

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

CASE NO. ER-83-206

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.

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APPEARANCES: James C. Swearingen, Attorney at Law, Gary W. Duffy, Attorney at Law, 312 East Capitol Avenue, P. O. Box 456, Jefferson City, Missouri 65102, and Stephen B. Rowell, Attorney at Law, P. O. Box 551, Little Rock, Arkansas 72203, for Arkansas Power & Light Company.

J. B. Schnapp, Attorney at Law, P. O. Box 151, Fredericktown, Missouri 63645, for Amax Lead Company of Missouri and Asarco, Incorporated.

John H. Hendren, Attorney at Law, 235 East High Street, P. O. Box 1069, Jefferson City, Missouri 65102, for Ozark Lead Company, Cominco American Company and GAF Corporation.

Richard J. Ashby, Attorney at Law, P. O. Box 500, Viburnum, Missouri 65566, for St. Joe Minerals Corporation.

Willard C. Reine, Attorney at Law, 314 East High Street, Jefferson City, Missouri 65101, for Arkansas-Missouri Cotton Ginners Association, Southern Cotton Ginners Association, McCord Gin Company, Portageville Gin Company, R. M. Hart Gin & Elevator Company, Citizens Gin, Inc., L. Berry Gin Company, DeLisle-Pikey Gin & Elevator, Campbell Brothers Gin Company, Boeving Brothers Cotton & Gin Company, Richardson Gin Company, Vanduser Gin Company, East 84 Gin Company, Blakemore Cotton & Grain Company, Bragg City Gins, Inc., J. E. Jones Gin Company, McCarty Gin Company, and Union Farmers Gin Company.

James M. Fischer, Public Counsel, 1014 Northeast Drive, Jefferson City, Missouri 65101, for Office of the Public Counsel and the Public.

A. Scott Cauger, Assistant General Counsel, P. O. Box 360, Jefferson City, Missouri 65102, for Staff of the Missouri Public Service Commission.

## REPORT AND ORDER

On December 15, 1982, Arkansas Power & Light Company (Company) submitted its revised tariffs designed to increase rates for electric service provided to customers in the Missouri service area of the Company. These revised tariffs have been suspended and will become effective November 14, 1983, unless otherwise ordered by the Commission.

### Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

Pursuant to the Commission's order, a prehearing conference was commenced in the office of the Commission on August 8, 1983. As a result of negotiations conducted during the prehearing conference, the Company, Commission Staff, Office of Public Counsel, and all of the intervenors, entered into a Stipulation and Agreement. Thereafter, on August 30, 1983, an evidentiary hearing was held wherein the aforementioned parties presented the Stipulation and Agreement. After presentation and discussion of the Stipulation and Agreement, the hearing was adjourned for consideration of the Stipulation and Agreement by the Commission.

The Stipulation and Agreement which delineates the matters of agreement between the signatory parties with respect to the disposition of this matter, is attached hereto as Appendix "I", and is incorporated herein by reference.

### Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

Arkansas Power & Light Company is a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo 1978. Arkansas Power & Light Company's revised tariffs which are the subject matter of this proceeding, were suspended pursuant to authority vested in this Commission by Section 393.150, RSMo 1978.

For ratemaking purposes, the Commission may accept a Stipulation and Agreement in settlement of any contested matter submitted by the parties. The Commission is of the opinion that the matters of agreement between the parties in this case are reasonable and proper and should be accepted.

It is, therefore,

ORDERED: 1. That the Stipulation and Agreement entered into between Arkansas Power & Light Company, the Staff of the Missouri Public Service Commission, the Office of Public Counsel, and all intervenors, in Case No. ER-83-206 as set forth herein, is hereby accepted and adopted in disposition of all matters in this proceeding.

ORDERED: 2. That for purposes of implementing the Stipulation and Agreement entered into in this proceeding, the revised tariffs filed by Arkansas Power & Light Company in Case No. ER-83-206, be, and the same are, hereby disapproved and the Company is authorized to file in lieu thereof tariffs consistent with the Stipulation and Agreement.

ORDERED: 3. That Company shall file either in Case No. EO-81-251, or its next general rate case, its proposed specific load management techniques. These shall be filed no later than the date scheduled for the filing of testimony in its next general rate case.

ORDERED: 4. That the tariffs to be filed for Commission approval pursuant to this Report and Order, may be effective for service rendered on and after October 1, 1983.

ORDERED: 5. That this Report and Order shall become effective on October 1, 1983.

BY THE COMMISSION



Harvey G. Hubbs  
Secretary

(S E A L)

Shapleigh, Chm., Dority, Musgrave,  
Mueller and Hendren, CC., Concur.

