Hurricane Florence

**UMS Corporate Office Takes Direct Hit**

On September 11, 2018, Hurricane Florence was on a direct path toward Wilmington, NC. It was projected to make landfall as a Category 4 storm. UMS employees began evacuating to Florida, Georgia and western parts of the Carolinas to avoid the direct hit of such a major storm.

On September 14, 2018 at 7:15AM, Florence made landfall at Wrightsville Beach, NC - less than 1 mile from the UMS Corporate Office. The eye of the storm passed over our building. Fortunately, wind speeds had decreased, and the storm landed as a Category 1. However, Florence dropped 26.58" of rain in Wilmington and caused historic flooding.

Employees who evacuated could not return for 8-9 days because all roads in and out of Wilmington were flooded and closed; Wilmington was an island. Power was out at our office for 7 days and some of our clients had no power for 3 weeks or more. The roof of our building was damaged by the storm and water came in - leaking through the ceilings and walls. Trees were down in our own lot and for many miles in all directions. Most employees experienced damage at their homes, also. Florence caused a total disruption to our operations for almost two weeks. Since then, we have been surrounded by general contractors, roofers, tree trimming crews, remediation specialists, insurance adjusters and others who have helped us recover; but we have continued to work through it, gladly, to serve our clients. We expect the office to return to normal by the end of October. Thank you for your patience and allowing us to serve you.

**Duke Energy Progress’ Florence Recovery Efforts**

Duke Energy Progress did an excellent job managing the recovery from Hurricane Florence. DEP mobilized a workforce of 20,000 people to help with the storm recovery efforts in both the DEP and Duke Energy Carolinas service territories. This included thousands of linemen and tree trimming crews coming from areas that were not impacted by the storm - in some cases, traveling almost 1,000 miles to help.

At times like this, we all express our appreciation for Duke.

**Electric Rate Impacts from Hurricane Florence**

Brian Coughlan, UMS President & Founder, previously worked for Carolina Power & Light Company - now Duke Energy Progress. During his time with the utility, he served as System Storm Manager and was very involved with many major storms, including Hurricane Bertha and Hurricane Fran that both struck the Wilmington area in 1996.

Although we have not yet seen published data on the DEP storm restoration costs, Coughlan estimates they will be around $400 million. Typically, these costs are passed on to customers in the form of a rider, or additional fee, on electric bills. The rider will allow DEP to replenish their emergency storm restoration fund and pay off the costs of recovering from Florence.

Expect to see a storm recovery rider added to your bills in 2019. It will likely last for several years and will be a small cost per kWh of energy consumed.
Natural gas now produces more electricity in the United States than coal.

For decades, coal produced about 50% of our electricity and natural gas very little. The decline of coal and the rise of gas is expected to continue. The shift from coal to gas is due to the increased supply and reduced cost of natural gas because of fracking and the increased cost of meeting environmental regulations for generating electricity with coal.

Scores of coal plants all over the country have closed and have largely been replaced by new natural gas plants - often in the same location as the former coal plants. Replacing coal plants with gas plants has increased electric rates and improved air quality.

Non-hydroelectric renewable is primarily electricity from wind and solar. While still a small part of our total electricity production, renewables have grown significantly in recent years and are expected to continue that trend.

Offshore Wind Farming is Coming

The first offshore wind farm in the United States began commercial operations in December 2016. It is the 5 turbine Block Island Wind Farm and is a 30-megawatt producing plant (photo below).

Increased federal leasing for offshore wind shows us that more offshore wind energy is planned. In 2015, federal leases expanded from two regions of the country to three and tripled in terms of acreage. From 2015 to 2017, acreage steadily increased from just over 1 million to nearly 1.3 million.

The chart shows the increase in total acreage per region from 2013 to 2017.