

North Carolina Utilities Commission Public Staff

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Executive Director**

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WHAT IS THE UTILITIES COMMISSION?

- State agency that regulates the rates and services of all public utilities in North Carolina
- Composed of seven members
- Purpose is to protect the public interest in receiving adequate utility service at reasonable rates

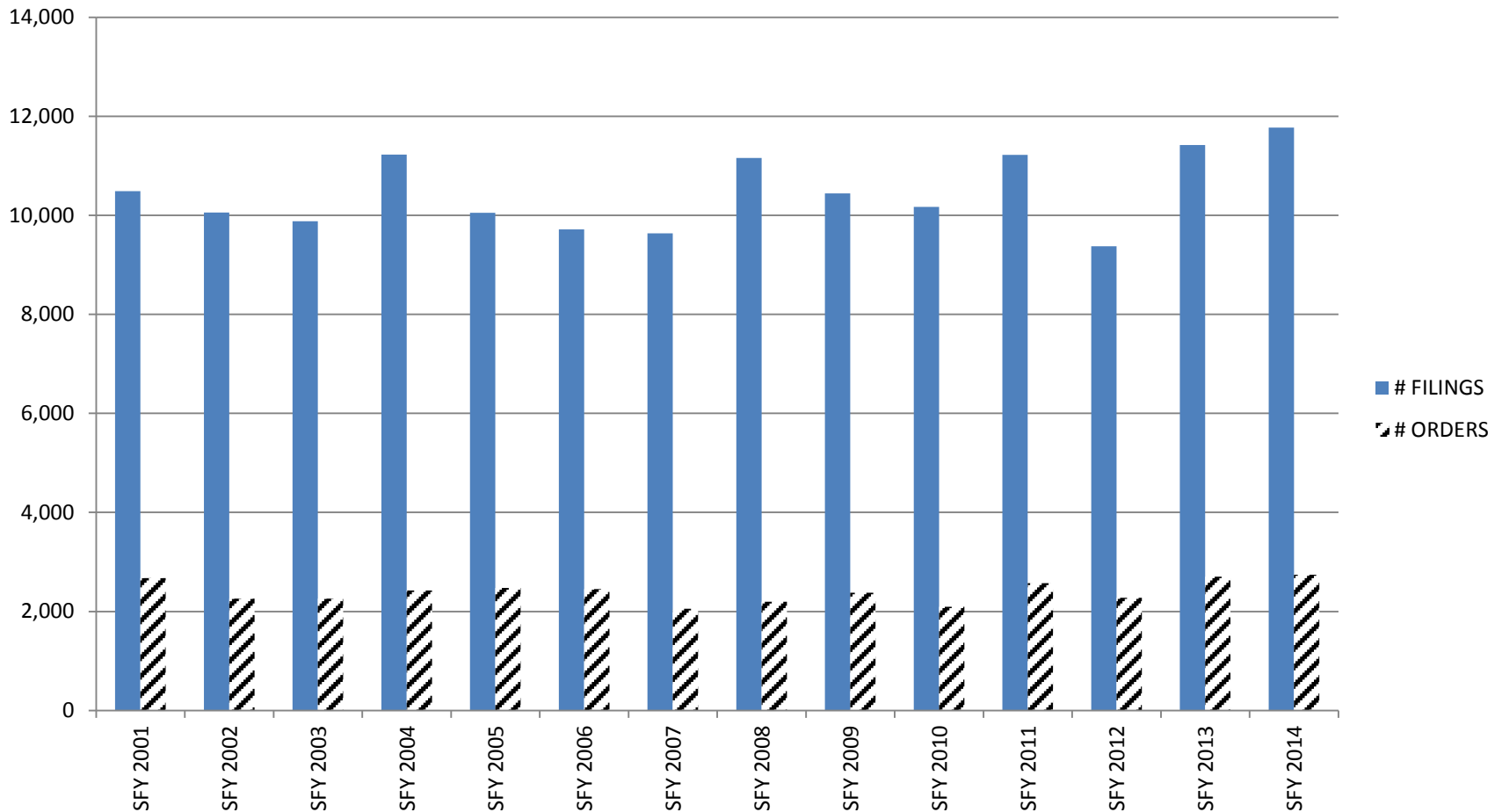
WHAT IS THE PUBLIC STAFF?

- Represents the Using and Consuming Public of North Carolina's public utilities
 - Intervenes in NCUC proceedings affecting rates or service
- Established in 1977

DIFFERENCES BETWEEN NCUC AND PUBLIC STAFF

- Independent agencies
 - Separate staffs, leadership and budgets
- NCUC does not direct or oversee the Public Staff's operations
- Public Staff appears as a party before the NCUC
 - Public Staff may appeal decisions to appellate courts
 - Public Staff subject to ex parte rules and cannot independently communicate with NCUC on pending matters
 - Public Staff does not participate in NCUC decision-making
- Staff roles
 - NCUC staff is an advisory staff
 - Public Staff is an audit/advocacy staff

