

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

167M0492

HOUSE STATE AFFAIRS COMMITTEE ENGROSSED

NO. **HB 1091** - 01/25/2006

Introduced by: Representatives Dykstra, Frost, Hackl, Jerke, Miles, and Rave and Senators
Koskan, McCracken, and Peterson (Jim)

1 FOR AN ACT ENTITLED, An Act to authorize the Public Utilities Commission to approve
2 tariff mechanisms for the automatic annual adjustment of charges for jurisdictional costs of
3 new or modified transmission facilities.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That chapter 49-34A be amended by adding thereto a NEW SECTION to read
6 as follows:

7 Notwithstanding any other provision of this chapter, the commission may approve a tariff
8 mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new
9 or modified transmission facilities with a design capacity of thirty-four and one-half kilovolts
10 or more and which are more than five miles in length. For the purposes of this Act, electric
11 transmission facilities and electric transmission lines covered by this section include associated
12 facilities such as substations and transformers.

13 Section 2. That chapter 49-34A be amended by adding thereto a NEW SECTION to read
14 as follows:

15 Upon filing of an application consistent with rules promulgated by the commission by any



1 utility providing transmission service, the commission may approve, reject, or modify, after
2 notice, hearing, and comment, a tariff that:

- 3 (1) Allows the utility to recover on a timely basis the costs net of revenues of facilities
4 described in section 1 of this Act;
- 5 (2) Allows a return on investment at the level approved in the utility's last general rate
6 case, unless a different return is found to be consistent with the public interest;
- 7 (3) Provides a current return on construction work in progress, if the recovery from retail
8 customers for the allowance for funds used during construction is not sought through
9 any other mechanism;
- 10 (4) Allocates project costs appropriately between wholesale and retail customers; and
- 11 (5) Terminates recovery once costs have been fully recovered or have otherwise been
12 reflected in the utility's general rates.

13 Section 3. That chapter 49-34A be amended by adding thereto a NEW SECTION to read
14 as follows:

15 A utility may file annual rate adjustments to be applied to customer bills paid under the tariff
16 approved pursuant to section 2 of this Act. In the utility's filing, the utility shall provide:

- 17 (1) A description of and context for the facilities included for recovery;
- 18 (2) A schedule for implementation of applicable projects;
- 19 (3) The utility's costs for these projects;
- 20 (4) A description of the utility's efforts to ensure the lowest reasonable costs to
21 ratepayers for the project; and
- 22 (5) Calculations to establish that the rate adjustment is consistent with the terms of the
23 tariff established in section 2 of this Act.

24 Section 4. That chapter 49-34A be amended by adding thereto a NEW SECTION to read

1 as follows:

2 Upon receiving a filing under section 3 of this Act for a rate adjustment pursuant to the tariff
3 established in section 2 of this Act, the commission shall approve the annual rate adjustments
4 if, after notice, hearing, and comment, the costs included for recovery through the tariff were
5 or are expected to be prudently incurred and achieve transmission system improvements at the
6 lowest reasonable cost to ratepayers.

7 Section 5. That § 49-1A-8 be amended to read as follows:

8 49-1A-8. There is created a special fund within the state treasury to be known as the South
9 Dakota Public Utilities Commission Regulatory Assessment Fee fund. The Public Utilities
10 Commission may require a public utility as defined in subdivision 49-34A-1(12) to make a
11 deposit of up to one hundred thousand dollars when it files for approval of a general rate case,
12 regardless of the number of issues involved, or files an integrated resource plan. The
13 commission may require a deposit of up to one hundred twenty-five thousand dollars for a filing
14 which combines a general rate case and an integrated resource plan. The commission may
15 require a deposit of up to fifty thousand dollars for the filing of a tariff for approval under the
16 provisions of this Act. The deposits shall be made to the South Dakota Public Utilities
17 Commission Regulatory Assessment Fee fund, the amount to be designated by commission
18 order. The fund shall be invested as provided by law, and the interest earned shall be credited
19 to the fund.

20 Section 6. That § 49-34A-4 be amended to read as follows:

21 49-34A-4. The commission shall regulate to the extent provided in this chapter every public
22 utility as defined ~~herein~~ in this chapter. The commission may promulgate rules pursuant to
23 chapter 1-26 in furtherance of the purposes of this chapter concerning:

24 (1) Procedures and requirements for applications for rate and tariff changes;

- 1 (2) Requirements for gas and electric utilities to maintain and make available to the
- 2 public and the commission records and information;
- 3 (3) Requirements and procedures regarding customer billings and meter readings;
- 4 (4) Requirements regarding availability of meter tests;
- 5 (5) Requirements regarding billing adjustments for meter errors;
- 6 (6) Procedures and requirements for handling customer disputes and complaints;
- 7 (7) Procedures and requirements regarding temporary service, changes in location of
- 8 service and service interruptions;
- 9 (8) Standards and procedures to ensure nondiscriminatory credit policies;
- 10 (9) Procedures, requirements and record-keeping guidelines regarding deposit policies;
- 11 (10) Procedures, requirements and record-keeping guidelines regarding customer refunds;
- 12 (11) Policies for refusal of gas or electric service;
- 13 (12) Policies for disconnection and transfer of gas and electric service;
- 14 (13) Customer payment plans for delinquent bills; ~~and~~
- 15 (14) Requirements regarding advertising; and
- 16 (15) Procedures and requirements for applications for tariff mechanisms seeking the
- 17 automatic annual adjustment of charges for the jurisdictional costs of new or
- 18 modified transmission facilities under the provisions of section 1 of this Act.