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- The public utilities should not be allowed to keep any excess revenues they collect (or have collected) through existing rates and spend those ratepayer dollars however they want for capital or operating expenses.
- Although the Commission has the authority to reduce rates to account for the impact of the tax cut on the public utilities' cost of service,¹ the Commission should not simply order utilities to reduce their rates to account for the entire impact of the tax cut, or to flow all of the over-collections due to the tax cut to their customers in the form of rebates or decrement riders.
- Utilities should be required to invest some portion of the tax savings for the residential class in measures that reduce customer bills. For example, the Commission could require electric and gas utilities to invest a portion of the tax savings in energy efficiency programs for low-income customers. Because each dollar invested in energy efficiency yields up to four dollars in cost savings to the utility's system,² directing a portion of utilities' tax savings to such programs would have a greater "bang for the buck" than simply reducing utility rates. Similarly, water utilities could be required to invest in water-conservation programs. Such investments would yield greater bill reductions than a simple rate reduction or rebate.

¹ The reduction in the federal corporate income tax has a material and substantial impact on the public utilities' cost of service; therefore, adjustment of rates in light of the tax cut outside a general rate case would not run afoul of the prohibition on single-issue ratemaking. State ex rel. Utils. Comm'n v. Nantahala Power & Light Co., 326 N.C. 190, 198, 388 S.E.2d 118, 122-23 (1990).

² ACEEE, Press Release, New Report Finds Energy Efficiency is America's Cheapest Energy Resource (Mar. 25, 2014), <http://aceee.org/press/2014/03/new-report-finds-energy-efficiency-a>. "Each dollar invested in electric energy efficiency measures yields \$1.24 to \$4.00 in total benefits for all customers, which include avoided energy and capacity costs, lower energy costs during peak demand periods like heat waves, avoided costs from building new power lines, and reduced pollution."

- If rates for residential customers are reduced, the Commission should not simply order an across-the-board reduction in rates and charges for the class. Instead, it should examine whether it is appropriate to require greater reductions in fixed, monthly charges than in the volumetric rate.

The information that the Commission has directed the utilities to file in their initial comments regarding the impact of the tax cut on their cost of service will assist the Low-Income Advocates in formulating a proposal for how the tax cut moneys should be spent for the benefit of low-income residential customers. The Low-Income Advocates therefore intend to put forth such a proposal in their reply comments.

Respectfully submitted this 1st day of February, 2018.

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Initial Comments of the North Carolina Justice Center and North Carolina Housing Coalition as filed today in Docket No. M-100, Sub 148 has been served on all parties of record by electronic mail or by deposit in the U.S. Mail, first-class, postage prepaid.

This 1st day of February, 2018.

s/ Robin G. Dunn

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