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CHAPTER 6

NATURAL GAS

ARTICLE 1.

GENERAL.

Rule R6-1. Application of rules.

These rules apply to any gas utility operating within the State of North Carolina under the jurisdiction of the North Carolina Utilities Commission and also to interstate natural gas companies having pipeline facilities located in North Carolina insofar as safety is concerned.

(1) These rules are intended to promote safe and adequate service to the public, to provide standards for uniform and reasonable practices by utilities, and to establish a basis for determining the reasonableness of such demands as may be made by the public upon the utilities.

(2) If unreasonable hardship to a utility or to a customer results from the application of any rule herein prescribed, application may be made to the Commission for the modification of the rule or for temporary or permanent exemption from its requirements.

(3) The adoption of these rules shall in no way preclude the Commission from altering or amending them, or from making such modifications with respect to their application as may be found necessary to meet exceptional conditions.

(4) These regulations shall in no way relieve any utility from any of its duties under the laws of this State.

(NCUC Docket No. G 100, Sub 9, 7/26/67.)

Rule R6-2. Definitions.

(a) "Utility" means any gas company operating under the jurisdiction of the Commission, including in the case of safety rules and regulations, any interstate pipeline company subject to the safety jurisdiction of the Commission pursuant to G.S. 62 50.

(b) "Customer" means any person, firm, association, or corporation, or any agency of the federal, State, or local government, being supplied with gas service by a gas utility.

(c) "Premises" means a piece of land or real estate, including buildings and other appurtenances thereon.

(d) "Gas plant" means all facilities owned by a gas utility for the production, storage, transmission, and distribution of gas.

(e) "Main" means a gas pipe, owned, operated, or maintained by a utility, which is used for the purpose of transmission or distribution of gas, but does not include "gas service line."

(f) "Gas service line" is the pipe that runs between a main or a pipeline and a customer's meter.

(g) "Meter," without other qualification, shall mean any device, or instrument which is used by a utility in measuring a quantity of gas.

(h) "Check flow" means a flow at approximately 20% of the rated capacity of a meter at a pressure of 1 1/2" water column on prover.

(i) "Full rated flow" means a flow of 100% of the rated capacity of meter at a pressure of 1 1/2" water column on prover.

(j) "Open rated flow" means a flow with meter outlet unrestricted at a pressure of 1 1/2" water column on prover.

(k) "Cubic foot" of gas as used in these rules shall have the following meanings:

(1) Where gas is supplied and metered to customers at the pressure normally used for domestic customers' appliances, a cubic foot of gas shall be that quantity of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot.

(2) When gas is supplied to customers at other than the pressure in (1) above, a cubic foot of gas shall be that quantity of gas which, at a temperature of 60° F. and a base pressure of 14.73 pounds per square inch absolute, occupies one cubic foot, atmospheric pressure assumed to be 14.73.

(3) The standard cubic foot of gas for testing the gas itself for heating value shall be that quantity of gas, saturated with water vapor, which at a temperature of 60° F. and a pressure of 30 inches of mercury, occupies one cubic foot. (Temperature of mercury = 32° F. acceleration due to gravity = 32.17 feet per second; density 13.595 grams per cubic centimeter).

(l) "Interruption of service" means any disturbance of the gas supply whereby the pilot flame on the appliances of at least 50 customers shall have been extinguished.

(m) The abbreviations used, and their meanings, shall be as follows:

(1) BTU — British Thermal Unit.

(2) LP Gas — Liquefied Petroleum Gas.

(3) psig — Pounds Per Square Inch, Gauge.

(4) W.C. — Water Column.

(NCUC Docket No. G 100, Sub 9, 7/26/67; NCUC Docket No. G-100, Sub 90, 4/29/11.)

Rule R6-2.1. Repealed by NCUC Docket No. G-100, Sub 79, 12/02/99

ARTICLE 2.

RECORDS AND REPORTS.

Rule R6-3. Location of records.

All records required by these rules, or necessary for the administration thereof, shall be kept within this State, unless otherwise authorized by the Commission. These records shall be available for examination by the Commission, the Public Staff, or their authorized representatives at all reasonable hours.

(NCUC Docket No. M-100, Sub 75, 10/27/77.)

Rule R6-4. Retention of records.

Unless otherwise specified by the Commission, all records required by these rules shall be preserved for the period of time specified in the current edition of the National Association of Regulatory Utility Commissioners' publication "Regulations to Govern the Preservation of Records of Gas, Electric and Water Utilities."
(NCUC Docket No. G-100, Sub 74, 12/4/97.)

Rule R6-5. Data to be filed with the Commission.

The utility shall file with the Commission the following documents and information, and shall maintain such documents and information in a current status:

(1) A copy of the utility's tariff, including the utility's rules, or terms and conditions describing the utility's policies and practices in rendering service. These rules shall include:

- a. The standard total heating value of the gas in BTU's per cubic foot. If necessary, this may be listed by district, division, or community.
- b. The list of the items which the utility furnishes, owns, and maintains on the customer's premises, such as gas services, meters, regulators, vents, and shut-off valves.
- c. General statement indicating the extent to which the utility will provide free service in the adjustment of customer's appliances.
- d. General statement of the utility's policy in making adjustments for wastage of gas when such wastage occurs without the knowledge of the customer.
- e. A statement indicating the minimum number of days allowed for payment of the gross amount of the customer's bill before service will be discontinued for nonpayment.

(2) A copy of each special contract for service.

(3) A copy of each type of customer bill form.

(4) A map showing the utility's operating area. This map shall be revised annually unless such revision is unnecessary, in which event the utility shall notify the Commission that the map on file is current. The map should show:

- a. Gas production plant.
- b. Principal storage holders.
- c. Principal transmission and distribution mains by size.
- d. System metering (supply) points.
- e. State boundary crossings.
- f. Franchise area.
- g. Names of all communities (post offices) served.

(5) The name, title, address, and telephone number of the person who should be contacted in connection with:

- a. General management duties.
- b. Customer relations (complaints).
- c. Engineering operations.
- d. Meter tests and repairs.
- e. Emergencies during nonoffice hours.

(6) A copy of the utility's construction and operational budget filed annually by said utility.

(7) Monthly reports of gas service.

- a. Each utility shall file a "Gas Service" monthly report, on forms provided by the Commission, showing:
 1. The daily and the monthly average heating value of the gas.
 2. Interruptions of service occurring during the month.
 3. Meter report G 1 (revised).

- b. These reports shall be due in the Commission's offices within thirty (30) days after the end of the month reported.
- (8) The responsibility for the maintenance of necessary records to establish that compliance with these rules has been accomplished rests with the utility. Such records shall be available for inspection at all times by the Commission or the Commission Staff or the Public Staff.
- (9) Two copies of annual report on forms furnished by the Commission.
- (10) a. At least 30 days prior to the construction or major reconstruction of any gas pipeline or main intended to be subjected to pressures in excess of 100 psig, a report shall be filed with the North Carolina Utilities Commission setting forth the specifications for such pipeline or main.
- b. The Commission shall be advised with at least 24 hours' notice prior to the testing of any gas pipeline or main intended to be subjected to pressures in excess of 100 psig.
- c. Within 60 days after the construction of any gas pipeline or main intended to be subjected to pressures in excess of 100 psig is placed in operation, a report shall be filed with the North Carolina Utilities Commission certifying the maximum pressure to which the line is intended to be subjected and also certifying that the pipeline has been constructed and tested in accordance with the requirements of the rules herein prescribed, which report shall include the results of all tests made pursuant thereto. No gas pipeline shall be operated at pressures in excess of the pressure for which it was certified to the North Carolina Utilities Commission.
- (11) Each franchised natural gas local distribution company (LDC) shall file reports with the Commission detailing its plans for providing natural gas service in unserved areas of its franchised territory. Such reports shall be updated at least every two years on or before October 31 of odd numbered years and, at a minimum, shall include the following:
- (a) A map or maps that show the LDC's existing franchise area and areas where gas is currently available, including municipalities and unincorporated areas, and the locations of transmission and high pressure distribution mains outside of corporate limits.
 - (b) If the LDC had a project to serve an unserved area in progress at the time the immediately preceding report was filed, a description of each such project, including, as appropriate, its current status and its estimated date of completion.
 - (c) A summary of all requests or inquiries about service from potential large commercial and industrial customers considering locations not economically feasible to serve under the LDC's approved plan for the extension of mains and service lines.
 - (d) If the LDC has no unserved areas, the report should so state and no further information, beyond that required above, is required to be included.
 - (e) If the LDC has one or more unserved areas within its franchise territory, the following additional information must be included:
 - (i) A description of project(s) that would extend natural gas to such unserved areas, including maps showing the proposed routes for

natural gas pipelines and the proposed timetable for completion of the project(s). Said maps should show the areas in which the LDC plans to offer natural gas service within the next three years, including the location of proposed facilities, relative to currently served areas.

- (ii) An explanation of the reason(s) it is not proposing to extend natural gas service to each unserved area.
- (iii) Construction budgets for each planned project.
- (iv) An estimate of the number of customers to be served from each planned project, broken down as to customer class with projected annual revenues from each class and total revenues from all projects for each of the next three years subsequent to completion.
- (v) A present value analysis for each planned project.
- (vi) A financing plan detailing the key terms for possible sources of funds to finance each planned project, including natural gas expansion funds, natural gas bonds, contributions in aid of construction, various types of public financing, or issuances of debt, equity, and other types of external financings.
- (vii) All workpapers supporting the determinations, analysis, or conclusions contained in the study or studies shall be provided to the Commission and the Public Staff. If additional information is required, each LDC will provide such information promptly upon request to the Commission and the Public Staff.

(NCUC Docket No. G-100, Sub 7, 5/31/67; NCUC Docket No. G-100, Sub 34, 10/5/77; NCUC Docket No. M-100, Sub 75, 10/27/77; NCUC Docket No. G-100, Sub 53, 10/25/89; 8/18/94; NCUC Docket No. G-100, Sub 74, 12/4/97; G-100, Sub 86, 09/04/03.)

Rule R6-5.1. NOTICE OF TARIFF CHANGES.

Each tariff filing involving any change in any existing tariff, whether made in the context of a general rate case or any other type of proceeding, shall include a copy of the existing tariff showing by cross outs and italicized inserts all proposed changes in rates, charges, terms and conditions, service rules and regulations, and other text.

(NCUC Docket No. G-100, Sub 46, 1/21/87.)

Article 3.
General Requirements.

Rule R6-6. Disposition of gas.

- (a) All gas sold by a utility shall be on the basis of meter measurement unless otherwise authorized by the Commission.
- (b) Wherever practicable, consumption of gas within the utility itself, or by administrative units associated with it, shall be metered.

Rule R6-7. Meter reading sheets, cards or data.

The meter reading sheets, cards or data shall show:

- (1) Customer's name, address, and rate schedule.
- (2) Identifying number and/or description of the meter(s).
- (3) Meter readings.
- (4) If the reading has been estimated.
- (5) Multiplier or constants should be shown if applicable.

(NCUC Docket No. G-100, Sub 74, 12/4/97.)

Rule R6-8. Meter reading interval.

Meters shall be read monthly, except that authority may be obtained from the Commission for reading the meters at other than monthly intervals. As nearly as practicable, utilities shall avoid sending a customer two successive estimated bills.

Rule R6-9. Condition of meter.

No meter shall be installed which is mechanically defective, has an incorrect correction factor or has not been tested and adjusted in accordance with Rule R6 26. The capacity of the meter and the index mechanism should be consistent with the gas requirements of the customer.

Rule R6-10. Temporary service.

When the utility renders temporary service to a customer, it may require that the customer bear all the cost of installing and removing the service in excess of any salvage realized.

Rule R6-11. Extension plan.

Each utility shall develop a plan, acceptable to the Commission, for the installation of extensions of main and service lines where such facilities are in excess of those included in the regular rates for service and for which the customer shall be required to pay all or part of the cost. This plan must be related to the investment that prudently can be made for the probable revenue.

Article 4.
Customer Relations.

Rule R6-12. Customer information.

Each utility shall:

- (1) Maintain up to date maps, plans, or records of its entire transmission and distribution systems, with such other information as may be necessary to enable the utility to advise prospective customers, and others entitled to the information, as to the facilities available for serving any locality.
- (2) Assist the customer or prospective customer in selecting the most economical rate schedule.
- (3) Notify customers, as required by the Commission, affected by a change in rates or schedule classification.
- (4) Post a notice in a conspicuous place in each office of the utility where applications for service are received, informing the public that copies of the rate schedules and rules relating to the service of the utility, as filed with the Commission, are available for inspection.
- (5) Upon request, inform its customers as to the method of reading meters.
- (6) Furnish such additional information as the customer may reasonably request.
- (7) During July and August of each year, consumption for each customer for the twelve-months ending June 30 of such year and the prior year shall be reviewed. If it is found that the customer has either increased or decreased his annual consumption based on the two prior years' consumption to the point it would place him on a different rate schedule, the customer shall be automatically reclassified to the proper rate schedule effective the following September 1. In determining consumption, periods of involuntary curtailment shall be excluded.

Each customer reclassified under this rule shall be notified of the change in rate schedule, along with a copy of the tariff sheets applicable to his old and new rate schedules, at least twenty-one days prior to the effective date of the change.

(NCUC Docket No. G-100, Sub 48, 2/22/91.)

Rule R6-13. Repealed by NCUC Docket No. M-100, Sub 28, 5/6/70, effective July 1, 1970.

Rule R6-14. Customer bill forms.

The utility shall bill each customer as promptly as possible following the reading of his meter. The bill shall show:

- (1) The reading of the meter at the beginning and at the end of the period for which the bill is rendered.
- (2) The date on which the meter was read at the end of the billing period.
- (3) The number of units metered.
- (4) Identification of the applicable rate schedule.
- (5) The gross and/or net amount of the bill.
- (6) The date by which the customer must pay the bill in order to benefit from any discount or to avoid any penalty.
- (7) A distinct marking to identify an estimated bill.
- (8) Any conversion from meter reading units to billing units, or any calculations to determine billing units from recording or other devices, or any other factors, such as purchased gas or fuel adjustments, used in determining the bill. In lieu of such information on the bill, a statement must be on the bill advising that such information can be obtained by contacting the utility's principal office.

Rule R6-15. Adjustment of bills due to inaccurate meters for residential and small commercial customers.

Bills which are incorrect due to meter errors where the meters in question have not been tampered with by the customer are to be adjusted as follows:

(1) Meter Accuracy. — Whenever a meter in service is tested and found to be accurate within 2%, there shall be no adjustment to the customer's bill.

(2) Billing Adjustments. — Billing adjustments due to fast or slow meters shall be calculated on the basis that the meter should be 100% accurate. The actual accuracy shall be the accuracy determined by averaging the results at the check and open rated flow.

- (a) Fast Meters. — Whenever a meter in service is tested and found to have overregistered more than 2%, the utility shall adjust the customer's bill for the excess amount paid as determined below, except that the utility need not adjust the customer's bill if the excess amount paid is less than \$5.00.
 - (i) If the time at which the error first developed or occurred can reasonably be determined, the estimated amount of overcharge is to be based on the actual period of the overcharge but not to exceed a maximum of three (3) years from the discovery of the error.
 - (ii) If the time at which the error first developed or occurred cannot reasonably be determined, the estimated amount of overcharge is to be based on the most recent twelve (12) month period from the discovery of the overcharge.
 - (iii) No part of the minimum bill or facilities charge shall be refunded.
 - (iv) The utility shall not be required to make refunds to more than the last two customers who purchased gas through a fast meter as defined in the rule.
- (b) Slow Meters. — Whenever a meter in service is tested and found to have underregistered more than 2%, the utility shall adjust the customer's bill for the deficient amount due as determined below except that the utility need not adjust the customer's bill if the deficient amount due is less than \$5.00.
 - (i) Regardless of whether the time at which the error first developed can or cannot reasonably be determined, the estimated amount of undercharge may not exceed one (1) year.
 - (ii) When billing for the underregistered usage and the undercharge exceeds \$25.00, the utility shall allow the customer the option of paying the undercharge in equal payments, without any penalty or interest charges, for a period of time equal to the period during which the meter underregistered, up to a maximum of one (1) year.
- (c) Nonregistering Meters. — Whenever a meter is found to be stopped, the utility may estimate and bill the customer the proper charge for the unregistered service by reference to the customer's consumption during similar normal periods or by such method as the Commission may authorize or direct.
 - (i) The utility may backbill the customer from the point in time the meter stopped, up to a maximum of twelve (12) months.

- (ii) When billing for the nonregistered usage, the utility shall allow the customer the option of paying the undercharge in equal payments, without any penalty or interest charges, for a period not to exceed the customer's next six (6) billing periods.

(NCUC Docket No. G-100, Sub 71, 8/1/96.)

Rule R6-16. Reasons for denying service.

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the customer shall be allowed a reasonable time in which to comply with the rule before service is discontinued.

- (1) Without notice in the event of a condition determined by the utility to be hazardous.
 - (2) Without notice in the event of customer use of equipment in such a manner as to adversely affect the utility's equipment or the utility's service to others.
 - (3) Without notice in the event of tampering with the equipment furnished and owned by the utility.
 - (4) Without notice in the event of unauthorized use.
 - (5) For violation of and/or noncompliance with these rules and regulations.
 - (6) For failure of the customer to fulfill his contractual obligations for service and/or facilities subject to regulation by the Commission.
 - (7) For failure of the customer to permit the utility reasonable access to its equipment.
 - (8) Repealed by NCUC Docket No. M-100, Sub 28, 5/6/70, effective July 1, 1970.
 - (9) Repealed by NCUC Docket No. M-100, Sub 28, 5/6/70, effective July 1, 1970.
 - (10) For failure of the customer to furnish such service equipment, permits, certificates, and/or rights of way, as shall have been specified by the utility as a condition to obtaining service, or in the event such equipment or permissions are withdrawn or terminated.
- (NCUC Docket No. M-100, Sub 28, 5/16/70.)

Rule R6-17. Insufficient reasons for denying service.

The following shall not constitute sufficient cause for refusal of service to a present or prospective customer:

- (1) Delinquency in payment for service by a previous occupant of the premises to be served.
- (2) Failure to pay for merchandise purchased from utility.
- (3) Failure to pay for a different type or class of public utility service.
- (4) Failure to pay the bill of another customer as guarantor thereof.

Rule R6-18. Change in character of service.

The following procedure shall be followed whenever there is a material change in the character of the gas service:

(1) Changes under the Control of the Utility. — The utility shall make such changes only with the approval of the Commission, and after adequate notice to the customers.

(2) Changes Not under the Control of the Utility. — The utility shall maintain the proper combustibility of the gas supplied at the heating valve and specific gravity existing at the customers' meters (See Rule R6-34(b)).

Rule R6-19. Customer complaints.

(a) Complaints concerning the charges, practices, facilities or service of the utility shall be investigated promptly and thoroughly. The utility shall keep such records of customer complaints as will enable it to review and analyze its procedures and actions.

(b) A report of incorrectly adjusted appliances shall be given prompt attention.

Rule R6-19.1. Priorities for limitations on new service.

