

ENRON – CORPORATE PROFILE

1. Organizational Profile

- Formed in 1985 from a merger to form the US's largest natural gas pipeline distributor. By the mid 1990s, Enron was establishing power generation ventures both in the US and internationally.
- Core efforts are as the U.S. largest natural gas and electricity buyer and seller, as well as a giant in the water and waste water management industry (entered water market in 1998).
- Gaining wide praise throughout business circles for its major strategic move into the 'new economy', with its vast new online operations.

Main Divisions of Work:

- **Online Marketplace Services:** EnronOnline.com commodity trading system - the largest web-based eCommerce site in the world and dwarfs all other energy marketing web sites combined. This includes EnronCredit.com, ClickPaper.com (online pulp & paper information), online energy risk management, Water2Water.com (online water marketplace), Waterdesk.com (water industry workspace, brings water industry buyers and sellers together).
- **Enron Broadband Services:** *Internet Broadband* - streaming media applications, customizable bandwidth solutions.
- **Enron Transportation Services:** The Gas Pipeline Group, which formally changed its name in September 2000 to Enron Transportation Services.
- **Enron Energy Services:** The retail arm of Enron, serving business users of energy in commercial and industrial sectors.
- **Enron Wholesale Services:** *Project Development and Management* - Enron delivers more than two times the natural gas and power volumes as does its nearest energy marketing competitor.
- **Wholesale Services includes:** Azurix Global Water; energy infrastructure development, engineering, procurement, and construction services; global exploration and production; and wind power services.

(the above three divisions are the focus of this profile – especially as they pertain to energy)

Businesses – the following are the wholly owned businesses of Enron Corporation:

Azurix Water, Engineering and Construction, Enron Broadband, Enron Credit Union, Enron Energy Services, Enron Global Exploration and Production, Enron Investment Partners, Enron South America, Northern Natural Gas, Transwestern Pipeline, Enron Wind, Florida Gas Transmission, Houston Pipeline, Northern Border Pipeline, Portland General Electric

Some of Enron's Current clients for energy management services include: Suiza foods, Packaged Ice Inc. Cleveland Browns, the Houston Astros (Enron Park), San Francisco Giants, Ocean Spray

Cranberries, Philips Utilities, and the Archdiocese of Chicago (from Lexis-Nexis).

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Mailing Address:

Enron Corporation
P.O. Box 1188
Houston, Texas
77251-1188

www.enron.com

20,600 employees (16% represented by unions)

Executives and Salaries in 2000:

Kenneth Lay, Chair of the Board - **\$1,300,000**
(total compensation \$11,957,642)
(total value of stock options = \$484,977,092)

Jeffery Skilling, President, Chief Executive Officer, Director - **\$850,000**
(total compensation \$10,118,265)

Andrew Fastow, Chief Financial Officer, Executive VP - **\$520,000**
(total compensation \$3,047,578)

Mark Frevert, Chair and CEO, Enron Wholesale - **\$520,000**
(total compensation \$7,071,168)

Stanley Horton, Chair and CEO, Enron Transportation - **\$520,000**
(total compensation \$3,047,578)

From www.business.com compensation pages.

2. Economic Profile

Financial Data	2000	1999	% Change
Revenue	\$100,789 m	40,112 m	151.3%
Net Income	979 m	898 m	9.6%
Earnings per share	1.47	1.18	25.0%
Long term debt /Equity	.083 (outperforms industry)		

In reporting record financial results for the first quarter of this year, Enron said it posted a 281% increase in revenue to \$50.1 billion and a 20% increase in net income to \$406 million. Sold nearly twice as much electricity in North America compared with a year earlier, and that sales of natural gas had risen by a third. (Due to gauging during the California crisis).

Fifty-nine percent increase in marketed energy volumes to 52 trillion British thermal unit equivalents per day (TBtue/d); and an almost doubling of new retail energy services contracts to \$16.1 billion.

Foreign assets and/or projects under development in more than 50 countries which are valued at \$20 billion.

Stock Traded under ticker ENE on the NYSE, CSE, LSE, Pacific Stock Exchange

62.9% of stocks owned by institutional investors.

