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July 10, 2015

VIA E-MAIL
VIA U.S. MAIL

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

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
MPSC Docket No. 2015-UN-80

Dear Katherine:

I have enclosed the original and twelve (12) copies of Mississippi Power Company's First Supplemental Filing and supporting documentation for filing in the above-referenced docket. I have also included a copy of the first page of the filing, which I appreciate you file-stamping and returning to me in the enclosed, self-addressed, stamped envelope.

Certain Exhibits to this filing are being provided under separate confidential cover, pursuant to the Commission's Rules. They contain confidential and proprietary commercial and financial information and trade secret information of a third-party under Sections 25-61-9, 25-61-11, 75-26-3 and 79-23-1, as applicable, of the *Mississippi Code of 1972, as amended*. These documents and the confidential information contained therein have been clearly designated as "Confidential." We are requesting that the Commission and Staff file and maintain these attachments as confidential to the fullest extent permitted by law, and as provided by Rules 4.100 and 4.101 of the Commission's Public Utilities Rules of Practice and Procedures.

Thank you for your assistance in this matter.

Very truly yours,

Ben H. Stone

BHS:hr

Attachments

cc: All Parties of Record
Shawn Shurden, Esq.
Mr. Virden Jones
Chad Reynolds, Esq.
Mr. Billy Thornton
Mr. Stephen Stiglets
Mr. Ben Vance

160551.1

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2015-UN-80

IN RE: NOTICE 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

FIRST SUPPLEMENTAL FILING

COMES NOW, Mississippi Power Company ("MPC" or the "Company") and, pursuant to Section 77-3-41 of the *Mississippi Code of 1972, as amended*, and Rule 9.100(7) of the Mississippi Public Service Commission's ("Commission") Public Utilities Rules and Procedures (the "Rules"), respectfully requests that the Commission, following any required notice and opportunity to be heard, issue an expedited Order prior to July 20, 2015, granting MPC interim rate relief and establishing a scheduling order for the review of the Company's new In-Service Asset Proposal, all as further described herein. In support of the relief requested herein, the Company would show as follows:

EXECUTIVE SUMMARY

1. This First Supplemental Filing is being submitted in response to the Commission's Order on Remand dated July 7, 2015, in Docket No. 2013-UN-14. The Commission's Order on Remand enforced the Supreme Court's July 2, 2015, mandate in the Mirror CWIP Appeals, requiring that MPC refund its Mirror CWIP collections to customers and terminate the Mirror CWIP rates effective with the first billing cycle of August, which will occur on or about July 20, 2015. This recent series of events impacts the Company, its customers and

the proposals pending in this case such that emergency interim relief has become necessary to prevent injury to the business and interest of MPC and its customers.

2. First, as previously stated, the impact of the Supreme Court's decision is to remove from consideration the Company's preferred 2019 RMP Proposal filed on May 15, 2015. The 2019 RMP Proposal provided the maximum rate mitigation to customers by keeping rates equal to the current level through 2019, and its loss threatens to result in a much higher rate impact to customers than is preferable. Consistent with the Company's prior attempts to protect customers, MPC has developed and herein proposes an additional rate option, which will keep rates at their current low levels until such time as an overall rate plan for the Kemper Project can be developed. <u>Importantly, nothing contained in this filing will affect the refund of the Mirror CWIP funds, which will take place as directed by the Commission prior to November 2015.</u>

3. Second, the Commission's Order on Remand threatens to establish rates for MPC that are confiscatory, and, therefore, unconstitutional by violating the Public Utility Act's requirement that rates be just and reasonable. Over $1 billion of capital costs associated with the Kemper Project is currently in commercial operation and, therefore, used and useful in providing electric service to customers. The Kemper lignite mine[1] and transmission facilities have been in service since 2013; the Kemper Combined Cycle and related facilities ("Kemper CC"), natural gas pipeline and water pipeline have been in service since August 2014. The Supreme Court's decision and subsequent Commission Order on Remand serve to continue a regulatory inequity in which no permanent rate recovery for these used and useful assets has been allowed for almost a year, and in some instances longer. Notwithstanding the Supreme Court's mandate, it is a clear violation of over a century of public utility jurisprudence to unilaterally lower rates by $159

[1] Although the Liberty Mine has been placed in service and is currently operational, MPC has voluntarily removed all costs of the lignite mine from the In-Service Asset Proposal, and will instead seek recovery of the mine at a later time.

million annually without considering the reasonableness of those rates and the impact to the utility and its customers.

4. To remedy these problems, MPC hereby amends its Notice of Intent in this docket to add a fourth proposal—the In-Service Asset Proposal. This proposal does not constitute a rate mitigation plan and is limited in scope to only those Kemper-related assets that are currently serving customers. In other words, the proposal contains no costs associated with assets not yet in service. For this reason, MPC will still be required to seek additional rate relief at a later date to address cost recovery of the remaining Kemper assets. The In-Service Asset Proposal is equal to Test Period 1 of the 2019 RMP Proposal, and, therefore, would result in no additional rate impact to customers if approved either on an interim basis or otherwise to replace the Mirror CWIP rates scheduled to be terminated later this month. If the In-Service Asset Proposal is implemented after the Mirror CWIP rates are terminated for any period, then the rates would result in an increase in revenue requirement of approximately $159 million annually. The Company's In-Service Asset Proposal is the Company's latest attempt of many to mitigate to the greatest extent possible the rate impact to customers associated with the Kemper Project.

