

**FILED**

MAY 15 2015

MISS. PUBLIC SERVICE  
COMMISSION

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY  
EC-120-0097-00

DOCKET NO. **'15-UN- 080**

**IN RE: NOTICE OF INTENT OF MISSISSIPPI POWER COMPANY FOR  
A CHANGE IN RATES SUPPORTED BY A CONVENTIONAL  
RATE FILING OR, IN THE ALTERNATIVE, BY A RATE  
MITIGATION PLAN IN CONNECTION WITH THE KEMPER  
COUNTY IGCC PROJECT**

RULE 9 DESIGNATION: MISSISSIPPI POWER COMPANY DESIGNATES THIS  
FILING AS A MAJOR CHANGE IN RATES OF \$15  
MILLION OR MORE UNDER COMMISSION RULE  
9.100(4) AND AS A RATE MITIGATION FILING  
PURSUANT TO MISSISSIPPI CODE SECTION 77-3-  
106

PROPOSED EFFECTIVE DATE: THIRTY DAYS AFTER FILING.

INITIAL TEST YEARS: TRADITIONAL RATE FILING: JUNE 2015-MAY 2016  
  
2017 RATE MITIGATION FILING: JUNE 2015-MAY  
2016  
  
2019 RATE MITIGATION FILING: JUNE 2015-MAY  
2016

**NOTICE OF INTENT TO CHANGE RATES**

COMES NOW, Mississippi Power Company (the Company or MPC) and files this its  
Notice of Intent for a Change in Rates for the rendition of electric service applicable to its  
customers in its certificated service areas in the twenty-three (23) counties of southeastern  
Mississippi and would show as follows:

**INTRODUCTION**

1. Mississippi Power Company is a public utility as defined in Section 77-3-3(d)(i)  
of the *Mississippi Code of 1972, as amended*, and is engaged in the business of providing electric

service to and for the public for compensation in twenty-three (23) counties of southeastern Mississippi, having its principal place of business at Gulfport, Mississippi. The Company's mailing address is Post Office Box 4079, Gulfport, Mississippi 39502-4079.

2. MPC holds a Certificate of Public Convenience and Necessity issued in Docket No. U-99, as supplemented from time to time, authorizing its operations in specified areas of the twenty-three (23) counties in southeastern Mississippi, and renders services according to its service rules and regulations and in accordance with schedules of rates and charges, all of which are a part of its tariff that has been previously approved by this Commission.

3. MPC is a Mississippi corporation. The names and addresses of its board of directors and officers, and the name of all persons owning fifteen percent (15%) or more of its stock are on file with the Commission and are hereby incorporated by reference.

### **EXECUTIVE SUMMARY**

4. A number of factors have created a need for rate relief, and have, therefore, prompted this filing, including: the Kemper County IGCC Project's (Kemper Project or the Project)<sup>1</sup> assets currently used and useful in rendering electric service, expected near-term completion of the remainder of the Project, the Company's current financial position, and a pending mandate from the Mississippi Supreme Court.

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<sup>1</sup> The Kemper County IGCC Project consists of (i) a lignite-fueled solid-fuel base load electric generating plant (Plant), comprised of a two-on-one integrated gasification combined cycle with a net summer capacity of 582 megawatts (MW); (ii) environmental equipment for the reduction of various emissions from the facility, including but not limited to, equipment and facilities for the capture of approximately 65% of the carbon dioxide emissions from the Plant; (iii) approximately sixty miles of electric transmission lines with voltages varying from 115 kilovolts (kV) to 230 kV; (iv) three new transmission substations; (v) approximately five miles of natural gas transportation facilities to accommodate natural gas deliveries to the Plant; (vi) approximately 30 miles of water transportation facilities to accommodate the delivery of the City of Meridian treated wastewater to the Plant site for the Plant's cooling and process water needs; (vii) mineral leases, mining equipment and all facilities needed to mine lignite; (viii) approximately 60 miles of carbon dioxide pipeline necessary to transport carbon dioxide from the Plant to oil fields suitable for Enhanced Oil Recovery (EOR); and (ix) all other related facilities necessary for the Project's operation.

5. The Company has repeatedly declared its need for pre-commercial operation rate relief since the Project was first proposed to the Commission in 2009. Although promised CWIP rate recovery beginning in 2012, MPC has yet to receive such relief and ultimately settled for Mirror CWIP rate relief in 2013. The uncertainty of these Mirror CWIP rates (due to the impending Supreme Court mandate) and the Project's advanced stage of construction further affect the Company's immediate need for permanent rate relief. Due in part to all of these developments, the Company's financial strength and credit outlook have deteriorated such that near-term permanent rate relief is now even more critical.

6. Despite the Project's well-publicized challenges, the Company has continued working diligently to protect its customers and to ensure that its customers receive the benefits of the Project initially presented to and approved by the Commission. MPC has honored its commitment to the \$2.88 billion cost cap, and has charged more than \$2 billion to earnings during the Project's construction as a result. In fact, MPC did not stop there. Since the Kemper Project's certification, the Company has pursued a number of additional customer protections. This filing represents the latest effort to ensure that MPC's customers are protected into the future from costs beyond the construction cost cap, while still enjoying the low cost, stable energy supply delivered by the Kemper Project for decades to come.

