

Community Energy Advisory Council Meeting minutes – July 20, 2007

The second meeting of the Community Energy Advisory Council was held Friday, July 20, at Asheville-Buncombe Technical Community College in Asheville, beginning at 8:30 a.m. Members present included Terry Albrecht, Robin Cape, Vernon Daugherty, Patrick Fitsimmons, A. Lee Galloway, David Gantt, Karl Kuchta, Jeff Loven, Richard Lutovsky, Margie Meares, John Oswald III, Michael Shore, LaVoy Spooner and Paul Szurek. The meeting was facilitated by Jo Anne Sanford.

1. N.C. Utilities Commissioner Sam J. “Jimmy” Ervin IV was scheduled to participate in the CEAC meeting, but was unable to attend due to issues in travel. In his absence, Jo Anne Sanford provided an overview of North Carolina’s regulatory oversight from the perspective of its former chairwoman. Sanford chaired the commission for 10 years, retiring earlier in 2007. She discussed the regulatory mandates for Progress Energy and other state-regulated utilities, as well as the importance of that regulatory oversight for the company’s customers. She also discussed the role of incentives in driving customer energy behaviors and various potential methodologies for providing cost recovery to utilities that work to reduce demand for energy through efficiency programs.

Sanford’s presentation focused on utility regulation as a legal proceeding and prompted several questions and comments from members on docketing of proceedings, rules for cost recovery, changing the rules to provide better incentives for utilities to encourage customers to use less of their product, encouraging discounts for homes built to high efficiency standards, the potential for cost shifting among customer classes, the difference between annual fuel proceedings and full rate cases (which are rare), and the power of public participation in shaping the regulatory process.

2. Lloyd Yates, who took over as president and chief executive officer for Progress Energy Carolinas in July, reiterated the company’s commitment to making the Community Energy Advisory Council work, as well as the company’s broader commitment to a balanced solution to meeting the region’s and state’s energy needs. That balanced solution includes a strong emphasis on energy efficiency, investments in renewable and alternative energy sources and state-of-the-art power plants and infrastructure.

Yates also introduced Pat Doyle, Progress Energy Carolinas’ new director of demand-side management and alternative energy strategy. Doyle began with the company in July. His organization is quadrupling in size in the coming months as the company looks to develop and implement more efficiency programs to meet customers’ varying lifestyle needs.

3. Chris Edge, manager of demand-side management and alternative energy strategy for Progress Energy Carolinas, presented an overview of the energy-efficiency and demand-side management programs under way or planned by Progress Energy.

Edge described several programs currently being piloted in North Carolina, including an in-home energy display, programmable thermostat controls, HVAC system tune-ups and duct repairs, as well as programs to assist low-income customers in making their homes more energy efficient. Building on a presentation at the June meeting by Sam Waters, the Progress Energy Carolinas resource planner, Edge also shared information on the types of demand-side management programs that are most likely to provide the biggest and best overall reduction in peak-demand energy usage in Western North Carolina.

Edge's presentation also prompted numerous questions and comments from CEAC members, regarding the best way to provide incentives for customers to participate in programs in large numbers and for many years, the process used to certify homes for energy-efficiency discounts, the need for a variety of programs to match the lifestyles and business needs of customers in the residential, commercial and industrial sectors.

Progress Energy provided all CEAC members the in-home energy display equipment to enable them to see first-hand how daily activities in their own homes affect energy usage. The display is currently being piloted in the Asheville area, as well as other areas in the Carolinas.

4. Cari Boyce, director of External Communications for Progress Energy, provided an overview of the company's marketing plan for promoting energy efficiency. Boyce showed two new TV commercials (among several advertisements in print, TV and radio formats) that will begin running in the Carolinas around Sept. 1. The print advertising began running in July in select newspapers, including the Asheville Citizen-Times. The advertising incorporates a character called Save-The-Watts Guy, who will provide numerous efficiency savings tips to customers and direct them to a newly created Web site, where customers can learn more about using energy wisely.

5. Public comment period:

Dr. Richard Fireman read a prepared statement, lamenting what he called our "civilization's addiction to fossil fuels" and seeking a change in how electricity is priced to reflect the true, ultimate cost of the environmental implications of generating electricity.

Kernel Greene said over-consumption (of energy and in general) is a tremendous problem for modern society and echoed Fireman's call for pricing of electricity that provides more financial incentive for conservation.

The meeting adjourned at 11:46 a.m.

The next meeting of the CEAC will be Friday, Aug. 17, at 8:30 a.m. at the Asheville Area Chamber of Commerce, 36 Montford Avenue, Asheville.

All presentation and materials referenced are available on the Web site at www.progress-energy.com/wnc.