BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UF 4218/UM 1206

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Application for an Order Authorizing the Issuance of 62,500,000 Shares of New Common Stock Pursuant to ORS 757.410 *et seq.* (UF 4218) In the Matter of STEPHEN FORBES COOPER, LLC, as Disbursing Agent, on behalf of the RESERVE FOR DISPUTED CLAIMS Application for an Order Allowing the Reserve for Disputed Claims to Acquire the Power to Exercise Substantial Influence over the Affairs and Policies of Portland General Electric Company Pursuant to ORS 757.511 (UM 1206)	STAFF REPLY TO CITY OF PORTLAND'S RESPONSE TO THE UTILITY REFORM PROJECT'S APPLICATION FOR RECONSIDERATION

Pursuant to the hearing officer's February 28, 2006 Ruling, staff of the Public Utility Commission of Oregon ("staff") submits this reply to the City's "response" to the Utility Reform Project's ("URP") Application for Reconsideration in the above-captioned docket. As noted in the February 28, 2006 Ruling, URP presented a single reason in support of its Application for Reconsideration of Order No. 05-1250 – that Portland General Electric Company's ("PGE") ratepayers would be better off if PGE was still owned by Enron due to implementation of a new automatic adjustment clause involving taxes collected from ratepayers pursuant to recently enacted SB 408. The City did not address URP's arguments in its response to the application for reconsideration.[1] Instead, the City filed what is essentially an independent application for reconsideration styled as a response to URP's application. As such, the City's filing is untimely and should be rejected.

[1] The only reference the City makes to URP's application for reconsideration is to note that the City supports it. (City Response at 1.)

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Under OAR 860-014-0095, the City of Portland had sixty days in which to file a request for reconsideration. It did not do so. It should not be allowed to use another party's reconsideration request as a vehicle for submitting an untimely request for reconsideration. If the Commission allows responsive filings such as the City's, parties could confuse and lengthen the contested case process.

Even if the Commission considers the substance of the City's arguments, they are without merit.

A. The Commission properly applied the exemption in ORS 757.412.

1. No prior rulemaking was required.

The City's arguments regarding the Commission's application of ORS 757.412 are confusing, but appear to break down into three separate arguments. First, the City appears to argue that the Commission was required to define when the "public interest" may exempt certain issuances from any or all of the provisions of ORS 757.415 by rule before applying the standard in a contested case. *See* City Response at 3, ("It is the failure of the agency to * * * develop standards that concerns the City as contributing directly to the *ad hoc* nature of the Commission's determination in Order No. 05-[1250].") Second, the City argues the Commission erred in finding the Application[2] satisfied the public interest standard of ORS 757.412. Third, the City argues that no evidence supports the Commission's conclusion that "there would be no new net proceeds from the issuance of new PGE common stock." (City Response 2-5.)

First, the Commission was not required to define by prior rulemaking the limits of the exemption provided in ORS 757.412. The Supreme Court has explained that whether rulemaking is required is exclusively a matter of statutory construction. If there is statutory text that, reasonably construed, may be taken expressly or by implication to require rulemaking, then rulemaking is required. Otherwise, it is not required. *Trebesch v. Employment Division*, 300 Or

[2] Staff's capitalized references to "the Application" are to the Application underlying this docket filed by PGE and Stephen Forbes Cooper, LLC, on behalf of the Disputed Claims Reserve.

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264, 267, 710 P2d 136 (1985). The City does not identify any statutory wording that, when reasonably construed, requires the Commission to promulgate an administrative rule before applying the exemption found in ORS 757.412. In fact, no such conclusion can be reached. Instead, the Commission was entitled to exercise its legislatively-delegated decision making authority in the context of particular cases, such as this one. *See e.g. Larsen v. Adult & Family Services*, 34 Or App 615, 619-21, 579 P2d 866 (1978) (agencies are not subject to an inflexible requirement that every refinement of an articulated policy be promulgated through prior rulemaking).

2. The Commission did not err in finding the circumstances presented in the Application satisfied the public interest test of ORS 757.412.

The greatest flaw in the City's arguments is its failure to recognize the uniqueness of the transaction at issue in UF 4218 and the Commission's broad discretion. As noted in the Commission's order, the legislature enacted ORS 757.412 as a "catch-all" for issuances not authorized under ORS 757.415. Accordingly, to the extent the City argues that the Commission should not have authorized this issuance because it is not of a type contemplated under ORS 757.415, the argument is irrelevant.

