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Duke Energy Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you gentleman. (Operators Instructions). And we'll hear first from Jonathan Arnold with Merrill Lynch.

James Rogers

Welcome Jonathan.

Jonathan Arnold - Merrill Lynch

Good morning guys, thank you.

James Rogers

Good morning.

Jonathan Arnold - Merrill Lynch

How about just a question about your assumption on sales growth and the way you talk about continuing recessionary pressures in 2009 and then a about flat of sales assumption? But when we look at the kind of profile of sales in 2008, they seem to -- particularly in the industrial segment dropped very, very sharply in the fourth quarter. And are you -- I'm trying to reconcile that with the statement that the economy kind of -- we remain in recession. You are assuming that the like-for-like comps to stabilize here in these next quarters or -- not that we start to see some of that fourth quarter weakness seep though into the first three quarters of 2009. I'm having a hard time making sense of that?

David Hauser

Jonathan this is David, we've assumed that kilowatt-hour sales in '09 will be flat with '08 and we think that does reflect the recession and especially it incorporates the numbers that happened in the fourth quarter.

And of course in the fourth quarter, we had substantial hits to industrial due to closing -- actual closing of factories. So we've made the assumption -- we initially had growth in there a little bit, we've taken that out, we've made it flat. And then of course the other thing we've done is we've put in a cost control measure where we're all incented to cut O&M expense by \$100 million which is another driver that's important for us.

Jonathan Arnold - Merrill Lynch

What if the factory closures continue to impact the next three quarters?

David Hauser

It's our judgment that the -- a lot of the closings in the fourth quarter were really around the month of December and the holiday seasons and as a consequence of that we don't think that is reflective of what will happen this year.

Jonathan Arnold - Merrill Lynch

I -- you mean just temporary shutdowns.

David Hauser

They were temporary, that's right, I'm sorry.

Jonathan Arnold - Merrill Lynch

And if I may just one other topic, what's a good assumption? You gave a lot of detail on the outlook but what's the good assumption for the interest income line? I think it was about 130 in '08 but it was running at 27 in the fourth quarter. I think the cash balances are going to a good bit lower. So why would you expect that to come out for the year?

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