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Resolution on Annual Utility Rate Hikes without NC Utility Commission Review Adopted by the Governing Board on March 1, 2011

Duke Energy and Progress Energy intend to introduce legislation that would allow them to raise utility rates on customers for construction of new power plants without going through the public rate review process through the NC Utilities Commission currently required by law. The utilities are considering beginning the process of building up to four new nuclear power plants in the territory of their North Carolina customers to meet projected increase in demand. The current estimated cost of a single new nuclear power plant is over \$10 billion, and projected costs have been increasing yearly. The utilities have been unable to fund these expensive nuclear projects because banks are refusing to lend them money believing that such investments are too risky, as often these projects are delayed and cancelled. This proposed legislation would bypass the only remaining consumer protection barrier to having ratepayers assume all the risk of these expensive plants while protecting the utilities and their stockholders.

The Council believes this is an issue of justice, as the health and welfare of the least among us is a deep calling from our Christian faith. The biblical prophets roundly condemned any society in which a few wallow in luxury while many others are ruined by poverty (Amos 6:4-6). The average citizen in North Carolina is struggling financially. Our economy is faltering with high unemployment and underemployment, and many breadwinners are finding it difficult if not impossible to provide basic needs for their families. Under these circumstances, it is morally unacceptable to allow utility companies without any public review process to require ordinary North Carolinians to assume the financial risk of expensive nuclear or other power projects when stockholders and bankers refuse those risks.

The elderly, others on fixed incomes, and the working poor, already spend a disproportionately large percentage of their income on heating and cooling costs. The Obama Administration has proposed federal budget plans to cut \$2.6 billion from heating assistance, and state agencies and non-profits will not be able meet the demand for help that the poor require. These are the people who are most vulnerable to negative health consequences from heat waves or prolonged cold spells particularly if they are not able to afford to regulate the climate in their homes sufficiently. Preserving the current public review process is the last line of defense against uncontrolled rate hikes which would place these North Carolinians at even increased risk

Uncontrolled rate hikes would also have a harmful effect on congregations and other faith-based institutions, because they are ratepayers, too. Money that is going into ever-higher electricity bills is money that is not available for the congregation's programs and ministries. Many religious institutions are also struggling financially, reflecting the difficulties of their members and constituents

There is much controversy over the claim about how much power is needed to meet a projected increase in demand. North Carolina lags far behind many states in demand reduction and energy efficiency implementation in all customer classes—industrial, business, and residential. Under current law (SB3 – Renewable Energy Portfolio Standard, adopted in 2007), the utilities are required to provide only a little over 3% of their electricity by energy efficiency by 2020.

Many technical analyses, including one by Duke University, claim that up to 25% of energy demand reduction can occur in the same time frame (10 -15 years) required for constructing new nuclear plants if comprehensive energy efficiency measures are implemented in the state. Some states have already achieved over 10% reduction in electricity use by implementing strong energy efficiency plans.

Energy efficiency is the cheapest way to provide electricity, at costs of 25% of conventional power generation. Moreover, the benefits to society in terms of job creation, health, and safety as compared to conventional power generation are well demonstrated. A robust energy efficiency program in North Carolina would not only obviate the need for new nuclear power plants, but it would also allow Duke Energy and Progress Energy to retire their fleet of coal-fired power plants in a more timely fashion, relieving the State and its citizens of the heavy financial and public burden of paying the health and environmental “externalized” costs of coal.

The Council therefore opposes legislation that gives Duke Energy and Progress Energy automatic authority to raise rates to pay for new base-load power plants without going through proper annual public review by the NC Utilities Commission. The Council supports legislation creating a strong Energy Efficiency Standard and Plan for increasing energy efficiency in North Carolina by 25% by 2025. By investing a fraction of the money required to build new base-load nuclear power plants in a comprehensive plan to improve energy efficiency, our citizens would save substantial sums for the long term, have healthier and safer homes, and benefit from tens of thousands of new local green jobs throughout North Carolina in the manufacturing and building trades.

Sources available upon request