

Co-op Resisting CP&L Rate Hike

Lumbee River Electric Membership Corporation will soon be paying substantially more for the power it buys from Carolina Power and Light Co. (CP&L) if the company's latest rate hike proposal is approved.

CP&L submitted the request to the Federal Energy Regulatory Commission September 26, seeking to raise overall rates by up to 24% for the 18 cooperatives it serves.

The new rates would boost the cost of power for the CP&L-served EMCs by an estimated \$20.8 million a year.

The impact of the higher rates will vary on a percentage basis from one co-op to another.

"Any way you look at it, if this rate increase is allowed as proposed, it'll amount to major surgery on our power supply budget," said Ronnie Hunt, manager of Lumbee River EMC.

"It's going to hurt and our consumer-members will feel the pain right in their pocketbooks."

The most disturbing aspect of the rate proposal, Hunt said, is the fact that CP&L is asking for about \$8.6 million to help finance construction on plants that are still being built.

"That's more than 40% of the overall request, and the plants won't start operating for years to come. It's outrageous, but this kind of thing now has the full blessings of the FERC," Hunt added.

The federal agency's policy on construction-work-in-progress (CWIP) costs was revised earlier this year to permit investor-owned utilities to charge their wholesale customers for part of those costs.

Until the new policy became effective in July, the companies' investments in new plants could be reflected in wholesale rates only after the plants began operating.

The policy change came after the utilities had mounted an extensive

campaign at FERC seeking just such a ruling.

Under FERC's new approach, the companies are allowed to charge wholesale customers for 50% of CWIP, but any given rate hike can include such costs only up to 6% of gross revenues.

Hunt said the new treatment of CWIP costs will add an estimated \$500 million to the power bills of co-op and municipal electric system consumers across the nation.

The impact of the ruling will be especially severe in North Carolina, where private power companies provide almost all of the energy for EMCs and municipal systems.

"What all this amounts to," Hunt pointed out, "is granting the investor-owned companies like CP&L to interest-free financing on new plants."

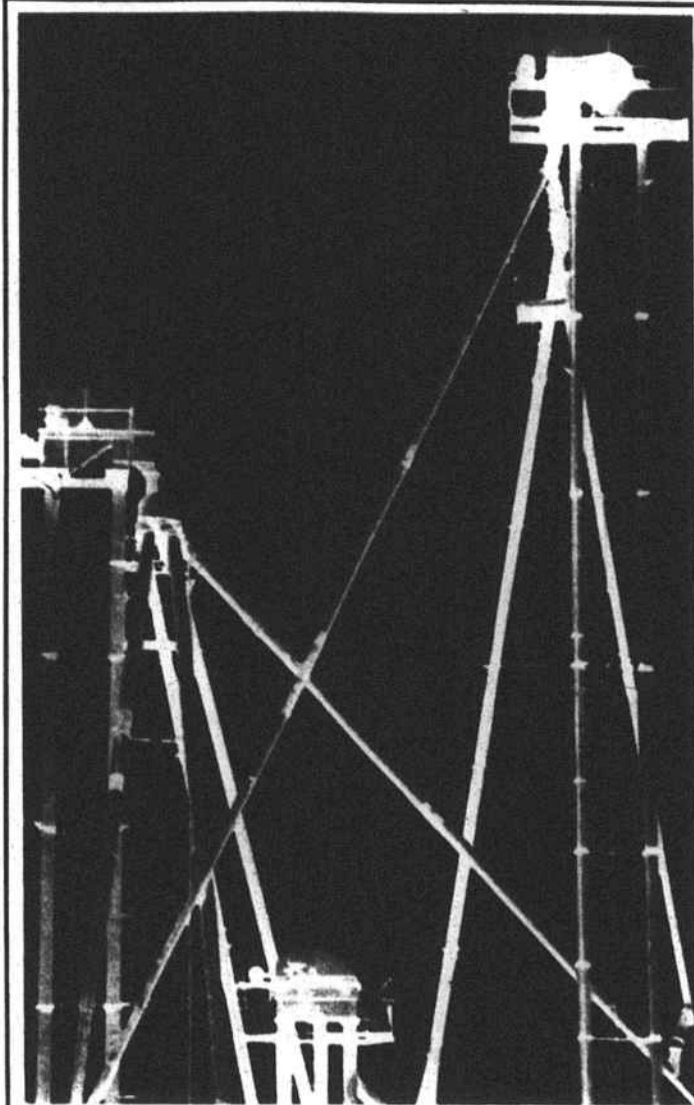
The money will come from consumers who may never use any power from the plants involved, and they'll have no say-so about how their money is handled."

