

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2031

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2031

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2031**

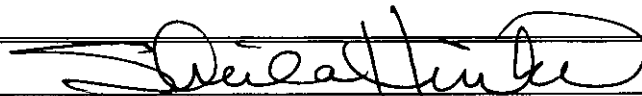
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 15, 2007**

Recorder Job Number: **1088**

Committee Clerk Signature



Minutes:

**Tim Dawson – staffs Electric Industry Competition Committee – *Not for or against***

Provides for costs for new or modified transmission facilities. Two procedures in the bill draft:

1. File a tariff to provide for the rate adjustment
2. file the rate adjustment

Highlights of the bill: *(see bill for information)*

**Kathy Aas – Xcel Energy – *In Favor***

**TESTIMONY #1 – *see testimony for info***

**S Klein:** we are trying to address this problem of transmission and create a better environment

**K Aas:** Set up to tariff the mechanism when building transmission lines to have quicker cost recovery, allowing to borrow less money.

**S Klein:** By tariff, you're getting money up front ...

**K Aas:** Just a mechanism to do the cost recovery.

**S Potter:** You would have the authority to figure line costs into the rate cases, but you're trying to separate from the rate cases.

**K Aas:** Yes. Rate case filing is lengthy process; cases can call \$100,000 - \$300,000. This will allow quicker recover, can borrow less.

**S Wanzek:** Transmission lines, what capacity are they at now? As we grow, are we limited in business because we can't export?

**K Aas:** this would help solidify regional transmission, enhance industry in the state, only the jurisdictional cost would come back to the consumers. Help strengthen the regional transmission grid.

**S Klein:** The whole process of creating new lines, does this create a lot of discussion in environmental groups. Can you get past hurdles? Was at CSG meeting, grid is old, overloaded, they spent \$60 million only on the environmental portion of that and were still held up by the Sierra Club. Are we going to get over these? Bigger issues?

**K Aas:** There are issues out there, you work through them, you work with the environment.

**S Behm:** Do you propose to build new towers or these towers we have now carry more lines?

**K Aas:** We would have to be for upgrading, and we would have to build some new.

**S Heitkamp:** You mentioned mirroring MN and SD, is Excel Energy in a position where they want to go along with MN and SD new energy provisions?

**K Aas:** This talks about transmission. There is a project that will come into ND and help the region.

**S Heitkamp:** You just like this one?

**K Aas:** Yes.

**S Potter:** Is there currently a shortage of transmission within ND to Fargo and GF?

**K Aas:** I don't know if you'd say there is a shortage, this would help strengthen the regional grid.

**S Potter:** Strengthen in what way?

**K Aas:** Potential projection of growth, to meet the customer needs.

**Q?**

**Sandy Taver – Action Director of the ND Transmission Authority - *In Favor***

Support for this bill. Bring more electricity to meet the demands in the MN markets, bringing more electricity from ND, you use more of ND resources to help fuel that demand. This will help facilitate construction.

**S Potter:** Is the aim of this to allow better export of electricity?

**S Taver:** Many different factors for who pays for this line. Have done cost comparisons.

**Q? Favor?**

**Annette Bendish – Public Service Commission - *In Favor***

**TESTIMONY # 2 *Hear Testimony*** [m 14:13 – 14:56]

**Linda Johnson Wurtz – Associate State Director for Advocacy for AARP – *Oppose***

**TESTIMONY # 3 *Hear Testimony*** [m 16:19-16:28]

Three Questions are covered in testimony. Wants fuel review and full rate review.

**S Heitkamp:** I'm surprised Commissioner Wefald came in and supported it. All commissioners are supporting it – didn't that change your mind at all?

**L Johnson:** PSC not be circumvented, when part of the bill added that "may" approve, reject, modify, that is where they felt they would oppose.

**S Heitkamp:** That's when pain went away for me, too. You don't feel there is protection in there?

**L Johnson:** We have a process for rate review.

**S Heitkamp:** Then this is about timing, right?

**L Johnson:** I would caution you, if this is rushing through it. If we still have time for public comment, interventions, why is this bill here?

