

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 1168
Apr 30, 2026
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30571-NPa-35

Short Title: Limit Electric Util. Hist. Fuel Cost Recovery. (Public)

Sponsors: Representative T. Brown.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO RESTORE CERTAIN LIMITATIONS PREVENTING ELECTRIC PUBLIC UTILITIES FROM RECOVERING HISTORIC FUEL COSTS FROM CUSTOMERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-133.2(d) reads as rewritten:

"(d) The Commission shall provide for notice of a public hearing with reasonable and adequate time for investigation and for all intervenors to prepare for hearing. At the hearing the Commission shall receive evidence from the utility, the Public Staff, and any intervenor desiring to submit evidence, and from the public generally. In reaching its decision, the Commission shall consider all evidence required under subsection (c) of this section as well as any and all other competent evidence that may assist the Commission in reaching its decision including changes in the cost of fuel consumed and fuel-related costs that occur within a reasonable time, as determined by the Commission, after the test period is closed. The Commission shall incorporate in its cost of fuel and fuel-related costs determination under this subsection the experienced over-recovery or under-recovery of reasonable costs of fuel and fuel-related costs prudently incurred by the electric public utility, during the test period, based upon the prudent standards set pursuant to subsection (d1) of this section, in fixing an increment or decrement rider. The Commission shall not incorporate in this determination any fuel or fuel-related costs incurred prior to the test period. Upon request of the electric public utility, the Commission shall also incorporate in this determination the experienced over-recovery or under-recovery of costs of fuel and fuel-related costs through the date that is 30 calendar days prior to the date of the hearing, provided that the reasonableness and prudence of these costs shall be subject to review in the utility's next annual hearing pursuant to this section. The Commission shall use deferral accounting, and consecutive test periods, in complying with this subsection, and the over-recovery or under-recovery portion of the increment or decrement shall be reflected in rates for 12 months, notwithstanding any changes in the base fuel cost in a general rate case. Any experienced over-recovery or under-recovery of reasonable fuel and fuel-related costs prudently incurred during the test period shall accrue interest at the commercial paper rate as identified by the Federal Reserve for A2/P2 nonfinancial issuers, or reasonable successor thereto, on a weighted average basis over the applicable time period. The burden of proof as to the correctness and reasonableness of the charge and as to whether the cost of fuel and fuel-related costs were reasonably and prudently incurred shall be on the utility. The Commission shall allow only that portion, if any, of a requested cost of fuel and fuel-related costs adjustment that is based on adjusted and reasonable cost of fuel and fuel-related costs prudently incurred under efficient management and economic operations. In evaluating whether cost of fuel and fuel-related costs were reasonable and prudently incurred, the Commission shall apply the rule adopted pursuant



1 to subsection (d1) of this section. To the extent that the Commission determines that an increment
2 or decrement to the rates of the utility due to changes in the cost of fuel and fuel-related costs
3 over or under base fuel costs established in the preceding general rate case is just and reasonable,
4 the Commission shall order that the increment or decrement become effective for all sales of
5 electricity and remain in effect until changed in a subsequent general rate case or annual
6 proceeding under this section."

7 **SECTION 2.** There is appropriated from the General Fund to the Utilities
8 Commission the sum of ten thousand dollars (\$10,000) in nonrecurring funds for the 2026-2027
9 fiscal year to be used for purposes consistent with this act.

10 **SECTION 3.** This act becomes effective July 1, 2026, and applies to any rate-making
11 mechanisms filed by an electric public utility on or after that date.