

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: Senate Bill 729 (Second Edition)
SHORT TITLE: Coal Ash Management Act of 2014.
SPONSOR(S): Senators Apodaca and Berger

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Special Fund Revenues:	2.35	2.35	2.35	2.35	2.35
Special Fund Expenditures:					
DENR - Coal Ash Employees	1.75	1.75	1.75	1.75	1.75
Coal Ash Commission	0.60	0.60	0.60	0.60	0.60
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources
 Department of Public Safety

EFFECTIVE DATE: July 1, 2014

TECHNICAL CONSIDERATIONS:
 None

BILL SUMMARY:

Section 14 amends Article 14 of Chapter 62 of the General Statutes by adding a new section that sets a regulatory fee for utilities with combustion residual surface impoundments and directs that the fee proceeds be deposited in a special fund to support the expenses of the Coal Ash Management Commission established in this section and to support the Department of Environment and Natural Resources’ oversight of coal combustion residuals.

ASSUMPTIONS AND METHODOLOGY:

Revenues: Section 14.(a) requires each public utility with a coal combustion residuals surface impoundment to pay a regulatory fee for the purpose of defraying the costs of oversight of the coal combustion residuals. The section establishes a Coal Ash Management Commission and Coal Combustion Residuals Management Fund to deposit the fee revenue generated by the new regulatory fee. It also limits the use of these fees to pay for the expenses of the Coal Ash

Management Commission and the Department of Environment and Natural Resources (DENR) in providing oversight of coal combustion residuals.

The rate of the new regulatory fee is set at 0.03% of the jurisdictional revenues of public utilities with an impoundment. Public utilities with an impoundment that are subject to this fee include Duke Energy Progress and Duke Energy Carolinas. Table 1 sets out the jurisdictional revenues of each of these utilities for the previous three fiscal years, and the estimated amount of revenue generated from the new fee.

Table 1: Estimated Revenue Generated by Fee

Utility	FY 2010-11 Jurisdictional Revenues (billions)	FY 2011-12 Jurisdictional Revenues (billions)	FY 2012-13 Jurisdictional Revenues (billions)	3-Year Average (billions)	Fee	Estimated Fee Revenues (millions)
Duke Energy Progress	\$3.475	\$3.264	\$3.356	\$3.365	0.03%	\$1.01
Duke Energy Carolinas	\$4.450	\$4.464	\$4.790	\$4.468	0.03%	\$1.34
Total	\$7.925	\$7.728	\$8.146	\$7.933		\$2.35

Source: Historical jurisdictional revenues provided by the Utilities Commission

Expenditures: Section 14.(c) appropriates \$1.75 million from the Coal Combustion Residuals Management Fund to DENR to support 25 receipt supported positions to carry out the duties established in the “Coal Ash Management Act of 2014” (Part 21 of Article 9 of Chapter 130A of the General Statutes). Duties include, but are not limited to, the prioritization of coal combustion residual surface impoundments, review of impoundment closure plans and the issuance of expedited permits necessary to conduct the activities required by the legislation.

Section 14(d) appropriates the funds remaining in the Coal Combustion Residuals Management Fund after the appropriation has been made to DENR, to the Department of Public Safety (DPS) to support four receipt supported positions to support the work of the Coal Ash Management Commission in carrying out its duties in G.S. 130A-309.202. These duties include: review and approve classification of coal combustion residuals surface impoundments, review impoundment closure plans, make recommendations on statutes and rules pertaining to coal ash management, and perform any additional studies requested by the General Assembly. This section also directs DPS to provide support to the commission until staff of the commission is hired.

SOURCES OF DATA: Utilities Commission

TECHNICAL CONSIDERATIONS: None

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