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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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James Fry, Director Doug Decker, Code Counsel

July 2, 2008

Rolayne Wiest South Dakota Public Utilities Commission 500 East Capitol Avenue Pierre, South Dakota 57501-5070

Dear Ms. Wiest:

The Public Utilities Commission has proposed amendments to ARSD chapters 20:10:11, 20:10:12, and 20:10:31 regarding public grain warehouses, grain buyers, and gas pipeline operators. We have reviewed the proposed rules, scheduled for hearing on July 14, 2008, and approve the rules for legality.

This letter is based on a preliminary review of your rules. Attached are your rules edited for form and style pursuant to SDCL 1-26-6.5 and directions for submitting the final draft of the rules. If you have any questions, please don't hesitate to call me or the staff member who has reviewed your rules.

Sincerely,

Jim Fry, Director

Legislative Research Council

Form & Style

ARTICLE 20:10

PUBLIC UTILITIES

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20:10:01	General rules of practice.
20:10:02	General motor carrier rules, Repealed.
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20:10:25	Telecommunications facility construction notice rules, Repealed.
20:10:26	Master metering variance rules.
20:10:27	Telecommunications switched access filing rules.
20:10:28	Telecommunications separations procedures.
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20:10:35	Telecommunications services.

CHAPTER 20:10:11

PUBLIC GRAIN WAREHOUSES

Section Monthly grain reports required -- Contents. 20:10:11:01 Repealed. 20:10:11:02 20:10:11:03 Form of public storage warehouse licensee's bond Repealed. 20:10:11:04 Form of public grain warehouse licensee's bond. 20:10:11:04.01 Form of public grain warehouse licensee's additional bond. 20:10:11:04.02 Release of bonds. 20:10:11:05 Repealed. 20:10:11:06 Form of acknowledgement. Corporate surety bond required. 20:10:11:07 20:10:11:08 Posting of license required. 20:10:11:09 License revocation, transfer of ownership, suspension, or insolvency --Notice to receipt holders and surety.

20:10:11:09.01	Pending transfer of ownership – Notice to receipt holders and surety.
20:10:11:10	License suspension or revocation Notice to public.
20:10:11:11	Requirements for warehouse receipts.
20:10:11:12	Issuance of warehouse receipts and scale tickets.
20:10:11:13	Specifications for temporary public grain storage units.
20:10:11:14	Financial statement requirements.
20:10:11:15	Financial criteria for licensing.
20:10:11:16	Seasonal emergency storage.
20:10:11:17	Non-seasonal emergency storage
20:10:11:18	Request for waiver.

20:10:11:03. Form of public storage warehouse licensee's bond. The Public Utilities Commission shall furnish the public storage warehouse licensee's bond form required by SDCL 49 42-5.1 and the bond form shall contain the following:

- (1) Name and address of the principal;
- (2)-Name and address of the surety;
- (3)-Purpose of the bond;
- (4) Location of the warehouse(s);
- (5) Starting and ending date of the license for which the bond is given;
- (6) Amount of the bond;
- (7) Bond-obligation;
- (8) Signatures of the principal; the surety, and the South Dakota resident agent;
- (9) Acknowledgements;
- (10) Statutory authority for the bond; and

(11) If the bond is for both a grain warehouseman's and a grain dealer's license, a recitation that the bond amounts are separate and not in the aggregate for both bonds Repealed.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 13 SDR 40, effective October 14, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(2).

Law Implemented: SDCL 49-42-5.1, 49-42A-4.

20:10:11:04. Form of public grain warehouse licensee's bond. The Public Utilities Commission shall furnish the public grain warehouse licensee's bond form required by SDCL 49-42-5.1 49-43-4.3 and the bond form shall contain the following:

- (1) Name and address of the principal;
- (2) Name and address of the surety;
- (3) Purpose of the bond;
- (4) Location of the warehouse(s);
- (5) Starting and ending date of the license for which the bond is given;
- (6) Amount of the bond;
- (7) Bond obligation;
- (8) Signatures of the principal, and the surety, and the South Dakota resident agent;
 - (9) Acknowledgements;
 - (10) Statutory authority for the bond; and

(11) If the bond is for both a grain warehouseman's and a grain dealer's buyer's license, a recitation that the bond amounts are separate and not in the aggregate for both bonds.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 13 SDR 40, effective October 14, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(3) 49-43-4.1(2).

Law Implemented: SDCL 49-42-5.1, 49-43-4.2, 49-43-4.3, 49-43-5.3.