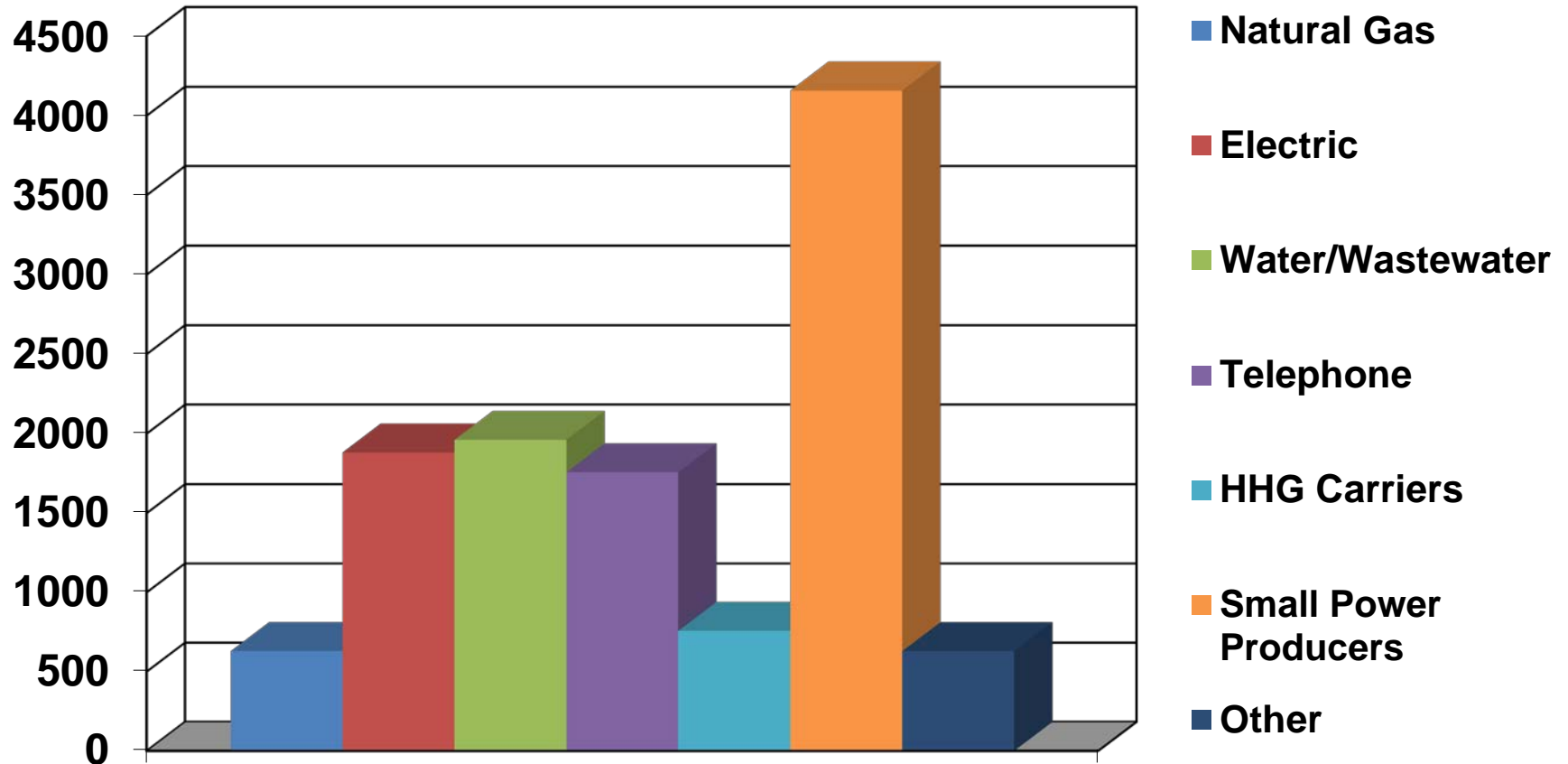
HISTORY OF FILINGS & ORDERS



** Electronic filings began to be received in