Rate Increase Requested

Dominion Seeks to Bury Existing Lines

Dominion Virginia Power has requested an increase in their electric rates to bury power lines. The increase will be $1.98/month per residential customer once approved, and is projected to increase to $5/month per residential customer in the future. The increase for commercial and industrial customers will be much higher.

The total project cost is $2 billion. The plan calls for converting up to 4,000 miles of existing overhead distribution lines to underground lines over the next several years. That is about 7% of the 57,000 miles of distribution lines owned by Dominion Energy. Therefore, more than 90% of Dominion Power’s distribution lines will continue to be overhead even after this $2 billion project is complete.

Is underground service more reliable than overhead service?

Many think replacing an overhead distribution line with an underground line will increase reliability. They assume overhead lines are subject to falling trees, ice storms, tornados and lightning strikes which make them more subject to failure.

However, underground lines are subject to backhoes, trenchers, bulldozers, flooding and insulation breakdown. Also, in essentially all cases, there is an overhead line that serves the underground line. Underground lines are also subject to damage from lightning that comes in from the overhead lines. Therefore, customers served by underground lines are still susceptible to the hazards that plague overhead line service.

When an overhead line has a failure, it is easy to find and correct the problem because it’s easy to see and access. When an underground line has a failure, it is difficult to pinpoint the location of the failure and, once it’s been found, very time consuming to dig up and splice the bad cable.

In a previous life, I managed a workforce of almost 500 people who were responsible for the design, construction, operation and maintenance of an electric distribution system. Our territory had 30,000 miles of distribution lines serving 330,000 customers in a 10,000 square mile area. After major storm events, our customers being served by underground lines were often the last to have their power restored.

In 2012, the Edison Electric Institute (EEI) commissioned a major study comparing reliability of overhead service with underground service. One of the bottom line conclusions of the study read, “it is not conclusive if underground customers consistently experience a higher level of system reliability from a national average perspective.”

Are underground lines more aesthetically pleasing than overhead lines?

Yes. Most agree that an area served by underground lines is more attractive than an identical area served by overhead lines. Therefore, most new subdivisions and commercial developments are served by underground lines.

How does the cost of overhead service compare to underground service?

The cost to install and maintain underground lines is almost always higher than the cost to install and maintain overhead lines. According to the above referenced EEI study, “underground utility systems take longer and cost more, both to install and to repair.”

The cost to replace an existing overhead line with an underground line is extremely high. Also, customers end up paying additional costs to have their electrician convert their service entrance and meter base from overhead service to underground service.

Why might a power company want to convert from overhead to underground?

To make money. When a power company can convince their state regulators that a construction project is in the interest of their customers, they are generally allowed to recoup their investment plus a regulated profit margin on their investment. Therefore, if a power company is granted permission to spend $2 billion to convert overhead lines to underground, the power company will get their investment repaid by customers and will earn a regulated profit of 9% on that investment - approximately $180 million in this case.
On February 24, 2018, UMS celebrated 20 years of saving money for our clients through utility bill audits. We have grown from a one-person home office in 1998 to a 4,500 square foot, corporate office building with 17 full time employees and an independent sales force of 25 people located throughout six states.

A few metrics:

- 8,500+ Number of Clients Served
- 300,000+ Number of Electric Accounts Audited
- $22,000,000+ Ongoing Annual Savings Generated
- $150,000,000+ 20 Year Cumulative Savings Generated

In celebration of achieving the 20 year milestone, we closed the UMS Corporate Office for 4 days. All employees, Account Managers, as well as their spouses/guests were invited to Savannah, GA for a combination of work and play. In addition to training sessions, the group toured the SCE&G natural gas-fired Jasper Generating Station near Savannah, enjoyed a tour of the historic city aboard a trolley and celebrated together during an Awards Banquet.

Thank you for giving us the chance to help reduce your utility bills.

We greatly appreciate your business and your trust.
Without you, UMS would not exist!

Nuclear Power Industry Update

The nuclear power industry in the United States continues to deteriorate. A few noteworthy points are below.

- **Westinghouse Bankruptcy**: Westinghouse was the primary remaining contractor for building and maintaining nuclear power plants in the U.S. They filed for bankruptcy in March of 2017.

- **VC Summer Nuclear Plant Cancellation**: South Carolina Electric & Gas was building two new nuclear power units in South Carolina. Westinghouse was the prime contractor. After more than $9 billion was spent toward construction, the plants have been abandoned as a total loss.

- **Plant Vogtle**: Georgia Power was also using Westinghouse to build two new nuclear generating units at their existing Vogtle location. GA Power decided to try to build the plants on their own after Westinghouse filed for bankruptcy. The units are billions of dollars over budget and years behind schedule.

- **First Energy Nuclear Plant Closures**: First Energy has announced it is closing three existing nuclear power plants in Pennsylvania and Ohio.

- **Three Mile Island Plant Closure**: One of the two nuclear units at the Three Mile Island plant had a catastrophic failure in 1979. Exelon, the owner of the plant, announced that they will close the remaining unit in 2019 even though it has a license to continue operations until 2034.

- **Diablo Canyon Plant Closures**: Pacific Gas & Electric has announced that they will be closing both of their nuclear generating units at Diablo Canyon in 2024 and 2025.

**Why Are Nuclear Plants Closing?**

There are several key reasons for the closing and cancellation of nuclear generating units across the United States:

- Energy conservation through LED lighting and other means has decreased the demand placed on power providers.

- Renewable energy production from solar and wind power has become more prevalent.

- Abundant, cost-effective energy is now available from natural gas due to fracking operations.

- There are significant cost overruns and schedule delays involved in the building of nuclear power plants.

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Our winner for last quarter’s Apple Watch drawing was Russ S. with Calico Coatings, Inc! Thanks to all who entered and best of luck this quarter!

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SPRING 2018