

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2278

Introduced by

Senator Klein

Representative Nottestad

1 A BILL for an Act to create and enact five new sections to chapter 49-05 of the North Dakota
2 Century Code, relating to public utility rate stability plans.

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

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

6 **Rate stability plan for phasein of electric rate increases.** Notwithstanding any other
7 provisions of this title, a public utility planning the construction of an energy conversion facility,
8 a major capital addition to an existing energy conversion facility in which the public utility has an
9 ownership interest, a new transmission facility, a new renewable energy facility, or a new power
10 purchase that is expected to have a material impact on rates, referred to collectively as an
11 electric resource addition, may apply to the commission for a rate stability plan providing for the
12 phasein of rate increases before the commercial operation of the electric resource addition.
13 The commission may order that expenses associated with investigating the application made
14 by the public utility for a rate stability plan be paid by the public utility in accordance with section
15 49-02-02. A rate stability plan approved by the commission may provide for the following:

- 16 1. Rate increases to be incrementally phased in before commercial operation of the
17 electric resource addition; and
- 18 2. Any other conditions that benefit the public interest and may be imposed by the
19 commission consistent with its findings in section 2 of this Act.

20 **SECTION 2.** A new section to chapter 49-05 of the North Dakota Century Code is
21 created and enacted as follows:

22 **Approval of rate stability plan.** The commission may approve a rate stability plan as
23 provided in section 1 of this Act if:

- 1 1. The public utility applies for a rate stability plan before commencement of
- 2 construction or purchase of an electric resource addition;
- 3 2. The public utility files with its application a full cost-of-service analysis as required
- 4 for a general rate increase, including a projection of costs and revenues to the date
- 5 of the anticipated commercial operation of the electric resource addition;
- 6 3. The commission provides notice and holds a hearing, if appropriate, in accordance
- 7 with section 49-02-02; and
- 8 4. The commission finds that the rate stability plan serves the public need for
- 9 adequate, efficient, and reasonable service; rate stability; financial stability of the
- 10 public utility; reasonable capital costs; just and reasonable rates; a fair rate of
- 11 return; and other considerations that benefit the public interest.

12 **SECTION 3.** A new section to chapter 49-05 of the North Dakota Century Code is
13 created and enacted as follows:

14 **Annual review of rate stability plan.** A rate stability plan approved by the commission
15 involving an electric resource addition is subject to annual review until commercial operation of
16 the resource addition. The public utility shall file annually an abbreviated cost-of-service
17 analysis showing revenues, costs, and revenue requirements and a report of the progress of
18 the construction showing accumulative construction costs and updated cost projections to
19 complete the construction.

20 **SECTION 4.** A new section to chapter 49-05 of the North Dakota Century Code is
21 created and enacted as follows:

22 **Filing of general rate case before commercial operation.** Before commercial
23 operation of the electric resource addition, a public utility shall make a general rate case filing
24 with a full cost-of-service analysis, including the electric resource addition, in accordance with
25 section 49-05-05. The commission shall adjust the public utility's rates to be charged by the
26 public utility commencing with commercial operation of the electric resource addition in
27 accordance with section 49-05-05.

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

- 1 **Rate applications upon nonapproval of rate stability plan.** If the commission does
- 2 not approve a rate stability plan submitted pursuant to section 1 of this Act, nothing precludes a
- 3 public utility from requesting a change in rates as otherwise authorized under this chapter.