November 2013

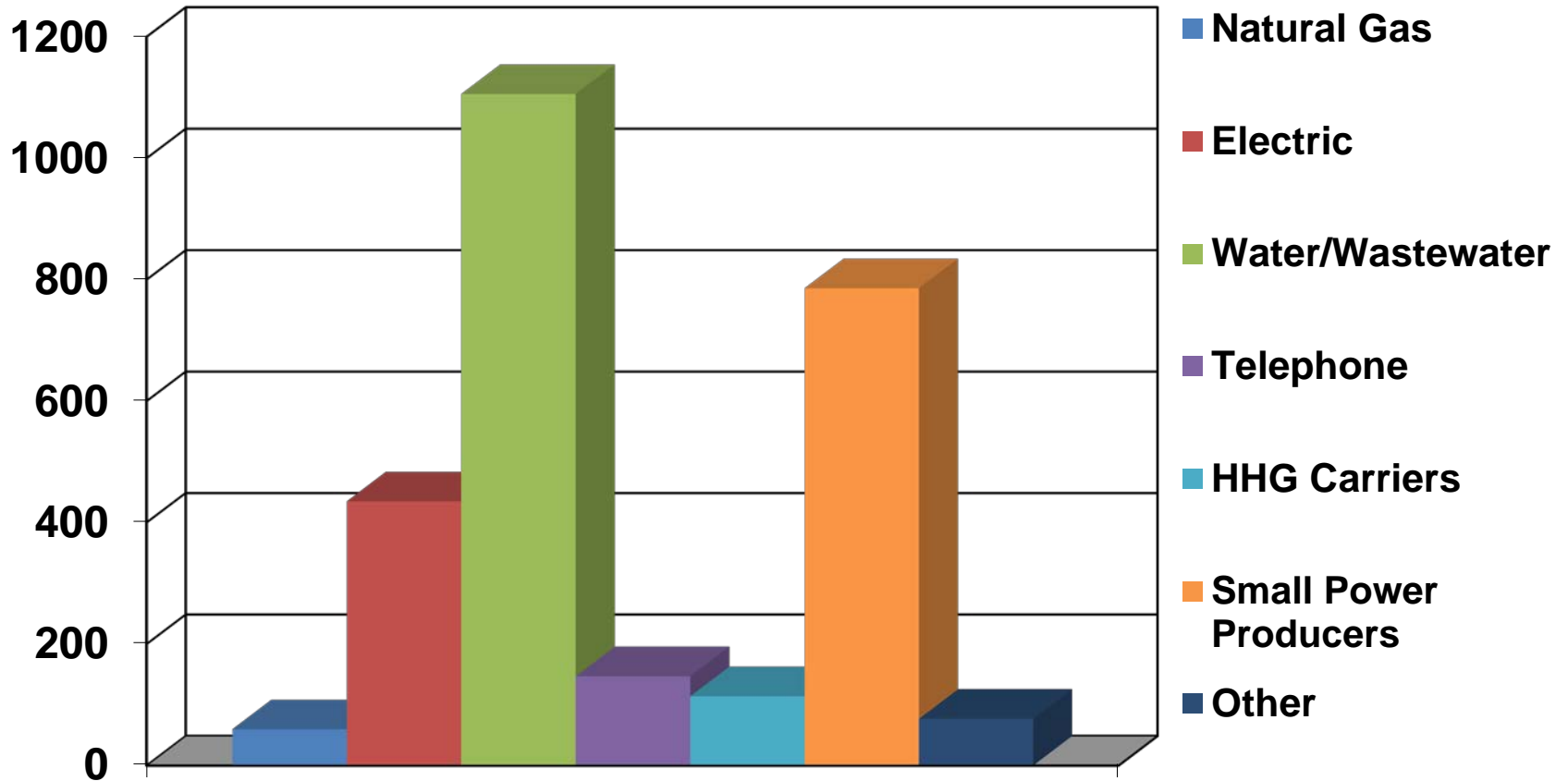
FILINGS BY INDUSTRY GROUP

(For the 12-Month Period Ending 6/30/14)



