

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 928

Short Title: Utilities' Regulatory Fees.

(Public)

Sponsors: Senators Smith and Rauch.

Referred to: Finance.

April 18, 1989

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH REGULATORY FEES FOR PUBLIC UTILITIES TO
DEFRAY THE COST TO THE UTILITIES COMMISSION AND THE PUBLIC
STAFF OF REGULATING PUBLIC UTILITIES IN THE INTEREST OF THE
PUBLIC.

The General Assembly of North Carolina enacts:

Section 1. Article 14 of Chapter 62 of the General Statutes is amended by
adding a new section to read:

"§ 62-302. Regulatory fee.

(a) Fee Imposed. It is the policy of the State of North Carolina to provide fair regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The cost of regulating public utilities is a burden incident to the privilege of having available an adequate and reliable supply of public utility services. Therefore, for the purpose of defraying the cost of regulating public utilities, every public utility subject to the jurisdiction of the Commission shall pay a quarterly regulatory fee, in addition to all other fees and taxes, as provided in this section. The fees collected shall be used only to pay the expenses of the Commission and the Public Staff in regulating public utilities in the interest of the public.

(b) Rate. For the 1989-90 fiscal year, the regulatory fee shall be the greater of (i) twelve hundredths percent (0.12%) of each public utility's North Carolina jurisdictional revenues for each quarter or (ii) six dollars and twenty-five cents (\$6.25) each quarter. For fiscal years beginning on or after July 1, 1990, the regulatory fee shall be the greater of (i) a percentage rate, established by the Commission, of each public utility's North Carolina jurisdictional revenues for each quarter or (ii) six dollars and

1 twenty-five cents (\$6.25) each quarter. As used in this section, the term 'North Carolina
2 jurisdictional revenues' means all revenues derived or realized from intrastate tariffs,
3 rates, and charges approved or allowed by the Commission or collected pursuant to
4 Commission order or rule, plus all yellow page advertising revenues, but not including
5 tap-on fees or any other form of contributions in aid of construction.

6 On or before September 15 of each year, the Commission shall announce the
7 percentage rate of the regulatory fee applicable to North Carolina jurisdictional
8 revenues to be realized during the current fiscal year. The rate may not exceed the
9 amount necessary to generate funds sufficient to defray the estimated cost of the
10 operations of the Commission and the Public Staff for the current fiscal year, including
11 a reasonable margin for a reserve fund. The amount of the reserve may not exceed the
12 estimated cost of operating the Commission and the Public Staff for the then current
13 fiscal year. In calculating the amount of the reserve, the Commission shall consider all
14 relevant factors that may affect the cost of operating the Commission or the Public Staff
15 or a possible unanticipated increase or decrease in North Carolina jurisdictional
16 revenues. If the Commission, the Public Staff, or both experience a revenue shortfall,
17 the Commission shall implement a temporary regulatory fee surcharge to avert the
18 deficiency that would otherwise occur. In no event may the total percentage rate of the
19 regulatory fee plus any surcharge established by the Commission exceed twenty-five
20 hundredths percent (0.25%).

21 (c) When Due. The regulatory fee imposed under this section is due and payable
22 to the Commission on or before the 15th day of the second month following the end of
23 each quarter. Every public utility subject to the regulatory fee shall, on or before the
24 date the fee is due for each quarter, prepare and render a report on a form prescribed by
25 the Commission. The report shall state the public utility's total North Carolina
26 jurisdictional revenues for the preceding quarter and shall be accompanied by any
27 supporting documentation that the Commission may by rule require. Receipts shall be
28 reported on an accrual basis.

29 If a public utility's report for the first quarter of any fiscal year shows that
30 application of the percentage rate would yield a quarterly fee of twenty-five dollars
31 (\$25.00) or less, the public utility shall pay an estimated fee for the entire fiscal year in
32 the amount of twenty-five dollars (\$25.00). If, after payment of the estimated fee, the
33 public utility's subsequent returns show that application of the percentage rate would
34 yield quarterly fees that total more than twenty-five dollars (\$25.00) for the entire fiscal
35 year, the public utility shall pay the cumulative amount of the fee resulting from
36 application of the percentage rate, to the extent it exceeds the amount of fees, other than
37 any surcharge, previously paid.

38 (d) Use of Proceeds. A special fund in the office of State Treasurer, the Utilities
39 Commission and Public Staff Fund, is created. The fees collected pursuant to this
40 section and all other funds received by the Commission or the Public Staff shall be
41 deposited in the Utilities Commission and Public Staff Fund. The Fund shall be placed
42 in an interest bearing account and any interest or other income derived from the Fund
43 shall be credited to the Fund. The Utilities Commission and Public Staff Fund shall be
44 subject to the provisions of the Executive Budget Act except that no unexpended

1 surplus of the Fund shall revert to the General Fund. All funds credited to the Utilities
2 Commission and Public Staff Fund shall be used only to pay the expenses of the
3 Commission and the Public Staff in regulating public utilities in the interest of the
4 public as provided by this Chapter; the funds shall be appropriated, reserved, set aside,
5 and made available annually by the General Assembly until expended for this purpose."

6 Sec. 2. (a) There is appropriated from the General Fund to the Department of
7 Commerce the sum of one million five hundred twenty-eight thousand dollars
8 (\$1,528,000) for the 1989-90 fiscal year to pay the cost of operations of the North
9 Carolina Utilities Commission for the period July 1, 1989, through December 31, 1989.

10 (b) There is appropriated from the General Fund to the Department of Commerce
11 the sum of two million twelve thousand dollars (\$2,012,000) for the 1989-90 fiscal year
12 to pay the cost of operations of the Public Staff of the North Carolina Utilities
13 Commission for the period July 1, 1989, through December 31, 1989.

14 (c) When the proceeds of the regulatory fee provided by this act become
15 available to the Utilities Commission and Public Staff Fund in an amount sufficient to
16 pay the cost of operations of the Utilities Commission and the Public Staff, the funds
17 appropriated by this section may no longer be used for that purpose and any part of the
18 funds appropriated that remains unspent shall revert to the General Fund.

19 Sec. 3. G.S. 62-301 is repealed.

20 Sec. 4. This act shall become effective July 1, 1989, and applies to public
21 utility North Carolina jurisdictional revenues earned on or after that date. ♦