

A WARNING TO ALL -- BEFORE YOU BELIEVE ENRON, READ THIS:

◆ Enron speaks out of both side of its mouth.

Here in PA Enron claims that it is opposed to forcing consumers to pay 100 % of Stranded Costs. In Oregon, Enron is attempting to force consumers to pay 100% through the Transmission and Distribution charge causing residential consumers to pay more than any other class.

◆ The Department of Energy has accused Enron of overcharging consumers.

Enron has been forced to sign a consent agreement and refund money to residential consumers.

◆ *Amnesty International says that Enron has colluded with police to violate human rights in India.*

In India, Enron has been trying to build an expensive, environmentally dangerous power plant. The government has charged Enron with overcharging and the people protesting the plant, with Enron's help have been arrested, detained and physically abused!

◆ ENRON HAS BEEN ACCUSED OF BRIBING ENVIRONMENTAL AND CONSUMER GROUPS

The Daily Astorian, an Oregon Paper writes "In the crudest sense, bribery is what has most typified the PGE-Enron merger to this point. Through bribes, Enron was able to ingratiate itself into the community of Portland non profit organizations and win their endorsement for the merger. Through bribes of a different sort, Enron bought off the opposition of environmental groups."

◆ ENRON'S ADVERTISEMENTS ARE MISLEADING

The New York Times has revealed that Enron's advertising only tells half of the story.

ISSUED BY CEPA (215) 424-1441
6048 Ogontz Ave, Phila, Pa. 19141

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WASHINGTON, D.C. OFFICE

CEPA

CONSUMERS EDUCATION & PROTECTIVE ASSOCIATION TIONAL, INC.
6048 Ogontz Avenue Philadelphia, Pa 19141-1347 (215)424-1441

Dear Consumer,

CEPA and Lance Haver urge you to join us in supporting the proposed settlement.

The settlement, while not perfect, offers the greatest benefits any consumer has seen anywhere in the country as a result of the re-structuring of the electric utility industry and much better than what the PUC could grant. (see chart on back).

The settlement guarantees a minimum 10% decrease in our bills. If it is approved, the average consumer will save almost \$100 a year. And the decrease will be guaranteed until the year 2001. The settlement gives every consumer the right to buy low cost electricity one year before the law would, protects our savings by prohibiting PECO from raising the regulated portion of the bill until the year 2004 and increases the number of families in PECO's low income program from 40,000 to 100,000 making the transition from welfare to work a little easier.

In addition the settlement sets a rate cap, so that if deregulation causes prices to rise as they did when cable and the phone company were de-regulated, consumers will still see lower electric bills. And perhaps most importantly, the settlement protects people who are confused and don't pick a generating company. PECO will have to offer the same low price to everyone--not just a small percentage of their consumers.

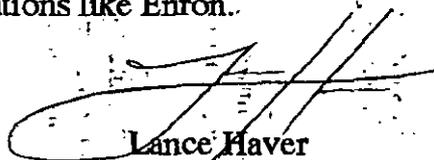
In all honesty, let me point out that the settlement doesn't give us everything we wanted. We were only able to force PECO to absorb 2 billion dollars of their mistakes (what they call stranded costs). We lowered what we were paying for the mistakes by 29%-- and while we were trying to do better, it is the biggest reduction any consumer anywhere in the country has won! In Maine, Massachusetts, New York, California consumers are being forced to pay 100% of stranded costs. If the settlement is approved we will pay far less!

The "Enron plan" that you may have read about, is holding out false promises. While they say they can offer 20% reductions, the truth is they can only do it if PECO agrees to give up all their customers and rates are allowed to skyrocket in the future. In essence what Enron wants to do is eliminate consumer protection, raise prices in the future so they can claim to lower prices now and take over PECO's consumers. Enron's plan is not going to be approved. And consumers should not consider it a serious offer.

But Enron's plan is a real danger. If too many people fall for Enron's smoke screen, then the settlement that guarantees lower rates, consumer protection against rising energy costs and protection for those who don't understand what is going on, will be thrown out.

