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August 10, 2006

Mr. B. Michael Verne
Federal Trade Commission
Premerger Notification Office
Room 303
600 Pennsylvania Avenue, NW
Washington, DC 20580

Via E-mail & Regular Mail

AUG 14 PM 12:30

Re: Sale of Gas Contracts and Ordinary Course of Business Exemption

Dear Mike:

This letter confirms our telephone conversation on July 26, 2006, regarding the proposed sale of a portfolio of gas trading, storage, and transportation contracts as well as the sale of a quantity of stored gas. Based on the hypothetical fact pattern that I described to you, and described below, you concluded that the sale of certain gas contracts would be exempt under the ordinary course of business exemption. Based on our discussion and the analysis below, the parties intend to complete the transaction without filing a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act").

Seller is an integrated energy company. Among Seller's diverse energy businesses are companies that manage a portfolio of merchant generation power plants, including gas, nuclear, and coal-fired power plants. Seller also has trading businesses that market power derivatives contracts based on those assets, including supply, storage, and transportation contracts with both commercial and individual customers.

Seller plans to sell a package of contracts associated with the gas plants as well as a quantity of stored gas from two of its entities. From one entity, Seller plans to sell all of that entity's retail gas contracts but will retain other retail power sales contracts within that same entity. From a different entity, Seller will sell all of its gas storage, transportation, and purchase contracts, while retaining other contracts for the sale of wholesale power within that entity.

Buyer has an existing gas trading business and regularly acquires contracts like those being sold. In addition to the contracts, Buyer may hire some of Seller's current employees. Buyer will not acquire any other assets from Seller.



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Although Seller will be selling off its gas-related contracts from these two entities, Seller will remain in the energy-related commodity trading business following the transaction, continue its business of the wholesale delivery of energy based on its other energy assets, and continue to trade around those assets.

Based on the facts described above, you agreed that the transaction would qualify as exempt from filing under the HSR Act pursuant to § 802.1 of the HSR Regulations, 16 C.F.R. § 802.1, Acquisitions of Goods and Realty in the Ordinary Course of Business.

Thank you very much for your time in discussing these issues. I would greatly appreciate your confirmation of this analysis. If you have any questions, please call me at [REDACTED]
[REDACTED]

Very truly yours,

[REDACTED]

AGREE -
B. Michael Verne
8/28/06