(a) Any natural gas company in North Carolina placing any limitations on sales of gas to new customers shall file within thirty (30) days with this Commission a program for sales to new customers and additional sales to existing customers as may be required because of insufficient gas supply, which program shall provide the following order of priorities for such service:

- (1) Gas service to all residential customers requesting service who can be feasibly served, including multiple housing.
- (2) Gas service to small commercial and small industrial users whose requirements do not exceed 20 Mcf per day.
- (3) Industrial customers utilizing natural gas as a raw material or in direct application of gas flame where no other heat is usable.
- (4) Large commercial customers whose requirements exceed 20 Mcf per day.
- (5) Large industrial customers whose requirements exceed 20 Mcf per day.
- (6) Preferred interruptible customers.
- (7) Interruptible customers.
- (8) Dump schedule customers.

(b) Said natural gas utilities shall file such restrictive sales program with this Commission in accordance with subsection (a) of this rule in tariff form, including limitations of the size of interruptible customers, if any, within 30 days after the date of this rule.

(c) All natural gas utility companies in North Carolina without sufficient gas supply for peak day demand shall install as needed sufficient peak shaving equipment to meet the needs of residential customers.

(NCUC Docket No. G-100, Sub 12, 7/27/71, 7/29/71; NCUC Docket No. G-100, Sub 79, 12/02/99.)

Rule R6-19.2. Curtailment of service.

(a) In the event that a North Carolina retail gas utility cannot supply the demands of all its customers, the utility shall curtail the customers paying the least margin per dekatherm first. This applies to all customers, be they transportation customers, regular sales rate customers, municipal customers or otherwise. However, if operating conditions require some interruption of service to a particular geographical area instead of a utility's entire system, then curtailment by margin should be applied only to those customers within the affected areas.

(b) If it is necessary to interrupt some but not all customers paying the same margin per dekatherm, then, to the extent practicable, service shall be curtailed to the customers paying the same margin per dekatherm on a pro rata basis for the season.

(c) For the convenience of wording in tariffs, the following definitions of priorities by end use will be retained. However, these priorities are not to be used for purposes of curtailment priorities unless the Commission so orders pursuant to section (d) below.

(i) Priority 1. Residential. Essential Human Needs With No Alternate Fuel Capability. Commercial less than 50 Mcf/day.

1.1 Residential requirements and essential human needs with no alternate fuel capability.

1.2 Commercial less than 50 Mcf/day.

Priority 2. Industrial Less Than 50 Mcf/day. Process, Feedstock and Plant Protection With No Alternate Fuel Capability. Large commercial requirements of 50 Mcf or more per day except for large commercial boiler fuel requirements above 300 Mcf/day.

2.1 Industrial less than 50 Mcf/day.

2.2 Commercial between 50 and 100 Mcf/day.

2.3 Commercial greater than 100 Mcf/day, non boiler use.

2.4 Commercial greater than 100 Mcf/day, with no alternate fuel capability.

2.5 Industrial process, feedstock and plant protection between 50 and 300 Mcf/day, with no alternate fuel capability.

2.6 Industrial process, feedstock and plant protection between 300 and 3,000 Mcf/day, with no alternate fuel capability.

2.7 Industrial process, feedstock and plant protection greater than 3,000 Mcf/day, with no alternate fuel capability.

2.8 Commercial over 100 Mcf/day (excluding commercial Priorities 2.3 and 2.4 and commercial boiler fuel requirements over 300 Mcf/day).

Priority 3. All other industrial requirements not greater than 300 Mcf per day.

3.1 Industrial non boiler between 50 and 300 Mcf per day.

3.2 Other industrial between 50 and 300 Mcf per day.

Priority 4. Non boiler use between 300 and 3,000 Mcf/day.

Priority 5. Non boiler use greater than 3,000 Mcf/day.

Priority 6. Boiler fuel requirements of more than 300 Mcf per day but less than 1,500 Mcf per day.

Priority 7. Boiler fuel requirements between 1,500 and 3,000 Mcf/day.

Priority 8. Boiler fuel requirements between 3,000 and 10,000 Mcf/day.

Priority 9. Boiler fuel requirements greater than 10,000 Mcf/day.

(ii) Definitions.

Residential: Service to customers which consists of direct natural gas usage in residential dwelling for space heating, air conditioning, cooking, water heating, and other residential uses.

Commercial: Service to customers engaged primarily in the sale of goods or services, including institutions and governmental agencies, for uses other than those involving manufacturing or electric power generation.

Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power.

Plant Protection Gas: Minimum quantities required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed but shall not include deliveries required to maintain plant production.

Feedstock Gas: Natural gas used as a raw material for its chemical properties in creating an end product, including atmospheric generation.

Process Gas: Gas use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics.

Boiler Gas: Gas used as a fuel for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity.

Alternate Fuel Capability: A situation where the capability to burn a nongaseous fuel is actually installed.

Essential Human Needs: Hospitals, nursing homes, orphanages, prisons, sanitariums, and boarding schools, and gas used for water and sewage treatment.

Emergency Service: Service which if denied would cause shut down of an operation which in turn would

result in plant closing.

Margin:

Margin is defined as the filed tariff rate per unit of gas or negotiated rate per unit of gas of a customer, less the cost per unit of gas as determined in the Company's last general rate case or Purchased Gas Adjustment proceeding, adjusted for any temporary decrements or increments in the filed tariff rate.

(d) The Commission may change the curtailment priority system from one of curtailment by margin to curtailment by the end use characteristics listed in the priorities defined in section (c) above, if the Commission so orders, based on good cause shown, upon the Commission's own motion or petition of any interested party. Notice and opportunity to comment shall be given to all North Carolina retail gas utilities, the Public Staff, the Attorney General, and any other parties within the Commission's discretion before such change takes effect.

(e) For end users on the municipal gas systems served by Piedmont Natural Gas Company, Inc. (Piedmont), curtailment shall be on the basis of the combined margin they pay to the City and Piedmont (i.e., the rate the end user is paying to the City behind Piedmont's system rather than the rate the City is paying to Piedmont governs those customers' curtailment priority).

(f) During July and August of each year, consumption for each customer for the twelve-months ending June 30 of such year and the prior year shall be reviewed. If it is found that the customer has either increased or decreased his annual consumption based on the two prior years' consumption to the point it would place him in a different priority classification, the customer shall be automatically reclassified to the proper priority classification effective the following September 1. In determining consumption, periods of involuntary curtailment shall be excluded.

(NCUC Docket No. G-100, Sub 12, 4/1/71; NCUC Docket No. G-100, Sub 24, 9/9/75; NCUC Docket No. G-100, Sub 24, 10/25/77; NCUC Docket No. G-100, Sub 24, 10/11/78; NCUC Docket No. G-100, Sub 24, 10/18/78; NCUC Docket No. G-100, Sub 24, 1/10/79; NCUC Docket No. G-100, Sub 51, 10/31/89; NCUC Docket No. G-100, Sub 48, 2/22/91; G-100, Sub 78, 06/30/99; NCUC Docket No. G-100, Sub 79, 12/02/99; NCUC Docket No. G-100, Sub 90, 4/29/11.)

Rule R6-19.3. Use of natural gas in torches. Repealed. (NCUC Docket No. G-100, Sub 25A, 07/20/04)

Article 5.

Engineering.

Rule R6-20. Requirement for good engineering practice.

The gas plant of the utility shall be constructed, installed, maintained and operated in accordance with accepted good engineering practice in the gas industry to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property.

Rule R6-21. Acceptable standards.

Unless otherwise specified by the Commission, the utility shall use the applicable provisions in the publications listed below as standards of accepted good practice.

(1) The ASME Guide for Gas Piping Systems — Appendix G-K (Leakage Classification).

(2) The latest edition of the American Standards Association pamphlet, ASA Z21.30, "Installation of Gas Appliances and Gas Piping in Buildings," or the latest edition of the National Board of Fire Underwriters publication, NFPA No. 54, "Piping, Appliances and Fittings for City Gas."

(3) The current edition of the NFPA No. 59, "The Storage and Handling of Liquefied Petroleum Gases at Utility Gas Plants."

(4) "Standard Methods of Gas Testing," Circular No. 48, National Bureau of Standards, 1961. (The applicable portions of this circular have been substantially reproduced in the American Meter Company Handbook E-4, covering the testing of positive displacement meters.)

(5) "Testing Large Capacity Rotary Gas Meters," Research Paper No. 1741, National Bureau of Standards Journal of Research, September, 1946.

(6) "Standard Method of Test for Calorific Value of Gaseous Fuels by Water-Flow Calorimeter," American Society for Testing Materials, Standard D 900-55.

(7) "Purging Principles and Practices," American Gas Association.

(NCUC Docket No. G-100, Sub 7, 5/31/67; NCUC Docket No. G-100, Sub 7, 3/20/68; NCUC Docket No. G-100, Sub 34, 10/5/77.)

Rule R6-22. Acceptable references.

The following publications have not been designated as standards but they may be used as guides to acceptable practice:

(1) "Accuracy of the Recording Gas Calorimeter When Used with Gases of High BTU Content," by John H. Eiseman, National Bureau of Standards, and Elwin A. Potter, Gas Inspection Bureau of the District of Columbia, AGA Publication No. CEP-55-13.

(2) "Orifice Metering of Natural Gas," Report No. 3 of the AGA Gas Measurement Committee.

(3) Reports prepared by the Practical Methods Committee of the Appalachian Gas Measurement Short Course, West Virginia University, as follows:

- a. Report No. 1, "Methods of Testing Large Capacity Displacement Meters."
- b. Report No. 2, "Testing Orifice Meters."
- c. Report No. 3, "Designing and Installing Measuring and Regulating Stations."
- d. Report No. 4, "Useful Tables for Gas Men."
- e. Report No. 5, "Prover Room Practices."

Rule R6-23. Adequacy of supply.

The production and/or storage capacity of the utility's plant, supplemented by the gas supply regularly available from other sources, must be sufficiently large to meet all reasonably expectable demands for firm service.

Rule R6-24. Inspection of gas plant.

Each utility must adopt a program of inspection of its gas plant in order to determine the necessity for replacement and repair. The frequency of the various inspections shall be based on the utility's experience and accepted good practice. Each utility shall keep sufficient records to give evidence of compliance with its inspection program.

ARTICLE 6

INSPECTIONS AND TESTS

Rule R6-25. UTILITY INSPECTIONS AND TESTS.

Each utility shall make inspections and tests of meters and associated metering devices as follows:

(1) Pre-installation Inspections and Tests.

- a. Every meter and/or associated metering device shall be inspected, tested and sealed in the meter shop of the utility before being placed in service, and the accuracy of each meter shall be within the tolerances permitted by Rule R6-26.
- b. New or reconditioned meters which have been sealed at the factory need not be resealed in the meter shop of the utility.
- c. No meter shall be installed if it has been tested as required in subdivision (1)a and held for a period longer than 270 days without retesting.

(2) Tests to Be Made after Removal of Meters from Service. — All meters and/or associated metering devices shall be tested after they are removed from service. Such tests shall be made before the meters and/or associated metering devices are adjusted, repaired, or retired.

(3) Leak Tests. — Repaired meters, and meters that have been removed from service, shall be leak tested prior to installation. New meters shall be leak tested in accordance with a sampling method, acceptable to the Commission.

- a. Meters used for measuring low pressure gas as defined in Rule R6-31(b)(4) shall be tested and subjected to an internal pressure of at least 20" W.C. and checked for the presence of leaks by one of the tests listed below.
- b. Meters other than those which are covered by subdivision (3)a of this rule shall be tested and subjected to an internal pressure of 1.1 times the specified maximum working pressure of the meter if shop tested or if such pressures are available in the field but under no less than the available operating pressure if field tested and checked for the presence of leaks by one of the following tests:
 1. Immersion test.
 2. Soap test.
 3. Pressure drop test of a type acceptable to the Commission.

(4) Request Tests. — Upon request by a customer and at no charge, the utility shall make a test of the meter serving him, provided that such tests need not be made more frequently than once in 18 months.

- a. The customer, or his representative, may be present when his meter is tested.
- b. A report of the results of the test shall be made to the customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test, shall be kept on file at the office of the utility.

(5) Periodic Tests. — These test periods may be extended upon application to and approved by the Commission, provided that the utility can prove by its own records that different test periods are adequate for the protection of the public.

- a. Positive displacement meters.
 1. Up to 251 cfh (at .5 in water column differential pressure with nonabsorptive diaphragm) — 7 years.
 2. Up to 251 cfh (at .5 in water column differential pressure with absorptive type diaphragm) — 5 years.
 3. 251 to 1500 cfh (at .5 in water column differential pressure) — 5 years.
 4. Over 1500 cfh (at .5 in water column differential pressure) — 2 years.
- b. Orifice meters — 6 months.
- c. Base pressure correcting devices — 24 months.
- d. Base volume correcting devices — 24 months.
- e. Secondary standards
 1. Test bottles, one cubic foot — 10 years.
 2. Dead weight testers — 10 years.
- f. Working standards
 1. Bell provers — 5 years.
 2. Rotary displacement test meters — 5 years.
 3. Flow provers — 5 years.
 4. Laboratory quality indicating pressure gauges — 6 months.

(NCUC Docket No. G-100, Sub 79, 12/02/99.)

Rule R6-26. Test procedures and accuracies.

(a) Meters and/or associated metering devices shall be tested at the points and adjusted to the tolerances prescribed below. The test of any unit of metering equipment shall consist of a comparison of its accuracy with the accuracy of a standard. The Commission will use the applicable provisions of the standards listed in Rule R6-21 as criteria of accepted good practice in testing meters.

(b) Positive Displacement Meters.

(1) Accuracy at Test Points.

Flow Adjusted to within
Check flow 98.5%-100.5%
Not less than full
rated flow 98.5% 100.5%

(2) Overall Accuracy. — The accuracy at check flow and the accuracy at not less than open rated flow shall agree within one percent.

(c) Orifice Meters. — Accuracy at test points must be within 1/2%, plus or minus.

(d) Timing Devices. — All recording type meters or associated instruments which have a timing element that serves to record the time at which the measurement occurs must be adjusted so that the timing element is not in error by more than plus or minus 4 minutes in 24 hours.

(e) General.

(1) All meters and/or associated metering devices, when tested, shall be adjusted as closely as practicable to the condition of zero error.

(2) All tolerances are to be interpreted as maximum permissible variations from the condition of zero error. In making adjustments no advantages of the prescribed tolerance limits shall be taken.

Rule R6-27. Facilities and equipment for meter testing.

(a) Each utility shall maintain or designate a meter shop for the purpose of inspecting, testing and repairing meters. The shop shall be open for inspection by authorized representatives of the Commission or the Public Staff at all reasonable times, and the facilities and equipment, as well as the methods of measurements and testing employed, shall be subject to the approval of the Commission.

(b) The area within the meter shop used for the testing of meters shall be designed so that the meters and meter testing equipment are protected from drafts and excessive changes of temperature.

- (1) The calorimetric equipment shall be installed in a suitably located testing station acceptable to the Commission and subject to inspection by the Commission Staff or the Public Staff.

(c) The meters to be tested shall be stored in such manner that the temperature of the meters is substantially the same as the temperature of the prover.

(d) Working Standards. — Each utility shall own and maintain, or have access to, at least one 5 cubic foot bell prover of an approved type, and all other equipment necessary to test meters, which shall be installed in the meter room.

- (1) Means shall be provided to maintain the temperature of the liquid in the meter prover at substantially the same level as the ambient temperature in the prover room.
- (2) The meter prover shall be maintained in good condition and correct adjustment so that it shall be capable of determining the accuracy of any service meter to within one half of one percent.

(e) Each utility having meters which are too large for testing on a 5 cubic foot bell prover shall use a properly calibrated test meter or a properly designed flow prover for testing the large meters.

(f) Working standards must be checked periodically (see Rule R6-25(5)) by comparison with a secondary standard.

- (1) Bell provers must be checked with a cubic foot bottle which has been calibrated by the National Bureau of Standards.
- (2) Rotary displacement test meters must be checked with a bell prover of adequate capacity which has been calibrated by representatives of the National Bureau of Standards.

(g) Extreme care must be exercised in the use and handling of standards to assure that their accuracy is not disturbed.

(h) Each standard shall be accompanied at all times by a certificate of calibration card, duly signed and dated, on which are recorded the corrections required to compensate for errors found at the customary test points at the time of the last previous test.

(i) Each utility must have properly calibrated orifices, as may be necessary, to achieve the rates of flow required to test the meters on its system.

(NCUC Docket No. M-100, Sub 75, 10/27/77.)

Rule R6-28. Records of meters and associated metering devices.

Each utility shall maintain records of the following data, where applicable, for each meter and/or associated metering device until retirement:

- (1) The complete identification — manufacturer, number, type, capacity, multiplier, constants, and pressure rating.
- (2) The dates of installation and removal from service, together with the location.

Rule R6-29. Meter test records.

Each utility shall maintain records of at least the last two tests made of any meter. The record of the meter test made at the time of the meter's retirement shall be maintained for a minimum of 3 years. Test records shall include the following:

- (1) The date and reason for the test.
- (2) The reading of the meter before making any test.
- (3) The accuracy "as found" at check and open rated flow.
- (4) The accuracy "as left" at check and open rated flow.
- (5) In the event test of the meter is made by using a test meter or a flow prover, the utility shall retain all data taken at the time of the test in sufficiently complete form to permit the convenient checking of the test methods and the calculations.

Article 7.
Standards of Quality of Service.

Rule R6-30. Purity requirements.

All gas supplied to customers shall be substantially free of impurities which may cause corrosion of mains or piping, or form corrosive or harmful fumes when burned in a properly designed and adjusted burner.

Rule R6-31. Repealed by NCUC Docket No. G-100, Sub 34, 10/5/77.

Rule R6-32. Pressure surveys and records.

(a) Each utility shall make a sufficient number of pressure measurements on its mains and at the customer's meter so that it will have a substantially accurate knowledge of the pressures in the low, intermediate and high pressure systems in each district, division, or community served by its distribution mains.

(b) All pressure records obtained under this rule shall be retained by the utility for at least 2 years and shall be available for inspection by the Commission's representatives.

Notations on each record shall indicate the following:

- (1) The location where the pressure check was made.
- (2) The time and date of the check.

Rule R6-33. Standards for pressure measurements.

(a) Secondary Standards. — Each utility shall own or have access to a dead weight tester. This instrument must be maintained in an accurate condition.

(b) Working Standards. — Each utility must have water manometers, mercury manometers, laboratory quality indicating pressure gauges and field type dead weight pressure gauges as necessary for the proper testing of the indicating and recording pressure gauges used in determining the pressure on the utility's system.

(c) Periodic Checks. — Working standards must be checked periodically (see Rule R6-25(5)) by comparison with a secondary standard.

(d) Handling of Standards. — Extreme care must be exercised in the handling of standards to assure that their accuracy is not disturbed.

(e) Certificates or Calibration Cards. — Each standard shall be accompanied at all times by a certificate or calibration card, duly signed, and dated, on which are recorded the corrections required to compensate for errors found at the customary test points at the time of the last previous test.