If Enron is successful at blocking the settlement. Consumers will see no rate reduction for many years and be forced to pay 100% of the stranded costs for at least the next few years. And that is what Enron wants. If you read what they say in other states, what their expert witnesses say, you will realize that Enron wants to force consumers to pay 100% of stranded costs and drive up the price of energy so that they can be guaranteed a profit. Far from helping consumers, Enron wants to fleece us.

That is why we support the settlement and urge you to do so also. It is time for the Public Utility Commission to protect the consumers interests, not guarantee profits for multinational corporations like Enron.


Lance Haver

Highlights of the proposed settlement with PECO

<u>Under the current law</u>	<u>The proposed settlement</u>	<u>In other states</u>
The law provides no guaranteed savings.	A minimum 10% reduction that is guaranteed until the year 2001.	The minimum 10% reduction is the largest overall rate reduction consumers have received as a benefit of restructuring any place in the country.
PECO has the right to try and collect 100% of their stranded costs (mistakes).	PECO will be forced to write off 2 billion dollars of stranded costs. They will collect approximately 71% of what they claimed they were entitled to.	Consumers in Maine, Massachusetts, N.Y. and California are going to be forced to pay 100% of stranded costs. The 2 billion dollar write off is the largest amount any utility has absorbed.
All Consumers will not have the right to buy low cost electricity until 2001	All Consumers will have the right to buy low cost electricity in 2000, one year earlier than the law provides.	Not yet decided in most states.
PECO has the right to raise its transmission & distribution charge in 2001, thus eroding any rate reduction brought through competition.	PECO will not be able to raise Transmission & Distribution charges until 2004, protecting consumers savings for an additional 3 years.	Utilities in most states can raise transmission and distribution charges when they want.
The "rate cap" which protects consumers from increasing prices ends in 2005	The cap will be extended for three years until 2008.	Few States have any rate cap.
The energy costs are not set.	The maximum energy price is 3cents/kilowatt/hr. Consumers should be able to find energy for less.	In other states, energy sells for far less. In New Hampshire, Enron was selling it for about 2.5 cents/kilowatt/hr, below the PA maximum.
There is no guarantee that additional low income families will be helped.	The number of people in the low income plan will be increased from 40,000 to 100,000.	Most low income programs have fewer than 25,000 participants.
The \$25 million dollar "education" fund is controlled by PECO.	Elected officials and community groups will share control over the education fund.	Few States have education funds.
There is no protection for people who do not/cannot choose an electric company.	Protects those who are confused and/or don't choose from higher rates and profiteering.	No other State offers such protection.

ISSUED BY CEPA--6048 Ogontz Ave, Phila, PA 19141 (215) 424-1441

rogue of the **Week**



Less than a week after officially taking over Portland General Electric, Houston-based Enron has already earned a rogue. Flexing its legendary lobbying muscle (the company forced energy deregulation on Congress in the early '90s), Enron zapped Oregon House Bill 2821 last week.

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Less than a week after officially taking over Portland General Electric, Houston-based Enron has already earned a rogue. Flexing its legendary lobbying muscle (the company forced energy deregulation on Congress in the early '90s), Enron zapped Oregon House Bill 2821 last week.

The bill, supported by a broad coalition of unlikely allies, would have protected consumers in a variety of ways, including:

- * Capping residential electricity rates for at least five years after the industrial-customer market is deregulated (a safeguard for protecting residential consumers from subsidizing successful industrial customers);
- * Raising \$20 million to help low-income Oregonians pay their electric bills;
- * Slating 3 percent of utility revenues for environmental programs; and
- * Shielding consumers from subsidizing the PGE debt at the Trojan plant.

The bill was backed by the pro-business Associated Oregon Industries and the pro-consumer Citizens Utility Board. But Enron, led by CEO Kenneth Lay, would have none of it and secured enough "no" votes to kill the bill in the House power-deregulation committee.