Dated at Jefferson City, Missouri,  
this 26th day of September, 1983.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

|                                   |   |                    |
|-----------------------------------|---|--------------------|
| In the matter of Arkansas Power   | ) |                    |
| & Light Company of Little Rock,   | ) |                    |
| Arkansas, for authority to file   | ) |                    |
| tariffs increasing rates for      | ) | Case No. ER-83-206 |
| electric service provided to      | ) |                    |
| customers in the Missouri service | ) |                    |
| area of the Company.              | ) |                    |

STIPULATION AND AGREEMENT

On December 15, 1982, Arkansas Power & Light Company (hereinafter referred to as "the Company") submitted to the Missouri Public Service Commission (hereinafter referred to as "the Commission") revised electric rate schedules designed to increase Company's Missouri jurisdictional gross annual revenues by approximately \$9,916,000, exclusive of franchise and occupational taxes, or an approximate 26.4 percent increase over existing revenues. Company requested that these revised rate schedules become effective for service rendered on and after January 14, 1983.

On January 4, 1983, the Commission suspended the effectiveness of the revised rate schedules to November 14, 1983, ordered Company to file its minimum filing requirements, prepared testimony and exhibits on or before February 8, 1983, established filing deadlines for the testimony of the Staff of the Public Service Commission (hereinafter referred to as "the Staff"), the Office of the Public Counsel (hereinafter referred to as "Public Counsel") and intervenors at June 1, 1983, and set forth a schedule of proceedings.

Timely interventions were filed by Cominco American Company, Ozark Lead Company, Amax Lead Company, St. Joe Minerals Corporation (referred to collectively with GAF Corporation and ASARCO, Incorporated as "the Mining Intervenors"), Arkansas-Missouri Cotton Ginners Association, Southern Cotton Ginners Association,

and sixteen other independent cotton ginnerers (referred to collectively as "the Cotton Ginnerers").

On February 4, 1983, the Commission issued an order directing the Company to include notice of the Commission's decision to consider and determine whether to adopt or reject the load management techniques standard under the Public Utility Regulatory Policies Act of 1978, §111(d), in the notice to be sent to customers, and that any interested party should file an implementation plan to accomplish such objectives on or before June 1, 1983.

Company filed its prepared testimony and exhibits and minimum filing requirements on February 8, 1983.

On February 17, 1983, the Commission issued an Order Modifying Suspension Order and Notice of Proceedings in response to a motion by Staff to extend the filing date for its testimony and exhibits. The Commission, *inter alia*, granted an extension of time for the filing of Staff testimony and exhibits from June 1, 1983, to July 15, 1983, moved the prehearing conference from June 27 through July 1, 1983, to August 8 through 12, 1983, to August 22 through 26, 1983. It also granted the applications to intervene filed by AMAX, St. Joe Minerals, Cominco American, Ozark Lead, and the Cotton Ginnerers.

On February 28, 1983, Public Counsel filed a request for a local hearing. On April 21, 1983, the Commission ordered a local hearing to be held at 2:00 p.m. on Friday, July 29, 1983, in Caruthersville, Missouri. Additionally, the Commission granted the late-filed intervention of ASARCO and approved the proposed notice to customers of the hearing.

On June 2, 1983, Staff filed a Motion for Extension of Time in Which to File Prepared Testimony and Exhibits, seeking an extension in the filing date from July 15, 1983, to July 29, 1983. Staff further requested that Public Counsel and Inter-

venors be given until July 29, 1983, in which to file their prepared testimony and exhibits. This request was granted by the Commission by order dated June 24, 1983, along with the late-filed intervention of GAF Corporation.

On July 28, 1983, Staff filed a Motion for Extension of Time in Which to File Prepared Testimony and Exhibits, seeking an extension from July 29, 1983, to August 3, 1983.

Pursuant to the Commission's Orders, a prehearing conference was commenced on August 8, 1983, at which time the representatives of Company, Staff, Public Counsel, and all the intervenors appeared.

As a result of negotiations which occurred during the prehearing conference, the undersigned parties to this proceeding stipulate and agree and jointly recommend to the Commission as follows:

1. That the Company be authorized to file revised permanent electric tariffs designed to increase Missouri jurisdictional gross annual revenues by \$3,150,000, exclusive of applicable franchise and occupational taxes, effective for service rendered on and after October 1, 1983. That "Appendix A," attached hereto and made a part hereof for all purposes, sets out the manner in which said \$3,150,000 increase is to be allocated to the individual classes together with the corresponding class revenue requirements.

2. That the \$3,150,000 increase described above includes \$1,000,000 of fuel expense subject to true-up and refund, representing incremental forecasted fuel costs.