Transactions of the Past Few Months (up to August 2001):

August 2001 – Enron CEO Jeffery Skilling announces his resignation. “I am resigning for personal reasons. I want to thank Ken Lay for his understanding of this purely personal decision, and I want to thank the board and all of my colleagues at Enron” Ken Lay’s response ““We regret Jeff’s decision to resign, as he has been a big part of our success for over eleven years,” said Lay. “But, we have the strongest and deepest talent we have ever had in the organization, our business is extremely strong, and our growth prospects have never been better.” (Taken from an Enron Press Release, August 14th, 2001: <http://www.enron.com/corp/pressroom/releases/2001/ene/58-ENE-SkillingResignation-08-14-01-LTR.html>)

June 2001 - Enron Reiterates Confidence In Operations and Earnings Outlook – “Our business continues to be extremely strong. Interest in our energy delivery and energy management capabilities has never been higher,” said Jeffrey K. Skilling, Enron president and CEO. “Having reviewed the recent FERC action on price controls in the western U.S., we remain very confident that we will meet the market’s consensus recurring earnings estimates of \$0.42 and \$1.79 per share, respectively, for both the second quarter and full year 2001.” Taken from an Enron Press Release, June 19th, 2001 www.enron.com/corp/pressroom/releases/2001/ene/48-Enron-FERC-06-19-01-LTR.html

May 2001 - Enron Corporation announced that it has completed its one millionth transaction on [EnronOnline](#), the world's largest web-based e-commerce platform for commodities.

May 2001 - Northern Border Partners, L.P. announced it completed on April 30, 2001 its previously announced acquisition of Midwestern Gas Transmission (Midwestern) from El Paso Corporation for approximately \$100 million. The general partners of NBP are owned by Enron Corp.

April 2001 - Enron Corporation and Sierra Pacific Resources announced they have mutually agreed to terminate their purchase and sale agreement for Enron's wholly owned electric utility subsidiary, Portland General Electric.

April 2001 - Enron Energy Services and J. C. Penney Company Inc., one of the nation's largest department store retailers, announced today a long-term energy management agreement covering the purchase of more than \$600 million in energy-related commodities.

January 2001 - Enron Industrial Markets announced today that it has signed a definitive agreement with Daishowa North America Corporation to purchase Daishowa Forest Products Ltd., a holding company for its Quebec City, Canada newsprint mill and related assets. Daishowa is the company which was vehemently protested against by the Lubicon Indians and 'Friends of the Lubicon' in Alberta for attempting to log on Lubicon territory.

3. Political Profile

Enron Coalitions, Committees, and Talks, esp. those with direct GATS connections/implications:

Member of the **US Coalition of Service Industries** (USCSI) the key group pushing services privatization and liberalization through the GATS at the WTO www.uscsi.org

Enron is on the **Board of the National Foreign Trade Council** www.nftc.org , which advocates for the international and public policy priorities of its business members. WTO Director General Mike Moore "I thank the NFTC's invaluable support for the work of the WTO. The NFTC is on the steering committee of US-Trade, the group pushing most ardently for Trade Promotion Authority (Fast Track), www.us-trade.org

Member of the **US Council for International Business** which is on the Steering Committee of US-Trade. www.uscib.org

A top sponsor of the World Services Congress in Atlanta in 1999, the Conference that effectively started the GATS 2000 round for these business coalitions. www.worldservicescongress.com

On the **USTR Industry Consultations Program - Industry Sector Advisory Committee (ISAC) on Energy** – (Terry Thorn, Enron Exec VP, Global Affairs and Environment) The ISACs are the USTRs front line for advice on trade related policy, including GATS, FTAA, Fast Track.

<http://www.ita.doc.gov/td/icp>

On the **US Energy Services Coalition**, through which Enron has been pushing to have oil and gas drilling become classified as a service in the GATS negotiations. www.wrcperform.org

At the European Services Forum (ESF) 1999 international conference on the GATS 2000 negotiations, E. Joseph Hillings, VP and GM, Federal Government for Enron gave a talk called GATS and Energy Services. The ESF is the European equivalent of the USCSI. www.esf.be

At the **PECC Energy Forum** in Manila in 1999, Edith Terry, the manager for Global Affairs for Enron, gave a talk called The WTO, GATS and Energy: Should Energy Be Open to Negotiation? Enron is one of five members of the PECC Energy forum. Part of their mandate is stated as “ working to define Energy Services as part of the General Agreement on Trade in Services (GATS) 2000 Round”

<http://www.pecc.org/energy>

Due to its vast energy interests in Colombia, Enron is part of the **US-Colombia Business Partnership** – the Partnership lobbied for the implementation of Plan Colombia and the \$2.3b in funds for the Colombian government that went with it.

