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Southern Union Co. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Our first question comes from the line of Carl Kirst [BMO Capital Markets]. Please proceed.

Carl Kirst - BMO Capital Markets

Good morning, everybody. Couple of question on the pipes first. Rob, with respect to the Florida Gas, right, I assumed the interest expense of whatever of project financing is raised next year, is that kept at the Citrus level or are any of those interest expense passed on to customers, i.e. if you don't get the interest expense, your thinking relative to your budget, relative to what presumably be the fixed contract you sign up [ph]?

George L. Lindemann - Chairman and Chief Executive Officer

Yes. Go ahead, Rick.

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

The fixed contract assumed a level in debt... indebtedness [ph] in today's market. We're still comfortable that, that we'll ultimately finance the projects that will provide the returns that we're expecting for that project. As far as the question as to where the interest expense will remain and it obviously depends on whether the financing is done at the Citrus level or the FGT level. But most of that financing... most of the finance will be done at either the Citrus or the FGT level.

Carl Kirst - BMO Capital Markets

Okay. But wherever it is raised, any... say for instance, elevation in the interest expense that is borne by you guys and El Paso, right? I mean that's not a pass-through --

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

That's correct.

Carl Kirst - BMO Capital Markets

Okay. It's what I thought. I just wanted to clarify. Appreciate that. The second question, it sounds like there really is no additional lingering impacts from the hurricane on the midstream. Is that going to be the case for the pipes? Are they're going to continue to be some lingering repair expenses, if you will?

Roger A. Farrell - Senior Vice President, Midstream Operations and President and Chief Operating Officer, Southern Union Gas Services

Well, I think the only lingering piece, Carl, is we've got a bit of work left to do on Sea Robin particularly, to get some of those volumes flowing again. And so we'll see some reduced volumes on Sea Robin and that will impact us slightly going forward. We expect to have most of that work completed by the end of the year.

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