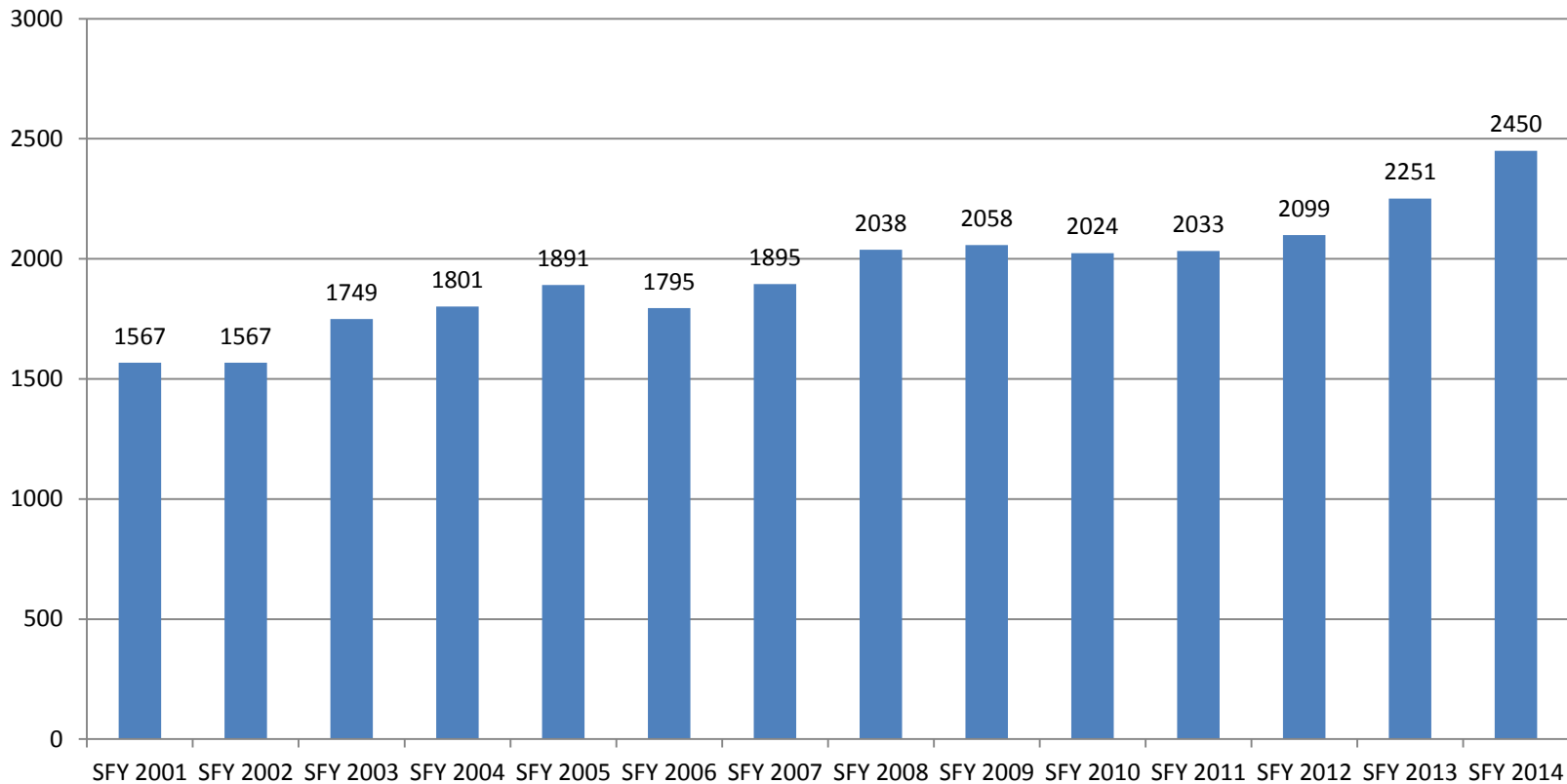
ORDERS BY INDUSTRY GROUP

(For the 12-Month Period Ending 6/30/14)



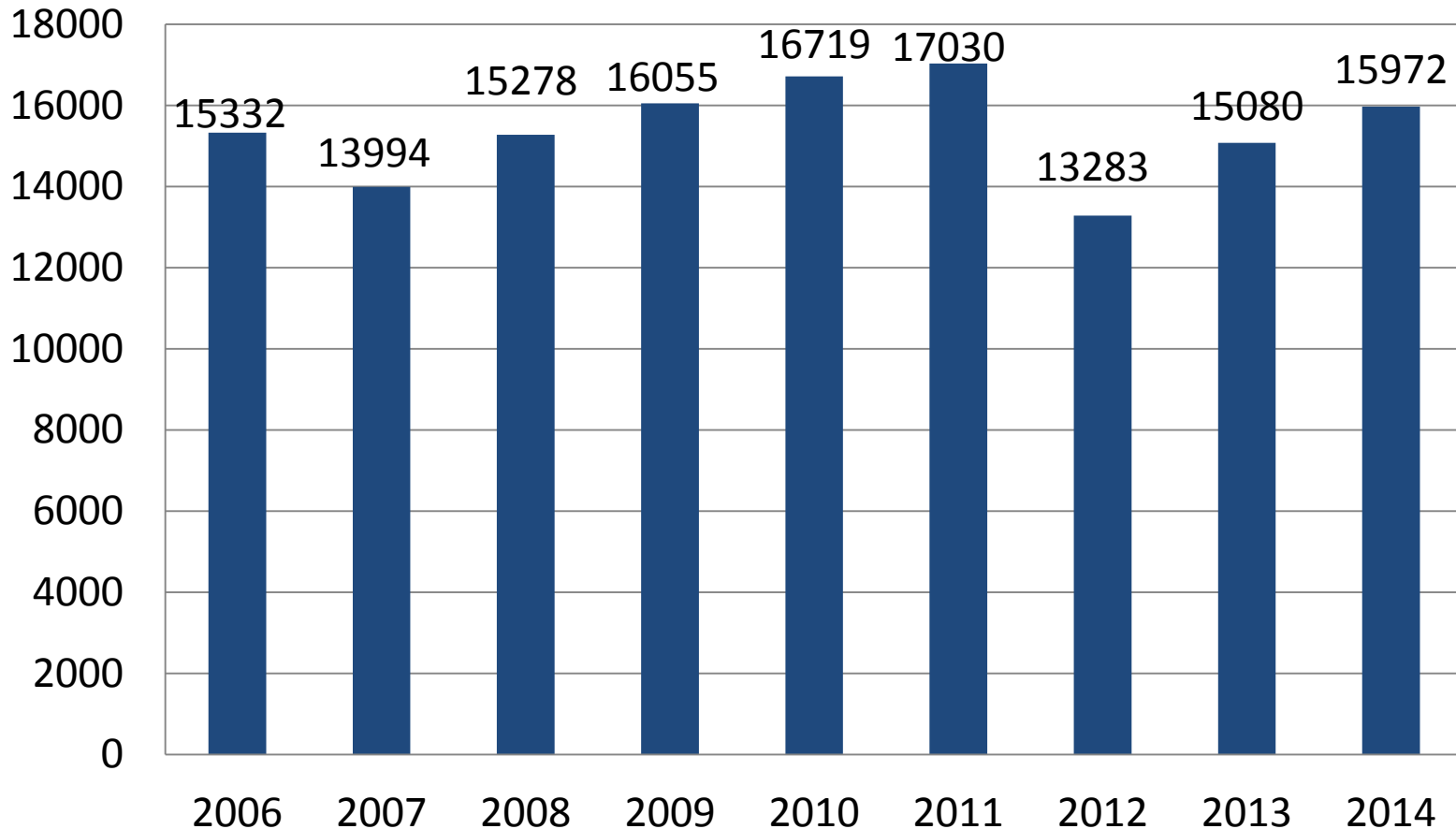
GROWTH IN REGULATED UTILITY COMPANIES – SFY 2001-2014