**S Heitkamp:** In case you don't need to have that. It's about timing.

**S Behm:** Have same concern. Why not collect it on the other end if it's being exported?

**L Johnson:** Take everything into consideration before there is a rate increase, so our rate payers are getting a fair return.

**S Klein:** In testimony, we see PSC in approval process, don't have to spend \$100's of thousands of dollars involved in up front costs, we'd be similar to MN and SD in how we move this regional transmission authority ahead. We gotta change somehow, we gotta do something, we can't handcuff these folks forever, why don't you see that protection in there as S Heitkamp is?

**L Johnson:** I don't see them handcuffed, I think there is process in place, it is fair to industry and consumers, I don't see any need to change it.

**Opposition? Neutral?**

**CLOSE 2031**

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2031**

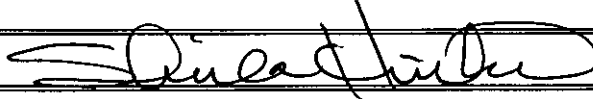
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 15, 2007**

Recorder Job Number: **#1089**

Committee Clerk Signature



Minutes:

**S Klein:** When Commissioner Weifald is aboard it does create an amount of comfort in life, she certainly is a torch-bearer for the consumer, I know we spent a lot of time on this in the interim committee, wasn't something they just threw out there, it did have bi-partisan support in that committee.

**S Behm:** You twisted my arm

**S Andrus:** I would move we pass this, I think in the long run it will actually save us money because they aren't going to spend it all on \_\_\_ - cases.

**Do Pass on SB 2031**

**M – S Andrus**

**2 – S Wanzek**

**C – Hacker**

**S Wanzek:** Only question I wondered about was environmental, I am ready to vote on this one.

**S Heitkamp:** "Commission may order the public utility to pay the expenses" – all protections are in there, it is really a timing issue. Timing issue getting from A to B; if you don't have a

PSC that will advocate for the consumer, poached anyway, . Just about timing. Paid on the front end, if you're going to be an energy producer, it's the way to go.

**S Wanzek:** If this does somehow facilitate quicker development of the transmission lines and gets it going, in my mind, that means we can sooner get other customers on line and help pay for it. The more customers paying for it, ultimately helps customers.

**S Heitkamp:** 2 points to make. 1. for profit utilities are pretty good at coming in and saying they need to do it and have record profits every year. They've got some money to put back in to the line. 2. testify, "We've got to partner", SD and MN are going with energy policies. Some people are going to testify when mirror energy policies could help a farmer, they're going to say, "No." I'll vote for it.

**S Behm:** Concerned if let....

**S Klein:** I specifically asked the rural electrics if there is an issue here, they said, "No, we're fine with this. Don't worry." I'm confident they will also enjoy, they have some plants out there, I think they want to move energy around too.

**DO PASS**

**7-0 SB 2031**

**M – S. Andrus**

**2 – S Wanzek**

**C – S Hacker - Wednesday**



**FISCAL NOTE**  
**Requested by Legislative Council**  
12/26/2006

Bill/Resolution No.: SB 2031

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Bill allows electric utilities to file a tariff to provide for the pass-through of transmission investment costs, according to the provisions of the law and the tariff, and subject to notice and opportunity for hearing. We do not expect any fiscal impact outside the normal course of business.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

n/a

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

n/a

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

n/a

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

n/a

<b>Name:</b>	Ilona Jeffcoat-Sacco	<b>Agency:</b>	PSC
<b>Phone Number:</b>	328-2407	<b>Date Prepared:</b>	01/07/2007

Date: 1-15-06

Roll Call Vote: 1 J-15

### 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2031

Senate INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do pass

Motion Made By Andrist Seconded By Wanzek

Senators	Yes	No	Senators	Yes	No
Chairman Jerry Klein	✓		Senator Arthur Behm	✓	
Vice Chair Nicholas Hacker	✓		Senator Joel Heitkamp	✓	
Senator John Andrist	✓		Senator Tracy Potter	✓	
Senator Terry Wanzek	✓				

Total Yes 7-0-0, No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Hacker

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2031: Industry, Business and Labor Committee (Sen. Klein, Chairman)** recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2031 was placed on the Eleventh order on the calendar.