20:10:11:04.01. Form of public grain warehouse licensee's additional bond. If a public grain warehouse licensee furnishes an additional bond so that the total bond is equal to one-half of the local market value of grain the warehouse licensee is storing, the additional bond may be an increase rider executed by the corporate surety who issued the original bond filed with the commission or an additional bond executed by a second bondsperson or insurer.

An increase rider or additional bond shall be in substantially the same form as required by § 20:10:11:04 for original bonds. It shall state the name and location of the warehouse licensee's facilities covered by the bond and contain the signature of a resident agent.

At a minimum, the increase rider or additional bond shall cover defaults occurring during the period beginning 30 days before a monthly grain report showing need for a bond increase is filed with the commission and ending when the total amount of grain

stored in the warehouse decreases so that the original bond covers one-half of the local market value of the stored grain.

Source: 13 SDR 40, effective October 14, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(3) 49-43-4.1(2).

Law Implemented: SDCL 49-42-5.1, 49-42A-4 49-43-4.2, 49-43-4.3, 49-43-5.3

20:10:11:06. Form of acknowledgement. The surety bonds set forth in §§ 20:10:11:03 and 20:10:11:04 shall be acknowledged by the principal and the corporate surety before a notary public. The surety shall attach a valid power of attorney.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(2)(3) 49-43-4.1(2).

Law Implemented: SDCL 49-42-5.1 49-43-4.2, 49-43-4.3, 49-43-5.3.

20:10:11:07. Corporate surety bond required. The public grain warehouse licensee's bond filed with the commission shall be provided by a corporate surety company authorized to do business in the state of South Dakota.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(2) 49-43-4.1(2).

Law Implemented: SDCL 49-42-5.1 49-43-4.2, 49-43-4.3, 49-43-5.3.

20:10:11:08. Posting of license required. The license granted to a public grain public warehouse licensee shall be posted for public view in a conspicuous place in the grain warehouse licensee's place of business at all times.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1-2(5) 49-43-4.1(4).

Law Implemented: SDCL 49-42-5.1 49-43-4.2, 49-43-4.3, 49-43-5.3.

20:10:11:09. License revocation, transfer of ownership, suspension, or insolvency -- Notice to receipt holders and surety. Following the revocation or suspension of a public grain warehouse license, the commission shall notify each outstanding warehouse receipt holder, each open storage scale ticket holder, each grain bank depositor, and the surety named in the public grain warehouse licensee's bond of the license revocation or suspension. The commission may recommend that receipt holders, open storage scale ticket holders, and grain bank depositors remove all stored grain from the warehouse by a designated date. No grain may thereafter be removed or released from storage without prior commission authorization. If the commission has knowledge of any acts of insolvency by a public grain warehouse licensee, including the filing of a petition in bankruptcy naming the warehouse licensee as debtor, the commission shall notify the surety named in the warehouse licensee's bond of such acts. Notices required by this section shall be by first class mail.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(6) 49-43-4.1(5).

Law Implemented: SDCL 49-42-2.1, 49-42-6 49-43-5.6, 49-43-5.8.

20:10:11:09.01. Pending transfer of ownership – Notice to receipt holders and surety. At least 30 days before the transfer of ownership of a public grain warehouse licensed by the commission, the warehouse licensee shall notify, in writing, each outstanding warehouse receipt holder, each open storage scale ticket holder, each grain bank depositor and surety named in the public grain warehouse bond of the pending transfer of ownership. A public grain warehouse licensee which transfers ownership of a public grain warehouse licensed by the commission shall notify the commission of the pending transfer seven days before notifying outstanding warehouse receipt holders and the surety named in the public grain warehouse bond.

Source: 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1-2(6) 49-43-4.1(5).

Law Implemented: SDCL 49-42-5.1 49-43-4.2, 49-43-4.3. 49-43-4.4.

20:10:11:11. Requirements for warehouse receipts. Grain warehouse receipts which are ordered by a public grain warehouse licensee shall be in a form approved by the commission. If a public grain warehouse licensee orders additional warehouse receipt forms, the warehouse licensee shall complete and submit to the commission an affidavit which contains the following information: the name and license number of the grain warehouse; the numbers of warehouse receipts ordered; a statement that the warehouse receipts named above are the only receipts in the possession of and issued by the grain warehouse; and the name of the warehouse receipt printer. The public grain warehouse

licensee shall attach a copy of its warehouse receipt form to the affidavit. A copy of the affidavit required by this section shall be provided by the commission.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1:2(7) 49-43-4.1(6).

