

AN ACT

ENTITLED, An Act to amend rate stability provisions to include plant additions.

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

Section 1. For purposes of §§ 49-34A-73 to 49-34A-78, inclusive, plant additions are investments in fixed generation, transmission, and distribution assets, whether purchased or constructed, including operations and maintenance expenses directly related to those fixed assets, real property, and new power purchases.

Section 2. That § 49-34A-73 be amended to read as follows:

49-34A-73. Notwithstanding anything in this chapter to the contrary, an electric utility that is subject to rate regulation by the commission and plans plant additions that are expected to have a material impact on rates may make application to the commission for a phase in rate plan to provide for the phase in of rate increases prior to the commercial operations of the plant additions. The plan may provide for any of the following:

- (1) Rate increases to be incrementally phased in prior to the commencement of commercial operation of the plant additions;
- (2) To the extent rate increases for plant additions are allowed prior to commercial operation, restrictions on the capitalization of allowance for funds used during construction for the plant additions;
- (3) Restrictions on other rate increases; and
- (4) Any other conditions which benefit the public interest and may be imposed by the commission consistent with the findings in § 49-34A-74.

Section 3. That § 49-34A-74 be amended to read as follows:

49-34A-74. The commission may approve a phase in rate plan as provided in § 49-34A-73 if:

- (1) The electric utility makes application for a phase in rate plan prior to the commencement

of construction or acquisition of the plant additions;

- (2) The electric utility files with the application a full cost of service analysis as required for general rate increases including a projection of costs and revenue requirements to the date of the anticipated commercial operation of the plant additions or through the term of the new power purchases;
- (3) The commission affords an opportunity for a hearing with notice given as required for any rate increase; and
- (4) The commission finds that the phase in rate plan is likely to enhance adequate utility service, rate stability, the financial stability of the electric utility, reasonable capital costs, just and reasonable rates, a fair rate of return, and other considerations that benefit the public interest.

Section 4. That § 49-34A-75 be amended to read as follows:

49-34A-75. At any time prior to one year after the conclusion of a phase in rate plan, the commission, upon its own motion or upon petition of the electric utility, may examine the reasonableness of the utility's rates under the plan, and adjust rates as necessary. Any phase in rate plan is subject to annual review. The electric utility shall file annually an abbreviated cost of service analysis showing that year's revenues, costs and revenue requirements, and a report of the progress of the construction or acquisition of the plant additions showing accumulative construction or acquisition costs for the year and updated cost projections to complete the plant additions.

Section 5. That § 49-34A-76 be amended to read as follows:

49-34A-76. Within twelve months after the end of the phase in rate plan, the electric utility shall file a general rate case with a full cost of service analysis including the plant additions, unless, upon motion, the commission determines that a general rate case would not be likely to result in material changes to the rates in place under the phase in rate plan, in which event the rates under the phase

in rate plan will remain in effect until changed by further order of the commission.

Section 6. That § 49-34A-77 be amended to read as follows:

49-34A-77. Upon filing an application for a phase in rate plan, the electric utility shall pay a filing fee to be determined by the commission in an amount not to exceed two hundred fifty thousand dollars. The filing fee may also be used for any annual reviews pursuant to § 49-34A-75.

Section 7. That § 49-34A-78 be amended to read as follows:

49-34A-78. If the commission does not approve an application for a phase in rate plan as defined in § 49-34A-73, the electric utility may not be prohibited from making, acquiring, or constructing plant additions and requesting and obtaining rate adjustments as authorized by this chapter.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1121

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1121

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State