Number of Regulated Utility Companies



PUBLIC STAFF CONSUMER COMPLAINTS

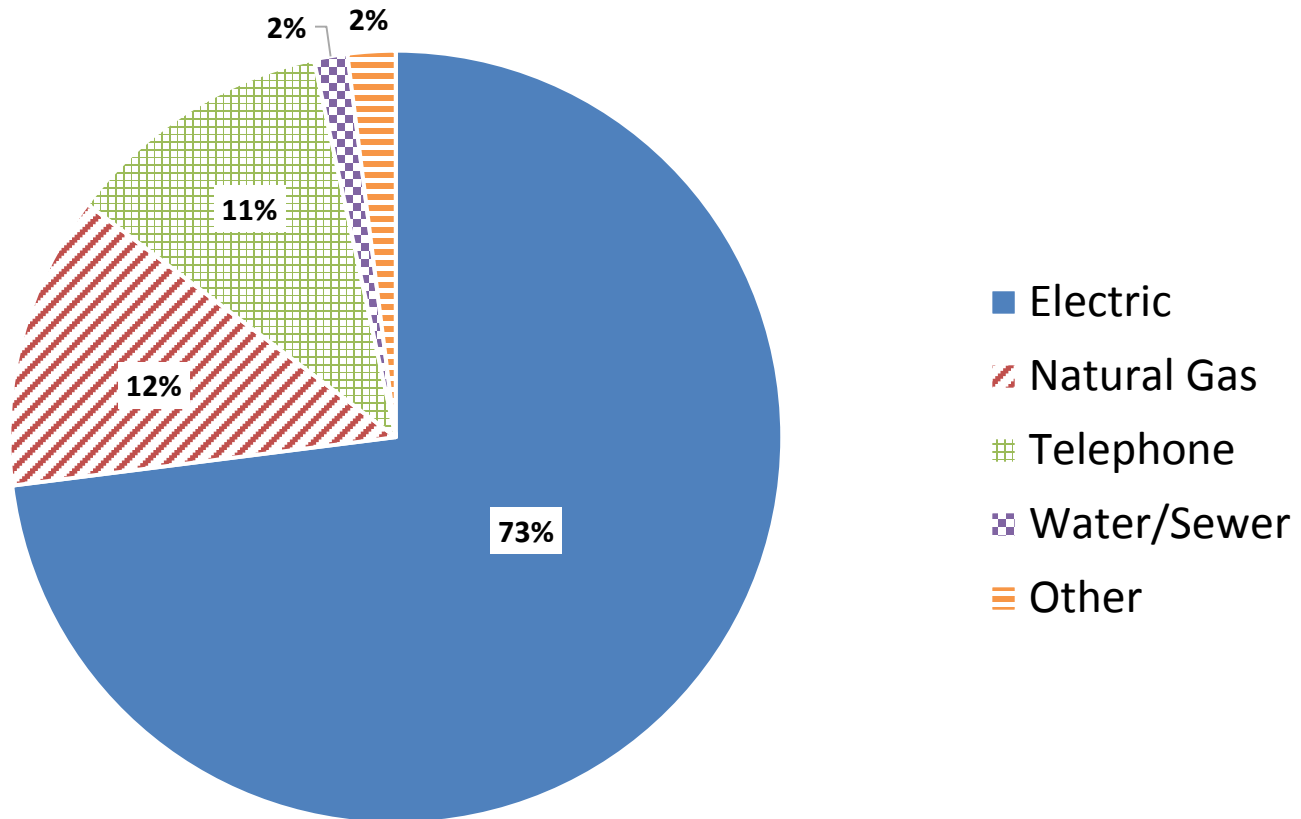
Annual Complaints Received



NCUC/PUBLIC STAFF FUNDING

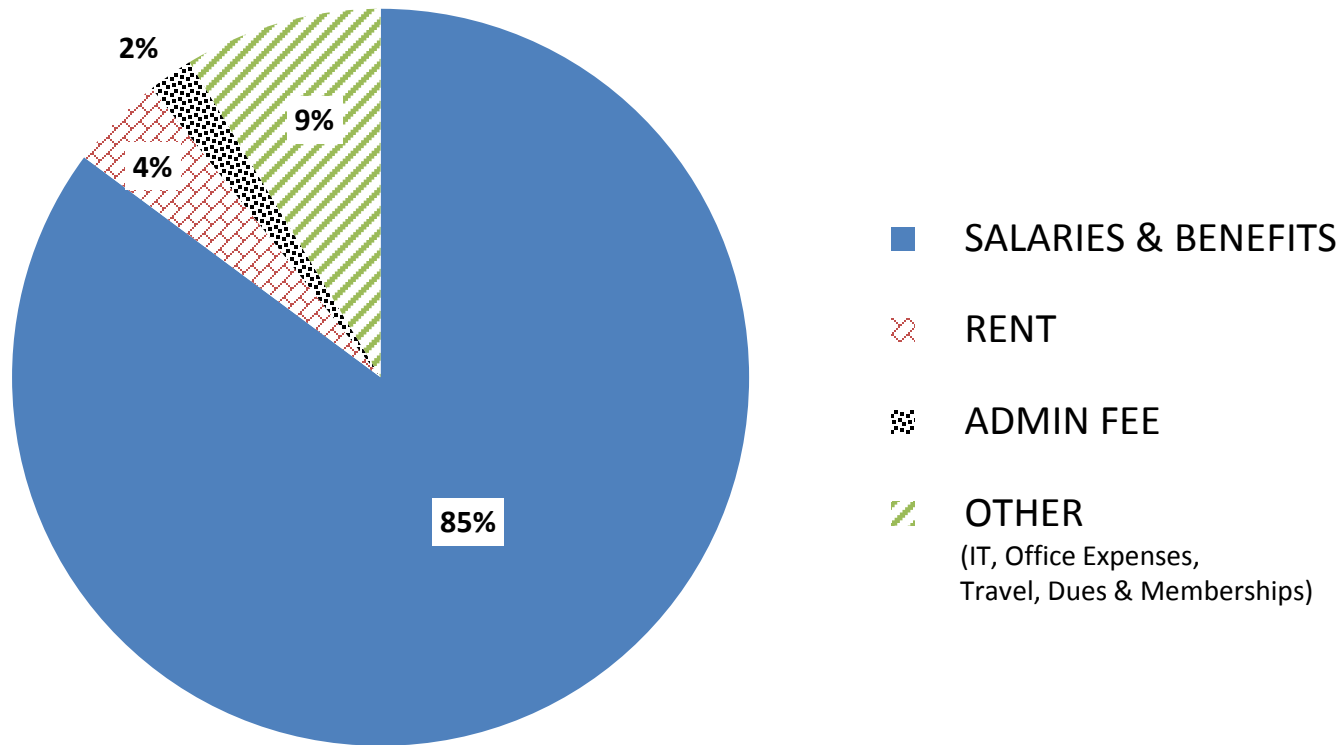
- Do not receive appropriated funds
- Regulatory Fee established in the biennial budget by the General Assembly
 - Current Regulatory Fee established at 0.135%
 - SFY 2013-14 Regulatory Fee Revenue: \$15,440,000
- Fee receipts allocated between NCUC and Public Staff
- NCUC and Public Staff budgets are separate

