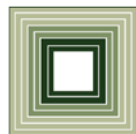


Budget Overview of the **Utilities Commission** & **Public Staff**

March 18, 2015



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Utilities Commission

- Origin dates to 1891 (Railroad Commission)
- Became Utilities Commission in 1933
- Governance (7-member Commission):
 - Governor appoints all members
 - Subject to confirmation by the General Assembly
- 66 FTEs
- Purpose: “Protect the public’s interest in receiving adequate (utilities) service at reasonable rates.”

- Utilities Commission presentation to Joint Leg. Commission on Energy Policy 12/3/2013

Public Staff

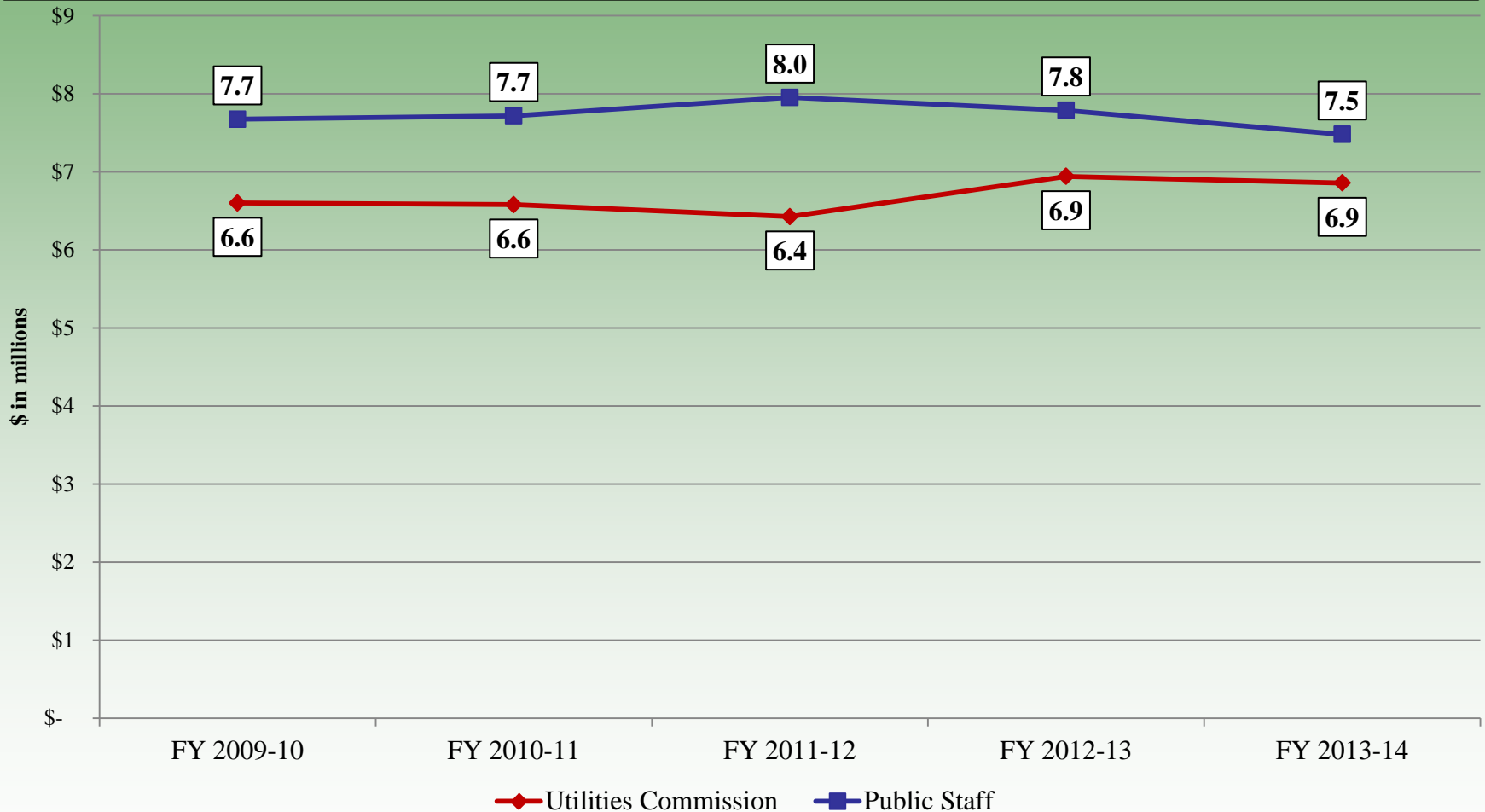
- Established in 1977
- Executive Director appointed by the Governor
 - Subject to confirmation by General Assembly
- 89 FTEs
- Purpose: “Represent the using and consuming public in (Utilities Commission) proceedings”.

