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Sempra Energy Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Lasan Johong – RBC Capital Markets.

Lasan Johong – RBC Capital Markets

Congratulations on a great quarter, quick questions on the commodities business. There's been a lot of news floating around RBS. Anything change over there that we need to think about in terms of how it affects the JV?

Donald E. Felsing

Well, Lasan, thank you for your comments. We are extremely pleased with the relationship that we have with RBS. There have been a lot of rumors circling around about whether RBS is a long-term player in this market and I would just say this, that we have had several board meetings and other meetings with our principals that we interface with at RBS, and the only discussions we have had are about how we implement our strategy to grow this business, to fund it, and take advantage of the unique position we have in the marketplace today, as we have had other people exist from this commodities arena.

Lasan Johong – RBC Capital Markets

So can we expect \$200 million in earnings the first quarter?

Donald E. Felsing

Well, we like the position we're in. As you see we have extremely low commodity prices right now and this business I think is attractive both to us and to RBS because, one, we are one of the few players that are still left in the marketplace and we have a goal to keep growing this business out side of North America. That's the current plan for both us and for RBS.

Lasan Johong – RBC Capital Markets

Excellent. On the LNG front, can give us a sense of how much you expect to see coming to the U.S. and if Cameron will benefit from that upside on the open uncontracted volumes at Cameron?

Donald E. Felsing

Well, Lasan, I think the way I would answer this for you is that we have been saying for a number of years that there is a lot of liquefaction capacity coming online in the next few years. And that capacity will outstrip the ability of Asia and Europe to absorb it and that means that North America will be the final destination for many of these cargos.

The position that we are in with our LNG facilities, we 'e probably as well positioned as anyone because not only do we have facilities on the East Coast, on the West Coast, and the Gulf, but we are only 65% contracted and so we have the ability to take advantage of spot cargo opportunities. So it is a position that we kind of look forward to participating in.

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