

Arkansas Electric Rate Update Request



- Over 5,274 electric customers served
- Last rate update was effective in September 2014
- \$62 million invested since 2014 to support improved reliability, growth, consumer-focused technology, and cost-effective renewable energy
- Request to phase new rates in over four years to help keep energy affordable and ease the impact
- If approved by regulators, the average residential Arkansas electric customer, using approximately 1,000 kWh of electricity per month, would see a \$11.01 bill increase in year one, a \$12.12 bill increase in year two, a \$13.33 bill increase in year three, and a \$14.69 bill increase in year four.

On February 10, 2023, Liberty submitted a request with the Arkansas Public Service Commission (APSC) to adjust electric base rates. If approved by the APSC, new rates would take effect in late 2023. The last rate update for Arkansas customers was effective in September 2014. Since that rate update, Liberty has invested approximately \$62 million in Arkansas to support initiatives to benefit its customers.

To help keep energy affordable and ease the impact of the rate update, Liberty has requested to phase in new rates over a four-year period. If approved by regulators, the average Liberty Arkansas residential electric customer using 1,000 kilowatt-hours per month, would see an approximate bill increase of \$11.01 in year one, \$12.12 in year two, \$13.33 in year three, and \$14.69 in the final fourth year; an approximate 10.1% increase per year.

Liberty's investments in critical infrastructure, cost-saving and consumer-focused technology, and clean energy generation since 2014 include:

Providing customers safe, reliable energy through Liberty's infrastructure upgrades

These investments improve reliability and strengthen Liberty's system and the grid against the impacts of extreme weather events and security threats. In every year but one since 2014, Liberty has placed in the **top 25%** of electric providers in Arkansas for service reliability.

Examples of infrastructure investments to keep service safe and reliable in Arkansas include:

- Minimizing the impact of outages for customers by expanding substations and improving security technology at our substations
- Speeding power restoration by adding automated switching; this also helps to limit the number of impacted customers when an outage occurs
- Hardening the system to make it more resilient in extreme weather by replacing deteriorating poles, updating aged equipment and lines, and managing vegetation
- Supporting growth and economic development in our Northwest Arkansas service area with the proposed construction of a new substation in Gentry; this project, expected to be completed in 2024, will help to provide needed capacity to better serve homes and business and allow for continued community growth

Transitioning to clean, renewable energy that saves customers money over the long term compared to other energy generation

This includes Liberty's 600-megawatt wind energy farms: North Fork Ridge and Kings Point in Southwest Missouri, and Neosho Ridge in Southeast Kansas. The rate request includes **\$4 million per year in fuel cost savings** for Arkansas customers due to the addition of wind energy generation, which requires no costly fuel to operate.

Options for customers to manage and lower their monthly bill through smart meters and improved technology

The automated meter technology helps lower operational costs and supports a convenient customer service platform that puts customers in control of the most cost-effective time to use energy. Through this new account platform, which includes a mobile app, customers can choose to receive text and email notifications for billing and outages and view their energy usage in near real-time.

Reducing customer fees

As part of the rate request, Liberty has requested to stop the direct charge of the convenience fee that is currently applied when Arkansas electric customers pay their bill using a debit or credit card online or by phone.

What is a rate request?

A rate request is a public regulatory review process in which a utility must demonstrate to its state public service commission why a proposed change in rates is needed. This independent public process helps ensure transparency and fair rates based on the costs to serve customers.

Who sets the rates customers pay for Liberty's electricity?

Liberty is required to provide every customer in our service area with safe and reliable electricity at rates approved by the public service commission of each state. In exchange, the utility is allowed the opportunity (not a guarantee) to earn a fair return for investors. Even though our regulators will ultimately determine any changes to customer rates, we pledge to do our part to keep rates as reasonable as possible.

What is the process? Will customers have a chance to share input?

First, Liberty must demonstrate to state utility regulators why a rate change is needed. The Arkansas Public Service Commission (APSC) and other interested stakeholders review our filings and vet the company's request. The APSC then thoroughly reviews our request and holds public hearings to allow customers to comment. This process could take approximately eight months.

Where can customers find additional information about this rate request and the investments Liberty has made to improve reliability and service?

Customers can find additional information on our website at www.libertyenergyandwater.com.

What is Liberty doing to help customers through this rate update request?

Liberty is proposing to phase new rates in over a four-year period to help keep service affordable and to ease the impact to customers. Liberty has also requested to stop the direct charge of the convenience fee that is currently applied when Arkansas electric customers pay their bill using a debit or credit card online or by phone.

What can customers do if they are struggling to pay a bill?

Liberty offers assistance programs and flexible payment options, including a payment arrangement program for residential and business customers to allow for additional time to spread out past due balances and make payments more manageable. Customers can learn more about our assistance options at libertyenergyandwater.com.

Liberty has a list of various agencies that may be able to provide financial assistance for some portion of the utility bill. This list is available on our website or customers can call our Customer Care team at 1-800-206-2300.