Law Implemented: SDCL 49-42-1.2, 49-43-2.1.

20:10:11:12. Issuance of warehouse receipts and scale tickets. Any warehouse receipts issued by a public grain warehouse licensee shall be numbered consecutively. Receipts bearing the same number may not be issued by the same public grain warehouse during any one year. When issuing warehouse receipts, the original receipt shall be given to the owner of grain deposited for storage, and at least one copy of the receipt shall be retained by the public grain warehouse licensee as a part of its records. Upon receipt of grain, each public grain warehouse licensee shall by conspicuous language indicate in writing on each scale ticket if the grain received is to be stored on a warehouse receipt, placed in open storage, or sold. The grain warehouse licensee shall clearly mark in writing on each scale ticket whether the grain or seeds received are is to be stored or sold. If no indication is made on the scale ticket at the time of delivery the grain shall be considered placed in open storage. Each scale ticket issued by any public grain warehouse licensee shall also conspicuously bear the following language: This scale ticket is not a storage ticket and is not negotiable. The scale ticket should be presented to the issuing public grain warehouse licensee within 30 days of the date of issue for conversion to a uniform warehouse receipt, cash, check, or other grain-purchase contract. **Source:** 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-42-1.2(7) 49-43-4.1(6).

Law Implemented: SDCL 49-42-1.2, 49-43-2.1.

20:10:11:13. Specifications for temporary public grain storage units. A temporary public grain storage unit is defined as a public grain warehouse which does not have a roof, permanent foundation, or sidewalls which are permanently attached to the foundation. Each temporary public grain storage unit must be bonded and licensed and must meet the following specifications:

- (1) Each temporary storage unit must contain aeration equipment;
- (2) Each temporary storage unit must have an asphalt, concrete, or compacted limestone, or fly ash base which meets the following minimum specifications:
- (a) Any base must be of such depth and compaction as to permit trucks or other heavy equipment used in loading or unloading to move over the base without breaking, cracking, sinking in, or chipping the base;
 - (b) The depth of a limestone base must be at least 4 inches;
- (c) The slope of any base must be sufficient to allow for proper drainage from the center to the edge of the base; and
- (d) Drainage away from the base must be provided to prevent any water from standing or backing up underneath the grain; and
 - (e) The base must be at least one foot above the surrounding terrain;

(3) The grain stored within a temporary storage unit must maintain a peak, angle,

or arc which will provide drainage from the top over the sidewalls so that no pockets of

water form on top of the grain;

(4) The temporary storage unit must be covered with a cover strong enough to

resist tearing under normal use and weather conditions and to allow a person to walk on

the cover without penetrating it;

(5) Covered storage must have inlets or perforated tubing over the top of the grain

be constructed in such a way as to provide for air flow through the grain; and

(6) All temporary storage units must have rigid self-supporting sidewalls; and

(7) A warehouse operator must maintain a separate record of all grain stored in a

temporary storage unit and must account for that grain in the daily position record-; and

(8) A warehouse operator shall notify the commission prior to storing grain in a

newly constructed temporary storage unit.

The commission shall may inspect finished construction of all new temporary

public grain storage units before grain is stored in the unit. The warehouse licensee must

remedy any specifications that are not in compliance with this rule before grain is stored

within the unit.

A warehouse licensee who is in violation of the specifications in this section will be

ordered by the commission to comply.

Source: 14 SDR 62, effective October 28, 1987; 24 SDR 190, effective July 15,

1998; 33 SDR 43, effective September 18, 2006.

General Authority: SDCL 49-42-1.2(8) 49-43-4.1(7).

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Law Implemented: SDCL 49-42-1.2, 49-42-2.1, 49-42-5.1, 49-42-6, 49-42-15.1, 49-42-5.4, 49-43-5.3.

20:10:11:18 Request for waiver. A licensed grain warehouse operator may request a waiver of any rule in this chapter. The commission may grant a waiver if it finds that the waiver would not be detrimental to depositors and is in the public interest.

Source:

General Authority: SDCL 49-43-4.1(1) through (9), inclusive.

Law Implemented: SDCL 49-43-1, 49-43-4.2, 49-43-3, 49-43-4.4, 49-43-5.1, 49-43-5.3.

