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Edison International Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Certainly. We will now have the question-and-answer session. [Operator Instructions]. Our first question comes from the line of Hugh Wynne with Sanford C. Bernstein. You may proceed.

Hugh Wynne - Sanford C. Bernstein

I would just like to clarify the company's position on terms of CapEx at Edison Mission Group. If I understood you correctly, you were kind of cutback capital expenditures there to a level that's consistent with the implementation of the construction of the 940 megawatts of turbine commitments that you've already bound yourself to. And otherwise, you're going to be in a capital conservation mode.

The question regards the opportunities created by the credit market disruption, and in particular, the lesser availability of tax equity for you to acquire other turbines, other sites, other developers even. Is that an opportunity that you intend to exploit at all, or do you feel it's simply too risky to pursue acquisitions in that sector?

Theodore (Ted) F. Craver Jr. - Chairman, President and Chief Executive Officer

Let me turn that over to Ron Litzinger

Ronald Litzinger - Chairman, President and Chief Executive Officer of Edison Mission Group

We do see opportunities out there and our capital preservation strategy has that in mind so that we take advantage should they occur. What we would be interested in would be development portfolios that would assist us in deploying our existing turbines first and then we would consider other opportunities, as Ted mentioned, if there was a definite path of financing available.

Hugh Wynne - Sanford C. Bernstein

Okay and then if I could just a follow on question regarding coal. I don't know if you could comment on the prices at which you've been able to procure coal in this quarter or failing that the prices at which you expected to be able procure coal in future and what those prices imply for the longer term earnings power of the existing coal-fired fleet at Edison Mission Group?

Jim Scilacci - Executive Vice President, Chief Financial Officer and Treasurer

Here this is Jim Scilacci. I'll start and ask Ron to fill in. We won't comment on what we're pricing our coal at. Ultimately you'll be able to see that flow through our coal expense in Midwestern and Homer City's financials. We did comment that we believe that eastern coal prices especially around Homer

City facility, the prices have been slowed to fall relative to natural gas and power, and it's our view that, that will catch up over time. But it does cause a squeeze in the gross margin associated with what we're currently seeing in Homer City and up to a less extent in Midwest Gen and we'll just follow that market carefully and we'll jump in as we see opportunities present themselves. Ron, would you like to add anything?

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