

§ 62-133.4. Gas cost adjustment for natural gas local distribution companies.

(a) Rate changes for natural gas local distribution companies occasioned by changes in the cost of natural gas supply and transportation may be determined under this section rather than under G.S. 62-133(b), (c), or (d).

(b) From time to time, as changes in the cost of natural gas require, each natural gas local distribution company may apply to the Commission for permission to change its rates to track changes in the cost of natural gas supply and transportation. The Commission may, without a hearing, issue an order allowing such rate changes to become effective simultaneously with the effective date of the change in the cost of natural gas or at any other time ordered by the Commission. If the Commission has not issued an order under this subsection within 120 days after the application, the utility may place the requested rate adjustment into effect. If the rate adjustment is finally determined to be excessive or is denied, the utility shall make refund of any excess, plus interest as provided in G.S. 62-130(e), to its customers in a manner ordered by the Commission. Any rate adjustment under this subsection is subject to review under subsection (c) of this section.

(c) Each natural gas local distribution company shall submit to the Commission information and data for an historical 12-month test period concerning the utility's actual cost of gas, volumes of purchased gas, sales volumes, negotiated sales volumes, and transportation volumes. This information and data shall be filed on an annual basis in the form and detail and at the time required by the Commission. The Commission, upon notice and hearing, shall compare the utility's prudently incurred costs with costs recovered from all the utility's customers that it served during the test period. If those prudently incurred costs are greater or less than the recovered costs, the Commission shall, subject to G.S. 62-158, require the utility to refund any overrecovery by credit to bill or through a decrement in its rates and shall permit the utility to recover any deficiency through an increment in its rates. If the Commission finds the overrecovery or deficiency has been or is likely to be substantially reduced, negated, or reversed before or during the period in which it would be credited or recovered, the Commission, in its discretion, may order the utility to make an appropriate adjustment or no adjustment to its rates, consistent with the public interest.

(d) Nothing in this section prohibits the Commission from investigating and changing unreasonable rates as authorized by this Chapter, nor does it prohibit the Commission from disallowing the recovery of any gas costs not prudently incurred by a utility.

(d1) The utility shall not recover from ratepayers, in any rate recovery proceeding or rider, the incremental cost of natural gas attributable to renewable energy biomass resources that exceeds the average system cost of gas unattributable to renewable energy biomass resources calculated and filed with the Commission pursuant to subsection (c) of this section. Each natural gas local distribution company that incurs costs attributable to renewable energy biomass resources shall submit the utility's actual cost thereof to the Commission monthly for purposes of determining the total amount of natural gas costs recoverable under this section.

(e) The following definitions apply in this section:

- (1) "Cost" or "costs" shall be defined by Commission rule or order and may include all costs related to the production, purchase, and transportation of natural gas to the natural gas local distribution company's system.
- (2) "Domestic wastewater" means water-carried human wastes together with all other water-carried wastes normally present in wastewater from non-industrial processes.
- (3) "Natural gas" or "gas" includes gas derived from renewable energy biomass resources.
- (4) "Renewable energy biomass resources" includes agricultural waste, animal waste, wood waste, spent pulping liquors, organic waste, combustible

residues, combustible gases, energy crops, landfill methane, or domestic wastewater. (1991, c. 598, s. 8; 2021-23, s. 15; 2024-45, s. 13(a).)