5. Third, the recent series of adverse legal and regulatory decisions concerning the Kemper Project have caused a steep decline in the already weakened financial profile of the Company. As described herein, the termination of the Mirror CWIP rates will have an immediate and dangerously negative effect on MPC's financial position and further degrade the Company's credit rating outlook. Any prolonged period with no rate recovery associated with the Kemper Project (and particularly its assets already in service) threatens imminent injury to MPC and jeopardizes the Company's ability to access the funds needed to continue normal business operations and complete the Kemper Project as planned.

6. As a result, MPC requests that the In-Service Assets Proposal be implemented immediately as interim rates, subject to refund, until such time as the Commission can review the proposal, hold hearings and render a final decision. This arrangement will provide the Company the minimum financial support needed to maintain current operations and to begin the process to restore the metrics needed to improve the Company's financial strength, while ensuring that customers will be made whole once a final prudence determination has been made concerning the in-service assets. To facilitate and secure any required customer refund, MPC will agree to post sufficient financial security to support the interim rate request in an amount approved by the Commission.

7. The Company's requests herein are consistent with and, in fact, largely prompted by the statements of Commissioner Renfroe during the Commission's July 7th Open Meeting:

> . . . I would encourage [MPC] to consider giving this Commission another option and—the one I had—the particular one I have in mind would consider the equipment that's already in operation. The combined cycle has been in operation for quite a while, and recovering those costs should be more straight forward, in my view. Although, I'm not suggesting an outcome on any of these options. I think that you might reduce the risk of having nothing approved if you gave us another option that would include the—at least the equipment that's already in service, as well as other costs that could be identified that would be ripe for recovery.[2]

BACKGROUND

8. On or about April 27, 2011, in Docket 2011-UN-0135, MPC filed with the Commission its Notice of Intent to Change Rates requesting, *inter alia*, the authority to establish and implement its proposed Certified New Plant Rate Schedule, intended to recover costs associated with the Kemper County Integrated Gasification Combined Cycle Project (the "Kemper Project" or the "Project") prior to the Project's Commercial Operation Date (the "CNP-

[2] Partial Hearing Transcript, Miss. Pub. Serv. Comm'n Open Meeting, p. 5 (July 7, 2015).

A Rate Case"). These costs, categorized as Construction Work in Progress ("CWIP") costs, were permitted by decades of Commission practice[3] and were specifically authorized for recovery by the legislature through its passage of the Baseload Act, codified at MISS. CODE ANN. § 77-3-101 *et seq*. Following a hearing on the matter, the Commission issued an order denying MPC's request for a rate increase in full. The Commission found that the appeal of the Kemper certificate order, then pending at the Supreme Court, justified a denial of the rate request.

9. On or about January 25, 2013, MPC filed its Mirror CWIP Rate Case with the Commission in Docket 2013-UN-14. The Company's Mirror CWIP Rate Case also contemplated rate recovery of Construction Work in Progress costs but, under that rate proposal, MPC would not recognize the funds collected as revenue—instead, MPC would book the Mirror CWIP collections to a regulatory liability account to be used to mitigate the Project's future rate impacts. The Commission issued an order granting the Company's request for Mirror CWIP rate relief on March 5, 2013.

10. The CNP-A and Mirror CWIP cases were each appealed to the Mississippi Supreme Court, and, in June, 2013, both cases were consolidated by the Court (the "Mirror CWIP Appeals"). Initial briefing was submitted by the parties and, pursuant to the Court's request, supplemental briefs were submitted on or about May 21, 2014.

11. On February 12, 2015, the Supreme Court published its decision in the Mirror CWIP Appeals wherein the Court reversed the Mirror CWIP Order, required that the Commission fix by order the rates in existence prior to the Commission's March 5, 2013 order, ordered a refund of all revenue collections under the Mirror CWIP Order, voided the Settlement Agreement reached between MPC and the Commission dated January 24, 2013, and remanded

[3] *See* App. to *State ex rel. Pittman v. Miss. Pub. Serv. Comm'n*, 538 So. 2d 367, 382 (Miss. 1989); Order Approving PEP-1, Miss. Pub. Serv. Comm'n Docket No. 90-UN-287, pp. 11-12 (Dec. 27, 1990); Order Approving ECO, Miss. Pub. Serv. Comm'n Docket Nos. 92-UA-58 & 92-UN-59, pp. 4-7 (July 31, 1992).

the case back to the Commission for further proceedings. MPC and the Commission filed Motions for Rehearing, each of which were denied on June 11, 2015 by a revised opinion which indicated that an Order should be entered *confestim* refunding the Mirror CWIP funds to customers. The Supreme Court's mandate in the Mirror CWIP Appeal issued on July 2, 2015, and the Commission addressed the Supreme Court's decision during its July 7, 2015 Open Meeting.

