



# CONNECTICUT RESOURCES RECOVERY AUTHORITY

**FOR IMMEDIATE RELEASE**

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## **CRRA to Receive \$111.2 Million for Its Enron Claim; \$28 Million Premium Above Bankruptcy Court Plan Sale Also Eliminates Risk, Accelerates Receipt of Funds, Ensures Financial Stability of Mid-Connecticut Project**

HARTFORD, Conn. – The Connecticut Resources Recovery Authority Mid-Connecticut Project will receive \$111.2 million from Deutsche Bank Securities, a leading global financial company, for its bankruptcy claim against Enron Corp. sold at auction earlier this month, the agency announced today.

Under Enron's bankruptcy plan, which received court approval in July, the CRRA Mid-Connecticut Project would have received cash and stock projected to total about \$82.7 million, or about 37 percent of the approximately \$220-million loss CRRA suffered when Enron declared bankruptcy in 2001. On Aug. 20, CRRA's bankruptcy attorneys conducted an auction of the claim. The auction raised more than \$28 million above what Enron's plan projected CRRA would have been paid. CRRA's board of directors approved the sale agreement, which it was under no obligation to do if it was not satisfied with bids received.

Under the agreement, the purchase price and the identity of the successful bidder were not to be disclosed until today. The sale will be completed immediately after the bankruptcy court approves CRRA's bankruptcy settlement with Enron, which is expected before the end of 2004.

"CRRA is here to stay," said Chairman Michael A. Pace. "Ever since we were brought together in 2002, our new board has been focused on one thing – results. The result of our work is that the Mid-Connecticut Project is financially stable and we can focus more of our energies on CRRA's mission of developing and implementing environmentally sound solutions and best practices for managing the state's trash and recycling."

Under the approved bankruptcy plan, CRRA would have received cash and shares of stock in the corporation to be formed from the remains of Enron. These payments would have been made over a period of many months or even years, according to the agency's bankruptcy lawyer, Paul Rachmuth of Anderson, Kill & Olick, the firm retained by Attorney General Richard Blumenthal to represent the agency, and which conducted the sale.

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## CRRA

Bankruptcy claim nets \$111.2 million

Page 2

Selling the claim accelerated the timetable for receiving payment, as CRRA will receive all of the funds at the completion of the sale, rather than waiting for distributions from Enron. It also frees CRRA from the risk inherent in owning shares of stock, as well as the possibility that the actual proceeds from the Enron reorganization plan could be different from what was projected in its plan.

The claim stems from a 2001 agreement in which Enron received approximately \$220 million owed to CRRA and in exchange agreed to pay CRRA \$28.5 million per year for about 12 years. Enron declared bankruptcy after making only eight of the monthly payments.

The loss prompted sweeping legislative reform of CRRA, resulting in the creation of a new board of directors in June 2002. The new board put into place a new senior management team, updated CRRA's policies and procedures and instituted a culture of accountability, including a program of outreach to its member cities and towns unprecedented in CRRA's 31-year history.

This sale is the latest in an impressive list of accomplishments the agency has tallied in recent months:

- In March, CRRA completed renegotiating the long-term lease for its headquarters, saving \$850,000 over the eight years remaining on the lease.
- In May, the National Geographic Society returned a \$500,000 contribution which, in response to an inquiry from the new CRRA board, Blumenthal said the previous CRRA board had made improperly.
- In July, CRRA completed the replacement of contractors operating the Mid-Connecticut Project's four transfer stations, a move expected to save \$2.3 million per year.
- Earlier this month the board approved a new energy contract with Select Energy for power generated by the Mid-Connecticut Project. Due to changes in the power markets, the two-year contract will bring CRRA approximately \$9.5 million more than the agency had originally forecast.

The bankruptcy case is one of several legal actions being pursued by Blumenthal's office on behalf of CRRA. Suits are also pending against bond counsels, investment banks, rating agencies and others involved in the Enron transaction. CRRA expects the Mid-Connecticut Project to reap significant settlements from those actions as well.

The Connecticut Resources Recovery Authority is a quasi-public agency whose mission is to work for – and in – the best interests of the municipalities of the state of Connecticut. CRRA's new board of directors and new management team develop and implement environmentally sound solutions and best practices for solid waste disposal and recycling management on behalf of municipalities. CRRA also runs environmental and recycling educational programs through its Visitors Center & Trash Museum in Hartford and Children's Garbage Museum in Stratford. For more information about CRRA and its activities, visit <http://www.crra.org>.