

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:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE RATIFICATION BY THE GENERAL ASSEMBLY OF ANY RATES
3 PROPOSED BY AN ELECTRIC PUBLIC UTILITY THAT INCREASES THE UTILITY'S
4 AUTHORIZED RATE OF RETURN ON EQUITY.

5 The General Assembly of North Carolina enacts:

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

8 "**§ 62-130.1. General Assembly ratification of rates that increase an electric public utility's**
9 **authorized rate of return on equity.**

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

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

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

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

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



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

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

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

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

37 **"§ 62-135. Temporary rates under bond.**

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

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

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

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

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

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

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

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

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