



FACT SHEET

Proposed Electric Rate Increase

Background:

Greenville Utilities owns/operates an electric distribution system serving the City of Greenville and 75 percent of Pitt County. We provide electric service to over 60,935 customer connections (residential, commercial and industrial). In the eastern part of the state, 32 cities (including Greenville) purchase electric power through membership in the North Carolina Eastern Municipal Power Agency (NCEMPA).

- **The price GUC pays for power is going up**

Greenville Utilities buys electric power on behalf of its customers. The price we pay for that power is going up on August 1, 2008. As a result of this increase, GUC will be paying **\$15.3 million** for wholesale power in August 2008. That is **\$2.1 million** (14.4%) more than we paid in August 2007. Annually, our wholesale power bill could be nearly **\$20 million** more than it was last year.

In FY 2007, we spent a total of \$132 million for wholesale power to serve our customers. That was 57% of our entire GUC budget. Before this recent increase, we had budgeted nearly \$134 million for wholesale power in FY 2008-09. That is approximately 80% of our electric fund budget. That means that 80 cents of every dollar customers pay for electricity goes directly to the cost of purchasing power. Only about 20 cents goes to help GUC operate and maintain the system.

- **The NCEMPA wholesale increase is due to rising costs associated with generating electricity**

The factors causing this wholesale increase are the same factors that affect all products and services: supply and demand, regulations and cost of materials and labor. *See NCEMPA 2008 Wholesale Rate Increase Talking Points for details.

- ❖ Coal costs
- ❖ Cost to produce nuclear power
- ❖ Financing costs
- ❖ Transmission costs
- ❖ Operation/maintenance costs

- **GUC is proposing to pass the increase through to customers, effective August 1, 2008**

The last thing we want to do is increase costs for customers. We realize that the cost of gasoline, food, and other consumer goods are all going up. The materials GUC uses on a day-to-day basis have all gone up too. As GUC customers ourselves, our personal utility bills are impacted as well. But, the reality is that the retail electric rates we charge customers are directly related to the wholesale rates we pay our power supplier. If our supplier's prices go up, we have to pay more in wholesale costs. We have to change our retail pricing enough to recover the increased costs.

We don't benefit from the increase financially. GUC is a not-for-profit, community-owned utility. Revenues from our rates benefit our customers, not out-of-town stockholders. Electric rates/charges go right back into the utility system to provide safe, reliable services; maintain operations; and support the ongoing economic growth of Greenville-Pitt County.

This increase is a straight pass-through to recover our increased costs. We don't keep any of the additional money.

- **Why can't GUC absorb the increase instead of passing it through?**

The amount of this increase is such that it cannot be absorbed without negatively impacting service.

GUC operates in a business-like manner, and each fund (Electric, Water, Sewer and Natural Gas) is separate and self-sustaining. It is essential that we recover our costs in order to have adequate funds for the wires, poles, substations and other infrastructure required to provide reliable service to customers. The economic growth of the community relies on GUC ability to maintain and expand its infrastructure. The cost to do that is increasing.

Just like our customers, we have to pay monthly bills. In addition, State guidelines recommend that we have a certain amount of available cash in reserve (similar to a household savings account).

We must also have an adequate amount of funds to meet bond requirements, invest in the system, and prepare for and respond to opportunities and emergencies.

- **With the increase, a customer using 1,000 kWh will pay about \$11.20 more per month**

The impact on our major rate groups will differ, but overall, the increase will be approximately **11.2%** for retail customers. That percentage will fluctuate, depending upon how much electricity individual customers use.

Currently, GUC's residential electric customers (with load management) pay \$109.48 for 1,000 kWh of electricity during the billing months of April through November. With the increase, these same customers would pay \$120.68 for 1,000 kWh. The increase would mean an additional \$11.20/month, or 10.2%.

For the billing months of December through March, residential customers (with load management) currently pay \$98.91 for 1,000 kWh of electricity. With the increase, the same customers would pay \$110.11 for 1,000 kWh. The increase would mean an additional \$11.20/month from December through March, or 11.3%.

