

ARKANSAS PUBLIC SERVICE COMMISSION

Original _____	Sheet No. <u>49.15</u>
Replacing _____	Sheet No. _____
<u>THE EMPIRE DISTRICT ELECTRIC COMPANY</u> Name of Company	
Kind of Service: <u>Electric</u>	Class of Service: <u>All</u>
Part <u>III</u>	Rate Schedule No. <u>24</u>
Title: Riverton Rider	

PSC File Mark Only

24. RIVERTON RIDER

24.1 REGULATORY AUTHORITY

The Arkansas Legislature has delegated authority to the Arkansas Public Service Commission ("APSC" or the "Commission") to regulate public utilities in the State of Arkansas, including The Empire District Electric Company ("Empire" or the "Company"). The APSC's regulatory authority over the provision of electric service applies not only in the Distribution Service area allocated to Empire by the APSC but also extends to service to customers who have been released to Empire by other electric distribution utilities, when such release for service has been approved by the Commission pursuant to Rule 6.07.(b) of the Commission's Rules of Practice and Procedure.

24.2 PURPOSE

The purpose of this Riverton Rider is to recover from Empire's retail customers, changes in costs associated with the Riverton 12 Natural Gas Combined Cycle Generating unit. Riverton Rider shall apply in accordance with the provisions of § 24.3 below to electric service billed under certain rate schedules, whether metered or unmetered. Except for the initial filing, Riverton Rider is effective for bills on and after April 1 of each year. Empire shall file to withdraw Riverton Rider at such time as the Riverton Rider Rates set out in Attachment A, including any True-up pursuant to § 24.4 below, are recovered.

24.3 RIVERTON RIDER RATES

The Riverton Rider Rates shall be set forth in Attachment A to this Riverton Rider.

24.4 ANNUAL DETERMINATION

The Riverton Rider Rates, as set out in Attachment A, shall be determined by application of the Riverton Rider Rate Formula set out in Attachment B to this Riverton Rider. The rate base and expenses shall be based on the calendar year immediately preceding the filing ("Test Year"), reflecting an annual level of cost, and shall be calculated in accordance with the formula

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set out in Attachment B to this Riverton Rider. The Riverton Rider Rates so determined shall be effective for bills rendered on and after April 1 of each year and shall remain in effect until revised.

The initial filing includes an initial recovery period covering the seventeen months ending March 31, 2018 for bills effective on and after November 1, 2016. The first revision will take effect on and after April 1, 2018, and the first true-up will be included for revised rates effective on and after April 1, 2018.

A True-up Adjustment shall be calculated. This True-up Adjustment shall be reflected in the following year's Riverton Rider calculation. The True-up Adjustment shall be defined as the difference between revenue requirement calculated according to Riverton Rider and revenue collected under Riverton Rider.

Riverton Rider Rates shall be filed by the Company in Docket No. 16-053-U and shall be accompanied by a set of work papers sufficient to fully document the calculations of the revised Riverton Rider Rates including any potential True-up Adjustment.

24.5 STAFF AND COMMISSION REVIEW

Staff shall review the filed Riverton Rider Rates to verify that the formula in Attachment B has been correctly applied and shall notify the Company of any necessary corrections. After the Staff completes its review of the rate calculation, 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 Riverton Rider Rates shall go into effect, upon Commission approval, on and after April 1 of each year.

24.6 TERM

This Riverton Rider shall remain in effect until terminated in accordance with applicable regulations or laws.

If this Riverton Rider is terminated by a future order of the Commission, the Riverton Rider Rates shall continue to be in effect until such costs are recovered through another mechanism or until the implementation of new base rates reflecting such costs.

THIS SPACE FOR PSC USE ONLY

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Rate Schedule No. 24
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Riverton Rider Rates

The Net Monthly Rates set forth in each Empire Rate Class identified below will be adjusted to the following Rate Adjustment amounts:

<u>Rate Class</u>	<u>Applicable Rate</u>
Residential	\$0.00566 per kWh
Commercial	\$0.00488 per kWh
General Power	\$1.12370 per kW
Transmission	\$1.65685 per kW
Municipal Lighting	\$0.00246 per kWh
Private Lights	\$0.00214 per kWh
Special Lights	\$0.00395 per kWh

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**The Empire District Electric Company
 Riverton Rider Rate Formula**

Class Allocation & Rate Development					
Line No.	Class	Class Allocator (1)	Revenue Requirement (\$) (2)	Projected Billing Units (3)	Rate Adjustment (4)
		(a)	(b)	(c)	(d)
1	Residential	35.44%	\$254,189	44,890,621	\$0.00566 per kWh
2	Commercial and Small Industrial	10.31%	73,914	15,154,322	\$0.00488 per kWh
3	Large Industrial	14.19%	101,751	90,550	\$1.12370 per kW
4	Transmission	39.66%	284,436	171,672	\$1.65685 per kW
5	Municipal Lighting	0.22%	1,564	634,611	\$0.00246 per kWh
6	Private Lights	0.18%	1,283	598,354	\$0.00214 per kWh
7	Special Lights	0.01%	83	21,039	\$0.00395 per kWh
8	Total Empire	<u>100.00%</u>	<u>\$717,219</u>		

Notes:

- (1) Most recently approved Rate Class Production Demand Allocation Factor.
- (2) Attachment B, Page 2, Line 26 . Reflects 12 months of recovery plus the true-up for the initial update filing.
- (3) Projected Billing Units were estimated using actual billed sales for the twelve months ending December 31, 2018.
- (4) Class Revenue Requirement (b) / Projected Billing Units (c)

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**The Empire District Electric Company
Riverton Rider Revenue Requirement**

Line No.	Description	Amount (\$)
1	I. Riverton 12 NGCC Costs (12 months) (A)	
2	Rate Base (B)	
3	Plant and Equipment In Service at December 31, 2017	\$ 182,369,465
4	Accumulated Depreciation	7,037,497
5	Total Rate Base (Line 3 - Line 4)	\$ 175,331,968
6		
7	Arkansas Jurisdiction Allocation Percentage (C)	2.9502%
8		
9	Arkansas Jurisdictional Rate Base (Line 5 x Line 7)	\$ 5,172,644
10	Before-Tax Rate of Return on Rate Base (D)	6.98%
11	Return on Rate Base (Line 9 x Line 10)	\$ 361,062
12		
13	Expenses (12 months)	
14	Depreciation Expense	\$ 99,720
15	Property Taxes	42,473
16	Other Non-Labor O&M (Long Term Service Agreement)	163,347
17	Total Expenses (Sum Lines 14 - 16)	\$ 305,539
18		
19	Total Riverton 12 NGCC Costs and Revenue Requirement (Line 11 + Line 17)	\$ 666,601
20		
21	II. True-Up Adjustment (14 months) (E)	
22	Prior Year Actual Riverton Rider Revenue Requirement	\$ 782,292
23	Prior Year Actual Riverton Rider Revenue	731,674
24	Current Year True-Up Adjustment (Line 22 - Line 23)	\$ 50,619
25		
26	III. Total Riverton Rider Revenue Requirement (Line 19 + Line 24)	\$ 717,219

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Notes:

- (A) Riverton 12 NGCC costs are based on a 12 month balance.
- (B) Rate Base values are based on average year balances.
- (C) Arkansas jurisdictional factor as approved in the Company's most recent base rate case (Docket No. 13-111-U).
- (D) Before-tax return on rate base following the effects of tax reform.
- (E) True-up Adjustment is to be calculated using actual revenue and revenue requirement.