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2031

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2031

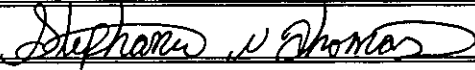
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 26, 2007

Recorder Job Number: 3829

Committee Clerk Signature



Minutes:

**Chair Keiser** opened the hearing on SB 2031.

**Kathy Aas, Xcel Energy:** Support SB 2031. See written testimony #1.

**Rep. Ruby:** At what point would the tariff start?

**Kathy:** As costs are incurred. This bill was set up in the tariff, and then as we incur cost we go before the commission, and ask for a recovery. Once we would file a rate case, then those costs would be rolled into our rate case, and that tariff would go away.

**Rep. Ruby:** So, you get approval from the chair first, then as the costs come about you're able to have that fluctuate, or would it just be a straight flat rate?

**Kathy:** No, we would just ask for a recovery to put the cost that we are incurring into the rate case, and what this does is it just eliminates filing a full fledged rate case. We haven't filed a rate case since 1974 for our electric rate, and as we put that into place it lowers our borrowing cost, and allows us to borrow money at a lower rate.

**Rep. Keiser:** What is the process? Do you establish what your costs are at various points, and then you go to the PSC and you file what you're asking for as the tariff, and they approve those, and then you can tack those costs on?

**Kathy:** Correct. Everything would go before the commission, and the costs may be different.

**Rep. Kasper:** In the previous bill we saw some problems with the state of Minnesota imposing environmental restrictions that impacted ND rates, even though we did not have anything to do with what they're doing. Will this building of the transmission line have any approval, or be subject to any outside look by Minnesota, South Dakota, or Montana, or does this sort of stand on its own in the state of ND?

**Kathy:** Transmission is considered a regional grade, and so whoever benefits the most from its cost pays for the majority of it. It would be based on where the load goes, and those people would pick it up.

**Rep. Kasper:** So, if this electrical transmission line is going to benefit Iowa's customers by 80%, then in the cost of recovery the Iowa consumers are going to pay 80% of that construction line, or will ND consumers pay it all, and Iowa benefits on the electrical generation that goes through those lines?

**Kathy:** It would just be jurisdictional costs that would come back to ND consumers, which would be about 5%.

**Rep. Zaiser:** By jurisdiction of cost, what do you mean exactly?

**Kathy:** To the ND jurisdiction, our consumers here.

**Rep. Zaiser:** Then when you are talking about dispersment of the cost that would be based proportionally on the number of the population benefiting from that improvement.

**Kathy:** That is correct.

**Rep. Vigesaa:** When the tariff is asked for, have those costs been incurred, or are they projected costs included in that tariff?

**Kathy:** It's just the cost as we improve it.

**Susan Wefald, ND Public Service Commission:** Support SB 2031. See written testimony #2.

**Rep. Thorpe:** You mentioned about the region, and I presume that the grid system also includes up in Saskatchewan and Manitoba, does it not? How does that work with this?

**Susan:** Manitoba is part of the MISO, the Midwest ISO who has these tariffs, but Saskatchewan is not part of that particular grid operation.

**Rep. Ruby:** Has there been any transmission projects as a result of the transmission authority proposal that we passed last session?

**Susan:** No, there have not been.

**Rep. Ruby:** Do you think something like this is more likely to result in more transmission than not?

**Susan:** Cost allocation, and determining who's going to pay for transmission, getting that settled is a big incentive to getting transmission built in our region, and it has been a big deal issue for years.

**Linda Johnson Wurtz, AARP ND:** Opposed to SB 2031. See written testimony #3.

**Rep. Thorpe:** If we get some increase in transmission accomplished so that we can grow the electric industry, which this state is so capable of, maybe that would help hold the rates down in the future if we had ample electricity where we don't get anymore transmission, and we don't build anymore electric industry in the state. Possibly, it could work against us also, did your folks talk about that at all?

**Linda:** On the first issue we always feel that any fluctuation, or rate should be considered by a full review of the PSC, and that is the safest thing for consumers. Consumers are so powerless in that negotiation, and what is standing in for them is the PSC, and so we always feel that a full rate review is appropriate. The second part of that question, we don't feel that without this bill we won't have transmission infrastructure building. There is a process in place to establish an appropriate rate, so that utility companies can build that infrastructure, and we

feel that process is appropriate always, and that we can have transmission lines without this bill.

