

# ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 48.1 Schedule Sheet 1 of 6  
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, LLC  
Name of Company

Kind of Service: Electric Class of Service: All

## Part III. Rate Schedule No. 48

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

**Title: Production Cost Allocation Rider (PCA)**

PSC File Mark Only

## 48.0 PRODUCTION COST ALLOCATION RIDER

### 48.1 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 to 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.

### 48.2 PURPOSE

The purpose of this Production Cost Allocation Rider ("Rider PCA") is to recover, from EAL's retail customers, the retail allocation of the Company's annual payments/receipts ("FERC Allocation") to/from the other Entergy Operating Companies<sup>1</sup> as directed in Docket No. EL01-88-001, Opinion Nos. 480 and 480-A, and any subsequent modification thereof ("FERC Decision"), excluding any refunds that the Federal Energy Regulatory Commission may possibly order to be paid by EAL to the other Entergy Operating Companies in Docket No. EL01-88-000. Rider PCA shall recover from retail customers any payments made or return to retail customers any receipts received pursuant to the FERC Allocation unless and to the extent those payments or receipts are expressly reflected in base rates or another EAL retail rider. Rider PCA shall apply in accordance with the provisions of § 48.3 below to electric service billed under certain rate schedules, whether metered or unmetered.

### 48.3 PRODUCTION COST ALLOCATION RATES

The Production Cost Allocation rates ("PCA Rates") shall be set forth in Attachment A to this Rider PCA.

### 48.4 ANNUAL DETERMINATION

On or about June 21, 2007 and thereafter on or about June 1 each year, beginning in 2008, the Company shall file PCA Rates with the Commission. The PCA Rates, as set out in Attachment A, shall be determined by application of the formula ("PCA Rate Formula") set out in Attachment B and Attachment C to this Rider PCA. The PCA Rates so determined shall be effective for bills rendered on and after the first billing cycle for July of the filing year and shall remain in effect until

<sup>1</sup> The Entergy Operating Companies include the following or their successors: Entergy Arkansas, LLC; Entergy Texas, Inc.; Entergy Louisiana, LLC; Entergy Mississippi, LLC; and Entergy New Orleans, LLC

# ARKANSAS PUBLIC SERVICE COMMISSION

Original Sheet No. 48.2 Schedule Sheet 2 of 6  
Including Attachments

Replacing: Sheet No.

Entergy Arkansas, LLC  
Name of Company

Kind of Service: Electric Class of Service: All

## Part III. Rate Schedule No. 48

**Title: Production Cost Allocation Rider (PCA)**

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updated. Each such set of PCA Rates shall be filed in the proper underlying docket and shall be accompanied by a set of workpapers sufficient to fully document the calculations of the redetermined PCA Rates.

Redetermined PCA rates shall reflect the retail allocation of any payments or receipts relating to the FERC Allocation together with a true-up adjustment reflecting the over- or under-recovery on the last day of June in the filing year. Any over- or under-recovery balance for each rate class will be decreased or increased by monthly carrying charges based on the interest rate ordered by the Commission to be paid on utility service customer deposits by the Company. The cumulative over- or under-recovery for each rate class as of the last day of June in the filing year shall be subtracted from or added to the rider level for the corresponding rate class in the annual Redetermination.

### 48.5 INTERIM ADJUSTMENT

Should a cumulative over-recovery or under-recovery balance arise which exceeds 55 percent of the APSC jurisdictional portion of the annual FERC Allocation included in the most recently filed rate redetermination under this Rider PCA, then either the APSC General Staff or the Company may propose an interim revision to the then currently effective PCA Rates.

### 48.6 TERM

This Rider PCA shall remain in effect subject to eighteen months advance notice of termination by the Commission following notice and hearing.

When this Rider PCA expires or is terminated by a future order of the Commission, the PCA Rates shall continue in effect until such costs are reflected for recovery under another mechanism or until the implementation of new base rates reflecting such costs.

**Rider PCA Rates**

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

<u>Rate Class</u>	<u>Rate Schedules</u>	<u>Total PCA Rate Adjustment</u>
Residential	RS, RT, REMT	\$0.00000 per kWh
Small General Service	SGS, GFS, TSS, MP, AP, CGS, CTV, SMWHR	\$0.00000 per kWh
Large General Service	LGS, LPS, GST PST, SSR	\$0.00000 per kWh
Lighting	L1, L1SH, L4	\$0.00000 per kWh

**Rider PCA Rate Calculation**

<u>Rate Class</u>	<u>RFAL By Class<sup>1</sup></u>	<u>Class kWh<sup>2</sup></u>	<u>Rate Adjustments<sup>3</sup></u>
Residential	\$0	0	\$0.00000 per kWh
Small General Service	\$0	0	\$0.00000 per kWh
Large General Service	\$0	0	\$0.00000 per kWh
Lighting	\$0	0	\$0.00000 per kWh
Total	\$0	0	

Notes:

