

1 24-20010126-19435570-20020114 (18:05)

2 [dialing/ ringing]

3 SHARI STACK: Hey.

4 GREG WOLFE: All right, let me get my fax machine workin'. Uh – [laughs]

5 SHARI: [laughs] She's like, it was so easy, I could make you a lot of money. [laughs].

6 She's like, he said it so desperate. She goes, I hate to laugh at people, but – [laughs]

7 GREG: Did you, um, did you, ah, ah tell her about the, ah, that voice mail?

8 SHARI: Yeah, I said – I said Greg [inaudible] he's got the – they got a mob connection.

9 [laughs] – his friend threw away the business card after the meeting.

10 [both laughing]

11 SHARI: But, my God – my God, and so anyway, have you talked to Christian about this
12 'cause Christian apparently talked to him twice today.

13 GREG: Oh, he sent a – Christian sent an e-mail shortly after, you know, that, and said
14 we're not doin' business with this guy.

15 SHARI: [laughs]

16 GREG: Ah, so I still don't understand why this guy's trying to get in the middle of us
17 and CDWR and I guess –

18 SHARI: [laughs]

19 GREG: -- you know what we're thinkin' if he gives us an LC, I mean, we still have the
20 authority issue, right?

21 SHARI: Yeah. [laughs]

22 GREG: I mean if LC goes away after we get paid, and they come sue us for the money
23 back.

24 SHARI: Yeah.

25 GREG: So –

26 SHARI: Yeah.

27 GREG: So, I guess, I don't know how we just tell the guy that, um, there's other legal
28 issues or something --

1 SHARI: *[laughs]*

2 GREG: -- just to make him go away, but you know, my whole thing was, hell I don't
3 know, maybe, you know he's Ken Lay's buddy or something. I don't -- I didn't know
4 who he was, but that's why, you know you don't want to tell somebody, "sorry quit
5 calling us."

6 SHARI: *[laughs]* See? You're politically correct, Greg. I would've you, know --

7 GREG: You would've never guessed that about me? That's OK. *[inaudible]*

8 SHARI: *[laughs]* I never would have. Now Chris Foster, maybe, but not you. *[laughs]*

9 GREG: *[laughs]*

10 SHARI: Ah, so, anyway, so was Stewie bummed that his -- his pal turned out to have
11 mafia connections?

12 GREG: No, it was fun for him to do while he can't do business with his customers.

13 SHARI: *[laughs]* Poor thing! Well he's stirrin' it up, sending me Port of Oakland and
14 City of Anaheim -- I mean, how is he getting all these counter parties?

15 GREG: They're desperate! Everybody is -- all these people.

16 SHARI: Really?

17 GREG: All their service providers are quittin' on them.

18 SHARI: Why?

19 GREG: I don't know, 'cause it's -- they found out that they have to deal with all these
20 billing problems, so when the thing goes bankrupt.

21 SHARI: Huh.

22 GREG: So, I don't know, so --

23 SHARI: So you and Stewie are sweeping up? Hmm, well cool.

24 GREG: Yeah, these margins have been unbelievable, I mean --

25 SHARI: So, ya'll gonna make money off this Snohomish deal?

26 GREG: Well, it's kinda hard tellin' where Mike's got his curves marked, but, I mean, I
27 don't know, it's like, ah, let me see -- 25, 8.75 times -- *[tape break]* -- um, it's um, I think
28 it's like 1.4 million PV megawatt hours, so --

1 SHARI: Are you making money?

2 GREG: Yeah.

3 SHARI: OK.

4 GREG: I'm making, ah – I mean, I think there's maybe, ah – I think this is about a ten
5 million dollar deal.

6 SHARI: Profit?

7 GREG: Yeah.

8 SHARI: Really?

9 GREG: Yeah.

10 SHARI: Oh! [*simultaneous speaking*]

11 GREG: It's worth hanging around on a Friday night for, but you know, that's – that's
12 the – that's the little internal game we play about how much, you know, Mike – actually,
13 if you put that deal in the book, it's gonna be \$16 in the money, it'll be, ah, here, what did
14 I say, one four –

15 SHARI: Was it, was it good that he held the price over not or – or – or not?

16 GREG: 22 million bucks. When he puts it in his book, his P&L's gonna go up 20
17 million, 22 million dollars.

18 SHARI: Wow.

19 GREG: And then he's gonna say, oh well, you get a million of origination or some
20 bullshit like that. That's the – that's the latest game we gotta deal with.

