

# LOBBY WATCH

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Leveraging A Buyout:

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## TXU's Takeover Lobby Cost About \$17 Million

• \$11 Million in Ads, \$6 Million in Lobbyists and \$200,000 in Gifts

TXU and its suitors spent approximately \$17 million in early 2007 to convince state officials not to impose significant consumer or environmental restrictions on the giant utility or its pending takeover by the Texas Pacific Group and Kolberg Kravis Roberts & Co.

This is about twice what TXU officials expected to spend on the session before the buyout plan became public in late February.<sup>1</sup> TXU's lobby push occurred as powerful legislators promised a major crack down on the company for exploiting the legislature's disastrous 1999 deregulation of Texas electricity markets.

TXU Corp. and its buyout partners—calling themselves Texas Energy Future Capital Holdings (TEF)—ranked as the top lobby powers in Texas after AT&T.<sup>2</sup> TXU Corp. spent up to \$3.8 million on 65 Texas lobbyists during the 2007 legislative session. Its suitors spent up to \$2 million on 21 additional lobby contracts.

TXU's lobby effort did not stop there. During the session, its swarm of lobbyists reported spending

almost \$11 million on advertising and more than \$200,000 on gifts to state officials.

Although lobbyists rarely specify which client benefited from such expenditures, half of the TXU-takeover lobbyists had no other client. The \$10.9 million that Clifford Angelo of Public Strategies reported spending on ads accounted for the vast majority of all the spending by TXU lobbyists. Angelo's sole client was Texas Energy Future Capital Holdings, the TXU-suitor group that ran a saturation ad campaign promoting the buyout.

### TXU-Related Lobbyist Expenditures (2007 Session)

Expenditure Type	Amount
Media	\$10,937,336
Food & Beverages	\$146,851
Entertainment	\$15,193
Gifts	\$18,401
<b>TOTAL:</b>	<b>\$11,117,781</b>

### The TXU-Takeover Lobby, June 2007

Takeover Interest	No. of Lobbyists	Min. Value of Contracts	Max. Value of Contracts
TXU Corp.	65	\$1,970,000	\$3,790,001
TX Energy Future (TEF)	21	\$1,500,000	\$2,020,004
<b>TOTALS:</b>	<b>86</b>	<b>\$3,470,000</b>	<b>\$5,810,005</b>

Two exclusive TXU lobbyists—ex-lawmaker Curtis Seidlits, Jr. and Rudy Garza—reported almost \$4,000 more in media expenditures.

**Wining & dining**

TXU lobbyists spent \$146,851 wining and dining state officials and their staff. This may include the reported \$6,000 that TXU spent to provide legislators and their aides with 2,400 breakfast tacos on the session’s opening day.<sup>3</sup> Conveniently, the legislature rarely requires lobbyists to disclose what they bought for which officials. No such accountability is required, for example, unless a lobbyist spent more than \$83 at one time wining, dining or entertaining an official.

Just two lobbyists itemized food and drink expenditures. TXU lobbyist Chris Shields reported spending up to \$150 apiece to take Senators John Carona (R-Dallas), Rodney Ellis (D-Houston) and three aides to Sullivan’s Steakhouse in April.

TXU lobbyist Kelli A. Rod reported spending up to \$100 apiece at Sullivan’s on Reps. Chuck Hopson (D-Jacksonville) and Tommy Merritt (R-Longview) in February. That same day Rod spent up to \$100 apiece more on the same two lawmakers at the Doubletree Guest Suites.

**Lawmaker’s night out**

TXU lobbyists Rudy Garza and Michael MacDougall reported spending up to \$1,000 apiece to give San Antonio Spurs tickets to Rep. Rene Oliveira and Chief of Staff J.J. Garza. The tickets were for May 2, the night that the Spurs took an NBA semi-finals spot from the Denver Nuggets at AT&T Center.

TXU lobbyist Travis Jernigan reported spending up to \$150 apiece on tickets to the Music Hall of Fair Park in Dallas for Rep. Wayne Christian (R-Center) and his wife. On the reported April ticket date this venue hosted a performance of the musical *Wicked*.

**Hunting other gifts**

TXU lobbyist Dianne Yanaway generously spent \$11,320 on political gifts. The only ones that she itemized, however, were the “calendar bases” worth up to \$100 apiece that she gave to 27 freshmen legislators at the start of their first session.

**TXU’s Top Wine-Dine Lobbyists**

TXU-Tied Lobbyist	Lobby-Related Food & Drink Expenditures	Total No. of Clients
Mark Malone	\$20,176	2
Rudy Garza	\$18,419	1
Sabrina Thomas Brown	\$13,100	21
Stan Schlueter	\$11,274	10
Eddie Cavazos	\$8,662	6
Robert A. Floyd	\$7,252	24
*Kraege Polan	\$6,098	19
Paul M. Blanton	\$5,822	1
Christopher S. Shields	\$5,253	24

\* Lobbied for TEF and TXU (all others represented TXU).

