislators who went two long years without a TXU check tend to share certain traits. All of them are Democrats. No Republican lawmaker won office in November without TXU funding. And no senator of either party eluded TXU's influence.

Six of the seven samurai lawmakers hail from districts that flunk federal air standards—or are in danger of doing so.¹ While many lawmakers from bad-air districts took TXU money, those in smoggy districts were the most likely to forgo TXU cash.

TXU also preferred incumbents. Although incumbents won 86 percent of all legislative races, TXU failed to contribute to just three returning lawmakers.

TXU's PAC Power

The seven lawmakers who did not receive TXU money are aberrations. TXU PACs and officials made \$832,722 in state political donations in the last cycle, including \$770,757 contributed directly to 219 candidates. Most TXU money (72 percent) moved through four PACs affiliated with the power company. The rest came from TXU executives, led by former TXU chief Erle Nye (23 percent).

Lawmakers Subsisting Without A TXU Stipend

Office-District	Unplugged Lawmaker	Party	Home	District's Air Quality Status ¹	Election Status (2006)
H-47	Valinda Bolton	D	Austin	Near Flunking	Open seat
H-85	Joe Heflin	D	Crosbyton	Clear	Open seat
H-90	Lon Burnam	D	Fort Worth	Flunks	Incumbent
H-107	Allen Vaught	D	Dallas	Flunks	Challenger
H-110	Barbara Mallory	D	Dallas	Flunks	Challenger
H-141	Senfronia Thompson	D	Houston	Flunks	Incumbent
H-148	Jessica Farrar	D	Houston	Flunks	Incumbent

TXU donors gave 82 percent of their money to Republicans; Democrats settled for the remaining 18 percent. The average winning House candidate received \$2,124 from TXU PACs and executives. TXU-related donors gave winning Senators an average of \$5,174.

Top TXU Donors, 2005-2006

Amount	TXU Donor	City	Title/Description
\$604,640	TXU PACs*	Dallas	Four TXU PACs*
\$196,500	Erle A. Nye	Dallas	Retired Chair & CEO
\$14,000	Charles Wilder	Dallas	CEO & President
\$6,500	Jerome S. Farrington	Dallas	Retired Chair & CEO
\$3,405	Brenda Louise Jackson	Dallas	Sr. Vice President
\$3,106	Jerry Lee	Glen Rose	Government Affairs
\$2,600	Curtis Seidlits	Austin	Vice President & lobbyist
\$2,250	Michael McCall	Southlake	Chair & CEO TXU Wholesale

*TXU's Employee PAC, Electric Delivery PAC, Power & Energy PAC and Corporate PAC.
Note: TXU executive totals exclude what they gave to TXU PACs to avoid double counting.

Partisan Breakdown of TXU Contributions

Party	Amount In 2006 Cycle	Percent of Total
Republican	\$630,552	82%
Democratic	\$140,205	18%
TOTAL:	\$770,757	100%

By far the largest recipient of TXU money was Governor Rick Perry, who received \$104,000 from TXU sources in the 2006 election cycle. TXU donors have given Perry \$404,100 since his 1998 lieutenant governor campaign. Perry issued an executive order in October 2005 to fast-track environmental hearings on TXU's proposed new coal plants. Reaching a preliminary finding that state agencies are not subject to gubernatorial orders, a state district judge last month ordered the state officials conducting the coal plant hearings to ignore Perry's order.

Lieutenant Governor David Dewhurst (\$62,250) and House Speaker Tom Craddick (\$35,000) were the next-largest recipients of TXU's largesse in the 2006 cycle.

TXU's favorite rank-and-file lawmaker was Sen. Royce West (D-Dallas), a hometown senator who does not sit on any TXU-crucial committees (\$16,000 from TXU).