21 SHARI: Why? He just –

22 GREG: Oh, you know 'cause he doesn't like them – you know he doesn't like the fact
23 that, you know the way that we track, you know the big market deals. Like he gives us an
24 offer and we add something to it.

25 SHARI: Uh huh.

26 GREG: This one kinda was hard to do because it started out where they just wanted to
27 pay a \$100 price and he had to give a date, um, for the – the – through which they had to
28 buy.

1 SHARI: Uh huh.

2 GREG: And so, it was kind of hard to add, you know, figure out how to add overage on
3 it, you know –

4 SHARI: Mm hm.

5 GREG: So, anyway, its just been a – it's been a hassle.

6 SHARI: Sounds like it.

7 GREG: And, you know, I don't know. It's just – I don't think it's gonna be good for
8 our team thing. But Laverado's trying to push this thing down and, you know, Mike's
9 worried about his pricing and how much overage he's gonna have to, you know, show on
10 it, and you know we had this, I don't know –

11 SHARI: Hmm.

12 GREG: It'll dis-incent all of us to hang out here; we'll go to work somewhere else.

13 SHARI: *[laughs]* Don't ask me, I'm a three.

14 GREG: Yeah, exactly.

15 SHARI: I can't believe you believe in that, Greg. I thought you – that – that – I don't
16 think any decent, fair-minded person could really believe in that. I know you're an
17 Enron man and all that.

18 GREG: Well, you know what? You know what? No, I mean, if – if you had gone
19 through the process, it was difficult at first to –to try and do it, but then you sit there and
20 you say, well, you know, um –

21 SHARI: Were there that many people that need issue – I mean do those people truly –

22 GREG: No, that's bullshit –

23 SHARI: -- have issues, and they truly deserve no money at all.

24 GREG: Oh, I – well, first of all, I'm a little disappointed that well, that you know,
25 people read a Houston Chronicle article and – and – and some bullshit writer says that
26 employees are pissed off about it and they don't even know, you know –

27 SHARI: Well, the employees are pissed off because they didn't know about it.

1 GREG: Well, first of all, Enron has always had some sort of system like that. All right,
2 at least on the wholesale side, ever since I've been here, there's always been some sort of
3 – of ranking system where they – they put people in these – these deals. And, you know
4 what? They don't – they don't automatically put somebody in the needs, er, the – the
5 issues or needs improvement category.

6 SHARI: Mm hm.

7 GREG: I mean, if you go through there, I mean sometimes you don't even have enough
8 people in a category to – to – to match the – the distribution.

9 SHARI: Mm hm.

10 GREG: And then you just sit there and you say screw the distribution, you know if it
11 doesn't fit the – the circumstances.

12 SHARI: Mm hm.

13 GREG: But when you have a lot of people and you're trying to, you know, draw – draw
14 lines between levels of performance, you know, everybody can't get promoted and
15 everybody's – I mean you – you gotta draw some lines of differentiation between
16 performance and, you know, when they say, I mean, this distribution thing was just –
17 here's – here's what we want to see and what they really enforced was the number of
18 people in the absolute top end of the scale and then the next two categories. That needs
19 issue, or needs improvement and issues was – was only truly for employees who, you
20 know, ah, have issues, or, ah, need improvement or the issues ones were like, you know,
21 they were last year's needs improvement and they didn't improve.

22 SHARI: Mm hm. But now, I mean, you – they're – they're – we're forced to put 15
23 percent of the people in these categories.