Enron’s Vast ties and connections to the political power elite in the US:

A. Political Campaign Contributions - available at www.opensecrets.org

Gave \$300,00 to George Bush’s inauguration party. Enron gave \$2,387,848 in total to candidates during the 2000 election cycle, with about 72% going to the Republicans (over \$1.7m)

Kenneth Lay, Enron Chair of the Board, is a part of Bush’s Pioneer group, which is made up of all 400+ people who personally gave Bush over \$100,000 for his campaign. Lay gave bush \$318,050 in 2000 and is the number one career donor to Bush.

Between 1997 and 2000, Ken Lay and his wife gave over \$76,000 to the Republican National State Elections Committee.

Enron’s Political Action Committee gave Tom DeLay Republican Senator from Texas, \$34,050. It is Tom DeLay who sponsored the bill which mandated electricity deregulation nationally. (Known in some D.C. circles as the ‘Enron Bill’).

Gave \$142,000 to Clinton’s Presidential Campaign in 1996. (Lay is known to often be one of Clinton’s golfing partners).

Enron's top Contributions to Congressional candidates in the 2000 election were:

- 1) Spencer Abraham \$10,500 - Abraham lost his Senate re-election run in Michigan but was later named Secretary of Energy by Bush.
- 2) Jeff Bingaman \$9,874 – Democratic Senator from New Mexico, who is new chair of the Senate Energy and Natural Resources Committee in the now Democrat controlled Senate.
- 3) Slade Gorton \$9,721 – Republican who lost Washington Senate run.
- 4) Bill McCollum \$9,495 – Republican who lost a Florida Senate run to Bill Nelson.
- 5) Former Treasury Secretary under Clinton Lloyd Bentsen received \$14,000 for a campaign.

B. Political Connections and Appointments

Kenneth Lay is on Bush's 48 member Energy Advisory panel, which is made up of Energy Corporations and a few Texas and Oklahoma regulators. (43 of the panel were donators to Bush)

There was talk that Kenneth Lay would be named Bush's Secretary of Energy, but it went to Abraham. According to Mother Jones magazine, Lay is Bush's top Advisor.

http://www.motherjones.com/web_exclusives/special_reports/mojo_400/76_lay.html

Kenneth Lay and other Enron officials interviewed several candidates to fill vacancies on the Federal Energy Regulatory Commission, which regulates Enron's main markets. Bush chose two people favored by Enron and other companies. ("Bush Advisers On Energy Report Ties To Industry", New York Times, Joseph Kahn, June 3rd, 2001 – Available at <http://www.nci.org/Onew/chenev-nyt6301.htm>)

The New York Times wrote of allegations that Ken Lay wrote a letter to Federal Energy Regulatory Commission Chair Curtis Hebert, saying that if Mr. Hebert changed his views on electricity deregulation, Enron would continue to support him in his new job. Hebert was offended, refused the offer, and feared for his job. Hebert later quit his position. (Senator Calls for Hearings into Regulators Moves", Christopher Marquis, New York Times, May 26, 2001).

May 26th, 2001– private meeting between Ken Lay, Arnold Schwarzenegger, LA Mayor Richard Riordan, and former Junk Bond trader and fraud convict (pardoned by Clinton) Michael Milken to drum up support for Lay's deregulation solution to the energy crisis. 'Enron's secret bid to save deregulation'; The San Francisco Chronicle, May 26, 2001 Christian Berthelsen, Scott Winokur
<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2001/05/26/MN209410.DTL>

Three top White House advisors involved in drafting President Bush's energy strategy held stock or earned fees from Enron: Karl Rove, Bush's Chief Political Strategist (stock between \$100,000 and \$250,000); Lawrence Lindsay, Bush's top Economic Coordinator, received \$50,000 from Enron for

consulting; I. Lewis Libby, VP Cheney’s Chief of Staff (sold his stock recently). (“Bush Advisers On Energy Report Ties To Industry”, New York Times, Joseph Kahn, June 3rd, 2001 – Available at <http://www.nci.org/0new/cheney-nyt6301.htm>)

Enron gave Bob Zoellick, US Trade Representative who is responsible for GATS, FTAA, Fast Track...negotiations, \$50,000 as an ‘advisory fee’ (“Bush’s Corporate Cabinet”, Multinational Monitor, May 2001 <http://www.essential.org/monitor/mm2001/01may/may01bushcc.html>)

