

Title 23. Public Utilities and Regulated Industries
Chapter XVI. Arkansas Public Service Commission
Subchapter A. Generally
Part 459. Resource Planning Guidelines for Electric Utilities

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Approved in docket 06-028-U"

"1-4-2007"

Subpart 1. Generally

23 CAR § 459-101. Purpose.

(a) Electric utilities regulated by the Arkansas Public Service Commission will use this part to establish the informational report that will meet the planning expectations of the Arkansas Public Service Commission.

(b) The general approach of this part will allow utilities to formulate plans that reflect their specific circumstances.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 1 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.

23 CAR § 459-102. Resource planning defined.

(a) Resource planning is a utility planning process that requires consideration of all reasonable resources for meeting the demand for a utility's product, including those that focus on:

- (1) Traditional supply sources; and
- (2) Conservation and the management of demand.

(b) The process results in the selection of that portfolio of resources that best meets the identified objectives while balancing the outcome of expected impacts and risks for society over the long run.

(c) The resource planning process should define and assess costs and benefits as they appear in the market, including known and identifiable social and environmental costs.

(d) Significant non-monetized social and environmental effects should be identified.

(e) They need not be monetized as a future risk factor, but they may.

(f) The resource planning process should be associated with efforts to augment traditional regulatory review with both regional planning information and cooperative stakeholder consensus building in the preparation of utility plans.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 2 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.

23 CAR § 459-103. Relationship of the Arkansas Public Service Commission and utilities with resource planning.

(a) Resource planning under this part does not change the fundamental regulatory relationship between the utilities and the Arkansas Public Service Commission.

(b) This part does not mandate a specific outcome nor does it mandate specific investment decisions.

(c) Resource planning should reflect:

- (1) Each utility's unique circumstances; and
- (2) The judgment of its management, who will continue to bear full responsibility for the consequences of their decisions.

(d) Resource planning will be relevant to future resource investment decisions and approval proceedings as well as revenue requirements and rate design.

(e) Consistency of a utility's resource plan with this part will be an additional factor for the Arkansas Public Service Commission to consider in evaluating the prudence of investments, construction, and rate applications, as will changed circumstances and other evidence.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 3 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.

23 CAR § 459-104. General guidelines.

(a)(1) A resource plan must contain certain elements.

(2) Subsections (b) – (i) of this section are the guidelines the Arkansas Public Service Commission will use to review the completeness of the efforts to produce the utility resource plan.

(3) The resource plan shall be submitted to the Arkansas Public Service Commission for informational purposes.

(b) **Objectives.**

(1) The utility shall clearly state and support its objectives.

(2) The objectives of the resource plan include, but are not limited to:

- (A) Low-cost, adequate, and reliable energy services;
- (B) Economic efficiency;
- (C) Financial integrity of the utility;
- (D) Comparable consideration of demand and supply resources;

- (E) Mitigation of risks;
- (F) Consideration of environmental impacts; and
- (G) Consistency with governmental regulations and policies.

(3) In meeting the objectives, the utility should put itself in a position to respond to anticipated economic conditions and technological advancements and changes, including environmental requirements.

(c) Development of a range of demand forecasts.

(1) A reasonable set of assumptions for econometric and/or end-use variables should be considered in the development of a range of outcomes that complement the long-term forecasts of electricity demand (MW) and energy consumption (kWh).

(2) A minimum of ten (10) years should be used as a planning horizon.

(3) Energy usage by customer class should be separately identified.

(d) Identifying and characterizing supply and demand resources.

(1) The utility should assess existing resources based on their cost effectiveness and considering the utility's planning objectives.

(2) For incremental capacity needs, all reasonably useful and economic supply and demand resources that may be available to a utility or its customers should be considered.

(3) Utility efforts to encourage energy efficiency, conservation, demand-side management, interruptible load, and price-responsive demand should be identified.

(4) Identified resources should be investigated to determine costs, effectiveness, and other attributes such as potential future emission control or allowance costs to the extent they are monetizable.

(5) Non-monetizable costs and benefits should be recognized.

