

1 **60-20000808-5082745-5160211 (7:34)**

2 *[dialing]*

3 JEFF RICHTER: What was that about? What was that?

4 *[ringing]*

5 JAMES: It's James.

6 JEFF: Hey James, Jeff Richter at Enron.

7 JAMES: Jeff, how you doin'?

8 JEFF: Hey, good morning. How are You?

9 JAMES: Not too bad.

10 JEFF: Good, you popped me there at the end, huh?

11 JAMES: What?

12 JEFF: You hit me on the – you *[inaudible]* 173s, huh?

13 JAMES: Oh, I did? Oh um –

14 JEFF: Was it you or somebody else – they have your ID –

15 JAMES: Oh, it was probably me. It was probably me, but ah --

16 JEFF: Yeah, that finger's just rolling around all over the place.

17 JAMES: *[laughs]* Oh, just coming off the PVSP spreads.

18 JEFF: Exactly. That's all that's been trading is that damn spread all day.

19 JAMES: Yeah.

20 JEFF: So I just sit there and just say, OK, watch it click on the old – on Blumberg and then
21 watch mine go on –

22 JAMES: I should just have a link, you know, when I get to – you know, do the Blumberg
23 EOL link -- ah, spread, you know --

24 JEFF: Yeah, I'm working. I'm workin' on ah, Blumberg to try to match that up with me,
25 too, because I said, every time a damn *[inaudible]* gets hit, I get lefted or vice versa, you know,
26 and it's like, OK, here we go.

27 JAMES: Yeah.

28 JEFF: Um

1 JAMES: Sounds like we're -- like we're playing the same things here.

2 JEFF: Oh, yeah. Every -- you know, everybody should be playing the spread right there and

3 ah -- you know, as Palo comes off the spread lessens a little bit, but still it's in the money, I

4 think, unexpected value.

5 JAMES: Beautiful thing when that thing went to 85 beginning of month, huh?

6 JEFF: Wasn't that amazing?

7 JAMES: That was in -- incredibly stupid.

8 JEFF: That was dumb. That was --

9 JAMES: Well, same thing happened for July, too.

10 JEFF: Them -- by them reducing the -- exactly, you know reducing the caps just brings, you

11 know, the fees of coming out of your -- as -- you know, for us, I don't, you know --

12 JAMES: For everybody.

13 JEFF: For everybody, right. I mean, so a lot of people have -- it's just -- it's just a no-brainer.

14 JAMES: Yeah, who would ever, you know, people think, you know, you reduce the cap in

15 the ISO and yet he's going to blow the spread up. It's the most ridiculous thought I've ever

16 -- I'd ever heard of.

17 JEFF: When it happened, you were just like, I remembered selling at 65 bucks on the

18 spread, thinking that was a good sale and then boom! *[inaudible]* --

19 JAMES: Then I get trucked at 80. *[laughs]*

20 JEFF: Son of a bitch, I know it's not a good buy. I'm going to wait this one out a little bit.

21 You know, I'd -- I'd have freaked out if it was, um -- if it was like, normal circumstances --

22 but I'm like, that is wrong!

23 JAMES: Yeah.

24 JEFF: -- I didn't think it was going up to 85, but it did but it came back, so --

25 JAMES: I think it's more of a technical play, I mean, there was somebody that needed to

26 just get out of something and ah, it's -- it's the same party that did it in the beginning of the

27 month for July, so --

28 JEFF: Right.

1 JAMES: I think that they're – they got – it maybe just som – a position that they have to fill
2 and they don't care where they fill it, so when the –

3 JEFF: Isn't that amazing?

4 JAMES: And they need to do 400 megawatts, so –

5 JEFF: That's the thought that you have, too. It's either, OK I – I have the thought of –
6 maybe I got my miscalcula- my calculations wrong on exporting.

7 JAMES: Yeah [*laughing*]

8 JEFF: Am I missing something? Am I really losing when I think I'm gaining, you know.

9 JAMES: That's r –

10 JEFF: A trading philosophy of oh, yeah, I was in the money. Next thing you know you lose
11 money in California.

12 JAMES: Yeah, well, I mean that's what – that's what I was – we were thinkin' here, like
13 what the hell is goin' on here?

14 JEFF: I ran back to my volume management or California settlements team and said, OK,
15 fire drill: Tell me the worst case scenario with the task being this, of what it's going to cost
16 me to export.

17 JAMES: Yeah.

18 JEFF: And they came back with the number I had in mind and I'm like, OK, you're sure
19 about that. I'm not missing anything and he's like no, and I'm like, well, why is the spread
20 trading at 80 bucks.

21 JAMES: Yeah.

22 JEFF: He's like wow, OK, go sell it. Sell Mortimer sell!

23 JAMES: [*laughing*]

24 JEFF: That's right sell, sell [*inaudible*] – Yeah, done. But um, OK, I'm calling for the options
25 first of all before we alter yet.

26 JAMES: All right. Before we go out on a tangent again.

27 JEFF: That's right.

28 JAMES: Oh, OK, you're just calling on your NP and SP options for tomorrow?

1 JEFF: Yeah.

2 JAMES: OK, you don't have to go – you don't want to have to go through the whole spiel

3 but, ah, um, I get your – I get your drift, OK?