Rule R6-34. Heating value.

(a) **Manufactured and Mixed Gas.** — The heating value of manufactured gas and mixed gas, including LP Gas mixed with air, shall be considered as being under the control of the utility, except that natural gas when mixed with manufactured or LP Gas for peak shaving or emergency purposes shall not be considered a mixed gas.

- (1) The average heating value on any one day shall not exceed or fall below the standard total heating value (see Rule R6-5(1)(a)) by more than five percent.
- (2) The monthly average heating value shall be not less than the standard total heating value.

(b) **Natural and LP Gas.** — The heating value of natural gas and undiluted, commercially pure LP Gas shall be considered as being not under the control of the utility.

(c) **When Appliances to Be Readjusted.** — The utility shall determine the allowable range of monthly average heating values within which its customers' appliances may be expected to function properly without repeated readjustment of the burners. If the monthly average heating value is above or below the limits of the allowable range for two successive months, the customers' appliances must be readjusted in accordance with Rule R6-18.

Rule R6-35. Heating value determination and records.

(a) The utility may not be required to determine the heating value of the gas sold if its gas supply is purchased from pipeline companies which determine the heating value in a manner acceptable to the Commission; however, if the utility sells any of its gas on a BTU basis, it shall determine the heating value and install a calorimeter in the manner provided in subsection (b)(1), (2), (3) of this rule.

(b) The utility, if required to determine heating value under subsection (a) of this rule, shall provide and maintain a calorimeter of a type acceptable to the Commission for the regular determination of the heating value of the gas sold.

- (1) The calorimetric equipment shall be installed in a suitably located testing station acceptable to the Commission and subject to its inspection.
- (2) The accuracy of all calorimeters, as well as the method of making heating value tests, shall be acceptable to the Commission. Recording calorimeters shall be tested with a standard gas at least once each month.
- (3) Heating value test records shall be preserved for at least 3 years.

Rule R6-36. Interruptions of service.

(a) Each utility, except where interruptions are permitted by tariff or contract, shall make reasonable efforts to avoid interruptions of service; but when interruptions occur, service shall be reestablished within the shortest time practicable, consistent with safety.

(b) Each utility shall keep records of interruptions of service on its system and shall make an analysis of the records for the purpose of determining steps to be taken to prevent recurrence of such interruptions. Such records should include the following concerning the interruptions:

- (1) Cause.
- (2) Date and time.
- (3) Duration.
- (4) Location affected.
- (5) Number of customers affected.

(c) Each utility shall notify the Commission by telephone or facsimile of any interruption of service to a major portion of its system.

(d) A detailed, written report on each interruption of service shall be filed within 30 days following the notice required in (c) above.

(e) Planned interruptions shall be made at a time that will not cause unreasonable inconvenience to customers and shall be preceded by adequate notice to those who will be affected.

(NCUC Docket No. G-100, Sub 7, 5/31/67; NCUC Docket No. G-100, Sub 74, 12/4/97.)

Article 8.

Safety.

Rule R6-37. Acceptable standards.

As criteria of accepted good safety practice, the Commission will use the applicable provisions of the standards listed in Rule R6-21.

Rule R6-38. Protective measures.

(a) Each utility shall exercise reasonable care to reduce the hazards to which its employees, its customers, and the general public may be subjected.

(b) The utility shall give reasonable assistance to the Commission in the investigation of the cause of accidents and in the determination of suitable means of preventing accidents.

(c) Each utility shall maintain a summary of all reportable accidents arising from its operations.

Rule R6-39. Safety program.

(a) Each utility shall adopt and execute a safety program, fitted to the size and type of its operations. As a minimum, the safety program should:

- (1) Require employees to use suitable tools and equipment in order that they may perform their work in a safe manner.
- (2) Instruct employees in safe methods of performing their work.
- (3) Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation or drowning, in accepted methods of artificial respiration.

(b) The minimum federal safety standards and the corrosion control standards pertaining to gas pipeline safety and the transportation of natural gas as adopted in 49 CFR, Part 192 and 49 CFR, Part 192 Subpart I, as are in effect on November 15, 1971, and amendments thereto, are adopted and shall be applicable to all natural gas facilities under the jurisdiction of the Commission, except as to those requirements of North Carolina law which exceed or are more stringent than the standards set forth in the above-mentioned federal enactment, and further with the exception of any subsequent modification or amendment to the North Carolina safety standards.

(c) The Federal Safety Standards pertaining to liquefied natural gas facilities, as adopted in 49 CFR, Part 193, and as were in effect on July 15, 1980, and all subsequent amendments thereto, are adopted and shall be applicable to all liquefied natural gas facilities under the jurisdiction of the Commission.

(d) Control of Drug Use. — The Federal Safety Standards pertaining to the control of drug use in natural gas, liquefied natural gas, and hazardous liquid pipeline operations as adopted in 49 CFR, Part 199, and as were in effect on September 19, 1989, and all subsequent amendments thereto, are adopted and shall be applicable to all facilities under the jurisdiction of the Commission.

(e) The Federal Safety Standards pertaining to Grants for State Pipeline Safety Programs; State Adoption of One Call Damage Prevention Program as adopted in 49 CFR, Part 198, and as was in effect on September 20, 1990, and all subsequent amendments thereto, are adopted and shall be applicable to all natural gas facilities under the jurisdiction of the Commission.

(NCUC Docket No. G-100, Sub 13, 12/30/70; NCUC Docket No. G-100, Sub 15, 11/15/71; NCUC Docket No. G-100, Sub 17, 12/20/72; NCUC Docket No. G-100, Sub 19, 11/21/73; NCUC Docket No. G-100, Sub 41, 10/1/80; NCUC Docket No. G-100, Sub 54, 9/19/89; NCUC Docket No. G-100, Sub 56, 12/6/90.)

Rule R6-40. Customer's piping.

Each customer's piping system shall be tested for leaks before service is turned on.

(1) Pressure Test. — If local authorities do not require the pressure test of customer's piping, as set forth in section 2.12, "Test of Piping for Tightness," NFPA Standard No. 54, the utility shall advise the customer of the desirability of having his plumber conduct such a test.

(2) Leakage Test. — Before turning on a gas meter at any location, the piping system supplied shall be tested for leaks by a method at least equal to that described in section 2.13, "Leakage Check after Gas Turn-On," in the latest edition of the American Standard Installation of Gas Appliances and Gas Piping in Buildings, ASA Z21.30.

(NCUC Docket No. M-100, Sub 75, 10/27/77.)

Rule R6-41. Gas leaks and annual reports.

(a) A report of a gas leak shall be considered as an emergency requiring immediate attention.

(b) The reporting rules and requirements regarding transportation of natural gas and other gas by pipeline as adopted in 49 CFR Part 191 in effect on June 4, 1984, and any subsequent amendments thereto, are adopted with the following modifications:

(1) Section 191.3(1)(ii) — Change "\$50,000" to "\$5,000"

(2) Section 191.9(c) — Delete

(3) Section 191.11(b)(2) — Delete

(c) This rule shall be applicable to all natural gas operators subject to the jurisdiction of the Commission pursuant to G.S. 62-50.

(d) All natural gas operators shall submit two (2) copies of each report called for in Part 191 of Title 49, Code of Federal Regulations, to the Commission. The Chief of the Gas Pipeline Safety Division of the Commission is hereby authorized to transmit one (1) copy of each such required report to the U.S. Department of Transportation, Materials Transportation Bureau, Office of Operation and Enforcement.

(NCUC Docket No. G-100, Sub 11, 3/5/70; NCUC Docket No. G-100, Sub 43, 8/6/84.)

Rules R6-42 to R6-46. Repealed by NCUC Docket No. G-100, Sub 34, 10/5/77.

Rules R6-47 to R6-59. Reserved.

Article 9.
Service Areas.

Rule R6-60. Extension of facilities into contiguous occupied territory.

No natural gas utility shall construct or operate natural gas facilities in territory occupied by and receiving similar service from another natural gas utility except upon written notice to the Commission and to the company occupying and serving the territory, opportunity for public hearing, and written approval by the Commission. Territory which has been assigned to a natural gas utility by the Commission shall be presumed occupied by it and receiving similar service from it, subject to a finding by the Commission that the authorized natural gas utility has waived or disclaimed its right to serve, or that it is not feasible for the authorized company to serve, or that service by the authorized company would be less feasible than for the applicant, or that existing service by the authorized company is inadequate or inferior and that the authorized company reasonably will not or cannot render adequate service or that the natural gas utility has forfeited its exclusive franchise rights pursuant to a finding and order of the Commission issued under Rule R6-63.

(NCUC Docket No. G-100, Sub 6, 5/23/67; NCUC Docket No. G-100, Sub 70, 3/19/96.)

Rule R6-61. Construction of pipeline facilities.

No natural gas utility under the jurisdiction of the Commission shall construct or operate a natural gas pipeline facility outside its designated territory to which the utility has exclusive franchise rights or to be connected to an interstate pipeline, including looping of present facilities, from an interstate supplier without having first applied in writing to, and obtained the written approval of the Commission. Such application shall clearly show that the construction proposed is economically and financially feasible, and will not be wastefully duplicative of existing or proposed construction by any other supplier of natural gas in the State, will not constitute an unfair burden upon applicant's customers in the State, and is in the public interest generally.

If the proposed pipeline facility is within a company's designated territory to which the company has exclusive franchise rights and is to a community for initial service, the natural gas utility shall notify the Commission in writing before entering upon construction or operation of the facility.

(NCUC Docket No. G-100, Sub 6, 5/23/67; NCUC Docket No. G-100, Sub 70, 3/19/96.)

Rule R6-62. Service from facilities in another gas utility's territory.

Where a natural gas pipeline constructed, owned, or operated by a natural gas utility subject to jurisdiction of the Commission traverses territory or area designated by the Commission as the authorized territory or service area to which another natural gas utility regulated by the Commission has exclusive franchise rights, and either of said companies finds it necessary or desirable to furnish natural gas for domestic, commercial, industrial, or farm use within an area adjacent to said pipeline and within the boundaries of the territory traversed by the pipeline, the owner of the pipeline shall install the meters, regulators, and taps necessary to furnish the service and shall deliver the natural gas to the company in whose territory or area the pipeline is located at rates and under regulations from time to time filed with and approved by the Commission, and the gas utility having authority to serve in the designated area shall have opportunity to sell and to service said domestic, commercial, industrial, or farm customers.

(NCUC Docket No. G-100, Sub 6, 5/23/67; NCUC Docket No. G-100, Sub 70, 3/19/96.)

Rule R6-63. Forfeiture of exclusive franchise rights.

(a) Purpose. — The purpose of this Rule is to implement the portion of G.S. § 62-36A(b) which provides for expansion of service by each franchised natural gas local distribution company to all areas of its franchise territory within three years, and which further provides that any local distribution company that the Commission determines is not providing adequate service to at least some portion of each county within its franchise territory by July 1, 1998 or within three years of the time the franchise territory is awarded, whichever is later, shall forfeit its exclusive franchise rights to that portion of its territory not being served.

(b) Forfeiture For Failure To Provide Service. — Each natural gas utility shall provide for the expansion of natural gas service to at least some portion of each county within its certificated service territory, as established by the Commission, on or before the following date:

- (i) July 1, 1998 for certificated service territories existing on July 1, 1995, or
- (ii) three years after the date a certificate of public convenience and necessity is awarded for newly certificated service territories, or the natural gas utility shall be subject to forfeiture of its exclusive franchise rights to each such unserved county located within its service territory upon a finding by the Commission that the natural gas utility is not providing adequate service to at least some portion of that county on the applicable date set forth above.

(c) Review Proceedings. — The Commission will initiate a review proceeding for each natural gas utility subject to its jurisdiction following the applicable date set forth in subsection (b)(i) or (ii) above to determine whether the utility is providing adequate service to at least some portion of each county within its franchise territory. The Commission will require the utility to file testimony, and the testimony shall include the following:

- (i) A list of counties in the certificated service territory in which the natural gas utility has no transmission facilities or distribution system in service on such date;
- (ii) A description of any immediate plans the natural gas utility has to serve a portion of any of the unserved counties listed;
- (iii) A description of right-of-way acquisition, natural gas system design work being undertaken, or natural gas system construction work in progress by the natural gas utility on such date in any of the unserved counties listed;
- (iv) Citation by case caption and docket number of any pending application before the Commission for the use of expansion funds for the construction of natural gas facilities in any of the listed unserved counties and a description of the current status of any such expansion fund project to the extent a Commission order approving the project has been issued; and
- (v) Any other information the natural gas utility may wish the Commission to consider relating to its efforts to provide service to the unserved counties listed.

The Commission will allow for interventions by interested persons and will allow all intervenors to participate fully in the review proceedings. The Commission will allow the

Public Staff and other intervenors to file testimony, in which they may propose that counties other than those listed by the utility be considered for forfeiture and provide support for their proposal. The Commission will schedule a hearing and will provide for public notice thereof to be given throughout the franchise territory of the utility. Following the hearing, the Commission shall issue an order in which it will determine whether the natural gas utility is providing adequate service to at least some portion of each county within its franchise territory and if the Commission finds that the utility is not providing adequate service to at least some portion of any such county, the Commission will order that the natural gas utility forfeit its exclusive franchise rights to each such county.

(d) Adequate Service. — The Commission will determine whether adequate service is being provided to at least some portion of each county in a natural gas utility's franchise territory based on the review proceedings provided in subsection (c) above. The requirement that adequate service must be provided by the applicable date set forth in subsection (b)(1) or (ii) above may be deemed to have been met for a given county even though the natural gas utility has not actually begun providing service if the following conditions are met:

- (i) the natural gas utility has completed a substantial amount of design process/service for the construction of natural gas facilities into at least some portion of the county, such as the preparation of engineering design for pipe size and capacity parameter, rectifier facilities, route location, materials specifications, construction specifications and drawings by an engineer sufficient to indicate the facilities to be built; or
- (ii) the natural gas utility has begun to acquire rights-of-way for the construction and operation of natural gas facilities in the county; or
- (iii) by at least six months before the applicable date set forth in subsection (b)(i) or (ii) above, the natural gas utility filed an application that complies with the Commission's applicable orders and rules for use of expansion funds for the construction of facilities into at least some portion of the county; and
- (iv) it appears likely that the construction of the facilities will be completed and service will be provided within two years of the applicable date set forth in subsection (b)(i) or (ii) above.

If the natural gas utility meets the above conditions, it will be given two years from the applicable date set forth in subsection (b)(i) or (ii) above to complete construction of its proposed project and begin providing service. If construction of the facilities included in the proposed project are not substantially completed at the end of the two-year period, the Commission shall issue an order requiring the utility to show cause why the Commission should not find that the requirements of G.S. § 62-36A(b) and of this Rule have not been met and why the Commission should not issue an order declaring the natural gas utility to have forfeited its exclusive franchise rights to such county in which the proposed facilities are not completed and in service.

(NCUC Docket No. G-100, Sub 70, 3/19/96.)

Rules R6-64 to R6-69. Reserved.

Article 10.

Accounting.

Rule R6-70. Uniform system of accounts.

For utilities with annual accounting and reporting periods based on the calendar year, effective January 1, 2002, and for utilities with fiscal year accounting and reporting periods, effective with fiscal years beginning in 2002, the Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act, as currently embodied in the United States Code of Federal Regulations, Title 18, Part 201, and as revised periodically, is hereby adopted by this Commission as its accounting rules for natural gas utilities and is prescribed for the use of all natural gas utilities under the jurisdiction of the North Carolina Utilities Commission, subject to the following exceptions and conditions unless otherwise ordered by the Commission:

(1) All orders and practices of the Commission in effect as of the effective date of this Rule with any accounting impacts that conflict with provisions of the Uniform System of Accounts shall remain in effect, and future such orders and practices with such impacts shall supersede the provisions of the Uniform System of Accounts for North Carolina retail jurisdictional purposes.

(2) All references to federal statutes, federal regulations, and other federal documents are to be ignored or deleted where they are not applicable to the jurisdiction exercised by this Commission.

(3) Instead of natural gas companies being divided into Class A, Class B, Class C, and Class D categories, all companies shall be treated as Class A companies.

(SOURCE: Administrative Order issued in Docket No. G 100, Sub 1, February 18, 1960; NCUC Docket No. G 100, Sub 7, 5/31/67; NCUC Docket No. G 100, Sub 10, 7/26/67; NCUC Docket No. G 100, Sub 20, 5/24/74; NCUC Docket No. G-100, Sub 83, 10/12/01.)

Rule R6-71. Repealed by NCUC Docket No. G-100, Sub 79, 12/02/99.

Rules R6-72 to R6-79. Reserved.

**Article 11.
Depreciation.**

Rule R6-80. Requirements for depreciation studies.

Each natural gas utility shall make a depreciation study at least once every five years. All such studies, including any proposed changes in depreciation rates, shall be submitted to the Commission for approval.

(NCUC Docket No. G-100, Sub 8, 3/23/67; NCUC Docket No. G-100, Sub 10, 7/26/67; NCUC Docket No. G-100, Sub 62, 10/15/92.)

Article 12.
Natural Gas Expansion Funds.

Rule R6-81. General.

(a) Purpose. The purpose of these rules is to implement G.S. 62-158 and G.S. 62-2(9) by providing for the establishment, funding, operation and administration of natural gas expansion funds to promote the public welfare throughout the State. Any such fund is to be used by the franchised natural gas local distribution company for which it is approved for the construction of facilities in its franchised territory to extend natural gas service to areas of the State where natural gas service is not available.

(b) Definitions.

- (1) Economically infeasible: The Project has a negative net present value.
- (2) LDC: Natural gas local distribution company.
- (3) Net present value: The present value of expected future net cash inflows over the useful life of a Project minus the present value of net cash outflows.
- (4) Project: The scope of the construction of facilities to extend service into unserved areas.
- (5) Unserved areas: Counties, cities or towns of which a high percentage is unserved.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-82. Establishment of expansion funds.

(a) Upon petition by an LDC, the Commission may, after a hearing, order the establishment of a special Natural Gas Expansion Fund (Fund) to be used by the petitioning LDC to construct facilities into unserved areas in that LDC's franchised territory that otherwise would be economically infeasible.

(b) Any petition for the establishment of a Fund shall include a showing that there are unserved areas in the LDC's franchised territory and that expansion of natural gas facilities to such areas is economically infeasible. In its petition for the establishment of a Fund, an LDC shall request the Commission to authorize appropriate funding and show the following:

- (1) If approval for the application of supplier refunds to the Fund is sought, the amount of the refunds the LDC has received or which it expects to receive and when it expects to receive them, to the extent then known or reasonably capable of estimation.
- (2) If an expansion surcharge is requested, the amount which the LDC estimates the requested surcharge will generate over periods of one year and three years.

(c) The Commission shall order the petitioning LDC to publish a notice of the petition and the request for funding in a form approved by the Commission. If an expansion surcharge or application of supplier refunds is requested, the Commission shall require the petitioning LDC to mail an approved notice to each of its customers.