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CHAPTER 20:10:12

GRAIN DEALERS BUYERS

Section	
20:10:12:01 to 20:10:12:04	Repealed.
20:10:12:05	Form of grain dealer's buyer's bond.
20:10:12:06	Repealed.
20:10:12:07	Form of acknowledgement.
20:10:12:08	Corporate surety required.
20:10:12:09	Posting of license required.
20:10:12:10	Placement of grain dealer buyer decals.
20:10:12:11	Replacement decals.
20:10:12:12	Return of decals required after license revocation.
20:10:12:13	Notice required to credit seller of grain.
20:10:12:14	Financial statement requirements.

20:10:12:05. Form of grain dealer's buyer's bond. The Public Utilities

Request for waiver of rule.

Financial criteria for licensing.

Notice of license and regulation by the commission.

Commission shall furnish the grain dealer's <u>buyer's</u> bond form required by SDCL 49-45-9 and the bond form shall contain the following:

- (1) Name and address of the principal;
- (2) Name and address of the surety;
- (3) Purpose of the bond;

20:10:12:15

20:10:12:16

20:10:12:17

- (4) Location of the dealer buyer;
- (5) Starting and ending date of the license for which the bond is given;

(6) Amount of the bond;

(7) Bond obligation;

(8) Signatures of the principal, and the surety, and the South Dakota resident

agent;

(9) Acknowledgements;

(10) Statutory authority for the bond; and

(11) If the bond is for both a grain warehouseman's and a grain dealer's buyer's

license, a recitation that the bond amounts are separate and not in the aggregate for both

bonds.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR

155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-45-6(1).

Law Implemented: SDCL 49-45-9.

20:10:12:08. Corporate surety required. The grain dealer's buyer's bond filed

with the commission shall be provided by a corporate surety company authorized to do

business in the state of South Dakota.

Source: 12 SDR 85, retroactively effective July 1, 1985; 12 SDR 151, 12 SDR

155, effective July 1, 1986.

General Authority: SDCL 49-45-6 49-45-6(1).

Law Implemented: SDCL 49-45-9.

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20:10:12:09. Posting of license required. Grain dealers buyers which operate a grain warehouse building shall post the grain dealer's buyer's license issued by the commission in a conspicuous location in the warehouse building.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-45-6 49-45-6(2).

Law Implemented: SDCL 49-45-1, 49-45-6 49-45-6(2).

20:10:12:10. Placement of grain dealer <u>buyer</u> decals. Decals required by SDCL 49-45-12 shall be affixed to the lower left inside corner of a truck windshield.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-45-6 49-45-6(3).

Law Implemented: SDCL 49-45-12.

20:10:12:11. Replacement decals. A grain dealer buyer may obtain a replacement decal by filing a written request for a decal with the commission. The written request shall specify the vehicle license number and vehicle identification number for which the replacement decal is needed.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-45-6 49-45-6(3).

Law Implemented: SDCL 49-45-12.

20:10:12:12. Return of decals required after license revocation. Following the suspension or revocation of a grain dealer's <u>buyer's</u> license, all decals issued by the commission pursuant to SDCL 49-45-12 shall be immediately removed from all trucks operated by the grain <u>dealer buyer</u> and returned to the commission.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-45-6 49-45-6(3).

Law Implemented: SDCL 49-45-3, 49-45-12.

20:10:12:13. Notice required to credit seller of grain. The terms of a voluntary credit sale of grain shall contain the following statement: "This contract is not protected by South Dakota statutory bond coverages." This statement shall be printed in red or bold type immediately above the seller's signature line.

In addition to this statement, each voluntary credit sale contract shall include the following:

- (1) Name of the grain dealer who is the buyer;
- (2) Name of the seller;
- (3) Amount and type of grain;
- (4) Grade of the grain;
- (5) Date of delivery of the grain;
- (6)(5) Method of pricing;
- (7)(6) Service charges or other fees;
- (8)(7) Advances against the contract;
- (9)(8) A statement that title to the grain passes to buyer upon delivery; and

(10)(9) Signature and date of signature for both the seller and buyer immediately preceded by statement required in this section.

Source: 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-45-6(4), 49-45-11.

Law Implemented: SDCL 49-45-11.

20:10:12:14. Financial statement requirements. Each applicant for a public grain dealer's buyer's license shall submit a financial statement for the most recently completed year of operation. The statement shall be prepared by a certified public accountant, independent public accountant, a grain commission or management firm, or other individual skilled in the preparation of financial statements in accordance with generally accepted accounting principles. The financial statement may not be prepared by the applicant or an employee of the applicant, and if the applicant is a partnership or corporation, by an officer, shareholder, partner, or an employee of the partnership or corporation. The commission may require the applicant to submit a second financial statement prepared by a certified public accountant at the compilation, review, or audit level if the commission determines that the first financial statement submitted is incomplete or otherwise unsatisfactory.