(6) Cost-effective resources that do not meet minimum criteria such as risk or environmental or other governmental rules or policy should be eliminated from further consideration in this planning cycle.

(e) Development of multiple integrated resource portfolios.

(1) The planning process should identify multiple integrated resource portfolios, each of which meets reliability criteria.

(2) Utilities will identify and take into consideration risk in developing these different portfolios, such as different levels of load growth, different fuel cost forecasts, or other parameters that are influenced by conditions beyond the utility's control.

(3) The portfolios should be compared on the present value of the cost of each.

(f) Evaluation and selection of the utility's resource plan.

(1) The utility shall identify a preferred resource plan that provides a balance of risks of adverse outcomes to its customers and its own financial integrity while providing flexibility to change as future conditions warrant.

(2) The evaluation should fully describe how the utility's preferred plan affects long-term utility resource needs and costs.

(g) The action plan.

(1) The utility shall submit an action plan consisting of the tasks that are necessary to implement the preferred resource plan.

(2) The action plan shall include a description of and timeline associated with the utility's competitive bidding process.

(3) A self-build option must be compared to market opportunities.

(4) The process for the acquisition and approval of resources described in the action plan is separate from the information provided regarding the resource planning process described herein.

(h) Transmission plan.

(1) The transmission plan necessarily results from a separate planning process and is a separate plan.

(2) However, it should be integrated into the overall resource planning process such that the analysis of generation options and demand response options can be synthesized and optimized.

(3) Transmission planning will be done by an independent entity and is regional in scope.

(i) Stakeholder process.

(1) Each utility will organize and facilitate meetings of a Stakeholder Committee for resource planning purposes.

(2) The Stakeholder Committee should be broadly representative of retail and wholesale customers, independent power suppliers, marketers, and other interested entities in the service area.

(3) The stakeholders shall develop their own rules and procedures.

(4) Stakeholders should review utility objectives, assumptions, and estimated needs early in the planning cycle.

(5) The utility shall make a good faith effort to properly inform and respond to the Stakeholder Committee.

(6) A Report of the Stakeholder Committee should be included with the resource plan submittal.

(7) Stakeholders and General Staff may also submit comments to the Arkansas Public Service Commission on each resource plan after it has been submitted by the utility.

(8) Such comments should be taken into consideration by the utility in its preparation efforts and decisions concerning subsequent approval applications as well as in its next planning cycle.

(9) If comments concerning the process and results warrant, the Arkansas Public Service Commission may require the utility to reevaluate and resubmit its resource plan for the current planning cycle to address concerns raised in the comments.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 4 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.

23 CAR § 459-105. Implementing report.

At approximately the midpoint of the utility's planning cycle, a short written report on the progress and success, or not, of implementing the resource plan should be submitted to the Arkansas Public Service Commission.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 5 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.

23 CAR § 459-106. Scheduling and compliance requirements.

(a) Scheduling.

(1) Each utility should:

(A) Determine the term of its resource planning cycle, from one (1) to three (3) years; and

(B) Schedule its submission with the Arkansas Public Service Commission.

(2) However, a resource plan shall be submitted at least once in each three-year period.

(b) Compliance requirements.

(1) Within thirty (30) days of the date of the order approving this part, each electric utility shall submit to the Arkansas Public Service Commission a copy of its currently effective resource plan that has heretofore served as the basis for its short, intermediate, and long-term resource acquisition and construction plans as well as a separate status report detailing the precise status of such resource plan.

(2) At the same time, each electric utility also shall advise the Arkansas Public Service Commission in writing of its proposed timeline in which it will:

(A) Comply with the provisions of this part; or

(B) Alternatively explain in detail why it believes that its current resource planning process already substantially complies with this part.

(3) The Arkansas Public Service Commission reserves the right to issue subsequent orders setting forth utility-specific procedural schedules for filings and other informational reports in order to ensure compliance with this part.

Authority. Arkansas Code § 23-2-305.

Codification Notes. This section was promulgated as Section 6 of the Resource Planning Guidelines for Electric Utilities prior to codification in the Code of Arkansas Rules.