24 GREG: No, you know what –

25 SHARI: That's what [inaudible] told me.

26 GREG: Well, I don't – I don't, um, I don't believe that they put people – I – I – I think
27 that they were very, very, um, ah – in the process, they were very, ah, tied to pushing
28 down this distribution. And, you know and – and I told [inaudible] I – I – I think they

1 should come up with different names for these categories because, you know, needs
2 improvement, um, you know, issues and – and the fact that they – the way that they do
3 it, I mean, somebody's whose in the middle, who's what they call strong, feels like they
4 got a "C" or they're the third, you know, they're, you know I think that when – when you
5 look at the – the, um – when you look at initially, and you say shit, you know we gotta –
6 y – you're putting people in this third group here, which is kind of in the middle, just
7 above needs improvement, you know you're not sayin', it – it – it takes a while, but, it – it
8 – it takes a few times going through the process, but I don't – I don't know. I mean, it
9 seemed pretty fair at the end and – and, uh, I don't believe that there's anybody in those
10 two categories, at least from the – from the, let's see, everybody in Portland probably
11 another – ah, I saw where probably 200 people got ranked. And I don't believe there
12 was anybody in needs improvement that doesn't need improvement and there was very
13 few people, hardly any at all that were in issues.

14 SHARI: Mm hm.

15 GREG: And, you know, if what that – I don't – I don't know, if it was that article said 9
16 percent in issues – is that what it said?

17 SHARI: I think so, yeah.

18 GREG: So that would mean, that out of that –

19 SHARI: That's just a lot of people.

20 GREG: 200 people, that would be 20 people in issues and I can guarantee you there
21 were not 20, there was maybe 2, all right?

22 SHARI: Well, what about people like Kim, I mean 'cause in ya'll's group, I mean, you
23 know ya'll are based, or hopefully ranked based on how much money you've produced
24 for the company.

25 [REDACTED]

26 GREG: Uh, I don't think, well I don't know, I mean, you know, the – the other thing is
27 you gotta look at what job classification people are in. I mean, we have people who are,
28 probably, you know, came into the company in one job classification and – and, um, then

1 they end up being, uh, you know, getting into a different job where the job classification
2 they have maybe doesn't fit the job they're doing and – and, you know, and – and
3 sometimes somebody – somebody whose kind of good at what they do, might even end
4 up, because they're in the wrong category, being, you know, being, ranked against several
5 other people who are in that same job name category –

6 SHARI: Mm hm.

7 GREG: And, uh, and the best thing for them is to get in an appropriate job category and
8 they're at the top of that. So, I don't know, I mean, you know what, Sherry – the thing
9 about it is there's no 100 percent perfect absolute right way to do it and, you know, I –
10 I didn't like the process at the beginning of it? You know, where you're – you're um, you
11 know, where – with – I had the same reaction you did. But having gone through the
12 process and then you – you just gotta get your – y – you just gotta get, um – get used to
13 the fact that you're not telling people they're getting a "C" or a "D" or they're – and –
14 and again, I say, very few people in this needs improvement and issues category from
15 what I saw, I don't believe that – Um, I think they were more worried about, um,
16 managing the – the – the upper end of the thing to make sure that, you know, there was
17 like 10 percent of the people in, whatever it is – outstanding or superior, whatever.

18 SHARI: Mm hm.

19 GREG: But, I don't – I – I did not see, out of a couple hundred people, any time where
20 anybody was thrown into those categories, those two categories, that, uh, without some
21 justification.

22 SHARI: Hmm.

23 GREG: So, you know, that, they – they were pretty – they were more – they were
24 stronger on pushing the – the – forced curve on the upper end than they were on the
25 bottom end.

26 SHARI: Hmm.

27 GREG: So –

1 SHARI: Well, that's probably – well, I don't know, well, we'll just see, I guess when,
2 what people get told next week. I mean, isn't – I heard that the money gets paid on the
3 eighth. I don't know if that's true.

4 GREG: I don't know. I've heard the fifth, I heard the third, I don't – I don't know. I –
5 nobody, I s – I saw something earlier and I've been too busy to even worry about it.

6 SHARI: Hmm.

7 GREG: So – um, so anyway, yeah that's kind of, um, I don't know, did – is – is that the
8 – didn't they send that out in the e-mail?

