Update: UMS Intervenes in Duke Energy Rate Case

The Public Staff of the NC Utilities Commission ensures the rates that utility companies charge are reasonable for consumers. In January 2018, UMS President Brian Coughlan and others gave expert testimony in front of the NC Utilities Commission in a Duke Energy Carolinas rate increase case.

In response, Duke Energy Carolinas (DEC) was ordered to:

“within six months of the date of this Order file in this docket the details of proposed new time-of-use, peak pricing, and other dynamic rate structures that will, among other things, allow ratepayers in all customer classes (emphasis added) to use the information provided by AMI to reduce their peak-time usage and to save energy.” (North Carolina Utilities Commission, 2018, p. 124)

UMS believes that DEC did not comply with the Commission’s order to produce rates available to all customer classes. On May 23, 2019, UMS President Brian Coughlan sent an email to the parties involved in the Duke Energy rate case, the Public Staff of the NC Utilities Commission and others to suggest additional changes in the proposed rates before they are approved.

Duke Energy Carolinas Proposed Rates:

- **Residential Time of Use** - Five new residential time-of-use rates. These rates include a Critical Peak pricing component.

- **Small General Service rates (SGS):**
  - **Small General Service - Critical Peak Pricing (up to 30 kW)** - A flat fixed cost/kWh plus a Critical Peak pricing component.
  - **Small General Service - Time of Use - Critical Peak Pricing (up to 30 kW)** - A time differentiated rate that charges more for energy used during peak hours and less during off-peak hours. This includes a Critical Peak pricing component.
  - **Small General Service - Time of Use Demand - Daily Peak Pricing (up to 30 kW)** - A demand based time-of-use rate that charges much higher prices for up to 3.2% of the hours in a year and a lower price for the other 96.8%.

- **Critical Peak Pricing Component** - Included in all of the above rates, Critical Peak days will almost always be on very hot summer weekday afternoons. Duke Energy can call 20 Critical Peak days of up to seven hours per day and charge over 500% the normal price.

- **Medium and Large Customer rates (MGS and LGS):**
  - No new rates have been created for medium or large customers. All of the proposed SGS rates include a maximum demand of 30 kW. This is the size of a small restaurant in a strip mall. DEC’s existing SGS rates provide a maximum demand of 75 kW. Customers between 30 and 75 kW will not qualify for the new rates.

- **Customer Notification** - DEC has proposed a system where they would notify customers of the Critical Peak Periods by posting them on their web site a day in advance.

Utility Management Services, Inc. Proposed Rates:

- **Residential Time of Use** - UMS suggests customers research these options and try one if applicable.

- **Small General Service rates (SGS):**
  - **SGS Rates (up to 75 kW)** - If DEC opens the new SGS rates to customers up to 75 kW more customers would be eligible for the new rates. Many restaurants, churches, offices, retail stores, convenience stores, and other mid-sized customers could take advantage of these rates and save money.

- **Dynamic Pricing (above 75 kW)** - Similar to the Small General Service - Time of Use Demand - Daily Peak Pricing rate that DEC is proposing, this rate would provide customers substantial savings for those with the ability to shift their usage. This would only require a small number of hours per year. The new rate design would be comparable to what Dominion Energy North Carolina has been successfully offering for over 20 years.

- **Customer Notification** - Since most customers won’t go to a web site daily to check prices, UMS has requested that DEC implement an email/phone based notification system.

Want To Help?

Call the Public Staff of the NC Utilities Commission at (866) 380-9816 or (919) 733-9277 and express your support.
The Tax Cuts and Jobs Act of 2017 reduced the federal corporate income tax rate from 35% to 21%. We estimate this is saving U.S. electric utilities billions of dollars per year. To keep these savings from going to the shareholders of the power companies and to pass the savings on to the customers, state regulators have been ordering reductions in electric rates. In many cases, this has consisted of a one time refund or an ongoing credit. Most of our customers are already paying less for their electricity due to these new tax laws.

Are Deregulated States Getting this Benefit?

Customers in deregulated states are not necessarily getting any benefit from the reduced tax rates. In most cases, a customer who buys power from a competitive power supplier in a deregulated state signs a multi-year contract that locks them into an electric rate for a pre-defined period. If your contract is coming to an end, be sure to negotiate for lower rates as a result of the reduced corporate tax rate.

Reducing your Electric Bill

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