(d) In determining the establishment of a fund and the sources and magnitude of the initial funding, the Commission will consider the LDC's showing that expanding to serve unserved areas is economically infeasible and such other factors as the Commission deems reasonable and consistent with the intent of G.S. 62-158 and G.S. 62-2(9). Before ordering the establishment of a fund, the Commission must find that it is in the public interest to do so. Upon the establishment of a fund, the Commission shall provide for appropriate notice of its decision.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-83. Structure and administration of expansion funds.

(a) Upon the establishment of a fund for a petitioning LDC, a special fund in an interest-bearing account shall be created in the office of the State Treasurer to be funded as provided in G.S. 62-158. Any interest or other income derived from the fund shall be credited to the Fund.

(b) After public notice and hearing as provided in Rule R6-82, the Commission may, for an LDC for which a Fund is being or has been established,

- (1) order that refunds from the LDC's suppliers of natural gas and transportation services be placed in the Fund;
- (2) approve an expansion surcharge in accordance with G.S. 62-158(b) to be charged, by separate line item on bills, to all customers purchasing natural gas or transportation service throughout that LDC's franchised territory for service rendered after approval, such surcharge to remain in effect until further order of the Commission, and order the LDC to deposit proceeds collected from such surcharge in the Fund; or
- (3) approve other sources of funding proposed by the LDC in its petition.

(c) Monies received from approved sources of funding shall be remitted to the Commission, as follows:

- (1) Refunds ordered to be placed in the LDC's Fund shall be remitted plus interest to the Commission within ten (10) days of the Commission's order or upon receipt of such refunds.
- (2) Expansion surcharges billed shall be recorded on the books of the LDC in a separate accounts-payable account by customer class prior to their transfer to the Commission. The balance in this account shall be remitted to the Commission by the 20th day of the month following the month in which the surcharges are billed. If surcharges billed are uncollected, such uncollected amount shall be treated as natural gas bad debt losses for ratemaking purposes. To the extent the LDC negotiates a price lower than the tariff rate, any discount will be applied first to the expansion fund surcharge. The amount of the surcharge forfeited due to negotiations shall not be recoverable from the LDC nor shall it be considered a "negotiated loss" for the purpose of the LDC's deferred account.
- (3) Other sources of funding shall be remitted as ordered by the Commission when such sources are approved and when the funds become available to the LDC.

(d) The refunds ordered to be placed in an LDC's Fund, surcharges collected by each LDC pursuant to G.S. 62-158, and any other approved funding shall be deposited in the fund established for that LDC.

(e) The LDC may, at any time, based upon changes in circumstances, request changes in the nature or magnitude of the funding previously approved. If the Commission finds that the request involves a material change in funding, the Commission shall provide for appropriate notice and shall afford an opportunity for review and comment by interested parties. The Commission shall set the request for hearing if it deems it appropriate.

(f) Upon petition for the dissolution of a Fund, the Commission shall consider the status of service in the affected LDC's territory, the feasibility of further expansion and other relevant factors consistent with the intent of G.S. 62-158 and G.S. 62-2(9). Upon

dissolution, the affected LDC shall file a final accounting for the Fund. Any monies remaining in the Fund at the time of dissolution shall be refunded to the rate classes that contributed them pursuant to Commission order.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-84. Approval of expansion projects.

(a) Each LDC that has an established Fund shall, on at least an annual basis, file a request for approval of any Project(s) which previously have not been approved and which it proposes to undertake within the next year and for which it proposes to use expansion funds. The request shall include an analysis of each proposed Project. For each proposed Project, the LDC's analysis shall contain the following:

- (1) A precise geographic description, a map, a detailed description of the physical facilities, including their projected operating parameters, and the arrangements that have been or are proposed to be made to obtain right-of-ways;
- (2) The date when construction is proposed to begin and end, specific construction budgets and a timetable for disbursements from the Fund; and
- (3) A net present value analysis calculated in a generally accepted manner. The net present value calculation shall reflect only the income tax benefits to be realized by the LDC.

(b) The request shall also include a prioritizing of the proposed Projects by the LDC to the extent practicable based upon the degree of feasibility; the existence of an active demand and previous requests for service; the extent of contributions from local governments, potential end users, or others; benefits to the LDC's transmission or distribution system; the improvement in the feasibility of subsequent extensions into relatively densely populated counties or towns resulting from an initial Project, if applicable; and any other relevant factors.

(c) The Commission shall provide for notice of each request for approval filed under this Rule and shall afford an opportunity for review and comment by interested parties. The Commission shall set the request for hearing if it deems it appropriate.

(d) The Commission shall enter an order approving or denying funding on a project-specific basis. The order shall include a finding of the negative net present value of each Project approved, which shall be the maximum amount to be disbursed from the Fund for that Project. In determining the Projects to be approved for each annual period, the Commission shall consider the balance in the fund at the time of the approval, the relative merit of each Project based on customer need, the degree of economic feasibility, and such other factors as the Commission deems pertinent and consistent with the intent of G.S. 62-158 and G.S. 62-2(9). To the extent the Commission's order approving a Project is based on different assumptions, including design, projected load or amount or sources of funding, than those used by the LDC in its request for approval, the LDC shall have the right not to proceed with the Project or to invest its funds in the same, and no use may be made of expansion funds on such Project absent further order of the Commission.

(e) The LDC may, at any time, based upon changes in circumstances, propose modifications with respect to Projects previously approved by the Commission. If the Commission finds such a proposal to constitute a material change in an approved Project, the Commission shall provide for appropriate notice and shall afford an opportunity for review and comment by interested parties. The Commission shall set the proposal for hearing if it deems it appropriate.

(f) If construction on an approved Project has not begun within one year of the order granting approval, the Commission may require the LDC to show cause why the balance in its Fund allocated to such Project should not be allocated to other approved Projects or otherwise disposed of as ordered by the Commission.
(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-85. Disbursements.

(a) Monies from a fund shall be disbursed to the LDC for which the fund was established only as ordered by the Commission. All disbursements shall be used only for the specific Projects for which they were approved. The LDC shall not be required to commence or continue construction of any Project if it appears that the funds available in its Fund will be inadequate to complete construction.

(b) Progress Payments. — Disbursements shall be in the form of reimbursements for actual amounts paid by the LDC. The LDC shall submit a Request for Reimbursement for each approved Project not more often than once a month. Such Requests shall specify the work performed and materials and equipment delivered to the Project during the period covered by the request for reimbursement and be accompanied by the Project Status Report and the Summary of Construction Cost Reimbursement Report described in Rule R6-87. Requests shall also contain a certification that the amounts sought by the LDC have been paid for work completed on and materials provided to the Project. If the request for disbursement complies with these rules and the Commission's order approving the Project for which reimbursement is sought, the request for disbursement shall not be subject to any further proceedings or orders and shall be paid within fifteen (15) days of receipt. If the request raises issues of material fact as to whether such a disbursement is appropriate, the Commission may set the matter for hearing or otherwise resolve any issues as to the appropriateness of the disbursement. The maximum amount of each reimbursement shall be 75% of total expenditures during the period covered by the request. Cumulative reimbursements for the Project shall not exceed the approved negative net present value.

(c) Final Accounting. — Within three years from the date of the Commission's order approving a Project, a final accounting shall be filed showing the actual expenditures to date, disbursements to date, the negative net present value determined by the Commission for the Project, and the balance of funds requested to be disbursed, if any. This information shall be provided in the formats approved by the Commission. Unless the Commission specifically orders otherwise, disbursements for a Project will not be approved after the date the final accounting is approved by the Commission. If the total amount of the approved negative net present value has not been disbursed by the time the final accounting is approved, the Commission shall, upon motion of the LDC and notice to all parties, approve a further disbursement up to the lesser of the approved negative net present value or the actual expenditures to date.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-86. Buy back.

In determining whether or not a buy back of a Project shall be allowed or required, the Commission shall consider: (1) whether the Project in question has become economically feasible and the facilities used and useful as required by G.S. 62-133(b)(1); (2) the impact on the LDC's customers; (3) whether the LDC has or can obtain on reasonable terms the necessary funds; and (4) any other factors relevant to a determination of whether the buy back is in the public interest. No buy back shall be approved unless the records required to be kept by these rules are provided. No buy back will be required unless the LDC has, or can obtain on reasonable terms, funds for remittance on a project financing basis.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-87. Reporting.

(a) A Surcharge Deposit Report shall be filed by an LDC with an approved surcharge on a monthly basis concurrent with each deposit into the Fund. This report shall include, by rate schedule, the information required by the Commission in the format approved by the Commission.

(b) Whenever an LDC with an established Fund seeks to deposit funds from sources other than surcharges, it shall file a Request to Deposit Funds from Other Sources. This report shall contain a description of the source of the funds, the total dollar amount, and the docket number at the Federal Energy Regulatory Commission, if any.

(c) The Commission shall determine the status of each LDC's Fund on a monthly basis and prepare a monthly Expansion Fund Financial Statement for each LDC with an established Fund.

(d) Each LDC with an established Fund shall file reports with each Request for Reimbursement or at least quarterly. These reports shall be filed in the formats approved by the Commission, and these reports are as follows:

- (1) A Summary of Construction Cost Reimbursements and
- (2) A separate Project Status Report for each Project containing three separate sections: (a) Budget Versus Actual Cost Data, (b) Construction Cost Summary, and (c) Current Reimbursement Requested.

(e) A comprehensive annual report on all activity in the Fund for the fiscal year ending November 30 shall be filed by each LDC with an established Fund by February 1 of each year and the report shall be in the format approved by the Commission.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-88. Accounting and ratemaking.

(a) The gas plant accounts shall not include monies disbursed from a Fund. Plant constructed from these monies shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to the plant ledger of accounts. Disbursements from a Fund shall be credited to the accounts charged with the cost of such construction.

(b) Monies disbursed from a fund shall be credited first against transmission main costs, secondly against distribution main costs, and finally to other plant.

(c) No depreciation expense on the portion of the plant cost financed by disbursements from the Fund shall be included in the LDC's cost of service.

(d) Any remittance of monies in order to buy back facilities constructed with monies disbursed from a Fund shall be considered by the Commission only in the context of a general rate case. Any amounts remitted shall be included in rate base in such general rate case. The Commission shall order that any such remittance of monies either be deposited in the LDC's Fund or be refunded to the customer rate classes that contributed the monies, and the Commission may order interest in a reasonable amount to be determined by the Commission.

(NCUC Docket No. G-100, Sub 57, 4/9/92.)

Rule R6-89. Deferral accounting for natural gas expansion.

(a) An LDC may request Commission approval to create a regulatory asset account for the purpose of accruing a return on its investment in transmission lines constructed as part of a Project of the type that would be eligible for use of an expansion fund pursuant to G.S. 62-158. Such a request may be filed with the Commission as part of a request for approval of a Project pursuant to Rule R6-84 but in no event less than 45 days prior to the date the accrual is to begin. AFUDC will accrue during construction; however, the accrual under this Rule shall begin no sooner than the date construction is completed and continue until the date new rates become effective in the LDC's next general rate case in which the investment in the Transmission Facilities are included in the LDC's rate base. The Commission, however, may terminate the accrual upon the motion of any interested party and after notice to the LDC and opportunity for hearing. The accrual under this Rule for a particular project shall not exceed five (5) years unless so authorized by the Commission upon a showing by the LDC of good cause.

(b) For the purposes of this Rule, "Transmission Facilities" shall include the gas pipeline and all appurtenant related facilities, including land, mains, valves, meters, boosters, regulators, compressors and their driving units and appurtenances, and other related equipment constructed as part of the Project, the purpose of which is to facilitate the transportation of natural gas from an interstate pipeline, other portions of the LDC's system including existing transmission mains, or other suppliers of gas for ultimate delivery to a distribution system(s). Transmission Facilities shall end at the inlet side of the equipment which meters or regulates the entry of gas into one or more distribution systems.

(c) In determining whether to approve a request under this rule, the Commission will consider the desirability of providing gas service to the new area covered by the Project, the size and relative infeasibility of the Project for which deferral accounting is sought, the LDC's overall expansion plans as reported pursuant to G.S. 62-36A, the LDC's currently earned return on equity, the amount of the investment as a percentage of the LDC's rate base and the amount of the anticipated accrual as a percentage of the LDC's revenues, the estimated impact of the accrual on rates when the investment is included in the LDC's rate base in a general rate case, and any other factors affecting the public interest.

(d) The anticipated accrual under this Rule shall not affect the calculation of the net present value of a Project for the purpose of the use of an expansion fund pursuant to G.S. 62-158 and Rule R6-84. Approval of the use of expansion funds as partial funding for a Project pursuant to G.S. 62-158 is not required for the Project to be eligible for Commission approval of the deferral accounting treatment under this Rule.

(e) Upon receiving Commission approval, the LDC may, on a monthly basis, debit the account in an amount equal to the LDC's currently authorized overall rate of return on its investment in Transmission Facilities constructed as part of Projects that have been completed but not included in rate base.

(NCUC Docket No. G-100, Sub 68, 10/13/95.)

Article 13.
Additional Funding for Natural Gas Expansion.

Rule R6-90. Application Process.

(a) Purpose. The purpose of these Rules is to implement G.S. 62-2(a)(9) and G.S. 62-159 by providing a process pursuant to which funding from the proceeds of the general obligation natural gas bonds approved by referendum in November 1998 can be made available to (i) existing North Carolina local distribution companies (LDCs) or (ii) a person awarded a new franchise or a regional gas district for the construction of natural gas facilities in unserved areas that would otherwise not be economically feasible to construct (hereinafter collectively referred to as “eligible recipients” or “applicants”). For purposes of these Rules, a “project” is defined as all of the natural gas facilities, including but not limited to, transmission and distribution lines, metering facilities, and compressors, and all of the activities necessary to extend and provide natural gas service to an unserved area that is eligible under the statutes for funding from the natural gas bonds.

(b) Letters of intent. All applicants who intend to file an application for approval to use natural gas bond funds shall first file a letter of intent 30 days before the projected filing date of the application. The letter shall give notice of the intention to file an application and shall identify the counties involved in the project to be proposed. Upon the filing of such a letter of intent, the Commission will promptly issue an order establishing a filing deadline for competing letters of intent, i.e., letters of intent as to applications that include one or more of the same counties. Typically, this deadline will be 30 days from the date of the Commission's order, and the order will be sent to those on the Commission's natural gas service list, representatives of the counties involved, and all other known interested persons. Upon expiration of the deadline for competing letters of intent, if no competing letter of intent has been filed, the applicant shall file its application for approval to use natural gas bond funds forthwith. If a competing letter of intent is filed, the Commission will promptly issue an order establishing a filing deadline for all applications that include one or more of the same counties. Typically, this deadline will be 60 days from the date of the Commission's order, but the Commission may establish some other period as appropriate. Upon expiration of the deadline and upon the filing of a competing application, the Commission shall consolidate the competing applications as appropriate, set the applications for hearing, and establish a procedural schedule.

(c) Projects involving a county or counties for which an existing LDC has the exclusive franchise. For projects involving a county or counties for which an existing LDC has the exclusive franchise, applications for approval to use natural gas bond funds pursuant to G.S. 62-159 and this Rule may be filed only by the existing LDC or by a regional gas district. An application for approval to use bond funds shall contain the following information:

- (1) A precise geographic description, a map or maps of the area(s) proposed to be served, a detailed description of the proposed physical facilities, including their projected operating parameters and characteristics, the arrangements that have been or are proposed to be made to obtain rights-of-way and plans for obtaining capacity to supply the projected demand;

- (2) Details about any special permitting or licensing that may be required, such as from the National Park Service, the National Forest Service, the Federal Energy Regulatory Commission or the Army Corp of Engineers, and a statement as to how much time the permitting or licensing is likely to take;
- (3) A market study, including an analysis of potential customers and volumes, probable conversions from other fuels, and projected growth resulting from population growth and economic development;
- (4) An engineering study that includes the proposed design of the system (including a pipe network flow analysis), routing (including a review of planned or proposed state highway improvements), and construction cost estimates;
- (5) A net present value (NPV) analysis conducted in a generally accepted manner that provides support for the amount of natural gas bond funding requested in the eligible recipient's application;
- (6) A demonstration of the applicant's technical, operational, and financial management capabilities that will ensure the successful and safe construction and operation of the project;
- (7) A financing plan for the feasible part of the project that includes the amounts, sources, and costs for common equity, debt, and/or other types of financing;
- (8) The estimated beginning and ending dates of the proposed construction, including the date service to one or more customers is proposed to begin, specific itemized construction budgets and a timetable for disbursements from the bond fund; and
- (9) A schedule or schedules of proposed rates.

(d) Projects involving a county or counties for which no LDC has an exclusive franchise. For projects involving a county or counties for which no LDC has an exclusive franchise, applications for approval to use natural gas bond funds may be filed by any person, including an existing LDC, that is a public utility or would become a public utility by constructing, owning or operating the proposed natural gas facilities or by a regional gas district. For projects involving such counties, a person, including an existing LDC, that is a public utility or would become a public utility by constructing, owning or operating the proposed natural gas facilities also must file an application for a certificate of public convenience and necessity pursuant to G.S. 62-110. All applications for approval to use natural gas bond funds must include the information required by subsection (c) of this Rule.

(e) Accuracy required. In all cases, applications for approval to use natural gas bond funds shall be as accurate as possible when filed, particularly as to the estimates used in the NPV analysis of the project. Amendments are discouraged. In cases of competing applications, the Commission shall first give preliminary approval to use natural gas bond funds, and the winning applicant shall then be required to refine the estimates and move for final approval of the amount of bond money to be awarded. If significant changes to the project or to the NPV analysis are made, the Commission may in its discretion re-open the preliminary approval and conduct such further proceedings as appropriate to reconsider the decision.

(f) Other applications. If not otherwise addressed in its application, an applicant that is a public utility or would become subject to regulation as a public utility if its application were granted, shall file for approval of its proposed financing for the feasible portion of an approved project to the extent required by G.S. 62-160 through G.S. 62-171 and Commission Rule R1-16. A regional gas district proposing to use revenue bonds to finance the feasible portion of a project for which bond funds have been approved shall file for a certificate of convenience and necessity in accordance with G.S. 159-95. (NCUC Docket No. G-100, Sub 75, 03/08/99; 08/04/99.)

Rule R6-91. Approval of Projects and Use of Natural Gas Bond Funds.

(a) Eligible recipients applying for bond funds pursuant to Commission Rule R6-90 shall publish a notice of the application at the direction of and in a form approved by the Commission.

(b) The Commission shall consider the following in determining whether to approve the use of bond funds: the scope of the proposed project, including the number of unserved counties and the number of anticipated customers by class that would be served; the total cost of the proposed project; the extent to which the proposed project is feasible; and other relevant factors affecting the public interest.

(c) The Commission shall enter an order approving or denying the use of natural gas bond funds on a project-specific basis. Natural gas bond funds shall be used only pursuant to an order of the Commission after a public hearing. Such an order shall specifically find the negative NPV of the approved project and shall limit the bond funding pursuant to G.S. 62-159 to that negative NPV.

(d) As soon as practicable after an order approving funding of a project becomes final, the Commission shall notify the State Treasurer of such approval and the amount of bond funding that has been approved.

