

Duke Energy Sheds Midwest Power Business

Associated Press

CHARLOTTE, N.C. (AP) — Duke Energy says it will get out of the wholesale power-generation business in the Midwest because the financial results are too volatile.

The company owns a stake in 11 power plants in Ohio and one each in Illinois and Pennsylvania.

Charlotte, N.C.-based Duke said Monday that it will take an accounting charge of between \$1 billion and \$2 billion on its first-quarter results, which are scheduled for release Tuesday. The write-down will be considered a special item and won't affect Duke's adjusted earnings per share, the company said. Analysts surveyed by FactSet expect the company to posted adjusted profit of 95 cents per share.

Last week, Ohio regulators rejected a \$729 million Duke rate-increase request. The Duke CEO had said the decision in that case could influence whether the company sold its generation business in the state.

Duke said it would take 12 to 18 months to sell the six plants that it owns outright and its interest in the other seven. Six burn coal, six run on natural gas, and one burns oil. The plants can generate 6,600 megawatts of power and employ about 600 people.

The "merchant" plants, which sell electricity on the wholesale market to other companies, "have delivered volatile returns in the challenging competitive market in the Midwest," CEO Lynn Good said in a statement. "This earnings profile is not a strategic fit for Duke Energy."

A Duke spokesman said the company hopes to find a single buyer and is confident none will need to be shuttered.

The company said it will keep its regulated utility operations in Ohio and Kentucky, which serve 1.3 million customers. Duke has 7.2 million electric utility customers in the Southeast and Midwest and other commercial power facilities.

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