3. That with respect to the forecasted fuel costs referred to in paragraph 2 above, the parties agree that:

- (a) Because the per-ton cost of ISES coal during the first year (1984) of operation of the North Antelope mine will be greater than the per-ton cost in

years when the mine is fully operational, the incrementally greater first year cost per ton will be amortized over the expected tons of coal remaining after 1984 deliveries;

(b) The mechanics of the true-up and determination of the total jurisdictional refund shall be based on the formula as set out in "Appendix B," attached hereto and made a part hereof for all purposes;

(c) The Commission should establish a docket and schedule hearing dates during the month of June, 1984, to audit Company's March, 1984, fuel prices, known and measurable as of May 31, 1984, to determine the requirement of any refund pursuant to paragraph 3(b) above and/or any rate reduction due to the trueing-up of forecasted fuel;

(d) The last known and measurable Arkla gas price at the time of the June, 1984, true-up hearing, less 2.5¢ per month from March, 1984, to that time is the appropriate trued-up March, 1984, gas price;

(e) Any rate reductions due to the fuel cost true-up will go to the rate classes in proportion to the forecasted fuel allocated to the rate classes, and to the tariffs within each class on a cents-per-kilowatt-hour basis; and

(f) Any refund due to the forecasted fuel true-up will go to the rate classes in proportion to the forecasted fuel subject to true-up and refund allocated to the rate classes as shown in "Appendix A," and to the customers within each class in proportion to their kilowatt hour usage during the period the forecasted fuel costs herein were collected.

4. All parties to this case agree to the following specification of rate classes and tariff groups within each class and that the tariffs filed pursuant to paragraph 1 above, shall embody the rate classes and tariff groups described below:

| <u>Rate Class</u>     | <u>Tariff Group</u> |
|-----------------------|---------------------|
| Residential Service   | Residential         |
| Small General Service | Small General       |
|                       | Municipal Pumping   |
|                       | Athletic Field      |
|                       | Lighting            |
|                       | Cotton Ginning      |
|                       | T.V. Amplifiers     |
| Large General Service | Large General       |
|                       | Municipal Pumping   |
| Large Power Service   | Large Power         |
| Lighting Service      | Street Lighting     |
|                       | Signal Lighting     |
|                       | Outdoor Lighting    |

5. The Company agrees to file a fully allocated class cost-of-service study in its next permanent general rate case based on the rate classes set out in paragraph 4 above, and to provide the Staff with hourly load profiles with losses for each of the tariff groups within these rate classes.

6. That effective October 1, 1983, Company agrees to pay 9 percent per annum simple interest on customer deposits held by Company.

7. That all parties agree to the rate structure provisions set out in "Appendix C," which is attached hereto and made a part hereof for all purposes.

8. That effective October 1, 1983, Company be authorized to increase its special facilities charge from 1.5 percent to 2 percent per month.

9. The Company's tariff proposals to charge a \$3.50 collection fee and a \$9.00 reconnection fee during business hours



(\$22.50 after business hours) 'shall constitute agreed tariff charges and shall be included in Company's tariffs filed in this case. However, Company shall not include in its tariffs filed as a result of settlement of this proceeding a returned check fee.

10. That Company shall dismiss its Motion and Request for a True-Up Audit and Hearing filed on August 12, 1983, and there shall be no true-up in this case with the exception of the consideration being given to forecasted fuel costs as provided herein.

11. In compliance with the Commission's order in the instant proceeding, dated February 4, 1983, Company and Staff caused to be filed written testimony with respect to consideration of the six ratemaking standards found in §111(d) of the Public Utility Regulatory Policies Act of 1978, P.L. 95-617, 16 U.S.C. Section 2601 et seq. (hereinafter Act or PURPA), and with regard to the preferred procedural approaches for evaluating and implementing load management techniques, should the Commission adopt that standard of the Act.

12. The parties stipulate and agree that it is appropriate for the Commission to adopt PURPA §111(d) standards (1), (2), (3), (4) and (6), as stated in the Act, as follows:

- (1) Cost of Service. Rates charged by any electric utility for providing electric service to each class of electric consumers shall be designed, to the maximum extent practicable, to reflect the costs of providing electric service to such class, as determined under §115(a).