RECEIPTS BY UTILITY INDUSTRY

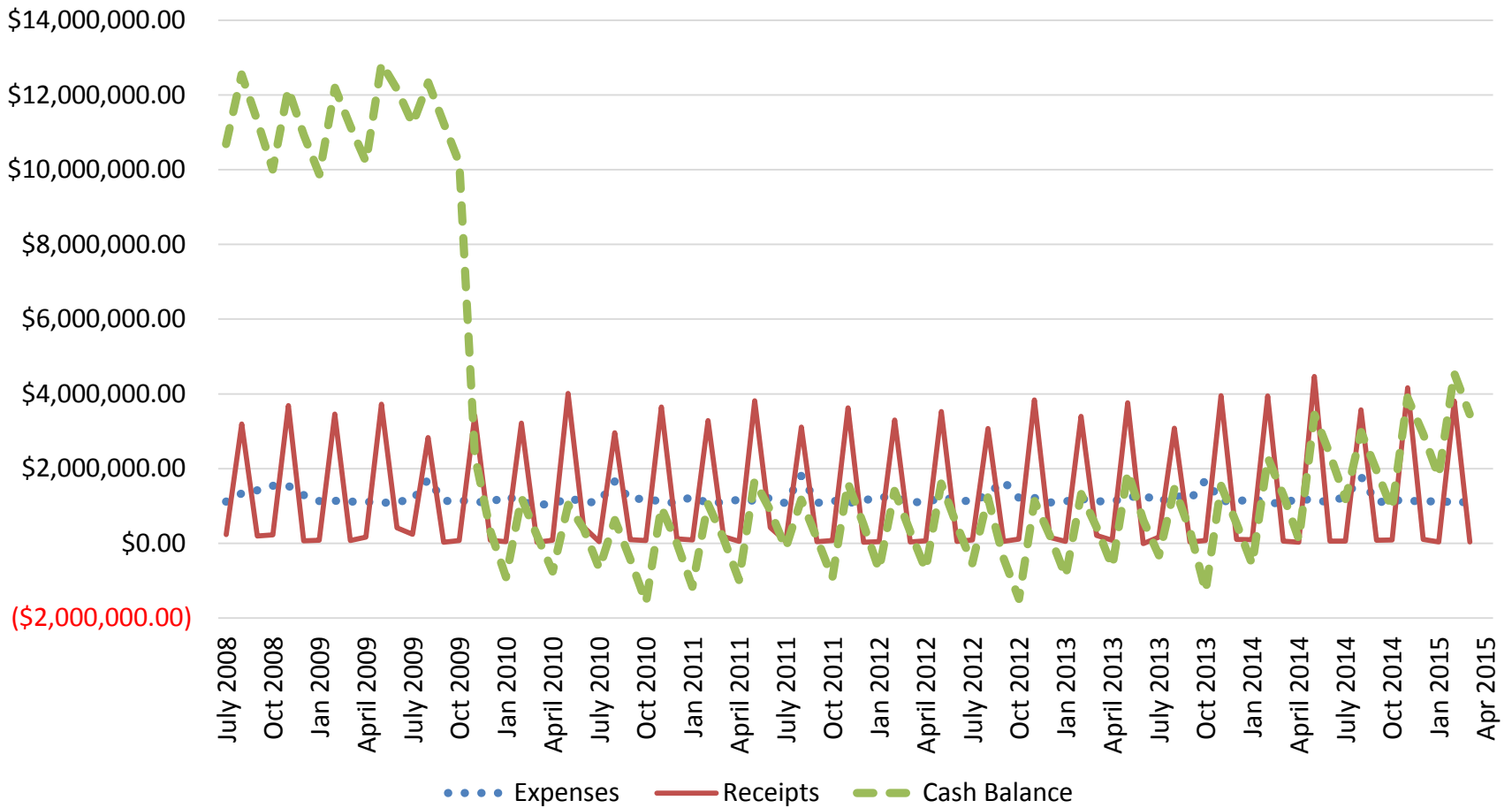


NCUC/PUBLIC STAFF EXPENDITURES SFY 2014

ALLOCATION OF DOLLARS SPENT



NCUC/PUBLIC STAFF EXPENSES, RECEIPTS & CASH BALANCES: SFY 2008 - 2015



Session Law 2014-59 (HB 1052)