7. Although the Mississippi Supreme Court's February 12, 2015, decision overturning "Mirror" CWIP has presented a major challenge to the implementation of those protections, the Company has developed the alternate rate proposals included in this filing, all of which are intended to provide the Company with rate relief to which it is legally entitled, but which have varying levels of near-term impacts on customers. The first option, the "Traditional Rate Filing," (Traditional Proposal) will require an initial increase of \$114,042,196 in annual retail

revenue requirements from the current total retail rate levels. The second option, the “2017 Rate Mitigation Filing,” (2017 RMP Proposal) will require an initial increase of \$24,980,924 in annual retail revenue requirements from the current total retail rate levels. The third option and the one preferred by MPC, the “2019 Rate Mitigation Filing,” (2019 RMP Proposal) will not result in a change in current base rates for Kemper, except for anticipated securitization of certain Kemper Project costs to requested later in a separate docket. These latter two options constitute rate mitigation plans authorized by Section 77-3-106 of the *Mississippi Code of 1972, as amended*. The 2017 and 2019 RMP Proposals permit lower initial rate increases, because of the Company’s ability to stabilize the Project’s costs over a longer time frame.

8. From a customer rate impact perspective, the Traditional Proposal would result in a cumulative 41% base rate increase to retail rates through 2016. The 2017 RMP Proposal, while delaying the larger initial rate impact by one year, still results in a cumulative 40% impact to retail rates through 2016. The 2019 RMP Proposal proposes to keep retail base rates at current levels through 2019 and contemplates an incremental 4-6% increase for securitization in 2016. This would result in cumulative base rate impact of 22-24% to retail rates through 2016. All three of these cumulative rate impacts include the 18% retail rate adjustment already in place today.

### **BACKGROUND AND PROCEDURAL HISTORY**

9. MPC holds a Certificate of Public Convenience and Necessity issued through the various orders of the Commission in Docket No. 2009-UA-0014, authorizing, *inter alia*, the construction, acquisition, and operation of the Kemper Project. In conjunction with its Certificate request, and throughout the Project’s construction, the Company has communicated the need for timely and adequate rate relief. MPC has made numerous filings at the Commission in pursuit of this relief, which are summarized below.

10. On April 27, 2011, in Docket No. 2011-UN-135, MPC filed its Notice of Intent to Establish the Certified New Plant, Rate Schedule CNP-A. This rate plan was designed to provide timely recovery of the Kemper Project's financing costs over several years during the construction period, as provided for in the Commission's Certificate Order. On November 15, 2011, pursuant to Section 77-3-37 of the *Mississippi Code of 1972, as amended*, MPC filed in the same docket a Notice of Intent to Change Rates for the 2012 Evaluation Period.

11. On May 24, 2012, MPC and the Staff jointly filed with the Commission a Stipulation, and the parties subsequently amended the Stipulation on June 1, 2012. Pursuant to the requirements of the Amended and Restated Stipulation, MPC filed its Compliance Filing containing a revised CNP-A Rate Plan and revised 2012 CNP-A Annual Filing. The Commission set the matter for hearing and, upon conclusion of the evidentiary hearing, the Commission entered an order denying MPC's proposed CNP-A Rate Plan and the 2012 CNP-A Annual Filing. The Company, being aggrieved by the Commission's order, appealed the order to the Mississippi Supreme Court. MPC and the Commission ultimately settled the CNP-A Appeal, but Cross-Appellant Thomas Blanton contested the proceeding in a separate cross appeal that remains pending at the Mississippi Supreme Court.

12. On January 25, 2013, pursuant to the terms of the aforementioned CNP-A Settlement Agreement, MPC filed a Notice of Intent in Docket No. 2013-UN-14 requesting an approximate 21% rate adjustment related to the Kemper Project consistent with the "Mirror" CWIP provisions of ASC 980. Under this approach, MPC requested authority to recover through rates, during the construction period, funds to be later used to offset some of the increase in rates that would otherwise occur once the Kemper Project is placed in service. MPC's use of "Mirror" CWIP was designed to provide benefits for customers by lowering the initial rate impact of the

Kemper Project while mitigating the risk posed to customers should the Kemper Project's certificate be determined by the courts to be invalid. In other words, "Mirror" CWIP was intended to provide the benefits of CWIP in rates with additional customer protections. "Mirror" CWIP was approved by the Commission in its "Mirror" CWIP Order dated March 5, 2013, which was subsequently appealed by Mr. Thomas Blanton; this appeal was consolidated with the CNP-A cross appeal already before the Mississippi Supreme Court at the time.