Section 115(a)--In undertaking the consideration and making the determination under §111 with respect to the standard concerning cost of service established by §111(d)(1), the costs of providing electric service to each class of electric consumers shall, to the maximum extent practicable, be determined on the basis of methods prescribed by the State regulatory authority . . . . Such methods shall to the maximum extent practicable--

(a) permit identification of differences in cost-incurrence, for each such class of electric consumers, attributable to daily and seasonal time of use of service, and

(b) permit identification of differences in cost-incurrence attributable to differences in customer, demand, and energy components of cost. In prescribing such methods, such State regulatory authority . . . shall take into account the extent to which total costs to an electric utility are likely to change if--

- (1) additional capacity is added to meet peak demand relative to base demand; and
  - (2) additional kilowatt-hours of electric energy are delivered to electric consumers.
- (2) Declining Block Rates. The energy component of a rate or the amount attributable to the energy component in a rate, charged by any electric utility for providing electric service during any period to any class of electric consumers may not decrease as kilowatt-hour consumption by such class increases during such period except to the extent that such utility demonstrates that the costs to such utility of providing electric service to such class, which costs are attributable to such energy component, decrease as such consumption increases during such period.
- (3) Time-of-Day Rates. The rates charged by any electric utility for providing electric service to each class of electric consumers shall be on a time-of-day basis which reflects the costs of providing electric service to such class of electric consumers at different times of the day unless such rates are not cost-effective with respect to such class, as determined under §115(b).

Section 115(b)--In undertaking the consideration and making the determination required under §111(d)(3) . . . a time-of-day rate charged by an electric utility for providing electric service to each class of electric consumers shall be determined to be cost-effective with respect to each such class if the long-run benefits of such rate to the electric utility and its electric consumers in the class concerned are likely to exceed the metering costs and other costs associated with the use of such rates.

- (4) Seasonal Rates. The rates charged by an electric utility for providing electric service to each class of electric consumers shall be on a seasonal basis which reflects the costs of providing service to such class of consumers at different seasons of the year to the extent that such costs vary seasonally for such utility.
- (6) Load Management Techniques. Each electric utility shall offer to its electric consumers such load management techniques as the Commission determines will--

(a) be practicable and cost-effective (a load management technique shall be determined to be cost-effective if such technique is likely to

reduce maximum kilowatt demand on the electric utility, and the long-run cost-savings to the utility of such reduction are likely to exceed the long-run costs to the utility associated with implementation of such technique),

(b) be reliable, and

(c) provide useful energy or capacity management advantages to the electric utility.

The parties further stipulate and agree that the prefiled testimony and exhibits of D. T. Price and A. C. Hardy concerning PURPA be received into evidence without the necessity of these witnesses taking the witness stand on those issues.

The parties further stipulate and agree that §11(d), standard (3), Time of Day rates does not require mandatory time of day rates even if such rates are cost effective.

The parties further stipulate and agree that §11(d), standard (5), Interruptible Rate, should not be adopted by the Commission. In lieu of the PURPA Interruptible Rate standard, Staff recommends that the Commission adopt the following language as a statement of policy regarding the use of interruptible rates as a rate design and load management technique.

(5) Interruptible Rates. Each electric utility shall offer each industrial and commercial electric consumer an interruptible rate which reflects the cost of providing interruptible service, if it is determined that the long-run benefits of such rate to the electric utility and its electric consumers are likely to exceed the costs associated with the use of such rates including, but not limited to, metering costs.

Furthermore, the parties stipulate and agree that, should the Commission adopt the Load Management standard §11(d) (6), a separate docket should be established to analyze the results of the load study of Company's system by Systems Control, Inc., and evaluate specific load management techniques to determine whether such load management techniques are practicable, cost effective, reliable, and provide useful energy or capacity management advantages. For that purpose, the parties respectfully suggest that the Commission utilize Case No. EO-81-251 (Arkansas Power &

Light Company Generation Expansion Investigation) which was created by Commission order effective April 30, 1982.

14. That the Staff has presented testimony on each of the subject areas requested by the Commission in its Suspension Order of January 4, 1983. These areas are not at issue between the parties to this proceeding. If the Commission desire the appearance of any Staff witnesses on any of these areas, Staff will make them available. However, Staff would request that the Commission have the Hearing Examiner advise the parties of any such requests as soon as possible, so that witnesses can be made available.

15. That this Stipulation represents a negotiated dollar settlement for the sole purpose of disposing of Case No. ER-83-206, and none of the parties shall be prejudiced by or bound by the foregoing terms of this Stipulation and Agreement in any future proceeding or in this proceeding in the event the Commission does not approve this Stipulation and Agreement in its entirety.

16. That none of the parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost of service determination underlying any of the provisions in this Stipulation and Agreement.

17. That the Staff shall have the right to submit to the Commission, in memorandum form, an explanation of its rationale for entering into this Stipulation and Agreement and to provide to the Commission whatever further explanation the Commission requires. This memorandum shall not become a part of the record of this proceeding, and shall not bind or prejudice the Staff in any future proceeding or in this proceeding in the event the Commission does not approve the Stipulation and Agreement. It is understood by the parties hereto that any rationales advanced by

the Staff in such a memorandum are its own and not acquiesced in or otherwise adopted by such other parties.