**Rep. Nottestad:** As you discuss this bill, and discuss your full review, how much more money do you think it will cost the consumer if we have a full review, and then the interest on all the money that has been expended during that construction? When was the last transmission line built that has gone out of state?

**Linda:** I am not privy to those kinds of numbers about what a full review costs. Commissioner Clark said at that time that it was whatever a utility company would want it to be. I just know that a full review is the safest thing for consumers, and that is who I'm here representing. I just know that the last time we intervened in a rate review, we saved consumers money, and I feel that a full rate review by the PSC is the safest thing for consumers, even though a rate review might cost some money. I think that it is the best thing for all of us who pay rates in this state. That second question is a business question, and I understand that there could be a perspective on business for this issue, but I'm here to talk policy, and that is the only place I feel competent to speak, and I just think this is bad policy for North Dakotans.

**Rep. Nottestad:** I move a do pass.

**Rep. Boe:** Second.

**Rep. Thorpe:** Have we had any input from the Transmission Authority? Is this part of their program?

**Rep. Keiser:** This would certainly compliment the Transmission Authority, it would not interfere with nor restrict it, it would actually be an advantage to the Transmission Authority.

**Sandy Tabor, ND Transmission Authority:** We are supportive of this bill. It's a bigger picture than what the Transmission Authority itself needs, but it will certainly help stimulate development.



**Rep. Zaiser:** Is there any way this could be held over.

**Rep. Nottestad:** I withdraw my motion.

**Rep. Boe:** I withdraw my second.

Hearing closed.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2031

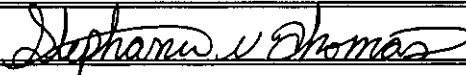
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 27, 2007

Recorder Job Number: 4032

Committee Clerk Signature



Minutes:

**Chair Keiser** opened the hearing on SB 2031.

**Rep. Zaiser:** I wasn't quite sure that it would demonstrate savings to the taxpayers, or the ratepayers. I was really struggling, so what I'm going to propose is a sunset, and then revisit it in 2 years. Then, whenever these tariffs that will arise between now and then get approved, we could ascertain whether or not it has been a positive or negative thing.

**Rep. Ruby:** I don't know if that would be such a good idea, because I don't know that we're going to have an awful lot of activity in these two years. They might just be getting all their environmental impact studies, and get all these easements, and property, it's a long process. The floor might not accept two types of tariffs being added here, but then when I saw that this one came out of the Industry Competition Committee, apparently there has been a lot of work on this to ensure that this is in an order, and that all sides think has some merit. With the full support that this seemed to have, we should probably pass this out in this form.

**Rep. Thorpe:** My observation is that we could look at it in 2 years anyway. If we put a sunset on we know we'll be looking at it. For the last several sessions, we've been looking at bills just like this, or similar.

**Rep. Johnson:** I would resist the sunset, because if these groups are looking to do it, but they don't feel that they have it clear, that whole thing could go away. Are they going to be inclined to invest, and do anything then, or are they going to say we don't know if we think we should or not, so we're not going to try to do anything.

**Rep. Zaiser:** I was actually considering that when graphing this sunset. I was thinking your very thought that this is too soon to put a sunset on knowing all that goes into building a generation plant. I don't know if there would be any interest in having a sunset for 4 years, 6 years, perhaps not, but to me we had several bills similar to this, and I had some problems with this.

**Rep. Nottestad:** I will resist putting a sunset on, because two years or even 4 years, the layout of a transmission facility is the long process. Even if it gets somewhere within a year of this sunset, and the construction starts, then the companies will have to go to the public service, and ask them that this process start knowing that if this sunset isn't extended, they will have a partial rate based upon what's going on under the current law. Then they would have to go into the full blown hearings for the rest of it. It would make it unattainable.

**Rep. Keiser:** You know we passed the Transmission Authority bill last session, and I would say the Transmission Authority is probably 50% of operation 2 years later. We now have a part time approval Transmission Authority executive officer who's unknown. So, this is a different kind of phenomenon, and we want to be very careful. I think some good points have been brought out about putting any kind of sunset on this from the investors standpoint, the claimant standpoint, but we do know we want to encourage transmission, and production.

