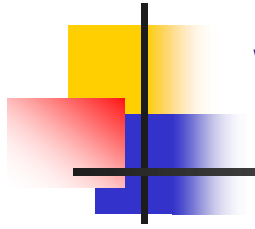




North Carolina Utility Commission: Jurisdiction Over Electric Generation and Transmission Facilities

Presented to
Legislative Research Commission
Advisory Subcommittee on
Offshore Energy Exploration

Edward S. Finley, Jr., Chairman



Who We Are

NORTH CAROLINA UTILITIES COMMISSION

Commissioners

Edward S. Finley, Jr., Chairman

Robert V. Owens, Jr.

Lorinzo L. Joyner

William T. Culpepper, III

Bryan E. Beatty

Susan W. Rabon

ToNola D. Brown-Bland

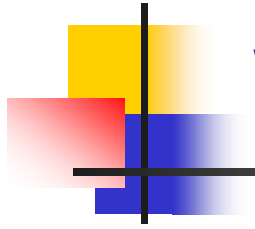
Dobbs Building, 430 North Salisbury Street 27603-5918

4325 Mail Service Center 27699-4325

Phone: (919) 733-4249

Fax: (919) 733-7300

www.ncuc.net



Who We Are

PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

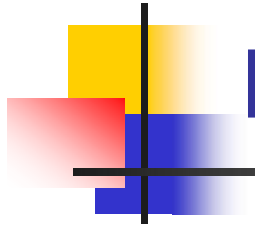
Representing the Using and Consuming Public

Robert P. Gruber, Executive Director

Dobbs Building, 430 North Salisbury Street 27603-5918
4326 Mail Service Center 27699-4326
www.pubstaff.commerce.state.nc.us



Consumer Services Division (Consumer Complaints)
Phone: (919) 733-9277
Toll Free: 1-866-380-9816
Fax: (919) 733-4744



NCUC Organization

- Administrative agency of General Assembly; legislative oversight by House Public Utilities Committee, Senate Commerce Committee, and Joint Legislative Utility Review Committee
- Seven members: appointed by Governor, subject to confirmation by General Assembly, serving staggered, eight-year terms.
- Chairman: appointed by Governor, four-year term, organizes Commission's work. *Ex officio* member of Agency for Public Telecommunications Board and Geographic Information Coordinating Council. Membership responsibilities currently shared among Commissioners.



Regulation of Public Utilities

- Purpose: protect the public's interest in receiving adequate service at reasonable rates.
- Traditional regulatory bargain: utilities exchange benefit of monopoly franchised service territory for obligation to provide adequate service at reasonable rates.
- Commission's regulatory obligation: to be fair and reasonable to public utilities and their customers.
- Commission's regulatory tools:
 - certification of new facilities
 - rate establishment or review
 - service quality oversight



Regulated Electric Utilities

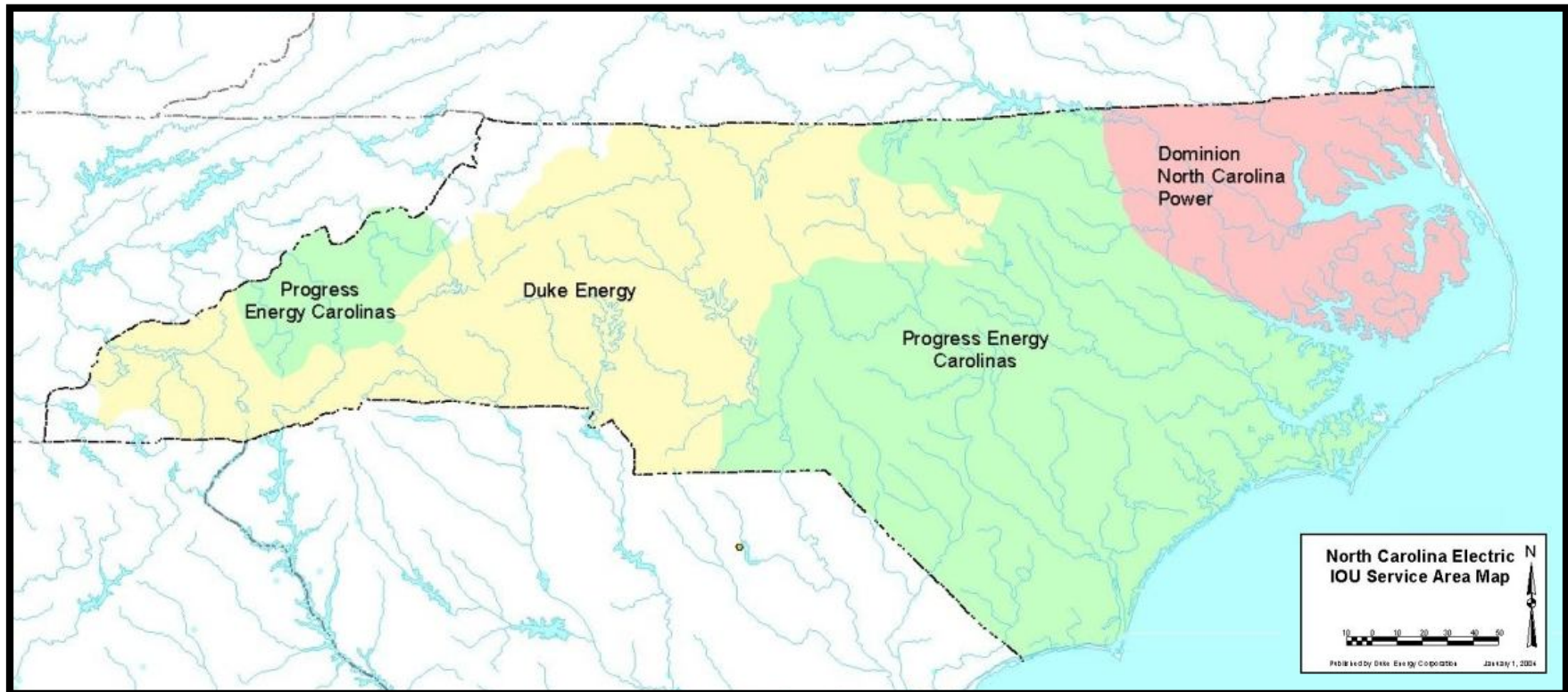
- 3 Investor-Owned Utilities (IOUs)
 - Duke Energy Carolinas - over 1,800,000 customers in Piedmont and Western North Carolina
 - Progress Energy Carolinas - over 1,250,000 customers in Eastern and Western North Carolina
 - North Carolina Power – over 118,000 customers in Northeastern North Carolina
- 2 University-Owned Utilities
 - New River Light and Power, Appalachian State University, Boone
 - Western Carolina University, Cullowhee