James Baker, former Secretary of State, is on the Enron payroll as an advisor to help develop overseas projects and Robert Mosbacher, former Secretary of Commerce, is also on the Enron payroll as an advisor (he had been on the Enron board in the 1980s). Watchdogs Question Prez's Reluctance to Help. Bush's Biggest Donors Gain From High Prices in California Crunch, James Ridgeway, The Village Voice, February 7th-13th, 2001 <http://www.villagevoice.com/issues/0106/ridgeway3.php>

Wendy Gramm, Enron Board member, was chair of the Commodity Futures Trading Commission (CFTC), when Enron and 8 other companies petitioned the CFTC to exempt energy derivative contracts from Federal oversight. Gramm resigned just before the vote and joined the Enron Board as it passed. Gramm is married to Texas Republican Senator Phil Gramm. (“An Abuse of Power? Electricity Traders’ Practices Under Scrutiny”, Michael Liedtke, Associated Press, April 23rd, 2001 – available at http://seattle-i.nwsource.com/business/19749_energy23.shtml)

Power wholesalers spark controversy ENERGY: The action on Texas energy trading exchanges sends economic shock waves all the way to California”, Michael Liedtke, Associated Press, April 18th, 2001 - available at: <http://www.inlandempireonline.com/de/powercrisis/state041801-2.shtml>

Charles Walker, Enron Board – former US deputy Treasury Secretary.

John Wakeham, Enron Board - former UK Secretary of State for Energy and former Leader of the Houses of Lords and Commons. Receives \$6000 per month for his advice relating to European businesses. For critical information about John Wakeham, see: <http://www.redpepper.org.uk/natarch/wakeham.html>

Frank Wisner, Enron Board – joined the board a few months after retiring as US Ambassador to India, where it was reported extensively that he had been key in putting enormous pressure on India to prevent Enron being thrown out. (See below for more details).

In 2000, the Bush Presidential Campaign borrowed Enron’s Corporate jets eight times to fly aides around the country http://www.businessweek.com/2001/01_07/b3719006.htm
http://www.motherjones.com/web_exclusives/special_reports/mojo_400/76_lay.html

(Just a sample of) Enron Problem Contracts and Investments

California – Enron made \$377 million in profits in the last quarter of 2000, much of this from the California energy crisis, as the massive rise in costs of energy translated into massive profits for suppliers

like Enron. Enron believes that the market should be more deregulated to let ‘supply and demand’ fix the problem, but utilities are a natural monopoly, as creating new power companies and energy demand forecasters is not like opening a corner store. As well, increasing supply through such actions as building nuclear power plants, beyond the serious environmental reasons, forgets that much of the debt of the utilities actually came from bad investments in nuclear power (\$20b to \$28b, which taxpayers paid).

A cartel of companies is also being investigated by California state investigators for holding back the supply of power through plant shutdowns in order rapidly raise the cost and earn mega-profits. Calls to put price controls on the market are quickly and firmly disregarded by Bush, Cheney, et al, not surprising, given their close connection to Enron and others. Tellingly, the two publicly owned utilities, in Sacramento and in Los Angeles, have both been immune to the crisis, a sign of the value of public ownership and regulation. As well, it was reported in the Los Angeles Times that energy executives have been pocketing unusually high options transactions – including Kenneth Lay, who netted \$123m which is three times higher than 1999 and tens times his 1998 figures.

Sources available at:

<http://www.thenation.com/doc.mhtml?i=20010212&s=wasserman>

<http://www.commondreams.org/views01/0413-03.htm>

<http://www.commondreams.org/headlines01/0613-01.htm>

Pasadena, Texas – Reports Pratap Chatterjee in the Progressive: only 7% of the more than 3,500 tons of nitrogen oxide were permitted under pollution laws, but Bush allowed this under a grandfather clause which allows pre-1971 plants to continue polluting. ”As well the Clean Air Responsibility Enterprise (CARE), created from secretive meetings with top polluters, allows for volunteer emissions cuts, something Enron has yet to volunteer to do. There was also an explosion at the plant, and local government officials heavily criticized Enron for the lack of information they provided.

