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South Jersey Industries Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from James Lykins - Hilliard Lyons.

James Lykins - Hilliard Lyons

First of all, you mentioned Echelon a bit. I was wondering if we could also get an update on what's happening with Revel and also MGM?

Ed Graham

Sure. In terms of Revel, it's still heavily under construction. There's a number of cranes working. In fact, I just went by the site last week. The parking garage is pretty much complete and the towers are up a number of floors.

We still are operating under a letter of intent that we help to design and do some of the basic layout of the energy plant while we continue to negotiate a contract. And, of course, us proceeding with any agreement there, there are a number of things that have to be in place and certainly the largest is financing in place and dedicated to the project on both Revel's part as well as ours.

In terms of MGM, pretty recently they've announced that they are delaying breaking ground next year on the Atlantic City project, although they still are very high on a future development there. But they're not going to start right away in '09 like they intended.

James Lykins - Hilliard Lyons

Have they given any kind of timeframe like Echelon did?

Ed Graham

No, they haven't put out a future timeframe yet that I recall. But their commitment, because of some of the attractive nature, taxes, and tax treatment in particular in New Jersey, they're really something they want to do. But they haven't committed to when they break ground and how that alters at all their completion time. I know they are putting a lot of effort in design and engineering work that probably their construction time might be expedited once they start.

James Lykins - Hilliard Lyons

And I've got a question about guidance. You reiterated your prior range, but I was wondering if you can tell us if the high end of that range does or does not include any kind of assumption for trading around these hedges that will reverse in Q4?

Ed Graham

No, it doesn't include any new assumption. I think at this point there's no need to update it any further. I thought where we are at the upper end of the 6 to 10 - of course, if things prove up, there's an opportunity, in fact, to increase overall profits further and it affects timing on the storage activity, we'll consider that. But yes, I don't think there's any other specific item that is changing our thinking.

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