18. That the prefiled testimony and exhibits sponsored by Company witnesses J. L. Maulden, H. E. Lubow, R. K. Gilbreath, A. C. Hardy, and J. T. Blakely, and the supplemental testimony of A. C. Hardy, shall be received into evidence without the necessity of said witnesses taking the witness stand.

19. That the prefiled testimony and exhibits sponsored by Staff witnesses S. L. Kemp, J. C. Watkins, M. S. Proctor, J. Pyatte, J. L. Ketter, S. J. Sciortino, D. T. Price, P. Kol, B. M. Nickle, G. R. Bangert, M. T. Love, H. Larkin, Jr., and J. R. Dittmer shall be received into evidence without the necessity of said witnesses taking the witness stand.

20. That the prefiled testimony and exhibits sponsored by Mining Intervenor's witnesses M. Brubaker and D. E. Johnstone; the prefiled testimony and exhibits sponsored by Southern Cotton Ginners Association witness P. R. Hall, Jr.; the prefiled testimony and exhibits sponsored by Ozark Lead Company's witness M. C. Young; the prefiled testimony and exhibits sponsored by Cominco American's witness L. J. Koon; the prefiled testimony and exhibits sponsored by GAF Corporation's witness J. A. Peters; the prefiled testimony and exhibits sponsored by ASARCO witness J. Low; the prefiled testimony and exhibits sponsored by AMAX witnesses W. E. Whitaker, R. R. Martin, C. R. McDonald, D. Staples, W. Crump, P. Moss, S. Light, F. C. Ellis, E. Oakley, D. L. Steelman, and R. Anders; and the prefiled testimony and exhibits sponsored by St. Joe Minerals Corporation's witnesses J. L. Barnhill, D. Schmidt, J. Kessinger, and J. Jarvis shall be received into evidence without the necessity of said witnesses taking the witness stand.

21. That the prefiled testimony and exhibits sponsored by Office of the Public Counsel witnesses S. Andersen and T. Dawson

shall be received into evidence without the necessity of said witnesses taking the witness stand.


22. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine the witnesses named in the foregoing paragraphs with respect to their prefiled testimony and exhibits.

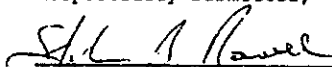
23. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs, pursuant to \$536.080(1), RSMo 1978; their rights pertaining to the reading of the transcript by the Commission, pursuant to \$536.080(2), RSMo 1978; and their rights pertaining to judicial review, pursuant to \$386.510, RSMo 1978.

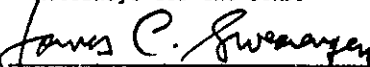
24. That this Stipulation and Agreement has resulted from extensive negotiations among the signatory parties and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement in total, and in the event the tariffs agreed to herein do not become effective for service rendered in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

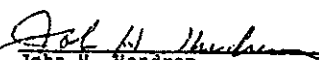
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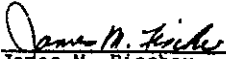
Respectfully submitted,

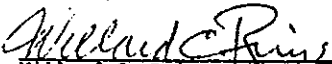
  
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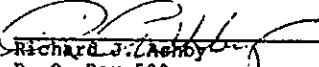
  
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TRUE-UP METHODOLOGY

- A. Base fuel and purchased power expense is 16.824 mills/kwh to Missouri retail customers.
- B. Projected March 1984 fuel and purchased power expense is 18.036 mills/kwh to Missouri retail customers.
- C. Trued-up March 1984 fuel expense shall be determined on the basis of the actual March 1984 values of the following items:

| <u>Description</u>   | <u>Example March 1984 Values</u> |
|--|----------------------------------|
| Gas: Arkla Invoice Gas Price                               | 414.4400 ¢/MMBTU                 |
| White Bluff Coal: Mine Price                               | 8.3140 \$/ton                    |
| ISES Coal: Mine Price                                      | 8.4700 \$/ton                    |
| Depreciation on AP&L Investment in Mine                    | .8500 \$/ton                     |
| Amortization of SFI Costs incurred prior to mine operation | .1500 \$/ton                     |
| SFI Transportation related costs                           | 1.33670 \$/ton                   |
| SFI General & Administrative Expenses                      | .24430 \$/ton                    |
| AP&L Use & Real & Personal Taxes                           | .60820 \$/ton                    |
| Nuclear: ANO2 Batch 6 Stipulated Loss Value                | \$44,038,869.00                  |

