



OVERVIEW OF NORTH CAROLINA UTILITIES COMMISSION

Presentation to the House Energy
and Public Utilities Committee

February 9, 2020



NORTH CAROLINA UTILITIES COMMISSION

Dobbs Building, 430 North Salisbury Street 27603-5918

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Commissioners

Charlotte A. Mitchell, Chair

**ToNola D. Brown-Bland
Lyons Gray
Daniel G. Clodfelter**

**Kimberly W. Duffley
Jeffrey A. Hughes
Floyd B. McKissick Jr.**



Chair Mitchell



Commissioner Brown-Bland



Commissioner Gray



Commissioner Clodfelter



Commissioner Duffley



Commissioner Hughes



Commissioner McKissick



Regulation of Public Utilities

- Purpose: protect the public's interest in receiving adequate service at reasonable rates
- Traditional regulatory bargain: utilities receive monopoly franchised service territory in exchange for obligation to serve
- Commission's regulatory obligation:
 - to be fair and reasonable to public utilities and their customers (strike the appropriate balance)
 - Implement the law consistent with the purpose and intent of the General Assembly
- Commission's regulatory tools:
 - certification of new facilities
 - rate setting
 - oversight of service quality
- Recent trends: regulation more complex due to changes in State and Federal laws and rules, as well as industry trends

NCUC Organization

- Administrative agency of General Assembly (*N.C. Gen. Stat. § 62-23*); legislative oversight by House Committee on Energy and Public Utilities, Senate Committee on Commerce and Insurance, and Joint Legislative Commission on Governmental Operations
- Seven members: appointed by Governor, subject to confirmation by General Assembly, serving staggered six-year terms (*N.C. Gen. Stat. § 62-10*)
- Chairman: appointed by Governor, four-year term, organizes Commission's work. *Ex officio* member of Geographic Information Coordinating Council. Membership responsibilities currently shared among Commissioners (*N.C. Gen. Stat. § 62-12, 13*)

NCUC Organization *cont.*

- Commissioners are subject to the Judicial Code of Conduct and prohibited by law from engaging in any other employment, business or profession while in office (*N.C. Gen. Stat. § 62-10[i]*)
- Commission staffs around 60 employees, organized into four divisions: Legal, Operations, Fiscal Management, and Clerk and IT Services
- Certified FY 2019-2020 annual budget: \$ 8,715,030
NCUC budget: \$ 7,879,636
Gas Pipeline Safety budget: \$ 835,394
- NCUC is a fee-funded agency, supported by regulatory fee percentage applied to the jurisdictional revenues of public utilities (*N.C. Gen. Stat. § 62-302*)
- The Public Staff maintains its own budget which is separate from the Commission's budget but also funded by the regulatory fee

NCUC's Responsibilities & Procedures

- For the 12-Month Period Ending 6/30/19:
 - 8,248 formal proceedings instituted before NCUC
 - 63 hearings in contested cases
 - 17,176 filings in Chief Clerk's Office
 - 3,171 orders issued
 - 653 open dockets as of 6/30/19
- Appeals from general rate case decisions to NC Supreme Court; all others to NC Court of Appeals (absent federal jurisdiction)
- NCUC conducts proceedings pursuant to federal law and participates in proceedings before federal courts and regulatory agencies (*N.C. Gen. Stat. § 62-48*)



Regulated Entities

	<u>QTY</u>
BUS / BROKER	8
ELECTRIC	5
ELECTRIC COOPERATIVES	31
ELECTRIC MERCHANT PLANTS	11
ELECTRIC RESELLER	50
ELECTRIC GENERATOR LESSOR	2
FERRIES	8
MOTOR CARRIERS OF HOUSEHOLD GOODS	328
NATURAL GAS:	
– LOCAL DISTRIBUTION COMPANIES	4
– INTRASTATE PIPELINE	1
– GAS RESELLERS	1
– PROPANE COMPANY	1
SMALL POWER PRODUCERS	1,103
TELEPHONE:	
– COMPETING LOCAL PROVIDERS	162
– INCUMBENT LOCAL EXCHANGE COMPANIES	16
– LONG DISTANCE CARRIERS	226
– PAYPHONE SERVICE PROVIDERS	31
– SHARED TENANT SERVICES	7
WATER / WASTEWATER	97
WATER / WASTEWATER RESELLERS	<u>1,526</u>
TOTAL	3,618

Industry Revenue Profile

- FY 2019-2020 Jurisdictional Revenues: \$11.59 billion
 - Electric: \$8.892 billion
 - Natural Gas: \$1.443 billion
 - Telecommunications: \$892.5 million
 - Includes Local and Long Distance Telephone Companies, Payphone Service Providers, and Shared Tenant Service Providers
 - Water and Wastewater: \$249.6 million
 - Includes Water/Wastewater Resale Companies
 - Transportation: \$108.5 million
 - Includes Brokers, Buses, Ferries, and Household Goods (HHG) Carriers

Filings & Orders by Industry Group

(For the 12-Month Period Ending 6/30/19)

	<u>Filings</u>	<u>Orders</u>
• Electric	2,170	502
• Natural Gas	698	116
• Telephone	615	104
• Water/Wastewater	4,065	1,716
• Household Goods Carriers	991	231
• Small Power Producers	7,807	366
• Other (Bus/Broker, Electric Merchant Plant, EMC, Ferry, Payphone Provider, Renewable Energy Facilities, & Misc.)	<u>830</u>	<u>136</u>
TOTAL	17,176	3,171



Limited Jurisdiction to Regulate “Other Utilities”

- The Commission has limited authority to regulate municipal electric utilities and electric cooperatives
- The Commission has no authority to regulate:
 - Publicly-owned water and sewer utilities
 - Broadband
 - Cell phones
 - Cable service
 - Internet service
 - Interstate gas pipelines



Adjusting Utility Rates - General Rate Cases

- Governed by *N.C. Gen. Stat. § 62-133, 134, 135*
- Typically initiated by application of the utility
- Involve public witness hearings and expert witness hearing
- Utility bears burden of proof
- May involve temporary rates, pending final order
- Statute contemplates utility putting proposed rates into effect on date certain
- Establish the “base rates” that a utility may charge its customers



Adjusting Utility Rates – Other Mechanisms (examples)

- Fuel Rider
- Renewable Energy Portfolio Rider
- Demand Side Management / Energy Efficiency Rider
- Pipeline Integrity Management
- Water / Sewer System Improvement Charge
- Wholesale Cost of Gas Adjustment
- Purchased Water Adjustment

Other Major Proceedings

- Integrated Resource Plans
 - identifies those electric resource options that can be obtained at **least cost** to the utility and its ratepayers consistent with the provision of adequate, reliable electric service
 - considers demand-side alternatives, including conservation, efficiency, and load management, as well as supply-side alternatives in the selection of resource options.
- Avoided Cost Proceedings
 - establishes rates paid to qualifying facilities (“QFs”) and certain related contract terms and conditions
- Proceedings to Implement Session Law 2017-192 (House Bill 589)
 - competitive procurement of renewable energy, leasing of solar energy facilities, community solar energy facilities, and solar rebate programs

2020 In Review

- Multiple general rate case proceedings, including 2 electric – on-going
- First proceeding to securitize storm recovery costs – on-going
- COVID-19 related adjustments
- Other proceedings – merchant facilities, interconnection, CPRE solicitations, complaint proceedings
- Business as usual – annual rider proceedings, IRPs, etc.



Contact Information

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