An Applicants for a class A grain buyer license shall submit a financial statement prepared by a certified public accountant at the review, or audit level, or a detailed financial statement that is prepared by an approved grain commission or management firm in accordance with generally accepted accounting principles.

prepared by a certified public accountant, independent public accountant, a grain commission or management firm, or other individual skilled in the preparation of financial statements in accordance with generally accepted accounting principles.

If the commission determines that the first financial statement submitted is incomplete or otherwise unsatisfactory, the commission may require the applicant to submit a second financial statement prepared by a certified public accountant at the compilation, review, or audit level.

The financial statement must include a balance sheet and statement of profit and loss. If the applicant's accountant has prepared a statement of retained earnings, a statement of changes in financial position, and or notes and disclosures to the financial statement have been prepared, those items must also be submitted.

The financial statement must be prepared in accordance with generally accepted accounting principles. Depreciable assets must be shown at original cost minus accumulated depreciation unless the applicant is an individual and generally accepted accounting principles allow the valuation of depreciable assets at the lower of cost or fair market value.

If the valuation of any assets are listed at fair market value, those valuations shall be established by a person experienced in making assessments of the fair market value of fixed assets. Each valuation must be accompanied by a statement signed by the person who establishes the values stating that such person:

(1) Has no interest in the property;

(2) Is not an employee of the applicant; and

(3) Has no personal bias with respect to the parties involved.

Source: 24 SDR 190, effective July 15, 1998.

General Authority: SDCL 49-45-6(5).

Law Implemented: SDCL 49-45-7, 49-45-7.1.

20:10:12:16. Notice of license and regulation by the commission. A grain buyer shall keep posted at all times in a conspicuous place in its facility, a printed notice that it is a bonded grain buyer licensed and regulated by the South Dakota Public Utilities Commission. This notice shall also include the address, phone number, and web site address of the Public Utilities Commission.

Source:

General Authority: SDCL 49-45-6(6).

Law Implemented: SDCL 49-45-6(6)b.

20:10:12:17. Request for waiver of rule. A licensed grain buyer may request a waiver of any rule in this chapter. The commission may grant a waiver if it finds that the waiver would not be detrimental to grain sellers and is in the public interest.

Source:

General Authority: SDCL 49-45-6(1) through (6).

Law Implemented: SDCL 49-45-1, 49-45-7.

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CHAPTER 20:10:31

ASSESSMENT OF FEES FOR INTRASTATE GAS PIPELINE OPERATORS

Section

20:10:31:01	Definitions.
20:10:31:02	Scope and application.
20:10:31:03	Reduction of support and direct costs.
20:10:31:04	Assessment of direct costs.
20:10:31:05	Assessment of support costs.
20:10:31:06	Assessment of initial inspection fee.
20:10:31:07	Objection to assessment.

20:10:31:04. Assessment of direct costs. The commission shall charge a pipeline operator for all direct costs not reduced by § 20:10:31:03. The charges are assessed and billed quarterly annually to each pipeline operator.

Source: 20 SDR 222, effective July 5, 1994.

General Authority: SDCL 49-34B-20.

Law Implemented: SDCL 49-34B-9, 49-34B-10.

20:10:31:05. Assessment of support costs. Support costs not reduced by § 20:10:31:03 are first divided equally between two categories. Fifty percent of the costs are allocated to meters and fifty percent are allocated to miles. The number of miles in the miles category is the total number of miles of intrastate gas distribution and transmission pipeline. The number of meters is the total number of meters operated by distribution operators. A gas transmission operator is assessed a pro rata per mile share of the support costs based on the fifty percent allocated to the miles category. The pipeline

measurement is rounded up to the next whole mile. The pipeline measurement for each operator is based on the number of miles operated on the preceding December 31.

All remaining support costs are assessed on a pro rata basis to distribution pipeline operators based on the number of meters in service by that operator on the preceding December 31. An operator is considered to have one meter in service for each unmetered individual service line on the preceding December 31.

The charges are assessed and billed quarterly annually to each pipeline operator.

Source: 20 SDR 222, effective July 5, 1994.

General Authority: SDCL 49-34B-20.

Law Implemented: SDCL 49-34B-9, 49-34B-10.