

Sixty-seventh  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2206

Introduced by

Senator Bell

1 A BILL for an Act to amend and reenact section 49-06-02 of the North Dakota Century Code,  
2 relating to value of property for ratemaking purposes.

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

4 **SECTION 1. AMENDMENT.** Section 49-06-02 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **49-06-02. Value of property for ratemaking purposes - Determination.**

7 The value of the property of a public utility, as determined by the commission for ratemaking  
8 purposes, is the money honestly and prudently invested therein by the utility including  
9 construction work in progress for new facilities that use lignite mined in this state to generate  
10 electricity, as well as additions or modifications to existing lignite facilities, less accrued  
11 depreciation. The commission shall allow a public utility for those new or existing facilities  
12 utilizing lignite mined in this state as its primary fuel:

- 13 1. To recover its research and development costs incurred to develop lignite more  
14 cleanly, efficiently, or economically, including carbon dioxide capture and sequestration  
15 utilization and a reasonable rate of return on capital expenditures;
- 16 2. To recover its incremental costs of complying with federal environmental laws,  
17 including a reasonable rate of return on capital expenditures. The commission may  
18 allow these costs to be recovered by an environmental surcharge that may be added  
19 to existing rates; ~~and~~
- 20 3. To recover all costs resulting from a coal severance tax pursuant to chapter 57-61 and  
21 all costs resulting from a coal conversion tax pursuant to chapter 57-60. The  
22 commission shall allow the inclusion of these costs in the base rates and the inclusion  
23 in the automatic adjustment clause of any of these costs not in base rates; and

- 1       4. To recover costs in rates, including a financial incentive set at a reasonable rate for
- 2           power purchase agreements of a dispatchable on-demand generating unit, plant, or
- 3           facility deemed to protect grid reliability.