12. The Commission's July 7, 2015, Order on Remand directed that MPC terminate the Mirror CWIP rate collections with the first billing cycle of August 2015, which is on or about July 20, 2015. The Commission also directed MPC to file a refund plan within fourteen days for the Commission's approval. The Commission indicated that the refund plan shall be designed to provide customers the choice of a full cash refund within ninety days or a credit to bills over a longer period of time. The Commission indicated its intent to approve a refund plan consistent with the Supreme Court mandate at its August 6, 2015, Open Meeting.

13. As of June 30, 2015, MPC has collected $331 million pursuant to the Mirror CWIP Order and accrued an additional $22 million of carrying costs. Although it's unclear how many customers will elect to receive an immediate refund rather than a bill credit, the entire Mirror CWIP balance may potentially be required to be refunded to customers by November, 2015.

CHANGES IN FACTS

14. The Supreme Court's mandate to terminate the Mirror CWIP rate ignores substantial changes in facts and circumstances that have occurred since the Mirror CWIP Appeals record was certified to the Court. These include:

(a) In October, 2013, the Commission recognized that a presumption of prudence exists in Mississippi, and that once a *prima facie* case has been made, a utility may be presumed prudent until sufficient evidence is produced to overcome that presumption.[4]

(b) In 2013, the Kemper Project's transmission facilities and lignite mine began commercial operation. Over a million tons of lignite has already been mined at the Liberty Mine in Kemper County.

(c) In August, 2014, the Company placed the Kemper CC into service, operating on natural gas. All of the In-Service Assets were specifically approved and authorized by the Kemper Project certificate issued in Docket No. 2009-UA-14. Upon placing the Kemper CC in service, MPC filed an analysis of the costs and benefits of that decision on August 18, 2014, in Docket No. 2014-UA-195, a copy of which is attached as Exhibits "A" and "B" to this Motion. The Kemper CC has, to date, delivered over 3 billion kilowatt-hours of electricity to customers, with an Equivalent Forced Outage Rate of less than 4%, which is well below the industry average EFOR of 6.25% for natural gas combined cycles. The availability of the Kemper CC over the last eleven months has translated into approximately $15.6 million in savings to customers to date because it is displacing higher cost generation.

(d) MPC's financial outlook has changed since the Company filed its May 15, 2015 rate case. Moody's put MPC on review for a downgrade[5] and Fitch recently downgraded the Company to BBB+ on June 5, 2015.[6] While S&P had already issued a below-investment

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[4] Order, Miss. Pub. Serv. Comm'n Docket No. 2013-UA-189, October 15, 2013.

[5] *Moody's Investor Service – Rating Action: Moody's puts Mississippi Power on review for downgrade; affirms Southern's ratings*; published May 27, 2015.

[6] *Fitch Ratings – Fitch downgrades Mississippi Power to 'BBB+'; Southern's Outlook Revised to Negative*, published June 5, 2015.

grade stand-alone credit rating profile for MPC (bb+),[7] S&P also issued a CreditWatch Negative report on July 8, 2015, indicating that a downgrade is likely in the next 30 to 45 days as a result of the Commission's July 7, 2015 Order, which suggested to S&P there is a "deteriorating regulatory relationship" in Mississippi.[8] Rate relief and regulatory uncertainty continue to negatively impact MPC's access to the debt market (and the cost of debt, if obtained).[9]

(e) On May 20, 2015, SMEPA's Board of Directors voted to end pursuit of its ownership interest in the Kemper Project. This decision further impacted MPC's cash availability by requiring that SMEPA's deposits be refunded. Since May 20, 2015, MPC has refunded $301 million of interest-bearing refundable deposits previously paid by SMEPA. That refund was only made possible as a result of a loan from MPC's parent Southern Company.

15. Cumulatively, the events discussed above have harmed MPC's cash position, credit metrics and, by extension, MPC's customers. MPC is currently faced with diminishing access to capital and—if the Company does not receive interim rates and if Southern Company does not provide additional support to MPC for the Mirror CWIP refund—will have a negative cash balance by November, 2015. Diminishing financial strength and credit quality hinders the Company's ability to reinvest in the business and increases the Company's need for debt financing at a higher cost, if even available, both of which impair MPC's ability to provide reliable customer service at reasonable rates. Customers, of course, would also face increasingly unreliable service if MPC became unable to meet its debt obligations. Simply put, the discontinuation of MPC's Mirror CWIP rates and the Company's current financial position

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[7] *Standard & Poor's Rating Service – Summary: Mississippi Power Company*, published October 31, 2014.

[8] *Standard & Poor's Rating Service - Research Update: Southern Co. and Utility Subsidiaries Ratings Placed on Watch Negative on Heightened Regulatory Risk in Mississippi,* published July 8, 2015.

[9] Direct Testimony of Moses H. Feagin, p. 17, MPSC Docket No. 2015-UN-80 (May 15, 2015).

require immediate Commission action in order to avoid business injury to the Company. In legal terms, the Company's rates are no longer "just and reasonable."

<u>LEGAL ANALYSIS</u>

16. In light of the foregoing, MPC respectfully requests that the Commission grant immediate interim rate relief designed to recover MPC's costs associated with those Kemper Project assets currently in service, until such time as the Commission has reviewed and rendered a final decision on the In-Service Asset Proposal. MPC's request does not and the Commission's action in this instance would not rely upon the provisions of the Baseload Act, but, instead is authorized wholly by the legislature's delegation of authority in MISS. CODE ANN. § 77-3-41.

