

# ARKANSAS PUBLIC SERVICE COMMISSION

2<sup>nd</sup> Revised Sheet No. 38.1 Schedule Sheet 1 of 8  
Including Attachment

Replacing: 1<sup>st</sup> Revised Sheet No. 38.1

Entergy Arkansas, LLC

Name of Company

Kind of Service: Electric Class of Service: All

**Part III. Rate Schedule No. 38**

**Title: Energy Cost Recovery Rider (ECR)**

Docket No.: 22-082-U  
Order No.: 8  
Effective: 11/1/23

PSC File Mark Only

## 38.1. RECOVERY OF ENERGY COST

Energy Cost Recovery Rider ECR ("Rider ECR") defines the procedure by which the "Energy Cost Rate" of Entergy Arkansas, LLC ("EAL" or "Company") shall be initially established and periodically redetermined. The Energy Cost Rate shall recover the Company's net fuel and purchased energy cost, as defined in this Rider ECR ("Energy Cost").

## 38.2. ENERGY COST RATE

The Energy Cost Rate to be initially effective under this Rider ECR shall be determined in the manner approved by the Arkansas Public Service Commission ("Commission") in Docket No. 15-015-U, Order No. 18 and shall become effective upon the date established by the Commission. The Energy Cost Rate shall then be redetermined annually through filings to be made in accordance with the provisions of § 38.3 of this Rider ECR.

The Energy Cost Rate shall be applied to each customer's monthly billing energy (kWh), except that the Energy Cost Rate shall not apply to a special rate contract unless such contract includes specific provisions related to the recovery of the Company's Energy Cost.

Net benefits achieved pursuant to the Stuttgart Solar and Chicot Solar power purchase agreements ("PPAs") and any corresponding additional sum shall be determined in the manner approved by the Commission in Order No. 5 in Docket No. 15-014-U and Order No. 4 in Docket No. 17-041-U, respectively.

As approved by the Commission's Order No. 7 in Docket No. 22-082-U, the additional sums associated with the Flat Fork and Forgeview PPAs shall be determined pursuant to the commensurate return methodology pursuant to Ark. Code Ann. § 23-18-109(e)(2)(B).

## 38.3. ANNUAL REDETERMINATION

On or before March 15 of each year beginning in 2014, the Company shall file a redetermined Energy Cost Rate with the Commission. The redetermined Energy Cost Rate shall be determined by application of the Energy Cost Rate Formula set out in Attachment A to this Rider ECR. Each such revised Energy Cost Rate 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 revised Energy Cost Rate.

The redetermined Energy Cost Rate shall reflect the projected Energy Cost for the 12-month period commencing on April 1 of each year ("Projected Energy Cost Period") together with a true-up adjustment reflecting the over-recovery or under-recovery of the Energy Cost for the 12-month period ended December 31 of the prior calendar year

# ARKANSAS PUBLIC SERVICE COMMISSION

1<sup>st</sup> Revised

Sheet No. 38.2

Schedule Sheet 2 of 8  
Including Attachment

Replacing: Original

Sheet No. 38.2

Entergy Arkansas, LLC

Name of Company

Kind of Service: Electric

Class of Service: All

Docket No.: 22-082-U

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## Part III. Rate Schedule No. 38

**Title: Energy Cost Recovery Rider (ECR)**

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("Energy Cost Period"). The Energy Cost Rate so redetermined shall be effective for bills rendered on and after the first billing cycle of April of the filing year and shall then remain in effect for twelve (12) months ("Rider Cycle"), except as otherwise provided for below.

The annual update shall include the reporting requirements as ordered by the Commission Order No. 10 in Docket No. 06-101-U and modified by Order No. 21 in Docket No. 13-028-U.

### 38.4. INTERIM ADJUSTMENT

Should a cumulative over-recovery or under-recovery balance arise during any Rider Cycle which exceeds ten (10) percent of the Energy Cost determined for the Energy Cost Period included in the most recently filed rate redetermination under this Rider ECR, then either the Arkansas Public Service Commission General Staff or the Company may propose an interim revision to the then currently effective Energy Cost Rate.

