

# Duke Energy Rate Hike Information

Documentation related to the rate increase application can be found on the website of the NC Utilities Commission, <http://www.ncuc.net/>, Docket No. E-7, Sub 989

Written comments may be sent to the Utilities Commission through October 24, 2011 addressed to:

Mr. Robert P. Gruber  
Executive Director  
Public Staff-NCUC  
4326 Mail Service Center  
Dobbs Building  
Raleigh, NC 27699-4326

The NC Attorney General is also authorized to represent the public in these proceedings. Address comments to:

The Honorable Roy Cooper  
Attorney General of North Carolina  
c/o Utilities Division  
PO Box 629  
Raleigh, NC 27602

## Rate Increase Table by Customer Class

Customer Class	Present Revenues	Proposed Revenues	Percentage Change
Residential	\$2,089,444,523	\$2,452,387,000	17.4%
General Service	738,740,926	839,431,695	13.6%
OPT-General	771,905,267	884,802,346	14.6%
OPT-Industrial	535,830,961	614,530,000	14.7%
Industrial	130,882,241	147,666,731	12.8%
Lighting	115,440,216	125,016,228	8.3%
<b>Overall</b>	<b>\$4,382,244,134</b>	<b>\$5,063,834,000</b>	<b>15.5%</b>

## Monthly Bill Based on 1,000 kWh per month billed under Residential Schedule RS (Includes Tax)

Season	Existing (\$/month)	Proposed (\$/month)	Change (\$)/month)	Change (%)
Winter	\$95.73	\$113.50	\$17.77	18.6%
Summer	\$95.73	\$113.50	\$17.77	18.6%

## Locations/Dates of Public Hearings on the rate hike:

Charlotte: Tuesday, October 11, 2011, at 7:00 p.m. in the Charlotte-Mecklenburg Government Center, Conference Room 267, 600 E. Fourth Street

Marion: Tuesday, October 25, 2011, at 7:00 p.m. in the McDowell County Courthouse, Courtroom (Second Floor), Corner of Main and Court Streets

Franklin: Wednesday, October 26, 2011, at 7:00 p.m. in the Macon County Courthouse, Courtroom A, 5 West Main Street

High Point: Thursday, October 27, 2011, at 7:00 p.m. in High Point City Hall, Council Chambers, 211 South Hamilton Street

Durham: Wednesday, November 2, 2011, at 7:00 p.m. in the Durham City Hall, Council Chambers, 101 City Hall Plaza

Raleigh: Monday, November 28, 2011, at 1:00 p.m. in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street

## Some points to make in letters and testimony

- Duke Energy is a public utility monopoly and utility rates are legally based on providing the industry with a reasonable rate on its capital expenditures. It is irrelevant *when* Duke Energy last received a significant rate increase.
- With good reason, prior to 2007 it was illegal in North Carolina for a public utility to charge ratepayers for the financing of power plants prior to the completion of construction. Due to the reversal of “Construction Work In Progress” rules in Senate Bill 3, of 2007, ratepayers are now being forced to bear the risks. But, shareholders and corporate executives are reaping the profits, even if the power plants are never completed or go into operation.\*
- This requested increase is the second of three rate-hikes Duke Energy will seek, at least partially to pay for the Cliffside coal-burning power plant expansion. These are terrible economic times to ask a struggling population to pay higher electric rates just to help increase Duke Energy’s corporate profits.
- The Cliffside plant expansion is not needed to meet North Carolina’s energy demand which has been declining, not increasing, over the past several years. Duke Energy is expanding its service area outside North Carolina to sell more energy and increase its profits. But, North Carolina ratepayers are being forced to pay for Duke Energy’s risky investments.
- It serves the public interest to establish policies that will result in further reductions in energy consumption, rather than an ever-increasing cycle of more energy consumption followed by the construction of new, heavily polluting power plants. The Utilities Commission should be acting in the interest of the public first. The Utilities Commission is not supposed to be the agent of corporate interests.
- By following the example set by at least seven other states, utility rates can be restructured to allow consumers to make choices that will save them money each month and greatly reduce energy consumption, rather than forcing them to pay more each month to finance the construction of new power plants while encouraging growth in energy demand. Pending 2011 House Bill 135 and Senate Bill 367 would mandate an inverted rate structure in North Carolina that would accomplish this. But, the Utilities Commission already has the authority to implement this type of program without the legislative mandate. They should act now, instead of raising rates to build the Cliffside plant.
- If the current profit motivated priorities and policies of the Utilities Commission and the industry prevail, Duke Energy and Progress Energy, who are in the process of a corporate merger, will soon be requesting even higher rate increases to finance a new generation of nuclear power plants in North and South Carolina.
- Part of Duke Energy’s requested rate hike is to reimburse \$3.7 million in costs for its abandoned Coastal Demonstration Wind Turbine Project. Duke Energy should not be abandoning wind projects and ratepayers should not be forced to reward them when they do. They should be increasing investments in wind, solar and other renewable energy development.

\*In the 1970s Progress Energy (then Carolina Power and Light) began planning and construction on four nuclear power plants at its Shearon Harris facility in Wake County, NC. But due to vast over-runs in costs and a gross over-estimation of growth in energy consumption, three of the four plants were abandoned in various stages of planning and construction. Rates were raised to pay for hundreds of millions of dollars in partial construction and planning costs. There was an enormous public outcry that resulted in the 1982 NC General Assembly passing legislation subsequently banning the practice of charging ratepayers for construction-work-in-progress on new power plants owned by public utilities. However, no new power plants had been proposed in North Carolina until 2007, 25 years later, when the General Assembly lifted the ban.