**Rep. Zaiser:** I agree with all of those comments like I suggested. My only concern is simply to maybe have a check, or question mark from the rate payer's standpoint. I still think there's a

valid point for putting it into the future. It doesn't say it stops; it is sort of like stop, and review the progress, then move on.

**Rep. Boe:** I agree that we've established the nature of the industry as a pretty slow moving process, and we'll have more than ample time to react if we see a problem in this.

**Rep. Nottestad:** I move a do pass.

**Rep. Boe:** Second.

**Roll call vote was taken. 14 Yeas, 0 Nays, 0 Absent, Carrier: Rep. Ruby**

Hearing closed.

Date: 2-27-07  
Roll Call Vote #: \_\_\_\_\_

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2031

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep. Nottestad Seconded By Rep. Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman	X	
Vice Chairman Johnson	X		Rep. Boe	X	
Rep. Clark	X		Rep. Gruchalla	X	
Rep. Dietrich	X		Rep. Thorpe	X	
Rep. Dosch	X		Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigasaa	X				

Total Yes 14 No 0

Absent 0

Floor Assignment Rep Ruby

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2031: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2031 was placed on the Fourteenth order on the calendar.**

2007 TESTIMONY

SB 2031

**Xcel Energy Testimony – Senate Bill 2031**  
**Senate Industry Business and Labor Committee**  
**January 15, 2007**

Mr. Chairman, members of the Committee, my name is Kathy Aas and I represent Xcel Energy. On behalf of Xcel Energy and the two other regulated utility companies in our state, Otter Tail Power Company and Montana Dakota Utilities Company, **I urge your support of SB-2031.**

Few would dispute the fact that electric transmission lines are needed to expand the electric grid within our region, create jobs for North Dakotans, and create a greater delivery capacity to export North Dakota energy resources to energy-hungry markets outside our state. Since the 1970s and 1980s few transmission facilities have been constructed in our region. Utilities need to engage in major transmission upgrades and invest millions in additional lines if we are to meet North Dakota customers' increased demand for electricity along with our state's desire to grow our energy industry.

*Some given to House Jan*

**SB-2031** is the product of intense study by the Electric Industry Competition Committee during the interim as the Committee looked at ways to stimulate electricity transmission capacity investment in the state. After the Committee, the Public Service Commission, and representatives of the three regulated utility companies spent numerous hours working on this bill; it received a unanimous, bi-partisan recommendation that the 2007 Legislative Assembly enact this legislation.

**Passage of SB-2031 will:**

- Create an established and timely cost recovery mechanism that will facilitate utility investment in additional transmission infrastructure to meet growing demand for electricity and promote the North Dakota energy industry.

#1  
2031



- Mitigate regulatory uncertainty that should result in lower project financing costs and therefore, lower rates for consumers.
- Allow a utility to file for a rate adjustment outside of an expensive and lengthy general rate case, to recover investment-related expenses for a new or modified electric transmission facility.
- Ensure consumer protection by involving the North Dakota Public Service Commission in the approval of any such filings.
- Extend to North Dakota a regulatory process for regional transmission projects that is consistent with legislation passed in Minnesota and South Dakota during their 2006 Legislative Sessions.

Mr. Chairman, members of the Committee, on behalf of Xcel Energy, Montana Dakota Utilities Company, and Otter Tail Power Company, I ask you to forward a **DO PASS recommendation on SB-2031.**

**S. B. 2031**

**Presented by:** Annette Bendish  
Public Service Commission

**Before:** Senate Industry Business and Labor Committee  
Honorable Jerry Klein, Chairman

**Date:** January 15, 2007

**TESTIMONY**

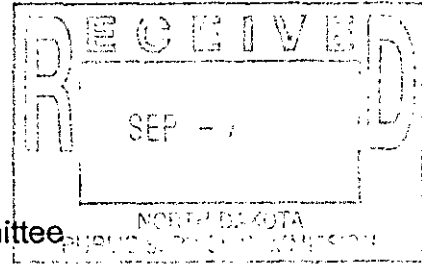
Mr. Chairman and committee members, I am Annette Bendish with the Public Service Commission. I testify today on behalf of the Public Service Commission.

