

**Attention, Mid-Connecticut Project towns:
Urgent news from . . .**



JUDGE'S RULING AFFIRMS CRRA ACTIONS IN RECOVERY FROM ENRON LOSS

As you know, several months ago the town of New Hartford sued CRRA and numerous other parties over the Mid-Connecticut Project's loss in the Enron bankruptcy. The town of Barkhamsted later joined onto those actions, which were combined with the town of West Hartford's Enron-related suit against CRRA.

Those other parties, including CRRA's former officers and directors, filed motions to be dismissed from these actions. Judge Carl J. Schuman has granted their motions, leaving CRRA as the sole defendant. The entire ruling is posted on our Web site at http://www.crra.org/pages/pub_rec_communications.htm.

To summarize, Judge Schuman indicated that CRRA's new board and management team, working with the Office of the Attorney General, have taken prudent actions in bringing the Mid-Connecticut Project back from this financial disaster:

“(They have) aggressively pursued recovery of the approximately \$200 million lost in the Enron transaction. The \$111 million recovered has not directly reduced the tip fees paid by the towns but, in accordance with an agreement with its bond trustee, CRRA has used the recovery to defease its debt to the state and other investors. The net effect of this approach has been to reduce costs, keep the project secure, mitigate the need for future tip fee increases, and at least preserve the possibility of rebates to the towns.”

About the smaller, non-Enron damages New Hartford's lawyer claimed we were not pursuing, the judge wrote:

“(They have) recovered much of the loss associated with the trucks and the (National Geographic) donation, and at least some of the expense money. Efforts to recover additional monies continue. In some cases, the expected cost of recovering small amounts of money improperly spent is greater than the potential benefits, and CRRA has essentially made a business decision not to pursue such recoveries.”

While this ruling gives us optimism about our chances of success, this suit has already cost significant amounts of money – close to \$500,000 in legal fees, staff time and other costs.

The next step will be to determine the suit's class status. New Hartford and Barkhamsted have asked that this action become a class-action suit, which would require another ruling from the bench. Our legal team believes that before the judge decides whether the 70 Mid-Connecticut cities and towns should be granted class status, there would be another lengthy, costly discovery process.

Should you have any questions, please call Paul Nonnenmacher, our director of public affairs, at (860) 757-7771.

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