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**FERC Lawyer Denies Part in Enron Trades; She says she did not advise on questionable strategies while working for the energy firm.**

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WASHINGTON

A former Enron Corp. lawyer who last month went to work for the Federal Energy Regulatory Commission on Wednesday vigorously denied involvement with the company's questionable trading tactics, after two senators raised questions about her hiring.

Mary C. Hain was a lawyer based in Enron's West Coast trading hub during the energy crisis. She provided legal services for the since-disgraced corporation, although she was not accused of devising illicit trading schemes. Hain later cooperated with investigators.

"I'm an extremely ethical person. I've felt that I've been that way my entire career, including the time I was at Enron," Hain said in an interview. She added: "Just because I happened to work there doesn't mean that I somehow became involved in these transactions."

News of Hain's hiring by the energy regulatory agency caused some ripples among Democratic lawmakers, including Sen. Dianne Feinstein of California, who had criticized FERC's response to the meltdown of Western energy markets in 2000-01.

In a May 10 note to FERC Chairman Joseph T. Kelliher, Feinstein said she was "appalled when I learned of the commission's choice to employ a high-ranking former Enron employee." She added: "I trust that you will take the issue under careful advisement and look forward to your response."

Feinstein declined to elaborate on her letter Wednesday, except to say that FERC is supposed to provide independent regulation of the energy industry. "Therefore it would seem to me that all of its people should be independent of the energy

industry," she said.

In a separate letter to Kelliher, Sen. Maria Cantwell (D-Wash.) noted the harm caused to the Pacific Northwest by the energy crisis and Enron's collapse: "So I hope it does not come as a surprise to you that many in my region were taken aback" by the hiring, she said.

Kelliher has responded to Cantwell, noting that government ethics rules restrict Hain's ability to work on Enron matters and that her duties in the office of administrative litigation would also keep her away from any policy matters. He is preparing a response to Feinstein, a FERC spokesman said.

Hain on Wednesday sought to answer the criticisms. She released a letter to Feinstein in which she wrote that she "neither advised about the legality of trading strategies nor participated in their development."

Her knowledge of "the now-infamous trading strategies" came from just two meetings in which Enron trader Timothy N. Belden summarized them, Hain told Feinstein. Belden later pleaded guilty to fraud.

"Inexplicably I gained notoriety simply by attending those meetings and taking notes, even though I did not fully understand the strategies then and had no further connection with them afterward," she wrote.

In the interview, Hain pointed out that she worked for the energy commission earlier in her career, and had handled important cases such as the Exxon Valdez oil spill. "From a purely knowledge-based perspective, I really have a lot to give this agency," she said.

Hain's handwritten notes from the Enron meetings interested investigators who were trying to get to the bottom of the Western energy crisis.

For example, she wrote the sentences "Answer questions, say nothing. Answer questions, finger others."

Hain said the phrase "answer questions" was a reference to cooperating with investigators, and "finger others" was a reference to the market power held by generators of electricity, as opposed to traders like Enron.

**Robert McCullough**, an Oregon-based energy consultant and expert on the Western energy crisis, has pointed to documents that could be interpreted as suggesting that Hain knew about a 1999 plan -- known as the Silver Peak incident -- to manipulate energy prices by scheduling vastly more electricity than could be carried on a 15-megawatt transmission line.

More broadly, however, "the question is not whether Mary Hain should be indicted," he said Wednesday. "The question is whether it's appropriate for a federal regulatory agency to hire a lawyer who had such an intimate role with all these people who we know were committing these frauds."

But Hain said Silver Peak was "a great example" of her limited knowledge of trading ploys, knowledge that came after the fact. Hain said that she specialized in regulatory matters, not energy transactions.

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