

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.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003  
4

# A Bill

HOUSE BILL 1571

5 By: Representatives Napper, Cleveland  
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## For An Act To Be Entitled

9 AN ACT TO ESTABLISH THE VALUE OF PUBLIC UTILITY  
10 PROPERTY FOR RATEMAKING PURPOSES; AND FOR OTHER  
11 PURPOSES.  
12

## Subtitle

14 AN ACT TO ESTABLISH THE VALUE OF PUBLIC  
15 UTILITY PROPERTY FOR RATEMAKING  
16 PURPOSES.  
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18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code Title 23, Chapter 4, Subchapter 1 is amended  
22 to add an additional section to read as follows:

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

25 (a)(1) For purposes of this section, "public utility" is a public  
26 utility as that term is defined under § 23-1-101.

27 (2) In determining the value of a plant or of property purchased  
28 by a public utility that is to be included in the rate base upon which the  
29 public utility will be allowed to earn a return, the commission shall use the  
30 original cost of the property, less depreciation.

31 (3) If the original cost of the property is unknown, the  
32 commission shall estimate the original cost of the property, less  
33 depreciation.

34 (b) The commission may make a reasonable adjustment to the original  
35 cost of the plant or property, if the public utility can prove by clear and  
36 convincing evidence that:



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

3                   (2) The plant or property purchased will produce for the public  
4 utility's customers material and continuing benefits that are greater than  
5 the original cost, less depreciation.

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