

Hall of the House of Representatives
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of House Bill No. 1571

"AN ACT TO ESTABLISH THE VALUE OF PUBLIC UTILITY PROPERTY FOR
RATEMAKING PURPOSES."

Amendment No. 1 to House Bill No. 1571.

Amend House Bill No. 1571 as originally introduced:

Delete section 1 in its entirety and substitute the following:

“SECTION 1. Arkansas Code Title 23, Chapter 4, Subchapter 1 is amended by adding an additional section to read as follows:

23-4-111. Valuation of public utility property for ratemaking purposes.

(a) For the purposes of this section:

(1)(A) “Public utility” is a public utility as that term is defined under § 23-1-101.

(B) However, a public utility is not an incumbent local exchange carrier that has elected to be regulated under §§ 23-17-406 through 23-17-408 or § 23-17-412;

(2) “Original cost” means the cost incurred by a public utility when plant or property was first devoted to public service; and

(3) “Net book value” means the original cost less reasonable accumulated depreciation of the plant or property.

(b)(1) In determining the value of plant or property that is to be included in the rate base upon which the public utility will be allowed the opportunity to earn a return, the commission shall use the net book value of the plant or property unless the commission determines that an adjustment is appropriate under subsections (c), (d), or (e).

(2) However, for affiliate acquisitions the value of plant or property that is to be included in the rate base upon which the public utility will be allowed the opportunity to earn a return, the commission shall use the net book value of the plant or property or a lesser amount but in no event may the commission make an adjustment above net book value under subsection (c).

(3) If the original cost of the plant or property is unknown, the commission shall estimate the net book value.

(c) For plant or property acquired for an amount above net book value, the commission may allow the recovery through rates of an amount greater than net book value but not more than actual cost if the public utility can prove by a preponderance of the evidence that:



(1) The original cost of the plant or property was reasonable and prudent; and

(2) The plant or property will produce for the public utility's customers known and measurable benefits that are greater than its net book value.

(d) For plant or property acquired for an amount below net book value, the commission may allow the recovery through rates of an amount greater than the cost of acquisition but not more than the net book value if the public utility can prove by a preponderance of the evidence that:

(1) The original cost of the plant or property was reasonable and prudent; and

(2) The plant or property will produce for the public utility's customers known and measurable benefits that are greater than its cost of acquisition.

(e) The commission may allow the recovery through rates of an amount less than net book value if the commission determines that the original cost of the plant or property was not reasonable or was imprudent.

(f) However, for plant or property costs incurred in compliance with § 23-18-106(a), the public utility shall have a rebuttable presumption of reasonableness and prudence for the purpose of the commission's determinations in subsections (c) and (d)."

The Amendment was read
By: Representative Napper
LDH/JMB - 031220030833
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Chief Clerk