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Southern Union Co. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. And your first question comes from the line Harry Mateer of Lehman Brothers. Please proceed sir.

Harry Mateer - Lehman Brothers

Hi guys. Couple of questions for you in the financing side. Back in late 2006, you issued those junior subordinated hybrid securities and despite the fact that credit markets obviously has been very volatile and that market might not be there for you right now. How do you think about potential future hybrid issuance as it pertains to financing as well as capital spending plans and related to that those hybrids are callable in 2011 as in stands right now what is your thought process around potential extension there or calling them to maintain access to the market going forward?

Richard N. Marshall - Senior Vice President and Chief Financial Officer

Well the first part of your question, we are not looking to... currently looking to the hybrid markets in the short term to refinance... as a refinance vehicle for any of our debt is coming due or for or to finance, any additional capital expenditures we have at Southern Union Company. I want to think about that a little bit as we move forward into the permanent financing that gets put in place for at FGT and Citrus, but right now we're not looking to the hybrid markets.

One of the reasons is that as a percentage of our overall capitalization is \$600 million is bumping up against the level that the rating agencies basically allow you to have in order to get the equity credit that we currently receive with respect to the issuance that are outstanding. As far as callability, they're supposed to be refinanced in 2011, I don't know that they are callable and we have a replacement capital covenant included in connection with that transaction that in 2011 would require us to issue a security that has the same or a greater than or equal to the equity credit content that we currently have.

Does that answer your question?

Harry Mateer - Lehman Brothers

It does, then looking it right now obviously given where LIBOR is and the step up, it does not look all that punitive to extend so I was really just trying to get a sense for it.

Richard N. Marshall - Senior Vice President and Chief Financial Officer

That's right, that correct, and I would say we are not ruling them out completely but right now this is our focus.

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