EMC and Municipal-Owned

- 31 Electric Membership Corporations (EMCs) - 995,000 customers
- 74 Municipal and University-owned electric distribution systems - 570,000 customers
- Limited NCUC jurisdiction over EMCs and Munis:
 - Service complaint jurisdiction over EMCs (*G.S. 62-42*)
 - Monitor subsidiary business activities of EMCs to prevent subsidization by electric customers (*G.S. 117-18.1*)
 - EMC territorial assignment issues (*G.S. 62-110.2*)
 - Certification authority for construction of electric generating facilities (*G.S. 62-110.1*)
 - Certification authority for construction of electric transmission lines of 161 kV and above (*G.S. 62-101*)
 - Safety jurisdiction over gas pipeline facilities operated by municipalities and similar entities (*G.S. 62-50*)

Electric IOU Service Area Map





Renewable Energy and Energy Efficiency Portfolio Standard (REPS)

- In 2007, North Carolina became first State in Southeast to adopt a renewable portfolio standard – Session Law 2007-397 (Senate Bill 3)
- REPS requirement may be met through combination of renewable energy generation and energy efficiency savings
- REPS requirement applicable to investor-owned electric utilities (electric public utilities), EMCs, and Munis
- REPS requirement increases from 3% in 2012 to 12.5% by 2021 (for electric public utilities)
- Specific set-asides for energy derived from the sun and from poultry and swine waste
- Cap on incremental cost of compliance
- Legislation further provides timely cost recovery for new demand-side management (DSM) programs and energy efficiency (EE) measures by electric public utilities, including the opportunity for appropriate utility incentives



Certification of Generating Facilities

- No public utility or other person shall begin the construction of any steam, water, or other facility for the generation of electricity to be directly or indirectly used for the furnishing of public utility service, even though the facility be for furnishing the service already being rendered, without first obtaining from the Commission a certificate that public convenience and necessity requires, or will require, such construction. *(G.S. 62-110.1(a))*
- Report of proposed construction, but not prior approval, required for:
 - A nonutility-owned generating facility fueled by renewable energy resources under two megawatts in capacity, or
 - Persons who construct an electric generating facility primarily for that person's own use and not for the primary purpose of producing electricity, heat, or steam for sale to or for the public for compensation



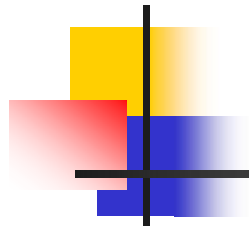
Certification of Generating Facilities

- Certification requires publication of notice in local daily newspaper and a hearing upon complaint or upon the Commission's own motion (*G.S. 62-82(a)*)
- Certificate conditioned upon applicant obtaining all other necessary permits and approvals
 - Federal licenses and permits (FERC, FAA, EPA, etc.)
 - State environmental reviews and permits (DENR)
 - Local building codes, inspections
 - Local zoning ordinances



Certification of Transmission Facilities

- No public utility or any other person may begin to construct a new transmission line 161-kV or above without first obtaining from the Commission a certificate of environmental compatibility and public convenience and necessity. (*G.S. 62-101(a)*)
- A certificate is not required for construction of the following lines:
 - The replacement or expansion of an existing line with a similar line in substantially the same location, or the rebuilding, upgrading, modifying, modernizing, or reconstructing of an existing line for the purpose of increasing capacity or widening an existing right-of-way
 - A transmission line over which the Federal Energy Regulatory Commission has licensing jurisdiction, if the Commission determines that agency has conducted a substantially equivalent proceeding
 - An EMC-owned transmission line for which the construction or upgrading has had a substantially equivalent proceeding
 - Any line owned by a municipality to be constructed wholly within the corporate limits of that municipality.
- A formal complaint may be filed regarding lower voltage transmission lines, but the burden of proof is on the complainant.



Questions?