The Enron mantra throughout the debate has been that the market is the only protection consumers need. The company's strategy was to intimidate legislators with the complexity of utility deregulation.

By killing the bill, Enron unplugged citizen input into the deregulation process. Now the company has the opportunity to frame the discussion itself. Enron will be presenting its own deregulation plan to Oregon's Public Utilities Commission in two months.

"They destroyed what many observers felt was an excellent bill for consumers," said Jason Eisdorfer, spokesman for the Citizens Utilities Board. "And they are going to replace it with a self-interested vision of what energy restructuring is going to be about--a vision that maximizes their profits at the expense of consumers."

It's a vision that Portlanders--and others--had better get used to, as Enron's corporate culture takes hold at our local power company. Enron spokesman Mark Palmer conceded as much when he defended the company's efforts to shoot down HB 2821 and submit its own plan to the PUC instead. "We hope it will be the blueprint for deregulation in the U.S.," he said.

Bribery doesn't alter the truth

by Steve Forrester of the Daily Astorian

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Whenever a utility executive, a congressman or legislator tells you that utility deregulation will lead to lower rates and no decline in service, let him know that you were not born yesterday. Say that you are not the kind of chump who believes in a free lunch.

If Americans should have learned one thing over the past 20 years it is that deregulation is a decidedly mixed blessing. With the nation and the state of Oregon embarked on deregulation of electric utilities, we all must become skeptical observers.

The Enron Corp. of Houston want us to believe there is a free lunch. In television advertising during the Super Bowl, Enron trumpeted its record in Peterborough, NH. Enron's ad depicted Peterborough residents who were happy to have their electricity bills fall because of Enron's presence in their market.

Guess what. The picture was not quite how Enron's advertising portrayed it. *The New York Times* has revealed that Enron's advertising only told half the story. According to the Times, "Most of the savings are not the result of free-market competition or any economies of scale that an energy giant such as Enron might bring on a regional market. Rather, they stem from state-mandated subsidies and from the willingness of Enron and the other marketers to shave their profit margins to near zero to get a piece of the action."

In a story that is reminiscent of the duopolies of the first decades of this century, Enron is cutting rates drastically to gain entry to a new market. Once Enron has a firm hold on that market, the rates will go up.

Enron will assuredly play that game in Oregon, if it is allowed to merge with Portland General Electric. Oregon's Public Utility Commissioners will meet with Enron executives on Feb. 14 to discuss the impasse of discussions between the PUC staff and Enron/PGE. The staff has insisted that 23 conditions be attached to any Enron-PGE merger. Enron is apparently unhappy with those conditions.

At the same time the PUC is discussing the Enron matter, an Oregon legislative committee will be discussing utility deregulation legislation. (A front-page article in this edition describes that process.) Even though the Enron-PGE merger is decidedly not good for Oregon, the Legislature could very well write a utility deregulation statute that would be Oregon-friendly.

In other words, there is a way for Oregon to deregulate its energy market without sacrificing the socially and economically beneficial arrangements we have won in the past few decades.

The 23 conditions which the PUC staff has attached to the Enron-PGE merger are on-target. But it is important to recognize that the kind of rate reduction the PUC staff wants Enron to make would only be temporary. Once the term of that condition had expired, we could easily count on rates rising, just as the residents of Peterborough, NH, will see theirs rise.

Furthermore, the Enron/PGE merger is not like the deregulation which the Legislature is discussing. The merger would create a situation that requires more regulation than the State of Oregon is capable of providing: the combination under single ownership of a regulated natural monopoly functions (transmission and distribution) with what should be competitive functions (power generation, brokering, and retailing).

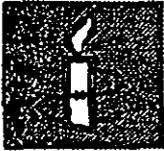
Enron's prospective merger with PGE is more about California than it is about Oregon. Enron wants PGE because of its access to cheap federal hydroelectricity and its access to the giant California market. As a Lehman Brothers July 24 report on this deal notes: "Enron is buying strategically located transmission."