- D. The actual March 1984 values of the items listed in C, above will be used to calculate trued-up fuel costs on a ¢/MMBTU basis as shown on pages 2 & 3 of this appendix.
- E. The trued-up March 1984 aggregate fuel and purchased power expense on an AP&L net native system basis will be determined by inserting the costs calculated in D into the boxes in the calculations in Section I on page 4 of this appendix.
- F. The trued-up March 1984 fuel and purchased power expense to Missouri retail customers on a mills/kwh basis will be determined by inserting the trued-up fuel and purchase power expense calculated in E, above into the box in the calculation in Section II on page 4 of this appendix.
- G. In the event that the trued-up March 1984 fuel and purchased power expense exceeds the projected 18.036 mills/kwh to Missouri retail customers, no refund will be required and interim rates will become permanent.
- H. In the event that the trued-up March 1984 fuel and purchased power expense to Missouri retail customers is less than the projected 18.036 mills/kwh, but greater than the base fuel and purchased power expense of 16.824 mills/kwh the total amount of the refund will be equal to the difference between the projected 18.036 mills/kwh and the trued-up March, 1984 fuel and purchased power expense multiplied by the actual Missouri retail kwh consumption (adjusted for losses by the loss factor of 1.08599) between October 1, 1983, and the effective date of revised tariffs reflecting rates based on trued-up March 1984 fuel costs. In addition to this amount, Company shall pay simple interest thereon at the annual rate of 11.71%.
- I. In the event that trued-up March 1984 fuel and purchased power expenses are below 16.824 mills/kwh, the total amount of the refund will be based on actual kwh consumption (adjusted for losses by the loss factor of 1.08599) at 1.212 mills/kwh and base rates will become permanent.



DETAIL OF FUEL COSTS<sup>1</sup>

+  
Conversion  
Factor

|   |                 |                            |                     |
|---|-----------------|----------------------------|---------------------|
| Arkla - Gas: Trued-Up Price   | <u>414.4400</u> |                            |                     |
| Sales Tax @ 3 1/2%  | 14.5100         |                            |                     |
| (\$/MCF)  | <u>428.9500</u> | 1.00                       | 428.95 ¢/MMBTU      |
|   |                 |                            |                     |
| White Bluff - Coal: Actual Mine Price   | <u>8.3140</u>   |                            |                     |
| Freight   | 22.8500         |                            |                     |
| Other Costs   | 5.0063          |                            |                     |
| (\$/ton)  | <u>36.1703</u>  | .17474                     | 206.99 ¢/MMBTU      |
|   |                 |                            |                     |
| Independence - Coal: Actual Mine Price  | <u>8.4700</u>   |                            |                     |
| Depreciation on AP&L Investment in Mine   | <u>.8500</u>    |                            |                     |
| Amortization of SPI Costs Incurred<br>Prior to Operation (23.8 million<br>+ 160,000,000 tons) | <u>.1500</u>    |                            |                     |
| Subtotal  | 9.4700          |                            |                     |
| Freight   | 22.8500         |                            |                     |
| SPI Transportation Related Costs<br>(290,000 + 216,954)                                       | <u>1.3367</u>   |                            |                     |
| SPI G & A<br>(53,000 + 216,954)   | <u>.2443</u>    |                            |                     |
| Taxes - AP&L Use & R&P<br>(Use @ 3%, R&P @ 12.24% x 7.64%)                                    | <u>.6082</u>    |                            |                     |
| Other Costs   | <u>2.2761</u>   |                            |                     |
| (\$/ton)  | <u>36.7853</u>  | .17128                     | 214.77 ¢/MMBTU      |
|   |                 |                            |                     |
| ANO #1 - Nuclear  | (Mills/kwh)     | 7.8991                     | .1069 73.89 ¢/MMBTU |
|   |                 |                            |                     |
| ANO #2 - Nuclear  | (Mills/kwh)     | <u>9.4557</u> <sup>2</sup> | .1100 85.96 ¢/MMBTU |

<sup>1</sup>Values in boxes are examples of March, 1984 values.

<sup>2</sup>See Detail on Page 4.