4 JEFF: Yeah, I don't even know the whole damn total any more, man, I'm just like, OK, call

5 them all.

6 JAMES: Yeah, a hundred at a hundred, well, um, I'm sorry, you've got ah, 200 at a hundred

7 in SP and ah, let's see, ah, 200 at a hundred in NP, so –

8 JEFF: And I think we got one at 75, don't we? Or 15 megs at 75 dollars, *[inaudible]* in NP.

9 JAMES: Yes, that's correct. That's correct. So you've got 250 all together in NP. OK

10 JEFF: What' the hell's up with NP too, man. Tha'ts just you know, doesn't trade,

11 congestion's *[inaudible]* 60 bucks.

12 JAMES: Yeah.

13 JEFF: OK.

14 JAMES: People are scared, but th – ah, I mean, ah, the – the thing that, I mean who would

15 have ever thought NP would be the cheapest spot on the map this time of year, you know?

16 JEFF: That's what – w – last week, you know, you look at, OK the temperature was warm

17 all over the grid there in California, so I thought, oh, the spread'll just, you know, shrink up a

18 little bit. That son of a bitch got wider.

19 JAMES: Yeah.

20 JEFF: So I'm just like, OK.

21 JAMES: Well, it didn't help that you know, they had unit outages often in – in the south,

22 so–

23 JEFF: How great would that have been if the Cali fires would have la – hit last week.

24 JAMES: Oh, Geez.

25 Jeff: I shouldn't say it on a recorded line, but I mean – it would have been wild.

26 James: And and Enron accused of, ah –

27 JEFF: Yeah, lighting fires now, you know. Oh, Christ *[inaudible]* we're taking a bad enough

28 rap.

1 JAMES: Well, yeah, you guys get accused of any – everything anyway, so –

2 JEFF: I [*inaudible*], you know Geez, is it – where the fu – we're the problem, we're this,
3 we're that and I'm just like, hell I feel a pain too sometimes you know?

4 JAMES: Well, you you, you know, we're taking a lot of heat 'cause of the California stuff,
5 'cause you know, the attorney general's going to start investigating the generation owners
6 and stuff.

7 JEFF: Yeah, yeah, did you see that?

8 JAMES: Yeah. [*inaudible*] still look at those.

9 JEFF: I got that article right here, whaatsoever that – what is it, the, um, California's electric
10 options and challenges report to Governor Grey Davis. Have you seen this one?

11 JAMES: No, I haven't seen the report just yet.

12 JEFF: Yeah, it's ah, from the California Public Utilities commission and – they ral – they,
13 you know, they nail marketers a little bit, but they really come down on you all – generators
14 in state?

15 JAMES: Oh, really?

16 JEFF: Oh, yeah, they're just like, we're going BACK to the regulator's side, these generators
17 in state da-da-da-da it's like –

18 JAMES: Written by a politician, not by an economist, so –

19 JEFF: Exactly. Exactly. I was just like that Econ 101 people.

20 JAMES: Yeah.

21 JEFF: Take it.

22 JAMES: Yeah.

23 JEFF: So, anyway, um –

24 JAMES: Pitiful.

25 JEFF: Yeah, so have a good day.

26 JAMES: Yeah, you too, Jeff.

27 JEFF: We're in there and then, um, we'll just do the spread tomorrow again.

28 JAMES: Yup.

1 JEFF: All right, man. Bye.
2 James: Have a good time.
3 *[dialing]*
4 JEFF: Oh, hang on a second.
5 *[ringing]*
6 PERSON 2: *[inaudible]*
7 JEFF: Yeah, Jeff Richter with Enron.
8 PERSON 2: Yeah.
9 JEFF: Hey, good morning. How are you.
10 PERSON 2: Good.
11 JEFF: Good, I'm just calling on the options for California. I talk to John *[inaudible]* a bit
12 every day.
13 PERSON 2: OK he's in a meeting right now so I'll tell him. Which ones are you exercising?
14 JEFF: Um, NP and SP.
15 PERSON 2: OK.
16 JEFF: He should already have them in, but I'm calling to verify it and if I forget, I just
17 wanted to make sure I called.
18 PERSON 2: OK.
19 JEFF: OK?
20 PERSON 2: I'll tell him.
21 JEFF: All right, thanks. Bye.
22 PERSON 2: Bye.
23 =====
24 *[dialing/ringing]*
25 Matt: This is Matt.
26 Richter: Hey, Matt, Richter.
27 Matt: Hey what's goin' on, bud?
28 Richter: Hey, good morning, man, how are you?

- 1 Matt: Good thanks yourself?
- 2 Richter: Na, good, Tuesday, wishing to was Friday.
- 3 Matt: That's just a little too soon, buddy.
- 4 Richter: It's a little, little too soon, so um, just wanted to call and say, the options – call in
- 5 the options?
- 6 Matt: OK, I'm going to give you 50 megs at 100 bucks
- 7 Richter: Yes.
- 8 Matt: For tomorrow's South Path 15.
- 9 Richter: Yes.
- 10 Matt: It is 8:16 central time and this is J dot R
- 11 Richter: J dot R.
- 12 Matt: Thank you bud.
- 13 Richter: Cool, man. Have a good day.
- 14 Matt: You too. Yes you too.
- 15 Richter: Bye.