

Introduced by

Legislative Council

(Electric Industry Competition Committee)

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 adjustment of rates to recover jurisdictional capital and  
10 operating costs incurred by a public utility for new or modified electric transmission  
11 facilities. For purposes of this section, an electric transmission facility includes an  
12 electric transmission line as defined in chapter 49-21.1 and other transmission line  
13 equipment, including substations, transformers, and other equipment constructed  
14 to improve the power delivery capability or reliability of the electric transmission  
15 system; and operating costs include federally regulated costs charged to or  
16 incurred by the public utility to increase regional transmission capacity or reliability.

17 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.