ANO #2 - Nuclear

Burn Up Cost

|                                   |                                  |           |
|-----------------------------------|----------------------------------|-----------|
| Batch 6 SLV @ 3/84                | <u>\$44,038,869</u> <sup>1</sup> |           |
| Estimated Energy Over Life        | + 24,085,665                     | MWH       |
| Batch 6 Burn-up Cost              | <u>1,828,427</u>                 | MILLS/KWH |
| Annual Energy                     | x 5,825,379                      | MWH       |
| Batch 6 Annual Burn-up Cost       | <u>\$10,651,280</u>              |           |
| Other Batch s Annual Burn-up Cost | + \$15,292,748                   |           |
| Total Annual Burn-up Cost         | <u>\$25,944,028</u>              |           |
| 1 + Use Tax Rate                  | x 1.03                           |           |

TOTAL ANNUAL BURN-UP COST

\$26,722,349

Daily Lease Charge

|                                  |                     |  |
|----------------------------------|---------------------|--|
| Batch 6 SLV @ 3/84               | <u>\$44,038,869</u> |  |
| Other Batch s SLV @ 3/84         | + 38,850,497        |  |
| Total SLV @ 3/84                 | <u>\$82,889,366</u> |  |
| Interest Charges                 | x .1184             |  |
| Total Annual Daily Lease Charges | <u>\$ 9,814,101</u> |  |
| 1 + Use Tax Rate                 | x 1.03              |  |

TOTAL ANNUAL DAILY LEASE CHARGES

\$10,108,524

Real & Personal Property Taxes

|                          |                     |  |
|--------------------------|---------------------|--|
| Batch 6 SLV @ 3/84       | <u>\$44,038,869</u> |  |
| Other Batch s SLV @ 3/84 | + 38,850,497        |  |
| Total SLV @ 3/84         | <u>\$82,889,366</u> |  |
| Assessment Rate          | x .1221             |  |
| Assessed Value           | <u>\$10,120,792</u> |  |
| Tax Rate                 | x .061              |  |

TOTAL ANNUAL R & P TAXES

\$ 617,368

Oil Costs

TOTAL ANNUAL OIL COSTS

\$ 760,851

Spent Fuel Disposal Cost

|                   |             |           |
|-------------------|-------------|-----------|
| Disposal Cost     | 1.0630      | MILLS/KWH |
| Annual Generation | x 4,552,675 | MWH       |

TOTAL ANNUAL SPENT FUEL DISPOSAL COST

\$ 4,839,493

TOTAL ANNUAL NUCLEAR FUEL COST  
ANNUAL GENERATION

\$43,048,585  
+ 4,552,675 MWH

NUCLEAR FUEL COST

9.4557 MILLS/KWH

<sup>1</sup>Values in boxes are examples of March, 1984 values.

DETAIL OF TRUED-UP  
FUEL COSTS  
(\$)  
SECTION I.

|  |                     |
|--|---------------------|
| Base Gas/Oil Dollars   | \$110,740,518       |
| Trued-Up Increment<br>(Gas Only)   | <u>+ 10,987,154</u> |
| (26,352,746.02 MMBTU's<br>x \$ (4.2895) - 3.569) / MMBTU)  |                     |
| TRUED-UP GAS DOLLARS   | \$129,727,672       |
| TRUED-UP COAL DOLLARS  | \$38,121,607        |
| (MB + ISES) x .79607443<br>(MB = 7,795,300.55 MMBTU's<br>x \$ 2.0699 / MMBTU)<br>(ISES = 14,783,952.77 MMBTU's<br>x \$ 2.1477 / MMBTU) |                     |
| TRUED-UP NUCLEAR DOLLARS   | \$78,893,927        |
| ((ANO1 + ANO2) x .988122907<br>(ANO1 = 49,760,000 MMBTU's<br>x \$ .7389 / MMBTU)<br>(ANO2 = 50,110,000 MMBTU's<br>x \$ .8596 / MMBTU)  |                     |
| TRUED-UP FUEL COST<br>(Gas/Oil + Coal + Nuclear)   | \$246,743,206       |
| PURCHASE POWER COST  | \$55,778,039        |
| TOTAL FUEL & PURCHASE POWER COST   | \$302,521,245       |

SECTION II.

$$\frac{\$302,521,245}{16,382,191 \text{ MWH}} = 18.466 \text{ Mills/MWH}$$

NOTE:   indicates example fuel cost to be replaced  
by actual fuel cost for true-up.

## RATE STRUCTURE

### CORRECTIONS TO PRESENT TARIFFS

As soon as possible after the execution of this Stipulation and Agreement, the Company will file revised tariffs, effective September 1, 1983, which revised tariffs will correct certain of its present tariffs which were incorrectly designed and filed in Company's previous Case No. ER-81-364. The tariffs to be corrected are: the Municipal Street Lighting Service tariff, the Traffic Signal Service tariff, the Athletic Field Lighting Service tariff, the All Night Outdoor Lighting Service tariff, and the Municipal Pumping and Cotton Ginning Service tariff. These tariffs, as corrected, will be in effect from September 1, 1983, until the effective date of revised tariffs filed in this docket, Case No. ER-83-206.

