

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~~
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.