

High Electricity for Tough Economic Times in Wilson

By Jason Hogg

It is a cold and crisp fall morning in rural Wilson County. Rosemarie Heller is about to start her day. The retired 73-year-old is going about her daily routine, which starts at the time she wakes up at 6 a.m.

Retired and on a budget, Heller has to be smart with her money. She recently bought a 2003 Lincoln Luxury, her first car since she bought a brand new Oldsmobile Cutlass in 1995. Heller is from Pittsburgh, Pa., and moved to North Carolina to get away from the harsh winters.

She walks outside in the unseasonably cold temperatures. Heller slowly gets into her car and turns the key. She immediately cuts the heat on full blast to escape the arctic chill.

As she begins to pull out of her driveway, Heller stops for a moment to think if she cut down her thermostat in order to save heat. Conserving electricity is her top priority in order to stretch her money from her retirement fund.

“When I run my daily errands, I automatically turn the air conditioning up in the summer times,” Heller said. “During the winter, I turn my heat down to 65 (degrees) during the daytime in order to save a few dollars here and there. I am on a very tight retirement budget.”

Heller was fortunate to buy a newer car. A friend of hers moved to Texas in August and gave her a deal on the 2003 Lincoln. She mentioned a lot of her friends in the Wilson area are not so lucky.

“Most of my friends are still hanging on to their older cars,” said Heller. “I would not have gone out and bought a newer car just to buy one. Everything just fell into place.”

Things have not fallen into place, however, for Heller’s electricity bills, despite her frugal living. Eastern North Carolina has some of the highest electricity rates in the state. And unfortunately for Heller, Wilson Energy has one of highest electricity rates in eastern North Carolina.

Electricity rates in Wilson have increased 43 percent since 2005 and are expected to rise an additional 6 percent by the end of February.

Wilson Energy is one of 32 eastern North Carolina municipalities that are currently under contract by ElectriCities, a corporation that provides wholesale power to more than 90 cities and towns in North Carolina, South Carolina and Virginia, including Greenville, Rocky Mount, Clayton and Kinston.

In exchange for the wholesale power, those cities and towns are able to provide their communities with a locally owned and operated utilities commission. Proponents say that a

locally operated utilities commission adds jobs to the local community and enables quicker response times in power restoration.

ElectriCities formed during the 1970s, largely in part due to escalating tensions in the Middle East. The fear of energy shortages rippled through the country. Local towns began to take interest in the wholesale energy provider.

Through the organization, some say that municipalities across the state were able to offer low electricity rates and exceptional service to customers. But as the system has grown older, municipalities are struggling to keep power systems up to date with the current technology. Now, years into the contract, rates have started to increase due to the need for updating and maintaining the local power systems.

Many residents in Wilson are rebelling, flooding Wilson City Council meetings to ask questions and demand answers about why Wilson Energy has one of the highest electricity costs in the local area.

Wilson Energy's winter electric rates, in effect from November to June, are 17 percent higher than the winter rate in nearby Greenville, where electricity is provided by the Greenville Utilities Commission.

Given that a typical house averages about 2,000 kilowatts of electricity per month, the average household would pay a \$266 monthly bill in Wilson. The same household would pay \$221.40 in Greenville, under both companies' winter rates. The same sized household in Wake County, using electricity provided by Progress Energy, would have an electricity bill of just \$194, considerably cheaper than both Greenville and Wilson. These figures do not include water, sewage, natural gas or waste water costs.

One reason for Wilson Energy's higher electric rates may be because it owes so much debt to ElectriCities. According to the Wilson Daily Times and the 2007 annual report of ElectriCities' eastern regional subsidiary, Wilson accounts for \$400 million of the subsidiary's \$2.6 billion in debt.

A Wilson Energy official who asked not to be named, insists the debt will be paid off in 10 years. He added that Wilson Energy has not raised rates as much as ElectriCities wanted it to.

New rates went into effect in November in Wilson. Other cities and towns in the area also increased rates in the area. The Greenville Utilities Commission rose rates by 11.2 percent.

Yet over the past three years, Wilson residents have seen a 43 percent increase in electricity costs. And still more pain is coming. Wilson Energy has proposed two more rate increases, up 3 percent in January and another 3 percent in February.

Wilson Energy also offers water, sewage and natural gas to customers and those rates have been increasing along with electricity costs.

Local business owners in Wilson are feeling the high electricity rates every time the bill arrives in the mail.

