

Duke Energy to seek rate hike this summer

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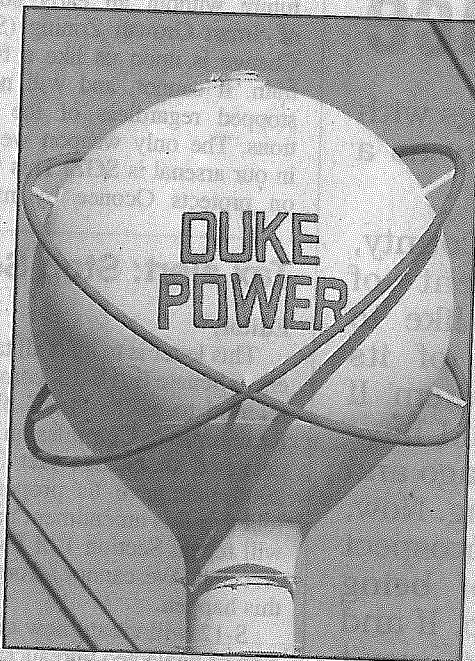
SENECA — Duke Energy Corp. recently notified the South Carolina Public Service Commission (PSC) that it plans on filing an application this summer to increase its electric base rates to all of its customers.

The Fortune 500 Company with headquarters in Charlotte, N.C. said in papers filed last week before the PSC that the rate increase is needed, in part, to reflect the annual costs of \$680 million in capital improvements.

Duke's capital investments are associated with the installation at a cost of \$500 million of a scrubber at its Allen Steam Station needed to comply with federal clean air requirements.

The installation of the scrubber is scheduled to be completed this spring, according to the filing.

Duke, which owns the Oconee Nuclear Station, also invested \$158 million to purchase almost 72 percent ownership interest from Saluda River's Catawba Nuclear Station.



The company completed the deal for the Catawba Nuclear Station on Sept. 30.

In its petition to the PSC, Duke is

requesting permission to defer in a regulatory asset account costs that are being or will be incurred related to the scrubber and the Catawba nuclear plant.

According to Duke, the ultimate rate impact of the deferral on customers would "not be significant" because it would propose in its next rate application to recover the deferred costs over a multi-year period.

Currently, Duke's residential customers pay 2.2539 cents per kilowatt-hour. That rate is scheduled to remain in place through September. Duke has more than 4 million customers in the Carolinas and the Midwest.

In its recent filing Duke states: "The Commission is aware of the significant capital expenditures Duke Energy Carolinas must make in the foreseeable future and beyond to comply with environmental requirements, meet customer demand and modernize its generation fleet and power delivery system..."

"In light of the Company's significant capital needs and the global credit crunch, maintaining credit quality is both critical and challenging."