- **How do GUC's monthly electric bills compare with other cities/towns?**

Even with the increase GUC's monthly electric bill will be below the median as compared with 14 other regional electric providers.

*The chart below is based on the most current data available. Electric providers in black – New Bern, Wilson and Progress Energy include recent increases. Current information is not yet available for the providers in blue – Farmville, Kinston, Rocky Mount, Washington, Tarboro and Ayden. They are expected to implement increases as well.

Monthly Bill Comparisons

Electric Bill Comparison Typical monthly bill (residential) - Winter 1,000 kWh with LM Credits

New Bern	\$	131.91
Farmville		127.96
Wilson		123.73
Kinston		119.24
Rocky Mount		118.11
Median*		116.31
Washington		114.51
Tarboro		111.62
GUC w/increase		110.11
Progress Energy		108.68
Ayden		106.53
GUC current		98.91
NC Power		86.97

*Calculated using 14 NC providers



Electric Bill Comparison Typical monthly bill (residential) - Summer 1,000 kWh with LM Credits

Wilson	\$	134.63
Kinston		133.40
New Bern		131.91
Farmville		123.96
Washington		122.01
Rocky Mount		121.11
Median*		120.90
GUC w/increase		120.68
Tarboro		116.62
Ayden		112.53
GUC current		109.48
Progress Energy		120.30
NC Power		98.00

*Calculated using 14 NC providers

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- ❖ It's important to be aware that your GUC bill not only includes charges for electric usage (and water, sewer and natural gas), but also includes fees charged by the City of Greenville. We have found that our customers like being able to pay all their utilities at one time, so we provide billing services for the City for refuse (garbage) collection and storm water fees. Your trash collection and storm water bill is included with your GUC bill, but the City of Greenville provides those services.

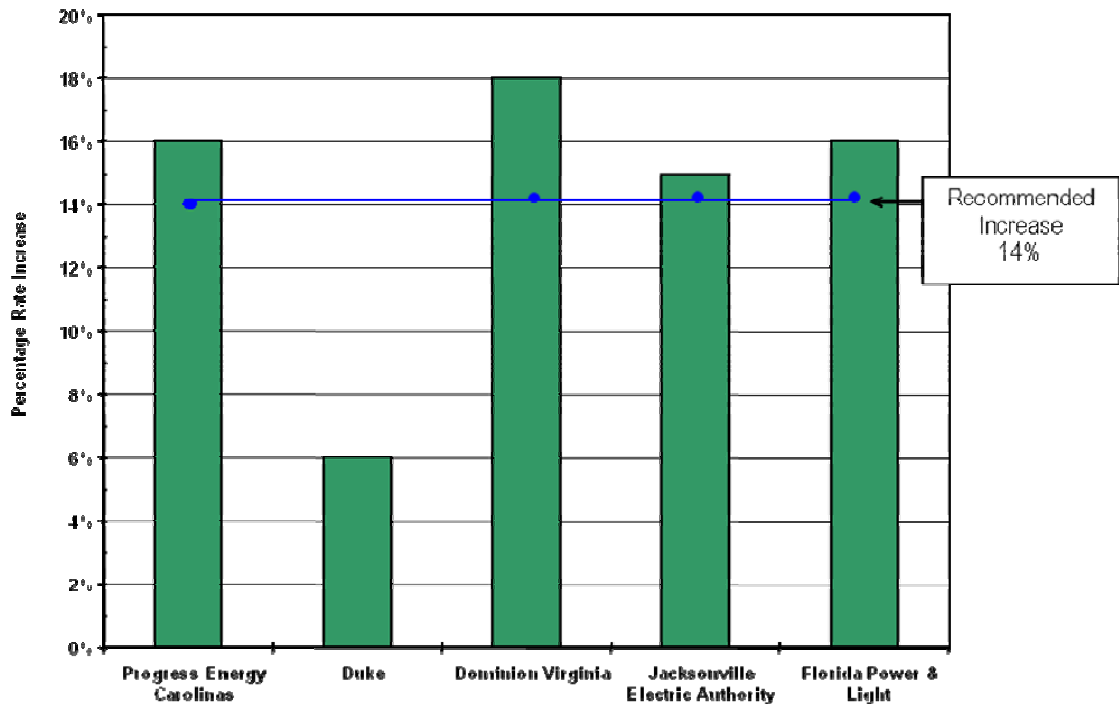
Storm water fees range from \$2.85 to \$11.40/month. The City has increased refuse fees from \$19.45 to \$26.00 for backyard pickup and from \$9.15 to \$9.60 for curbside pickup. Those fee increases will appear on your GUC bill.