- Reduced the Regulatory Fee for certain telecommunication companies:
 - Section (h) companies move from 0.135% to 0.06% in July 2015 and 0.04% in July 2016.
 - Section (m) companies move from 0.135% to 0.05% in July 2015 and 0.02% in July 2016.
- Results in approximately **\$993,000** annual shortfall beginning July 1, 2015
- Results in approximately **\$1,324,000** annual shortfall beginning July 1, 2016

Notes: Data from LRC Committee on the Assessment of Regulated and Non-Regulated Industry Utility Fees (Mar 2014).
Section (h) companies move from 0.135% to 0.06% in July 2015 and 0.04% in July 2016.
Section (m) companies move from 0.135% to 0.05% in July 2015 and 0.02% in July 2016.

Session Law 2014-59 (HB 1052)

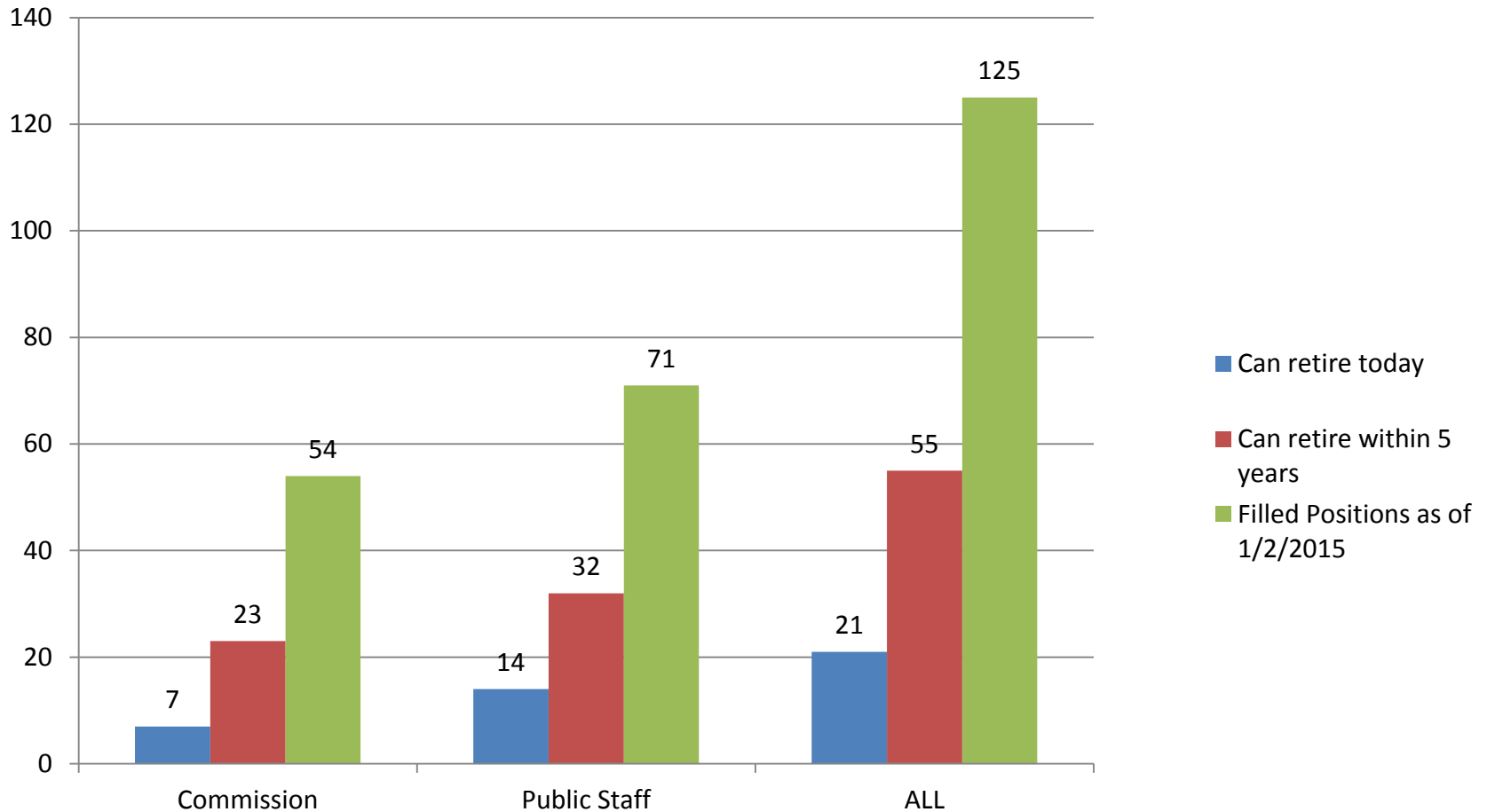
Stated that the Regulatory Fee:

“shall be adjusted to reflect the decrease in the total regulatory fee collected as a result of Sections 2 and 3 of this act and shall be set to ensure the total regulatory fee collected for each fiscal year is at least an amount sufficient to defray the cost of operations of the Commission and Public Staff for the upcoming fiscal year, including a reasonable margin for a reserve fund.”

