

State of South Dakota

EIGHTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2009

375Q0734

HOUSE BILL NO. 1263

Introduced by: Representatives Gosch and Pitts and Senators Maher and Olson (Russell)

1 FOR AN ACT ENTITLED, An Act to revise certain provisions concerning compensation for
2 service rights of electric utilities in areas annexed by municipalities.

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

4 Section 1. That § 49-34A-50 be amended to read as follows:

5 49-34A-50. If a municipality described by § 49-34A-49 elects to purchase, the municipality
6 shall, within one year following annexation, offer to purchase the electric distribution properties
7 of the utility located within the annexed area, together with all of the utility's rights to serve
8 within such area, for a cash consideration which shall consist of the present-day reproduction
9 cost, new, of the facilities being acquired, less depreciation computed on a straight-line basis;
10 plus an amount equal to the cost on a nonbetterment basis of constructing any necessary
11 facilities to reintegrate the system of the utility outside the annexed area after detaching the
12 portion to be sold; plus as compensation for service rights, an annual amount, ~~payable each year~~
13 ~~for a period of seven years~~, equal to the sum of twenty-five percent of the gross revenues
14 received from power sales to consumers of electric power within the annexed area ~~during said~~
15 ~~seven-year period~~. The obligation of the annexing municipality to compensate the utility for



1 service rights shall continue for eleven years from the date of the offer to purchase by the
2 annexing municipality. During the eleven-year period, compensation for service rights to any
3 one customer location within the annexed area shall be paid by the annexing municipality for
4 a period of seven years or until the expiration of the eleven-year period, whichever is less. Gross
5 revenues received shall be determined by applying the rate in effect by the utility whose territory
6 is being purchased municipality at the time of purchase.