13. On February 26, 2013, MPC filed its Notice of Intent in Docket No. 2013-UN-039 to establish a rate mitigation plan governing rates related to the Kemper Project for the first seven years of operations. Although the Commission scheduled a hearing for October 1, 2013, those hearings were cancelled on August 26, 2013. No further action has been taken by the Commission with regard to the Company's original rate mitigation plan proposal. Therefore, no rate plan has been authorized for the Project's operations even though the Project is currently scheduled to go into commercial operation in less than twelve months.

14. Recently, the Supreme Court issued its February 12, 2015, opinion overturning the "Mirror" CWIP Order, invalidating the Mirror CWIP rate increase (thereby lowering customer rates to 2013 levels) and refunding all Kemper-related rates collected to date. No mandate has yet issued in the appeal, because multiple Motions for Rehearing remain pending. However, if the Court's current opinion stands and a mandate issues, MPC would have no current Kemper-related rate in effect resulting in a loss of \$156 million in retail rate collections annually.

### **LEGAL ANALYSIS**

15. Mississippi statutes and rules establish numerous, specific requirements for utility rate case filings. Two of the rate scenarios contained in this filing rely upon relatively new statutory authority. Section 77-3-106 of the *Mississippi Code of 1972, as amended*, permits the

filing of “rate mitigation plans,” meaning rate plans designed to mitigate the initial rate impacts of newly constructed base load generating facilities by establishing a plan for phasing in the facility’s revenue requirement over a period not to exceed ten (10) years. The Kemper Project is a “generating facility” as defined by § 77-3-106, and the 2017 and 2019 RMP Proposals are each designed to mitigate the initial rate impacts of the project over a period not exceeding ten years, thereby complying with the requirements of the statute.

16. The Commission’s Final Order on Remand in Docket No. 2009-UA-14 also contemplates the establishment of “operational parameters” for four specific measures: availability factor, heat rate, lignite heat content, and by-product revenues. The order provides:

Within twelve months prior to commencement of commercial operation, and from time to time thereafter as MPCo or the Commission deems necessary, MPCo shall file with the Commission proposed rate schedules and tariff change(s) to implement the purposes of the above paragraph. The Commission will consider alternate proposals presented if it determines these proposals provide a better means of analyzing the Project’s operating costs and revenues and protecting customers from undue risk.<sup>2</sup>

17. On August 9, 2011, MPC proposed Certified New Plant, Rate Schedule “CNP-B” in Docket No. 2011-UN-135 to comply with the above order provisions, but no meaningful review of the CNP-B proposal has occurred to date. To ensure continued compliance, MPC has developed two different Operational Parameter Adjustment proposals to effectuate the provisions of the Final Order on Remand designed to monitor and measure the Project’s operating costs and revenues for the specific operational parameters enumerated in the order. These proposals are discussed in further detail in the pre-filed direct testimony of Mr. Moses H. Feagin.

18. MPC has long understood that a final finding of prudence would eventually be entered to support any rate recovery authorized by the Commission for the Kemper Project. The

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<sup>2</sup> Final Order on Remand, MPSC Docket No. 2009-UA-14, p. 108 (April 24, 2012).



Supreme Court's February 12<sup>th</sup> opinion narrowly holds that a finding of prudence is a prerequisite to granting rate relief *under the Baseload Act*. To be clear, all rate requests in this case are authorized by Sections 77-3-106 and 77-3-37 of the *Mississippi Code of 1972, as amended*, and not the Baseload Act. These sections do not require a prudence determination as a prerequisite to establishing lawful rates. Therefore, no prior finding of prudence is legally required prior to granting the relief requested herein, a legal position supported by both MPC and the Commission in their respective Motions for Rehearing in the pending Supreme Court appeal. Nevertheless, in the abundance of caution, the Company is presenting volumes documentation sufficient to both support a finding of prudence and, at the very least, attach a presumption of prudence to the Kemper Project expenditures.

19. With that understanding in mind, MPC first filed its Petition for Finding of Prudence with the Commission on June 28, 2013, in MPSC Docket Number 2013-UA-189 (the Prudence Case). The Company's Petition in the Prudence Case requested that the Commission conduct a prudence review of all Kemper Project costs incurred as of March 31, 2013, which MPC identified as the most recent reporting period for the Kemper Project for which data and information needed to support a finding of prudence would be available. In the interest of regulatory certainty and economy, this rate filing requests a finding of prudence on all costs through March 2015, as discussed in greater detail in the testimony provided herewith. As will be shown in the Supporting Documentation and Information section, an overwhelming amount of documentation has already been developed and reviewed in relation to the Kemper Project's prudence.

