



South Dakota Legislative Research Council

Issue Memorandum 95-17

The Mission of the South Dakota Public Utilities Commission

Introduction

The South Dakota Public Utilities Commission (PUC) is comprised of three commissioners that regulate electric, natural gas, and telecommunication companies; interstate motor carriers; grain warehouses, grain dealers, and public storage warehouses; gas pipeline safety; and excavation activities. The statutes for public utilities and carriers are in Title 49 of the South Dakota Codified Laws. For budgeting purposes, the PUC is organized into the following six programs:

Administration,
Transportation/Warehouse, Fixed Utilities,
Rate Case Utility Investigation Fund,
Pipeline Safety, and the One-Call
Notification Board. This issue memo will describe the mission of each of these programs.

Administration Division

The Administration Division consists of the three commissioners. Each commissioner is elected from and represents the state at large. One commissioner is elected every two years at the general election. Each commissioner is elected to a six-year term. To qualify as a commissioner, a person must be a United

States citizen, at least twenty-five years old, and a South Dakota resident for two years preceding the person's election.

The commissioners are responsible for all the functions of the PUC. The commissioners may appoint an executive director, who serves at the pleasure of the commissioners. The executive director serves as the chief administrative officer of the PUC and coordinates staff activities, schedules hearings, and implements commission policy.

The commissioners establish rates for electric, gas, and telephone services; adjudicate territorial disputes between regulated utilities; and rule on adequacy of service complaints filed by customers of regulated utilities. When establishing rates, the commissioners must ensure that customers are charged a reasonable price for utility services and allow the utility company to generate enough revenue to cover costs and make a reasonable profit.

Transportation Warehouse Division

This division regulates the interstate motor carrier industry to ensure that the public has adequate and dependable motor carrier services. The staff processes applications

for and issues registration permits to interstate motor carriers. The 1995 Legislature repealed statutes that regulated the rates intrastate motor carriers charged and the geographical territory in which they operated.

The division also regulates grain warehouses, grain dealers, and public storage warehouses to protect property rights of customers and to safeguard payments to producers. The commissioners have the authority to set reasonable rates for grain handling and storage. The staff conducts inspections and investigates complaints to assure compliance with statutes that regulate licensing and bonding requirements for warehouses and grain dealers.

This division collects approximately \$1,000,000 in revenue each year. Approximately 90 percent of this revenue comes from motor carrier registration. All the money is deposited in the general fund.

Fixed Utilities Division

This division provides staff to the commission to fulfill the statutory obligations for rate regulation of electric, natural gas, and telecommunication companies. The staff analyzes rates and makes recommendations to the commissioners. The legal staff represents the PUC at public hearings, before the courts, and before the Federal Energy Regulatory Commission. The engineering staff provides information to the PUC on cases involving construction, siting, metering, and conservation.

This division collects approximately \$900,000 in revenue each year. The revenue is generated from a tax on the annual intrastate gross receipts of telecommunications companies and public utilities. The money is deposited in the gross receipts tax fund and is appropriated to the PUC for its expenses in regulating public utilities and telecommunications companies.

Rate Case Utility Investigation Fund

This division provides staff and financial resources to analyze all rate increases submitted to the PUC by investor owned utility companies. When a public utility files for a general rate increase, the PUC may require the company to deposit up to \$100,000 in the Regulatory Assessment Fee fund. The fund is used to defray the expenses associated with analyzing, holding public hearings, and ruling on the requested rate increase. The PUC keeps a detailed record of expenditures. After the final ruling on the rate increase, the PUC will return any surplus to the company or bill the company for any deficiency in the deposit.

Pipeline Safety

The PUC obtained authority of the pipeline safety program from the federal government on July 1, 1994. This division regulates intrastate pipelines to ensure the public is provided safe and dependable gas service.

The staff inspects and investigates intrastate natural gas pipeline operators, master meter operators, and jurisdictional

propane systems for compliance with statutes and administrative rules. The PUC staff must complete eight training courses to become a certified pipeline safety inspector. The PUC may also act as an agent of the federal government to inspect interstate pipelines in South Dakota.

The program is funded through an inspection fee on the pipeline operators and by reimbursements from the federal pipeline safety program. The maximum federal reimbursement is 50 percent of program costs. The commission has rule-making authority to calculate, assess, and collect the fee on the pipeline operators.

One-Call Notification Board

The One-Call Notification Board consists of eleven members appointed by the Governor. The board may promulgate rules to establish operating procedures for the one-call notification center, establish a notification process, establish a competitive bidding process to select a vendor for the notification service, and establish a procedure whereby members of the one-call notification center share in the cost of the one-call notification center.

This board maintains a one-call notification center that informs underground facility operators of any excavation activities. An individual may have underground facilities located by calling the one-call notification center. The center will contact the appropriate facility operators and request the marking of facilities for the individual.

Summary

The PUC regulates electric, natural gas, and telecommunications companies; interstate motor carriers; grain warehouses, grain dealers, and public storage warehouses; gas pipeline safety; and excavation activities. The purpose of this regulation is to ensure the public a reasonable price for utility services and to make sure the utility service providers generate enough revenue to cover costs and make a reasonable profit.

This issue memorandum was written by David L. Becker, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.
