



DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

July 12, 2004

The Honorable Patrick Henry Wood III
Chairman
Federal Energy Regulatory Commission
888 First Street NE
Washington, D.C. 20426

Re: Enron Corporation and FERC

Dear Chairman Wood:

I write to urge the Federal Energy Regulatory Commission (the Commission) to take prompt action to protect the rights of ratepayers who have been severely impacted by the fraudulent activities of Enron. I am concerned that if the Commission fails to act promptly, it stands to lose any ability to enforce its authority over Enron's practices and to negate any efforts to right the wrongs done to consumers and investors in Oregon and other western states.

The recent disclosure of tapes and trading transactions confirms that Enron was not only involved in fraudulent and deceptive practices in the electricity markets, but that it created many of them. Last week, a federal prosecutor unsealed an indictment charging the former chief executive of the company with serious federal offenses. These developments support the proposition that Enron, apparently right up to the day it filed its bankruptcy petition, was actively developing new ways to defraud consumers. Enron's conduct severely harmed residents of the west coast states. In the bankruptcy proceeding, Oregon's claims exceed \$440 million. California and Washington also have filed claims.

Oregon has been an active participant in the Enron bankruptcy from its inception. We have local counsel in that case. Lawyers from our office personally have appeared in the New York proceedings. Recently, Oregon sought to intervene in litigation within the bankruptcy case to ensure that financial institutions alleged to have contributed to Oregon's injuries do not recover any portion of the bankrupt estate. Oregon's motion to intervene in the so-called "mega-claims litigation" within the bankruptcy case is pending at this time.

As a result of our familiarity with the bankruptcy proceedings, we are particularly concerned by the Commission's failure to take any action to protect its authority in the Enron bankruptcy itself. The outcome of the bankruptcy may compromise any orders the Commission may issue for refunds, disgorgement or penalties.

Enron has already submitted its plan of reorganization to the bankruptcy court. The door may be closing on any meaningful relief from Enron and its affiliates for these fraudulent activities. In fact, the plan may eliminate the ability to obtain any relief from the Commission for the wrongs Enron has inflicted. Under the plan the Enron debtors will be dissolved. All claims not provided for by the plan will be discharged. That may mean that any orders for refunds, disgorgement or penalties that the Commission subsequently issues will be worthless.

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Such orders, issued so long after Enron's abuses were brought to the Commission's attention, will provide scant comfort to the parties that expected to find real relief before the Commission.

In concert with Washington Attorney General Christine Gregoire, my office filed a Freedom of Information Act request with your agency. This request is the second my office has made. The first request was summarily denied. These requests seek the release of information that clearly shows how cavalierly Enron's traders defrauded consumers and investors. I urge you to provide promptly the requested information. We can conceive of no reason to resist our request. Prompt release of the requested documents and records relevant to Enron activities will materially aid the effective prosecution of the states' claims.

We join Washington in urging the Commission to take prompt and effective enforcement action. Enron must not be allowed to complete its bankruptcy without being called to account for its outrageous actions. Oregon and its sister states are doing their part. We hope that the Commission will join us.

Sincerely,

A handwritten signature in black ink, appearing to read "Hardy Myers". The signature is written in a cursive, flowing style.

HARDY MYERS
Attorney General

cc: Commissioner Nora Brownell
Commissioner Joseph Kelliher
Commissioner Sudeen Kelly