

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 557

By: Senators Bookout and Hoofman

As engrossed 3-13-87

"AN ACT TO AMEND SECTION 6 (a) (iv) OF ACT 110 OF 1987 WHICH ORIGINATED AS SENATE BILL 340 OF 1987, TO DEFINE THE MEASURE OF SEVERANCE DAMAGES TO BE PAID BY A MUNICIPALITY UPON THE ACQUISITION OF FACILITIES OF A REGULATED GAS OR ELECTRIC UTILITY; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subsection (iv) of subsection (a) of Section 6 of Act 110 of 1987 is hereby amended to read as follows:

"(iv) an amount equal to any severance damages which will be incurred by the gas or electric utility. Severance damages shall be measured by the present value of the estimated revenue requirements associated with any investment in plant, gas supply, expenses incurred or other costs which would have been allocated to or paid by the gas or electric public utility's customers in that portion of the gas or electric public utility's service area to be acquired or served by the municipality and which could be shifted to or allocated to other customers of the gas or electric public utility as a result of the acquisition of such properties by the municipality. The estimated present value of any such revenue requirements shall include, but shall not be limited to, the estimated revenue requirements associated with: (a) the investment in, or other costs incurred with respect to, existing substations, compressor stations and other distribution facilities, transmission facilities, generating facilities, (b) expenses incurred under purchased power contracts or gas supply contracts except to the extent such expenses arise from a plant which is not then in commercial operation, (c) real property owned or leased by the gas or electric public utility or (d) other costs which would have been allocated to the customers in that portion

of the gas or electric utility's service area to be acquired or served by the municipality. The estimated revenue requirements shall be estimated for a reasonable period of time in the future as may be justified by the applicable facts and circumstances but in no event shall such period of time be less than a period of ten (10) years after the date the purchase is projected to be consummated;"

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

/s/ Bookout and Hoofman

