

ARKANSAS PUBLIC SERVICE COMMISSION

APSC Filed Time: 5/3/2016 3:15:44 PM; Received: 5/3/2016 3:13:27 PM; Docket: 13-111-U-Doc. 97

2nd Revised Sheet No. 33

Replacing 1st Revised Sheet No. 33

THE EMPIRE DISTRICT ELECTRIC COMPANY

Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 15

Title: TRANSMISSION COST RECOVERY RIDER (Rider TCR)

PSC File Mark Only

15. TRANSMISSION COST RECOVERY RIDER**15.1. RECOVERY OF TRANSMISSION COST**

The Transmission Cost Recovery Rider (TCR Rider) defines the procedure by which the Transmission Cost Recovery Rates of The Empire District Electric Company (Empire or Company) shall be established and periodically determined. The Transmission Cost Recovery Rates shall recover the Company's net transmission costs as defined in this TCR Rider.

15.2. TRANSMISSION ADJUSTMENT FACTOR

The Transmission Cost Recovery Rates to be effective under this TCR Rider shall be determined in the manner prescribed by the Arkansas Public Service Commission (APSC or Commission) and shall become effective upon the date established by the Commission. The Transmission Cost Recovery Rates shall then be redetermined annually through filings made in accordance with the provisions of the Annual Redetermination of this TCR Rider. The Transmission Cost Recovery Rates included as Attachment B shall be applied to each customer's monthly kilowatt or kilowatt-hours billed under the Company's rate schedules herein subject to this rider by reference.

15.3. ANNUAL REDETERMINATION

On or before April 1 of each calendar year beginning in 2012, the Company shall file with the Commission redetermined Transmission Cost Recovery Rates. The redetermined Transmission Cost Recovery Rates shall be determined by application of the Transmission Cost Formula set out in Attachment A of this TCR Rider. Each such revised Transmission Cost Recovery Rates shall be filed in the proper underlying docket and shall be accompanied by testimony and workpapers sufficient to fully replicate the calculations of the revised Transmission Cost Recovery Rate.

The redetermined Transmission cost Recovery shall reflect the Transmission Cost Recovery Period costs together with the true-up adjustment reflecting the over-recovery or under-recovery, of the transmission cost for the 12-month period ended December 31 of the prior calendar year. In support of the redetermined Transmission Cost Recovery, the Company shall secure or create, and subsequently retain, workpapers containing all data needed to replicate its proposed Transmission Cost Rates.

Staff shall review the filed TCR Rider Rates to verify that the Transmission Cost Formula has been correctly applied and shall notify the Company of any necessary corrections. The Company shall make appropriate changes to correct undisputed errors identified by the Staff in its review. Any disputed issues arising out of the Staff review are to be resolved by the Commission after notice and hearing. The redetermined Transmission Cost Recovery Rates included in Attachment B shall be effective on and after the first billing cycle following Commission approval in Docket No. 13-111-U and thereafter following approval by the Commission for bills rendered on and after the first billing cycle of June of the filing year and shall remain in effect for twelve (12) months.

ARKANSAS PUBLIC SERVICE COMMISSION

Original _____ Sheet No. 33.1

Replacing _____ Sheet No. _____

THE EMPIRE DISTRICT ELECTRIC COMPANY

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15.4 ADJUSTMENTS

If prior to the annual redetermination of the Transmission Cost Recovery Rates APSC General Staff or the Company becomes aware of an event that is reasonably expected to occur and/or has occurred which will materially impact the Company's transmission cost, either the Staff or the Company may propose an adjustment to the Transmission Cost Rate Formula set out in Attachment A of this TCR Rider.

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APSC Filed Time: 5/3/2016 3:15:44 PM; Received: 5/3/2016 3:13:27 PM; Docket: 13-111-U-Doc. 97

2nd Revised Sheet No. 33.2

Replacing 1st Revised Sheet No. 33.2

THE EMPIRE DISTRICT ELECTRIC COMPANY

Name of Company

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Part III Rate Schedule No. 15

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ATTACHMENT A

15.5 TRANSMISSION COST FORMULA

TCRF = Transmission Cost Recovery Factor = $\frac{TCR}{PES}$

TCR = TUA + (TCRP*TAF) (7)

Where: TUA = True-up adjustment for the Transmission Cost Period (1)

TCRP = Transmission cost for the Transmission Cost Recovery Period (3)

TAF = Jurisdictional Transmission Cost Allocation factor most recently approved by the Commission for application in this TRC Rider (2.9502%)

TUA = (TC * TAF – (RR – PTU)) - TR

Where: TC = Transmission cost for the Transmission Cost Period

TC = (TA + TB₁ + TB₂)