### 38.5. TERM

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

### ENERGY COST RATE FORMULA

ECR = ENERGY COST RATE

ECR = (TUA + (PEC\*EAF)+AS) / PES

WHERE,

TUA = TRUE-UP ADJUSTMENT FOR THE ENERGY COST PERIOD INCLUDING CARRYING CHARGES (1)(3)

$$TUA = \sum_{j=1}^{12} (EC_j * EAF - RR_j) + (((BB_j + EB_j)/2) * (CCR / 12))$$

WHERE,

$EC_j$  = ENERGY COST FOR MONTH  $j$  OF THE ENERGY COST PERIOD

$EC_j$  =  $FE_j + PE_j + RSC_j + SEPO_j + TEP_j + GP_j + GZ_j$

WHERE,

$FE_j$  = FUEL EXPENSE CHARGED TO ACCOUNTS 501, 518, AND 547 IN MONTH  $j$  OF THE ENERGY COST PERIOD.

$PE_j$  = PURCHASED ENERGY EXPENSE CHARGED TO ACCOUNT 555 (6) (7) OR CREDITED TO ACCOUNT 447 IN MONTH  $j$  OF THE ENERGY COST PERIOD (8), BUT EXCLUDING THE RETAINED SHARE PORTION OF GRAND GULF FUEL (9) CHARGES.

$RSC_j$  = GRAND GULF RETAINED SHARE ENERGY CHARGE IN MONTH  $j$  OF THE ENERGY COST PERIOD (2)

$SEPO_j$  = NET COSTS AND CREDITS BILLED THROUGH THE SOLAR ENERGY PURCHASE OPTION

$TEP_j$  = NET GAIN OR LOSS FROM EAL'S INTEREST IN SOLAR ASSET TAX EQUITY PARTNERSHIP

$GP_j$  = NET COSTS AND CREDITS BILLED THROUGH THE GREEN PROMISE

$GZ_j$  = NET COSTS AND CREDITS BILLED THROUGH THE GO ZERO

### ENERGY COST RATE FORMULA (CONT'D)

$RR_j$  = REVENUE UNDER RIDER ECR FOR MONTH  $j$  OF THE ENERGY COST PERIOD EXCLUDING ANY REVENUES ASSOCIATED WITH THE ADDITIONAL SUM AS APPROVED BY THE COMMISSION PURSUANT TO ACT 1088 OF 2015 PLUS AN IMPUTED LEVEL OF REVENUES FOR SALES UNDER SPECIAL RATE CONTRACTS WHERE THE ENERGY COST RATE IS NOT SEPARATELY BILLED

$BB_j$  = BEGINNING CUMULATIVE OVER(UNDER)-RECOVERY BALANCE FOR MONTH  $j$  (Excluding carrying charges)

$EB_j$  = ENDING CUMULATIVE OVER(UNDER)-RECOVERY BALANCE FOR MONTH  $j$  (Excluding carrying charges)

CCR = CARRYING CHARGE RATE (3)

PEC = PROJECTED ENERGY COST FOR THE PROJECTED ENERGY COST PERIOD (4)

$PEC = \sum_{j=1}^{12} EC_j + NRFA \quad (5)$

WHERE,

$EC_j$  = ENERGY COST FOR MONTH  $j$  OF THE ENERGY COST PERIOD (1)