**TXU’s Top Entertainment Lobbyists**

TXU-Tied Lobbyist	Lobby-Related Entertainment Expenditures	Total No. of Clients
Rudy Garza	\$4,669	1
Mark Malone	\$3,024	2
*Michael G. MacDougall	\$1,900	1
Robert A. Floyd	\$1,850	24
Christopher S. Shields	\$1,453	24
Travis E. Jernigan	\$1,035	1

\* Lobbied for TEF (all others represented TXU).

**TXU’s Top Gift Lobbyists**

TXU Lobbyist	Lobby-Related Gift Expenditures	Total No. of Clients
Dianne Yanaway	\$11,320	1
Raul G. Liendo	\$2,431	1
Sabrina T. Brown	\$1,386	21
Kelli A. Rod	\$912	1
David A. Marwitz	\$734	29

Note: All lobbied for TXU.

TXU lobbyist Raul Liendo paid up to \$430 a pop for the “deer processing” costs of 13 politicians—all of whom were male. The House’s deer hunters were Reps. Warren Chisum, Harvey Hiderbran, Charlie Howard, Carl Isett, Tracy King, Armando Martinez, Trey Martinez-Fischer and Buddy West, joined by Speaker Craddick’s counsel Royce Poinsett. Kip Averitt and Jeff Wentworth represented the Senate, joined by Senator Leticia Van De Putte’s aide Gilbert Loreda. Governor Perry’s Business Development Director Roberto DeHoyos also joined TXU’s March hunt.

TXU lobbyist Chris Shields gave Perry Legislative Director Ken Armbrister and his son-in-law, Greg

Hnath, unspecified NCAA tickets worth up to \$150 apiece in March.

Governor Rick Perry was a TXU corporate cheerleader long before the start of the 2007 legislative session. During that session, TXU lobbyists focused their gift giving on the legislature, where some members—led by Senate Business & Commerce Chair Troy Fraser (R-Horseshoe Bay)—had threatened to give the powerful

utility giant its belated comeuppance. TXU’s \$17 million lobby helped derail any such plans.

Legislators and their staff members accounted for 89 percent of all gift expenditures reported by TXU-related lobbyists. Executive-branch officials and their staff members received 2 percent of the largess. Finally family members and other guests of Texas politicians accounted for 9 percent of the gift expenditures made by TXU lobbyists.

### Gifts From TXU Lobbyists Favored the Legislature

Recipient Category	Recipients of TXU-Lobbyist Gifts	Amount
<b>Legislative-Branch (89%)</b>	Senators	\$11,514
	Representatives	\$69,475
	Legislative staff	\$72,352
	All-legislator events	\$27,591
<b>Executive-Branch (2%)</b>	Executive officials	\$545
	Executive staff	\$3,920
<b>Family &amp; Guests (9%)</b>	Family of above	\$9,818
	Guests of above	\$8,485
<b>TOTAL:</b>		<b>\$203,700</b>

## TXU-Takeover Lobbyists, June 2007

Takeover Lobbyist	Takeover Client	Max. Value of Contracts	Min. Value of Contracts	Total No. of Contracts
Ronald Kirk	Both	*\$351,001	\$300,000	4
Dennis L. Thomas	Both	\$350,000	\$250,000	6
Frederick M. Goltz	TEF	*\$200,001	\$200,000	1
Marc Lipschultz	TEF	*\$200,001	\$200,000	1
Michael G. MacDougall	TEF	*\$200,001	\$200,000	1
Curtis L. Seidlits, Jr.	TXU	*\$200,001	\$200,000	1
Randall H. Erben	TEF	\$200,000	\$150,000	32
Michael Kelly	TEF	\$150,000	\$100,000	1
Mark Malone	TXU	\$150,000	\$100,000	2
Paul M. Blanton	TXU	\$100,000	\$50,000	1
Marc H. Burns	TXU	\$100,000	\$50,000	1
David H. Cain	TXU	\$100,000	\$50,000	7
Jan Caldwell	TXU	\$100,000	\$50,000	1
Eddie Cavazos	TXU	\$100,000	\$50,000	6
Keith R. Fullenweider	TEF	\$100,000	\$50,000	1
Lisa A. Garcia	TEF	\$100,000	\$50,000	4
Rudy Garza	TXU	\$100,000	\$50,000	1
Leigh Ing	TXU	\$100,000	\$50,000	12
Nick James	TXU	\$100,000	\$50,000	5
Travis E. Jernigan	TXU	\$100,000	\$50,000	1
Elizabeth B. Jones	TXU	\$100,000	\$50,000	1
James K. Keller	TXU	\$100,000	\$50,000	1
Raul G. Liendo	TXU	\$100,000	\$50,000	1
Daniel F. McClung	TEF	\$100,000	\$50,000	2
Mignon McGarry	TEF	\$100,000	\$50,000	22
Paul T. McKaig	TXU	\$100,000	\$50,000	1
William A. Moore	TXU	\$100,000	\$50,000	1
Kraege Polan	Both	\$100,000	\$50,000	19
Jack Roberts	TEF	\$100,000	\$50,000	24
Stan Schlueter	TXU	\$100,000	\$50,000	10
John W. Self	TXU	\$100,000	\$50,000	1
Barry A. Williamson	TXU	\$100,000	\$50,000	7
Dianne Yanaway	TXU	\$100,000	\$50,000	1
Mance Zachary	TXU	\$100,000	\$50,000	1
Eric Blakey	TXU	\$50,000	\$25,000	1
Robert D. Culley	TXU	\$50,000	\$25,000	17
Pamela Shawn Glacken	TXU	\$50,000	\$25,000	1
Christie L. Goodman	TXU	\$50,000	\$25,000	7
Toby Goodman	TXU	\$50,000	\$25,000	7
Suzanne Hogan	TXU	\$50,000	\$25,000	1
Walter E. Jordan	TXU	\$50,000	\$25,000	1
Andrew Kever	TEF	\$50,000	\$25,000	2
Michael T. McCall	TXU	\$50,000	\$25,000	1
William K. Oakley	TXU	\$50,000	\$25,000	7
Thomas W. Rose	TXU	\$50,000	\$25,000	1
Paul L. Sadler	TXU	\$50,000	\$25,000	3
Christopher S. Shields	TXU	\$50,000	\$25,000	24
Loran Wade Stansell	TXU	\$50,000	\$25,000	1
Stephanie M. Strother	TXU	\$50,000	\$25,000	1

