



CONNECTICUT RESOURCES RECOVERY AUTHORITY

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CRRA Completes Repayment of State Loan Chairman Pace: ‘The Enron Problem Is Completely Behind Us’

HARTFORD, Conn. – The last remaining Enron-related obligation has been erased from the Connecticut Resources Recovery Authority’s books.

Today CRRA made the last payment on the \$21.5 million it borrowed from the state to help fill in a hole left in its finances by the loss of over \$280 million when Enron went bankrupt in 2001. CRRA paid principal of about \$11.6 million and interest of \$17,058.01. The money came from the proceeds of CRRA’s Enron bankruptcy settlement and has been in escrow for this purpose since 2004.

“We’ve overcome a lot of challenges in the five and a half years since our new board was created,” said CRRA Chairman Michael A. Pace, “but today I’m proud to say that the Enron problem is completely behind us.”

In 2001, CRRA’s Mid-Connecticut Project entered into an agreement in which Enron received \$220 million and Enron agreed to purchase electricity generated by the Mid-Connecticut Project trash-to-energy plant and pay the Project \$26.4 million per year for 11 years, or a total of \$290.4 million. The transaction was later described by Attorney General Richard Blumenthal to be an illegal loan. Enron made about \$19 million worth of payments before declaring bankruptcy.

The 70-town Mid-Connecticut Project was the only one of CRRA’s four trash and recycling projects impacted by Enron’s bankruptcy.

When Enron declared bankruptcy in December 2001, the payments stopped and suddenly the Project was without about 30 percent of its annual revenue. In 2002, the General Assembly passed sweeping CRRA-related legislation. The legislation created a new board of directors, made up mostly of mayors and first selectmen, and authorized CRRA to borrow up to \$115 million from the state to pay debt service on Mid-Connecticut Project bonds.

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CRRA
State loan repaid in full
February 15, 2008
Page 2

“Any money we borrowed we knew we’d have to repay with interest, so we knew that if we were to borrow the full \$115 million, we’d be looking at \$110 disposal fees before too long, and that was unacceptable,” Pace said. “Our board took a different approach to solving the Enron problem. Now that it’s resolved, we can move forward.”

CRRA aggressively cut costs, left positions unfilled, renegotiated contracts with vendors and reorganized its personnel to increase efficiencies. CRRA received a bankruptcy settlement from Enron worth \$82.7 million in cash payments and stock, then auctioned off that settlement for \$111.8 million cash. CRRA also sued others involved in the Enron deal, and settlements of those cases brought in an additional \$40 million. As a result of these actions, CRRA only needed to borrow \$21.5 million from the state and avoided charging excessively high disposal fees.

Without CRRA’s aggressive action following the Enron bankruptcy, today’s Mid-Connecticut Project disposal fee would have been \$94 a ton; instead, private haulers pay \$69 and municipalities pay less than \$61.

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’s four solid waste projects serve 118 Connecticut cities and towns. CRRA also runs environmental and recycling educational programs through the Trash Museum in Hartford and Garbage Museum in Stratford. For more information about CRRA and its activities, visit <http://www.crra.org>. Computer users can also discuss CRRA at its blog, <http://crra-blog.blogspot.com>.