20. The Commission's October 15, 2013 Order in the Prudence Case defined the applicable prudence standard and clarified the requirements of a *prima facie* prudence case. In



order to establish a *prima facie* case, the Commission determined that MPC must produce evidence demonstrating that MPC “went through a reasonable decision making process to arrive at a course of action, and, given the facts as they were or should have been known at the time, responded in a reasonable manner.”<sup>3</sup> The Commission specifically identified three categories of evidence which it expected the Company to produce:

- (1) An overview of the procedures and controls put in place by management to manage the development, design, engineering, procurement, construction, startup and operation of the project.
- (2) An overview of the accounting procedures and controls put in place by management to properly account for the cost of the project.
- (3) A review of cost variances between the Commission sanctioned estimated amounts and an explanation for any variance where the incurred or forecasted amount exceeded the original estimated amount and the response by management to address any overruns<sup>4</sup>

21. The Commission’s definition of prudence is consistent with prudence standards applied across the country. As MPC argued in the Prudence Case, prudence reviews—in Mississippi and nationwide—evaluate reasonableness.<sup>5</sup> Further, because the prudence standard evaluates reasonableness, holding the utility to a standard of perfection is improper. A proper prudence review requires that the regulatory body acknowledge that several courses of action could fit within the range of reasonableness. This range of prudent behavior has been called the “zone of reasonableness.”<sup>6</sup>

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<sup>3</sup> Order, MPSC Docket No. 2013-UA-0189, p. 4 (October 15, 2013).

<sup>4</sup> *Id.*

<sup>5</sup> See generally Rebuttal Filing in Support of Prudence, MPSC Docket No. 2013-UA-189, pp. 5-9 (May 23, 2014).

<sup>6</sup> *In re: Georgia Power Co.*, 2011 Ga. PUC LEXIS 136 (“In applying this standard, it must be recognized that in any decision making process there may exist a range of choices, any or all of which could have been adopted by reasonable management in good faith and under the same set of circumstances. If the Company has made a decision which falls within that “zone of reasonableness,” that decision must be found to have been prudent, irrespective of whether others may have selected another alternative, and irrespective of whether in hindsight

22. If a decision or action is ultimately shown to be imprudent, actual and proximate causation of harm must be shown. Burns & Roe (now POWER Burns & Roe) and its subcontractors have, to-date, provided only a high-level estimate of potentially imprudent costs, while URS and its subcontractors did not provide any quantification or estimation of the dollar impact of MPC's potentially imprudent decisions. It seems unlikely that a disallowance of any Project costs would meet the Commission's "substantial evidence" standard if that disallowance does not also (i) prove causation and (ii) reasonably quantify the alleged imprudence.

### **SUPPORTING DOCUMENTATION AND INFORMATION**

#### **PRUDENCE REQUEST**

23. As discussed above, the Company has already provided a substantial quantity of documentation related to the Kemper Project's prudence in the Kemper Prudence case. MPC hereby incorporates all of this Prudence Case documentation and information into the record of this case by reference pursuant to RP 6.114 of the Commission's Rules:

a. The Supplemental Direct Testimony and Exhibits filed by Mr. John C. Huggins, Vice President, Generation Development for Mississippi Power Company on December 13, 2013;

b. The Rebuttal Testimony and Exhibits filed by Mr. John C. Huggins and Mr. Steven K. Owen, Project Director, Kemper Project for Southern Company Services, Inc. on May 23, 2014;

c. The Response to Surrebuttal Testimony and Exhibits filed by Mr. John C. Huggins and Mr. Steven K. Owen on May 14, 2015;

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another decision may now appear in hindsight to have been a more correct decision."); *South Texas Nuclear Project*, 1990 Tex. PUC Lexis 162 ("there is, then, a 'range of reasonableness' within the concept of prudence").

d. The Exhibits filed by Ms. Cynthia F. Shaw, Comptroller, Mississippi Power Company, on August 9, 2013;

e. The Supplemental Direct Testimony and Exhibits filed by Ms. Cynthia F. Shaw on December 13, 2013;

f. The Rebuttal Testimony and Exhibits filed by Ms. Cynthia F. Shaw on May 23, 2014;

g. The Response to Surrebuttal Testimony and Exhibits filed by Ms. Cynthia F. Shaw on May 14, 2015;

h. The Supplemental Direct Testimony and Exhibits filed by Mr. Geno Armstrong, principal, KPMG LLP, Global Practice Leader (Major Projects Advisory practice), on December 13, 2013;

i. The Rebuttal Testimony and Exhibits filed by Mr. Geno Armstrong on May 23, 2014;

j. The Supplemental Direct Testimony and Exhibits of Dr. Patricia D. Galloway, President, Chief Executive Officer, Pegasus Global Holdings, Inc., filed on December 13, 2013;

k. The Rebuttal Testimony and Exhibits filed by Dr. Patricia D. Galloway on May 23, 2014; and

l. The Response to Surrebuttal Testimony and Exhibits filed by Dr. Patricia D. Galloway on May 14, 2015.

24. In addition to the over 10,000 pages of filed testimony and exhibits in the Kemper Prudence docket, MPC has monthly, ongoing meetings and discussions with the MPSC and MPUS Independent Monitors (IMs) and has answered hundreds of Data Requests and Requests for

Information specifically related to the Project's prudence proceeding. These Data Requests and Requests for Information were submitted by the IMs and intervenors, and required that MPC provide over 125,000 pages of documents in response. Because of their voluminous nature, these Data Requests and Requests for Information are not being reproduced here, but instead are hereby incorporated by reference.<sup>7</sup>

25. The Company believes that the information provided to date in the Prudence Case, as supplemented by the testimony and exhibits of Ms. Shaw, Mr. Huggins and Mr. Owen in this filing, is more than sufficient to support a final finding of prudence and satisfy the Company's *prima facie* prudence case requirements for all costs through March 31, 2015. Although the Company is providing more than the minimum amount of information required, this should not be construed as a waiver of MPC's position that less documentation would be equally sufficient to establish a *prima facie* case, satisfy the utility's initial burden of production, and attach a presumption of prudence to the Kemper Project expenditures.