The CP&L rate hike request will be opposed before FERC by Lumbee River EMC and North Carolina EMC, the power supply arm of the EMCs' statewide organization.

N.C. EMC officials will seek an initial suspension of the new rates for five months, the maximum allowed under FERC procedures, and reductions in the rates themselves.

The usual practice is for FERC to allow a rate hike to go into effect after a suspension period, subject to later review. If the commission eventually decides that the rates are too high, it would require that the extra charges must be refunded to the EMCs involved.

Lumbee River EMC is part of the nationwide electric cooperative system of approximately 1,000 EMCs, and is one of 27 EMCs in North Carolina.



Unusual structure

Although some stranger to the rural south might think this grain handling equipment is some sort of mechanical monster or an antenna used to receive signals from outer space, it is actually part of the Farm Chemical Co. operation on Highway 20 outside of Raeford.

Local Accountants Help Raeford Effort

In a move to beef up efforts to revitalize downtown Raeford, the new offices of Pittard and Perry, Inc. have been built on South Main Street.

"The new offices provide a solid anchor for the downtown area," Hoke Chamber of Commerce Director Earl Fowler said.

Frank Baker, Pittard and Perry accountant, was apparently the key to the re-location on Main Street.

According to Fowler, Baker was "very instrumental" in coming up with downtown revitalization plans when he was on the chamber board several years ago.

"We had looked at several locations for our new offices and decided the one on Main Street was the best," Baker said.

"Making the downtown area more appealing did enter into the decision to locate here," Baker added.

In his efforts to make Main Street more appealing, Baker has planted shrubs "on city property" at the company's expense and had his utility wires run underground to "make the place more attractive."

"The architect the city hired em-

phasized that placing utility lines underground was a very important part of the downtown plan, so we decided to go along with that," Baker added.

"We followed certain aspects of the original plan when we decided to locate on Main Street," Baker said.

"I think he went an extra mile in locating downtown. It shows that he is investing in the future of downtown Raeford," Fowler said.

"I do not think the downtown area is a lost cause. It is too good a situation for us to allow it not to be improved," Baker said.

"There is a lot of potential here. There is a tremendous opportunity for the downtown area to move forward and I believe it will," Baker said.

"We would not foolishly invest in a place that we did not think would not prove beneficial," Baker said.

"We believe that the downtown area will begin to thrive," Baker said.

"This is just one of many good indications that things are good here and going to get better," Fowler said.

NC Natural Gas Directors Name Upchurch Successor

Frank Barragan, Jr., president of North Carolina Natural Gas Corporation, announced recently the election of C. Felix Harvey of Kinston to the Board of Directors of the Fayetteville-based gas utility.

Harvey assumed his new position on the Board effective October 1, after being elected to fill the vacancy created by the retirement of T.B. Upchurch, Jr., of Raeford.

A distinguished member of NCNG's Board for the past 20 years, Upchurch will continue to provide counsel as an advisory director.

Harvey is Chairman of the Board of L. Harvey & Son of

Kinston, a privately owned firm which deals in liquid and solid fertilizers, farm machinery and supplies, retail groceries, insurance and petroleum products.

A graduate of the University of North Carolina at Chapel Hill with a Bachelor of Science degree in commerce, he serves as an officer and board member of numerous other businesses and organizations in North Carolina, among them River Terminals, Inc., of Fayetteville, and First Financial Savings & Loan Association, of Kinston.

A past president of the North Carolina Citizens for Business and Industry, he is well known statewide for his activities in civic and business associations and community improvement programs.

LREMC Customers Will Receive Fuel Credit

Lumbee River EMC customers will see a fuel credit for the sixth consecutive month on the utility bills they receive after October 10 according to spokesman Lane Hudson.

The local cooperative also reports an all-time demand peak set on August 22 this summer.

"The fuel adjustment charge is passed directly from our wholesaler, CP&L, to our members," said Hudson.

"Wholesale prices charged by CP&L are based on a rate schedule, but CP&L has federal authority to adjust the rates each month to account for electric generating costs estimated during the next 30 days and for the true cost of generating electricity two months ago."

Hudson said that Lumbee River EMC is passing along to its customers a credit of \$1.74 per 1,000 kilowatts.

Clarification

In last week's News-Journal, it was noted that the population of Hoke County had increased by 3,266 residents during a two-year period which ended in July 1982.

The county's population actually increased by 1,633 residents during the period and was recorded at 22,016.



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