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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS15456-NPa-39

Short Title:	Utility Profit Oversight Act.	(Public)
Sponsors:	Senators Salvador, Garrett, and Grafstein (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO REQUIRE RATIFICATION BY THE GENERAL ASSEMBLY OF ANY RATES PROPOSED BY AN ELECTRIC PUBLIC UTILITY THAT INCREASES THE UTILITY'S AUTHORIZED RATE OF RETURN ON EQUITY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:

"**§ 62-130.1. General Assembly ratification of rates that increase an electric public utility's authorized rate of return on equity.**

(a) Ratification Requirement. – Notwithstanding any other provisions of this Chapter, the Commission shall not establish or allow to become effective any retail electric rates that increase, or have the effect of increasing, an electric public utility's authorized rate of return on equity, unless ratified by an act of the General Assembly that specifically approves such retail electric rates.

(b) Suspension Order. – If an electric public utility files with the Commission retail electric rates set at an amount that would have the effect of increasing the utility's authorized rate of return on equity, the Commission shall issue an order to suspend the operation of such retail electric rates to the extent that it would allow revenue recovery in excess of the utility's current rate of return on equity authorized by the Commission. Notwithstanding the provisions of G.S. 62-133.16(d), 62-134(b), and 62-135, the suspension order shall remain in effect until the proposed rates are ratified by an act of the General Assembly.

(c) Commission Authority Preserved. – Nothing in this section shall be construed to limit or abrogate the Commission's general authority to supervise and control electric public utilities or relieve the Commission of its duty to prevent electric public utilities from charging unjust and unreasonable rates. In respect to retail electric rates ratified by the General Assembly, the Commission shall have the authority: (i) to disallow the recovery of rates found to be unjust, unreasonable, discriminatory, or in violation of any other applicable provision of law; (ii) to impose conditions on the approval of rates; (iii) to rescind, alter, or amend an order approving the rates; or (iv) to revise or change the rates in a subsequent rate proceeding."

SECTION 2.(a) G.S. 62-133.16(d)(3) reads as rewritten:

"(3) When an electric public utility files with the Commission an application for a general rate case pursuant to G.S. 62-133 and that application includes a PBR application, the Commission shall institute proceedings on the application as provided in this subdivision. The electric public utility shall not make any changes in any rate or implement a PBR except upon 30 days' notice to the Commission, and the Commission may require the electric public utility to

provide notice of the pending PBR application to the same extent as provided in ~~G.S. 62-134(a) and~~ G.S. 62-134(a). The Commission may suspend the effect of the proposed base rates and PBR implementation pending investigation in the same manner as provided in G.S. 62-134(b), provided that, unless the rates are subject to ratification by the General Assembly under G.S. 62-130.1, the Commission may suspend the implementation of the proposed base rates for no longer than 330 days. The electric public utility's application shall plainly state the changes in base rates and the time when the change in rates will go into effect and shall include schedules in the same manner required pursuant to G.S. 62-134(a). The Commission shall, upon reasonable notice, conduct a hearing concerning the lawfulness of the proposed base rates and the PBR application. After hearing, the Commission shall issue an order approving, modifying, or rejecting the electric public utility's PBR application. In the event that the Commission rejects a PBR application, the Commission shall nevertheless establish the electric public utility's base rates in accordance with G.S. 62-133 based on the PBR application. If the Commission rejects the PBR application, it shall provide an explanation of the deficiency and an opportunity for the electric public utility to refile, or for the electric public utility and the stakeholders to collaborate to cure the identified deficiency and refile."

SECTION 2.(b) G.S. 62-134(b) reads as rewritten:

"(b) Whenever there is filed with the Commission by any public utility any schedule stating a new or revised rate or rates, the Commission may, either upon complaint or upon its own initiative, upon reasonable notice, enter upon a hearing concerning the lawfulness of such rate or rates. Pending such hearing and the decision thereon, the Commission, upon filing with such schedule and delivering to the public utility affected thereby a statement in writing of its reasons therefor, may, at any time before they become effective, suspend the operation of such rate or rates, but not for a longer period than 270 days beyond the time when such rate or rates would otherwise go into effect. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate shall go into effect at the end of such period. After hearing, whether completed before or after the rate goes into effect, the Commission may make such order with respect thereto as would be proper in a proceeding instituted after it had become effective. This subsection does not apply to suspension orders issued by the Commission for rates subject to ratification by the General Assembly under G.S. 62-130.1."

SECTION 2.(c) G.S. 62-135 reads as rewritten:

"**§ 62-135. Temporary rates under bond.**

(a) Notwithstanding an order of suspension of an increase in rates, any public utility except a common carrier ~~may, subject to the provisions of subsections (b), (c) and (d) hereof,~~ and an electric public utility subject to G.S. 62-130.1 may put such suspended rate or rates into effect upon the expiration of six months after the date when such rate or rates would have become effective, if not so suspended, by notifying the Commission and its consumers of its action in making such increase not less than 10 days prior to the day when it shall be placed in effect; provided, however, that utilities engaged in the distribution of utility commodities bought at wholesale by the utility for distribution to consumers may put such suspended rate or rates, to the extent occasioned by changes in the wholesale rate of such utility commodity, into effect at the expiration of 30 days after the date when such rate or rates would become effective if not so suspended; provided that no rate or rates shall be left in effect longer than one year unless the Commission shall have rendered its decision upon the reasonableness thereof within such period. ~~This section to become effective July 1, 1963.~~

…."

SECTION 3.(a) The Utilities Commission (Commission) shall conduct a study evaluating the cost of equity capital for electric public utilities doing business in North Carolina. In conducting this study, the Commission shall consider each of the following:

(1) The spread between the average monthly yields of 30-year U.S. Treasury Bonds compared to electric public utilities' rate of return on equity authorized by the Commission.

(2) The spread between investor returns on broad based stock market indices, such as the Standard and Poor 500 Index, compared to electric public utilities' rate of return on equity authorized by the Commission.

(3) An estimate of any net savings or costs ratepayers might experience from a reduction to an electric public utility's authorized rate of return on equity, in consideration of any potential increase in the utility's borrowing costs as a result of the reduction to its authorized rate of return on equity.

(4) The market to book ratio for the parent holding company of an electric public utility doing business in North Carolina, which is the ratio of the company's value based on its market capitalization compared to the amount of shareholder equity stated on the company's balance sheet.

SECTION 3.(b) No later than January 1, 2027, the Commission shall submit the study required under subsection (a) of this section to the Joint Legislative Commission on Energy Policy, the House Committee on Energy and Public Utilities, and the Senate Committee on Agriculture, Energy, and the Environment.

SECTION 4. There is appropriated from the General Fund to the Utilities Commission the sum of ten thousand dollars ($10,000) in nonrecurring funds for the 2026-2027 fiscal year to be used to implement this act.

SECTION 5. This act becomes effective July 1, 2026.