

ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 47.1 Schedule Sheet 1 of 5
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, LLC
Name of Company

Kind of Service: Electric Class of Service: All

Part III. Rate Schedule No. 47

Title: Capacity Cost Recovery Rider (CCR)

Docket No.: 18-073-TF
Order No.: 2
Effective: 2/1/19

PSC File Mark Only

47.0. CAPACITY COST RECOVERY RIDER

47.1. REGULATORY AUTHORITY

The Arkansas Legislature has delegated authority to the Arkansas Public Service Commission ("APSC" or the "Commission") to regulate public utilities in the State of Arkansas, including Entergy Arkansas, LLC ("EAL" or the "Company"). The APSC's regulatory authority over the provision of electric service applies not only in the Distribution Service area allocated to EAL by the APSC but also extends service to customers who have been released to EAL by other electric distribution utilities, when such release for service has been approved by the Commission pursuant to Rule 6.07(b) or (c) of the Commission's Rules of Practice and Procedure. Similarly, the Tennessee Regulatory Authority exercises such authority delegated to it by the Tennessee Legislature in areas of the State of Tennessee served by EAL.

47.2. PURPOSE

The purpose of this Capacity Cost Recovery Rider ("Rider CCR") is to recover from EAL's retail customers, the cost of purchases of retail capacity¹ and to credit EAL's retail customers with the revenue associated with sales of EAL's retail capacity, if any. Rider CCR shall apply in accordance with the provisions of § 47.3 below to electric service billed under certain rate schedules, whether metered or unmetered. The initial Rider CCR shall be effective with the first billing cycle for the March 2014 billing month for the collection of costs for the twelve-month period of January 2014 through December 2014. Subsequent Rider CCR redeterminations shall be completed in accordance with the provisions of § 47.4 below.

47.3. CAPACITY RATES

The capacity cost recovery rates ("Capacity Rates") shall be set forth in Attachment A to this Rider CCR.

47.4. ANNUAL DETERMINATION

The initial determination shall be in compliance with any retail capacity purchases and any sales of retail capacity that meet the criteria established in Paragraph 47.2 as of January 1, 2014. The Capacity Rates shall be set out in Attachment A as determined by application of the Capacity Rate Formula set out in Attachment B to this Rider CCR. This redetermination shall include the reporting requirements as ordered in Commission Order No. 21, Docket No. 13-028-U.

On or about November 1 of each year beginning in 2014, the Company shall file re-determined Capacity Rates with the Commission to reflect any purchases or sales of retail capacity since the last Capacity Rate determination. The Capacity Rates, as set out in Attachment A, shall be determined by application of the Capacity Rate Formula set out in Attachment B to this Rider

¹ Pursuant to Order No. 21 in Docket No. 13-028-U, capacity purchases with terms greater than 1 year require Commission pre-approval for recovery.

ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 47.2 Schedule Sheet 2 of 5
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, LLC
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Part III. Rate Schedule No. 47

Title: Capacity Cost Recovery Rider (CCR)

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CCR. The purchased capacity costs shall be based on the projected cost to be incurred over the twelve-month period beginning on January 1 of the year following the filing ("Test Year") and shall be calculated in accordance with the formula set out in Attachment B to this Rider CCR. The Capacity Rates so determined shall be effective for bills rendered on and after the first billing cycle of January the year following the filing and shall remain in effect until updated.

Beginning in 2015, a True-up Adjustment shall be reflected in the Rider CCR revenue requirement. The True-up Adjustment shall be defined as the difference between the prior year actual purchased capacity revenue requirement and the prior year actual purchased capacity revenues as determined pursuant to Attachment B of this Rider CCR. The true-up adjustment shall also include any prior year net over/under recovery of the Capacity Cost Recovery rates.

Capacity Rates shall be filed by the Company in the most recent base rate proceeding and shall be accompanied by a set of workpapers sufficient to document fully the calculations of the redetermined Capacity Rates including any potential True-up Adjustment.

47.5. INTERIM ADJUSTMENT

If the Company's change in capacity purchases and/or sales subject to this Rider CCR exceeds 10 percent, then either the APSC General Staff or the Company may propose an interim adjustment to the then currently effective Capacity Rates.

47.6. STAFF AND COMMISSION REVIEW

Staff shall review the as filed Capacity Rates to verify that the formula in Attachment B has been correctly applied and shall notify the Company of any necessary corrections. After the Staff completes its review of the rate calculation, the Company shall make appropriate changes to correct undisputed errors identified by the Staff in its review. Any disputed issues arising out of the Staff review are to be resolved by the Commission after notice and hearing. The Capacity Rates shall go into effect, upon Commission approval, with the first billing cycle of the following January.

