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Reliant Energy, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from John Kiani - Deutsche Bank.

John Kiani - Deutsche Bank

What was your prior level of corporate G&A that wasn't allocated to either Wholesale or Retail? And it looks like the amount changed. Can you talk about how much it's come down by and what the dynamics there are?

Rick J. Dobson

Let me answer the tactical part of that. The corporate G&A historically was running around \$155.0 million, \$160.0 million, \$165.0 million depending on what we have going on during the year. So what slide are you looking says your . . . ?

John Kiani - Deutsche Bank

Slide 13 shows it now down at \$87.0 million or so. So is that the sale of Retail and that is what we should think about as the run rate corporate G&A that's not pushed down or allocated to the Wholesale assets?

Rick J. Dobson

That's absolutely correct.

John Kiani - Deutsche Bank

You normally provide an outlook that's three years forward but today you only gave 2009 and 2010. Can you talk a little about the change in that disclosure?

Mark M. Jacobs

I think just with the volatility we have seen in commodity prices we felt it appropriate here to provide the two years of data based on forward curves. And again, I think for those interested here, you have got access to the same forward curves we do. It would be fairly easy to just take those with the data we provide and calculate further years if you would like to do that.

Operator

Your next question comes from Lasan Johong - RBC Capital Markets.

Lasan Johong - RBC Capital Markets

Why the decision to keep the C&I business outside of Texas, from the Retail perspective?

Mark M. Jacobs

You may recall that in December we announced that we had sold the eastern C&I business to Hess, so that business closed at the end of December. So the only remaining C&I business we have right now is our Illinois C&I business, which is very small, and we are continuing to work on alternatives to wind that business down.

Lasan Johong - RBC Capital Markets

Why now? I mean, you and I have had many discussions about what you could do in a down cycle and one of the things we agreed on was that a down cycle is a good time to buy, not to sell. And it seems like with NRG on the brink of collapsing, or falling towards Exelon, you would have had some good opportunities to pick up some assets that could have helped you mitigate the risks of the Retail business. So why the decision to sell instead of wait?

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