



SENATE BILL 1076: Rocky Mount/Louisburg Utility Rev./Advisory.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	June 24, 2026
Introduced by:	Sens. Barnes, B. Newton, Moffitt	Prepared by:	Chris Saunders Staff Attorney
Analysis of:	Third Edition		

OVERVIEW: The Proposed Committee Substitute (PCS) to Senate Bill 1076 would:

- *Prohibit the City of Rocky Mount from transferring revenue from its electric system and natural gas system to other municipal funds until January 1, 2029.*
- *Establish the Rocky Mount Public Utilities Advisory Committee to advise the Rocky Mount City Council on matters related to public utilities service offered by the City of Rocky Mount.*
- *Prohibit the Town of Louisburg from transferring revenue from its electric system to other municipal funds and repeal a provision allowing the Town of Louisburg to use revenue derived from rates for electric service for economic development projects.*

CURRENT LAW: G.S. 159B-39 provides that certain municipalities that are members of the North Carolina Eastern Municipal Power Agency¹ may use revenue derived from rates for electric service as follows:

- To pay the direct and indirect costs of operating the electric system.
- To transfer to other municipal funds a sum that reflects a rate of return on the investment in the electric system; however, the transferred sum cannot exceed the greater of the following:
 - 3% of the gross capital assets of the electric system at the end of the preceding fiscal year.
 - 5% of the gross annual revenues of the electric system for the preceding fiscal year.

The remainder must be used to produce lower rates on electric service within the area served by the municipal electric system and make additional debt service payments on bonds or other indebtedness incurred by the municipality to finance improvements to the electric system.

Additionally, S.L. 2021-103 allows the Town of Louisburg to use a portion of this revenue to pay "costs for development or redevelopment of properties, or activities related thereto, likely to increase the municipality's number of electric customers or electric load thereby leading to reduced electric service rates, improved economic development, job growth, or community improvement" as a direct or indirect

¹ G.S. 159B-39 applies to the following cities and towns: Apex, Ayden, Belhaven, Benson, Clayton, Edenton, Elizabeth City, Farmville, Fremont, Greenville, Hamilton, Hertford, Hobgood, Hookerton, Kinston, LaGrange, Laurinburg, Louisburg, Lumberton, New Bern, Pikeville, Red Springs, Robersonville, Rocky Mount, Scotland Neck, Selma, Smithfield, Southport, Tarboro, Wake Forest, Washington, and Wilson.

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cost of operating its electric system. Funds could be used for this purpose only when all of the following criteria are met:

- The municipality's electric rates are within 10% of the customer rates charged by any provider of electric service in a service area adjacent to the municipality during the fiscal year in which the cost is incurred.
- The municipality maintains in its electric enterprise fund moneys available to pay all costs necessary for operation of its electric system for a three-month period, which funds were not appropriated by the annual budget.
- The municipality has a fully developed capital improvement plan that includes a funding source to replace assets depreciated by seventy five percent (75%) or more.

BILL ANALYSIS:

Section 1.(a) of the PCS would prohibit the City of Rocky Mount from transferring revenue from its electric system to other municipal funds. Therefore, the City of Rocky Mount would be required to pay the direct and indirect costs of operating its electric system, then must use the remaining funds to produce lower rates on electric service and make additional debt service payments incurred on behalf of its electric system.

Section 1.(b) would provide that the City of Rocky Mount may use revenue derived from rates for natural gas service only to pay the direct and indirect costs of operating the natural gas system. Any remaining revenue shall be used to produce lower rates on natural gas service within the area served by the municipal natural gas system and to make additional debt service payments on bonds or other indebtedness. The City could not otherwise transfer revenue from a natural gas utility fund to any other fund of the municipality for any other purpose not explicitly authorized by law. The direct and indirect costs of operating the natural gas system would mostly mirror those of operating an electric system as provided in G.S. 159B-39.

This section would expire January 1, 2029.

Section 2 would establish the Rocky Mount Public Utilities Advisory Committee (Committee), which would review and make recommendations to the Rocky Mount City Council on utility rates, budgets, capital projects, policies, and revenue transfers. Authority over the city's public utilities would remain with the City Council. The Committee would have nine voting members appointed by the City Council: five city residents, a residential customer from each of Nash and Edgecombe Counties, and a commercial or industrial customer from each of Nash and Edgecombe Counties. The City Manager would also be a nonvoting member of the Committee.

This section would become effective July 1, 2027, with the Committee established and holding its first meeting on or after July 1, 2028.

Section 3.(a) would prohibit the Town of Louisburg from transferring revenue from its electric system to other municipal funds. Therefore, the Town of Louisburg would be required to pay the direct and indirect costs of operating its electric system, then must use the remaining funds to produce lower rates on electric service and make additional debt service payments incurred on behalf of its electric system.

Section 3.(b) would repeal S.L. 2021-103, so that the Town of Louisburg could no longer treat economic development projects as a direct or indirect cost of operating its electric system.

EFFECTIVE DATE: Except as otherwise provided, the PCS would become effective when it becomes law.

Nick Giddings, counsel to Senate State and Local Government, substantially contributed to this summary.