Sen. Troy Fraser (R-Horseshoe Bay) ran a close second (\$15,493). Fraser has been a big proponent of Texas' 1999 deregulation of electricity markets—whereby power companies outmaneuvered lawmakers. Late last year Fraser complained about electricity rates shooting up after deregulation rather than falling as promised. Calling TXU “a big part of the problem,” Fraser told the *Fort Worth Star-Telegram* “there are market participants who have too much market power.”²

In the House, TXU favored Regulated Industries Committee Chair Phil King, R-Weatherford (\$10,000), another deregulation champion. “We’re not going to go back and re-regulate,” the same *Star-Telegram* story quoted King saying. “The toothpaste is already out of the tube with deregulation. But we’ve got to make some substantial changes.”

TXU Donations To Rick Perry

Election Cycle	TXU Perry Donations
1998	\$41,000
2000	\$29,000
2002	\$98,000
2004	\$132,000
2006	\$104,100
TOTAL:	\$404,100

Recipients of TXU Money, 2005-2006

Amount	Candidate	Party	Office Held/Sought
\$104,000	Rick Perry	R	Governor
\$62,250	David Dewhurst	R	Lt. Governor
\$45,000	Tom Craddick	R	House-82
\$20,500	Susan Combs	R	Comptroller
\$16,000	Royce West	D	Senate-23
\$15,493	†Troy Fraser	R	Senate-24
\$15,000	Steve Ogden	R	Senate-5
\$14,500	Greg Abbott	R	Attorney General
\$14,291	†Kip Averitt	R	Senate-22
\$10,500	Michael Williams	R	Railroad Com.
\$10,000	†Phil King	R	House-61
\$9,000	Jane Nelson	R	Senate-12
\$8,500	Florence Shapiro	R	Senate-8
\$7,500	†Todd Staples	R	Agriculture Com.
\$7,000	Dan Branch	R	House-108
\$6,750	Elizabeth A. Jones	R	Railroad Com.
\$6,500	Dianne Delisi	R	House-55
\$6,500	Brian McCall	R	House-66
\$6,155	Yvonne Davis	D	House-111
\$6,000	†John Carona	R	Senate-16
\$6,000	Victor Carrillo	R	Railroad Com.
\$6,000	Jim Pitts	R	House-10
\$5,250	Don Willett	R	Supreme Court
\$5,200	Charlie Geren	R	House-99
\$5,000	†Dennis Bonnen	R	House-25
\$5,000	†Craig Estes	R	Senate-30
\$4,750	†G.E. 'Buddy' West	R	House-81
\$4,500	†Kim Brimer	R	Senate-10
\$4,500	Fred Brown	R	House-14
\$4,500	Warren Chisum	R	House-88
\$4,500	Helen Giddings	D	House-109
\$4,500	Wallace Jefferson	R	Supreme Court
\$4,000	Rafael Anchia	D	House-103
\$4,000	†Joe Crabb	R	House-127
\$4,000	Bob Deuell	R	Senate-2
\$4,000	Craig Eiland	D	House-23
\$4,000	Tony Goolsby	R	House-102
\$4,000	*†Frank Madla	D	Senate-19
\$4,000	Jerry Patterson	R	Land Com.
\$4,000	Jeff Wentworth	R	Senate-25
\$4,000	John Whitmire	D	Senate-15
\$4,000	Judith Zaffirini	D	Senate-21
\$3,500	John Davis	R	House-129
\$3,500	Rodney Ellis	D	Senate-13
\$3,500	†Kevin P. Eltife	R	Senate-1
\$3,500	*Kent Grusendorf	R	House-94
\$3,500	†Will Hartnett	R	House-114
\$3,500	Robert Nichols	R	Senate-3
\$3,500	Ken Paxton	R	House-70
\$3,500	†Leticia Van De Putte	D	Senate-26