#### **RATE REQUEST**

26. In support of this Notice of Intent, MPC files herewith the following testimony on which it will rely at any hearing on this request, all of which is incorporated herein by reference as if fully set forth in this Notice of Intent:<sup>8</sup>

a. The sworn pre-filed direct testimony of Mr. G. Edison Holland, Jr., President and Chief Executive Officer, Mississippi Power Company;

b. The sworn pre-filed direct testimony and exhibits of Mr. Moses H. Feagin, Vice President, Treasurer, and Chief Financial Officer, Mississippi Power Company;

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<sup>7</sup> MPC will supplement this Notice or provide copies of the aforementioned Data Requests and Requests for Information to the Commission or to intervenors upon request.

<sup>8</sup> MISS. CODE ANN. § 77-3-37(2)(i); Public Utilities Rules of Practice and Procedure (Rules) Schedule 3, Appendix "C", Item 1.

c. The sworn pre-filed direct testimony and exhibits of Mr. Samuel G. Sumner, Jr., Plant Asset Manager, Kemper County IGCC Plant, Mississippi Power Company;

d. The sworn pre-filed direct testimony and exhibits of Mr. Lawrence J. Vogt, Director, Rates, Mississippi Power Company;

e. The sworn pre-filed direct testimony and exhibits of James H. Vander Weide, PhD, President, Financial Strategy Associates;

f. The sworn pre-filed joint direct testimony and exhibits of Mr. Steven K. Owen, Project Director, Kemper Project, Southern Company Services, and John C. Huggins, former Vice President, Generation Development, Mississippi Power Company; and

g. The sworn pre-filed direct testimony and exhibits of Ms. Cindy F. Shaw, Comptroller, Mississippi Power Company.

27. The Company further submits the following information and data pursuant to Section 77-3-106(3) of the *Mississippi Code of 1972, as amended*:<sup>9</sup>

a. Exhibit\_\_\_\_(MHF-4) which provides all of the following information for the 2017 RMP Proposal:

(i) calculation of the total retail revenue requirement for the Kemper Project;

(ii) pro forma operating statements in the same form as the actual operating statement beginning with the effective date of the proposed changes (a) without giving effect to changed rates and (b) giving effect to changed rates;<sup>10</sup>

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<sup>9</sup> The Company is not submitting information required by Section 77-3-37(4) pursuant to Section 77-3-106(3)(b), which only incorporates the requirements contained in Section 77-3-37(2).

<sup>10</sup> MISS. CODE ANN. § 77-3-37(2)(e); Rules, Schedule 3, Appendix "C", Item 6.

(iii) pro forma operating statements in the same form as the actual operating statements for the same period giving effect to the proposed changes in rates and adjusted for known changes in the cost of operations.<sup>11</sup>

b. Exhibit\_\_\_\_(MHF-5) which provides all of the following information for the 2019 RMP Proposal:

(i) calculation of the total retail revenue requirement for the Kemper Project;

(ii) pro forma operating statements in the same form as the actual operating statement beginning with the effective date of the proposed changes (a) without giving effect to changed rates and (b) giving effect to changed rates;<sup>12</sup>

(iii) pro forma operating statements in the same form as the actual operating statements for the same period giving effect to the proposed changes in rates and adjusted for known changes in the cost of operations.<sup>13</sup>

c. Exhibit\_\_\_\_(MHF-3) which is a conventional rate recovery proposal without a rate mitigation plan.<sup>14</sup>

d. Exhibit\_\_\_\_(LJV-3), which is a statement showing (a) the number of stations or customers by classes affected by the proposed changes in rates, (b) the actual revenue under the old rates from each class, and (c) the annual amount of the proposed increases or decreases applicable to each class for the Traditional Proposal.<sup>15</sup>

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<sup>11</sup> MISS. CODE ANN. § 77-3-37(2)(f); Rules, Schedule 3, Appendix "C", Item 7.

<sup>12</sup> MISS. CODE ANN. § 77-3-37(2)(e); Rules, Schedule 3, Appendix "C", Item 6.

<sup>13</sup> MISS. CODE ANN. § 77-3-37(2)(f); Rules, Schedule 3, Appendix "C", Item 7.

<sup>14</sup> MISS. CODE ANN. § 77-3-37(3)(b).