47.7. TERM

This Rider CCR shall remain in effect until terminated in accordance with applicable regulations or laws.

This Rider CCR shall continue in effect in order to recover any potential changes in the Company's capacity purchases and or sales subject to this Rider CCR that may occur in the future along with adjusting rates as these purchased capacity contracts terminate. If this Rider CCR is terminated by a future order of the Commission, the Capacity Rates shall continue to be in effect until such costs are recovered through another mechanism or until the implementation of new base rates reflecting such costs.

Docket No.: 15-015-U
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Attachment A to
Rate Schedule No. 47
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Including Attachments

Rider CCR Rates

The Net Monthly Rates set forth in EAL's schedules identified below will be adjusted by the following Rate Adjustment amounts:

Rate Class	Rate Schedules	Applicable Rate
Residential	RS, RT, REMT	(\$0.000028) per kWh
Small General Service	SGS, GFS, TSS, MP, AP, CGS, CTV, SMWHR	(\$0.000032) per kWh
Large General Service	LGS, LPS, GST, PST, SSR	(\$0.006544) per kW
Lighting	L1, L1SH, L4, L1BNR	(\$0.000014) per kWh

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Attachment B to
 Rate Schedule No. 47
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**Entergy Arkansas, LLC
 2022 Capacity Cost Recovery Rider (CCR)
 Revenue Requirement Summary and Rate Development**

Class Allocation & Rate Development					
Line No.	Class	Class Allocator (1)	Capacity Revenue Reqmt (\$) (2)	Projected Billing Units (3)	Rate Adjustment (4)
	EAL Retail				
1	Residential	43.8481%	(\$215,004)	7,795,029,185 kWh	(\$0.000028) per kWh
2	Small General Service	27.9813%	(\$137,203)	4,339,699,397 kWh	(\$0.000032) per kWh
3	Large General Service	27.4291%	(\$134,496)	20,553,806 kW	(\$0.006544) per kW
4	Lighting	0.7416%	(\$3,636)	252,512,983 kWh	(\$0.000014) per kWh
5	Total EAL Retail	100.0000%	(\$490,340)		

Notes:

- (1) The Rate Class Allocator shall be based on the Rate Class Retail Production Demand Allocation Factor approved in the company's most recent retail rate case.
- (2) Attachment B, Page 2, Line 9 * Class Allocator
- (3) Projected Billing Units by Rate Class.
- (4) Class Capacity Revenue Requirement / Projected Billing Units

**Entergy Arkansas, LLC
2022 Capacity Cost Recovery Rider (CCR)
Revenue Requirement**

Line No.	Description	Amount (\$)
<u>I. Retail Purchased Capacity</u>		
1	Net Retail Purchased Capacity Costs (A)	(600,143)
2	Revenue Related Expense Factor (B)	99.7887%
3	Purchased Capacity Revenue Requirement (Ln1 * Ln2)	(598,875)
<u>II. True-up Adjustment (C)</u>		
4	Prior Year Actual Net Retail Purchased Capacity Costs	(118,406)
5	Revenue Related Expense Factor	99.7887%
6	Prior Year Actual Purchased Capacity Revenue Requirement (Ln4 * Ln5)	(118,155)
7	Prior Year Actual Rider CCR Revenues	(226,691)
8	Current Year True-up Adjustment (Ln6 – Ln7)	108,535
9	Total Rider CCR Revenue Requirement (Ln3+Ln8)	(490,340)

Notes:

- (A) Cost of purchased capacity incurred by the Company for purchases of retail capacity contracts offset by revenue from sales of retail capacity, if any, that are known and measurable as of the date Rider CCR is filed. Pursuant to Order No. 21 in Docket No. 13-028-U, capacity purchases with terms greater than 1 year require Commission pre-approval for recovery.
- (B) Revenue Related Expense Factor = $1 / (1 - \text{Arkansas Retail Bad Debt Rate} + \text{Forfeited Discount Rate})$. The Arkansas Retail Bad Debt Rate and the Forfeited Discount Rates shall be developed consistent with the methodology utilized for calculating them in the most recent EAL general rate case and shall be based on the most recently available calendar year data at the time of the filing.
- (C) Beginning in 2015, a True-up Adjustment shall be reflected in the Rider CCR revenue requirement.