Attached to this testimony is a copy of testimony the Public Service Commission submitted during the interim to the Electric Industry Competition Committee indicating our support of this proposal.

Mr. Chairman, this concludes our testimony. I would be happy to answer any questions you might have.

#2  
2031

TESTIMONY



Presented by: Commissioner Susan Wefald  
Before: Electric Industry Competition Committee,  
Chairman Merle Boucher  
Date: September 11, 2006

Chairman Boucher and members of the Committee, I am Public Service Commissioner Susan Wefald. I am speaking on behalf of the whole Commission.

Commission staff has worked closely with members of industry to revise the bill draft regarding rate adjustment for transmission facility costs. The revised draft that is presented to you today is the result of these efforts. The Commission supports this bill draft.

This concludes my testimony. I would be happy to answer any questions that you may have.

#2  
2031



***The power to make it better.™***

**Senate Industry Business and Labor  
SB 2031  
January 15, 2007**

Chairman Klein and members of the committee, I am Linda Johnson Wurtz  
Associate State Director for Advocacy for AARP North Dakota.

I represent 79,600 North Dakota members. As a consumer advocate, I have some  
questions regarding this proposed legislation.

First, I don't understand why a new law is needed. Processes for rate increases so that  
utilities can cover the cost of enhancing their infrastructure are already in place. There  
have been attempts in other states to circumvent the power of the public service  
commission on these issues, but this proposed legislation does not seem to do that.  
The tariff, or rate increase, must still go through a full review with opportunity for  
public input and intervention. If that is not the case, we would have serious concerns  
about consumers being protected in this process.

Secondly, if consumers are to bear additional risk and take on the cost burden of  
transmission infrastructure enhancements up front, what do they get in return? If the  
purpose of the transmission lines is to export power to other states, it would be  
unclear what North Dakota ratepayers are getting in return for the additional tariff  
other than promises.

And third, it is not clear how the proposed tariff would be distributed among various  
customer classes.

#3  
2031

There appears to be no benefit to North Dakota consumers in SB 2031 and AARP  
North Dakota urges you to vote do not pass.

Thank you for you consideration.

#3  
2031

**S. B. 2031**

**Presented by:** Susan Wefald, President  
Public Service Commission

**Before:** House Industry, Business and Labor Committee  
Honorable George Keiser, Chairman

**Date:** February 26, 2007

**TESTIMONY**

Mr. Chairman and members of the Committee, I am Commissioner Susan Wefald, President of the North Dakota Public Service Commission. I testify today on behalf of the whole Commission.

Attached to this testimony is a copy of the testimony the Public Service Commission submitted during the interim to the Electric Industry Competition Committee indicating our support of this proposal.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions you might have.



**House Industry Business and Labor  
SB 2031  
February 26, 2007**

Chairman Keiser and members of the committee, I am Linda Johnson Wurtz Associate State Director for Advocacy for AARP North Dakota. I represent 79,700 North Dakota members.

AARP opposes SB 2031 for the following reasons:

It allows a utility to bypass the regulatory process and allows single-issue rate increases without a full rate review by the Public Service Commission.

Consumers will take on the additional risk of capital costs for utilities with nothing in return. The bill allows a return on investment at the level approved in the utility's most recent general rate case. Since risk was included in that rate, and since ratepayers will be taking on more of the risk, as well as the up-front burden of transmission infrastructure enhancements, they should realize some benefit in return.

If the purpose of the transmission lines is to export power to other states, it would, again, be unclear what North Dakota ratepayers are getting in return for the additional risk and cost burden.

It is not clear how the proposed tariff would be distributed among various customer classes.

Without a full rate review prior to the proposed rate adjustment, rates for consumers could increase dramatically and unpredictably. This is distressing for low and fixed-income individuals.

We have a process in place to provide for rate increases to cover infrastructure and capital costs for utilities. The Public Service Commission has the responsibility to decide if rate adjustments are reasonable and prudent. Since there appears to be no benefit to North Dakota consumers in circumventing that process, AARP North Dakota hopes this committee recommends a do-not-pass on SB 2031.

Thank you for your consideration.