17. MISS. CODE ANN. § 77-3-41 provides that:

> Whenever the commission, after hearing had on reasonable notices, finds that the existing rates in effect and collected by any public utility are unjust, unreasonable, materially excessive or insufficient or unreasonably discriminatory, or in anywise in violation of any provision of law, the commission shall determine, and fix by order, the just and reasonable rates which will yield a fair rate of return to the utility for furnishing service, which rates will thereafter be observed and in force. Said rates shall thereupon become the legal rates to be charged and paid until changed.
>
> The commission shall have power, when deemed by it necessary to prevent injury to the business or interest of the people or any public utility of this state in case of any emergency, to permit any public utility to alter, amend or suspend temporarily any existing rates, schedules and orders relating to or affecting any public utility or part of any public utility in this state except as provided in Section 77-3-42.[10]

18. Section 77-3-41 contains two independent sources of rate authority. The first paragraph permits the Commission, after hearing and notice, to adjust rates if they are determined to be unjust and unreasonable. The second paragraph provides the Commission separate emergency authority to implement temporary interim rates when it is necessary to

[10] Section 77-3-42 relates to rate increases resulting from fuel adjustment clauses or riders and to audits of fuel purchases, and is not relevant to this request.

prevent injury to the business or interest of the people or any public utility. MPC's request herein invokes both authorities.

19. The existing rates in effect are unjust, unreasonable, materially insufficient, and do not yield a fair rate of return to the utility for furnishing service. The Kemper Project's combined cycle facilities, and the other assets used to calculate the rate relief requested in this filing, are all "used and useful." The combined cycle facilities have already commercially generated billions of kilowatt hours of electricity without MPC receiving any permanent cost recovery. Furthermore, because construction of the relevant assets is complete and because the assets have months, if not years, of operating history, there are no apparent facts which might foreclose the Commission's ability to make a prudence determination in association with this request now. In short, these assets and the associated costs are "ripe for review" as suggested by Commissioner Renfroe.

20. The grant of interim or emergency rate relief is neither unusual nor unreasonable, and there are multiple instances nationwide of regulatory commissions granting regulated utilities immediate rate relief in the face of substantial economic hardship.[11] By law, MPC already enjoys a presumption of prudence for these costs,[12] but under the law a prudence determination prior to approval of temporary interim rates is not necessary. The Mississippi Supreme Court has long acknowledged that such pre-determinations of prudence are not

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[11] *See e.g.*, Order, FERC Docket No. ER80-315, 11 FERC ¶ 61,220 (1980)(Although FERC did not grant emergency rate relief in this Order, but rather set the matter for hearing as a request for CWIP relief, this Order notes that the utility "has filed for and received emergency rate relief in its Missouri retail jurisdiction and had requested permanent, emergency, and interim rate relief in its Kansas retail jurisdiction."); Order, Pennsylvania Public Utility Commission, Case No. R-2008-2073938 (Dec. 18, 2008); *see also* Sally W. Bloomfield, *Emergency Rate Making for Ohio Public Utilities*, 37 OHIO ST. L. J. 108 (1976)(in which Ohio Public Utility Commissioner discusses history and application of Ohio emergency ratemaking authority).

[12] The testimony already filed on May 15, 2015 in this proceeding is sufficient to create a presumption of prudence in the Company's expenditures, which would support a prudence finding if not rebutted by substantial evidence.

necessary under the Commission's traditional source of authority, the Public Utility Act.[13] This makes complete sense, particularly in emergency situations. To require notice, hearing and prudence prior to exercising emergency rate authority, especially since such authority is only temporary in nature, would seem to defeat the purpose of granting emergency authority in the first place.

21. In Mississippi, similar, interim rate relief has been granted by the Commission under MISS. CODE ANN. § 77-3-41 in prior proceedings involving major, baseload generation facilities intermingled with less controversial assets already placed in service. In Docket No. U-4620, related to the Grand Gulf Nuclear facility (as well as other generating facilities, including Independence Unit 2, and other unrelated costs), the Commission granted Mississippi Power & Light (MP&L) interim rates,[14] initially refused to grant subsequently requested emergency rates,[15] and then granted final rate relief following an expedited rehearing.[16] The grant of interim relief was "based on the Commission's general authority under Sections 77-3-39 and 77-3-47 and under the Commission's power and authority under the first paragraph of Section 77-3-41."[17] The Commission granted interim rates related to MP&L's Independence Unit 2—which had already been placed into service and from which "the Company's retail customers [were] receiving the benefits of substantial fuel savings....," although the Commission avoided granting any rate relief related to the more significant Grand Gulf costs also addressed in that docket.[18]

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[13] *Miss. Power Co. v. Goudy*, 459 So. 2d 257, 275 (Miss. 1984)(Hawkins, J., specially concurring).

[14] Interim Order, MPSC Docket No. U-4620 (Jan. 17, 1985).

[15] *See* Final Order on Rehearing, MPSC Docket No. U-4620 (Sept. 16, 1985).

[16] *Id.*

[17] Interim Order, MPSC Docket No. U-4620, p. 4 (Jan. 17, 1985).