- (1) FERC Allocation Level (RFAL) for each rate class from Attachment C
- (2) Projected class billed kWh for the 11 month period beginning August 2022 through June 2023.
- (3) (RFAL By Class) / Class kWh

### PRODUCTION COST ALLOCATION RATE FORMULA

$RFAL_i$  = FERC ALLOCATION LEVEL FOR RATE CLASS  $i$

$RFAL_i$  =  $[(AFA * EAF_{ai}) + TUA_i] * (1 + RCF_i)$

WHERE,

$AFA$  = ANNUAL FERC ALLOCATION PAYMENT/RECEIPT (1)

$EAF_{ai}$  = RETAIL ENERGY ALLOCATION FACTOR FOR RATE CLASS  $i$  FOR THE PRODUCTION COST ALLOCATION PERIOD ADJUSTED FOR KNOWN AND MATERIAL CUSTOMER CHANGES (2) (3)

$RCF_i$  = REVENUE CONVERSION FACTOR FOR RATE CLASS  $i$  (4)

$TUA_i$  = TRUE-UP ADJUSTMENT FOR RATE CLASS  $i$  FOR THE PRODUCTION COST ALLOCATION PERIOD INCLUDING CARRYING CHARGES (5)

$TUA_i$  =  $COUB_{ij} + ICB_{ij}$

WHERE,

$COUB_{ij}$  = CUMULATIVE (OVER)/UNDER-RECOVERY BALANCE FOR RATE CLASS  $i$  FOR MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD

$COUB_{ij}$  =  $FA_j * EAF_{bi} - PCAR_{ij} / (1 + RCF_i) + OUBF_{ij}$

WHERE,

$FA_j$  = FERC ALLOCATION FOR MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD

$EAF_{bi}$  = UNADJUSTED RETAIL ENERGY ALLOCATION FACTOR FOR RATE CLASS  $i$  FOR THE PRODUCTION COST ALLOCATION PERIOD (6)

$PCAR_{ij}$  = REVENUE UNDER RIDER PCA FOR RATE CLASS  $i$  IN MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD PLUS AN IMPUTED LEVEL OF REVENUES FOR SALES UNDER SPECIAL RATE CONTRACTS WHERE THE PRODUCTION COST ALLOCATION IS NOT SEPARATELY BILLED (7)

$RCF_i$  = REVENUE CONVERSION FACTOR FOR RATE CLASS  $i$  (4)

$OUBF_{ij}$  = (OVER)/UNDER-RECOVERY BALANCES BROUGHT FORWARD APPLICABLE FOR RATE CLASS  $i$  FOR MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD

$ICB_{ij}$  = CUMULATIVE INTEREST BALANCE FOR RATE CLASS  $i$  FOR MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD

$$ICB_{ij} = (BCOUB_j + ECOUB_j) / 2 * CCR + IBF_{ij}$$

WHERE,

$BCOUB_j$  = BEGINNING CUMULATIVE OVER/(UNDER)-RECOVERY BALANCE FOR MONTH  $j$  (EXCLUDING CARRYING CHARGES)

$ECOUB_j$  = ENDING CUMULATIVE OVER/(UNDER)-RECOVERY BALANCE FOR MONTH  $j$  (EXCLUDING CARRYING CHARGES)

$CCR$  = MONTHLY CARRYING CHARGE RATE (5)

$IBF_{ij}$  = INTEREST BALANCES BROUGHT FORWARD APPLICABLE FOR RATE CLASS  $i$  FOR MONTH  $j$  OF THE PRODUCTION COST ALLOCATION PERIOD

Notes:

- (1) The Annual FERC Allocation Payment/Receipt is EAL's annual payment/receipt to/from the other Entergy Operating Companies pursuant to the FERC Decision.
- (2) The Production Cost Allocation Period is the 12 month period ending 4 months prior to the filing date (a June filing would use 12 months ending February data).
- (3)  $EAF_{ai}$  is calculated using actual energy usage for rate class  $i$  for the Production Cost Allocation Period adjusted for known and material customer changes.
- (4) The revenue conversion factor shall be equal to  $1 / (1 - \text{Bad Debt Rate} + \text{Forfeited Discount Rate})$ . The Bad Debt Rate is calculated by dividing the net bad debt expenses for each rate class by the corresponding rate schedule revenues for the prior calendar year. The Forfeited Discount Rate is calculated by dividing the revenues recorded in Account 450 – Forfeited Discounts for each rate class by the corresponding rate schedule revenues for the prior calendar year.
- (5) Monthly carrying charges shall be calculated on the average beginning and ending over/(under)-recovery balances, excluding carrying charges, using the Commission approved customer deposit simple interest rate for the period divided by 12.
- (6)  $EAF_{bj}$  is calculated using actual energy usage for rate class  $i$  for the Production Cost Allocation Period.
- (7)  $PCAR_{ij}$  shall include 12 months of actual data for March – February for the Production Cost Allocation Period and 4 months of estimated data for March – June of the filing year.