

ARKANSAS PUBLIC SERVICE COMMISSION

<u>Original</u>	Sheet No. <u>81.0</u>
Replacing _____	Sheet No. _____
<u>OKLAHOMA GAS AND ELECTRIC COMPANY</u>	
Name of Company	
Kind of Service: <u>Electric</u>	Class of Service: <u>All</u>
Part I. Rate Schedule No. <u>TA</u>	
Title: <u>Tax Adjustment Rider</u>	

PSC File Mark Only

81.1 **PURPOSE:** The purpose of this rider is to provide Arkansas retail customers with certain tax benefits associated with the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA reduces the maximum corporate income tax rate from 35% to 21% beginning January 1, 2018. This difference will be a credit to customers via the following four components:

Interim Period Reserve Credit (“IPRC”): This component provides credits for periods between the effective date of the TCJA, January 1, 2018, and September 30, 2018. This component will credit to Arkansas retail customers the Arkansas jurisdictional difference between what the Company recorded as income tax expense with a federal corporate income tax rate of 21% and what the Company otherwise would have recorded with the previous federal corporate income tax rate of 35%. This component will also credit to Arkansas retail customers the amount of excess protected and unprotected deferred income taxes.

Income Tax Expense Credit (“ITEC”): This component will credit to Arkansas retail customers the Arkansas jurisdictional difference between what the Company recorded as income tax expense with a federal corporate income tax rate of 21% and what the Company otherwise would have recorded with the previous federal corporate income tax rate of 35%, as a result of the TCJA. This component provides credits for periods between the effective date of this rider, October 1, 2018 and March 31, 2019.

Excess Deferred Income Tax Credit Unprotected (“EDITCU”): This component will credit to Arkansas retail customers the full amount, less what is included in the IPRC, of excess unprotected deferred income taxes.

Excess Deferred Income Tax Credit Protected (“EDITCP”): This component will credit to Arkansas retail customers the amount of excess protected deferred income taxes included in the Average Rate Assumption Method amortization schedule for the periods of October 1, 2018 through March 31, 2019.

81.2 **APPLICATION:** This rider is applicable to all Arkansas electric service provided under any rate schedule, whether metered or unmetered, including rates under Special Contracts, subject to the jurisdiction of the Arkansas Public Service Commission.

The terms for each of the four components of the rider are as follows:

IPRC: October 1, 2018 through October 31, 2018.

ITEC: October 1, 2018 through March 31, 2019.

EDITCU: October 1, 2018 through December 31, 2019.

EDITCP: October 1, 2018 through March 31, 2019.

Monthly credits shall appear as a line item on the bill titled, “Tax Cuts & Jobs Act Credit”.

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81.3 **TRUE-UP:** The final over/under balances for each of the IPRC, ITEC, EDITCU, and EDITCP factors will be refunded or collected through the Energy Cost Recovery Rider. The final over/under balance for the income tax expense (amounts credited through the ITEC and IPRC components) will be determined after the filing of the year-end financial results for 2018 and again for 2019. The refund for income tax expense will true-up to the final balance of the income tax expense change balance, including considerations for income tax expense included in new rates from the Formula Rate Plan Rider.

81.4 **CARRYING CHARGES:** The rate determination and true-up for income tax expense included in the IPRC component shall include carrying charges equal to the pre-tax rate of return from Docket No. 16-052-U.

81.5 **TA FACTORS:**

In addition to the rates and charges applicable to service under other rate schedules and riders, monthly base rate billings will be reduced by the percentage rates below:

Rate Class	IPRC	ITEC	EDITCU	EDITCP
Residential	(84.75%)	(1.67%)	(7.03%)	(0.48%)
General Service	(76.16%)	(1.89%)	(7.26%)	(0.54%)
Power and Light	(86.72%)	(1.61%)	(7.09%)	(0.46%)
Other	(89.90%)	(1.35%)	(6.76%)	(0.39%)

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