(e) If construction has not begun on a project for which bond funding has been approved within one year after the date on which the order granting approval became final, the Commission shall require the recipient to show cause why the approval should not be rescinded; why its franchise should not be revoked, if appropriate; and why it should not be required to reimburse bond monies paid to it, if any.

(NCUC Docket No. G-100, Sub 75, 03/08/99.)

Rule R6-92. Disbursements and Final Accounting.

(a) Monies from bond funds shall be disbursed only to an eligible recipient awarded the right to use bond funds and only as ordered by the Commission. All disbursements shall be used solely for the specific project for which they were approved. A project for which bond funding has been approved must be constructed as proposed unless the eligible recipient awarded the bond funding petitions the Commission to make modifications to the project and the Commission finds that the public interest requires that modifications be made.

(b) Disbursements shall be in the form of reimbursements for actual amounts paid by an eligible recipient awarded the right to use bond funds for an approved project. Eligible recipients awarded the right to use bond funds shall submit requests for reimbursement not more often than once a month. Such requests shall specify the work performed on and the materials and equipment delivered to the approved project during the period covered by the request for reimbursement and shall be accompanied by the Project Status Report described in Commission Rule R6-93. Requests also shall contain a certification that the amounts sought by the eligible recipient awarded the right to use bond funds have been paid for work completed on and materials and equipment provided to the approved project. The maximum amount of each reimbursement shall be 75% of total expenditures during the period covered by the request. Cumulative reimbursements for an approved project shall never exceed the approved negative NPV.

(c) If the request for disbursement complies with these Rules and the Commission order approving the use of bond funds, the request shall not be subject to any further proceedings or orders and shall be paid as promptly as possible. If the request is not in compliance or if the request raises issues of material fact as to whether such a disbursement is appropriate, the Commission shall set the matter for hearing or otherwise resolve any issues as to the appropriateness of the disbursement.

(d) Within three years from the date of a final Commission order approving a project and use of bond funds, the recipient shall file a final accounting showing the actual expenditures to date, disbursements to date, the negative NPV determined by the Commission, and the balance of funds requested to be disbursed, if any. This information shall be provided in formats approved by the Commission. Unless the Commission specifically finds that good cause has been shown, no disbursement will be approved after the final accounting is approved by the Commission. If the total amount of the approved negative NPV has not been disbursed by the time the final accounting is approved, the Commission shall, upon motion by recipient awarded the right to use bond funds and notice to all parties, approve a further disbursement up to the lesser of the approved negative NPV or the actual expenditures to date.

(NCUC Docket No. G-100, Sub 75, 03/08/99.)

Rule R6-93. Reports.

(a) Each eligible recipient awarded the right to use bond funds shall file a Project Status Report in the format approved by the Commission for each approved project with each request for reimbursement, or at least quarterly. This report shall contain four separate sections: (1) budgeted versus actual cost data; (2) construction cost summary; (3) summary of construction cost reimbursements already received; and (4) current reimbursement requested. To the extent extraordinary delays have occurred, a report on such delays and expected progress shall be included in this report.

(b) Recipients of bond funds, if subject to the biennial reporting requirement in G.S. 62-36A, shall provide customer and construction cost information on projects for which use of bond funds has been approved in their Biennial Expansion Reports filed every two years pursuant to G.S. 62-36A. Recipients not subject to the reporting requirement in G.S. 62-36A shall provide customer and construction cost information on projects for which use of bond funds has been approved every two years in a report filed at the same time as the Biennial Expansion Reports, beginning with the first due date of those reports following approval of the use of bond funds for a project.

(c) The Commission shall use the information provided by subsection (b) of this Rule to determine whether an investigation is warranted to determine if a project for which use of bond funds has been approved has become economically feasible. If the Commission finds that a project has become economically feasible, the Commission shall require the recipient of the bond funds to remit to the Commission appropriate funds related to the approved project, and the Commission may order those funds to be returned with interest in a reasonable amount to be determined by the Commission and deposited with the State Treasurer.

(d) If a regional gas district wishes to sell or otherwise dispose of facilities financed with bond funds received pursuant to G.S. 62-159, it must first notify the Commission, which shall determine at that time the method of repayment or accounting for those funds.

(e) The Commission shall provide quarterly reports on the expenditure of moneys from the Natural Gas Bonds Fund to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Fiscal Research Division of the General Assembly.

(NCUC Docket No. G-100, Sub 75, 03/08/99.)

Rule R6-94. Accounting and Ratemaking for Regulated Recipients.

(a) The gas plant accounts for recipients of bond funds regulated by the Commission shall be reduced by the amount of bond funds utilized to construct such plant, except to the extent such funds have been remitted by the company pursuant to order of the Commission.

(b) No depreciation expense on the portion of the plant cost financed by disbursements of bond funds shall be included in the cost of service of recipients regulated by the Commission, except to the extent such funds have been remitted by the company pursuant to order of the Commission.

(NCUC Docket No. G-100, Sub 75, 03/08/99.)

ARTICLE 14.

INCENTIVE PROGRAMS.

R6-95. INCENTIVE PROGRAMS FOR NATURAL GAS UTILITIES.

(a) Purpose. — The purpose of this rule is to establish guidelines for the application of G.S. 62-140(c) to natural gas utilities that are consistent with the directives of that statute and consistent with the public policy of this State set forth in G.S. 62-2.

(b) Definitions. — As used in this rule, the following definitions shall apply:

(1) “Consideration” means anything of economic value paid, given or offered to any person by a natural gas utility (regardless of the source of the “consideration”) including, but not limited to: payments to manufacturers, builders, equipment dealers, contractors including HVAC contractors, electricians, plumbers, engineers, architects, and/or homeowners or owners of multiple housing units or commercial establishments; cash rebates or discounts on equipment/appliance sales, leases, or service installation; equipment/appliances sold below fair market value or below their cost to the natural gas utility; low interest loans, defined as loans at an interest rate lower than that available to the person to whom the proceeds of the loan are made available; studies on energy usage; model homes; and payment of trade show or advertising costs. Excepted from the definition of “consideration” are favors and promotional activities that are de minimis and nominal in value and that are not directed at influencing fuel choice decisions for specific applications or locations.

(2) “Program” means any natural gas utility action or planned action that involves offering Consideration.

(3) “Person” means the same as defined in G.S. 62-3(21).

(4) “Natural gas utility” means, for purposes of this rule, a person, whether organized under the laws of this State or under the laws of any other state or country, that owns or operates in the State equipment or facilities for producing, transporting, distributing, or furnishing piped gas to or for the public for consumption.

(c) Filing for Approval.

(1) Application of Rule. — Prior to a natural gas utility implementing any Program, the purpose or effect of which is to directly or indirectly alter or influence the decision to use the natural gas utility’s service for a particular end-use or to directly or indirectly encourage the installation of equipment that uses the natural gas utility’s service, the natural gas utility shall obtain Commission approval.

Whether a Program is offered at the expense of the natural gas utility’s shareholders, ratepayers or a third party shall not affect the filing requirements under this rule.

A natural gas utility shall file for approval all Programs to offer Consideration which are administered, promoted or funded by the natural gas utility's subsidiaries, affiliates and/or unregulated divisions or businesses where the natural gas utility has control over the entity offering or is involved in the Program and an intent or effect of the Program is to adopt, secure, or increase the use of the natural gas utility's utility services.

(2) Filing Requirements. — Each application for the approval of a Program shall include the following:

(i) Cover Page. — The natural gas utility shall attach to the front of an application a cover sheet generally describing the Program, the Consideration to be offered, anticipated total cost of the Program, the source and amount of funding proposed to be used, proposed classes of persons to whom it will be offered, and the duration of the Program.

(ii) Description. — A detailed description of the Program, its duration, purpose, estimated number of participants, and impact on the natural gas utility's general body of customers and the natural gas utility.

(iii) Cost. — The estimated total and per unit cost for the Program to the natural gas utility, reported by type of expenditure (e.g., direct payment, rebate, advertising) and the planned accounting treatment for those costs. If the natural gas utility proposes to place any costs to be incurred in a deferred account for possible future recovery from its customers, it shall disclose the same and provide an estimate of each cost to be deferred. The natural gas utility shall describe, in detail, all other sources of monies to be used, including the name of the source, the amount provided, and the reasons the third party is providing the money.

(iv) Effect on Customer Use. — A statement of the effect, if any, that the Program is expected to have on customer use of the natural gas utility's service.

(v) Conditions of Program. — The type and amount of Consideration and how and to whom it will be offered or paid, including schedules listing the Consideration to be offered, a list of those who will use the natural gas utility's service, and other information on the availability and limitations (who can and cannot participate) of the Consideration. The natural gas utility shall describe any service limitations or conditions it imposes on customers who do not participate in the Program.

(vi) Economic Justification. — Economic justification for the Program, including the results of appropriate cost-effectiveness tests.

(vii) Communications. — Detailed cost information on the amount the natural gas utility anticipates will be spent on

communication materials related to the Program. Such cost shall be included in the Commission's consideration of the total cost of the Program and whether the total cost of the Program is reasonable in light of the benefits. To the extent available, the natural gas utility shall include examples of all communication materials to be used in conjunction with the Program.

(viii) Commission Guidelines Regarding Incentive Programs. — The natural gas utility shall provide the information necessary to comply with the Commission's Revised Guidelines for Resolution of Issues Regarding Incentive Programs issued by Commission Order on March 27, 1996, in Docket No. M-100, Sub 124, set out as an Appendix to Chapter 8 of these rules.

(ix) Other. — Any other information the natural gas utility believes relevant to the application, including information on competition faced by the natural gas utility.

(d) Procedure.

(1) Service and Response. — The natural gas utility filing for approval of a Program shall serve a copy of its filing on the electric utilities and electric membership corporations operating within the filing natural gas utility's certificated territory, the Public Staff, the Attorney General and any other party that has notified the natural gas utility in writing that it wishes to be served with copies of all such filings that involve the provision of Consideration. Those served, and others learning of the application, shall have thirty (30) days from the date of filing in which to seek intervention pursuant to Rule R1-19 or file a protest pursuant to Rule R1-6. The filing natural gas utility shall have the opportunity to respond to such petitions or protests within ten (10) days of their filing. If any party granted intervention requests a hearing or otherwise raises a material issue of fact, the Commission may, in its discretion, set the matter for hearing.

(2) Notice and Schedule. — If the application is set for hearing, the Commission shall require such notice as it deems appropriate and shall establish a procedural schedule for prefiled testimony and rebuttal testimony after a discovery period of at least 45 days. Where possible, the hearing shall be held within ninety (90) days from the application filing date.

(e) Scope of Review. — In considering whether to approve in whole or in part a Program or changes to an existing Program, the Commission may consider any other information it determines to be relevant, including, but not limited to, the following issues:

(1) Whether the Program unreasonably discriminates among persons receiving or applying for the same kind and degree of service;

(2) Evidence of consideration or compensation paid by any competitor, regulated or unregulated, of the natural gas utility to secure the installation or adoption of the use of such competitor's services;

(3) Whether the Program promotes unfair or destructive competition or is inconsistent with the public policy of this State as set forth in G.S. 62-2; and

(4) Whether the Program encourages energy efficiency and its impact on the peak loads and load factors of the filing natural gas utility.

(NCUC Docket No. E-100, Sub 113, 2/29/08.)

Chapter 12

Customer Deposits for Utility Services: Disconnecting of Service

- Rule R12-1. Declaration of public policy.
- Rule R12-2. Establishment of credit by customer.
- Rule R12-3. Reestablishment of service.
- Rule R12-4. Deposit; amount; receipt; interest.
- Rule R12-5. Refund of deposit.
- Rule R12-6. Record of deposit.
- Rule R12-7. Appeal by applicant or customer.
- Rule R12-8. Discontinuance of service for nonpayment.
- Rule R12 - 9. Uniform billing procedure.
- Rule R12-10. Disconnection of residential customer's natural gas service.
- Rule R12-11. Disconnection of residential customer's electric service.
- Rule R12-12. Definitions.
- Rule R12-13. Advertising by electric and natural gas utilities.
- Rule R12-14. Advertising by telephone companies.
- Rule R12-15. Bill inserts for electric and natural gas utilities.
- Rule R12-16. Bill inserts for telephone companies.
- Rule R12-17. Disconnection, denial, and billing of telephone service.

Rule R12-1. Declaration of public policy.

The Utilities Commission, hereinafter referred to as the "Commission," declares that it is in the public interest that any utility requiring a deposit from its customer shall fairly and indiscriminately administer a reasonable policy reflected by written regulations, in accord with these rules, for the requirement of a deposit for connecting utility service, or for an existing customer to continue or to reconnect service. A cash deposit to establish, maintain or reestablish service shall be required only in compliance with these rules, and to avoid, to the extent practicable, the creation of a burden arising from uncollectible bills which would have to be borne ultimately by all the utility's ratepayers. Any utility requiring a deposit shall apply a deposit policy in accord with these rules in an equitable and nondiscriminatory manner to all applicants for service and to all customers throughout the service area without any different application in any part thereof, and such deposit policy shall be predicated upon the credit risk of the individual without regard to the area in which he lives.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-2. Establishment of credit by customer.

(a) Each utility may require an applicant for service to satisfactorily establish credit which will be deemed established if:

- (1) The applicant owns the premises to be served or other real estate within the county, unless the applicant is an unsatisfactory credit risk; or
- (2) The applicant demonstrates that he is a satisfactory credit risk by appropriate means including, but not limited to, references which may be quickly and inexpensively checked by the utility; or
- (3) The applicant has been a customer of the utility for a similar type of service within a period of twenty-four consecutive billings preceding the date of application and during the last twelve consecutive billings for that prior service has not had service discontinued for nonpayment of bill or had more than two occasions in which a bill was not paid when it became due; provided, that the average periodic bill for such previous service was equal to at least fifty per centum of that estimated for the new service; and provided further, that the credit of the applicant is unimpaired; or
- (4) The applicant furnishes a satisfactory guarantor to secure payment of bills for the service requested in a specified amount not to exceed the amount of the cash deposit prescribed in Rule R12-4 of these rules; or
- (5) The applicant makes a cash deposit to secure payment of bills for service as prescribed in Rule R12-4 of these rules.

(b) The establishment of credit under the provisions of this rule, or the reestablishment of credit under the provisions of Rule R12-3 of these rules, shall not relieve the applicant for service or customer from compliance with the reasonable regulations of the utility including, but not limited to, the prompt payment of bills and the rules for discontinuance of service for the nonpayment of bills due for service furnished.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-3. Reestablishment of service.

(a) An applicant for service who previously has been a customer of the utility and whose service has been discontinued by the utility during the last twelve months of that prior service, because of nonpayment of bills, may be required to reestablish credit in accordance with Rule R12-2 of these rules; *except* that an applicant for residential service shall not be denied service for failure to pay such bills for classes of nonresidential service.

(b) Subject to the additional requirements of Rule R12-17 for telephone utilities, a customer who fails to pay a bill within a reasonable period after it becomes due and who further fails to pay such bill within five (5) days after presentation of a discontinuance of service notice for non-payment of bill (regardless of whether or not service was discontinued for such nonpayment) may be required to pay such bill, together with a reasonable reconnection charge, if service was discontinued after notice as provided in Rule R12-8, and reestablish his credit by depositing the amount prescribed in Rule R12-2 of these rules in case the conditions of service or basis on which credit was originally established have materially changed.

(c) A customer may be required to reestablish his credit in accordance with Rule R12-2 of these rules in case the conditions of service or basis on which credit was originally established have materially changed.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket No. P-100, Sub 140, 4/3/00.)

Rule R12-4. Deposit; amount; receipt; interest.

(a) No utility shall require a cash deposit to establish or reestablish service in an amount in excess of two-twelfths of the estimated charge for the service for the ensuing twelve months; and, in the case of seasonal service, in an amount in excess of one-half of the estimated charge for the service for the season involved (except that in the case of seasonal natural gas customers, the cash deposit may not be in an amount in excess of one-third of the estimated charge for the service for the season involved). Each utility, upon request, shall furnish a copy of these Rules to the applicant for service or customer from whom a deposit is required, and such copy shall contain the name, address, and telephone number of the Commission.

(b) Upon receiving a cash deposit, the utility shall furnish to the applicant for service or customer, a receipt showing: (i) the date thereof; (ii) the name of the applicant or customer and the address of the premises to be served or served; (iii) the service to be furnished or furnished; and (iv) the amount of the deposit and the rate of interest to be paid thereon.

(c) Each utility shall pay interest on any deposit held more than ninety (90) days at the rate of eight percent per annum. Interest on a deposit shall accrue annually and, if requested, shall be annually credited to the customer by deducting such interest from the amount of the next bill for service following the accrual date. A utility shall pay interest on a deposit beginning with the 91st day after it is collected and continuing until such deposit is lawfully tendered back to the customer by first-class mail, or to his legal representative or until it escheats to the State, with accrued interest.

(d) Nothing in this rule shall preclude a natural gas utility from exercising reasonable discretion in waiving or extending the deposit requirement to prevent undue hardship to an applicant or customer.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/7/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 12/17/79; NCUC Docket No. M-100, Sub 86, 9/12/80.)

Rule R12-5. Refund of deposit.

(a) Upon discontinuance of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills for service furnished by the utility. A transfer of service from one premises to another within the service area of the utility shall not be deemed a discontinuance within the meaning of these rules.

(b) On one stated date each calendar year, each utility company shall review its customers deposit accounts and shall automatically refund the deposit of any customer who has paid his bills for service for the preceding twelve consecutive bills without having had service discontinued for nonpayment of bill or had more than two occasions in which a bill was not paid when it became due, and the customer is not then delinquent in the payment of his bills.

(c) The utility shall promptly return the deposit, plus accrued interest, at any time upon request, if the customer's credit has been otherwise established in accordance with Rule R12-2 of these rules.

(d) At the option of the utility, a deposit, plus accrued interest, may be refunded, in whole or in part, at any time earlier than the times hereinabove prescribed in this rule. (NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-6. Record of deposit.

Each utility holding a cash deposit shall keep a record thereof until the deposit is refunded. The record shall show: (a) the name and current billing address of each depositor; (b) the amount and date of the deposit; and (c) each transaction concerning the deposit.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-7. Appeal by applicant or customer.

Each utility shall direct its personnel engaged in initial contact with an applicant for service or customer, seeking to establish or reestablish credit under the provisions of these rules, to inform him, if he expresses dissatisfaction with the decision of such personnel, of his right to have the problem considered and acted upon by supervisory personnel of the utility. Each utility shall further direct such supervisory personnel to inform such an applicant or customer, who expresses dissatisfaction with the decision of such supervisory personnel and requests governmental review, of his right to have the problem reviewed by the Commission and shall furnish him the name of the Commission official to be contacted and his address and telephone number. Any customer who is not satisfied as to his deposit requirement by informal complaint to the Commission may file a written complaint with the Commission to be served on the utility under the procedure of Rule R1-9.

(NCUC Docket No. M-100, Sub 28, 5/6/70.)

Rule R12-8. Discontinuance of service for nonpayment.