- *Public Staff presentation to Joint Leg. Commission on Energy Policy 12/3/2013*

How Are They Funded?

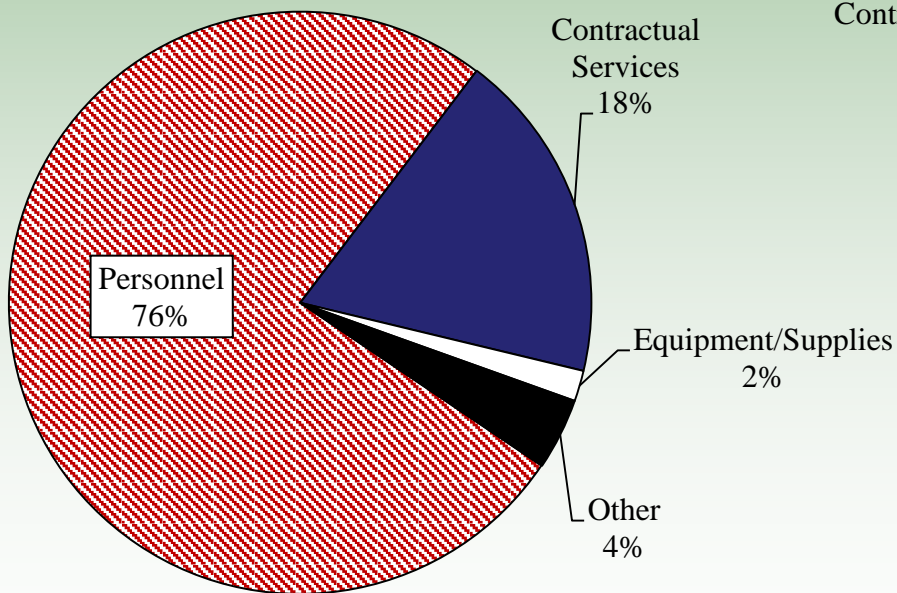
- Fully receipt-supported
- Primary revenue source – annual assessment on jurisdictional revenues of regulated entities
- Fee currently set at 0.135%
 - Set in Appropriations Act
- Other sources – Dept. of Energy grant (~\$340k), certain application fees (~\$40k), electric cooperative fee (\$200k)

5-Year Expenditure History (Actuals)