Meet, Bush's Biggest Contributor”, The Progressive, Pratap Chatterjee, September 2000

<http://www.progressive.org/pc0900.htm>

Florida - Enron's pipeline project with Florida Gas Transmission Co, was found in violation 109 times regarding wetlands destruction and improper land clearing and damaging waterways in 1994. It paid \$575,400 in fines. (Oregonian, August 6, 1996 and Southeast Energy Power Report, December 16, 1994)

Enron and Native People in the US. In 1997, Confederated Tribes of Warm Springs, Oregon, expressed their wish to gain control over the three Portland General Electric Co. hydropower dams on the Tribes' land in order to restore abandoned fish ladders. Enron owned PGE and "intended to keep the license". (Engineering News-Record, August 4, 1997) In early 2000, Enron Corp.'s Portland General Electric Co. agreed to sell stakes in its hydroelectric system over four decades to the Tribes, (Houston Chronicle, February 2, 2000) At the same time, Enron is in the process of selling it's interests in PGE to Sierra Pacific Resources. (Inside F.E.R.C.'s Gas Market Report, March 17, 2000) Activists challenging Enron's wind farm on the Columbia River Gorge "maintain that Enron has been unresponsive to tribal and environmental concerns, refusing to reply to repeated invitations to visit the site or meet with elders."

(Indian Country Today (Lakota Times) April 12, 2000).

<http://www.igc.org/trac/issues/politics/background/2000/enronfact.html>

Argentina – “In 1989 George W. Bush, the governor of Texas and a son of President Bush, called Rodolfo Terragno, the Argentine cabinet minister in charge of public works under then-president Raul Alfonsin, and asked him to give Enron a contract to construct a pipeline from Argentina to Chile. Terragno reported this influence-peddling to the Argentinean press, and the project was subsequently scrutinized by the country's parliament. Within a few months, shortly after the current president, Carlos Menem, was publicly seen socializing with George W. Bush, Enron was awarded the contract.”

<http://www.igc.org/trac/feature/india/profiles/enron/gospel.html>

India – Enron subsidiary Dhabol Power Corporation created the Dhabol Power Plant the largest single foreign investment in Indian history and it was wrought with problems:

“Enron exercised [immense influence] over the central and Maharashtra governments company’s interaction with villagers—whose legitimate concerns for their livelihood and environment were ignored or dismissed local opposition that formed to protest the project’s lack of transparency, its human impact, its threat to villagers’ livelihoods, and its potential to do environmental damage was the affected population’s last recourse.”

On the specific complicity of Enron: In addition to the state, Human Rights Watch believes that the Dabhol Power Corporation and its parent company Enron are complicit in these human rights violations. Enron’s local entity, the Dabhol Power Corporation, benefited directly from an official policy of suppressing dissent through misuse of the law, harassment of anti-Enron protest leaders and prominent environmental activists, and police practices ranging from arbitrary to brutal. The company did not speak out about human rights violations and, when questioned about them, chose to dismiss them altogether. “

But the Dabhol Power Corporation’s responsibility, and by extension that of the consortium and principally Enron, goes beyond a failure to speak out about human rights violations by the state police. The company, under provisions of law, paid the abusive state forces for the security they provided to the company. These forces, located adjacent to the project site, were only stationed there to deal with protests. In addition, contractors (for DPC) engaged in a pattern of harassment, intimidation, and attacks on individuals opposed to the Dabhol Power project. When the victims of these acts attempted to file complaints with the police, they were met with official silence. Police refused to investigate complaints, and in several cases, arrested the victims for acts they did not commit. When these activities were brought to the company’s attention, the Dabhol Power Corporation refused to acknowledge that its contractors were responsible for criminal acts and did not adequately investigate, condemn, or cease relationships with these individuals.”

At one point in the contract in 1995, a new Indian government cancelled the project and pressure was put on, including a US advisory against other US companies investing there, widely commented on having been due in large part to pressure from Enron and Indian Ambassador (and soon to be Enron board member) Frank Wisner. The Dhabol project was soon back on.

As of April 24th, 2001, Enron has been trying to back out of its contract with the Indian government.