Amount	Candidate	Party	Office Held/Sought
\$3,500	Marc Veasey	D	House-95
\$3,000	Leo Berman	R	House-6
\$3,000	Byron Cook	R	House-8
\$3,000	†Robby Cook	D	House-17
\$3,000	†Frank Corte	R	House-122
\$3,000	†Robert L. Duncan	R	Senate-28
\$3,000	Harvey Hilderban	R	House-53
\$3,000	†Mark Homer	D	House-3
\$3,000	†James 'Mike' Jackson	R	Senate-11
\$3,000	Kyle Janek	R	Senate-17
\$3,000	Mike Krusee	R	House-52
\$3,000	†Eddie Lucio Jr.	D	Senate-27
\$3,000	Tommy Merritt	R	House-7
\$3,000	Geanie Morrison	R	House-30
\$3,000	*Joe Nixon	R	Senate-7
\$3,000	†Wayne Smith	R	House-128
\$3,000	Vicki Truitt	R	House-98
\$3,000	†Sylvester Turner	D	House-139
\$3,000	Roger Williams	R	Sec. of State
\$2,500	Betty Brown	R	House-4
\$2,500	†Myra Crownover	R	House-64
\$2,500	†Joe Driver	R	House-113
\$2,500	†David Farabee	D	House-69
\$2,500	Dan Gattis	R	House-20
\$2,500	Glenn Hegar	R	Senate-18
\$2,500	Chuck Hopson	D	House-11
\$2,500	Jim McReynolds	D	House-12
\$2,500	Rob Orr	R	House-58
\$2,500	Carlos Uresti	D	Senate-19
\$2,500	Kirk Watson	D	Senate-14
\$2,500	*Will Wilson	R	Appeals Court-3
\$2,250	Delwin Jones	R	House-83
\$2,250	Robert Puente	D	House-119
\$2,250	*Elvira Reyna	R	House-101
\$2,250	Burt Solomons	R	House-65
\$2,150	†Edmund Kuempel	R	House-44
\$2,100	Sid Miller	R	House-59
\$2,000	*John Sholden	R	Dist. Judge-304
\$2,000	Bill Callegari	R	House-132
\$2,000	Jim Dunnam	D	House-57
\$2,000	*Al Edwards	D	House-146
\$2,000	Dan Flynn	R	House-2
\$2,000	Mario Gallegos	D	Senate-6
\$2,000	Rick Hardcastle	R	House-68
\$2,000	Linda Harper-Brown	R	House-105
\$2,000	†Chris Harris	R	Senate-9
\$2,000	Nathan Hecht	R	Supreme Court
\$2,000	Fred Hill	R	House-112
\$2,000	Jim Jackson	R	House-115
\$2,000	†Tracy King	D	House-80
\$2,000	Dan Patrick	R	Senate-7

Amount	Candidate	Party	Office Held/Sought
\$2,000	Diane Patrick	R	House-94
\$2,000	Allan Ritter	D	House-21
\$2,000	*Gene Seaman	R	House-32
\$2,000	Tommy Williams	R	Senate-4
\$2,000	Bill Zedler	R	House-96
\$1,750	Dwayne Bohac	R	House-138
\$1,750	Rob Eissler	R	House-15
\$1,750	James Keffer	R	House-60
\$1,750	Jerry Madden	R	House-67
\$1,750	'Rick' Norriega	D	House-145
\$1,750	Rene Oliveira	D	House-37
\$1,750	Richard Raymond	D	House-42
\$1,750	Joe Straus	R	House-121
\$1,750	David Swinford	R	House-87
\$1,617	Carl Isett	R	House-84
\$1,500	*Robert 'Ray' Allen	R	House-106
\$1,500	Robert Alonzo	D	House-104
\$1,500	Wayne Christian	R	House-9
\$1,500	Gary Elkins	R	House-135
\$1,500	Kirk England	R	House-106
\$1,500	Pete Gallego	D	House-74
\$1,500	Veronica Gonzales	D	House-41
\$1,500	*Toby Goodman	R	House-93
\$1,500	Ryan Guillen	D	House-31
\$1,500	Kelly Hancock	R	House-91
\$1,500	†Charlie Howard	R	House-26
\$1,500	*Bill Keffer	R	House-107
\$1,500	Lois Kolkhorst	R	House-13
\$1,500	Jodie Laubenberg	R	House-89
\$1,500	Elizabeth Miers	R	Appeals Court-5
\$1,500	Anna Mowery	R	House-97
\$1,500	†Kel G. Seliger	R	Senate-31
\$1,500	Mark Strama	D	House-50
\$1,500	*Martha Wong	R	House-134
\$1,500	Beverley Woolley	R	House-136
\$1,250	*Scott Campbell	R	House-72
\$1,250	Stephen Frost	D	House-1
\$1,250	*Jesse Jones	D	House-110
\$1,250	Larry Phillips	R	House-62
\$1,100	Eddie Lucio III	D	House-38
\$1,000	Kevin Bailey	D	House-140
\$1,000	*Chris Bell	D	Governor
\$1,000	*Ben Bentzin	R	House-48
\$1,000	*Roy Blake	R	House-9
\$1,000	Norma Chavez	D	House-76
\$1,000	*Kevin Christian	R	House-71
\$1,000	Garnet Coleman	D	House-147
\$1,000	*Shirley Craft	R	House-69
\$1,000	*Glenda Dawson	R	House-29
\$1,000	Joe Deshotel	D	House-22
\$1,000	Harold Dutton	D	House-142