Here, the Commission concluded that the public interest did not require application of the requirements of ORS 757.400 to 757.480 because 1) ratepayers will not be harmed by the issuance of new securities; 2) no current shareholder's value will be shortchanged by receiving new stock; and 3) the stock may be more marketable at a lower rate, easing the transition to a publicly traded PGE. (Order No. 05-1250 at 12.) Notably, the City's arguments attacking the Commission's conclusion fail to recognize the third finding supporting the Commission's conclusion the public interest test for the exemption of ORS 757.412 is satisfied. Contrary to the City's assertion, these findings are sufficient to support the Commission's conclusion that the exemption of ORS 757.412 is satisfied.

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3. Sufficient evidence supports the Commission's finding that the issuance of new PGE common stock will not create proceeds.

The issuance of new PGE common stock will not produce any proceeds. The Commission approved the issuance of new stock that will be used for the sole purpose of replacing existing PGE stock, which will be cancelled. The new PGE stock will be distributed to creditors as a means of carrying out the court-approved Bankruptcy Plan. The distribution itself will not generate any funds since they are being used to settle claims. The stock distribution will not go directly into the market to generate funds. Rather 100% of the stock issuance will go to creditors.

B. The Commission did not err in declining to require Applicants to negotiate a franchise agreement with the City.

The City's implicit assertion that the Commission was required, as a matter of law, to condition its approval of the PGE/SFC Application on PGE's agreement to enter into a new franchise agreement with the City is absurd. No such legal obligation exists, and the Commission's decision not to condition approval of the Application on PGE's agreement to enter into a new franchise agreement is not an error of law requiring reconsideration of the order.

It is not necessary for PGE to develop a new franchise agreement to find that the transaction is in the public interest. Again, the net benefit is measured from the current PGE environment to that under the new transaction. Nothing in the transaction itself gives rise to harm to the existing franchise agreement itself and accordingly, is not a potential harm that must be addressed in this docket.

Essentially, the City's argument boils down to an argument that every party with any interest or issue that they may want to see addressed in a way that improves their current environment is a necessary issue that must be resolved. This was addressed recently in Order No. 05-114, where the Commission found "…we question the parties' ability to pursue conditions unrelated to harms posed by the transaction. While we have authority to place some

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conditions on an order approving an application, we do not believe we have the authority to add conditions for the sole purpose of adding benefits."

Finally, to the extent the City relies on ORS 756.160(1), which requires the Commission to inquire into the neglect or violation of laws relating to public utilities, the reliance is misplaced. The Commission's obligation to "inquire into the neglect or violation" of certain laws is a far cry from an obligation to compel a public utility to enter into a contract negotiation with a third party in connection with a proceeding brought under ORS 757.511.

C. There is no new evidence essential to the Commission's determination in Order No. 05-1250.

The City argues new evidence essential to the Commission's determination in Order No. 05-1250 came to light after the Commission issued its decision. The "new evidence" is information that BDHLR, LLC replaced Stephen Forbes Cooper, LLC ("SFC") as the agent for the Disputed Claims Reserve in Enron's bankruptcy proceeding. In sum, the City argues that in Order No. 05-1250, "the Commission approved the exercise of substantial influence over PGE by Ste[ph]en Forbes Cooper, LLC as Disbursing Agent, under ORS 757.51," and that therefore, the Commission has a mandatory duty to undertake an investigation into whether BDHLR may exercise substantial influence over PGE. The City is incorrect.

The Commission did not authorize SFC to exercise substantial influence over the affairs and policies of PGE. Contrarily, the Commission authorized the Disputed Claims Reserve ("DCR") to exercise substantial influence over the affairs and policies of PGE, though an agent, SFC. As explained in the Application submitted by PGE and the DCR, though its agent, SFC, SFC's role was to hold PGE's stock for the DCR. However, it is the DCR overseers who have authority to choose how to vote the stock and whether, and on what terms, the DCR would sell the stock should a credible purchase offer be made. The Application submitted by PGE and the DCR explains,

