Merger won't cost users

Duke, Progress also say they'll cut retail rates

By David Dykes
Staff Writer
ddykes@greenvilleonline.com

Duke Energy and Progress Energy said the companies have agreed in North Carolina not to ask customers to pay millions of dollars in severance costs for employees laid off as part of their merger, and to reduce retail rates, but the impact on Duke's South Carolina customers wasn't known Wednesday.

The utilities' decision not to pass along up to $230 million in severance costs was part of an updated merger-settlement agreement with the North Carolina Utilities Commission Public Staff.

The companies also said they would reduce retail rates by $70 million over a two- to three-year period.

However, Dukes Scott, executive director of the South Carolina Office of Regulatory Staff, told GreenvilleOnline.com his agency wasn't part of the North Carolina agreement and is working on an agreement of its own.

"I believe that a similar pro rata reduction would ultimately be available to South Carolina customers, even though we don't have an agreement at this time," said Scott, whose agency represents the public's interest in utility regulation.

Officials at the two companies said the rate reduction will be apportioned between Duke Energy Carolinas and Progress Energy Carolinas retail customers.

The companies also said they will guarantee $650 million in system savings for Carolinas retail customers. The savings will be achieved through fuel blending and purchases and jointly operating the Carolinas generation fleets, the companies said.

The Duke-Progress deal would make the combined company the nation's largest utility. The Federal Energy Regulatory Commission has twice rejected

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