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## RRI Energy, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) The first question comes from the line of Daniel Eggers – Credit Suisse.

#### Daniel Eggers – Credit Suisse

On the strategic review process with completion, can you just share a little more though process behind what you looked at and kind of how you came to the plan of comfort of keeping the wholesale business intact as it is?

#### Mark Jacobs

As we talked about before, the strategic alternatives process that we kicked off in October the Board went through in a very systematic and thorough manner. We looked at every possible alternative and no alternative that was remotely reasonable was excluded from that discussion. One of the conclusions that the Board came to in that process was that it made sense to separate the retail and wholesale business. That really for us I think brought forward a number of strategic benefits. It eliminated the capital requirements of the retail business both the ones that would have come on the balance sheet right away as well as contingent ones. It fully resolved the uncertainty associated with the credit sleeve, reduced debt and improved our liquidity and I think importantly lowered the overall risk profile of our company going forward.

That really leaves us in a position today where we are a well capitalized, pure play merchant generator. We think we are well positioned to manage through an uncertain economic climate and deliver value over the long haul to shareholders and it narrows the scope of our business and allows us to really sharpen our focus on the wholesale generation business. I did make the comment as well that we do think if I look forward out in the distance here that size and scale are going to be important factors for delivering shareholder value over the long haul. Again, we are still committed to exploring all avenues to achieve that objective.

#### Daniel Eggers – Credit Suisse

Along those lines, if you think about even in 2010 the corporate G&A rate of the low \$80 million range relative to the earnings guidance you gave, is there a way to bring costs down even further from an overhead perspective or is that about as good as we are going to see?

#### Mark Jacobs

I think we have always been focused on being highly efficient in operations. I think it is one of the key success factors in being in the commodity business. The current support structure we had was designed around supporting both the retail and the wholesale business. So obviously we have got work that we have undertaken now to really get that oriented around supporting just a single business. The other point I would make on the expenses and I know sometimes it is an apples-to-oranges comparison looking at the different tiers out there but there is a lot of spending, obviously more of the spending is on the O&M side of the business. Remember, the last couple of years we have had a very concentrated effort here to improve the performance of our fleet and we have improved the commercial capacity back from about 79% in 2004 to the high 80's we have now.

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