No utility shall discontinue service to a customer or impose toll denial for nonpayment of bill without first having diligently tried to induce the customer to pay the same and until after at least five (5) calendar days' written notice of discontinuance of service to the customer. The written notice may be given by first-class mail, or by other delivery to the premises served, or by other legal means of service of process, and the five (5) days' notice period shall begin to run from the day following deposit of the notice in the post office or from the day of otherwise delivery of the notice to the premises served, or from the day of other legal service. Provided, however, that in the case of any customer who has a record of abuse of or excessive use of metered or toll service for which the customer's deposit would not furnish security for such five (5) days' notice period, service may be discontinued after 24-hour notice. Further provided, that in the case of any residential telephone customer who has a record of abuse of or excessive use of toll service for which the customer's deposit would not furnish security for such five (5) days' notice period, local service may not be discontinued but toll service may be globally denied after 24-hour notice. A report of all such service disconnections or toll denials made on such 24-hour notice under this proviso shall be filed with the Utilities Commission within thirty (30) days after the discontinuance of service.

(NCUC Docket No. M-100, Sub 28, 5/6/70; NCUC Docket No. P-100, Sub 140, 4/3/00.)

Rule R12-9. Uniform billing procedure.

(a) Declaration of Policy. – No ‘penalties,’ ‘discounts’ or ‘net-and-gross’ rate differentials shall be imposed upon North Carolina consumers for regulated services offered by public utilities subject to the jurisdiction of this Commission, for the reason that those rate differentials are confusing and misleading, and the monthly rates of 5% or 10% heretofore charged are arbitrary and unreasonable. This Commission recognizes, however, that there are interest, finance, or service costs directly attributable to customers who excessively delay payment of utility bills, and considers that it is appropriate for a utility to attempt to recoup a portion of those costs by applying such interest, finance or service charges as may be reasonable and lawful.

(b) Billing Date. -- All bills for utility services are due and payable as of the billing date, or if not received by said billing date, upon receipt. The billing date shall be printed on the bill and the bill shall be placed, postage prepaid, in the U.S. Mail (or if the mail is not used, delivered to the customer) prior to or no later than the billing date.

(c) Past Due or Delinquent Bills. -- The past due or delinquent date is the first date upon which the utility may initiate disconnect proceeding under N.C.U.C. Rule R12-8. The past due or delinquent date shall be disclosed on the bill and shall be not less than fifteen (15) days after the billing date. In the event the utility fails to place the bill in the mail (or deliver it as in paragraph (b) above) prior to or on said billing date, the consumer shall have the right to require that the utility adjust the billing date by the number of days by which the postmark (or delivery as in paragraph (b) above) exceeds the original billing date.

(d) Finance charges. -- No interest, finance, or service charge for the extension of credit shall be imposed upon the consumer or creditor if the account is paid within twenty-five (25) days from the billing date. No utility shall apply a late payment, interest, or finance charge to the balance in arrears at the rate of more than 1% per month. The bill shall clearly state the interest rate or the amount that would be due if not paid within the allowed amount of time, including the interest, finance or service charge. All utilities which are required to file tariffs and which apply an interest, finance, or service charge must file tariff provisions to that effect. All utilities must apply the appropriate interest, finance, or service charge on a uniform basis.

(e) Acceleration of Past Due or Delinquent Date in Rare Cases and with Good Cause -- If a utility with good cause determines that the credit rating of a customer has been jeopardized by unusually extensive use of a metered or toll service, such as long distance telephone service, or by other factors which indicate the likelihood that the customer cannot pay his outstanding bill, and for which the customer’s deposit, if there be one, does not furnish adequate security, the utility may accelerate the past due or delinquent date and proceed with disconnect or toll denial procedures under N.C.U.C. Rule R12-8 and R12-17; provided, however, that it must state to the customer in writing its cause for so doing and file a copy of said statement with the Commission.

(NCUC Docket No. M-100, Sub 39, 11/24/72; NCUC Docket No. M-100, Sub 39, 10/19/73; NCUC Docket No. P-100, Sub 72, 5/23/96; P-100, Sub 140, 4/3/00; 4/5/00; NCUC Docket No. P-100, Sub 72b, 01/02/04; P-100, Sub 140a, 08/16/07.)

Rule R12-10. Disconnection of residential customer's natural gas service.

(a) The date after which the bill is due, or the past due after date, shall be disclosed in the bill and shall not be less than twenty-five (25) days after the billing date. Payment within this twenty-five day period will either maintain or count toward establishment of the customer's credit with the utility.

(b) For purposes of this rule, payment shall be defined as delivery of the amount due to a company business office or designated payment agency during regular business hours by 5:00 p.m. on the twenty-fifth (25th) day, unless such day is a Saturday, Sunday, or legal holiday in which event the last day for payment runs until the end of the next day which is not a Saturday, Sunday, or legal holiday.

(c) Those natural gas customers from whom deposits are required under the provisions of Commission Rules R12-2 or R12-3 and who receive their largest bills seasonally (such as customers who use natural gas for heating) may be considered seasonal customers in determining the amount of deposit under Rule R12-4. The deposits collectible from such customers shall not exceed one-third of the estimated charge for service for the season involved. For purposes of this provision the heating season shall be the calendar months October through March.

(d) Each gas utility shall file tariffs with the Commission to impose charges, not to exceed the charges allowed by G.S. 25-3-506, for checks tendered on a customer's account and returned for insufficient funds. This charge shall apply regardless of when the check is tendered.

(e) Each gas utility, through its meter reader, office, or designated payment agency is authorized to collect payment by cash or check for bills past due and in arrears, and for current bills once the meter reader has left the office with a list of customers whose service is to be disconnected, unless the day on which the meter reader has left the office with such list is prior to the third day preceding the past due date of the current bill of any customer whose service is to be disconnected, in which case the utility is authorized only to collect payment for bills past due and in arrears.

"Current bill" is defined as a bill rendered but not past due. "Bill in arrears" is defined as a bill rendered and past due.

(f) Each gas utility operating under the jurisdiction of the North Carolina Utilities Commission shall revise its billing procedures to conform to the following approximate schedule with respect to all customers:

<i>Approximate Billing Cycle Day</i>	<i>Standard Procedure</i>
1	Service begins.
30	Meter read.
35	Bill mailed.
60	Meter read for second month's service.
65	Bill marked showing charge for second month's service and arrears

	separately; if arrears is shown on bill, notice enclosed in conformity with subsection (h) of this rule also stating: "Arrears must be paid within 10 days after billing date to avoid disconnection of service. CONTACT THE UTILITY IMMEDIATELY TO DISCUSS CREDIT ARRANGEMENTS IF FULL PAYMENT IS NOT POSSIBLE. NO OTHER NOTICE WILL BE MAILED."
75	Review of accounts to determine whether customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
76	Field representative visits home to notify customer, receive payment or defer disconnection in accordance with Rule R12-10(i)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnect service. Customer has immediate recourse to the utility for reconnection action.

(g) No disconnects will be made prior to their being personally reviewed and ordered by a supervisor.

(h) Gas service to a residential customer shall not be terminated for nonpayment of a delinquent account until the utility has given such customer at least 10 days' written notice that his service is subject to termination. This notice of proposed termination shall, at a minimum, contain the following information:

- (1) A clear explanation of the reasons which underlie the proposed termination.
- (2) The date of the proposed termination, which shall not be less than 10 days from the date of issuance of such notice.
- (3) A statement advising the customer that gas service will not be terminated if, prior to the proposed termination date, the customer is able to establish that he is unable to pay his account in full and he agrees to enter into a reasonable installment agreement with the utility designed to bring the account into balance not later than six months from the date of such agreement. Approved finance charges will apply to the balance in arrears. This installment agreement shall encompass both the sum of the outstanding balance and also the estimated charges for gas usage which is reasonably projected to occur during the period of the agreement. Estimated charges shall be based upon an analysis of the customer's past usage.
- (4) Statements advising the customer that he should first contact the utility with any questions he may have regarding his bill and that in cases of dispute, a proposed termination action may thereafter be appealed informally to the Commission either by calling the Public Staff-North Carolina Utilities Commission, Consumer Services Division at (919) 733-9277 or by appearing in person or by writing the Public Staff-North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, NC 27699-4326.

- (5) A statement advising the customer that he may desire to call his local social service agency to determine what federal, state, or private assistance may be available.
 - (6) With respect to bills rendered between November 1 and March 31 of every year and in conformity with the policy considerations expressed by Congress in the Public Utility Regulatory Policies Act (PURPA) of 1978, the notice of proposed termination shall also contain a statement that no termination shall take place without the express approval of the Commission if the customer can establish all of the following:
 - (a) That a member of the customer's household is either certifiably handicapped or elderly (65 years of age or older), or both.
 - (b) That the customer is unable to pay for such service in full or in accordance with subsection (h)(3) of this rule.
 - (c) That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs as being eligible (whether funds are then available or not) to receive assistance under such pro-grams.
- (i) Personal Contact Prior to Termination.
- (1) At least 24 hours prior to a proposed service termination, the utility shall, in good faith, attempt to contact a customer to whom a written disconnect notice has been mailed (as well as any third party who may have been designated by the customer to receive notice pursuant to subsection (j) of this rule), either by telephone or by visit to the customer's premises. The purpose of this personal contact shall be to attempt to personally inform the customer and his designated representative that termination of service is imminent, and to fully explain all alternatives to termination which may be available to the customer under this rule.
 - (2) Immediately prior to the actual termination of service, the utility's representative shall attempt to personally contact the customer on the premises. At that time, the utility's representative shall either receive payment from the customer, or postpone termination for another 24 hours if the customer is prepared to pay but the utility has determined that its representatives should not be required to accept payments from customers on the premises; make satisfactory credit arrangements; agree to postpone termination during the period November 1 to March 31 if the customer qualifies for postponement under subsection (h)(6) of this rule; or, in the absence of any of the arrangements or circumstances listed above, terminate service. If personal contact cannot be made by the utility, a notice indicating that service has been terminated shall be left in a conspicuous place at the residence where such service was terminated. Such notice shall specify that the customer may have

immediate recourse to the utility in order to arrange for reconnection of service.

- (3) The utility shall fully document its efforts under this subsection to personally contact the customer and any designated third party representative.

(j) Each gas utility shall offer its residential customers the opportunity to designate a third party to receive a copy of any proposed termination notice which may be mailed to the customer. Each residential customer shall be given notification of this option at the time service is initiated and at least once annually thereafter. Notice of the availability of this option shall be given in writing, either by mailing a copy of such notice as a bill insert or by means of a separate mailing, to all residential customers. Such notice shall clearly indicate that this duplicate notification process will not obligate the third party to pay the customer's bill.

(k) Informal Appeal of Termination Action.

- (1) Any residential customer may informally appeal the decision of a utility to terminate service by notifying the Consumer Services Division of the Public Staff-North Carolina Utilities Commission. Such notification may be made by the customer either in person, in writing, or by telephone.
- (2) Upon receipt of any such appeal, the Consumer Services Division of the Public Staff shall immediately notify the utility that such an informal appeal as been filed. If service has not been terminated as of the time an appeal is filed, the utility shall not terminate the customer's service without securing express approval from the Commission or its designated representative. If service has already been terminated by the time the customer files his appeal with the Public Staff, the Commission may order the utility to restore service upon such terms as are deemed just and reasonable pending resolution of the appeal.
- (3) If the matter cannot be resolved informally, the customer shall then have the right to file a formal complaint with the Commission pursuant to Rule R1-9 and to request a hearing thereon.

(l) Residential gas service shall not be terminated on Fridays, on weekends, on state or federal holidays, or on days before state or federal holidays. If a disconnection occurs, the customer shall have immediate recourse to the utility regardless of the time of day.

(m) Each gas utility shall establish an internal procedure whereby the utility will endeavor to identify by a special code a customer whose household is known to have an individual residing therein who is either chronically or seriously ill, handicapped, or on a life support system. The purpose of assigning such code shall be to identify that account for careful handling whenever service to such account becomes subject to termination as a result of nonpayment of a delinquent bill.

(n) Nothing in this rule shall preclude a natural gas utility from exercising reasonable discretion in waiving or extending the times provided herein

pertaining to termination of service, particularly when such waiver or extension would result in the prevention of undue hardship in those cases where termination of service would be especially dangerous to health or where the customer or a member of the customer's household is elderly or handicapped.

(NCUC Docket No. M-100, Sub 61, 11/17/75; NCUC Docket No. M-100, Sub 61, 11/18/75; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/7/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 9/21/78; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 2/23/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 3/7/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 3/15/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/14/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/20/79; NCUC Docket Nos. M-100, Sub 28A, M-100, Sub 61A, 6/18/98; NCUC Docket No. M-100, Sub 128, 04/10/00.)

Rule R12-11. Disconnection of residential customer's electric service.

(a) The date after which the bill is due, or the past due after date, shall be disclosed on the bill and shall not be less than twenty-five (25) days after the billing date. Payment within this twenty-five day period will either maintain or count toward improvement of the customer's credit code classification. Payment of a bill after the specified due date could result in the lowering of a customer's credit code relating to one which permits the utility to disconnect on an earlier date.

(b) For purposes of this rule, payment shall be defined as delivery of the amount due to a company business office or designated payment agency during regular business hours by 5:00 p.m. on the twenty-fifth (25th) day, unless such day is a Saturday, Sunday, or legal holiday in which event the last day for payment runs until the end of the next day which is not a Saturday, Sunday, or legal holiday.

(c) Those electric customers from whom deposits are required under the provisions of Commission Rules R12-2 or R12-3 and who receive their largest bills seasonally (such as customers who use electricity for heating) may be considered seasonal customers in determining the amount of deposit under Rule R12-4. The deposits collectible from such customers shall not exceed one-half (1/2) of the estimated charge for service for the season involved. For purposes of this provision the heating season shall be the calendar months October through March.

(d) Each electric utility shall file tariffs with the Commission to impose charges, not to exceed the charges allowed by G.S. 25-3-506, for checks tendered on a customer's account and returned for insufficient funds. This charge shall apply regardless of when the check is tendered.

(e) Each electric utility, through its meter reader, office, or designated payment agency is authorized to collect payment by cash or check for bills past due and in arrears, and for current bills once the meter reader has left the office with a list of customers whose service is to be disconnected, unless the day on which the meter reader has left the office with such list is prior to the third day preceding the past due date of the current bill of any customer whose service is to be disconnected, in which case the utility is authorized only to collect payment for bills past due and in arrears.

"Current bill" is defined as a bill rendered but not past due. "Bill in arrears" is defined as a bill rendered and past due.

(f) Each electric utility operating under the jurisdiction of the North Carolina Utilities Commission shall immediately revise, where necessary, its billing procedures to conform to the following approximate schedules:

A. Customers beyond their first twelve months of service with "good credit established."

<i>Approximate Billing Cycle Day</i>	<i>Standard Procedure</i>
1	Meter read.
5	Bill mailed.
31	Meter read.
35	Second bill mailed, showing 1-month prior account balance and current bill.

61	Meter read.
65	Third bill mailed with a reminder notice.
79	Disconnect notices prepared in conformity with subsection (l) of this rule are reviewed by the utility before mailing to customers. Seven days allowed to make credit arrangements.
89	Review of accounts to determine if customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
91	Meter read and the field representative makes the effort to notify the customer, receive payment or defer disconnection in accordance with Rule R12-11(m)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnects. Field representative may require payment of all past due portions of bill, consistent with the rules set forth above. Customer has immediate recourse to the utility for reconnection action.

- B. All customers within their first twelve months of service and customers beyond their first twelve months of service with "good credit not established" will have delinquency started on the 35th rather than the 65th day. The billing schedule will then be approximately as follows:

<i>Approximate Billing Cycle Day</i>	<i>Standard Procedure</i>
1	Meter read.
5	Bill mailed.
31	Meter read.
35	Second bill mailed, showing 1-month prior account balance and current bill, and with a reminder notice.
49	Disconnect notices prepared in conformity with subsection (l) of this rule are reviewed by the utility before mailing to customers. Seven days allowed to make credit arrangements.
59	Review of accounts to determine if customer has taken necessary action to avoid disconnection. Supervisory approval given to final disconnect orders.
61	Meter read and the field representative makes the effort to notify the customer, receive payment or defer disconnection in accordance with Rule R12-11(m)(2), make satisfactory credit arrangements, agree to defer action because of death or illness, or disconnects. Field representative may require payment of all past due portions of bill, consistent with the rules set forth above. Customer has immediate recourse to the utility for reconnection

	action.
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(g) The delinquency procedures for these customers will be as described above. This procedure ensures that no disconnect proceeding will be instituted prior to issuance of a second month's bill.

(h) No disconnects will be made prior to their being personally reviewed and ordered by a supervisor.

(i) The disconnect notice to the customer will state that the utility can be contacted within a 7-day period to discuss credit arrangements if payment of the bill is not possible.

(j) Each electric utility shall submit its system of residential customer credit code classification to the Commission for approval. With regard further to the classifications "good credit established" and "good credit not established," no customer shall be classified at a level below "good credit not established."

(k) Following approval by the Commission, each electric utility using a system of credit codes to classify its customers shall advise each customer of the method by which the code operates, the customer's present classification in the credit code, and at any time when a customer's classification changes.

(l) Electric service to a residential customer shall not be terminated for nonpayment of a delinquent account until the utility has given such customer at least 10 days' written notice that his service is subject to termination. This notice of proposed termination shall, at a minimum, contain the following information:

- (1) A clear explanation of the reasons which underlie the proposed termination.
- (2) The date of the proposed termination, which shall not be less than 10 days from the date of issuance of such notice.
- (3) A statement advising the customer that electric service will not be terminated if, prior to the proposed termination date, the customer is able to establish that he is unable to pay his account in full and he agrees to enter into a reasonable installment agreement with the utility designed to bring the account into balance not later than six months from the date of such agreement. Approved finance charges will apply to the balance in arrears. This installment agreement shall encompass both the sum of the outstanding balance and also the estimated charges for electric usage which is reasonably projected to occur during the period of the agreement. Estimated charges shall be based upon an analysis of the customer's past usage.
- (4) Statements advising the customer that he should first contact the utility with any questions he may have regarding his bill and that in cases of dispute, a proposed termination action may thereafter be appealed informally to the Commission either by calling the Public Staff-North Carolina Utilities Commission, Consumer Services Division at (919) 733-9277 or by appearing in person or by writing the Public Staff-North Carolina Utilities Commission, Consumer Services Division, 4326 Mail Service Center, Raleigh, NC 27699-4326.