9 SHARI: What?

10 GREG: Or I guess they were talking about – I don't know. I – I know that we got an
11 e-mail. I didn't know if that was general distribution about the process or if that was
12 true.

13 SHARI: Well, I got some of them because I actually manage one person so I got the
14 manager's e-mails.

15 GREG: Right.

16 SHARI: I just kind of ignored them. I mean, you know, you could just – I just think it –
17 I think it's interesting why – how they did not send out a general e-mail to tell people
18 about it, but then its like left up to the manager's to do the dirty work and put the proper
19 spin on it, that it – bonuses are a reward, not an entitlement and all that bullshit. I mean,
20 they could have sent a general, company-wide e-mail 'cause a lot of people here, the first
21 they heard about it was the – was the, um, the clipping that was in the paper today.

22 GREG: Yeah.

23 SHARI: And that's just a really poor way to handle it.

24 GREG: Well, I don't know. I mean, you gotta have some system. What – you just
25 gonna, I – I don't know, I mean –

26 SHARI: They could have told people – I think they should have told people, you know,
27 so people would have a – have – have, at least have a chance to, like, go do all these
28 creative things to get ranked higher. I just think people really didn't know this was the

1 system. They didn't know and I think it's unfair 'cause they don't know the rules under
2 which they play because in the past it's been very lax and everybody got a bonus no
3 matter, you know, how bad you were, or whatever. And, to be – to tell the truth, there's
4 not that many losers here.

5 GREG: Well, and that's why I'm telling you that, out of, like I said, out of two hundred
6 people, I probably saw four that were in those two categories and one that was in the
7 absolute needs to go do something different.

8 SHARI: *[laughs]* [REDACTED]

9 GREG: Right so – so, you know, I think, you know, you gotta – you gotta say, well
10 should I believe some lame-ass reporter in the Houston Chronicle who, you know, drew
11 a conclusion – ?

12 SHARI: I think it was all very accurate, Greg. I don't know why you act like that.

13 GREG: Well, because, I – I – well, I'm telling you my experience was it's not accurate.

14 SHARI: OK.

15 GREG: The – the forced curve, the suggested curve – that data may be accurate, but the
16 actual results that I saw –

17 SHARI: That you –

18 GREG: Is not – is not – does not reflect 100 percent correspondence or – or ah, ah, ah,
19 100 percent, ah, ah, you know stayin' with that forced curve that – that they talk about,
20 so –

21 SHARI: Well, that's fair enough, I mean if you didn't see it, I just, I don't know. I don't
22 if things are different here. But it doesn't really matter. But anyway, I'm glad that you're,
23 you're people were not ranked, forced into a low ranking.

24 GREG: Well, I – and you know, I think we pretty much were pretty fair about it out
25 here because we have to take – go to Houston and defend those ranking and – and you
26 know, you can't just show up with all your people in excellent and, or whatever that top
27 one is, I can't remember but, um, and then assume that everybody else's down there is
28 gonna be, you know, in – in the – the middle ones, so –

1 SHARI: Mm hm.

2 GREG: You know, we have to force – we had to force that curve here and then we had
3 to go mix it in with um, Houston.

4 SHARI: Yeah.

5 GREG: So, um, you know.

6 SHARI: It's OK, you don't have to –

7 GREG: It forces a lot of good discussion, I – I tell you, I think –

8 SHARI: Well, I'm glad you enjoyed it –

9 GREG: -- this process – no, I – I mean, it – it gave you a sense of fairness at least that
10 people got discussed in a pretty – pretty, um, open and – and fair manner and –

11 SHARI: So do you think like mana – they're like – a certain percentage of managing
12 directors had to be in needs improvement? Or was it just like the managers –

