The sale of TXU Corp. to private investors faces its final major test today when shareholders vote on the deal. It seems likely to pass.

The idea of selling TXU to Kohlberg Kravis Roberts & Co. and TPG for $45 billion, in the biggest leveraged buyout ever, has gained popularity among shareholders lately, as the stock market drop made the $69.25-a-share offer look pretty good.

The sale requires two-thirds of shares to vote yes; any shares that aren't voted count against the deal.

And regulatory approval of the deal is moving swiftly, as the Federal Energy Regulatory Commission approved the buyout Thursday. The last regulator that must agree to the deal is the Nuclear Regulatory Commission, which said Thursday that it's close to approval.

So if everybody signs off on the deal, what's next? That's the big unknown.

The buyers won't give enough information about financing for analysts to say with confidence that banks still want to lend the money to buy TXU. And the buyers won't say how, exactly, they might change the company once they own it in order to make money off of the deal.

TXU's largest shareholder, Franklin Resources, said last week that it would vote for the deal, reversing earlier complaints that the offer was too low. Several independent shareholder advisers have also recommended that their clients vote yes.

TXU shares closed up 1 percent at $67.32 Thursday. The rise toward the $69.25-per-share offer shows that investors are feeling more optimistic that the deal will be completed.

On Thursday, the deal got another endorsement when federal regulators approved. FERC said the buyout is "consistent with the public interest," meaning the sale won't harm competition, rates or regulation.

State regulators in the form of the Public Utility Commission, will also review the deal next month, but the commission doesn't have the power to block it.

That leaves the Nuclear Regulatory Commission to decide whether the new owners of TXU's nuclear plant, Comanche Peak, are able to operate it safely.

The TXU buyout involves only the transfer of the company's power generation company to a new owner; the same people would operate Comanche Peak under the new owners. So the NRC focused its review on whether the new owners have enough money to follow all of the safety rules, said Michael Dusaniwskyj, the NRC economist who reviewed the buyout case.

"We want to make sure the licensee isn't going to be raped and pillaged," he said, that the new owners won't raid the money set aside to decommission the plant, or cut costs so deeply that they can't meet safety codes.

Mr. Dusaniwskyj also checked to make sure the complicated ownership structure proposed by the buyout group doesn't break rules that limit foreign ownership of nuclear power plants.

Mr. Dusaniwskyj said he was satisfied that the new owners have the finances to operate Comanche Peak safely, and he turned in his opinion last month of "no objection" to the deal.

He said the NRC still must issue an official opinion on the case, which will probably happen this month or next. He doesn't expect the NRC to block the deal.

Assuming he's right, KKR and TPG next have to cough up the cash for the deal. And Wall Street is debating whether they'll get the loans to do so.

The credit market decline worried some observers that the deal could crash, but most analysts say that's just not likely.

"TXU is caught up in the general market maelstrom," said Glen Grabelsky, a managing director with Fitch Ratings.

Still, just because credit markets declined this summer - pushing borrowing costs for corporations higher - doesn't mean the TXU buyers will be harmed, he said.
The buyout group probably hammered out the financing for the TXU purchase months ago, when the credit markets were strong, analysts say.

If the buyers protected themselves from potential problems in the credit market (which also seems likely, given that KKR and TPG haven't halted the deal yet,) then the banks might be on the hook to provide the loans they promised.

The buyout group has been tight-lipped about the financing package. Without any details, it's impossible for analysts to say whether the deal is in jeopardy because of the credit market problems, if the buyout group will have to pay more for the loans, and whether TXU's new owners might want to pass higher borrowing costs along to consumers.

Some observers have brought up the possibility that the lenders, who also own TXU shares, might vote against the deal, to prevent having to lend the buyout group billions of dollars. Wachovia Capital Markets analysts said in a research note last month that's unlikely, though "everything is negotiable," they wrote.

They also wrote that the best thing for the deal might be to delay the closing to give the credit markets time to recover.

"TXU and its intended suitors earlier this year put a full-court press on lawmakers in Austin to avoid having their buyout laundered, pressed, and folded ... by Texas utility regulators," Wachovia said. "Be careful what you wish for. A regulatory pause ... might be just the thing right now."

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- Caption: PHOTO(S): (TONY GUTIERREZ/The Associated Press) The Federal Energy Regulatory Commission has approved the $45 billion private buyout of TXU. FERC says the buyout is "consistent with the public interest."
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