<sup>15</sup> MISS. CODE ANN. § 77-3-37(2)(g); Rules, Schedule 3, Appendix "C", Item 8.

e. Exhibit\_\_\_\_(LJV-6) and Exhibit\_\_\_\_(LJV-9), which provide a statement showing (a) the number of stations or customers by classes affected by the proposed changes in rates, (b) the actual revenue under the old rates from each class, and (c) the annual amount of the proposed increases or decreases applicable to each class for the 2017 RMP Proposal.<sup>16</sup>

f. Exhibit\_\_\_\_(LJV-12), which is a statement showing (a) the number of stations or customers by classes affected by the proposed changes in rates, (b) the actual revenue under the old rates from each class, and (c) the annual amount of the proposed increases or decreases applicable to each class for the 2019 RMP Proposal.<sup>17</sup>

28. The Company further submits the following information and data pursuant to RP 9.100(3) and Schedule 3 to Appendix “C” of the Commission’s Rules:

a. Exhibit “A” to this Notice of Intent which is a copy of MPC’s articles of incorporation;<sup>18</sup>

b. Exhibit\_\_\_\_(LJV-1) and Exhibit\_\_\_\_(LJV-2) which are a schedule of present rates, fares, tolls, charges or rentals in effect, and the changes proposed to made for the Traditional Proposal;<sup>19</sup>

c. Exhibit\_\_\_\_(LJV-4), Exhibit\_\_\_\_(LJV-5), Exhibit\_\_\_\_(LJV-7) and Exhibit\_\_\_\_(LJV-8) which are the schedule of present rates, fares, tolls, charges or rentals in effect, and the changes proposed to made for the 2017 RMP Proposal;<sup>20</sup>

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<sup>16</sup> MISS. CODE ANN. § 77-3-37(2)(g); Rules, Schedule 3, Appendix “C”, Item 8.

<sup>17</sup> MISS. CODE ANN. § 77-3-37(2)(g); Rules, Schedule 3, Appendix “C”, Item 8.

<sup>18</sup> MISS. CODE ANN. § 77-3-37(2)(a); Rules, Schedule 3, Appendix “C”, Item 13.

<sup>19</sup> MISS. CODE ANN. § 77-3-37(2)(b); Rules, Schedule 3, Appendix “C”, Items 2 and 3.

<sup>20</sup> MISS. CODE ANN. § 77-3-37(2)(b); Rules, Schedule 3, Appendix “C”, Items 2 and 3.



d. Exhibit\_\_\_\_(LJV-10) and Exhibit\_\_\_\_(LJV-11) which are a schedule of present rates, fares, tolls, charges or rentals in effect, and the changes proposed to made for the 2019 RMP Proposal;<sup>21</sup>

e. Exhibit “B” to this Notice of Intent, which is a balance sheet as of March 31, 2015;<sup>22</sup>

f. Exhibit “C” to this Notice of Intent, which is an actual operating statement setting forth revenue and expenses by account numbers for the twelve (12) months ending March 31, 2015;<sup>23</sup>

g. Exhibit “D” to this Notice of Intent, which contains pro forma operating statements in the same form as the actual operating statements beginning with the effective date of the proposed changes (a) without giving effect to the changed rates and (b) giving effect to changed rates under the Traditional Proposal;<sup>24</sup>

h. Exhibit “E” to this Notice of Intent, which contains pro forma operating statements in the same form as the actual operating statements beginning with the effective date of the proposed changes (a) without giving effect to the changed rates and (b) giving effect to changed rates under the 2017 RMP Proposal;<sup>25</sup>

i. Exhibit “F” to this Notice of Intent, which contains pro forma operating statements in the same form as the actual operating statements beginning with the effective date

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<sup>21</sup> MISS. CODE ANN. § 77-3-37(2)(b); Rules, Schedule 3, Appendix “C”, Items 2 and 3.

<sup>22</sup> MISS. CODE ANN. § 77-3-37(2)(c); Rules, Schedule 3, Appendix “C”, Item 4.

<sup>23</sup> MISS. CODE ANN. § 77-3-37(2)(d); Rules, Schedule 3, Appendix “C”, Item 5.

<sup>24</sup> MISS. CODE ANN. § 77-3-37(2)(e); Rules, Schedule 3, Appendix “C”, Item 6.

<sup>25</sup> MISS. CODE ANN. § 77-3-37(2)(d); Rules, Schedule 3, Appendix “C”, Item 6.

of the proposed changes (a) without giving effect to the changed rates and (b) giving effect to changed rates under the 2019 RMP Proposal.<sup>26</sup>

j. Exhibit\_\_\_\_(MHF-3) which is a calculation of jurisdictional rate base including, if applicable, gross plant, accumulated depreciation, working capital, material and supplies, other properties and assets, accumulated deferred income taxes, and investment tax credits for the Traditional Proposal;<sup>27</sup>

k. Exhibit\_\_\_\_(MHF-4) which is a calculation of jurisdictional rate base including, if applicable, gross plant, accumulated depreciation, working capital, material and supplies, other properties and assets, accumulated deferred income taxes, and investment tax credits for the 2017 RMP Proposal;<sup>28</sup>

l. Exhibit\_\_\_\_(MHF-5) which is a calculation of jurisdictional rate base including, if applicable, gross plant, accumulated depreciation, working capital, material and supplies, other properties and assets, accumulated deferred income taxes, and investment tax credits for the 2019 RMP Proposal;<sup>29</sup>

m. Page 25 of Exhibit\_\_\_\_(MHF-3) which is a statement showing MPC's calculation of return on rate base with and without the proposed increase under the Traditional Proposal;<sup>30</sup>

n. Page 25 of Exhibit\_\_\_\_(MHF-4) which is a statement showing MPC's calculation of return on rate base with and without the proposed increase under the 2017 RMP Proposal;<sup>31</sup>

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<sup>26</sup> MISS. CODE ANN. § 77-3-37(2)(d); Rules, Schedule 3, Appendix "C", Item 6.