[18] Interim Order, MPSC Docket No. U-4620, pp. 2-4 (Jan. 17, 1985).

22. Similarly, MPC's customers are receiving the benefits of substantial savings from the In-Service Assets; since its August, 2014 in-service date, the Kemper Combined Cycle has provided savings to customers of approximately $15.6 million. In light of the fact that significant Kemper Project assets are already in service, and in light of MPC's current financial outlook, as described in Mr. Feagin's testimony, the Company requests for interim rate relief are authorized by law and appropriate to grant in this case.

SUPPORTING DOCUMENTATION AND INFORMATION

23. In support of this Supplemental Filing, the Company submits the following documentation that is hereby incorporated herein by reference:

(a) Pre-filed supplemental direct testimony and exhibits of Mr. Moses H. Feagin, Vice President, Chief Financial Officer & Treasurer, Mississippi Power Company; and

(b) Exhibits "A" and "B" to this Supplemental Filing, which are copies of MPC's Report and Analysis to the Commission Supporting MPC's Decision to Place the Combined Cycle Generating Facilities and Related Portions of the Kemper County IGCC Project in Service.

(c) Exhibits "C" and "D" which are copies of Exhibit____(LJV-10) and Exhibit____(LJV-11), respectively, from the previously filed direct testimony of Mr. Lawrence J. Vogt in this docket, which are compliance rate and special contract schedules designed to recover the revenue requirement associated with both the interim rate request and the request for final approval of the In-Service Asset Proposal.

CONFIDENTIALITY

24. Exhibits "B" and "D" to this Supplemental Filing and Exhibit____(MHF-13) all contain confidential and proprietary commercial and financial information and trade secret

information of MPC and its customers under Sections 25-61-9, 25-61-11, 75-26-3 and 79-23-1, as applicable, of the *Mississippi Code of 1972, as amended* ("Confidential Information"). The Confidential Information provided by MPC derives independent value from being neither known nor readily ascertainable by other persons who can obtain economic value from its disclosure or use. In addition, some of the Confidential Information provided is subject to provisions of confidentiality and non-disclosure agreements between MPC and other parties.

25. Pursuant to Mississippi law and the Rules, MPC is attaching only the non-confidential portions of the exhibits for filing in the public records of the Commission. Full copies of the documents containing Confidential Information have been appropriately marked and are being filed confidentially under separate cover in accordance with RP 4.100(3) and 4.101(3) of the Commission's Rules. MPC requests that the Commission and the Staff maintain this information as confidential and that to the fullest extent permitted by law it not be disclosed to any third parties.

PROCEDURAL MATTERS

26. The name, address and telephone number of the MPC employee responsible for this filing and from whom information may be obtained is:

Mr. Billy F. Thornton
Vice President, External Affairs
Mississippi Power Company
2992 West Beach Boulevard
Post Office Box 4079
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(228) 865-5295

with copy to:

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bstone@balch.com

27. In light of the Supreme Court's decision in the Mirror CWIP Appeals, and in an abundance of caution, MPC is providing individual notice to its customers of this Supplemental Filing, pursuant to the requirements of RP 9.101. A copy of the form notice to be sent to customers is attached hereto as Exhibit "E" and incorporated herein by reference. Timely customer notice, however, is not a prerequisite to granting the emergency interim rate relief requested herein. Section 77-3-41 provides that the Commission may temporarily alter, amend or suspend existing rates, schedules and orders without a prudence or used and useful determination. Further no notice or opportunity to be heard of any kind is required to grant temporary emergency rates. This authority is similar to the rates under bond authority upheld by the Supreme Court in *Goudy* and contained in Section 77-3-39, which similarly requires no prior notice, hearing, or finding of prudence.

28. The Company has provided herewith all the information relevant to its petition and, therefore, requests a waiver of each and every other filing requirement that may be prescribed by the Commission's Rules.

WHEREFORE, PREMISES CONSIDERED, Mississippi Power Company respectfully requests that this Commission take immediate, emergency action by issuing an order: (1) finding that the interim rate relief requested is necessary to prevent injury to the business or interest of the people or any public utility of this state; (2) authorizing MPC to commence charging the rates associated with the proposed In-Service Asset Proposal as interim rates, subject to refund, until further order of the Commission; (3) establishing a schedule for the review of the In-Service Asset Proposal, including the prudence of the costs supporting the Proposal and (4) granting such other relief that the Commission deems appropriate.

RESPECTFULLY SUBMITTED, this the 10th day of July, 2015.

MISSISSIPPI POWER COMPANY

BY: BALCH & BINGHAM LLP

BY: Ben H. Stone

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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 instrument of writing 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 10 day of July, 2015.

Donna J. Beal
NOTARY PUBLIC

STATE OF MISSISSIPPI
NOTARY PUBLIC
ID # 70498
DONNA J. BEAL
Commission Expires
July 25, 2015
HARRISON COUNTY

My Commission Expires: ____________

CERTIFICATE OF SERVICE

I, BEN H. STONE, counsel for Mississippi Power Company in the foregoing filing on even date herewith do hereby certify that in compliance with Rule 6.112 of the Mississippi Public Service Commission Public Utility Rules of Practice and Procedure:

(1) An original and twelve (12) copies of the filing have been filed with the Commission by U.S. Mail to:

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

(3) A copy of the filing was served via U.S. Mail, postage prepaid, upon each of the following parties of record:

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(4) MPC has complied with all other requirements of Mississippi law and the Mississippi Public Service Commission's Public Utility Rules of Practice and Procedure.