13 GREG: I don't know. I don't know.

14 SHARI: -- specialist type people?

15 GREG: I didn't go to that one. They don't let me go to that one.

16 SHARI: They don't?

17 GREG: No. I'm just a rookie. A little –

18 SHARI: Oh!

19 GREG: -- guy here.

20 SHARI: Shut up! [*sigh*]

21 GREG: So, anyway.

22 SHARI: Well –

23 GREG: I guess I can go check the fax machine, huh?

24 SHARI: [*laughs*]

25 GREG: Are you by your fax machine?

26 SHARI: I am by my fax machine.

27 GREG: Have you seen it comin' in?

28 SHARI: Um, I haven't heard it come through, no. But you can go check yours.

1 GREG: Yeah, they're probably reading through everything to find out whether it's the
2 same and probably didn't fax it over --

3 SHARI: Why are they -- I always thought it was interesting why are they so cagey the
4 whole time about whether we're gonna get the deal or not. I mean do you -- that was
5 kind of curious?

6 GREG: What do you mean cagey? Oh, well, 'cause they didn't want to get, you know,
7 they didn't want to get cornered. Well here's the -- here's the reason is because the price
8 kept -- you know the term on the hundred dollar deal kept going out. When we first
9 started talking the other day, it was six years and then it went to nine years and then
10 yesterday it was at twelve years and that's when she finally came back and said, OK
11 instead of a hundred and -- hundred dollars flat, how much if we just stick with the nine-
12 year deal? And so that's when we brought the price up to 109.

13 SHARI: Mm hm.

14 GREG: So, um, but the reason is, is because they were pretty much cornered and, and
15 we kinda knew it.

16 SHARI: Did they not have any other people bidding on this? Like not even Duke?

17 GREG: I think they probably had some others, um, but, I don't know, they just seemed
18 like they wanted to, um, get a deal done and they needed to and I think that they're
19 probably doing this so that they don't have to go out for financing -- you know, bond
20 financing or something.

21 SHARI: Hmm.

22 GREG: I mean, they're doing what California's doing, right? Trying to buy a long term
23 deal so they can get out of paying these high prices in the near term.

24 SHARI: Mm hm.

25 GREG: So they're paying 100 bucks instead of 300, so we're financing them. It's a
26 finance deal.

27 SHARI: Hmm.

28 GREG: So --

1 SHARI: I see. OK. Well, all right. Well, um, its nine now so –

2 GREG: Seven here.

3 SHARI: *[laughs]* Are you the only person except for real time?

4 GREG: No, I think *[inaudible]* back there probably doing some – or, no, they're doing,

5 uh, uh, Forney's still here doing reviews.

6 SHARI: Forney? Finally he came back to do reviews?

7 GREG: Yeah.

8 SHARI: Oh.

9 GREG: And then, um, you know, we have a couple, three real time *[tape break]* – me and

10 Stewie's football.

11 SHARI: *[laughs]*. Well, OK. Well, all right, well, I guess I'm gonna start tidying up here.

12 GREG: OK.

13 SHARI: Um.

14 GREG: OK, I *[inaudible]* this thing's gonna come back. I'm sure they're reading over it

15 to make sure it matches the thing, and –

16 SHARI: Yeah.

17 GREG: -- and you know, whatever.

18 SHARI: And whatever it does *[inaudible]* I wrote in an e-mail to Jane King and, ah, sent

19 her the documents after they get execution copies ready, so –

20 GREG: OK.

21 SHARI: She can – she can just put my initials on there

22 GREG: Right.

23 SHARI: -- and, uh, you can sign it and get it out.

24 GREG: All right. Well, I'm glad, at least that, if we stayed this late, we got the deal

25 done.

26 SHARI: That's right. It's my – my sixteenth EEI.

27 GREG: Cool.

28 SHARI: My nearest com – my nearest competitor has three.

1 GREG: Oh, really?
2 SHARI: Mm hm.
3 GREG: All right.
4 SHARI: So, you're helping me --
5 GREG: All right, cool.
6 SHARI: -- in the sweepstakes. All righty, well have a good weekend.
7 GREG: All right, you too Shari.
8 SHARI: OK.
9 GREG: Thanks for --
10 SHARI: No trouble
11 GREG: -- all the good work.
12 SHARI: OK, thanks, bye.
13 GREG: Thanks, bye bye.