

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 190

Government Performance Audit Select Committee Substitute Adopted 7/24/93

Short Title: GPAC/Restructure Dept. of Commerce.

(Public)

Sponsors:

Referred to: Rules and Operation of the Senate.

February 17, 1993

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE JOINT LEGISLATIVE UTILITY REVIEW COMMITTEE TO STUDY RECENT RULINGS BY THE UTILITIES COMMISSION ON THE REGULATORY TREATMENT OF THE GAIN ON SALE OF WATER AND SEWER FACILITIES AND TO STUDY MUNICIPAL ELECTRIC UTILITY SYSTEMS, AND TO DIRECT THE NORTH CAROLINA UTILITIES COMMISSION TO STUDY ALTERNATIVE MEANS OF RATE MAKING FOR NATURAL GAS COMPANIES.

The General Assembly of North Carolina enacts:

Section 1. (a) The Joint Legislative Utility Review Committee shall study the recent rulings by the Utilities Commission on the regulatory treatment of the gain on sale of water and sewer facilities, and shall examine the impact of those rulings on expanding municipalities, the effect on the ratepayers of municipal utilities, and the effect on the shareholders of the water and sewer utilities. The Committee shall make findings and a recommendation on the need for legislation to modify or reverse those rulings and shall report the results of its study to the 1993 General Assembly, 1994 Regular Session.

(b) The Joint Legislative Utility Review Committee shall:

(1) Study municipal electric utility systems serving customers outside the corporate limits, concentrating on the following areas:

a. Whether cities have successfully organized their electric utility systems to allow participation either by customers inside the

1 corporate limits, by customers outside the corporate limits, or
2 by customers both inside and outside the corporate limits; and

- 3 b. Electric rates for customers with city service compared with
4 what those rates might be if a private utility served areas inside
5 and outside the city that the city currently serves, such analysis
6 also to examine what would happen to in-city rates if out-of-
7 city customers were no longer served.

8 The study required by this subdivision may focus on a particular
9 system or systems.

- 10 (2) Study the feasibility of establishing special competitive electrical rates
11 in North Carolina in order to attract more industries to the State.
12 (3) Study the rate disparity between investor-owned electric utilities in
13 North Carolina, and suggest methods of eliminating that disparity.
14 (4) Study the need for regulation of municipal electric utility systems by
15 the Utilities Commission.
16 (5) Determine whether municipal electric utility systems are providing
17 special rates for economic development purposes and whether such
18 rates comply with State law.

19 The Committee shall report its findings and any recommendations to the 1993 General
20 Assembly, 1994 Regular Session.

21 Sec. 2. (a) The North Carolina Utilities Commission shall study and conduct
22 public hearings on alternative means of rate making for natural gas companies to
23 determine whether alternative rate-making procedures would facilitate the provision of
24 natural gas service throughout the State. As part of this study, the Commission shall
25 evaluate whether rates so established adversely affect, or would affect, the ability of
26 industries within North Carolina to compete with industries in other states.

27 (b) The North Carolina Utilities Commission shall report its findings and any
28 recommendations to the Joint Legislative Utility Review Commission no later than July
29 1, 1995.

30 Sec. 3. This act is effective upon ratification.