<b>Takeover Lobbyist</b>	<b>Takeover Client</b>	<b>Max. Value of Contracts</b>	<b>Min. Value of Contracts</b>	<b>Total No. of Contracts</b>
Courtney S. Walker	TXU	\$50,000	\$25,000	1
Sabrina Thomas Brown	TXU	\$25,000	\$10,000	21
James A. Burke	TXU	\$25,000	\$10,000	1
Bryan P. Eppstein	TXU	\$25,000	\$10,000	29
Robert A. Floyd	TXU	\$25,000	\$10,000	24
John Michael Grimes	TXU	\$25,000	\$10,000	29
Ron Hinkle	TXU	\$25,000	\$10,000	9
David A. Marwitz	TXU	\$25,000	\$10,000	29
Paul W. Plunket III	TXU	\$25,000	\$10,000	1
Timothy J. Reeves	TXU	\$25,000	\$10,000	27
John T. Shults	TXU	\$25,000	\$10,000	26
Jay B. Stewart	TXU	\$25,000	\$10,000	17
Julie Williams	TXU	\$25,000	\$10,000	12
Debra L. Anderson	TXU	\$10,000	\$0	1
Clifford Angelo	TEF	\$10,000	\$0	1
Luke Bellsnyder	TXU	\$10,000	\$0	17
David P. Duncan	TXU	\$10,000	\$0	1
Ella M. Ellis	TXU	\$10,000	\$0	9
David Gill	TXU	\$10,000	\$0	1
Charles H. Girard	TEF	\$10,000	\$0	22
Eric Glenn	TXU	\$10,000	\$0	22
James W. Haley	TXU	\$10,000	\$0	16
Peggy Hamric	TXU	\$10,000	\$0	13
John Hildreth	TEF	\$10,000	\$0	1
John L. Howard, Jr.	TEF	\$10,000	\$0	5
C. L. Matthews	TEF	\$10,000	\$0	6
Kelli A. Rod	TXU	\$10,000	\$0	1
Bernard Rothschild	TXU	\$10,000	\$0	19
Gwyn C. Shea	TXU	\$10,000	\$0	15
Jon Michael Sherburne	TXU	\$10,000	\$0	1
Usha-Maria Turner	TXU	\$10,000	\$0	1
Kwame Walker	TEF	\$10,000	\$0	11
Autry L. Warren	TXU	\$10,000	\$0	1
Brian G. Yarbrough	TEF	\$10,000	\$0	32
<b>TOTALS:</b>		<b>\$5,811,005</b>	<b>\$3,470,000</b>	<b>678</b>

\* This contract value is unknown since it includes a contract worth "\$200,000 or more."  
Note: 83 lobbyists worked 86 contracts, with three lobbyists representing TXU and TEF.

## Endnotes

<sup>1</sup> See "TXU fights for 11 new coal plants," *Houston Chronicle*, February 11, 2007.

<sup>2</sup> AT&T spent up to \$9.6 million on 127 lobby contracts during the 2007 legislative session.

<sup>3</sup> "TXU fights for 11 new coal plants," *Houston Chronicle*, February 11, 2007.