

Background on Duke Energy Progress Rate Case Hearing Beginning 11/27/2017

Duke Energy Progress (DEP) has filed a request with the North Carolina Utilities Commission (NCUC) not just to raise rates, but also to substantially raise the mandatory fixed charges customers must pay each month. If approved, these fixed charges would **increase utility bills for every DEP residential customer by over \$200 per year no matter how much or how little electricity the customer uses**. The NCUC will hold an evidentiary hearing in the case beginning November 27.

DEP ordinarily charges customers two fees: a mandatory fixed charge (currently \$11.13 for residential customers) and a rate for each kilowatt-hour of electricity used. DEP proposes to raise the mandatory fixed charge on each residential customer's bill a whopping 75 percent, to \$19.50 per month. Last week, DEP and the utility consumer advocate agency reached a settlement that would reduce the mandatory fixed charge to \$14.00/month; however, the Commission is not bound to accept the settlement and DEP has not withdrawn its original proposal.

Raising the mandatory fee—whether to \$19.50 as proposed by DEP, or to \$14.00 under the settlement—would hurt the utility's customers by depriving them of control over their household energy bills, and those effects would be felt most by low- and fixed-income households. DEP provides electricity to customers in Raleigh and parts of eastern North Carolina, as well as the area around Asheville.

DEP's proposal would harm customers in several ways:

1. It would reduce the power of DEP's North Carolina customers to control their own bills.

Households deserve to have control of their expenses. Thousands of North Carolina residents invest in efficient appliances and air conditioners and adjust their thermostats to realize savings from lower utility bills.¹ Duke's proposal would deprive customers of savings from their efficiency investments. It would also undermine energy-saving incentives, including those offered by DEP itself for efficiency upgrades—a higher mandatory fixed charge means the customer's total bill declines less when usage is reduced. With less incentive for customers to reduce energy waste and save money on their electric bills, we can expect more proposals from DEP to build expensive power plants and more power plant pollution that causes asthma and other health problems for North Carolinians.

2. It harms low-income households the most. Higher fixed charges fall disproportionately on customers using less electricity than average. Because they tend to use less power, elderly customers, people of color, and low-income families living in smaller residences are particularly hard hit by higher mandatory fixed charges.²

¹ Consider for example that over 75,000 new Energy Star homes have been built in NC. See [Energy Star Homes](#).

² See National Association of State Utility Consumer Advocates' 2015 resolution at <http://nasuca.org/customer-charge-resolution-2015-1/>

3. **DEP's proposed increase is large.** DEP is asking to increase the mandatory fixed charge from \$11.13 to \$19.50 per month. This is on top of the increase from \$6.75/month back in 2013. The average customer's bill will increase by nearly \$214 per year. This is a big deal for many North Carolinians who expect to be able to reduce electricity expenses to save money for food, child care, and medical expenses. Even under the settlement, the mandatory fee increase to \$14.00 under the settlement represents a 26% increase over the current charge

Instead of raising mandatory fees, DEP should do more to help customers use energy smarter – insulating old homes, installing modern high-efficiency air conditioners and heaters, and providing incentives for other efficiency upgrades. DEP has proven it is capable of running energy efficiency programs that help customers and can be funded without raising fixed charges.

The NC Justice Center, NC Housing Coalition, Natural Resources Defense Council and Southern Alliance for Clean Energy, represented by the Southern Environmental Law Center, have intervened in the case to oppose increased mandatory fees and to advocate for greater funding of energy efficiency programs, particularly those that help low-income customers. DEP's filings and our expert testimony are located [here](#): NCUC Docket *E-2 Sub 1142*

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