NRFA = NUCLEAR REFUELING OUTAGE ADJUSTMENT

NRFA =  $GACR * (RHD1 * CAP1 + RHD2 * CAP2 + RHDGG * CAPGG)$

## ENERGY COST RATE FORMULA (CONT'D)

WHERE,

- GACR = ANNUAL AVERAGE AVOIDED ENERGY COST RATE (\$/kWh) AT GENERATION LEVEL FOR THE ENERGY COST PERIOD AS SET OUT IN THE MOST RECENT FILING WITH THE COMMISSION PURSUANT TO SMALL COGENERATION RIDER SCR OR ANY SUPERSEDING RATE SCHEDULE
- RHD1 = INCREASE (+) OR DECREASE (-) IN REFUELING OUTAGE HOURS FOR ANO UNIT 1 BETWEEN THE ENERGY COST PERIOD AND THE PROJECTED ENERGY COST PERIOD
- CAP1 = NET CAPABILITY (kW) OF ANO UNIT 1 AT THE END OF THE ENERGY COST PERIOD THAT IS AVAILABLE TO THE COMPANY'S RETAIL CUSTOMERS
- RHD2 = INCREASE (+) OR DECREASE (-) IN REFUELING OUTAGE HOURS FOR ANO UNIT 2 BETWEEN THE ENERGY COST PERIOD AND THE PROJECTED ENERGY COST PERIOD
- CAP2 = NET CAPABILITY (kW) OF ANO UNIT 2 AT THE END OF THE ENERGY COST PERIOD THAT IS AVAILABLE TO THE COMPANY'S RETAIL CUSTOMERS
- RHDGG = INCREASE (+) OR DECREASE (-) IN REFUELING OUTAGE HOURS FOR GRAND GULF BETWEEN THE ENERGY COST PERIOD AND THE PROJECTED ENERGY COST PERIOD
- CAPGG = NET CAPABILITY (kW) OF EAL'S ALLOCATED SHARE OF GRAND GULF AT THE END OF THE ENERGY COST PERIOD AS REDUCED BY THE RETAINED SHARE AND THAT IS AVAILABLE TO THE COMPANY'S RETAIL CUSTOMERS
- EAF = ENERGY ALLOCATION FACTOR BASED ON PRODUCTION ENERGY FOR THE RETAIL JURISDICTION FOR THE ENERGY COST PERIOD (1)
- PES = PROJECTED SALES (kWh) SUBJECT TO THIS RIDER ECR FOR THE PROJECTED ENERGY COST PERIOD

## ENERGY COST RATE FORMULA (CONT'D)

AS = ADDITIONAL SUMS FOR STUTTGART SOLAR AND CHICOT SOLAR TO BE CALCULATED SEPARATELY AND THEN SUMMED, WITH EACH BEING BASED ON ACTUAL CUMULATIVE NET BENEFITS CALCULATED ON THE ACTUAL ANNUAL SAVINGS FORMULA APPROVED, RESPECTIVELY, IN ORDER NO. 5 IN DOCKET NO. 15-014-U FOR STUTTART SOLAR AND AS DIRECTED IN ORDER NO. 4 IN DOCKET NO. 17-0471-U FOR CHICOT SOLAR.

ACTUAL ANNUAL SAVINGS = MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC. (MISO) NET ANNUAL SETTLEMENTS RECEIVED OR PAID BY EAL RELATED TO THE STUTTGART SOLAR AND CHICOT SOLAR PPAS PLUS REVENUES FROM THE SALE OF ENVIRONMENTAL ATTRIBUTES RELATED TO THE STUTTGART SOLAR AND CHICOT SOLAR PPAS AND LIQUIDATED DAMAGES PAID PURSUANT TO THE PPAS LESS THE SUM OF THE NET ANNUAL PAYMENTS MADE BY EAL TO STUTTGART SOLAR AND CHICOT SOLAR PURSUANT TO THE SOLAR PPAS AND THE ANNUAL AMORTIZATION OF THE UPFRONT PAYMENT OF THE STUTTGART SOLAR PPA. (10) (11)

FOR EACH RESPECTIVE PPA, IF THE ACTUAL ANNUAL SAVINGS ARE NEGATIVE, NO SHARING WOULD OCCUR, AND THE NEGATIVE NET SAVINGS WILL BE ACCRUED AND DEDUCTED FROM ANY POSITIVE SAVINGS IN FUTURE YEARS (10);

FOR EACH RESPECTIVE PPA, IF THERE IS A REMAINING POSITIVE ACTUAL ANNUAL SAVINGS BALANCE AFTER DEDUCTING ANY ACCUMULATED NEGATIVE NET SAVINGS, THEN AN ADDITIONAL SUM WOULD BE CALCULATED AS 20 PERCENT TIMES ACTUAL ANNUAL SAVINGS.