- **GUC is not alone; electric rates are increasing everywhere**

Energy costs are rising globally. The state, region and the country are all facing issues from rising costs for fuel and record demand for materials. All utilities are facing these increases, as you can see from the recent fuel adjustment filing from Progress Energy. As other countries in the world continue to develop and the

federal and state governments adopt new regulations, the cost of energy will continue to rise.

The chart below shows proposed fuel adjustment increases for several other utilities:



Electricity rates in deregulated states rose an average of almost 40 percent, compared with 19 percent in states that remained regulated.

From USA Today, June 20, 2008:

“Utilities across the USA are raising power prices up to 29%, mostly to pay for soaring fuel costs, but also to build new plants and refurbish an aging power grid. Even more dramatic rate increases are ahead. The mounting electric bills will further squeeze households struggling with spiraling gasoline prices.”

Nationwide Increases

Baltimore Gas & Electric	+50%
South Carolina Electric & Gas	+37%
American Electric Power	+113%
Pacific Gas & Electric	+44%
Public Service Co. of Ohio	+25%
Con Edison	+14% and +5% for next 3 years
Xcel Energy (Colorado)	+15% and 10% in third quarter
Pepco	+15.5% (\$12.75/mo.)

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- **What can GUC do to help customers**

Greenville Utilities is part of this community, and we demonstrate customer care in a number of ways:

Beat-the-Peak:

GUC residential electric customers can sign up for Beat-the-Peak and save up to \$70/year on their utility bills. Beat-the-Peak is a system that cycles off air conditioners, water heaters, electric furnaces and heat pump heat strips for a short period of time during peak demand. Peaks occur when customers are using the greatest amount of electricity. By reducing the peak, we can hold down the cost of wholesale power we purchase. In 2007, GUC issued over \$736,000 in credits to residential customers. Since 2000, we've issued over \$6,217,000 in credits to residential customers.

Energy Services

Consumer education is an important part of our mission. Our Energy Services Section, established in 1977, serves as a local clearinghouse for energy and water conservation information, with several programs to assist customers

with increased savings benefits. Two popular programs administered by Energy Services are Energy Surveys and the E-300 Program.

Energy Surveys: GUC offers free Energy Surveys for residential and light commercial structures. One of our Energy Specialists will make an on-site evaluation, checking for insulation, caulking, weather-stripping, heating system efficiency and other energy-related items. After careful analysis of your specific situation, the Specialist will suggest measures to reduce energy usage.

The latest additions to our Energy Survey Program are the portable blower door, which can pinpoint costly leaks in your home, and the duct blaster, which detects leaks in duct systems.

Online Energy Audit: Greenville Utilities is pleased to offer Energy Depot®, a set of online tools and resources to help you better understand and manage your energy use and costs. Energy Depot is your one-stop resource for energy information and it's available free. Energy Depot is on our website at <http://www.guc.com/residential/onlineaudit>.

E-300 Program

Greenville Utilities' E-300 award program for residential and light commercial structures sets the standard for energy efficiency in the community. To meet E-300 program requirements, builders and homeowners submit plans for evaluation by an Energy Specialist. Recommendations for insulation and other energy-saving features are made on the basis of a computerized load calculation. If the structure's heat loss falls within acceptable levels, the house qualifies for the E-300 award. To verify installation of energy efficient features, the structure is carefully inspected at several stages of construction.

Appliance Energy Efficiency Information

Some appliances are more efficient than others. So when it comes time to buy your next appliance, call us first for the energy-efficiency rating. We have information to help you select most home appliances and heating/cooling systems.