Amount	Candidate	Party	Office Held/Sought
\$1,000	Juan Escobar	D	House-43
\$1,000	Kino Flores	D	House-36
\$1,000	Patrick Haggerty	R	House-78
\$1,000	Mike Hamilton	R	House-19
\$1,000	*Peggy Hamric	R	Senate-7
\$1,000	Ana Hernandez	D	House-143
\$1,000	†Juan Hinojosa	D	Senate-20
\$1,000	Terri Hodge	D	House-100
\$1,000	Donna Howard	D	House-48
\$1,000	Bryan Hughes	R	House-5
\$1,000	*†Bob Hunter	R	House-71
\$1,000	Phil Johnson	R	Supreme Court
\$1,000	Trey Martinez Fischer	D	House-116
\$1,000	Armando Martinez	D	House-39
\$1,000	Ruth McClendon	D	House-120
\$1,000	David M. Medina	R	Supreme Court
\$1,000	Jose Menendez	D	House-124
\$1,000	John Otto	R	House-18
\$1,000	* Lee Parsley	R	Appeals Court-3
\$1,000	Aaron Pena	D	House-40
\$1,000	David Puryear	R	Appeals Court-3
\$1,000	Patrick Rose	D	House-45
\$1,000	Eliot Shapleigh	D	Senate-29
\$1,000	Todd Smith	R	House-92
\$1,000	John Smithee	R	House-86
\$1,000	Robert Talton	R	House-144
\$1,000	Larry Taylor	R	House-24
\$1,000	†Yvonne Toureilles	D	House-35
\$1,000	Corbin Van Arsdale	R	House-130
\$1,000	Mike Villarreal	D	House-123
\$950	Thomas Latham	R	House-101
\$750	Drew Darby	R	House-72
\$750	Dawnna Dukes	D	House-46
\$750	Solomon Ortiz	D	House-33
\$700	Abel Herrero	D	House-34
\$500	Charles Anderson	R	House-56
\$500	Jimmie Aycok	R	House-54
\$500	Joaquin Castro	D	House-125
\$500	Ellen Cohen	D	House-134
\$500	Brandon Creighton	R	House-16
\$500	*Dawn Estes	R	Dist Judge-192
\$500	Joe Farias	D	House-118
\$500	Juan Garcia	D	House-32
\$500	Patricia Harless	R	House-126
\$500	Scott Hochberg	D	House-137
\$500	Susan King	R	House-71
\$500	*Jim Landtroop	R	House-85
\$500	Nathan Macias	R	House-73
\$500	Borris Miles	D	House-146
\$500	Jim Murphy	R	House-133
\$500	Elliot Naishtat	D	House-49