<sup>27</sup> Rules, Schedule 3, Appendix "C", Item 9.

<sup>28</sup> Rules, Schedule 3, Appendix "C", Item 9.

<sup>29</sup> Rules, Schedule 3, Appendix "C", Item 9.

<sup>30</sup> Rules, Schedule 3, Appendix "C", Item 10.

o. Page 25 of Exhibit\_\_\_\_(MHF-5), which is a statement showing MPC's calculation of return on rate base with and without the proposed increase under the 2019 RMP Proposal;<sup>32</sup>

p. Confidential Exhibit "G" to this Notice of Intent which is a copy of the confidential Federal Income tax returns and State Income tax returns, with all required attachments and schedules, for 2011, 2012 and 2013;<sup>33</sup>

q. Exhibit "H" to this Notice which is a copy of the notice to customers to be sent pursuant to RP 9;<sup>34</sup>

r. Exhibit "I" to this Notice of Intent which is a statement of (a) the amount and kinds of stock authorized, issued and outstanding; (b) the number and amount of bonds authorized and the number and amount issued; and (c) the rate and amount of dividends paid during the five previous fiscal years and the amount of capital stock on which dividends were paid each year;<sup>35</sup>

s. Exhibit "J" to this Notice of Intent which is an analysis of the surplus covering the period from the last calendar year for which an annual report has been filed with the Commission to the date of the balance sheet attached to this Notice of Intent;<sup>36</sup>

t. Exhibit "K" to this Notice of Intent which is a description of the utility's property, including a statement of the original cost of the property and the cost to the utility;<sup>37</sup>

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<sup>31</sup> Rules, Schedule 3, Appendix "C", Item 10.

<sup>32</sup> Rules, Schedule 3, Appendix "C", Item 10.

<sup>33</sup> Rules, Schedule 3, Appendix "C", Item 11.

<sup>34</sup> Rules, Schedule 3, Appendix "C", Item 12.

<sup>35</sup> MISS. CODE ANN. § 77-3-37(2)(j); MISS. CODE ANN. § 77-3-37(2)(k); MISS. CODE ANN. § 77-3-37(2)(l); MISS. CODE ANN. § 77-3-37(2)(m) ; Rules, Schedule 3, Appendix "C", Items 14, 15, and 16.

<sup>36</sup> MISS. CODE ANN. § 77-3-37(2)(n); Rules, Schedule 3, Appendix "C", Item 17.

<sup>37</sup> MISS. CODE ANN. § 77-3-37(2)(h).

u. The testimony of Mr. G. Edison Holland, Mr. Moses H. Feagin, and the information provided in this Notice, satisfying the requirement that MPC provide “a statement in full of the reasons why the change in rates is desired so that the Commission may clearly see the justification therefore.”<sup>38</sup>

v. Exhibit “L” to this Notice, which is a list of the names and addresses of all “Interested Persons” as defined in RP 2.115 of the Commission’s Rules, including all parties of record in MPC’s last proceeding in which a major change in rates was sought.<sup>39</sup>

w. MPC’s last major change in rates was approved by the Commission on March 4, 2013, in Docket No. 2013-UN-14.<sup>40</sup>

29. The name, address and telephone number of the MPC employee responsible for the Notice of Intent and from whom information may be obtained is:

Mr. Billy F. Thornton  
Vice President, Legislative  
and Regulatory Affairs  
Mississippi Power Company  
2992 West Beach Boulevard  
Post Office Box 4079  
Gulfport, MS 39502-4079  
Phone: (228) 865-5295  
[bftThornt@southernco.com](mailto:bftThornt@southernco.com)

with copy to:

Ben H. Stone, Esq.  
Balch & Bingham LLP  
1310 25<sup>th</sup> Avenue  
Post Office Box 130  
Gulfport, MS 39501  
Phone: (228) 214-0402  
[bstone@balch.com](mailto:bstone@balch.com)

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<sup>38</sup> MISS. CODE ANN. § 77-3-37(2)(i).

<sup>39</sup> Rules, Schedule 3, Appendix “C”, Item 23.

<sup>40</sup> Rules, Schedule 3, Appendix “C”, Item 24.