Dated this the 10th day of July, 2015.

BEN H. STONE

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& BINGHAM LLP

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August 18, 2014

VIA E-MAIL
VIA U.S. MAIL

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

Re: **Mississippi Power Company's Report and Analysis to the Mississippi Public Service Commission Supporting Mississippi Power Company's Decision to Place the Combined Cycle Generating Facilities and Related Portions of the Kemper County IGCC Project in Service**

Dear Ms. Collier:

Pursuant to the Mississippi Public Service Commission's request at its August 5, 2014 meeting, I have enclosed the original and twelve (12) copies of Mississippi Power Company's Miscellaneous Filing of Report and Analysis and supporting documents for filing in the above-referenced docket. I have also included a copy of the first page of the filing, which I appreciate you file-stamping and returning to me in the enclosed, self-addressed, stamped envelope.

Exhibit____(MPC-2) and Exhibit____(MPC-5) to this filing are being provided under separate confidential cover, pursuant to the Commission's Rules. They contain confidential and proprietary commercial and financial information and trade secret information of a third-party under Sections 25-61-9, 25-61-11, 75-26-3 and 79-23-1, as applicable, of the Mississippi Code of 1972, as amended. These documents and the confidential information contained therein have been clearly designated as "Confidential." We are requesting that the Commission and Staff file and maintain these attachments as confidential to the fullest extent permitted by law, and as provided by Rules 4.100 and 4.101 of the Commission's Public Utilities Rules of Practice and Procedures.

Thank you for your assistance in this matter.

Very truly yours,

Ben H. Stone

BHS:hr

Attachments

cc: Shawn Shurden, Esq.
Mr. Virden Jones
Chad Reynolds, Esq.
Mr. Billy Thornton
Mr. Stephen Stiglets
Mr. Ben Vance

152398.1

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY **DOCKET NO. ______________**
EC-120-0097-00

IN RE: MISSISSIPPI POWER COMPANY'S REPORT AND ANALYSIS TO THE MISSISSIPPI PUBLIC SERVICE COMMISSION SUPPORTING MISSISSIPPI POWER COMPANY'S DECISION TO PLACE THE COMBINED CYCLE GENERATING FACILITIES AND RELATED PORTIONS OF THE KEMPER COUNTY IGCC PROJECT IN SERVICE

MISCELLANEOUS FILING OF REPORT AND ANALYSIS

COMES NOW, Mississippi Power Company ("MPC" or the "Company") and, pursuant to the Mississippi Public Utility Act and Rule 10 of the Commission's Public Utility Rules of Practice and Procedure ("Rules"), respectfully files this its Report and Analysis to the Mississippi Public Service Commission Supporting the Company's Decision to Place the Combined Cycle Generating Facilities and Related Portions of the Kemper IGCC Project[1] in Service. In support of this filing, MPC would show as follows:

1. MPC 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 generating, transmitting and distributing electric power to and for the public for compensation in twenty-three (23) counties of southeast Mississippi. The Company's principal place of business is located in Gulfport, Mississippi with a mailing address of 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 certain areas in the twenty-three (23) counties of southeastern Mississippi and is rendering service in accordance

[1] As defined in Docket No. 2009-UA-0014 and related dockets.

with 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 order of the Commission.

3. MPC is a Mississippi corporation and a copy of its corporate charter, articles of incorporation, the names and addresses of its board of directors and officers, the name of all persons owning fifteen percent (15%) or more of its stock, and a copy of its current balance sheet and income statement are on file with the Commission and are hereby incorporated by reference.

BACKGROUND

4. Since June 2010, MPC has been constructing the Kemper IGCC Project in Kemper County, Mississippi. While the entirety of the Project has not yet been completed and placed in service, certain Project components have been fully constructed, tested, and placed in service. The Company has notified the Commission's attorney, the Commission's Independent Monitor, URS, as well as the Mississippi Public Utilities Staff and its Independent Monitor, Burns and Roe, that the combined cycle and other related portions of the Kemper IGCC Project ("Kemper CC") would be available for service and that the Company intended to place the Kemper CC in service during the summer of 2014, consistent with generally accepted accounting principles ("GAAP") and Federal Energy Regulatory Commission ("FERC") guidance. To that end, the Company declared the Kemper CC to be in service effective 12:01 a.m. (CDT) on August 9, 2014.