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> The DCR Overseers will have the limited functions of determining (1) how to vote the New PGE Common Stock held by the Reserve on all matters for which a shareholder vote is required under Oregon law or PGE's Articles of Incorporation and Bylaws and (2) whether to sell the New PGE Common Stock held by the Reserve. The Plan Administrator will be required to bring to the DCR Overseers matters that require the vote of shareholders and any offers to buy New PGE Common Stock.
>
> As a matter of Oregon law and the proposed Articles of Incorporation and Bylaws of PGE, the DCR Overseers will have the right to vote annually on the election of PGE's board of directors. Under Oregon law, shareholders are also entitled to vote on major transactions, such as mergers and sale or mortgage of all or substantially all of the assets of a corporation such as PGE. As long as the Reserve holds more than 10% of the New PGE Common Stock, the DCR Overseers will also have the ability to call a special meeting of the shareholders.
>
> The DCR Overseers will exercise their business judgment to vote the Plan securities, including the New PGE Common Stock, in a manner they believe will maximize the value of assets to be distributed to creditors. The Guidelines require that the DCR Overseers take all actions that a board of directors of a public corporation chartered in the State of Delaware would be required to take to satisfy its fiduciary duties in making a decision requiring the voting by such corporation of a comparable proportion of securities it holds in another entity. The DCR Overseers may not vote in matters in which they have a conflict of interest. (Application at 22.)

The Overseers identified in the Application have not changed. They are Stephen D. Bennett, Rob Duetschmann, R.A. Harrington, James R. Latimer, III., and John J. Ray, III. (Application 9 and Exhibit 8.) These same five individuals are the members BDHLR, LLC, the limited liability company assuming the role as Disbursing Agent in place of SFC. (*See* Attachment at 4.)

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CONCLUSION

The City of Portland's Response to the Utility Reform Project's Application of Reconsideration should be rejected because it is an untimely application for reconsideration styled as a response to URP's application for reconsideration. In the alternative, the City's Response should be rejected on the ground the arguments are without merit.

DATED this 13th day of March 2006.

Respectfully submitted,

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
ENRON CORP., et al.,	:	**Case No. 01-16034(AJG)**
	:	**Jointly Administered**
Reorganized Debtors.	:	

MOTION OF REORGANIZED DEBTORS FOR ORDER, PURSUANT TO 11 U.S.C. § 105(a), IN AID OF PLAN CONSUMMATION AND AUTHORIZING TRANSITION OF CHAPTER 11 PLAN ROLES FROM STEPHEN FORBES COOPER, LLC TO BDHLR, LLC

TO THE HONORABLE ARTHUR J. GONZALEZ,
UNITED STATES BANKRUPTCY JUDGE:

Enron Corp. ("Enron") and its reorganized debtor affiliates in the above-captioned case (collectively, the "Reorganized Debtors"), file this motion (the "Motion") for an order, pursuant to section 105(a) of title 11 of the United States Code, 11 U.S.C. et seq. (as amended, the "Bankruptcy Code"), for authority to transition chapter 11 plan roles from Stephen Forbes Cooper, LLC, a New Jersey limited liability company ("SFC") to BDHLR, LLC, ("BDHLR"), a Delaware limited liability company whose only members are the directors of Enron, and respectfully represent as follows:

JURISDICTION

1. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter constitutes a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409(a). Pursuant to Section 38.1 of the Plan (as defined below), this Court retains exclusive jurisdiction "to enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan." Plan § 38.1(b).

BACKGROUND

2. Commencing on December 2, 2001 (the "Petition Date"), and periodically thereafter, Enron and certain of its direct and indirect subsidiaries (the "Debtors") each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases were procedurally consolidated for administrative purposes only.

3. By order (the "Confirmation Order"), dated July 15, 2004, this Court confirmed the Debtors' Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated July 2, 2004 (the "Plan"), and entered findings of fact and conclusions of law in connection therewith, in accordance with section 1129 of the Bankruptcy Code. The Plan became effective

on November 17, 2004 (the "Plan Effective Date") and has since been substantially consummated.

4. The Reorganized Debtors began making distributions to holders of allowed secured, priority, administrative and convenience class claims in November 2004 and, in accordance with the provisions of the Plan, to holders of allowed general unsecured claims in April 2005. Pursuant to Article XXXII of the Plan, further distributions are scheduled to occur every six months.[1]

5. As of the date hereof, the Reorganized Debtors have made distributions in the amount of approximately $1 billion in cash to general unsecured creditors holding allowed claims. The Reorganized Debtors have also been working to establish estimated liquidated values for claims filed in unliquidated amounts in an effort to reduce reserves and increase distributions. As a result, in April 2006, the Reorganized Debtors anticipate making a substantial distribution to general unsecured creditors holding allowed claims (the "April 2006 Distribution"), which it is anticipated will include the first distribution of stock of Portland General Electric (one of the Reorganized Debtors' subsidiaries) and the first

[1] Additionally, pursuant to the provisions of the Plan, interim, "catch up" distributions were and continue to be made to holders of newly-allowed claims.

distribution pursuant to certain plan compromise distribution schemes.