Oregon customers are only incidental to this deal. And in Texas fashion, Enron has treated Oregon as a place that can be bought. By throwing money at Portland non-profit organizations and promises at environmental and consumers organizations, Enron has bought its way to a certain measure of public approval.

In its relatively brief involvement as a player in Oregon utility politics, Enron has thrown around money in a manner we are unaccustomed to seeing. Of course, we must remember that Enron also plays in the big leagues of national politics. In fact, *The New York Times* recently reported that Enron was the ninth largest contributor of soft money to the Republican National Committee in the period Jan. 1995-Nov. 1996.

In the crudest sense, bribery is what has most typified the PGE-Enron merger to this point. Through bribes, Enron was able to ingratiate itself into the community of Portland non-profit organizations and win their endorsement for the merger. Through bribes of a different sort, Enron bought off the opposition of environmental and utility public interest groups. In a similar vein, the conditions which Enron must accept from the PUC is also a sort of bribe to make this deal go.

The truth may simply be that this is a bad deal for Oregon. All the bribes in the world will not make it better.



The material that follows has been provided by Amnesty International

India: Heavy-handed policing used to suppress protests against venture by three Multinationals

17 JULY 1997

Reports that Indian state police are suppressing protests against the construction of a power plant in Maharashtra are a cause for serious concern, especially in light of the rising number of reported human rights abuses in the Ratnagiri district, Amnesty International said in a report released today.

The Dabhol Power Company (DPC) is a joint venture between three United States (US) multinationals companies -- Enron, General Electrical Corporation and Betchel Incorporated -- for the construction of a natural gas based power station.

During recent months, villagers and activists protesting against the construction of the power plant, its effect on the local population and the environment, and corruption have been subjected to harassment, arbitrary arrest, ill-treatment and preventive detention under the ordinary criminal law, and several hundred peaceful protesters, many of them women, have been arrested and temporarily detained by police since December 1996.

"A battalion of the State Reserve Police, stationed on the site of the power plant, the local police and company security guards have all been implicated in these violations," Amnesty International said. "Such collusion of the police with those supporting the construction of the power plant has increased the vulnerability of protesters to human rights violations."

After examining police harassment of villagers protesting against the DPC - also known as the "Enron project" - a fact-finding team headed by a former Bombay High Court Judge found that "in the name of maintaining law and order [the police] have prevented all forms of peaceful and democratic protest, used force and violence while dealing with all forms of non-violent protest, and resorted to a number of other subtle methods of harassment of the agitators."

On 3 June 1997, police forcibly entered the homes of several women in Veldur, a fishing village, and dragged them into police vans, beating them with sticks. The raid was conducted early in the morning when most of the village men had left to catch fish. An investigative team found that a number of the women subsequently detained had injuries including bruising, abrasions and lacerations on arms and legs. There were three juvenile girls amongst the detainees.

"We consider those subjected to arrest and imprisonment simply for peacefully protesting against the construction of the power plant to be prisoners of conscience," Amnesty International said. "We urge the local and national authorities to ensure all human rights defenders are able to protest without fear of ill-treatment, arbitrary arrest, preventive detention or other forms of harassment."

The human rights organization also calls on the three US-based multinational corporations participating in

the joint venture agreement to establish strict guidelines for all security personnel subcontracted by, seconded to or employed by the DPC to ensure their training reflects international human rights standards, and to ensure they are fully accountable.

Background

Several non-governmental organizations consisting of villagers affected by the power plant construction, as well as lawyers and social and environmental activists, have been formed to oppose the Enron project in Maharashtra. The National Alliance of People's Movements and other organizations outside Maharashtra have joined in the protests since permission to build a power station was granted by the state government in 1992. This was the first private power project to be agreed in India.

Opposition to the policy of economic liberalization has underpinned many of the critiques. Specifically the protests have focussed on the high cost of the power which is to be purchased by the state government from the station; allegations of corruption; lack of full consultation with those affected by it; inadequate assessment of the environmental impact; and land acquisition leading to the displacement of local people.