Fiscal note estimate to maintain the current level funding:

2015: Increase of 0.01% \approx \$990,000 \rightarrow Total fee of 0.145%
2016: Increase of 0.003% \approx \$330,000 \rightarrow Total fee of 0.148%

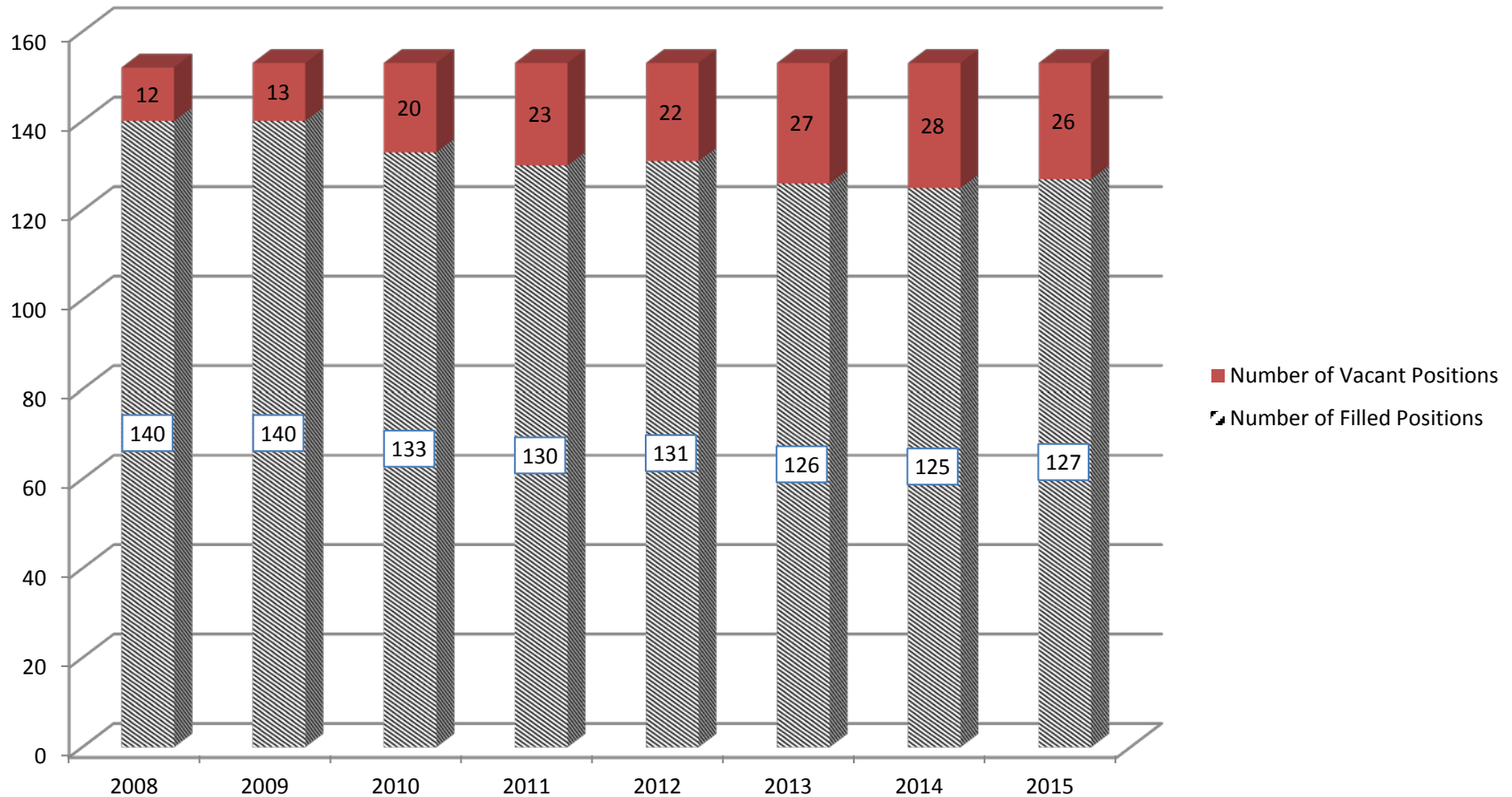
SUCCESSION PLANNING FOR SENIOR STAFF OF COMMISSION & PUBLIC STAFF



CURRENT RETIREMENT PAYOUT LIABILITIES

	NCUC	Public Staff	Total
Eligible for Immediate Retirement	\$120,003	\$228,517	\$348,520
Eligible for Retirement Within 1 Year	\$189,796	\$340,377	\$530,173
Eligible for Retirement Within 5 Years	\$290,996	\$448,504	\$793,500

NCUC/PUBLIC STAFF POSITIONS FILLED & VACANT FYE JUN 2008 – PRESENT



** SFY 2009-2010 is when \$12M in cash balance was taken from the Commission

LEGISLATIVE PROPOSAL

- Establish Regulatory Fee at 0.148%
 - Holds revenue at current level following HB 1052 fee reductions
- Establish a 6-month operating reserve cap
 - Eliminate existing 20% cap
 - Avoids negative cash flow resulting from quarterly receipts
- Require NCUC to adjust Regulatory Fee in first quarter, as necessary, to comply with legislative budget parameters
 - Automatic trigger requiring NCUC to lower Regulatory Fee when reserve cap is exceeded
 - Subject to State Budget Act and the certified budget approved by the General Assembly