

JUL 18 2 38 PM '00

ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF A PROGRESS REPORT)
TO THE GENERAL ASSEMBLY ON THE)
DEVELOPMENT OF COMPETITION IN)
ELECTRIC MARKETS AND THE IMPACT, IF)
ANY, ON RETAIL CUSTOMERS)

DOCKET NO. 00-190-U
ORDER NO. 1

ORDER

Ark. Code *Ann.* Section 23-19-107(a) requires the Commission to periodically report to the General Assembly on the progress of the development of competition in electric markets and the impact, if any, of competition and industry restructuring on retail customers in Arkansas. The first such report is required before January 15,2001.

Section 23-19-107(a) requires that the report shall include:

- (1) **An** assessment of the impact of competition on the rates and availability of electric service for each class of retail customers in each allocated service territory, including, but not limited to, the extent of customer choice with regard to each customer class in each service territory, or in such other smaller units as may be determined by the commission;
- (2) A *summary* of commission actions over the preceding two (2) years that reflect changes in the scope of competition in regulated electric markets;
- (3) **An** analysis of the effect, if any, of competition on the reliability of the electric system and on the quality of service provided to customers; and

- (4) Recommendations to the General Assembly for further legislation that the commission finds appropriate to promote the public interest in a competitive electric market.

In order to best address these requirements, the Commission hereby initiates this generic proceeding for the purpose of receiving written comments focused on the following topics. All jurisdictional electric utilities and the General Staff of the Arkansas Public Service Commission ("Staff") are hereby directed to file detailed written responses and comments to the following areas of inquiry no later than 2:00 p.m., August 24, 2000. Any other official party also may file a written response within the same time frame. Further, all official parties to this proceeding may provide any additional information which they believe would assist the Commission in developing the referenced report.

Retail Electric Rates

- (1) Current expectations (forecasts) for the generation costs (rates) that each customer class in your Arkansas allocated service territory would pay each year for the period 2002 - 2010 under the assumption that regulation of generation were continued through 2010.
- (2) Current expectations (forecasts) regarding the range of retail generation prices that each customer class in your Arkansas allocated service territory would pay each year for the period 2002 - 2010 under the competitive market for generation.
- (3) Current expectations (forecasts) regarding the opportunity/possibility for each customer class in your Arkansas allocated service territory to obtain lower/higher

retail generation prices under competition than they would have received under continued regulation each year of the 2002 - 2010 period.

- (4) Current expectations (forecasts) of any customer transition charge pursuant to Act 1556, segregated by nuclear decommissioning costs, stranded costs and transition costs, for each year of the 2002 - 2010 period.

Wholesale Electric Market

- (1) Current expectations for the schedule for formation and implementation of a Regional Transmission Organization (RTO)/Independent System Operator (ISO) and associated competitive wholesale power market.
- (2) Current expectations regarding the time required for the competitive market to fully develop under the RTO/ISO and any measures to be employed to protect consumers or market participants against excessive prices or price volatility during the market development period. Specifically address the market development issues encountered by the ISOs in the California, New England, and PJM markets as they may relate to the formation of the wholesale market in Arkansas.
- (3) Current expectations regarding the market pricing structure for the competitive wholesale market to be operative under the RTO/ISO.
- (4) Current expectations (forecasts) for the range of wholesale market price levels (seasonal, peak and off-peak) for each year of the period 2002 - 2010 considering the expected market structure, expected market entrants, and expected trends in fuel costs and customer demand.

Competitive Benefits

- (1) Competition in wholesale electric markets is developing rapidly. To what extent, if any, can the implementation of wholesale electric competition provide the same benefits to consumers and to society as can retail electric competition? Are there benefits of retail competition that cannot be achieved through wholesale competition and, if so, please describe those benefits.

Accordingly, the Commission orders as follows:

1. All jurisdictional electric utilities, the Staff, the Attorney General of the State of Arkansas, and the Arkansas Electric Energy Consumers are hereby designated as official parties to this proceeding. All other entities desiring official party status must file a formal petition to intervene no later than August 4, 2000.

2. Any requests for protective orders must be filed no later than August 4, 2000.

3. At the time of filing, each party shall provide all other parties, subject to applicable protective orders, a diskette with a copy of any electronic spreadsheets, with formulas intact. If a party utilizes a computer model to develop its filing, the party shall ensure, either before or at the time of filing, that all other parties, subject to applicable protective orders, have been provided the computer software necessary to independently run the model. The party shall also provide to all other parties, subject to applicable protective orders, a description and documentation of the model used, the input data (both hard copy and disk) used in the model, and the model results (both hard copy and disk).

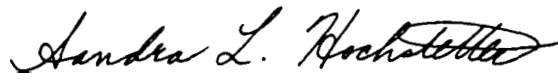
4. Each party shall provide three (3) copies of the supporting workpapers to the Commission's Research and Policy Director and five (5) copies to the General Staff's Competitive


Services Director in care of the Secretary of the Commission at the time the party files. Each party also shall make available to the other parties a copy of the workpapers supporting its filing.


5. All filings must be made in both hard copy and electronic format.
6. The following procedural schedule is established:
 - a. Initial responses, comments, and exhibits, in the form of sworn testimony, shall be filed by 2:00 pm, August 25, 2000.
 - b. Reply testimony and exhibits shall be filed by 2:00 pm, September 15, 2000.
 - c. A public hearing to consider these issues is hereby set to begin at 9:30 ~~am~~, Thursday, September 21, 2000, in Commission Hearing Room No. 1, Arkansas Public Service Commission Building, 1000 Center Street, Little Rock, Arkansas.

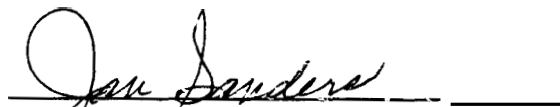
BY ORDER OF THE COMMISSION

This 18th day of July, 2000.

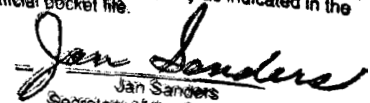

Sandra L. Hochstetter, Chairman


Sam I. Bratton, Jr., Commissioner


Betty C. Dickey, Commissioner


Jan Sanders
Secretary of the Commission

I hereby certify that the following order issued by the Arkansas Public Service Commission has been served on all parties of record this date by U. S. mail with postage prepaid, using the address of each party as indicated in the official docket file.


Jan Sanders
Secretary of the Commission
Date 7-18-00