

Overview of the North Carolina Utilities Commission and Utility Regulation in North Carolina

Presentation to the N.C. House Committee on Energy and Public Utilities

February 19, 2019



NORTH CAROLINA UTILITIES COMMISSION

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Commissioners

Edward S. Finley, Jr., Chairman

ToNola D. Brown-Bland Jerry C. Dockham James G. Patterson

Lyons Gray
Daniel G. Clodfelter
Charlotte A. Mitchell





Chairman Finley



Commissioner Brown-Bland



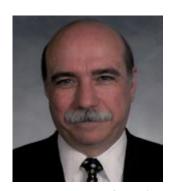
Commissioner Dockham



Commissioner Patterson



Commissioner Gray



Commissioner Clodfelter



Commissioner Mitchell



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



History of NC Utilities Commission

- Oldest regulatory body in state government: evolved from Railroad Commission (1891) to Corporation Commission (1899) to Utilities Commission (1933)
- History of significant legislative grants of, or limitation on, regulatory authority:
 - Railroad 1891
 - Telephone 1893
 - Electric, Gas, & Water 1913
 - Wastewater 1917
 - Housing 1935
 - Hospitals 1943
 - Buses/Brokers 1949
 - Motor Carriers & Ferries 1963
 - Electric Generation 1965
 - Electric Membership Cooperatives 1965
 - Payphone Service Providers 1985
 - Long Distance Telephone Competition 1985

- Telephone Shared Tenant Service 1987
- Local Telephone Competition 1995
- Motor Carriers of Property, except Household Goods,
 Deregulation 1995
- Railroad Transferred to Dept. of Transportation 1996
- Water/Wastewater Resale 1996
- Charter Bus Deregulation 1998
- Long Distance Telephone Rate Deregulation 2003
- Electric Resale 2011
- Natural Gas Resale 2017
- Leasing of Solar Energy Facilities 2017



NCUC Organization

- Administrative agency of General Assembly (N.C. Gen. Stat. § 62-23); legislative oversight by House Committee on Energy and Public Utilities, Senate Committee on Commerce and Insurance, and Joint Legislative Commission on Governmental Operations
- Seven members: appointed by Governor, subject to confirmation by General Assembly, serving staggered six-year terms (N.C. Gen. Stat. § 62-10)
- Chairman: appointed by Governor, four-year term, organizes Commission's work. Ex officio member of Geographic Information Coordinating Council. Membership responsibilities currently shared among Commissioners (N.C. Gen. Stat. § 62-12,13)



NCUC Organization cont.

- Commissioners are subject to standards of judicial conduct and prohibited by law from engaging in any other employment, business or profession while in office (N.C. Gen. Stat. § 62-10[i])
- Commission employs up to 62 people, current staffing is 60, organized among four divisions: Legal, Operations, Fiscal Management, and Clerk and IT Services
- Certified FY 2018-2019 annual budget: \$8,107,898

NCUC budget: \$7,353,599

Gas Pipeline Safety budget: \$ 754,299

- NCUC is a fee-funded agency, supported by regulatory fee percentage applied to the jurisdictional revenues of public utilities (N.C. Gen. Stat. § 62 -302).
- The Public Staff maintains its own budget which is separate from the Commission's budget but it is funded by the same regulatory fee



NCUC's Responsibilities & Procedures

- For the 12-Month Period Ending 6/30/18:
 - 5,084 formal proceedings instituted before NCUC
 - 73 hearings in contested cases
 - 15,663 filings in Chief Clerk's office
 - 3,133 orders issued
 - 708 open dockets as of 6/30/18
- Appeals from general rate case decisions to NC Supreme Court; all others to NC Court of Appeals (absent federal jurisdiction)
- NCUC conducts proceedings pursuant to federal law and participates in proceedings before federal courts and regulatory agencies (N.C. Gen. Stat. § 62-48)



Regulated Entities

(As of 6/30/18)

	<u>QTY</u>
BUS / BROKER	11
ELECTRIC	5
ELECTRIC COOPERATIVES	31
ELECTRIC MERCHANT PLANTS	10
ELECTRIC RESELLER	47
FERRIES	9
MOTOR CARRIERS OF HOUSEHOLD GOODS	316
NATURAL GAS:	
 LOCAL DISTRIBUTION COMPANIES 	4
 INTRASTATE PIPELINE 	1
SMALL POWER PRODUCERS	1,082
TELEPHONE:	
 COMPETING LOCAL PROVIDERS 	165
 INCUMBENT LOCAL EXCHANGE COMPANIES 	16
 LONG DISTANCE CARRIERS 	232
 PAYPHONE SERVICE PROVIDERS 	31
 SHARED TENANT SERVICES 	16
WATER / WASTEWATER	101
WATER / WASTEWATER RESELLERS	<u>1,379</u>
TOTAL	3,456



Industry Revenue Profile

- FY 2017-2018 Jurisdictional Revenues: \$11.58 billion
 - Electric: \$8.703 billion
 - Telecommunications: \$1.118 billion
 - Includes Local and Long Distance Telephone Companies, Payphone Service Providers, and Shared Tenant Service Providers
 - Natural Gas: \$1.45 billion
 - Water and Wastewater: \$219.0 million
 - Includes Water/Wastewater Resale Companies
 - Transportation: \$91.5 million
 - Includes Brokers, Buses, Ferries, and Household Goods (HHG)
 Carriers



Filings & Orders by Industry Group (For the 12-Month Period Ending 6/30/18)

		<u>Filings</u>	<u>Orders</u>
•	Electric	3,112	630
•	Telephone	735	131
•	Natural Gas	674	94
•	Water/Wastewater	3,479	1,409
•	Household Goods Carriers	1,233	284
•	Small Power Producers	5,346	458
•	Other (Bus/Broker, Electric Merchant Plant, EMC, Ferry, Payphone Provider, Renewable Energy Facilities, & Misc.)	<u>1,084</u>	<u>127</u>
	TOTAL	15,663	3,133



Limited Jurisdiction to Regulate "Other Utilities"

- The Commission has limited authority to regulate municipal electric utilities and electric cooperatives.
- The Commission has no authority to regulate:
 - Publicly-owned water and sewer utilities
 - Broadband
 - Cell phone
 - Cable
 - Internet services
 - Interstate Gas Pipelines



Emerging Issues in Utility Regulation

- Era of more frequent general rate cases
 - Electric: coal ash spending is key driver
 - Water: capital spending is key driver
- Staffing challenges in a tight employment market
- Distributed generation revolution
 - North Carolina a leader in solar and renewables
 - Continued Implementation of HB 589 (presentation topic for next meeting)



Questions/Contact

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