

**TESTIMONY OF DONALD ERI
TO THE U.S. SENATE COMMITTEE ON COMMERCE,
SCIENCE & TRANSPORTATION**

**HEARING ON ENRON
December 18, 2001**

Good morning. My name is Donald Eri. I am 57 years old. I retired from Portland General Electric – PGE – in April 2001, after 33 years with the company. I joined the company in November 1968 and worked my way up the ranks, retiring as a Special Tester.

I come to you today representing the thousands of PGE retirees who have been financially devastated by Enron's recent stock price collapse and bankruptcy. Enron purchased PGE in 1997. As an immediate result of that sale, the PGE stock that my co-workers and I had in our 401(k) accounts automatically converted to Enron stock, and from that time to the present, PGE met its obligation to match employee contributions to the 401(k) plan by giving us Enron stock.

For a time, this looked like a good deal. As you are probably aware, by August 2000, Enron's stock had shot up to an all-time high of \$90.56 a share. When I retired in April of 2001, I sold all but 500 of my Enron shares. I expected the remaining stock to provide me with some growth in my

retirement and give me a cushion to provide for basics in my later life, such as the rapidly-rising medical costs most people can no longer afford to insure against.

How wrong I was.

It turns out that Enron was really a sham. Here it was, the 10th-largest company (in revenue) in the United States, a leader in the move toward a deregulated energy market. Its top executive, Ken Lay, was a personal friend of President George Bush and Vice President Dick Cheney. Its directors were prominent people, with valuable political and industrial ties. They were all making huge amounts of money, apparently off of a highly successful company. We saw our supervisors buying up the stock, and encouraged by the smell of success, we used our own money in our 401(k) plan to do likewise.

Despite our employer's enthusiasm for deregulation, those of us who have worked in the electric utility industry over the years have always had serious misgivings about whether a deregulated industry would be able to provide the kind of reliable service that the nation expects and that we have taken pride in providing. But we had no idea how unregulated the industry actually is – and that our employer's financial dealings would completely

escape any meaningful regulatory scrutiny.

It turns out that the people at the top of the company seriously misrepresented the financial picture and the company's future to those of us who worked to keep the lights on for over 700,000 customers. We took pride in what we did. We worked in all kinds of adverse weather conditions for days at a time without rest to make sure that Oregonians had light and heat when they needed it. And this is how we get paid back.

And they lied to you, and to legislators and regulators around the country, painting a picture of an industry that could flourish without government intervention.

Since I had the sheer luck to get out of Enron before it collapsed completely, my exposure was, as I mentioned, only 500 shares. But Enron's smoke and mirrors still cost me over \$40,000. Next to the stories you have heard of my co-workers who have lost hundreds of thousands of dollars, \$40,000 may not sound like much to you. But to me, it's a significant amount of the money that I had counted on to help support me through my retirement. Moreover, if I had not retired and cashed out last April, I probably could not afford to retire now, since far more of my pension would have disappeared.

The money I lost represents past earnings that I invested on my own, as well as contributions toward my pension that my employer was committed to provide for me. Now it's gone and, with Enron in bankruptcy, it will be something short of a miracle if I ever get any of it back.

PGE retirees who had Enron stock are hurting. They don't know what the future holds now that, for some of them, a substantial portion of their retirement portfolio has simply disappeared. What they want from our country's leaders are some straight answers about what happened at Enron. Then they can make their own decisions whether there are any realistic means for trying to recover their hard-earned money.

What Enron's current employees want is the same as what employees throughout this country want – some assurances that the pensions they are promised, and in which they are investing today, will have some real value when the time comes for them to retire.

We are not looking for a handout. We just want to be heard and to help this committee and others determine the truth so that we can get on with our lives and – for some of us – retain our dignity.

Thank you.