Amount	Candidate	Party	Office Held/Sought
\$500	Mike O'Day	R	House-29
\$500	Nathaniel Parker	R	House-63
\$500	Bob Pemberton	R	Appeals Court-3
\$500	Joe Pickett	D	House-79
\$500	Paula Pierson	D	House-93
\$500	'Chente' Quintanilla	D	House-75
\$500	Debbie Riddle	R	House-150
\$500	Hubert Vo	D	House-149
\$500	*Bill Welch	R	House-47
\$500	John Zerwas	R	House-28
\$250	Alma Allen	D	House-131
\$250	Tina J.Benkiser	R	GOP Chair
\$250	David Leibowitz	D	House-117
\$250	Paul Moreno	D	House-77
\$250	Dora Olivo	D	House-27
\$250	Eddie Rodriguez	D	House-51
\$770,757 TOTAL			

*Lost 2006 election, retired or died.

†Sat on one or more TXU-crucial committees during the 2006 cycle.

These are: Senate Natural Resources and Business & Commerce; and House Enviro. Regulation, Regulated Industries and Energy Resources.

Apart from supporting candidates, TXU PACs and executives also contributed a total of \$61,965 to 20 general-purpose PACs led by the two dominant state political party PACs. TXU donors gave a total of

\$24,790 to Republican affiliated PACs and \$12,750 to Democratic aligned PACs. Another top recipient was the Mexican American Legislative Caucus.

Top General Purpose PACs Reporting TXU-Tied Money

TXU Amount ('06 Cycle)	General Purpose PAC
\$16,030	Texas Republican Party
\$10,000	Texas Democratic Party
\$8,000	Mexican American Legislative Caucus
\$5,000	Citizens For A Better Fort Worth
\$5,000	Texas Conservative Coalition
\$3,000	Associated Republicans of Texas
\$3,000	Texas Republican Legislative Caucus
\$2,500	Legislative Study Group (Democratic)
\$2,500	A&M PAC

Correction

Previously this study incorrectly reported that that a TXU PAC contributed \$8,779 to a PAC operated by a local of the International Brotherhood of Electrical Workers (IBEW) union. The union PAC reported receiving this money from "TXU Electric Company Employees." Researchers mistook this to mean that this money came from the "Texas Employee PAC of TXU Corp." A union official said that individual TXU employees actually contributed the money directly to the IBEW PAC in denominations of less than \$50 (PACs need not itemize the names of such small donors). TPJ regrets the error.

TXU PAC Expenditures (1994-2006 Election Cycles)

Election Cycle	TX Employee PAC	Power & Energy PAC	Electric Delivery PAC	Corporate PAC	Transmission & Pipeline PAC	Totals
1994	\$0	\$44,550	\$92,182	\$57,200	\$75,135	\$224,517
1996	\$0	\$98,550	\$174,579	\$141,050	\$143,822	\$459,450
1998	\$0	\$83,200	\$170,521	\$163,545	\$98,650	\$432,716
2000	\$159,850	\$130,500	\$184,425	\$189,050	\$59,225	\$752,400
2002	\$589,458	\$41,516	\$114,831	67,158	\$5,000	\$817,963
2004	\$349,935	\$230,418	\$306,688	\$209,358	\$0	\$1,096,399
2006	\$296,395	\$182,619	\$217,103	\$94,577	\$0	\$790,694
TOTALS:	\$1,395,638	\$1,076,259	\$798,472	\$921,938	\$381,831	\$4,574,138

Note: TXU PAC expenditures exceed what candidates received from TXU PACs since state campaign donations are not the only expenditures that PACs make.

Power politics is nothing new for TXU. Its PACs have spent almost \$4.6 million to influence Texas politics since the 1994 election cycle. The company has burning issues before the legislature constantly. Recent highlights include deregulation of Texas' electricity markets during the 2000 election cycle and the scandal over exemptions freeing filthy "grandfathered" industrial plants from rules mandating the use of modern pollution controls. That scandal peaked during the 1996 and 1998 election cycles.