5. On August 5, 2014, the Commission entered an order in Docket No. 2009-UA-0014 (a.k.a. the Kemper Certificate Docket) directing MPC to "file with the Commission, in a new docket, analyses supporting MPC's decision to place the [Kemper CC], and related portion, of the Kemper Project into service. Such filing shall include, but not be limited to, a detailed cost/benefit analysis to MPC and its customers, as well as any expected or necessary accounting

treatment and/or potential adjustments or impacts related to revenue recognition or any regulatory liability accounts."[2]

KEMPER CC BENEFITS

6. MPC submits to the Commission that the placing the Kemper CC in service for regulatory purposes in 2014 will provide benefits to MPC, its customers and serve the overall public interest based upon the following:

a. the Company can secure important and valuable tax benefits for both MPC and its customers through bonus depreciation that, based upon current law, would otherwise not be available if the Kemper CC were placed in service after 2014;[3]

b. the Kemper CC is capable of and will produce up to 730 MW of electric energy and will provide economic benefits for customers when dispatched; and

c. the Company will gain valuable knowledge and experience regarding the Kemper CC capabilities and operational characteristics.

7. MPC further submits that the Company's proposed accounting treatment is consistent with previous guidance from the Commission for the transmission lines and lignite mine assets for which construction has been completed and which have been placed in service during 2013. Such accounting treatment will result in the continued collection of Mirror CWIP rates as provided for in the Commission's Order in Docket No. 2013-UN-14; the recognition of the non-deferred equity return on all items placed in service; the deferral of all operating expenses associated with the operation of the Kemper CC; the credit of all revenues received for the energy delivered to the Southern Company power pool through the Company's fuel cost recovery mechanism; and the credit of all remaining Mirror CWIP collections to the regulatory

[2] MPSC Order, dated August 5, 2014 at p. 2

[3] I.R.C. § 168 codified at 26 U.S.C. § 168 (2013).

liability established for the benefit of customers in the 2013 Mirror CWIP Order. The Company respectfully requests that the Commission confirm that the above described accounting treatment is consistent with the previous orders of the Commission and that such treatment is just and reasonable and in the public interest.

8. As requested by the Commission's August 5th Order, the Company submits as an attachment to this filing the Company's "Report Of Mississippi Power Company Regarding MPC's Decision To Place The Combined Cycle Plant And Related Portion Of The Kemper Project Into Service," which is attached hereto and incorporated herein by reference.

9. Exhibit____(MPC-2) and Exhibit____(MPC-5) to the Company's Report contain confidential and proprietary commercial and financial information and/or trade secret information under Sections 25-61-9, 25-62-11, 75-26-3 and 79-23-1, as applicable, of the Mississippi Code of 1972, as amended, which we are filing with the Commission and Staff under separate confidential cover. The Company requests that the Commission and Staff file and maintain these documents as confidential to the fullest extent permitted by law, and as provided by Rules 4.100 and 4.101 of the Commission's Rules.

10. MPC has provided herewith all the information relevant to its application and, therefore, requests a waiver of each and every other filing requirement that may be prescribed by the Commission's Rules. Notice to any "interested persons" as defined in RP 2 is being provided in accordance with the Commission's Rules.

WHEREFORE, PREMISES CONSIDERED, Mississippi Power Company respectfully requests that this application be received and filed; that notice be issued as required by law and the Rules; that this matter be determined based upon the paper record available to the Commission or that it heard at the earliest date permitted by law; that this Commission issue an order confirming and approving the cost and accounting treatment described herein, and that the Commission grant such other and further relief as it deems appropriate.

RESPECTFULLY SUBMITTED, this 18th day of August, 2014.

MISSISSIPPI POWER COMPANY

BY: BALCH & BINGHAM LLP

BY: ______________________
Ben H. Stone

BEN H. STONE
Mississippi Bar No. 7934
TIM A. FORD
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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 instrument of writing 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 18th day of August, 2014.

NOTARY PUBLIC

My Commission Expires:

STATE OF MISSISSIPPI
NOTARY PUBLIC
ID # 32381
TRACY J. BOUMA
Commission Expires
Sept. 15, 2015
HANCOCK COUNTY

152274.2

CERTIFICATE OF SERVICE

I, BEN H. STONE, counsel for Mississippi Power Company in the foregoing filing on even date herewith do hereby certify that in compliance with Rule 6.112 of the Mississippi Public Service Commission Public Utilities Rules of Practice and Procedure:

(1) An original and 12 copies of the filing have been filed with the Commission by U.S. Mail to:

> Ms. Katherine Collier
> Executive Secretary
> Mississippi Public Service Commission
> 501 North West Street
> Suite 201A
> Jackson, Mississippi 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

(3) MPC has complied with all other requirements of the Mississippi Public Service Commission Public Utilities Rules of Practice and Procedure.

Dated this the 18th day of August, 2014.

Ben H. Stone

152274.2

REPORT OF MISSISSIPPI POWER COMPANY
REGARDING MPC'S DECISION TO PLACE THE
COMBINED CYCLE PLANT
AND RELATED PORTION OF
THE KEMPER PROJECT INTO SERVICE

EXECUTIVE SUMMARY

Consistent with and as required by applicable rules and regulations, MPC declared the combined cycle plant and related portion of the Kemper Project (Kemper CC) ready and available for service on August 9, 2014, for both accounting and tax purposes. This decision represents the culmination of months of start-up and commissioning activities necessary to prepare the Kemper CC for commercial operation. MPC rigorously studied the risks, costs, and benefits to both customers and MPC, and has concluded that for the following reasons, placing the Kemper CC in-service for regulatory purposes represents the best options for all stakeholders:

1. By placing the Kemper CC in-service in 2014, benefits of approximately $77 million ($54 million retail) net present value (NPV) are preserved (See Exhibit___(MPC-4)).

