Without Buyer, Dominion to Close Power Plant

MICHAEL FELBERBAUM,AP Business Writer

RICHMOND, Va. (AP) — Dominion Resources Inc. said Monday that it plans to close and decommission its Kewaunee Power Station in Wisconsin after it was unable to find a buyer for the nuclear power plant. It would be the first such closure since 1998, federal officials said.

The Richmond, Va.-based energy provider said that the 556-megawatt facility in Carlton, Wis., is expected to stop producing power in the second quarter of 2013 and move to safe shutdown status. Dominion plans to record an after-tax $281 million charge in the third quarter related to the closing and decommissioning of the station.

The company had announced plans in April 2011 to sell the facility it purchased from Wisconsin Public Service Corp. and Wisconsin Power & Light Co. in 2005 for $220 million, as part of a strategic review of its assets. Dominion had previously planned to acquire additional plants and build a business around that portfolio.

"This was an extremely difficult decision," Dominion CEO Thomas F. Farrell II said in a news release. "This decision was based purely on economics. Dominion was not able to move forward with our plan to grow our nuclear fleet in the Midwest to take

advantage of economies of scale."

Farrell also said Kewaunee's power purchase agreements are ending at a time of projected low wholesale electricity prices in the region.

Still Farrell said Dominion still believes that nuclear energy must play an important part in the nation's energy future. The company operates three other nuclear power stations — Millstone Power Station in Connecticut, as well as North Anna Power Station and Surry Power Station in Virginia.

"The nation will be hard-pressed to meet its energy needs, let alone do so in a secure and affordable manner, without a robust and growing nuclear energy program," he said.

The Wisconsin station that began commercial operation in 1974 will remain under the oversight of the Nuclear Regulatory Commission throughout the process. The NRC says less than 20 commercial nuclear reactors have been permanently shut down, the most recent being Millstone Unit 1 in 1998, before Dominion's 2001 acquisition of the plant.

Dominion plans to meet its obligations to the two utilities that purchase power from the plant through market purchases until the power purchase agreements expire in December 2013.

Kewaunee County Administrator Edward J. Dorner said the plant's closure will mean the county will lose an annual $900,000 in a shared revenue utility tax payment from the state.

Dorner said, with an estimated 400 employees, the plant is one of the county's largest employers.

"It will have a major impact on the landscape in terms of jobs and the state of the economy here," said Dorner, who called the announcement about the plant on the shore of Lake Michigan about 35 miles southeast of Green Bay, "a surprising revelation."

In a statement Monday, Wis. Gov. Scott Walker said the news highlights the need to "decrease unnecessary federal regulations slowing the process for companies, like Dominion, to take advantage of economies of scale and keep their businesses profitable and open."

Dominion is one of the nation's largest producers and transporters of energy and has the nation's largest natural gas storage system. It serves retail customers in 15 states.

Its shares fell 75 cents, or 1.4 percent, to $52.76 in afternoon trading. Its shares have fallen 5 percent since hitting a 52-week high of $55.62 in early August. They traded as low as $48.87 in late January.

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Associated Press Writer Gretchen Ehlke in Milwaukee contributed to this report.

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