

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of June, 1986.

CASE NO. ER-85-265

In the matter of Arkansas Power &
Light Company of Little Rock,
Arkansas, for authority to file
tariffs increasing rates for
electric service provided to
customers in the Missouri service
area of the Company.

ORDER

On May 2, 1986, Arkansas Power & Light Company (Company) filed its Application For Rehearing, Objection, and Application for Partial Stay. The three pleadings all apply to the Commission's Report and Order issued herein and effective May 4, 1986.

The Application For Rehearing alleges the existence of numerous factual and legal errors in the Commission's Report and Order. Upon consideration of the Application For Rehearing and the allegations contained therein, the Commission is of the opinion that it should be denied.

The Company's Objection concerns the expression of intent, in the Report and Order, to exclude from the record of these proceedings the transcript of the April 15, 1986, settlement conference in the absence of objection by the parties within 10 days. In view the timely objection by the Company the Commission is of the opinion that the transcript of the settlement conference should be made a part of the instant record.

In its Application For Partial Stay the Company requests a stay of Ordered: 8 of the May 4, 1986 Report and Order which directed the Company to file tariffs for

years two through five of the phase-in period, as well as tariffs reflecting reduction in rates for the year following the phase-in. The request is based on the assumption that judicial review of this matter may ultimately change the amounts to be recovered in years two through five. In the Commission's opinion the Application For Partial Stay should be denied since there is no assurance that the Commission's Report and Order will be modified on judicial review. In the event that such modification takes place the Company will, of course, be permitted to replace the tariffs herein ordered with tariffs that may become appropriate as a result of any review and modification. Because of the brevity of the period of time between the issuance of this order and the date for the filing of the phase-in tariffs, the Commission is of the opinion that the Company should be given an additional 10 days for compliance with Ordered: 8 of the May 4, 1986 Report and Order issued herein.

Company also seeks a partial stay of that portion of the Commission's Report and Order at page 60 wherein Ordered: 5 directs a refund within 30 days from the effective date of the Report and Order contending that the order requires a refund of revenues collected for Grand Gulf costs as a result of the disposition of issues related to non-Grand Gulf costs, constituting illegal retroactive ratemaking. In the Commission's opinion that portion of the Application For Partial Stay should also be denied.

On May 6, 1986, the Company informed the Commission Staff of alleged mathematical errors in the Staff's calculation of the allowance for materials and supplies. It is pointed out that the total Company materials and supplies number was \$33,445,575, and that such number was not contested. In the run showing Staff's final position, it is pointed out that the number was multiplied by an allocation factor of 0.027261 for a jurisdictional amount of \$911,760. In the Staff's run without the 640 megawatt adjustment, and using an allocation factor of 0.030501, the number produced is \$102,012, which is also the amount which was included in rate base

in the Report and Order. The Company points out that \$33,445,575 times 0.030501 is \$1,020,123, not \$102,012.

On May 28, 1986, the Staff and the Company filed their Joint Motion For Correction Of Order and Memorandum In Support Of Joint Motion For Correction Of Order. The memorandum points out that the requested changes in the order result from calculation errors in both the hearing memorandum and the development of the Commission's Order. The correction of the errors will result in authorizing a revenue increase of \$6,002,021 rather than \$5,887,767. In the Commission's opinion the joint motion should be granted since the proposed corrections are the result of mathematical errors. The Commission's Report and Order issued herein and effective on May 4, 1986, should be corrected as hereinafter ordered.

On May 9, 1986, the Company filed its Motion to Modify Report and Order to the extent that Company was directed to tender to its customers within 30 days from the effective date of the Report and Order the refunds specified in the March 11, 1986 order in Case No. ER-86-52. The Motion seeks only a change in the timing of the refund. Company recites that it has been taking the necessary steps to accomplish the refund but that the computer programming necessary to accomplish it has not been completed and cannot reasonably be accomplished in the specified time remaining. Company seeks permission to coordinate the refund with its normal billing cycle in Missouri so as to begin refunding with bills calculated on June 2, 1986, and ending with bills calculated on June 27, 1986, thereby utilizing one complete month of billings starting with billing cycle 1 and ending with billing cycle 19 and completing the refund within 60 days of the effective date of the Report and Order. In the Commission's opinion the Motion is reasonable and proper and should be granted as hereinafter ordered.

It is, therefore,

ORDERED: 1. The Application For Rehearing filed herein on May 2, 1986, by Arkansas Power & Light Company be, and is, hereby denied.

ORDERED: 2. The Objection filed herein on May 2, 1986, by Arkansas Power & Light Company be, and is, hereby sustained and the Secretary of the Commission is hereby directed to make the transcript of the April 17, 1986, settlement conference a part of the instant record.

ORDERED: 3. The Application For Partial Stay filed herein by Arkansas Power & Light Company on May 2, 1986, be, and is, hereby denied, and the Company is granted in lieu thereof an extension of time until June 16, 1986, for the purpose of filing the tariffs directed in Ordered: 8 of the May 4, 1986 Report and Order issued herein.

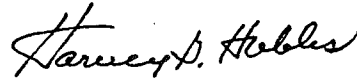
ORDERED: 4. The Joint Motion For Correction Of Order filed herein on May 28, 1986, be, and is, hereby granted and the Report and Order issued and effective herein on May 4, 1986, is hereby corrected as follows:

1. On page 57, line IV. A.1., the number "2,781,780" should be changed to "2,895,517";
2. On page 57, line 3 of the only paragraph on that page, the number "\$3,139,032" should be "\$3,030,979";
3. On page 57, the last line of the only paragraph, the number "\$5,887,767" should be "\$6,002,021";
4. On page 58, line 2, the numbers "5,887,767" and "15.4" should be changed to "6,002,021", and "15.7", respectively; and
5. On page 60, on lines 1 and 8, the number "5,887,767" should, in each instance, be changed to "6,002,021".

ORDERED: 5. The tariffs providing for the first year increase, herein authorized, previously filed and approved, shall remain unchanged.

ORDERED: 6. That this Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Mueller,
Hendren and Fischer, CC., Concur.