(Above from Human Rights watch: The Enron Corporation Corporate Complicity in Human Rights Violations)

www.hrw.org/hrw/reports/1999/enron/index.htm

See also:

<http://www.igc.org/trac/feature/india/profiles/enron/enronfuse.html> and for background

<http://www.igc.org/trac/feature/india/profiles/enron/enronmozam.html>

Bolivia – The Overseas Private Investment Corporation, a federal agency that gives \$ for overseas investment, gave Enron a \$200 million loan to construct a very controversial natural gas pipeline through Bolivia’s San Matias Integrated management area, which is the only protected area for the world’s largest intact dry tropical forest. Enron contends that it is a ‘secondary’ forest due to some previous logging and should be allowed to work there. Said Republican Congress person Ron Paul: “Big business is in cahoots with government on this one... government wants to subsidize the attack on the environment.”

Enron pipeline in Bolivia gets U.S. loan guarantee” David Ivanovich, Houston Chronicle, Washington Bureau, June 15th, 1999.

Available at: <http://www.amazonwatch.org/newsroom/medioclips/june1599hc.html>

“Enron: Facts and Figures”, Prepared by: Impact Research: (A Program of the DataCenter Oakland, CA USA) <http://www.igc.org/trac/issues/politics/background/2000/enronfact.html>

Mozambique – Enron’s 1995 contract to build a pipeline from Mozambique to South Africa was reported by the Houston Chronicle to have been completed due to heavy pressure of Anthony Lake (Clinton’s National Security Advisor), USAID and the US Embassy. It was reported that the government threatened to withdraw aid if the Mozambique government did not sign the deal. "There were outright threats to withhold development funds if we didn't sign, and sign soon," John Kachamila, Mozambique's natural resources minister and the leader in the negotiations, told the [Houston] Chronicle. "Their diplomats, especially Mike McKinley (deputy chief of the U.S. Embassy), pressured me to sign a deal that was not good for Mozambique. He was not a neutral diplomat. It was as if he was working for Enron," said Kachamila. "We got calls from American senators threatening us with this and that if we didn't sign. Anthony Lake even called to tell us to sign," he added.

(“Enron Signs Controversial New Natural Gas Deal by Pratap Chatterjee, Corp Watch, November 13th, 1995)

<http://www.igc.org/trac/feature/india/profiles/enron/enronmozam.html>

Quotations

Enron is currently complaining to the Bush Administration that clean air regulations are getting in the

way of full profits, and that the regulations are the reason for the California energy crisis:

“Bush told several interviewers that he didn't want to place a federal cap on energy prices. He went further than that on CNN, saying, "If there's any environmental regulations that's preventing California from having a 100-percent max output at their plants -- as I understand there may be -- then we need to relax those regulations." In other words, Californians care too much about cleaning up their air, so it's their own damned fault if the lights are flickering.

The complaint that clear-air regulations (which are set by the federal government, not the state) are keeping the plants from working at max output has been lodged specifically by Enron, the Houston-based oil and gas conglomerate that wants to squeeze more profit from its California plant. Over the years, Enron has also been W.'s single largest contributor, with the other companies that are now charging California taxpayers outrageous rates on the spot market not far behind. By opposing price controls, Bush is directly enriching the very companies that have most enriched him. He reinforces the popular (and accurate) view that his administration is at bottom the oil industry vested with state power.

January 26, 2001 Extracted from an L.A. Weekly article called ‘The Pretender’ by Harold Meyerson
<http://www.laweekly.com/ink/01/10/cover-meyerson.shtml>

Gregory Palast, founder of Public Utilities Reform Group (UK) and author of the article “Behind the California Blackouts”: "The California blackouts are a simple case of greed run amuck, predictable and predicted. The big winners in this monstrosity are Enron -- the largest career contributor to George W. Bush -- and other energy companies who have strangled the market. 'Deregulation' is a lie -- it is simply moving regulation from democratic government agencies to an unelected circle of market manipulators." (this quotation was part of a press release from the Institute for Public Accuracy – January 24th, 2001 <http://www.commondreams.org/news2001/0124-08.htm>)

From the San Diego Union Tribune, February 2nd, 2001: Take Ken Lay, the chairman and chief executive officer of Enron Corp., one of the largest buyers and sellers of energy in the United States. While San Diegans struggled with tripling bills, Lay was pulling down more than \$5 million in annual salary and perks. As rolling blackouts struck parts of the state and Stage 3 alerts became commonplace, Lay and others at Enron forked over \$300,000 to help pay for President George W. Bush's inauguration. And while cash-strapped utilities here fretted about huge debts, the Houston-based energy conglomerate posted \$347 million in profits for the final quarter of 2000. But Lay refuses to play a villain in this supply-and-demand soap opera. "I believe in God and I believe in free markets," says the son of a Baptist minister who also is an active member of First United Methodist Church in Houston. And Lay thinks God agrees with him. "That's the fairest way to allocate and price resources," he says. "It does create more wealth and a higher standard of living for people than any other alternative. That ought to be the conclusive statement on markets."

