Deal Lets Duke Energy Raise Rates $200M a Year

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RALEIGH, N.C. (AP) — Duke Energy Corp. said Wednesday it is willing to take less than half of the rate increase it sought in February for electricity customers in western North Carolina under a deal with a state regulatory division responsible for representing consumers.

The power company said it agreed with the North Carolina Utilities Commission's Public Staff, which is responsible for representing consumers, to take a $205 million rate increase each of the first two years, increasing to $235 million after the third year. The deal would allow a rate increase that includes a 10.2 percent return on equity, a measure of profit.

Details such as how hard the rate increase would hit households and other types of consumers are expected next week.

The company's Duke Energy Carolinas subsidiary originally requested a $446 million annual rate increase, or an average 9.7 percent for households and other retail customers. The operating subsidiary, which has about 1.9 million customers, had sought regulatory approval for a rate increase that would allow an 11.25 percent profit margin.

The settlement must be approved by the utilities commission, which has scheduled a meeting for July 8. The regulator and Duke Energy Carolinas employees will hear public comment at meetings June 19 in Winston-Salem, June 26 in Charlotte and July 2 in Hillsborough. Previous public hearings were held in Franklin and Marion.

"The company looks forward to a positive and constructive resolution in this rate case," Duke Energy said in a statement Wednesday.

The announcement comes about two weeks after regulators approved a 7.5 percent average increase over two years for about 1.3 million customers of the former Progress Energy. The electricity provider for much of eastern North Carolina is a subsidiary of Charlotte-based Duke Energy Corp., the country's largest electricity company. The utility's last rate increase was in 1987.

The Duke Energy Carolinas settlement includes other provisions similar to the Duke Energy Progress increase, including the right to pass along to rate-payers its costs of stockpiling coal. Duke Energy Progress was allowed to pass on costs of holding a coal inventory greater than what it needs to supply coal-burning power plants for 40 days.

North Carolina's Attorney General Roy Cooper said he will fight the Duke Energy Progress rate increase taking that took effect this month and costs the average home an extra $88 a year.

Cooper previously won a similar appeal to the state Supreme Court, which ruled in April that the utilities commission must reconsider a 7.2 percent rate increase granted to Duke Energy Carolinas in January 2012. The court ruled the commission should take into account the impact of increasing power costs by an extra $309 million a year on 1.8 million customers served by the utility in a territory ranging from Durham through western North Carolina.

Critics said the early settlement, before arguments for and against the proposed rate increase are presented next month and the public can be fully heard, puts the price hike on a fast track toward approval.

"This is the third time in four years that Duke has asked for millions in inappropriate charges, then split the difference with regulators," a statement by the state chapter of AARP, Greenpeace and others said.

Duke Energy, the corporate parent of both Duke Energy Carolinas and Duke Energy Progress, has defended its rate increase requests as allowing it to recover billions of dollars invested in upgrading its ability to generate power.

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