Jane Thomas and her husband Scott own Smith Evergreen Nursery located on Wiggins Mill Road just outside of Wilson. During the winter months, they have to heat the greenhouses during the nighttime hours in order to preserve their plants.

Jane Thomas worries about the higher costs every winter as the electricity rates continue to climb.

“Our electricity costs have doubled this year alone,” she said. “We have had to run one greenhouse opposed to two greenhouses now during the winter.”

The Thomases will see another increase in their electricity bills during the next couple of months.

Wilson Energy officials acknowledge that customers have become aggravated lately.

“We went up close to 15 percent on utilities, 15 percent on gas, 5 percent on water and 5 percent on waste water,” the official, who asked not to be named, said. “You throw that at someone at a month’s or two months time, they will have a problem.”

Part of that increase was because ElectriCities increased its wholesale electricity rates in the fall, which got passed on by local cities and towns. The increase in wholesale rates is due to the rising costs of fuel, coal and nuclear power.

As in Wilson, the Greenville Utilities Commission was asked to pass a 14 percent increase in electricity to their customers in November. Greenville Utilities instead approved an 11.2 percent increase. Greenville is trying not to raise rates another 4 percent in January.

During the last three years, Greenville Utilities has increased rates by 5.8 percent, compared to Wilson’s 43 percent.

After this winter’s expected 6 percent increase in Wilson, Greenville Utility’s rates will still be lower than Wilson’s.

Greenville Utilities’ Financial Director Keith Jones said that in some counties, county officials “use the electric rates to fund everything they’re doing in order to keep property rates low.”

Unlike Wilson, Greenville Utilities is separately chartered by the General Assembly. Wilson Energy is a division of the city. The City of Greenville owns GUC; however, it is not run by city officials. The board selects members of the public (local business owners) as board members and the city is not responsible for the operations.

The City of Greenville is just over \$100 million in debt to ElectriCities' eastern subsidiary organization, a third as much as Wilson's debt. Part of that debt represents Greenville Utilities' costs of building the electricity infrastructure to keep up with Greenville's booming economic growth. Much of that is due to East Carolina University and ECU's Brody School of Medicine.

Given the higher local electric rates, many residents in cities and towns across eastern North Carolina are demanding a switch to Progress Energy. Unlike Wilson Energy and Greenville Utilities, Progress Energy has one fixed rate during the year. Electricity rates are the same in the summer months as they are in the winter.

Like the local utilities, Progress Energy has proposed an 11.3 percent rate increase for early 2009, citing, recent rises in fuel and coal prices as a contributing factor to the sudden increase.

Yet during a 10 year period from 1998 until the new rates take effect in 2009, Progress Energy only raised rates by 34 percent.

Comparing Wilson's rates during the same 10 year period without the possible upcoming 6 percent increase in January and February; Wilson's rates have risen 64 percent.

Opponents say a switch to Progress Energy could be a problem.

Cities and towns contracted with ElectriCities have an emergency assistance program that is designed to restore power quickly in emergency situations. The towns and cities share workers to restore power quickly and safely.

When devastating tornadoes ripped through Wilson in November, Wilson Energy was able to restore power quickly to customers affected by the deadly storms. While a switch to Progress Energy would be beneficial to monthly electric bills, opponents say Progress Energy would not provide the quick response time during a disaster because of the corporation's large coverage area.

"I would think we are definitely quicker because we are local," a Wilson Energy official said. "Being local, the people doing the work live a couple of miles down the road, so it also adds a personal touch."

Some residents in Wilson also fear a switch to Progress Energy also would mean a loss of jobs for the 600 people employed by Wilson Energy. Others disagree, noting that Progress Energy could well hire the same Wilson Energy employees to do the work in Wilson County.

Meanwhile in western Wilson County, it is 11 a.m., and time for lunch. After running errands for the past couple of hours, Rosemarie Heller pulls into her driveway in her 2003 Lincoln. In the back of her mind she wonders if she turned the heat down before she left.

Heller slowly gets out of her car and carries her groceries into her home. As she walks into the kitchen, she places her groceries onto the counter next to the refrigerator and walks anxiously to the thermostat.

The thermostat reads 65 degrees and a sigh of relief breaks across her face. Another day in the life of Rosemarie Heller is in the books. Another day of conserving and another retirement dollar saved in a city with one of the highest electricity rates in eastern North Carolina.

Corinne Gretler, Andrew Callahan and Jeremy Bullard contributed to the reporting of this story.