

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

News Release

For Release: June 18, 1993

For Further Information Please Contact:

Danny C. Stallings (919) 733-3979
Bob Bennink (919) 733-3969
David Creasy (919) 733-3979

UTILITIES COMMISSION GRANTS NANTAHALA POWER AND LIGHT COMPANY
A PARTIAL RATE INCREASE

After months of investigation and following public hearings, the North Carolina Utilities Commission today entered an Order allowing Nantahala Power and Light Company an increase in its rates and charges, excluding those related to purchased power, of 9.9% or \$4.3 million annually.

The Company's application for rate relief was filed with the Commission on November 20, 1992. The Company, in its application, requested an increase of \$5.1 million annually or 11.6% over the level of present revenues established in this case.

The principal reasons underlying the requested increase in rates were changes in costs which have occurred since the Company's last general rate increase, which became effective on December 22, 1983. These changes in costs include increases in rate base; increases in operation, maintenance, and tax expenses; changes in the cost of capital; and other increases in the Company's overall costs of providing service. Costs incurred associated with the severe storm occurring in March 1993 also contributed to the rate increase approved by the Commission.

Additionally, the Commission approved a revised purchased power recovery factor of \$.0287 per kWh as proposed by Nantahala for bills rendered on and after June 27, 1993, and expiring on April 25, 1994. Such revision will result in an increase of approximately 32¢ in the monthly bill of a typical residential customer using 1,000 kWh per month.

The Commission estimates that the bill of a typical residential customer using 1,000 kWh per month, including the purchase power adjustment mentioned above, will increase from approximately \$58.92 per month to approximately \$65.67 per month, or approximately 11.46%. Nantahala's residential rates were increased more than its general service rates in order to match the revenues from each class of customers more closely with the cost of serving each class.

The Commission also approved the Company's request for a minimum residential bill in the amount of \$14 per month. By approving this minimum bill provision, the Commission found that there are a large number of seasonal or part-time customers on the system which typically have low or no usage for several months each year and current billings for that level of service are inadequate. The

approved minimum bill provision would have no impact if customer usage exceeds approximately 130 kWh per month.

In allowing the rate increase, the Commission found that the approved rates will provide Nantahala, under efficient management, an opportunity to earn an overall rate of return of 10.32% on its investment in electric plant and facilities. The Commission found the rate increase to be the minimum that could be granted and still allow the Company to maintain good service and meet growth in customer demand for electric service.