

R12-13 ADVERTISING, LOBBYING, CHARITABLE CONTRIBUTIONS, AND POLITICAL CONTRIBUTIONS BY ELECTRIC, NATURAL GAS, WATER AND SEWER UTILITIES

(a) Except as may otherwise be permitted by this Rule, in ascertaining reasonable operating expenses pursuant to G.S. 62-133, no electric, or natural gas, water, or sewer utility shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for nonutility advertising, or any of the following as defined in Rule R12-12: lobbying, a charitable contribution, political advertising, promotional advertising, or a political contribution. In every application for a change in rates, the utility shall certify in its prefiled testimony that its application does not include costs for lobbying, political or promotional advertising, a political contribution, or a charitable contribution. Further, if the utility seeks to recover costs based on an exception under Rule R12-12(g), or under subsections (d) or (e) of this Rule, the utility shall include prefiled testimony stating the amount claimed and the basis for the exception. The utility shall maintain detailed records sufficient, and no less than what would be maintained in the absence of such certification, to allow the Commission and parties to determine whether the utility has complied with this subsection, including the executive branch agencies contacted, the individuals contacted at the executive branch agencies, the subjects of discussion, and the amount of person-hours spent in preparation for and in the discussions.

(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, natural gas, water, or sewer utility for the types of advertising described in Rule R12-12(g) 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, natural gas, water, or sewer utility for advertising of a type or nature other than that described in subsections (b), (c), or (g) of Rule R12-12 or for other nonutility advertising shall be considered by the Commission to represent reasonable operating expenses, in whole or in part in the Commission's determination, to the extent that it can be established, on a case-by-case basis, that —

- (1) the advertising is primarily 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.

(e) Expenditures made by an electric, natural gas, water, or sewer utility for lobbying activities directed at executive branch agencies or designated individuals at executive branch agencies may be considered by the Commission to represent reasonable operating expenses, in whole or in part in the Commission's discretion, to the extent, but only to the extent, that it can be established, on a case-by-case basis, that —

- (1) the lobbying activity is conducted primarily for the benefit of the using and consuming public, or
- (2) the lobbying activity is conducted primarily for the purpose of enhancing the ability of the public utility to provide efficient and reliable service to its customers.

(NCUC Docket No. M-100, Sub 80, 10/14/80; NCUC Docket No. M-100, Sub 150, 08/10/2021.)