

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 49-05 of the North Dakota
2 Century Code, relating to public utility rate adjustments for recovery of transmission facility
3 costs.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 49-05 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Rate adjustment - Transmission facility costs.**

8 1. The commission may approve, reject, or modify a tariff filed under section 49-05-06
9 which provides for an automatic adjustment of rates to recover jurisdictional capital
10 and operating costs incurred by a public utility for new or modified electric
11 transmission facilities. For purposes of this section, an electric transmission facility
12 includes an electric transmission line as defined in chapter 49-21.1 and other
13 transmission line equipment, including substations, transformers, and other
14 equipment constructed to improve the power delivery capability or reliability of the
15 electric transmission system; and operating costs include federally regulated costs
16 charged to or incurred by the public utility to increase regional transmission
17 capacity or reliability. The tariff must:

- 18 a. Allow the public utility to recover on a timely basis its investment and
19 associated costs for new or modified electric transmission facilities not
20 reflected in the utility's general rate schedule;
21 b. Allow a return on the public utility's investment made for new or modified
22 electric transmission facilities at the level approved in the utility's most recent
23 general rate case;

1 c. Provide a current return on construction work in progress for new or modified
2 electric transmission facilities, provided the cost recovery from retail
3 customers of the allowance for funds used during construction is not sought
4 through any other means; and

5 d. Terminate cost recovery after the public utility's costs for new or modified
6 electric transmission facilities have been recovered fully or have been
7 reflected in the utility's general rate tariffs.

8 2. Rate adjustments filed under the tariff must be accompanied by:

9 a. A description and quantification of the costs incurred by the public utility for
10 new or modified electric transmission facilities which are subject to recovery;

11 b. A schedule for implementation of the applicable transmission facility projects;
12 and

13 c. Calculations to establish that the rate adjustment is consistent with the terms
14 of the tariff.

15 3. Upon receipt of a rate adjustment filed under the tariff, the commission shall
16 approve the rate adjustment to become effective unless, after notice and
17 opportunity for hearing and comment, the commission determines the rate
18 adjustment does not comply with the tariff or the incurred costs for new or modified
19 electric transmission facilities are not reasonable and prudent. The commission
20 may order the public utility to pay the expenses of investigating rate adjustments
21 for recovery of transmission facility costs under this section in accordance with
22 section 49-02-02.