- (5) A statement advising the customer that he may desire to call his local social service agency to determine what federal, state, or private assistance may be available.
 - (6) With respect to bills rendered between November 1 and March 31 of every year and in conformity with the policy considerations expressed by Congress in the Public Utility Regulatory Policies Act (PURPA) of 1978, the notice of proposed termination shall also contain a statement that no termination shall take place without the express approval of the Commission if the customer can establish *all* of the following:
 - (a) That a member of the customer's household is either handicapped or elderly (65 years of age or older), or both.
 - (b) That the customer is unable to pay for such service in full or in accordance with subsection (l)(3) of this rule.
 - (c) That the household is certified by the local social service office which administers the Energy Crisis Assistance Program or other similar programs as being eligible (whether funds are then available or not) to receive assistance under such programs.
- (m) Personal Contact Prior to Termination.
- (1) At least 24 hours prior to a proposed service termination, the utility shall, in good faith, attempt to contact a customer to whom a written disconnect notice has been mailed (as well as any third party who may have been designated by the customer to receive notice pursuant to subsection (n) of this rule), either by telephone or by visit to the customer's premises. The purpose of this personal contact shall be to attempt to personally inform the customer and his designated representative that termination of service is imminent, and to fully explain all alternatives to termination which may be available to the customer under this rule.
 - (2) Immediately prior to the actual termination of service, the utility's representative shall attempt to personally contact the customer on the premises. At that time, the utility's representative shall either receive payment from the customer, or postpone termination for another 24 hours if the customer is prepared to pay but the utility has determined that its representatives should not be required to accept payments from customers on the premises; make satisfactory credit arrangements; agree to postpone termination during the period November 1 to March 31 if the customer qualifies for postponement under subsection (l)(6) of this rule; or, in the absence of any of the arrangements or circumstances listed above, terminate service. If personal contact cannot be made by the utility, a notice indicating that service has been terminated shall be left in a conspicuous place at the residence where such service was terminated. Such notice shall specify that the customer may have immediate recourse to the utility in order to arrange for reconnection of service.
 - (3) The utility shall fully document its efforts under this subsection to personally contact the customer and any designated third party representative.

(n) Each electric utility shall offer its residential customers the opportunity to designate a third party to receive a copy of any proposed termination notice which may be mailed to the customer. Each residential customer shall be given notification of this option at the time service is initiated and at least once annually thereafter. Notice of the availability of this option shall be given in writing, either by mailing a copy of such notice as a bill insert or by means of a separate mailing, to all residential customers. Such notice shall clearly indicate that this duplicate notification process will not obligate the third party to pay the customer's bill.

(o) Informal Appeal of Termination Action.

- (1) Any residential customer may informally appeal the decision of a utility to terminate service by notifying the Consumer Services Division of the Public Staff-North Carolina Utilities Commission. Such notification may be made by the customer either in person, in writing, or by telephone.
- (2) Upon receipt of any such appeal, the Consumer Services Division of the Public Staff shall immediately notify the utility that such an informal appeal has been filed. If service has not been terminated as of the time an appeal is filed, the utility shall not terminate the customer's service without securing express approval from the Commission or its designated representative. If service has already been terminated by the time the customer files his appeal with the Public Staff, the Commission may order the utility to restore service upon such terms as are deemed just and reasonable pending resolution of the appeal.
- (3) If the matter cannot be resolved informally, the customer shall then have the right to file a formal complaint with the Commission pursuant to Rule R1-9 and to request a hearing thereon.

(p) Residential electric service shall not be terminated on Fridays, on weekends, on state or federal holidays, or on days before state or federal holidays. If a disconnection occurs, the customer shall have immediate recourse to the utility regardless of the time of day.

(q) Each electric utility shall establish an internal procedure whereby the utility will endeavor to identify by a special code a customer whose household is known to have an individual residing therein who is either chronically or seriously ill, handicapped, or on a life support system. The purpose of assigning such code shall be to identify that account for careful handling whenever service to such account becomes subject to termination as a result of nonpayment of a delinquent bill.

(r) Nothing in this rule shall preclude an electric utility from exercising reasonable discretion in waiving or extending the times provided herein pertaining to termination of service, particularly when such waiver or extension would result in the prevention of undue hardship in those cases where termination of service would be especially dangerous to health or where the customer or a member of the customer's household is elderly or handicapped. (NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/14/79; NCUC Docket Nos. M-100, Sub 28, M-100, Sub 61, 11/20/79; NCUC Docket Nos. M-100, Sub 28A, M-100, Sub 61A, 6/18/98; NCUC Docket No. M-100, Sub 128, 04/10/00.)

Rule R12-12. Definitions.

For purposes of the rules set forth in this Chapter, the following definitions shall apply:

(a) "Advertising" means the commercial use, by a public utility, of any media, including newspaper, printed matter, bill insert, radio, and television, in order to transmit a message to a substantial number of members of the public or to such public utility's customers.

(b) "Political advertising" means any advertising for the purpose of influencing public opinion with respect to legislative, administrative, or electoral matters, or with respect to any controversial issue of public importance.

(c) "Promotional advertising" means any advertising for the purpose of encouraging any person to select or use the service or additional service of any utility or the selection or installation of any appliance or equipment designed to use such utility's service, where such appliance, equipment, or service would promote or encourage indiscriminate and wasteful consumption of energy contrary to subsection (d)(5) of this rule.

(d) The terms "political advertising" and "promotional advertising" as defined hereinabove do not include —

- (1) advertising which informs electric and natural gas consumers how they can conserve energy or can reduce peak demand for energy,
- (2) advertising required by law or regulation, including advertising required under part 1 of title II of the National Energy Conservation Policy Act,
- (3) advertising regarding service interruptions, safety measures (including utility location services), or emergency conditions,
- (4) advertising concerning employment opportunities with such public utility,
- (5) advertising which promotes the use of energy efficient appliances, equipment or services, or
- (6) any explanation or justification of existing or proposed rate schedules or billing practices or notifications of hearings thereon.

(e) "Bill insert" means any written or printed matter included and distributed with a utility bill, other than (1) the bill itself, (2) the envelope or other container for the bill, and (3) any written or printed matter explaining or otherwise directly related to the bill or to the account for which the bill is rendered.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80.)

Rule R12-13. Advertising by electric and natural gas utilities.

(a) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no electric or natural gas utility shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for political or promotional advertising as defined in Rule R12-12 or for other nonutility advertising.

(b) Political and promotional advertisements as defined by Rule R12-12 and other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the electric or natural gas utility sponsoring the advertisement).

This statement shall be so located and of such size so as to be readily visible or audible to those individuals who may be exposed to the advertisement or communication.

(c) Expenditures made by an electric or natural gas utility for the types of advertising described in Rule R12-12(d) will generally be deemed to be reasonable operating expenses, provided however, that the Commission shall not be precluded from determining, on a case-by-case basis, the extent to which such expenditures may have exceeded a reasonable level or amount.

(d) Expenditures made by an electric or natural gas utility for advertising of a type or nature other than that described in subsections (b), (c), or (d) of Rule R12-12 or for other nonutility advertising shall be considered by the Commission to represent reasonable operating expenses to the extent that it can be established, on a case-by-case basis, that —

- (1) the advertising is of benefit to the using and consuming public, or
- (2) the advertising enhances the ability of the public utility to provide efficient and reliable service.

(NCUC Docket No. M-100, Sub 80, 10/14/80.)

Rule R12-14. Advertising by telephone companies.

(a) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no telephone company shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for political advertising as defined in Rule R12-12 or for nonutility advertising.

(b) Political advertisements as defined by Rule R12-12 and other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the telephone company sponsoring the advertisement).

This statement shall be so located and of such size so as to be readily visible or audible to those individuals who may be exposed to the advertisement or communication.

(c) Expenditures made by a telephone company for advertising of a type or nature other than that which may be defined as political or nonutility in nature shall be considered by the Commission on a case-by-case basis in order to determine the extent to which such expenditures may represent reasonable operating expenses for rate-making purposes.

(NCUC Docket No. M-100, Sub 80, 10/14/80.)

Rule R12-15. Bill inserts for electric and natural gas utilities.

(a) Each electric and natural gas utility shall maintain records and accountings adequate to identify all costs and expenses reasonably allocable to the preparation, printing and distribution (including any incremental mailing, handling, and distribution costs) of each bill insert other than bill inserts constituting one or more of the classes of advertising described in Rule R12-12(d). Such records and accountings, together with copies of the bill insert to which they relate, shall be retained by the public utility for a period of at least three years from the date on which the bill insert was last disseminated by the public utility and shall be subject to inspection by members of the Commission, the Commission Staff, and the Public Staff.

(b) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no electric or natural gas utility shall be permitted to recover from its ratepayers any direct expenditure made by such utility which is specifically identifiable with the preparation, printing, and distribution of bill inserts containing political or promotional advertising as defined in Rule R12-12 or other nonutility advertising. Nor shall any of the incremental or additional mailing, handling, and distribution costs incurred in conjunction with the preparation, printing, and distribution of political, promotional, or nonutility bill inserts be charged to the ratepayers of the public utility distributing such bill inserts. Such direct and incremental costs are not properly includable as a just and reasonable operating expense of an electric or natural gas utility and shall be assigned to a nonoperating (or nonutility) expense account or accounts when incurred.

(c) Nothing in this rule shall preclude the Commission from examining and determining, on a case-by-case basis, the extent to which any portion of the joint mailing, handling, and distribution costs incurred by an electric or natural gas utility in conjunction with the preparation, printing, and distribution of political, promotional, or nonutility bill inserts should be excluded as an operating expense of the utility disseminating such bill inserts. Nor shall the Commission be precluded from determining, on a case-by-case basis, the extent to which any portion of the costs incurred in conjunction with the preparation, printing, and distribution of bill inserts of a type other than that which may be defined as political, promotional, or nonutility in nature may have exceeded a reasonable level or amount for rate-making purposes.

(d) Bill inserts containing either political or promotional advertisements as defined by Rule R12-12 or other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the electric or natural gas utility distributing the bill insert).

This statement shall be so located and of such size so as to be readily visible to those individuals who may be exposed to the bill insert.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80.)

Rule R12-16. Bill inserts for telephone companies.

(a) Each telephone company shall maintain records and accountings adequate to identify all costs and expenses reasonably allocable to the preparation, printing and distribution (including any incremental mailing, handling, and distribution costs) of each bill insert other than bill inserts constituting one or more of the classes of advertising described in Rule R12-12(d). Such records and accountings, together with copies of the bill insert to which they relate, shall be retained by the public utility for a period of at least three years from the date on which the bill insert was last disseminated by the public utility and shall be subject to inspection by members of the Commission, the Commission Staff, and the Public Staff.

(b) In ascertaining reasonable operating expenses pursuant to G.S. 62-133, no telephone company shall be permitted to recover from its ratepayers any direct expenditure made by such utility which is specifically identifiable with the preparation, printing, and distribution of bill inserts containing political advertising as defined in Rule R12-12 or other nonutility advertising. Nor shall any of the incremental or additional mailing, handling, and distribution costs incurred in conjunction with the preparation, printing, and distribution of political or nonutility bill inserts be charged to the ratepayers of the public utility distributing such bill inserts. Such direct and incremental costs are not properly includable as a just and reasonable operating expense of a telephone company and shall be assigned to a nonoperating (or nonutility) expense account or accounts when incurred.

(c) Nothing in this rule shall preclude the Commission from examining and determining, on a case-by-case basis, the extent to which any portion of the joint mailing, handling, and distribution costs incurred by a telephone company in conjunction with the preparation, printing, and distribution of political or nonutility bill inserts should be excluded as an operating expense of the utility disseminating such bill inserts. Nor shall the Commission be precluded from determining, on a case-by-case basis, the extent to which any portion of the costs incurred in conjunction with the preparation, printing, and distribution of bill inserts of a type other than that which may be defined as political or nonutility in nature may have exceeded a reasonable level or amount for rate-making purposes.

(d) Bill inserts containing either political advertisements as defined by Rule R12-12 or other nonutility advertisements shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE CUSTOMERS OF (the telephone company distributing the bill insert).

This statement shall be so located and of such size so as to be readily visible to those individuals who may be exposed to the bill insert.

(NCUC Docket No. M-100, Sub 80, 10/14/80; 10/31/80.)

Rule R12-17. Disconnection, Denial, and Billing of Telephone Service.

(a) For purposes of this rule, the following definitions shall apply:

- (1) For purposes of this rule, “Local service” includes basic local exchange service (including extended area service [EAS]), expanded local calling (ELCA), and any other NCUC-regulated telephone service offered by a single corporate entity within a single LATA.
- (2) “Charges for local service” include charges for local service, as defined in Rule R12-17(a)(1), the state sales tax and federal excise tax associated with local service, the subscriber line charge (SLC), the primary interexchange carrier charge (PICC) applied by and on behalf of the local carrier, the local number portability (LNP) charge, and state and federal universal service surcharges applied by and on behalf of the local carrier. “Charges for local service” do not include charges applied by the local carrier on behalf of another carrier or entity, the E911 and telecommunications relay service surcharges or other nonregulated charges, e.g., charges for intraLATA toll service, interLATA toll service, or operator service, charges for voicemail, Internet service, inside wiring, customer premises equipment, and wireless service.
- (3) “Bundled local service” is a combination of local service, as defined above, and one or more other services, either regulated or nonregulated, which are offered either by a local service provider alone, or by a local service provider jointly with one or more other entities.
- (4) “Toll denial” is the blocking of an end user’s ability to place intraLATA and interLATA toll calls. Such intraLATA and interLATA toll calls include all interexchange calls which are not included in an end user’s charges for local services. “Toll service” includes the provision of such interexchange calls, whether charged to the end user on a per call or flat fee basis. “Global toll denial” occurs when the local service provider blocks the end user’s access to toll services, whether offered by the local service provider or an interexchange carrier, by restricting dialing patterns that access toll services in accordance with Rule R12-17(d)(3). “Selective toll denial” occurs when access is blocked to one carrier’s toll facilities, but the end user is able to access another carrier’s facilities for completion of toll calls.
- (5) “Unbundled MTS” is intraLATA measured toll service not provided on a significantly discounted or flat rate basis as part of a package with local service.

(b) No telephone utility may disconnect local service or bundled local service to residence customers for nonpayment of past due charges except in accordance with these principles:

- (1) Local service may be disconnected for nonpayment of past due charges for local service provided by the telephone utility as a single corporate entity.
- (2) Bundled local service may be disconnected for failure to pay the total past due charges for the service.
- (3) If a customer fails to pay the past due balance for bundled local service in full, a notice will be provided advising the customer of the total amount

that needs to be paid to avoid disconnection. For telephone utilities who offer unbundled local service, the notice will provide instructions on how the customer may avoid discontinuation of basic local service if he is unable or unwilling to pay the full amount owed for the bundled local service; otherwise the customer's basic local service will be discontinued when the bundled local service is disconnected. When the account is paid in full, the customer may contact the telephone company and request reconnection of the bundle.

- (4) If the customer chooses to convert to unbundled local service, and if the regulated past due balance owed for local service or a surrogate amount has been paid in full or is sufficiently current, the telephone utility will continue to provide the customer with the customer's current local service. If toll service charges remain unpaid, global toll denial may be imposed, after appropriate notice under Commission rules. The notice of global toll denial will also advise the customer that the customer may subscribe to any local services, as defined in Rule R12-17(a)(1), offered by the utility.
- (5) If a customer's local service has been disconnected for nonpayment, the telephone utility will re-establish local service with the local service option of the customer's choice, provided that the customer pays the regulated past due balance owed for local service. This provision applies whether service was disconnected before or after implementation of this rule.
- (6) If the telephone utility does not provide local service on an unbundled basis, Rules R12-17(b)(3)-(5) will not apply, and the telephone utility may require the customer to pay the past due balance owed (excluding amounts billed by the telephone utility on behalf of third parties for service other than the bundled service) before bundled local service is restored.
- (7) A telephone utility may not disconnect a customer's local service, nor impose global toll blocking, for nonpayment of disputed charges.
- (8) If a residence customer under global toll denial incurs charges for toll service which are billed on the customer's local telephone bill, by abuse or fraud, which includes the obtaining, or attempting to obtain, or assisting another to obtain or to attempt to obtain, toll service message telecommunications service by rearranging, tampering with, or making connection with any facilities of the telephone utility, or by any trick, scheme, false representation, or false credit device, or by or through any other fraudulent means or device whatsoever, with intent to avoid the payment, in whole or in part, of the regular charge for such service, the telephone utility may discontinue the customer's local service.

(c) Partial payments to telephone utilities. In the absence of the customer's or agent's instruction to apply the payment otherwise, partial payments will be allocated as follows: first to local service, and second to other service, except that if a partial payment is within \$1.00 of the past due amount, the payment may be allocated first to past due local service and second to other past due service.

(d) Global toll denial for residential telephone customers.

- (1) A local service provider may impose global toll denial for failure to pay any of the following charges:

- (A) Charges for unbundled interLATA toll service and unbundled intraLATA MTS (whether carried by the preferred interexchange carrier (PIC) or by using dial-around services (101XXXX));
 - (B) Charges for collect interLATA and intraLATA toll calls;
 - (C) Charges for interLATA and intraLATA toll service that is provided by a third party as part of a bundle offered jointly with the local service provider;
 - (D) Charges for toll calls made through 8XX toll-free numbers which result in charges for regulated services being billed back on the local service provider bill; or
 - (E) Charges for international calls to information service providers (ISPs) on the third occasion as addressed in Rule R12-17(g) below.
- (2) A local service provider may not impose global toll denial for failure to pay charges for:
- (A) Calls to 900 numbers and nonregulated charges other than toll services; or
 - (B) International calls to ISPs on the first and second occasion as addressed in Rule 12-17(g) below.
- (3) When global toll denial is imposed, the local service provider may block the customer's ability to place interLATA and intraLATA toll calls. The customer's current local service will not be impaired and the utility will provide the customer with local service in accordance with Rule R12-17(b)(4). Further, the global toll denial mechanism may not block 8XX toll free numbers; except that a local service provider may choose, at its discretion, to block certain 8XX toll free numbers that result in toll charges being billed on the customer's local telephone bill. Local service providers may also provide, at their discretion, other blocking services to a customer when global toll blocking is imposed, such as blocking of all 8XX toll free numbers, if the customer affirmatively chooses such blocking services.
- (4) Global toll denial will not block access to expanded local service or toll service that is included along with local service in a bundle of services for which the customer pays a flat monthly rate.
- (5) Global toll denial includes billed number screening.
- (e) Regulated service may not be discontinued for failure to pay nonregulated charges, except in the case of nonregulated services included in bundled local service offered by a carrier which does not offer unbundled local service.
- (f) No telephone utility providing local telecommunications service or intrastate long distance service shall discontinue a customer's service for nonpayment of Designated Services. For purposes of this rule, the term "Designated Services" means 900 service, 976 service, or 500 or 700 service when such service is used in a 900-like manner. In such cases the telephone utility shall follow these procedures:
- (1) If the subscriber is willing to make payments, the telephone utility shall attempt to make reasonable arrangements for payment.
 - (2) If the subscriber challenges the bill or is otherwise unwilling or unable to pay, the telephone utility shall remove the charges from the customer's bill

on the first occasion and shall offer the subscriber free blocking of Designated Services. If the subscriber declines to allow the free blocking, the telephone utility must inform the subscriber in writing that any charges incurred after that date will result in blocking of Designated Services.

- (3) On the second occasion that the subscriber challenges the bill, or is unwilling or unable to pay, the telephone utility shall remove the charges from the subscriber's bill and shall impose free blocking of Designated Services on the subscriber.