The Rev. Glenn Allison, a Protestant clergyman who is head of the Ecumenical Council of San Diego County, has heard this stuff before. He doesn't buy it. "To me, it flies in the face of any kind of social justice," says Allison, who has led two vigils against the spiking energy costs. "The marketplace is not the best way to mediate the claims of those who have and those who have not," he says. In capitalism, too often,

the driving ethic is not based on meeting people's needs, but on maximizing dividends; responsibility is not to the public, but to profits, and compassion gives way to a culture of consumption. In other words, the free market isn't free -- and the costs can be especially hurtful to those who can afford it the least.

http://www.uniontrib.com/news/reports/power/20010202-9999_mz1c2ethics.html

Assorted quotations from a L.A. Times Article discussing the windfall for power companies and their heads on the backs of the California crisis: <http://www.commondreams.org/headlines01/0613-01.htm>

"It is part of a pattern of smart trading by these guys," said state Sen. Debra Bowen (D-Marina del Rey), who chairs the Senate Energy, Utilities and Communications Committee. "The mentality is to get everything that you can and then ride out the bust." "I think they are figuring that by this time next year the party will be over and they will be left sitting in a room with plastic cups half-filled with stale beer," "The generators have no shame," said Steve Maviglio, a spokesman for California Gov. Gray Davis. "It speaks to how there has been a massive transfer of wealth from California and the West to Texas and the Southeast. Lay, the Enron chairman, "has given himself very generous stock options over the years," compensation expert [Graef] Crystal said. "You might think of him as a farmer who has planted thousands of acres of stock options. Now he is harvesting a bumper crop. What he is harvesting is the hard-earned pay checks of California workers and taxpayers."

Enron President Jeffery Skilling to an industry conference in 1997, showing his 'great' respect for those who work for him: "You must cut costs ruthlessly by 50 to 60%. Depopulate. Get rid of people. They gum up the works."

"Enron President: 'People Gum Up the Works,'" *The Seattle Times*, April 5, 1997 – available at <http://www.essential.org/monitor/hyper/mm0697.04.html>

Senator Teel Bevins, Texas on the access of Kenneth Lay to President Bush: "So you *wouldn't* have access if you had spent 2 years of your life working hard to get this guy elected President *raising hundreds of thousands of dollars?*" In case I didn't understand, he translated it into Texan. "*Ya' dance with them what brung ya'!*" <http://www.commondreams.org/views01/0521-05.htm>

Human Rights Watch Report, regarding the Enron Dhabol power plant: "Many energy companies have invested in closed or repressive countries -- arguing that their investment would help develop the local economy and thereby improve the human rights situation. But in this case, Enron has invested in a democratic country -- and human rights abuses there have increased. Enron hasn't made things better for human rights; it has made things worse." Excellent report and recommendations at: <http://www.hrw.org/hrw/reports/1999/enron/index.htm>

Tamara Maschini, who lives about five miles from the Enron plant is one of the founders of a local environmental group called Clean Air Clear Lake: "Whole families in this neighbourhood have asthma because of the pollution from plants like Enron," she says. "It's gotten so bad that NASA has a problem recruiting people to work here at Mission Control which is just down the road. Houston is in trouble and George Bush is the reason-- he has allowed the situation to deteriorate over the past several years," according to Maschini. <http://www.igc.org/trac/feature/election/bushlaid.html>

During a question and answer period following his speech at the Reuters Group Plc (RTR.L) and Tibco Software Inc. Strategic Directions 2001 Conference Enron president and CEO Jeffery Skilling commented on the California Energy crisis: "You know what the difference is between the State of California and the Titanic?" Skilling asked, pausing for comedic effect. "This is being webcast, and I know I'm going to regret this, but at least the lights were on when the Titanic went down," <http://38.144.115.20/eyeforenergy/print.asp?news=17186>

(The above quote was from June 14, 2001 and on June 21th, 2001 Skilling got his 'Just Desserts', by being pied by the Biotic Baking Brigade in San Francisco. See http://www.indymedia.org/print.php3?article_id=48529 for details)