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### THE STOCKPICKERS

Lowell shops a battered field  
Flex-fund manager likes Williams, Dynegy, NRG

By [Cecily Fraser](#), CBS.MarketWatch.com  
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LOS ANGELES (CBS.MW) - The Enron debacle may have caused pain on Wall Street, but it hasn't taken the charge out of investing in the utility sector, fund manager Lowell Miller said.

Heightened financial scrutiny of Enron has driven many utilities to pull back on building plans and increase the strength of their capital structure, putting them in better shape, said Miller, who manages Flex-funds Total Return Utilities Fund ([FLRUX](#): [news](#), [chart](#), [profile](#)). Moreover, the U.S. is still well short of its electricity needs.

For value investors, the utility sector is offering some attractive opportunities to buy leading stocks, beaten down in recent months, at cheap prices.

"I can hardly sit in my chair," said Miller, whose applies social screens on companies such as environmental records and labor practices. "The opportunities are so terrific right now."

The fund is down 13.4 percent for the year ended Jan. 14, slightly more than the S&P 500 Index's 13.1 percent drop. Over three years, fund returned an annualized 7.1 percent versus a 1.4 percent decline for the index.

Miller's first pick is The Williams Cos. ([WMB](#): [news](#), [chart](#), [profile](#)), which has pipelines across the country and gas production assets. In 2001, it had positive

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earnings surprises three out of four quarters, raised its dividend twice, and is now growing at a high double-digit rate, Miller said. Its shares fell 82 cents to \$23.90 on Wednesday.

Dynegy ([DYN: news, chart, profile](#)), an electricity, natural gas and coal seller and trader, is another favorite. The company has been "under a cloud" since pulling out a deal with Enron. Yet Miller sees a well-run organization with "plenty of hard assets in the ground and a good trading operation." Dynegy is producing double-digit growth and selling at a price-to-earnings ratio of 11, he said. It fell 67 cents to \$23.50.

Lastly, Miller has his eye on independent power producer NRG Energy ([NRG: news, chart, profile](#)), a spin-off of Xcel Energy ([XEL: news, chart, profile](#)). NRG has good fossil fuel plants nationwide, and is well positioned going forward, thanks partly to a recent \$300 million cash infusion from Xcel. NRG has "deep pockets supporting the company," he said. It fell 88 cents to \$13.95.

Cecily Fraser is Assistant Personal Finance Editor for CBS.MarketWatch.com in Los Angeles.

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