(g) No telephone utility providing local telecommunications service or intrastate long-distance service shall discontinue a customer's service for nonpayment of international calls to information service providers except as provided herein. In such cases, the telephone utility shall follow these procedures:

- (1) If the subscriber is willing to make payments, the telephone utility shall attempt to make reasonable arrangements for payment.
- (2) If the subscriber challenges the bill, or is otherwise unwilling or unable to pay, the telephone utility shall remove the charges from the subscriber's bill on the first occasion. The local carrier shall offer the subscriber free global toll denial.
- (3) If, after the first occasion, the subscriber incurs additional charges for international calls to information service providers and challenges the bill, or is unwilling or unable to pay, even in installments, the telephone utility shall remove the charges from the subscriber's bill. The local carrier shall offer the subscriber free global toll denial and shall advise the subscriber in writing that any additional charges incurred will not be removed and will result in imposition of global toll denial unless the charges are paid. If the IXC does its own billing and intends eventually to apply selective toll denial for nonpayment of such charges, the IXC shall advise the subscriber in writing that any additional charges incurred will not be removed and will result in imposition of selective toll denial unless the charges are paid.
- (4) If the subscriber incurs additional charges for international calls to information service providers after charges have been removed on two previous occasions, and after written notice as described above, and the subscriber refuses to pay the additional charges or to commit to and honor reasonable payment arrangements for the additional charges upon demand, the local carrier may impose global toll denial on the subscriber's lines and the IXC may impose selective toll denial.

(h) Treatment of debts for telephone service that are more than three years old.

- (1) No telephone utility may deny local service to a customer for nonpayment of charges that were incurred more than three years prior to the date of such denial, unless the utility filed and is actively pursuing a pending court action or has secured a valid court judgment for nonpayment of local charges within three years of the date when such charges were incurred. No telephone utility may deny bundled local service to a customer for nonpayment of charges that were incurred more than three years prior to the date of such denial; provided that the utility may deny bundled local

service to a customer for nonpayment of charges for local or bundled local service if it filed and is actively pursuing a pending court action or has secured a valid court judgment against the customer for nonpayment of such charges within three years of the date when the charges were incurred.

- (2) A telephone utility may deny unbundled toll service to customers for nonpayment to that utility of outstanding charges for unbundled toll service that are more than three years old only through selective toll denial. Provided, that this provision shall not impose an affirmative duty on the utility to suspend global toll denial on its own initiative after such three year period. However, if a customer requests that the utility suspend global toll denial after such time, the utility may not continue to impose global toll denial for nonpayment of such a debt. A telephone utility may impose global toll denial for debts that are more than three years old if the utility filed and is actively pursuing a pending court action or has secured a valid court judgment for nonpayment of such charges within three years of the date when such charges were incurred.
 - (i) Disconnect notices, billing statements and bundled customer notification for telephone utilities.
 - (1) Disconnect notices.
 - (A) Local carriers.
 - (i) Disconnect notices for residence customers shall state clearly the minimum amount that must be paid in order to maintain local service and the minimum amount that must be paid in order to maintain both local and toll service.
 - (ii) Disconnect notices for residence customers who are subject to the imposition of global toll denial shall clearly describe the type of toll blocking that will be imposed if charges for toll services are not paid. The notice shall offer the customer the option of maintaining his or her choice of available local service options and shall inform the customer as to what local service will be provided by the carrier if the customer does not express a preference. The notice shall also advise the customer of his responsibility for paying for any calls that appear on his bill as a result of not blocking ELCA calls.
 - (iii) For telephone utilities who offer unbundled local service, disconnect notices for residence customers will provide instructions on how the customer may avoid discontinuation of basic local service if he is unable or unwilling to pay the full amount owed for the bundled local service, and should specify the amount due to maintain local service; otherwise the customer's basic local service will be discontinued when the bundled local service is disconnected. For carriers that offer only bundled local service, disconnect notices shall clearly state the minimum amount that must be paid in order to maintain the bundled local service.

- (B) IXCs. Disconnect notices shall clearly state the minimum amount that must be paid in order to maintain toll service.
 - (C) Periodic notification of disconnect policy. Carriers that bill customers for local service and IXCs that bill customers directly shall provide periodic notification of the disconnect policy established by this Rule to all customers through a bill insert or special mailing issued immediately after the implementation of these rules and annually thereafter.
- (2) Billing statements.
- (A) Where the services of any provider other than the billing utility are stated, the name of the service provider offering the service and a toll-free contact number or numbers for the service provider shall be clearly and conspicuously identified. The toll-free contact number for the service provider may be a number of the company that handles the inquiry for the service provider.
 - (B) Language must appear on the bill clearly explaining the consequences of failing to pay particular charges shown on the bill. Such language must be prominently displayed either on the summary page of the bill or in close proximity to the specific charges to which it applies, or in a section dedicated to that purpose.
 - (C) Language, prominently displayed, must also appear on the bill clearly identifying either those charges for which nonpayment will not result in disconnection of local service or the amount that must be paid in order to prevent disconnection of local service.
 - (D) If a telephone utility bills for a bundle of services offered in part by a third-party provider, the name of the third-party provider, with the associated toll-free contact information, must be identified on the bill as a co-provider of the bundle. If the third-party provider is affiliated with the billing utility, and the billing utility is authorized and capable of responding to customer inquiries on behalf of the third-party provider, this requirement is not applicable.
 - (E) The billing format must be in accordance with the FCC's Truth in Billing regulations. Interested parties are free to seek additional billing format changes in the public interest.
- (3) Bundled Customer Notification: Whenever a residence customer subscribes to bundled local service, concurrent with the customer's first billing statement, notification must be provided by a bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) as set forth below, and a similar bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) must be sent to the customer annually thereafter. The bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) shall read as follows:
- (A) For local carriers who offer unbundled local service:

You are a subscriber to a bundled local telephone service. **Please note** that if you do not pay your **entire** bill for bundled local service, **all** components of the bundled local service are subject to disconnection. However, before your bundled local service is disconnected, you will have the option of maintaining local service by paying the regulated past due balance owed for unbundled local service.

(B) For local carriers who offer only bundled local service:

You are a subscriber to a bundled local telephone service. **Please note** that if you do not pay your **entire** bill for bundled local service, **all** components of the bundled local service are subject to disconnection. You do not have the right to retain selected components of the bundled local service by paying for only those components.

(C) Modification of bill insert, bill message, or direct mail (including email when affirmatively selected by the customer) requirements may be requested to address jurisdictional conflicts and other legitimate issues on an individual basis.

(NCUC Docket No. P-100, Sub 140, 4/3/00; 4/13/00; 4/14/00; NCUC Docket No. P-100, Sub 72b, 01/02/04; 01/05/04; NCUC Docket No. P-100, Sub 140, 04/12/05; NCUC Docket No. P-100, Sub 140, 04/03/06; P-100, Sub 140, 08/27/07; NCUC Docket No. P-100, Sub 140, 02/28/08; NCUC Docket No. P-100, Sub 140, 04/09/08.)

Rule R15-1. Regulatory fee.

(a) *Fee Imposed.* G.S. 62-302 requires each public utility regulated by the North Carolina Utilities Commission to pay a quarterly regulatory fee to the Commission which 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.*

- (1) 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.
- (2) 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 General Assembly by law, of each public utility's North Carolina jurisdictional revenues for each quarter or (ii) six dollars and twenty-five cents (\$6.25) each quarter.
- (3) The percentage rate may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Commission and the Public Staff for the upcoming fiscal year, including a reasonable margin for a reserve fund. The amount of the reserve may not exceed the estimated cost of operating the Commission and the Public Staff for the upcoming fiscal year. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Commission or the Public Staff or a possible unanticipated increase or decrease in North Carolina jurisdictional revenues.
- (4) If the Commission, the Public Staff, or both experience a revenue shortfall, the Commission shall implement a temporary regulatory fee surcharge to avert the deficiency that would otherwise occur. In no event may the total percentage rate of the regulatory fee plus any surcharge established by the Commission exceed twenty-five hundredths percent (0.25%).
- (5) As used in this rule, the term "North Carolina jurisdictional revenues" means all revenues derived or realized from intrastate tariffs, rates, and charges approved or allowed by the Commission or collected pursuant to Commission order or rule, but not including tap-on fees or any other form of contributions in aid of construction. For telecommunications companies, all revenues and other receipts derived from access charges and yellow pages advertising are to be included as North Carolina jurisdictional revenues.

(c) *When Due.* The regulatory fee imposed by G.S. 62-302 is due and payable to the Commission on or before the 15th day of the second month following the end of each quarter. Each public utility subject to the regulatory fee shall, on or before the date the fee is due for each quarter, prepare and render a report on the form prescribed by the Commission. The report shall state the public utility's total North Carolina jurisdictional revenues for the preceding quarter. Receipts shall be reported on an accrual basis. The form of the report shall be as set forth in the Appendix to this Chapter. (NCUC FORM RF).

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

(d) *Use of Proceeds.* A special fund in the Office of the State Treasurer, the "Utilities Commission and Public Staff Fund," shall be created. The fees collected pursuant to G.S. 62-302 and all other funds received by the Commission and the Public Staff shall be deposited in the Utilities Commission and Public Staff Fund. The Fund shall be placed in an interest bearing account and any interest or other income derived from the Fund shall be credited to the Fund. Monies in the Fund shall only be spent pursuant to appropriation by the General Assembly.

The Utilities Commission and Public Staff Fund shall be subject to the provisions of the Executive Budget Act except that no unexpended surplus of the Fund shall revert to the General Fund. All funds credited to the Utilities Commission and Public Staff Fund 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 as provided by Chapter 62 of the North Carolina General Statutes.

(e) *Supporting Data.* Upon request of the Commission or the Public Staff, a utility shall supply supporting data and workpapers substantiating its Public Utility Regulatory Fee Report (NCUC FORM RF).

Utilities now filing quarterly reports with the Commission in compliance with the Commission's ongoing surveillance program (NCUC FORMS E.S.-1, G.S.-1, and T.S.-1) shall include as an integral part of those quarterly reports a schedule setting forth a detailed reconciliation of the North Carolina jurisdictional revenues reflected in those reports to the level of North Carolina jurisdictional revenues reflected in the Public Utility Regulatory Fee Report (NCUC FORM RF) for the same quarterly reporting period.

Utilities not now filing quarterly reports shall include as an integral part of their annual reports to be filed with the Commission a schedule setting forth a detailed reconciliation of the total North Carolina jurisdictional revenues reflected in those annual reports to the level of North Carolina jurisdictional revenues reflected in the four quarterly Public Utility Regulatory Fee Reports encompassed by the 12-month period on which the annual report is based. This requirement is effective January 1, 1990.

(f) *Failure to File.* Failure to complete and file the Public Utility Regulatory Fee Report (NCUC FORM RF) and to make payment of the regulatory fee as prescribed may result in the imposition of a penalty, a fine, or both.

(NCUC Docket No. M-100, Sub 118, 9/15/89.)

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

**PUBLIC UTILITY REGULATORY FEE REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
(First Quarter of Fiscal Year 2009-2010)**

(Please Note Any Address Corrections)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1.	Total North Carolina Jurisdictional Revenues (See instruction No. 1 on reverse)	\$ <input type="text"/>
2.	Less revenues included on Line 1 determined to be uncollectible	\$ <input type="text"/>
3.	Revenues subject to regulatory fee (Line 1 minus Line 2)	\$ <input type="text"/>
4.	Statutory regulatory fee percentage rate	<input type="text" value="0.0012"/>
5.	Amount of regulatory fee due (See instruction Nos. 2 & 3 on reverse)	\$ <input type="text"/>

NOTE: THE MINIMUM FEE OF \$25.00 IS DUE WITH THIS REPORT.

CHECK NO.

Checks should be SIGNED and made payable to N C DEPT OF COMMERCE/UTILITIES COMMISSION

CERTIFICATION

I hereby certify that the information contained in this report is true to the best of my knowledge and belief.

FEDERAL I.D. NO. IS REQUIRED

Authorized Signature and Title

Date

Contact Person (Print Clearly)

() -

Telephone Number

NOTE: This report and payment of the regulatory fee are due on or before November 15, 2009.
See Instruction Nos. 4, 5, and 6 on reverse

The Public Utility Regulatory Fee is imposed pursuant to N.C. General Statute 62-302.

INSTRUCTIONS

1. **The term "North Carolina jurisdictional revenues"** means all revenues derived or realized from intrastate tariffs, rates, and charges approved or allowed by the Commission or collected pursuant to Commission order or rule, but not including tap-on fees or any other form of contributions in aid of construction. For telecommunication companies, all revenues and other receipts derived from access charges and yellow page advertising are to be included as North Carolina jurisdictional revenues.
2. **The minimum annual regulatory fee for all public utilities subject to the jurisdiction of the North Carolina Utilities Commission is \$25.00.** This fee is paid with the first quarter of each new Fiscal Year (Quarter ended September 30) or the first quarter a public utility has certification. (See Instruction No. 3).
3. The amount to be shown on Line 5 is the greater of Line 3 multiplied by Line 4 or \$25.00 except as noted below:
 - (a) The minimum **annual fee of \$25.00** is due when a public utility's report for its first quarter of the fiscal year July 1, through June 30, shows that the application of the percentage rate of .0012, would yield a quarterly fee of \$25.00 or less. The \$25.00 minimum fee is considered to be **an estimated fee for the entire fiscal year** and no further payment is required **if fiscal year revenues do not exceed \$20,834.00** ($\$20,834.00 \times .0012 = \25.00).
 - (b) If, after payment of the \$25.00 minimum fee, the public utility's subsequent quarterly report(s) show that application of the percentage rate of .0012 would yield quarterly fees which total more than \$25.00 for the entire fiscal year, the public utility shall pay the cumulative amount of the fee resulting from application of the percentage rate, to the extent it exceeds the \$25.00 minimum fee.
 - (c) **A report for each quarter is required even if no additional fee is due.**
4. **DATE DUE** - The Public Utility Regulatory Fee Report and payment of the regulatory fee is **due on or before the 15th** day of the second month following the end of each calendar quarter. Thus, the quarterly due dates are November 15, February 15, May 15, and August 15. If, applicable, the check should be signed and made payable to **N C DEPT OF COMMERCE/ Utilities Commission**.
5. **MAIL TO** - The Public Utility Regulatory Fee Report along with a check or money order in the amount of the regulatory fee due must be mailed to the **Finance and Budget Group, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325**. Express Mail Address: 430 N Salisbury St, Rm 4223, Dobbs Bldg, Raleigh, North Carolina 27603.
6. **QUESTIONS** - **For assistance** in completing this report, please contact **Sharron Goodwin** at **(919)733-5265**; e-mail **Goodwin@ncuc.net**; or write to the address contained in Instruction No. 5 above.

FAILURE TO COMPLETE AND FILE THIS REPORT AND TO MAKE PAYMENT OF THE REGULATORY FEE AS PRESCRIBED MAY RESULT IN THE IMPOSITION OF A PENALTY, A FINE, AND/OR CANCELLATION OF CERTIFICATE.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**PUBLIC UTILITY REGULATORY FEE REPORT FOR THE
QUARTER ENDED SEPTEMBER 30, 2009
(First Quarter of Fiscal Year 2009-2010)**

(Please Note Any Address Corrections)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1.	Total North Carolina Jurisdictional Revenues (See instruction No. 1 on reverse)	\$ <input type="text"/>
2.	Less revenues included on Line 1 determined to be uncollectible	\$ <input type="text"/>
3.	Revenues subject to regulatory fee (Line 1 minus Line 2)	\$ <input type="text"/>
4.	Statutory regulatory fee percentage rate	<input type="text" value="0.0012"/>
5.	Amount of regulatory fee due (See instruction Nos. 2 & 3 on reverse)	\$ <input type="text"/>

NOTE: THE MINIMUM FEE of \$25.00 is DUE WITH THIS REPORT.

CHECK NO.

Checks should be SIGNED and made payable to N C DEPT OF COMMERCE/UTILITIES COMMISSION

6.	Total Number of Payphones in Operation this Quarter	<input type="text"/>
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CERTIFICATION

I hereby certify that the information contained in this report is true to the best of my knowledge and belief.

FEDERAL I.D. NO. IS REQUIRED

Authorized Signature and Title

Date

Contact Person (Print Clearly)

() -

Telephone Number

NOTE: This report and payment of the regulatory fee are due on or before November 15, 2009.

See Instruction Nos. 5, 6, and 7 on reverse

The Public Utility Regulatory Fee is imposed pursuant to N.C. General Statute 62-302.

INSTRUCTIONS

1. **The term "North Carolina jurisdictional revenues"** means all revenues derived or realized from intrastate tariffs, rates, and charges approved or allowed by the Commission or collected pursuant to Commission order or rule.
2. **The minimum annual regulatory fee for all public utilities subject to the jurisdiction of the North Carolina Utilities Commission is \$25.00.** This fee is paid with the first quarter of each new Fiscal Year (Quarter ended September 30) or the first quarter a public utility has certification. (See Instruction No. 3).
3. The amount to be shown on Line 5 is the greater of Line 3 multiplied by Line 4 or \$25.00 except as noted below:
 - (a) The minimum **annual fee of \$25.00** is due when a public utility's report for its first quarter of the fiscal year July 1, through June 30, shows that the application of the percentage rate of .0012, would yield a quarterly fee of \$25.00 or less. The \$25.00 minimum fee is considered to be **an estimated fee for the entire fiscal year** and no further payment is required **if fiscal year revenues do not exceed \$20,834** ($\$20,834.00 \times .0012 = \25.00).
 - (b) If, after payment of the \$25.00 minimum fee, the public utility's subsequent quarterly report(s) show that application of the percentage rate of .0012 would yield quarterly fees which total more than \$25.00 for the entire fiscal year, the public utility shall pay the cumulative amount of the fee resulting from application of the percentage rate, to the extent it exceeds the \$25.00 minimum fee.
 - (c) **A report for each quarter is required even if no additional fee is due.**
4. **Line No. 6--**The data on this line should include the total number of payphones in operation at the end of this quarter. This data provides the Commission with useful information in its regulatory fee analysis work.
5. **DATE DUE** - The Public Utility Regulatory Fee Report and payment of the regulatory fee is **due on or before the 15th** day of the second month following the end of each calendar quarter. Thus, the quarterly due dates are November 15, February 15, May 15, and August 15. If applicable, all checks should be signed and made payable to **NC DEPT OF COMMERCE/UTILITIES COMMISSION.**
6. **MAIL TO** - The Public Utility Regulatory Fee Report along with a check or money order in the amount of the regulatory fee due must be mailed to the **Finance and Budget Group, North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325.** Express Mail Address: 430 N.Salisbury St, Dobbs Bldg, Rm 4223, Raleigh, North Carolina 27603.
7. **QUESTIONS** - **For assistance** in completing this report, please **contact Sharron Goodwin at (919)733-5265; e-mail Goodwin@ncuc.net;** or write to the address contained in Instruction No. 6 above.

FAILURE TO COMPLETE AND FILE THIS REPORT AND TO MAKE PAYMENT OF THE REGULATORY FEE AS PRESCRIBED MAY RESULT IN THE IMPOSITION OF A PENALTY, A FINE, AND/OR CANCELLATION OF CERTIFICATE.