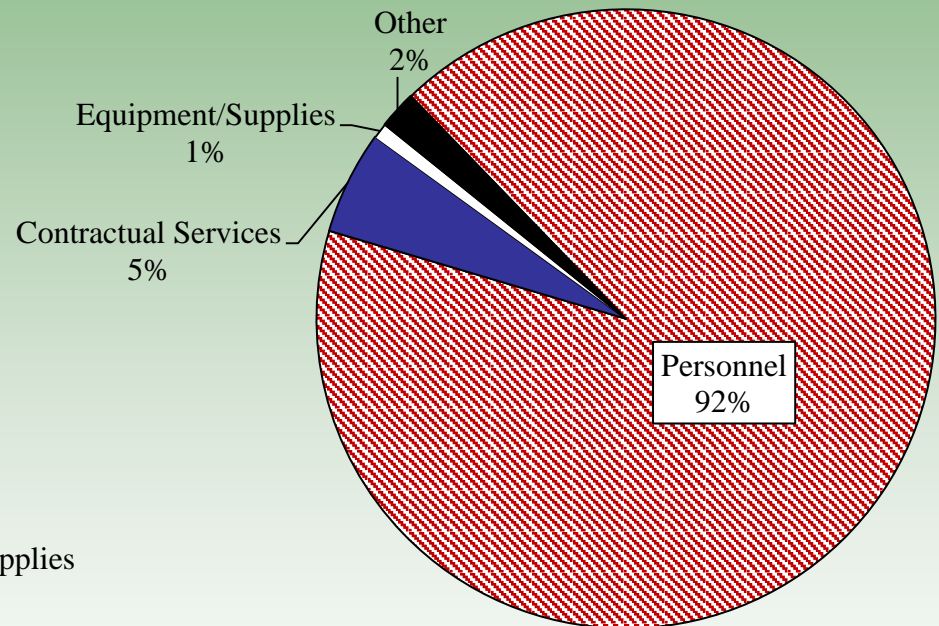


How Funds are Spent

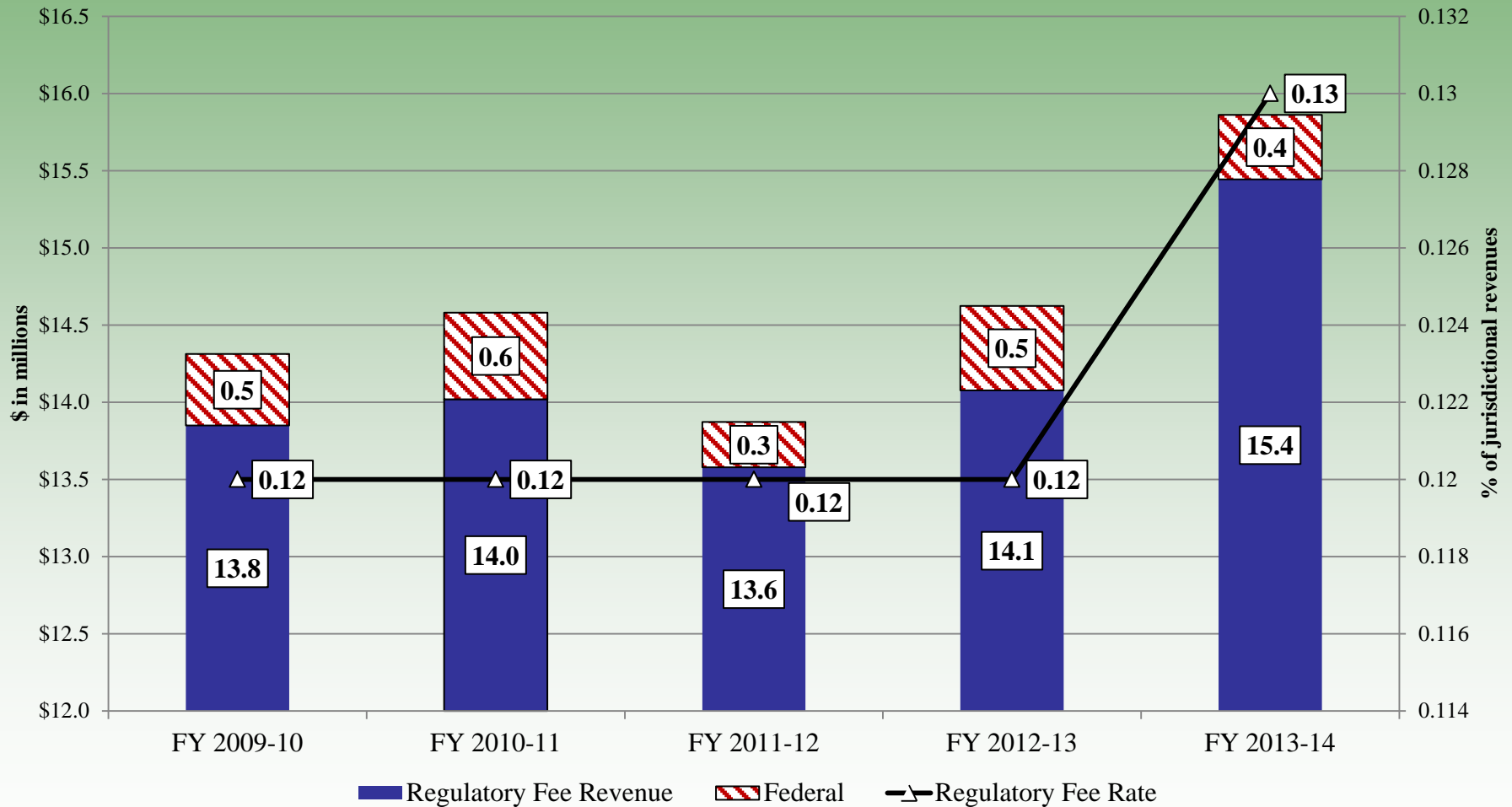
Utilities Commission



Public Staff



5-Year Receipt History (Actuals)



Recent Actions

S.L. 2009-451

- Sec. 14.19(e1) – directs that any cash balance in excess of 20% of the annual operating budget revert at end of fiscal year
 - Timing issue with quarterly payments
- Swept over \$12 million in cash balance

Recent Actions

S.L. 2014-59: Adjust the Utility Regulatory Fee

- Reduces the regulatory fee for “competitive” revenues derived from telecommunication providers
- Fee reduction will result in lost receipts for the Commission/Public Staff in the following amounts:
 - FY 2015-16 - \$1 million
 - FY 2016-17 - \$1.3 million
- Bill stated that regulatory fee would be increased in FY 2015-16 and FY 2016-17 to hold the Commission/Public Staff harmless

Recent Actions

S.L. 2014-122: Coal Ash Management Act of 2014

- Funds new positions in DENR and the Coal Ash Management Commission with regulatory fee surcharge
- Surcharge - 0.03% on revenues of utilities with coal ash surface impoundments
- Annual revenue - ~\$2.4 million

Key Takeaways

- 20% cash balance cap will pose operational issues if implemented due to payment timing
- Will receive less revenue due to S.L. 2014-59 unless General Assembly adjusts regulatory fee

Questions

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