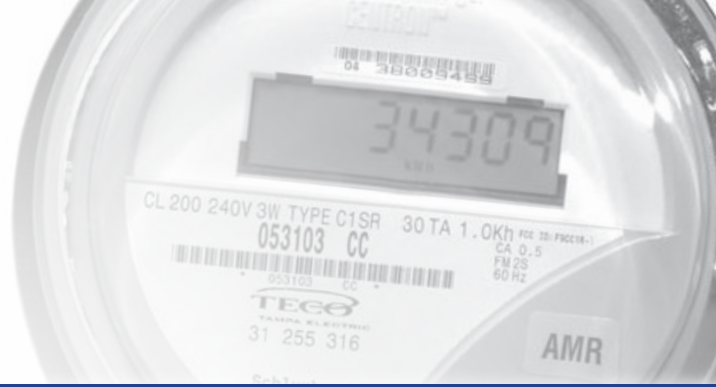




YOUR UTILITY RATE SPECIALISTS

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POWER NOTES - DUKE ENERGY PROGRESS EDITION

4.7% Rate Increase

In March, the NC Utilities Commission issue a final order granting a 4.7 percent overall rate increase to Duke Energy Progress in North Carolina.

This amounts to an overall revenue increase of \$194 million per year. The new rates took effect on March 16th. You are now seeing the effect of the increase in your electric bills.

DEP initially requested an overall increase of 14.9 percent, or \$477.5 million per year. After carefully considering the request made by DEP and the testimony and input provided by the public and intervening parties, the Commission granted just 31.5 percent of DEP's initial request.

The new rates will be in effect for four years. At the end of four years, the rates will go up even more. Overall increases by rate class are shown below:

Average Increase	Residential	Small General Service	Medium General Service	Large General Service
Thru March 2022	6.2%	5.1%	3.1%	3.6%
After March 2022	7.3%	6.1%	4.7%	5.6%

The increases shown in the table are the overall increases for each class of customer. The actual increases for individual customers will vary depending on usage and operating characteristics.

Small General Service Time of Use Rate (SGS-TOU)

DEP proposed to increase this rate by a significantly higher percentage than what they were proposing for the Medium General Service (MGS) rate. This would have resulted in many existing customers on the SGS-TOU rate incurring a larger increase than other customers. If approved, this would have reduced, or eliminated, the savings that many existing SGS-TOU customers are now receiving.

Fortunately, thanks to successful arguments by intervenors in this rate case, DEP's request was not approved.

The new SGS-TOU rate will have the following changes:

- Price differential between on-peak energy charges and off-peak energy charges is being reduced.
- Price differential between Summer usage and non-Summer usage is being reduced.

On a relative basis, these changes will tend to benefit the following types of customers:

- Customers who use a significant amount of their energy during on-peak hours
- Customers who have air conditioning and use a lot of energy in the Summer months

SPRING 2018 ISSUE - POWER NOTES

DEP Rate Increases.....	Page 1
Future Refunds Possible.....	Page 1
20 Years! THANK YOU.....	Page 2
WANT AN APPLE IPAD?.....	Page 2
UMS Contact Information.....	Page 2

UMS to Review Accounts Under New Rates

At UMS, whenever rates are changed, we do a review to ensure that you are still being served on the best available rate schedule for your facility's operating characteristics. As part of our ongoing service to our clients, we will be doing an additional review of your accounts and usage under these new rates. If we find that, because of the changes made by DEP, you would be better served on an alternative rate, we will be in touch.

Job Retention Rider (JRR) & JRR Recovery Rider (JRRR)

The Commission approved DEP's request for a new pilot Job Retention Rider. This rider will provide a rate discount to industrial/manufacturing customers with a peak load of more than 3,000 KW who have jobs that are at risk due to foreign competition or other economic factors. That is good news.

The bad news is that they also approved a JRR Recovery Rider (JRRR) that requires all other customers to pay a small additional on their electric bills to cover the costs of the JRR. This additional rider adds approximately .5% to the overall increases previously described.



Impacts of the Tax Cuts & Jobs Act of 2017

DEP has been ordered to track the savings that they receive under the Tax Cuts & Jobs Act of 2017. The Act lowers the corporate tax rate from 35% to 21%. This will result in savings to DEP of more than \$50 million per year.

Presumably, the Commission will order DEP to refund those savings to customers in a future proceeding that has already

WANT TO WIN AN APPLE IPAD?

The winner of last quarter's Apple Watch drawing was *Russ S of Calico Coatings Inc*
 Thanks to all who entered and best of luck this quarter!

See the back page for details. You could be the lucky winner!

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.

We will continue to work hard to ensure that your bills are as low as possible for the energy you are consuming.

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.

WANT TO WIN? REFER US TO A FRIEND!

Email the following items to LQuick@UtilManagement.com

Name of Referral/Contact

Company/Business Name

Referral/Contact Phone & Email

Your Name & Phone

*If you think our services would be beneficial, feel free to include more than one referral. Each one provided will be an **additional entry** for you!*



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