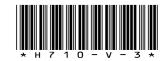
GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

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HOUSE BILL 710 Committee Substitute Favorable 5/9/13 Third Edition Engrossed 5/15/13

	Short Title:Water Utility Recovery.(Public)				
	Sponsors:				
	Referred to:				
	April 11, 2013				
1	A BILL TO BE ENTITLED				
2	AN ACT TO PERMIT WATER UTILITIES TO ADJUST RATES FOR CHANGES IN				
3	COSTS BASED ON THIRD-PARTY RATES AND TO AUTHORIZE THE UTILITIES				
4	COMMISSION TO APPROVE A RATE ADJUSTMENT MECHANISM FOR WATER				
5	AND SEWER UTILITIES TO RECOVER COSTS FOR WATER AND SEWER SYSTEM				
6	IMPROVEMENTS.				
7	The General Assembly of North Carolina enacts:				
8	SECTION 1. Chapter 62 of the General Statutes is amended by adding a new				
9	section to read:				
10	"§ 62-133.11. Rate adjustment for changes in costs based on third-party rates.				
11	(a) The Commission shall permit a water or sewer public utility to adjust its rates				
12	approved pursuant to G.S. 62-133 to reflect changes in costs based solely upon changes in the				
13	rates imposed by third-party suppliers of purchased water or sewer service, including				
14	applicable taxes and fees.				
15	(b) Any water or sewer public utility seeking to adjust its rates pursuant to this section				
16	shall file a verified petition in such form and detail as the Commission may require.				
17	(c) The Commission shall issue an order approving, denying, or approving with				
18	modifications a rate adjustment requested pursuant to this section within 60 days of the date of				
19	filing of a completed petition, unless that time is for good cause extended up to a maximum of				
20	<u>90 days.</u> "				
21	SECTION 2. Chapter 62 of the General Statutes is amended by adding a new				
22	section to read:				
23	"§ 62-133.12. Rate adjustment mechanism based on investment in repair, improvement,				
24	and replacement of water and sewer facilities.				
25	(a) <u>The Commission may approve a rate adjustment mechanism in a general rate</u>				
26	proceeding pursuant to G.S. 62-133 to allow a water or sewer public utility to recover through a				
27	system improvement charge the incremental depreciation expense and capital costs associated				
28	with the utility's reasonable and prudently incurred investment in eligible water and sewer				
29	system improvements. The Commission shall approve a rate adjustment mechanism authorized				
30	by this section only upon a finding that the mechanism is in the public interest. The frequency				
31	and manner of rate adjustments under the mechanism shall be as prescribed by the				
32	Commission.				
33	(b) For purposes of this section, "eligible water system improvements" or "eligible				
34	sewer system improvements" shall include only those improvements found necessary by the				



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1	Commission to enable the water or sewer utility to provide safe, reliable, and efficient service				
2	in accord	in accordance with applicable water quality and effluent standards.			
3	<u>(c)</u>	<u>For p</u>	purposes of this section, "eligible water system improvements" means:		
		(1)	Distribution system mains, valves, utility service lines (including meter		
			boxes and appurtenances), meters, and hydrants installed as in-kind		
			replacements.		
		<u>(2)</u>	Main extensions installed to eliminate dead ends and to implement solutions		
			to regional water supply in order to comply with primary and, upon specific		
			Commission approval, secondary drinking water standards.		
		(3)	Equipment and infrastructure installed to comply with primary drinking		
			water standards.		
		<u>(4)</u>	Equipment and infrastructure installed at the direction of the Commission to		
			comply with secondary drinking water standards.		
		<u>(5)</u>	Unreimbursed costs of relocating facilities due to highway projects.		
	<u>(d)</u>	For t	he purposes of this section, "eligible sewer system improvements" means:		
		<u>(1)</u>	Collection main extensions installed to implement solutions to wastewater		
			problems.		
		<u>(2)</u>	Improvements necessary to reduce inflow and infiltration to the collection		
			system to comply with applicable State and federal law and regulations.		
		(3)	Unreimbursed costs of relocating facilities due to highway construction or		
			relocation projects.		
		<u>(4)</u>	Pumps, motors, blowers, and other mechanical equipment installed as		
			in-kind replacements for customers.		
	<u>(e)</u>	The	Commission shall provide for audit and reconciliation procedures, including		
	measures	s for re	efunds of any over-collections under the system improvement charge with		
	interest p	oursuant	t to G.S. 62-130(e).		
	<u>(f)</u>	The	Commission may eliminate or modify any rate adjustment mechanism		
	<u>authorize</u>	authorized pursuant to this section upon a finding that it is not in the public interest.			
	<u>(g)</u>				
		rate adjustment mechanism approved by the Commission under this section may not exceed			
		five percent (5%) of the total annual service revenues approved by the Commission in the water			
	or sewer	or sewer utility's last general rate case."			
		SECTION 3. This act is effective when it becomes law.			