AND

ADDITIONAL SUMS FOR FLAT FORK SOLAR AND FORGEVIEW SOLAR TO BE CALCULATED SEPARATELY AND THEN SUMMED, WITH EACH BEING BASED ON A COMMENSURATE RETURN ON THE POWER PURCHASE AGREEMENT AS WOULD BE ALLOWED FOR AN EQUIVALENT INVESTMENT IN A POWER PLANT FORMULA APPROVED IN ORDER NO. 7 IN DOCKET NO. 22-082-U.

COMMENSURATE RETURN = (PPA PRICE \* ANNUAL OUTPUT OF FACILITY) \* APPLICABLE 12-MONTH AVERAGE OF THE DAILY US TREASURY PAR YIELD CURVE RATES

### **ENERGY COST RATE FORMULA (CONT'D)**

WHERE,

- PPA PRICE = PPA PRICE PER MWH FOR THE ENERGY COST PERIOD
- 12-MONTH AVERAGE OF THE DAILY US TREASURY PAR YIELD CURVE RATES = FOR PPAS HAVING A 20-YEAR TERM, THE 12-MONTH AVERAGE OF THE DAILY 20-YEAR US TREASURY PAR YIELD CURVE RATE FOR THE ENERGY COST PERIOD. FOR PPAS HAVING A 15-YEAR TERM, AN AVERAGE OF THE 12-MONTH AVERAGE OF THE DAILY 20-YEAR AND 10-YEAR US TREASURY PAR YIELD CURVE RATES FOR THE ENERGY COST PERIOD.
- ANNUAL OUTPUT OF FACILITY = ENERGY PRODUCTION (MWH) FOR THE ENERGY COST PERIOD.

## ENERGY COST RATE FORMULA (CONT'D)

NOTE:

- 1) The Energy Cost Period is the calendar year immediately preceding the filing year.
- 2)  $RSC_j$  is to be determined by multiplying the Grand Gulf Retained Share energy (kWh) supplied to the Company's retail customers in each month by the annual average avoided energy cost rate (\$/kWh) at generation level most recently filed with the Commission pursuant to Small Cogeneration Rider SCR or any superseding rate schedule.
- 3) 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.
- 4) The Projected Energy Cost Period is the twelve-month period commencing on April 1 of the filing year.
- 5) Should there be unusual circumstances associated with any Projected Cost Period either the Company or the Staff may propose use of a Projected Energy Cost (Variable PEC) different from that defined by this formula.
- 6)  $PE_j$  shall include energy costs associated with long-term renewable energy resources recorded in FERC Account 555 when approved by the Commission prior to inclusion in this Rider ECR.
- 7)  $PE_j$  shall include the annual amortization of the upfront payment of the Stuttgart Solar PPA calculated on a straight-line basis over the term of the PPA.
- 8)  $PE_j$  shall include the credits from the sale of renewable energy credits from the Stuttgart Solar and Chicot Solar PPAs and credits related to the damages under the terms of the Stuttgart Solar and Chicot Solar PPAs.
- 9)  $PE_j$  shall exclude FERC-Ordered System Agreement payments/receipts.
- 10) The Carrying Charge Rate shall be the authorized rate of return on rate base most recently approved for EAL by the Commission and shall be applied to the cumulative net benefits balance.
- 11) As referenced in this provision, net annual payments made by EAL to Stuttgart Solar and Chicot Solar are not net of liquidated damage payments that are accounted for elsewhere in the formula.