

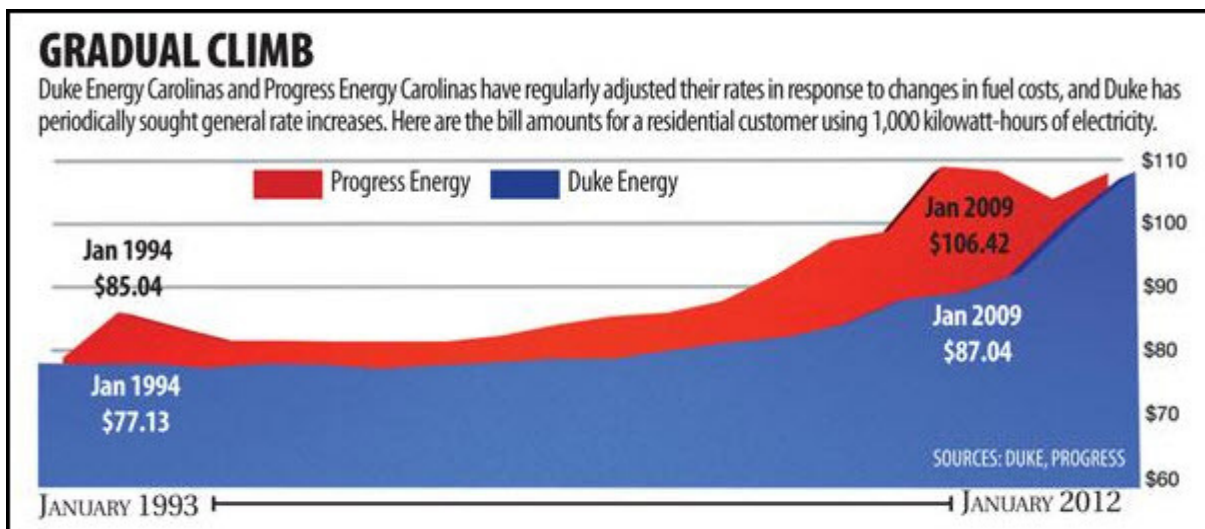
## Progress Energy Rate Hikes: Impact on Consumers and Local Government Budgets

Progress Energy's plan for serial rate hikes will further burden residential customers, small businesses and local governments.

**This would not be Progress' first rate increase in a quarter century.**

Progress Energy Carolinas customers have seen their monthly electricity bills rise by 25% since 1993 as the utility increased rates to cover rising fuel costs. The requested increase would effectively cause customers to pay the equivalent of an additional month of electricity every year.

As the Triangle Business Journal reported on August 31<sup>st</sup>, *"North Carolina's two largest electrical utilities are gearing up for a series of rate increases ..."*



*Progress and Duke rates have risen profoundly over the past twenty years. (Triangle Business Journal)*

Since 1988, Progress Energy has benefited from a remarkable 12.75% guaranteed return on shareholder equity.

*"Progress has been making 12.75% at the expense of low and middle income people, and now they want to raise residential rates by 14.2 percent. This will mean more foreclosures, more disconnects in the winter, more small businesses failing, and tighter school budgets."*

Carley Ruff, North Carolina Housing Coalition

***“[T]here’s a tsunami of capital expenditures heading our way.”***

Jim Rogers, CEO of the combined Duke Energy Progress

That means a tsunami of rate hikes. CEO Rogers plans to spend billions on new power plants despite a long period of flat demand growth, excess generation capacity throughout the region, and more people saving electricity.

Consumers Against Rate Hikes is very concerned that ratepayers will be excessively burdened and that new businesses and jobs will be lost due to the serial rate hikes planned by Duke and Progress.

### **Progress’ Request for Increased Revenue from Various Customer Classes**

(From Progress Energy rate case filing, Exhibit 4)

#### **Increase in revenue from Residential Customers – 14.2% average**

- Progress is asking for a 100% increase in the residential basic service charge for all customers
- Average monthly residential bills would increase by 9.4% to 45.5% depending on usage
- Residential rates are structured to penalize energy efficiency, weatherization, and other electricity savings (the more you use, the lower the percentage increase of your rates)
- Residential customers would feel the impact in their monthly bills, in higher prices for goods and services reflecting higher electricity costs, and possibly in property tax increases
- Progress wants residential customers to provide \$219 million in additional annual revenue

#### **Increase in revenue from Small General Service – 11.6% average**

- Progress is asking for a 12.0% increase for most small business customers
- Average small business owners will see an 8% to 25% increase in their monthly bills
- Small business owners will bear this increase in their personal and business budgets as well as in increased costs of goods and services
- Progress wants small business customers to provide \$29 million in additional annual revenue

#### **Increase in revenue from local governments and other Medium General Service – 9.9% average**

- Average medium general services customers will see an 8% to 9% increase in their monthly bills
- Progress wants these customers to provide \$77 million in additional annual revenue

#### **Increase in revenue from Large General Services Customers – 5.9%**

- Some of the largest electricity users will be eligible for 0% increase under a special rider
- Large general service customers would provide \$33 million in additional annual revenue

#### **Increase in revenue from Traffic Signal Service – 10.8% average**

#### **Increase in revenue from Street Lighting – 10.9% average**

***Public rate hike hearings will be taking place across the state throughout February and March 2013. Contact Utilities Commission Chairman Ed Finley to voice your concerns about Progress Energy’s rate increase request: [statements@ncuc.net](mailto:statements@ncuc.net)***