



POWER NOTES - DUKE ENERGY EDITION

QUESTION:

Why Do Power Companies Build Power Plants?

Answer: To earn a profit.

Power companies are not allowed to earn a profit from the fuel (uranium, coal, natural gas) they burn. Fuel costs are passed to the customers without being marked up for profits.

The power companies make a profit by earning a regulated return on invested capital. Invested capital is the money spent building and upgrading power plants, transmission lines, substations, distribution lines and other fixed, long-term assets.

NEED FOR RESERVE GENERATING CAPACITY

Power companies need reserve generating capacity to protect them from major outages in the following events:

- *Loss of one or more generating units due to fire, explosion, terrorist attack, flood, earthquake, tornado, tsunami, etc.*
- *Historic heat waves or cold snaps that result in higher than expected power demands.*
- *Dramatic increases in power demand due to faster economic growth that outruns the long-term plant construction plans.*

NEED TO ACCOMMODATE LONG-TERM LOAD GROWTH

Power plants take many years to plan and construct. Therefore, power providers must have a long-term plant construction plan for projected economic growth in their territory.

REGULATORY OVERSIGHT

The regulatory rate-making process incents power companies to want to build more power plants. The more plants they build, the more money they earn. Furthermore, the more money they spend on building plants, the more profits they earn.

To keep power companies from building unnecessary plants simply to increase profits, state regulators, such as the NC Utilities Commission or the SC Public Service Commission, must grant approval before a plant is built.

IMPACT ON ELECTRIC RATES

Once a plant is complete, the cost of building the plant is included in the next rate case. New rates are established to cover the cost of the new plant(s) and provide a regulated return (profit) on the investment.

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Congratulations to our winner, Samantha Bell of Classic Ace Hardware in Greer, SC for winning an Apple iPad through the UMS energy conservation survey drawing in our last newsletter!

The UMS Annual Customer Satisfaction Survey went out last month. Those who returned it were entered into a drawing for an Apple Watch.



Duke Energy Carolinas Construction Plans

DEC recently filed a long-term construction plan with the NCUC. That plan calls for:

- *Build two new nuclear units at the Lee Nuclear plant to come on line in 2024 & 2026*
- *Finish building the 683 MW natural gas-fired Lee Steam plant in Anderson County, SC*
- *Build a 1,221 MW natural gas plant in 2023*
- *Build 468 MW of additional combustion turbine generation in 2025*

40th Annual World Energy Engineering Congress 2016

For the ninth year, UMS just completed serving as a sponsor of the World Energy Engineering Congress (WEEC). It was held in Washington, DC.

The WEEC is the one truly comprehensive event where you can fully assess the “big picture” and see exactly how the economic and market forces, new technologies, regulatory developments and industry trends all merge to shape your critical decisions, as well as define what specific steps are needed to achieve optimum energy efficiency and performance within your organization.



The WEEC includes a trade show with over 300 vendors displaying energy producing, consuming and conserving technologies and more than 250 technical presentations on energy related topics.

UMS brought a team of representatives to enhance our knowledge of the energy industry so we can continue to provide even better services to you.

For the 41st Annual WEEC in 2017, the keynote speaker will be former President George W. Bush.

President Bush continues with our tradition of having outstanding speakers like those listed below:



- Former President Bill Clinton
- Former Secretary of State General Colin Powell
- Former Secretary of State Condoleezza Rice
- Former Governor Arnold Schwarzenegger

YOU'RE INVITED!

UMS sends out two free passes to the WEEC to all of our active customers every year. We enjoyed seeing some of you in Washington, DC this year and look forward to seeing you in Atlanta, GA next year.

September 27 - 29, 2017

Georgia World Congress Center

Atlanta, GA

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