Duke's rate increase plea

Company says it needs 17 percent more to modernize; critics say timing's wrong

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Duke Energy is asking South Carolina regulators for permission to raise residential rates by 17 percent and industrial rates by 13 percent, a request that's already drawing objections.

Charlotte-based Duke, the Upstate's biggest power provider, hiked rates last year and plans to seek a third increase next year, said Catherine Heigel, the utility's president for South Carolina.

"Customers count on us to supply the electricity that powers their lives," she said. "The investments we are making to modernize our system will ensure the electricity they depend on will be there for decades to come."

Duke hadn't implemented a general price hike for 19 years until last year, when it raised residential rates more than 9 percent, while decreasing industrial rates nearly 5 percent.



Heigel

Duke is now asking the state Public Service Commission to collect $216 million more a year from its 600,000 customers in the Upstate. That amounts to rate hikes of 11 percent for commercial customers, 13 percent for industrial customers and 17 percent for household power bills, the company said.

Regulators are not expected to rule on the request until early next year. If approved, the higher prices would likely take effect in February, said Duke spokesman Jason Walls.

Teresa Arnold, legislative director for the South Carolina AARP, said her group's members, who include about 250,000 Upstate residents, are already concerned.

"It's the wrong time," Arnold said, noting Duke just reported second-quarter earnings of $435 million.

"They had $435 million in profits in the second quarter, and my members who are on Social Security haven't had a (cost of living adjustment) in two years, and

draws fire

they're on a fixed income, and they're going to be asked to pay 17 percent more on their power bills? It just sort of beggars belief," Arnold said.

Duke is also seeking permission for an 11.5 percent return on equity in South Carolina, an increase from the 11 percent it's currently allowed.

That's too much for Ned Cochrane, a vice president with Mauldin-based Mount Vernon Mills and chairman of the South Carolina Energy Users Committee, a group of about 40 manufac-

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turers that plans to intervene in the rate case.

"I can guarantee you that very few of our members earn 11 percent on equity," Cochrane said. "Not right now, not over the last three years."

Duke is asking to begin recouping $6.5 billion it says it has spent to modernize its system in the Carolinas and comply with environmental regulations.

That total includes the costs of financing for its $2.4 billion expansion of the Cliffside coal-burning power plant just across the state line from Gaffney and for modifications at the Oconee Nuclear Station on the shores of Lake Keowee, Duke says.

The $6.5 billion also includes the cost of anti-pollution equipment at Cliffside and new natural gas-burning and hydroelectric plants in North Carolina.

"We've made significant investments in the system. Not just in the existing system but also in new plant construction," Heigel told GreenvilleOnline.com.

Duke is not yet seeking to recoup the costs for planning a new nuclear plant near Gaffney, Heigel said.

That plant, if it gets built at an estimated cost of $11 billion, would be Duke's third nuclear plant in South Carolina and the most expensive construction project in the company's history.

Duke filed a similar rate hike request in North Carolina last month, where it has 1.8 million customers, but there it's only asking to recoup a total of $4.8 billion.

Heigel said South Carolina allows Duke to recoup from ratepayers the cost of construction in progress for all major capital projects, while North Carolina allows that for base-load generation plants only.

Duke Energy wants 17% residential increase

BY MITCH WEISS
ASSOCIATED PRESS

GREENVILLE — Duke Energy Corp. asked South Carolina regulators Friday for permission to raise residential power rates by 17 percent, a move that would add about $15 to the average monthly $99 home power bill.

The Charlotte, N.C.-based utility filed a request with the South Carolina Public Service Commission to help recover part of the $6.5 billion it has spent on its electricity generating and transmission system in the Carolinas since 2009. That includes modernizing its electric system and complying with state and federal emissions regulations.

Company spokesman Jason Walls said, if approved, new rates would likely go into effect in February 2012.

The rate request, which would increase electric rates by $216 million, also seeks increases for commercial and industrial customers.

The average of rate increases for all types of customers is 15 percent, the company said.