Last April, Duke Energy Progress (DEP) requested a rate increase of $477 million per year. This works out to about 15% per year overall. Although the NC Utilities Commission has not yet issued a final ruling, it appears that DEP will likely receive an overall increase of $142 million per year - which works out to an increase of 4.5%.

Coal Ash Ponds

A large portion of the requested increase was to handle the costs of remediating coal-ash ponds at current and former coal-fired plants. The ponds were used to store coal ash, a byproduct of burning coal to make electricity. The these containment ponds were at the power plants and several have failed, causing extensive environmental damage to rivers. The coal ash in remaining ponds is being moved to large, lined pits that are supposed to prevent future coal ash spills.

Hearings

Hearings were held in five cities throughout North Carolina providing customers the opportunity to share their thoughts on the proposed rate increase. More than 150 people testified in these hearings. The large majority were opposed to the increase or the amount of the increase.

Interveners

Sixteen parties filed formally to intervene in the rate case. This is a legal process that includes attorneys, expert witnesses and the full NC Utilities Commission. The interveners include The Sierra Club, The Environmental Defense Fund, NC Warn and the NC Sustainable Energy Association advocating for environmental issues. Interveners also include Carolina Utilities Customer Association, Kroger, Carolina Industrial Group for Fair Utility Rates, the Commerical Group, Fayetteville Public Works Commission, North Carolina Electric Membership Corporation, the U.S. Department of Defense, the NC League of Municipalities and others who are primarily intervening for lower rates or special rate treatment for their members.

Stipulated Agreement

Many of the interveners in the case reached a stipulated agreement with DEP on certain terms, conditions and aspects of the overall rate increase. Based on the stipulation, it appears that DEP will receive an increase of about $99 million/year for the first four years and $142 million/year thereafter. These figures are roughly 20% and 30% of the $477 million that DEP requested. The NC Utilities Commission often approves these stipulations. A ruling is expected in the coming weeks.
Tax Cuts & Electric Bills

The Tax Cuts & Jobs Act of 2017 reduced the corporate income tax rate from 35% to 21%. This creates a very significant windfall for investor-owned utilities. This windfall should be passed on to the customers, rather than to the shareholders of these firms. Some rough math and assumptions indicate the potential magnitude of these savings for customers to around 2.727% of a current bill.

Advocating for Customers

I will be testifying as an expert witness in the pending Duke Energy Carolinas rate case in North Carolina. I will be advocating for more rate and pricing options for business customers as well as making changes to all electric rates to reflect the new corporate income tax rates.

In this case, the potential savings associated with accounting for the new corporate income tax rate is about $170,944,000/year.

-Brian Coughlan, PE
BSEE, MSEE, MBA, CEM, CEA, CEP, DSM
President of UMS

Will my power provider adjust their rates to reflect the new taxes?

Not necessarily. Rates are set by state regulatory commissions. Rates are generally only adjusted as part of a formal rate case. These proceedings typically happen every few years. Power companies receiving a windfall have no incentive to ask state regulators to reduce their rates to reflect the new taxes. In some cases, they may simply enjoy the windfall for several years until the next rate case. Also, even when a power company does have a rate case, they may forget to point out this significant windfall to their state regulators.

What can an average customer do?

Contact your state regulatory commission and ask them to schedule a rate case proceeding specifically to address the new tax laws in the electric rates. If your power provider is having a rate case, send a letter to state regulators requesting the new tax law be accounted for when setting the new electric rates.

Feel free to call me if you have questions:
Brian Coughlan, President - 910.793.6232 x102

We've made some changes!

You may have noticed there’s something different about this quarter’s newsletter. Increasing the layout to legal size allows us to share more information.

We’re also Going Electronic!

We have started delivering our newsletter via email. Many email addresses are already in our database, but we’re working to obtain more. See RIGHT for more info.

Quarterly Prizes - Win! Win! Win!

Each quarter’s newsletter will include an opportunity for you to provide feedback of some sort. All who respond will be entered into a drawing for the quarterly prize!

provide three email addresses for people in your organization to receive our newsletters.

Name | Email Address
--- | ---

Provide three email addresses by end-of-day on March 31, 2018 and you will be entered to win this quarter’s prize: Apple Watch

Scan your response and email it to Lindsey Quick at LQuick@UtilManagement.com or simply send Lindsay an email with your three names and email addresses. Must be received prior to 5pm on March 31, 2018.

Congratulations to three of our employees on passing the following AEE certification exams!

Jessica Hannah passed the Certified Demand Side Manager Exam
Janessa Goldstein passed the Certified Lighting Efficiency Professional Exam
James Horne passed the Certified Energy Procurement Professional Exam