State of North Carolina
Utilities Commission

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News Release

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Report is available on Utilities Commission website at www.ncuc.commerce.state.nc.us

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The Utilities Commission and the Public Staff today transmitted a report on the December 4-5, 2002 ice storm to Crime Control and Public Safety Secretary Bryan Beatty, Chair of Governor Easley's Natural Disaster Preparedness Task Force. The report assesses how well the state's municipal, cooperative and investor-owned electric utilities responded to the storm, from the pre-planning stage through restoration of service to customers. Although the report addresses responses made by the municipal utilities and the rural electric cooperatives, its primary focus is on the investor-owned utilities: Duke Power, Progress Energy and Dominion North Carolina Power, referred to collectively as the "Utilities." The 75 page report is based upon detailed information obtained from the Utilities and testimony gathered from customers at six public meetings in the most heavily affected areas of the state.

The report makes twenty key findings regarding the Utilities' forecasting, advance storm planning (including coordination with neighboring utilities), mobilization, repair activity, design and maintenance of the Utilities' distribution systems, customer outage reporting systems, communications with public officials, communications with the public (including the Spanish speaking population), right-of-way maintenance, and tree trimming. These key findings are set forth in the Executive Summary attached to this release.

Some of the key findings are as follows:

> The ice storm---as measured by the depth of ice accumulation, the wide geographical area affected, and the number of customers without power (about two million statewide)--was unprecedented in recent North Carolina history.

The cost of power restoration, approximately $87 million for Duke and approximately $39 million for Progress, will be recovered in current rates rather than through increased rates.

The Utilities have adopted appropriate procedures for making advance plans for severe weather events and obtaining assistance from other utilities. Their plans were disrupted to some extent in this case because of the storm's unexpected increase in intensity and geographic breadth as it moved through the state.

The investigation did not indicate that significant outages during the ice storm were attributable to the design or age of the distribution systems or to pre-existing conditions on the systems.

Power was restored at a much faster rate following this storm than it was after severe ice storms in prior years.

The Utilities' restoration priorities were to address safety-related situations, emergency services, and critical infrastructure needs and then to restore service to the largest number of customers in the shortest period of time.

There was no evidence of discrimination among geographical areas by any of the Utilities during their storm restoration efforts.

Some government officials in Durham and Durham County were concerned that they did not receive sufficient information from Duke during the ice storm and the subsequent power restoration process. Since the storm, Duke has made extensive efforts to improve communications with government officials.

Considering the unprecedented number of outages, the Utilities' efforts to deal with the high volume of telephone calls they received were adequate; however, improvements to the Utilities' telephone systems were identified and have been made.

As a result of the storm, Duke and Progress identified a need for improved communications with their Spanish-speaking customers, and both Utilities have made significant efforts to communicate more effectively in Spanish.

All municipalities and Utilities should carefully examine their tree-trimming ordinances, including both the interpretation of and the level of compliance with those ordinances, to determine whether improvements can be made to minimize the risk of damage to utility distribution systems during storms.

The Utilities' line workers and field personnel deserve special recognition for their extraordinary work during the restoration effort.

The central conclusion of the report is that the Utilities were adequately prepared for the December 2002 ice storm and that their restoration efforts were diligent, effective, and well managed on the whole, particularly in view of the extraordinary scope and intensity of the storm. Though not flawless, the Utilities' performance was commendable.

The report states that the Utilities have recognized the need for improvements, that they have acted upon twelve primary lessons learned from this storm, and that the Commission and the Public Staff endorse these changes. The twelve changes include the following:

Duke and Progress have both enhanced their media reporting concerning adverse weather conditions. Both companies have improved media communications with Spanish language news outlets.

Duke and Progress have improved their outage telecommunications systems for all customers. They have also improved their capabilities for receiving outage information and for communicating with Spanish-speaking customers.

The Utilities have made plans to designate specific employees to serve as liaisons with particular counties and governmental emergency operations centers in future storms. Duke also plans to communicate with key emergency personnel before winter and summer storm seasons.

Duke and Progress have adopted a policy of making calls to medical needs customers shortly after a major storm in order to assist them or their caretakers.

In addition to these utility-initiated changes, the report lists five additional recommendations for change made by the Commission and the Public Staff:

Duke should take whatever steps are necessary to ensure that elected officials in all areas of its service territory have direct access to information regarding storm preparedness and restoration.

In planning for future storms, the Utilities should make every effort to ensure that their telephone systems and outage reporting systems are enhanced to enable them to deal with the most severe storms.

The Utilities are making improvements in their procedures to provide outage assistance to customers with special medical needs. As storms occur, the Utilities should contact medical alert customers, or their

caretakers, at the earliest time the impact and extent of a major storm becomes known and encourage such persons to consider alternative shelter arrangements, as necessary.

The Utilities should make an effort to improve right-of-way maintenance.

The Utilities should make an effort to detect and eliminate open neutral conditions whenever practicable during the power restoration process.

The issue of increased reliance on underground lines is not addressed in this report. Instead, the Public Staff is conducting a further investigation of this issue and will submit a report concerning this subject at a later time.