

1 26-20010109-9275584-9311859 (3:22)

2 BOB: Hello, this is Bob.

3 SUE: Bob, Ken Lay has a question just for you that I'm, uh, I'm the messenger.

4 BOB: OK.

5 SUE: The question being, has the forward price curve changed since Governor
6 Davis gave his sterling address yesterday?

7 BOB: Um, yeah. Like the fronts have gone up a little bit.

8 SUE: The fronts have gone up. You mean the initial years, early years?

9 BOB: Uh, well, no, just the first year has gone up -- there's definitely, um, some
10 upward pressure so -- um, I would tell him that things have, things have moved up a
11 little bit.

12 SUE: How much is a little bit?

13 BOB: Um --

14 SUE: One percent? Ten percent?

15 BOB: No, I'd say probably like, I don't know, like -- I mean, you know, the backs
16 don't trade really, but they're probably up a little bit. Like, for example, let's say
17 yesterday, I think what I had for June, or what I had for, um, Feb. in NP was 155?
18 It's probably like 170 so it's up 15 bucks. SP is up 15 bucks. March SP, Feb. and
19 March SP are both up around 15 bucks.

20 SUE: OK.

21 BOB: Um, you know, that's about --

22 SUE: That's about ten percent, actually.

23 BOB: Yeah, I would tell him that, yeah but that's only the front. I would say the f --
24 I would say the --

25 SUE: Yeah, the first few months --

26 BOB: -- front of the curve. Yeah, tell him like the front of the curve is up, like, yeah,
27 probably like, ten percent or something like that.

28 SUE: OK.

1 BOB: OK, like the first year, CAL 01 is probably up, like, between five and ten
2 percent, depending on the month.

3 SUE: OK.

4 BOB: OK? OK, um, CAL 02 and beyond hasn't really moved, but that thing could
5 gap pretty quickly, you know. That thing could move up ten bucks in a heartbeat.

6 SUE: Yeah.

7 BOB: And it could move down ten bucks, I don't think it's gonna move down ten
8 bucks.

9 SUE: Yeah.

10 BOB: But it could go up pretty quickly.

11 SUE: Did you see his, uh, talk, which was horrible?

12 BOB: Yeah, well, I saw the, um, text of it.

13 SUE: Yeah. It was unbelievable.

14 BOB: Yeah.

15 SUE: I told people I think we should, you know what the generators are gonna start
16 doing now is saying they don't have any of the power anymore? Because now it's
17 getting really serious and they're now gonna start subpoena-ing people to come
18 address the legislators, legislative hearings.

19 BOB: Really?

20 SUE: So, um, I'm thinking the next move of the generators is gonna be to say, "We
21 don't have the power anymore." And then they're gonna come after us and other
22 people.

23 BOB: Why would they? Where does the power go then?

24 SUE: Who knows?

25 BOB: Sell it to the marketers?

26 SUE: Yeah, that's um, that'll be the, uh, theory and I know we have some, but, uh –

27 BOB: Yeah, well we have – we're small fry.

28 SUE: Yeah, I would think so, so I – I think, you know, I think they sold it out of
29 state.

1 BOB: Yeah, absolutely.
2 SUE: Because those people were buying.
3 BOB: Yeah. Heck, yeah.
4 SUE: But they have the same issue where they're not allowed to, uh, to talk about
5 anything. So, let me ask you another question. I'm heading off to Washington again.
6 BOB: OK, hold on, Sue. Let me put you – hold on one second.
7 SUE: OK.
8 *[end of tape]*
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