The TXU lobby

TXU also exerts a potent lobby influence, traditionally ranking as the state's No. 2 lobby force after AT&T. TXU has spent up to \$24 million on 674 state lobby contracts since 1993. Lobby spending tends to peak in odd-numbered years when the Texas Legislature convenes in regular sessions. Although special interests generally add more lobby contracts as the year progresses, the up to \$3.3 million that TXU had spent on 60 lobbyists by late February 2007 already exceeded what it had spent in any previous year.

TXU Corp.'s Lobby Contracts

Year	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
1993	\$125,000	\$430,000	24
1994	\$140,000	\$630,000	43
1995	\$215,000	\$655,000	31
1996	\$285,000	\$690,000	25
1997	\$506,000	\$1,171,000	38
1998	\$380,000	\$980,000	34
1999	\$595,000	\$1,550,000	55
2000	\$680,000	\$1,565,000	48
2001	\$690,000	\$1,635,000	54
2002	\$895,000	\$1,955,000	54
2003	\$870,000	\$1,920,000	55
2004	\$635,000	\$1,495,000	49
2005	\$1,570,000	\$3,200,000	52
2006	\$1,570,000	\$3,200,000	52
2007*	\$1,845,000	\$3,330,001	60
Totals:	\$11,001,000	\$24,406,001	674

*As of February 23, 2007.

TXU's top in-house lobbyists are Mark Malone and former lawmaker Curtis Seidlits. These and other TXU lobbyists have showered lawmakers in gifts. Malone and Seidlits chipped in with other TXU lobbyists in 2005 to give a \$300 saddle to Rep. Craig Eiland (D-Galveston) and a \$200 bench to House Environmental Regulation Committee Chair Dennis Bonnen (R-Angleton).

That same year Malone bought dinner for Sen. Fraser and his entourage when they were TXU's guests at the Masters golf tournament in Georgia. Malone also gave a \$50 gun to House Natural Resources Committee member Harvey Hilderbran (R-Kerrville) and a \$100 jacket to Rep. Carl Isett (R-Lubbock).

Three other TXU lobbyists paid "deer processing" costs for House Environmental Regulation Committee Vice Chair Charlie Howard (R-Sugar Land) and House Energy Resources Committee Chair Buddy West (R-Odessa). TXU lobbyists also processed dead deer for Reps. Isett and Warren Chisum (R-Pampa), as well as

for House Regulated Industries counsel Jake Posey. TXU lobbyist Paul Blanton similarly paid a \$300 taxidermy tab for Sen. Kim Brimer (R-Fort Worth).

TXU's highest-paid contract lobbyists are Ron Kirk and Dennis Thomas. Thomas is a former chair of the Texas Public Utility Commission. Kirk, now at Vinson & Elkins, is a former Dallas mayor and Texas secretary of state.

Other revolving-door lobbyists on TXU retainers include former lawmakers Eddie Cavazos, Toby Goodman, Paul Sadler and Stan Schlueter. Chris Shields, a one-time legislative director to then-Governor Bill Clements, also lobbies for TXU, as does former Railroad Commissioner Barry Williamson.

No matter how much TXU has trashed Texas skies, state officials considering future lobby careers must think twice before challenging one of Austin's biggest special interests. ●

TXU's Highest Paid Current Lobbyists

Lobbyist	Firm	Min. Value of Contracts	Max. Value of Contracts
Curtis Seidlits Jr.	TXU	\$200,000	Unknown
Mark Malone	TXU	\$100,000	\$150,000
Ronald Kirk	Vinson & Elkins	\$100,000	\$150,000
Dennis Thomas	Self	\$100,000	\$150,000

¹ The Dallas-Fort Worth and Houston areas are so-called "nonattainment" areas that flunk federal air-quality standards for ozone—a major ingredient in smog. Austin is a "near nonattainment" area that is close to flunking federal ozone standards.

² "Senator Takes Aim at TXU," *Fort Worth Star-Telegram*, December 8, 2006.