Sunoco Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Your first question comes from Jeffrey Dietert with Simmons & Company.

Jeffrey Dietert - Simmons & Company

Good afternoon.

Thomas W. Hofmann - Senior Vice President and Chief Financial Officer

Good afternoon, Jeff.

Terence P. Delaney - Vice President of Investor Relations and Planning

Hi, Jeff.

Jeffrey Dietert - Simmons & Company

I guess Tom with your retirement December 1st, this will be your last call. So I want to tell you we appreciate you and appreciate your disciplined approach to being CFO of the Company

Thomas W. Hofmann - Senior Vice President and Chief Financial Officer

Well, Jeff, thank you. I appreciate those kind words and I would just say to everybody out there I very much enjoyed my role here and I think the Company is in good shape as we go forward.

Jeffrey Dietert - Simmons & Company

Very good. On your Northeast feedstock, could you talk to us Terry about what markers we should try to track in replacement of some of the Nigerian crudes that would help us with the discounts certain to expect there?

Terence P. Delaney - Vice President of Investor Relations and Planning

Without getting too specific, Jeff, we replaced them for the most part with other West African crudes, with some Caspian crudes and with some Eastern Canadian crudes. I think as I've said in the prepared remarks this quarter? that's been kind of a differential of about $2 a barrel versus the Kayibo [ph] kind of crude that we would normally buy and then I would track it from there.

Jeffrey Dietert - Simmons & Company

Okay, very good. And one of the things? you mentioned in the strong Coke performance was a benefit from coal price increases. Do you have a metric that we can use to try to track changes in coal prices and the impact it would have on your Coke business?

Terence P. Delaney - Vice President of Investor Relations and Planning *

No I don't, Jeff, because really the spot kind of prices that you might see are not necessarily reflective of the contract market that's going to drive us. For the most part what's going on in 2008 are when certain coal suppliers back out of contracts and we can replace that with our own joule coal and get a spot price, but they're minimal volume.

The big area will be? and we'll be settling this we hope before the end of the year, the coal price that we will get for 2009. Generally most coal is sold on a year-to-year basis. So the big shift up in coal prices this year should be more beneficial to us next year, but we have not yet settled that price. We hope to have it done if not in time for our December 15th meeting, certainly by the end of the year.