### LIGHTING SERVICE RATE STRUCTURE

The increase to lighting schedules (ML1, ML2 and ML4) in this case shall be applied to each rate such that no individual rate shall increase or decrease more than 25 percent from the rates referred to in the immediately preceding paragraph. The costs of service study for lighting developed by the Company will be followed using the 25 percent impact limitation. The facilities charge will be increased to 2 percent per month.

### RESIDENTIAL RATE STRUCTURE

- (a) The customer charge will be \$5.00 per month.
- (b) The energy rates will consist of a summer period flat rate and an other period two block rate with the first block going from 0 to 1000 kwh per month.
- (c) The other period energy tail block differential will be set at approximately 42.80 percent, where this differential is defined as the difference between the initial block (0 to 1000 kwh per month) and the tail block (over 1000 kwh per month) energy rates, and is divided by the tail block energy rate to get the percentage differential.

- (d) The seasonal energy rate differential will be approximately 20 percent, where this differential is defined as the difference between the summer period energy rate and the first block energy rate paid in the other period and is divided by the first block other period energy rate to get the percentage differential.

SMALL GENERAL SERVICE RATE STRUCTURE

- (a) The cotton ginning service rate (MS3) will be set at  
     7.595¢ per kwh for the first 200 kwh per contract  
     HP  
     5.400¢ per kwh for all additional kwh  
 The minimum bill will be based on a charge of \$7.50 per contract horsepower per ginning season.
- (b) The T.V. amplifier service rate (MS6) will be set at  
     \$0.0688 per watt of name plate rating of equipment  
     at each installation
- (c) Athletic field lighting and small (less than 100 kw) municipal pumping customers will be placed on the small general service tariff (MSG). This tariff group will account for the remaining class revenue requirement for the small general service class.
- (d) The customer charge for the small general service (MSG) tariff will be set at \$12.00 per month.
- (e) Seasonally differentiated demand charges of  
     Summer: \$2.50/kw  
     Other: \$2.08/kw  
 will apply to all billing demands of customers on demand metering. A corresponding energy charge based on 300 hours use will apply to customers not on demand metering, i.e.,  
     Summer: 0.833¢/kwh  
     Other: 0.693¢/kwh
- (f) A seasonally differentiated two block energy rate will apply to both seasons, where the initial block is defined to include the first 900 kwh plus 150 kwh per kw in excess of 6.0 kw.

- (g) The energy tail block differential will be set at approximately 32.50 percent, where this differential is defined as the difference between the initial block and tail block energy rates, and is divided by the tail block energy rate to get the percentage differential.
- (h) The seasonal energy rate differential will be approximately 20 percent, where this differential is defined as the difference between the summer period and other period energy rates, and is divided by the other period energy rate to get the percentage differential.

LARGE GENERAL SERVICE AND LARGE POWER SERVICE RATE STRUCTURE

- (a) Large general service rates apply to customers whose demands are 100 kw/month or greater but less than 1000 kw/month. Large power service rates apply to customers whose demands are 1000 kw/month or greater. Municipal pumping customers whose demands exceed 100 kw per month will be placed on the Large General Service tariff.
- (b) The customer charges will be
  - Large General Service: \$39.00/month
  - Large Power Service: \$149.00/month
- (c) The seasonally differentiated energy charges will be
  - Summer: 3.255¢/kwh
  - Other: 2.712¢/kwh
- (d) The seasonally differentiated demand charges for large general service customers will be
  - Summer: \$7.78/kw
  - Other: \$6.49/kw

The large power service customers demand charges will be

  - Summer: \$7.67/kw
  - Other: \$6.38/kw
- (e) Rider N1 as originally filed by the Company will apply, with the correction in section (b) such that the demand charge credit for the large power service should be 83¢/kw.

- (f) Any revenue surplus or deficiency from the revenue requirements specified in this stipulation for both classes will be corrected by adjusting the demand charges. This adjustment will maintain the 11¢/kw differential between the large general service and large power service demand rates.

OPTIONAL TIME-OF-DAY RATES

- (a) The optional time-of-day rates shall be designed so that the relationships between the time-of-day rates and the seasonal rates shall be comparable to the relationships between the Company's proposed time-of-day and seasonal rates.
- (b) The optional time-of-day rates for the large power service customers that satisfies the conditions specified above and that are comparable to the large power seasonal rates set forth in this stipulation are given by

Customer Charge: \$149.00 per month

Summer Demand Charge:

On Peak \$11.00 per kw

Excess \$ 2.67 per kw

Summer Energy Charge:

On Peak 2.818¢ per kwh

Off Peak 2.398¢ per kwh

Other Demand Charge:

On Peak \$9.21 per kw

Excess \$2.24 per kw

Other Energy Charge:

On Peak 2.266¢ per kwh

Off Peak 2.148¢ per kwh

