

## 2020 South Dakota Legislature

# Senate Bill Draft 228

Requested by: **Senator Solano**

1 **An Act to modify the purchase price of electric service territory in certain annexed**  
2 **areas.**

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

4 **Section 1.** That § 49-34A-50 be AMENDED:

5 **49-34A-50. Purchase price for electric facilities in area annexed by**  
6 **municipality.**

7 If a municipality described by § 49-34A-49 elects to purchase, the municipality  
8 shall, within one year following annexation, offer to purchase the electric distribution  
9 properties of the utility located within the annexed area, together with all of the utility's  
10 rights to serve within ~~such the~~ area, for a cash consideration which shall consist of the  
11 present-day reproduction cost, new, of the facilities being acquired, less depreciation  
12 computed on a straight-line basis; plus an amount equal to the cost on a nonbetterment  
13 basis of constructing any necessary facilities to reintegrate the system of the utility outside  
14 the annexed area after detaching the portion to be sold; plus as compensation for service  
15 rights, an annual amount equal to the sum of twenty-five percent of the gross revenues  
16 received from power sales to consumers of electric power within the annexed area. ~~The-If~~  
17 ~~the municipality annexes an area where there is existing electric distribution property or~~  
18 ~~an existing electric customer, the~~ obligation of the annexing municipality to compensate  
19 the utility for service rights shall continue for eleven years from the date of the offer to  
20 purchase by the annexing municipality. During the eleven-year period, compensation for  
21 service rights to any one customer location within the annexed area shall be paid by the  
22 annexing municipality for a period of seven years or until the expiration of the eleven-  
23 year period, whichever is less. Gross revenues received shall be determined by applying  
24 the rate in effect by the municipality at the time of purchase.

25 ~~If the municipality annexes an area where there is no existing electric distribution~~  
26 ~~property and no existing customer, the obligation of the municipality to compensate the~~  
27 ~~utility for service rights shall continue for twenty years from the date of the offer to~~  
28 ~~purchase by the municipality. During the twenty-year period, compensation for service~~  
29 ~~rights to any one customer location within the annexed area shall be paid by the~~

- 1 municipality for a period of seven years or until the expiration of the twenty-year period,
- 2 whichever is less. Gross revenues received shall be determined by applying the rate in
- 3 effect by the municipality at the time of purchase.