Fuel Cost Comparisons

Cost comparisons are available for various types of fuel such as electricity, natural gas, propane, fuel oil and kerosene. This service can help you answer the energy

Customer Care

One of the most important ways we demonstrate customer care is the time and resources dedicated to ensuring that customers are aware of financial assistance available to them. We are available to meet privately with a customer, in an office setting, to discuss their concerns and needs at length. It

is not unusual for us to pick up the phone and call an agency on behalf of a customer to help them get assistance.

The three main assistance agencies are the Department of Social Services (DSS), the Salvation Army and Emergency Assistance Ministry (EAM). DSS pays the entire utility bill of qualifying customers, and the Salvation Army and EAM pay a portion. There are also several local churches that provide assistance as well.

We have two full-time employees and one part-time employee dedicated to working with customers to resolve these issues.

Payment Arrangements

For customers who have not been cut off, but are having difficulty paying their bill, GUC will consider granting an extension or payment plan. We normally allow a customer an extension of 10-14 business days, a maximum of three times a year.

If a customer has an extenuating circumstance, such as a problem with their HVAC system, we allow them up to 3 to 6 months to pay their utility bill, one time per season.

To be eligible for payment extensions, a customer must ...

- Have been a GUC customer for at least six months
- Have not had a check returned in the past six months.
- Request an extension before their service is cut off.

*We also suspend cut offs during extreme weather

Preferred Due Date

We allow customers on fixed incomes to select a preferred due date. Typically the target audience has been Social Security recipients who get their monthly income the first week of the month.

Priority Customers

The Priority Customer Program identifies customers who use life support equipment at their residences. These customers are “flagged” in our Customer Information System and are provided special consideration in the event of emergencies (power outages, etc.) or if they are having difficulty paying their bill. Rather than cutting the priority customer off for non-payment, we leave a door hanger indicating that payment is overdue.

Fans for the Needy

For the past 16 years, GUC has helped local residents beat the heat by purchasing fans to be given to older adults and other families in need.

One hundred fans were purchased and delivered to the Pitt County Council on Aging and the Department of Social Services. The agencies make sure that

they are distributed to their clients who need them the most.

We encourage customers to actively pursue ways to lower their electric/water usage and costs.

Conservation

We encourage customers to actively pursue ways to lower their electric/water usage and costs.

- In cooling season, set your thermostat for 78 degrees. If you set your thermostat below 78, you'll add around 5% per degree to your cooling costs. Setting above 78 saves around 5% per degree.
- To be comfortable at higher temperature settings, use fans along with your air conditioning.
- Replace or clean filters monthly. Clogged, dirty filters block normal airflow and reduce a system's efficiency significantly.
- Don't place lamps or TV sets near your air conditioner thermostat. The thermostat senses heat from these appliances and causes the air conditioning to run longer than necessary, using more energy.
- If buying a new heating and air conditioning system, make sure it is sized properly. An air conditioner that's too large for your home can use more energy than necessary. A properly sized system can save you \$600 a year in heating and cooling.
- Provide solar screens for east and west windows. Sunny windows can account for 10% to 25% of your cooling bill by making your air conditioner work two to three times harder.
- Weatherization and caulking such things as windows and doors can save over 30% of cooling and heating costs.
- Let your dishes air dry. If you don't have an automatic air-dry switch, turn off the control knob after the final rinse and prop the door open so the dishes will air dry.
- Check door seals on refrigerators and freezers. Place a dollar bill in the door as you close it -- if it does not hold firmly, the seal is worn and needs to be replaced. A refrigerator door that does not close tightly will increase heat gain and cause the refrigerator to run more.
- Match pan size to element size when cooking. For small pans, use a small burner and for large pans use a large burner. Using the wrong sized element will cause you to use more energy to cook than when the pan size fits the element size.

- Use the garbage disposal sparingly -- compost instead and save gallons of water every time.
- Clean your dryer's filter after each use. A clean dryer filter will allow your dryer to work more efficiently. Dryer filters full of lint will cause your dryer to work harder and longer, using more energy.
- Check your central air conditioning/ heating system's filters once a month, clean or replace as needed, and maintain the system so it will last longer and not use more energy than necessary.