6. In addition to the commencement of distributions to general unsecured creditors, all other aspects of the Plan have been undertaken, including, without limitation, the ongoing liquidation of assets and the continued litigation (and in some instances settlement) of claims and causes of action, including the Megaclaims Litigation. Thus, with the completion of these tasks and what has otherwise been accomplished, the Reorganized Debtors and SFC have determined that it is appropriate to transition SFC's roles at this time because the Reorganized Debtors are confident that they are capable of winding up their affairs and effectively administering the tasks contemplated by the Plan.

7. BDHLR is a Delaware limited liability company formed in December, 2005 to take over SFC's chapter 11 plan roles. BDHLR is managed by its members -- Stephen D. Bennett, Robert M. Deutschman, Rick A. Harrington, James R. Latimer, III and John J. Ray, III (collectively, the "Members") -- each of whom currently serves on the Board of Directors of Enron (the "Enron Board") and was selected for their Board position in connection with confirmation of the Plan. The Members comprise the entire Enron Board and also serve in supervisory capacities in various trust and Plan roles set forth in paragraph 9 below.

As members of the Enron Board, they have actively and diligently worked for Enron, and have directed the actions of the Reorganized Debtors in connection with implementing the Plan, including resolving claims, prosecuting actions, making distributions and managing assets. In addition, they have overseen the implementation of various procedures to facilitate the proper and efficient administration of these cases. As a result of the Members' experience with Enron, and in their capacity as directors of Enron directing the actions of the Reorganized Debtors, BDHLR is uniquely qualified to assume SFC's chapter 11 plan roles.[2]

STEPHEN FORBES COOPER, LLC CHAPTER 11 PLAN ROLES

A. SFC Pre-Confirmation Roles

8. On April 4, 2002, this Court entered an order (as modified from time to time) authorizing the Debtors to enter into an agreement to employ SFC as an independent contractor to provide management services for the Debtors, effective as of January 28, 2002.

[2] On December 16, 2005, Stephen F. Cooper resigned his positions as Interim Chief Executive Officer, Interim President and Chief Restructuring Officer of Enron. Also on December 16, 2005, Robert S. Bingham resigned his positions as Interim Chief Financial Officer and Interim Treasurer of Enron. On December 20, 2005, John J. Ray, III was named the President of Enron and Richard Lydecker was named to the additional post of Chief Financial Officer.

B. SFC Post-Confirmation Roles

9. Pursuant to the Confirmation Order and the Plan, SFC was approved to serve in the following trustee, agent and administrator roles (together, the "Plan Roles") after the Plan Effective Date:

(a) Common Equity Trustee;[3]

(b) Preferred Equity Trustee;

(c) Litigation Trustee;

(d) PGE Trustee;

(e) Prisma Trustee;

(f) Remaining Asset Trustee;

(g) Disbursing Agent; and

(h) Reorganized Debtor Plan Administrator.

10. On the Plan Effective Date, the Common Equity Trust and the Preferred Equity Trust (together, the "Equity Trusts") were established and SFC was appointed as Common Equity Trustee and Preferred Equity Trustee (in each capacity, an "Equity Trustee"). SFC continues to serve in such roles as of the date hereof. Also, on the Plan Effective Date, SFC was appointed as Reorganized Debtor Plan Administrator, pursuant to the Reorganized Debtor Plan Administration Agreement, and as Disbursing Agent, pursuant to the Confirmation Order. SFC also

[3] Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

continues to serve in such roles as of the date hereof. The other trusts, which are the Litigation Trust, the PGE Trust, the Prisma Trust and the Remaining Asset Trusts (collectively, the "Other Trusts"), have yet to be established. As such, SFC has not assumed the role of trustee for any of the Other Trusts.

C. Equity Trust Agreements

11. To establish the Equity Trusts, the Debtors and SFC entered into the Common Equity Trust Agreement and the Preferred Equity Trust Agreement (together, the "Equity Trust Agreements"), each in the form approved by the Bankruptcy Court in connection with the Plan. Under each of the Equity Trust Agreements, the applicable Equity Trustee is authorized to perform any and all acts necessary or desirable to accomplish the purposes of the Equity Trusts, including, without limitation, holding legal title to any and all rights of the holders of the trust interests in or arising from the trust assets.