The suppression of the Maharashtra protests is similar to other reports in recent years from the sites of industrial and developmental projects in India, such as the development of the Narmada river, where

July 29, 1997

DECISION AND ORDER

OF THE DEPARTMENT OF ENERGY

Application for Refund

Names of Petitioners: Enron Corp./

Nebraska Public Power District

United LP Gas Corporation

Dates of Filing: January 18, 1994

November 8, 1994

Case Numbers: RF340-196

RF340-201

On September 14, 1988, the Economic Regulatory Administration of the Department of Energy (DOE) filed a Petition with the Office of Hearings and Appeals (OHA) requesting that the OHA formulate and implement procedures for distributing funds obtained through a consent order with Enron Corp. (Enron). See 10 C.F.R. Part 205, Subpart V. The consent order resolved DOE allegations that Enron and all of its subsidiaries, affiliates, prior subsidiaries, predecessors and successors in interest violated the mandatory petroleum regulations in their sales of crude oil and refined petroleum products from January 1, 1973 through January 27, 1981 (the consent order period). On July 10, 1991, the OHA issued a Decision and Order setting forth final procedures for disbursing the portion of the Enron settlement fund attributable to various Enron entities' sales of NGLs and NGLPs. Enron Corp., 21 DOE ¶ 85,323 (1991) (Enron). These covered Enron entities are UPG, Inc., Northern Propane Gas Company (Northern), and Florida Hydrocarbons Company. In accordance with the goals of 10 C.F.R. Part 205, Subpart V, Enron implements a process for refunding the consent order funds to purchasers of Enron NGLs and NGLPs who are able to demonstrate that they were injured as a result of the covered entities' alleged overcharges. This Decision and Order renders a determination upon the merits of Applications for Refund submitted by Nebraska Public Power District (Nebraska) and United LP Gas Corporation (United).

In Enron we adopted a presumption that the alleged overcharges attributable to NGLs and NGLPs had been dispersed equally in all sales of refined product made by the covered entities during the consent order period. Enron, 21 DOE at 88,959. We stated that, in the absence of a demonstration of a disproportionate overcharge, a

claimant would be allocated a share of the consent order funds on a volumetric basis. We provided that eligible claimants would receive \$.00601 per gallon of covered Enron product purchased. (1)Id. We refer to the dollar amount derived by multiplying an applicant's purchase volume by the per gallon refund amount as the applicant's allocable share.



THE COUNTY OF CHESTER



Commissioners:
Karen L. Martynick, Chairman
Colin A. Hanna
Andrew E. Dinniman

OFFICE OF THE COMMISSIONERS
Courthouse, 2 N. High St., Suite 512
West Chester, PA 19380-3066
(610) 344-6100

October 8, 1997

The Honorable John Quain
Pennsylvania Utility Commission
PO Box 3265
North Office Building
Harrisburg, Pa 17105-3265

PROTHONOTARY'S OFFICE
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Dear Chairman Quain:

As supporters of increased competition in the electric industry, we believe the opportunity to provide Pennsylvanians with more utility choice and lower electric rates is quickly approaching. PECO's restructuring filing currently before the Public Utility Commission appears to support those goals as well.

The guaranteed 10 % rate reduction coupled with PECO's presence in the region and commitment to the community demonstrates their commitment to promoting competition and attracting and maintaining business in Southeastern Pennsylvania.

As we enter this new era of de-regulation, there is still a great deal to be learned. We do not believe that approval of the settlement will eliminate or reduce the opportunity for other companies to provide options to consumers in the future -- delaying the settlement will only postpone the cost savings to our citizens.

We, therefore, support the approval of the settlement in order to allow the process to move forward.

Sincerely,

Karen L. Martynick
Chairman

Colin A. Hanna
Commissioner

Andrew E. Dinniman
Commissioner

BUCKETED

OCT 20 1997

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