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Richardson-based Cirro Energy being bought by Virginia firm

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Richardson's Cirro Energy will be acquired by a large Virginia-based utility company in a sign that the turbulent Texas retail energy market, with dozens of competitors, is settling out.

Privately held Cirro said it will keep its name and that customers won't notice changes after the sale to Dominion Retail, a subsidiary of Dominion Resources Inc. of Richmond, Va. The deal gives Dominion its first access to transaction weren't disclosed.

The deal didn't arise out of financial hardship for Cirro, which has 52,600 residential and commercial customers, said chief executive Tim Rogers. To keep Cirro growing and financially secure as the deregulated market changes, the move to bring in Dominion's deep pockets made sense, he said.

"We're a strong company and always have been a strong company," he said, noting that Cirro has posted profits each year since its founding in 2001 and stands to be profitable this year.

Five retail electricity providers have failed this summer in Texas because of sharp swings in wholesale power prices. Cirro wasn't in any financial danger and won't be with Dominion's ownership. The company earned $298 million in the second quarter and $2.54 billion for 2007.

"This is purely a strategic decision for us," Mr. Rogers said.

The acquisition "shows a lot of confidence in the deregulated system, which has gotten some bad press of late," said Mr. Rogers, who added that he intends to stay with Cirro through the transition as Dominion takes over. Dominion has 1.7 million retail energy customers spread across 12 states.

"Dominion is pleased to acquire such an experienced company with a good track record, skilled employees and good prospects for growth in the largest competitive electricity market in the United States," Richard Zelenko, vice president of Dominion Retail, said in a news release.

Cirro took pride in its conservative approach to the power business. It prepurchased its power at set rates to avoid the shocks of the wholesale spot market and has a strong relationship with its primary provider, Coral Power, Mr. Rogers said.

Other Texas retail energy companies have struggled. The parent company of First Choice Power, PMN Resources, said Monday that it was exploring strategic options for the retail company because of sharp losses in the Texas market. First Choice lost $13 million in the second quarter.

"We remain committed to the Texas market structure and believe in the First Choice Power business model," Jeff Sterba, PNM Resources chairman and chief executive, said in an earnings release.

"However, given the challenges we face in restoring financial health to our PNM utility subsidiary, we believe First Choice Power could have more value to another market participant," he said.

Consumers who have seen their retail electric providers fail are dumped into a provider of last resort at rates usually double what they had been paying. Switching to another provider can take weeks.

Dominion's purchase of Cirro is expected to close in the third quarter. Cirro was represented by **Aspen Advisors LP of Dallas** in the sale. (*Link to the article)*