12. The Equity Trust Agreements each include an article governing the transition to a successor trustee. In the event that an Equity Trustee is removed or resigns,[4] Enron must appoint a successor trustee subject to the approval of the Bankruptcy Court. Moreover, in accordance with each of the

[4] The notice requirements for resignation by an Equity Trustee set forth in each Equity Trust Agreement are inapplicable in the present instance because the transitioning of SFC's role as Equity Trustee for each of the Equity Trusts to BDHLR is mutually agreed upon.

Equity Trust Agreements, if the Equity Trustee was removed or if it resigned from its Equity Trustee role, it will be deemed to have terminated each of its other roles for the Reorganized Debtors, including, without limitation, as Reorganized Debtor Plan Administrator, Disbursing Agent, or as trustee of any other trust formed pursuant to the Plan.

D. Reorganized Debtor Plan Administration Agreement

13. The Debtors and SFC also entered into the Reorganized Debtor Plan Administration Agreement. Under the Reorganized Debtor Plan Administration Agreement, the Reorganized Debtor Plan Administrator's responsibilities and powers include, without limitation, prosecuting and settling claims and causes of action held by or brought against the Debtors and Reorganized Debtors, liquidating certain assets and making distributions.

14. Compensation for SFC under the Reorganized Debtor Plan Administration Agreement includes (i) an annual payment of $1.32 million for the services of SFC (the "SFC Fees"), (ii) an annual payment of $864,000 for each approved SFC associate director of restructuring (the "AD Fees") (with payments under (i) above and this (ii) being adjusted quarterly based upon the actual hours worked, each as set forth in the Reorganized Debtor Plan Administration Agreement), (iii) reimbursement of certain expenses ("Expense Reimbursement," and together with the AD Fees

and the SFC Fees, the "SFC Compensation"), and (iv) a fee (the "Success Fee") that may be requested by SFC for its efforts and results achieved after the Plan Effective Date, which is subject to the approval of the Enron Board and the Court.[5] Additionally, and in accordance with the Reorganized Debtor Plan Administration Agreement, in the event that the Reorganized Debtor Plan Administrator is terminated without cause, the Reorganized Debtor Plan Administrator is entitled to a fee of $2.9 million (the "Termination Fee"). Pursuant to the Plan and the Reorganized Debtor Plan Administration Agreement, the fees and expenses that are payable to SFC under the Reorganized Debtor Plan Administration Agreement are the only compensation that SFC is entitled to receive for any and all services rendered by SFC and its employees and affiliates to the Reorganized Debtors in whatever capacity (e.g., as Reorganized Debtor Plan Administrator, trustee of any Plan related trust, Disbursing Agent).

15. In connection with the transition of Plan Roles, it is anticipated that the SFC Compensation will be reduced commensurate with headcount and associated responsibilities, and, in connection with providing litigation and other support, SFC shall enter into a mutually agreeable consulting agreement

[5] However, the Court (upon SFC's request) may award the Success Fee to SFC even if the Success Fee has not been approved by the Enron Board.

which will provide for compensation during the transition period expected to continue at various and appropriate levels through June 30, 2006.

16. Unlike the Equity Trust Agreements, neither the Reorganized Debtor Plan Administration Agreement, the Confirmation Order (with respect to SFC's role as Disbursing Agent), nor the form of the trust agreements from the Other Trusts approved in the Plan Supplement, require Bankruptcy Court approval for the removal or resignation of the Reorganized Debtor Plan Administrator or for the appointment of a successor.[6]

RELIEF REQUESTED

17. By this Motion, the Reorganized Debtors request entry of an order, pursuant to section 105(a) of the Bankruptcy Code, authorizing the Reorganized Debtors to transition SFC's roles as Common Equity Trustee and Preferred Equity Trustee to BDHLR as of April 30, 2006.

