

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 434 of the Regular Session

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009
4

A Bill

HOUSE BILL 1898

5 By: Representatives Hawkins, J. Burris, Cash, Cook, Cooper, Dale, J. Dickinson, Everett, Gaskill,
6 George, Glidewell, Hardy, Hoyt, Hyde, Kidd, King, Overbey, Patterson, Ragland, Rice, J. Rogers,
7 Slinkard, L. Smith, Wells, B. Wilkins

8 By: Senators Horn, Altes, G. Baker, Bledsoe, Bookout, Broadway, Bryles, Capps, Glover, Hendren, B.
9 Johnson, D. Johnson, J. Key, Laverty, Luker, P. Malone, Miller, Salmon, T. Smith, Steele, Teague, R.
10 Thompson, Trusty, Whitaker, Wilkinson, D. Wyatt

For An Act To Be Entitled

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12
13 AN ACT TO REQUIRE THE ARKANSAS PUBLIC SERVICE
14 COMMISSION TO PERMIT STORM COST RESERVE
15 ACCOUNTING FOR ELECTRIC PUBLIC UTILITIES WHEN
16 REQUESTED; AND FOR OTHER PURPOSES.
17

Subtitle

18
19 TO REQUIRE THE ARKANSAS PUBLIC SERVICE
20 COMMISSION TO PERMIT STORM COST RESERVE
21 ACCOUNTING FOR ELECTRIC PUBLIC UTILITIES
22 WHEN REQUESTED.
23
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25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Arkansas Code Title 23, Chapter 4, Subchapter 1 is amended
29 to add an additional section to read as follows:

30 23-4-112. Reserve accounting for storm restoration costs.

31 (a) This section applies to storm restoration costs incurred on or
32 after January 1, 2009.

33 (b) Upon application by an electric public utility and after notice
34 and hearing, the Arkansas Public Service Commission shall permit an electric
35 public utility to establish a storm cost reserve account consistent with the



1 then current Federal Energy Regulatory Commission Uniform System of Accounts,
 2 as modified to allow a debit balance to reflect the excess of storm
 3 restoration costs over the amount recovered in rates or otherwise credited to
 4 the storm cost reserve account.

5 (c) The use of reserve accounting under this section is subject to the
 6 following:

7 (1)(A) The initial amount included in the storm cost reserve
 8 account for an electric public utility shall be the amount included in the
 9 electric public utility's currently approved rates for storm restoration
 10 costs.

11 (B) Thereafter, in future rate proceedings, the commission
 12 shall determine the appropriate level of the storm cost reserve account
 13 considering the electric public utility's historical costs associated with
 14 normal storm damage and other factors;

15 (2) As a condition of an electric public utility's recovery of
 16 storm restoration costs through rates or inclusion of storm restoration costs
 17 in the storm cost reserve account, the commission shall audit, analyze,
 18 examine, and adjust all storm restoration costs to ensure that only
 19 reasonable and prudent storm restoration costs are included in the storm cost
 20 reserve account or are recoverable through rates;

21 (3) Simple interest on any balance, credit, or debit in the
 22 storm cost reserve account shall accrue at a rate equal to the electric
 23 public utility's last approved rate-base rate of return;

24 (4)(A) An electric public utility shall only charge operations
 25 and maintenance storm restoration costs that are not otherwise recovered
 26 against the balance in the storm cost reserve account.

27 (B) The commission shall ensure that the storm restoration
 28 costs charged to the storm cost reserve account are:

29 (i) Timely;

30 (ii) Specific to restoring retail electric service
 31 in Arkansas; and

32 (iii) Subject to any ratemaking adjustments of the
 33 types of expenses included in the storm restoration costs that are consistent
 34 with the determination in the electric public utility's most recent
 35 application for a general change in rates.

36 (C) An electric public utility shall:

1 (i) File a quarterly report with the commission
 2 identifying each instance in which the electric public utility records storm
 3 restoration costs in the storm cost reserve account; and

4 (ii) Provide with the quarterly report required by
 5 this subdivision (b)(4)(C) supporting documentation prescribed by the
 6 commission that includes without limitation:

7 (a) Vegetation management spending; and

8 (b) Labor costs;

9 (5)(A) If an electric public utility spends less on storm
 10 restoration costs than the amount included in the electric public utility's
 11 currently approved rates for storm restoration costs in any calendar year,
 12 the electric public utility shall credit to the storm cost reserve account
 13 any difference between the amount in rates and the amount actually spent on
 14 storm restoration costs during that calendar year.

15 (B) If an electric public utility has received any of the
 16 following payments to offset storm restoration costs, the electric public
 17 utility shall credit those payments to the storm cost reserve account:

18 (i) Insurance Payments;

19 (ii) Payments from a governmental entity; or

20 (iii) Any other third-party payments; and

21 (6)(A) The commission shall determine the following in the
 22 electric public utility's next application for a general change in rates:

23 (i) The recovery of any debit balance in the
 24 electric public utility's storm cost reserve account through the electric
 25 public utility's rates and charges over a reasonable period; or

26 (ii) The appropriate ratemaking treatment of any
 27 credit balance in the electric public utility's storm cost reserve account.

28 (B) After notice and hearing and a finding that it is in
 29 the public interest, the commission may approve other ratemaking treatment
 30 otherwise allowed by law of any balance, credit, or debit in the electric
 31 public utility's storm cost reserve account.

32 (C) The commission shall establish the method of recovery
 33 of a debit balance in the electric public utility's storm cost reserve
 34 account and may impose conditions to ensure that amounts recovered through
 35 rates are reasonable and prudent.

36 (d) This section:

