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September 24, 2014

Via Overnight Mail and Email

Steven C. Tabackman
Federal Energy Regulatory Commission
Office of Enforcement, Division of Investigations
888 First Street, N.E.
Room 51-69
Washington, D.C. 20426

Re: Enforcement Staff's Investigation of Up To Congestion Transactions by Dr. Houlian Chen on Behalf of Himself and the Principals of Huntrise Energy Fund LLC and Powhatan Energy Fund, LLC, Docket No. IN10-5-000

Dear Steve:

This letter and its email attachments and enclosure are in response to your letter dated August 7, 2014, in accordance with 18 C.F.R. § 1b.19 (2014). When you wrote to me back in February, you told me that your investigation is "moving forward" and is "unaffected by the outcome of Powhatan's deliberations whether to make its website concerning this matter accessible to others." Well, as you know, Powhatan went ahead with its website – and now the world knows the truth about your behavior. FERC's Office of Enforcement had no case against Powhatan when it commenced its investigation four years ago, and it has no case now. And you will not extort a settlement out of us. Powhatan has done nothing wrong and it will continue to expose the folly of your investigation to the light of day.

Speaking of which, Powhatan has engaged numerous additional experts to write papers on the investigation and has published those papers on its website, FERCLitigation.com. We now are taking the additional step of submitting those papers in the investigation itself. The experts submitting those papers are:

- Susan J. Court, Principal, SJC Energy Consultants, LLC, and former Director of Enforcement at FERC;
- Jeffrey H. Harris, Ph.D., Gary Cohn Goldman Sachs Endowed Chair in Finance at the Kogod School of Business, American University, and former Chief Economist at the CFTC;
- Larry Harris, Ph.D., Fred V. Keenan Chair in Finance, University of Southern California Marshall School of Business, author of *Trading and Exchanges: Market Microstructure for Practitioners*, and former Chief Economist at the SEC;

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- Terrence Hendershott, Ph.D., Cheryl and Christian Valentine Chair, Haas School of Business, University of California at Berkeley;
- William W. Hogan, Ph.D., Raymond J. Plank Professor of Global Energy Policy, John F. Kennedy School of Government, Harvard University;
- David Hunger, Ph.D., Vice President, Charles River Associates International, Inc., and former Senior Economist at FERC;
- Stewart Mayhew, Ph.D., Principal, Cornerstone Research, and former Deputy Chief Economist at the SEC;
- Roy Shanker, Ph.D., independent energy consultant with over 40 years of experience in PJM markets; and
- Chester S. Spatt, Ph.D., Pamela R. and Kenneth B. Dunn Professor of Finance, Tepper School of Business, Carnegie Mellon University, and former Chief Economist at the SEC.

Copies of each paper are attached, via email. This is in addition to the papers by Dr. Craig Pirrong, Dr. Richard Tabors and Richard Wallace, Esquire, also on the website, that already have been provided to you in the investigation. I have also enclosed, via mail, the videos of Dr. Larry Harris, Dr. Hogan, Dr. Hunger, Ms. Court and Mr. Wallace, discussing their papers, as well as the introductory video that appears on FERCLitigation.com. Finally, I have attached, via email, two previous submissions by Powhatan: (1) the Written Submission to Commission Investigation Staff dated October 21, 2011 with accompanying affidavits of Richard Wallace and Dr. Richard Tabors, and (2) the Supplemental Written Submission dated August 24, 2012. Powhatan also joins in the arguments raised by Dr. Chen in his 1b.19 response that he sent to you today.

The weight of the independent expert views – twelve in all – leaves no room for the Office of Enforcement's unfounded theories in this matter. Your investigation has dragged on for far too long, subjecting Powhatan and its principals to grievous and unfair aggravation and expense.

Save yourself and your agency from further embarrassment in this investigation. Do the right thing and terminate it immediately.

Sincerely yours,



William M. McSwain

mb/wmm

Enclosure (video disk)

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cc: Legal and Technical Advisors to Chairman and Commissioners (via email)
David Morenoff (via email)
Larry D. Gasteiger (via email)
Larry R. Parkinson (via email)
Lee Ann Watson (via email)
Samuel G. Backfield (via email)
James Owens (via email)
Cathleen Colbert (via email)
John N. Estes III (via email)