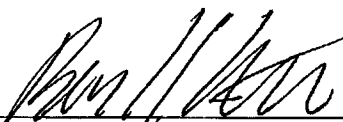
30. As detailed above, MPC has provided herewith all the information required under Section 77-3-106 of the *Mississippi Code of 1972, as amended*, RP 9.100(3) of the Commission's Rules and Schedule 3 of Appendix "C" of the Commission's Rules that is relevant to its request for rate relief. MPC submits that good cause exists to grant a waiver of any and all remaining filing requirements, and MPC respectfully requests a waiver of any remaining filing requirements.

WHEREFORE, PREMISES CONSIDERED, Mississippi Power Company hereby requests that this Notice of Intent be received and filed; that notice, if any, be given in the manner prescribed by law; that the Commission schedule, notice, and hold hearings on the Company's Notice of Intent in a timely manner; and that, after fully considering all the relevant information, this Commission enter an order approving the Company's RMP 2019 Proposal or, in the alternative, approving one of the other rate requests included in this filing, and granting any such further relief that the Commission deems necessary.

Respectfully submitted, this the 15<sup>th</sup> day of May, 2015.

MISSISSIPPI POWER COMPANY

BY: BALCH & BINGHAM LLP

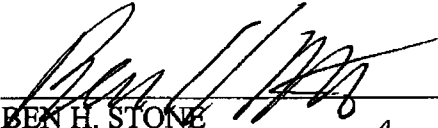
BY:   
BEN H. STONE

BEN H. STONE  
Mississippi Bar No. 7934  
RICKY J. COX  
Mississippi Bar No. 9606  
LEO E. MANUEL  
Mississippi Bar No. 101985  
MICHAEL P. MALENFANT  
Mississippi Bar No. 104590  
BALCH & BINGHAM LLP  
1310 25th Avenue  
P. O. Box 130  
Gulfport, MS 39502-0130  
Tel: (228) 864-9900  
Fax: (228) 864-8221

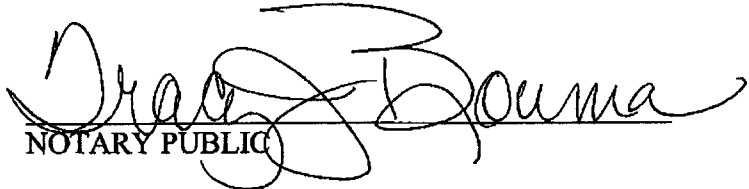
STATE OF MISSISSIPPI

COUNTY OF HARRISON

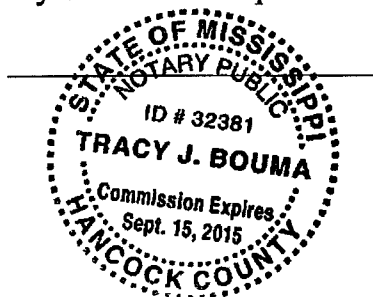
PERSONALLY appeared before me, the undersigned authority in and for the said County and State, within my jurisdiction, the within named Ben H. Stone, who after being duly sworn on oath acknowledged that he is Attorney for MISSISSIPPI POWER COMPANY and that for and on behalf of the said MISSISSIPPI POWER COMPANY and as its act and deed, he signed and delivered the above and foregoing filing for the purposes mentioned on the day and year therein mentioned, after first having been duly authorized by said MISSISSIPPI POWER COMPANY so to do, and that the statements contained in the foregoing instrument are true and correct to the best of his knowledge, information and belief.

  
BEN H. STONE

SWORN TO AND SUBSCRIBED BEFORE ME, this the 15<sup>th</sup> day of May, 2015.

  
NOTARY PUBLIC

My Commission Expires:





**CERTIFICATE OF SERVICE**

I, Ben H. Stone, counsel for Mississippi Power Company in the above and foregoing filing with the Mississippi Public Service Commission on even date herewith, do hereby certify that in compliance with RP 6 of the Mississippi Public Service Commission's Public Utilities Rules of Practice and Procedure:

(1) An original and twelve (12) copies of the filing have been filed with the Commission by delivery of the same to:

Katherine Collier, Esq.  
Executive Secretary  
Mississippi Public Service Comm.  
501 North West Street  
Suite 201A  
Jackson, MS 39201

Mr. Virden Jones  
Executive Director  
Mississippi Public Utilities Staff  
501 North West Street  
Suite 301B  
Jackson, MS 39201

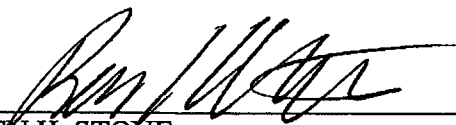
(2) An electronic copy of the filing has been filed with the Commission via e-mail to the following address:

[efile.psc@psc.state.ms.us](mailto:efile.psc@psc.state.ms.us)

(3) A copy of the Notice of Intent without documentation has been mailed via U.S. Mail to all "Interested Persons" as defined in RP 2.115 and listed on Exhibit "L" to this Notice of Intent.

(4) MPC has complied with or requested a waiver of all other requirements of the Commission's Rules.

This the 15<sup>th</sup> day of May, 2015.

  
\_\_\_\_\_  
BEN H. STONE