Where: TA = Actual SPP charges under SPP Schedule 1A – Tariff Administration Service for the Transmission Cost Period

TB₁ = Actual SPP charges under SPP Schedule 11 – Base Plan Charge for the Transmission Cost Period

TB₂ = Actual MISO Transmission for delivery of Plum Point Power

RR = Revenue under the TCR Rider for the Transmission Cost Period

PTU = Prior period true-up adjustment applicable for the Transmission Cost Period (2)

TR = The Arkansas jurisdictional SPP Point-To-Point (PTP) Revenues received in the Transmission Cost Period and associated with SPP Schedule 1 – Scheduling, System Control and Dispatch Service, SPP Schedule 7 – Long-Term Firm and Short-Term Firm PTP Transmission Service, and SPP Schedule 8 Non-Firm PTP Transmission Service. (6)

PTC = Proposed Transmission Cost (4)

PTC = (TA + TB₁ + TB₂) (4)

PES = Projected energy sales (kWh) or demand (kW) by rate class subject to this TCR Rider for the projected transmission cost period.

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Ark. Public Serv. Comm. ---APPROVED---05/17/2016 Docket: 13-111-U Order No.- 9

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APSC Filed Time: 5/3/2016 3:15:44 PM; Received: 5/3/2016 3:13:27 PM; Docket: 13-111-U-Doc. 97

2nd Revised Sheet No. 33.3

Replacing 1st Original Sheet No. 33.3

THE EMPIRE DISTRICT ELECTRIC COMPANY

Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 15

Title: TRANSMISSION COST RECOVERY RIDER (Rider TCR)

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15.3 NOTES TO FORMULA

- (1) The Transmission Cost Period is the calendar year immediately proceeding the filing year.
- (2) The value of PTU for the then current Transmission Cost Period shall be equal to the True-up Adjustment (TUA) from the prior year TCR Rider. The PTU will be zero for the April 2012 initial TCR filing.
- (3) The Transmission cost Recovery Period is the twelve month period commencing on June 1 of the filing year.
- (4) Should there be unusual circumstances associated with any Transmission Cost Recovery Period either the Company or Staff may propose use of a Transmission Cost different from that defined by this formula.
- (5) The Arkansas jurisdictional portion of PTP revenue shall be equal to the gross level of total Company Southwest Power Pool (SPP) PTP revenue during the Transmission Cost Period multiplied by an Arkansas jurisdictional allocation factor of 2.9502%.
- (6) The TCR shall be allocated to the associated retail rate classes based on the class transmission allocators approved in Empire's most recent general rate filing. The cost allocated to the retail rate classes shall be recovered through an energy or demand rate adder determined by dividing such allocated cost by the forecasted sales for each rate class.
- (7) The Company's annual TCR report shall include the following information:
 - a) Identify and explain all significant changes in charges or revenues included in the TCR Rider;
 - b) Identify and explain all significant changes in accounting procedures that affect transmission charges and revenues;
 - c) Include detailed accounting information that specifically identifies costs recovered and revenues credited in the TCR Rider;
 - d) Identify and explain any significant changes in the FERC approved SPP and MISO Tariffs that will affect transmission costs or revenues;
 - e) Identify and explain any significant changes in laws and regulations that will affect transmission costs or revenues; and
 - f) Explain Empire's process for evaluating the accuracy of the underlying costs and revenues.

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Ark. Public Serv. Comm. Case No. 13-111-U, filed 05/13/2020 12:31:32 PM; Record No. 128

12th Revised Sheet No. 33.4

Replacing 11th Revised Sheet No. 33.4

THE EMPIRE DISTRICT ELECTRIC COMPANY

Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 15

Title: TRANSMISSION COST RECOVERY RIDER (Rider TCR)

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ATTACHMENT B

15.7 Transmission Cost Recovery Rates – Arkansas Rate Class Allocation Factors and Rates

Rates for the Transmission Cost Recovery Rider will apply to bills rendered on and after the first billing cycle following approval by the Commission in Docket No. 13-111-U and thereafter following approval by the Commission with the first billing cycle of June of the filing year and shall remain in effect for twelve (12) months.

<u>RATE CLASS</u>	<u>ALLOCATION FACTOR</u>	<u>RATE</u>
Residential	37.05%	\$0.00325 per kWh
Commercial	10.27%	\$0.00285 per kWh
General Power	14.11%	\$0.60077 per kW
Transmission	38.57%	\$0.87477 per kW
Total	100.00%	

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Ark. Public Serv. Comm. Case No. 13-111-U, filed 05/13/2020 12:31:32 PM; Record No. 128