GROUNDS FOR RELIEF

18. Since the Petition Date, the Reorganized Debtors have performed a wide variety of functions, including, among other things, resolving claims, prosecuting actions, making distributions and managing assets. In addition, they have implemented various procedures to facilitate the proper and

[6] Because the transitioning of SFC's role as Reorganized Debtor Plan Administrator to BDHLR is mutually agreed upon, any requirement that SFC provide prior notice of resignation to the Enron Board is inapplicable.

efficient administration of these cases. The skill and experience developed by the Reorganized Debtors, including the Enron Board, since the Plan Effective Date overlaps in many respects with the consulting services provided by SFC. Indeed, once the April 2006 Distribution is calculated and made, the Reorganized Debtors will have had experience in preparing for and making all of the various forms of distributions contemplated by the Plan.

19. As such, the Reorganized Debtors believe that, by the time the April 2006 Distribution is made, the Reorganized Debtors and their representatives - namely, the Enron Board, whose members constitute all of the Members of BDHLR - will have the experience and skill required to perform all of the Plan Roles that are currently fulfilled by SFC, including, without limitation, Common Equity Trustee, Preferred Equity Trustee, Disbursing Agent and Reorganized Debtor Plan Administrator. The Reorganized Debtors believe that they (through BDHLR) can assume such roles from SFC and perform the duties previously performed by SFC without hiring additional employees, with only certain limited potential exceptions. Moreover, the Reorganized Debtors would be able to perform these roles at a lower cost by avoiding the SFC Compensation.

20. The Reorganized Debtors and SFC have discussed the benefits to each party of transitioning the Plan Roles to

BDHLR. As a result, the Reorganized Debtors and SFC have consensually agreed to transition each of SFC's Plan Roles to BDHLR. Pursuant to the terms of the Equity Trust Agreements and the Reorganized Debtor Plan Administration Agreement, once SFC no longer serves in the relevant trustee or administrator position under any of these agreements, it will be deemed to be terminated from serving its other roles for the Reorganized Debtors. Under the circumstances, SFC has agreed to waive any and all rights to the Termination Fee. Moreover, it is important to note that BDHLR will not receive any fees for any services it renders to the Reorganized Debtors in accordance with the terms of this Motion; BDHLR's members will, however, continue to be compensated for services rendered to the Reorganized Debtors in their capacity as members of the Enron Board.

21. Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary to carry out the provisions of this title." 11 U.S.C. § 105(a). In practice, section 105(a) of the Bankruptcy Code grants bankruptcy courts broad statutory authority to enforce the Bankruptcy Code's provisions either under the specific statutory language of the Bankruptcy Code or under equitable common law doctrines. See Momentum Mfg. Corp. (In re Momentum Mfg. Corp.), 25 F.3d 1132, 1136 (2d Cir. 1994). In accordance

with this Court's authority under section 105(a) of the Bankruptcy Code and pursuant to the Plan and the Confirmation Order, this Court may authorize the Reorganized Debtors to transition each of the Plan Roles from SFC to BDHLR.

NOTICE

22. Notice of this Motion has been given to all parties on the Service List as defined in, and in accordance with the notice required for settlements described in, the Second Amended Case Management Order Establishing, Among Other Things, Noticing Electronic Procedures, Hearing Dates, Independent Website and Alternative Methods of Participation at Hearings, dated December 17, 2002. The Reorganized Debtors submit that such notice is adequate, proper and sufficient, and, constituted the best notice practicable under the particular circumstances, and no other or further notice of the Motion is required.

WAIVER OF MEMORANDUM OF LAW

23. Pursuant to Local Rule for the United States Bankruptcy Court for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, the Reorganized Debtors respectfully requests that this Court waive the requirement that they file a memorandum of law in support of this Motion. The Reorganized Debtors reserve the

right, however, to file supplemental memoranda in reply to any responses filed to this Motion.

NO PRIOR REQUEST

24. No previous request for the relief sought herein has been made to this Court or any other court.

WHEREFORE the Reorganized Debtors respectfully request that this Court (a) enter an order, in substantially the form attached hereto as Exhibit A, authorizing the Reorganized Debtors, pursuant to section 105(a) of the Bankruptcy Code, to transition SFC's roles as Common Equity Trustee and Preferred Equity Trustee to BDHLR; and (b) grant such other and further relief as may be just and proper.

Dated: New York, New York
January 10, 2006

By: /s/ Luc A. Despins
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ATTORNEYS FOR REORGANIZED ENRON CORP., ET AL.

CERTIFICATE OF SERVICE

I certify that on March 13, 2006, I served the foregoing upon the parties hereto by electronic mail and by sending a true, exact and full copy by regular mail, postage prepaid or by shuttle mail to the parties accepting paper service.

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