2. Preserving bonus depreciation benefits does not preclude MPC from seeking more beneficial federal tax or other benefits for the Kemper CC assets. Therefore, by placing the Kemper CC in-service now, MPC can maintain the flexibility necessary to maximize the financial benefits for the entire Kemper Project.

3. MPC's current analyses indicate that customers can derive approximately $4 million in energy benefits between August 2014 and June 2015 by allowing the Kemper CC to economically dispatch in the Southern Pool (See Exhibit____(MPC-5)).

Placing the Kemper CC in-service has several operational, accounting and regulatory consequences as described below:

1. Because the Kemper CC is expected to operate both to support Kemper Project start-up activities (as originally contemplated) and when dispatched pursuant to the principles of economic dispatch, it will be necessary to separately account for the costs associated with each mode of operation. As explained below, MPC has established processes in place necessary to accomplish this goal and sufficient to allow a full audit by the Commission, Staff and their respective IMs.

2. The decision to place the Kemper CC in service will not affect in any way the Commission and Staff's review of all Kemper costs under the prudence and used and useful doctrines.

3. The decision to place the Kemper CC in service will not affect the applicability of the construction cost cap contained in the Kemper certificate order. MPC has proposed appropriate accounting procedures (as detailed below) to ensure customers remain fully protected by the cost cap.

4. Placing the Kemper CC in-service will stop the accrual of AFUDC for the Kemper CC assets being placed in service, which would otherwise continue to accrue, increasing the total cost of the Kemper CC to customers. As a result, however, MPC is proposing that it be allowed to recognize and record its equity return and related income taxes on the Kemper CC consistent with the treatment currently provided for all other Kemper-related assets already placed in service.

5. The recognition of revenue for the equity return and related income taxes on the Kemper CC is expected to lower the level of Mirror CWIP recorded to the regulatory liability account. MPC estimates that placing the Kemper CC in service in August 2014 will result in the recognition of revenue in an amount of approximately $14 million in 2014 and $15 million through May 2015 of Mirror CWIP collections (See page 1 of Exhibit____(MPC-11)).

6. Consistent with current regulatory guidance, MPC intends to defer in a regulatory asset account all appropriate depreciation, interest expense, ad valorem tax, O&M and other Kemper CC costs that cannot be capitalized or recovered through Mirror CWIP collections prior to the in-service date for the remainder of the Kemper Project. MPC proposes to recover the deferred cost through MPC's proposed rate recovery plan, after review and approval by the Commission. Because many of these deferred costs are either subject to the cost cap and/or will be offset by energy revenues, MPC does not believe that these deferrals will have a significant impact on the customer rates proposed in the rate recovery plan (See page 2 of Exhibit____(MPC-11)).

7. MPC intends to securitize the same amount that would have been securitized if the Kemper CC had been placed in service with the remainder of the Kemper Project. The Company previously proposed to securitize the difference between the $2.4 billion certified estimate and the $2.88 billion cost cap plus AFUDC. Because placing the Kemper CC in service in 2014 will lower the amount of retail AFUDC by approximately $30 million (See footnote 5 on page 1 of Exhibit____(MPC-4)), MPC would securitize a lower total amount, thereby reducing the recoverable cost subject to debt financing. MPC proposes to securitize the same amount that would have otherwise been securitized, thereby lowering the amount in rate base and preserving the customer benefits of lower financing costs from securitization.

Placing the Kemper CC in service will not impact the Company's construction, start-up and commissioning activities for the remainder of the Kemper Project as explained below:

1. MPC has confirmed that operating the Kemper CC on natural gas will not affect the operational performance of the Kemper CC equipment on syngas.

2. MPC has confirmed that placing the Kemper CC in-service now (as opposed to in conjunction with the entire Kemper Project) will not otherwise affect the contractual warranties and/or performance guarantees applicable to the Kemper CC equipment.

3. Because of the construction cost cap and the Commission's ongoing monitoring and expected prudence evaluation and determination, customers are adequately protected from the capital cost risk of any incremental delays resulting from a possible but unlikely scenario that the Kemper CC is not available to support scheduled Kemper Project start-up and commissioning activities.

REPORT AND ANALYSES

Current Status

The Kemper CC generally consists of the gas turbines, steam turbine, heat recovery steam generators and all ancillary equipment and materials necessary to operate the Kemper CC. Exhibit____(MPC-1) is an illustration depicting all of the equipment considered by MPC to be part of the Kemper CC.

The Kemper CC was originally synchronized to the grid on September 7, 2013, using natural gas as a fuel. Over the past eleven months, critical tests of various components have been successfully completed. This effort culminated in a series of performance tests of the plant as a whole conducted on natural gas over a several week period in February 2014. The Kemper CC passed all applicable performance and environmental tests. Specific equipment issues were identified during the performance testing. In the months following, corrective actions were taken to resolve the issues. Test runs were conducted that confirmed the resolution of the issues.

During the course of testing, the Kemper CC has logged over 1,200 hours on line generating power onto the transmission system, including over 200 hours at full output. The Kemper CC has completed numerous continuous runs of more than 48 hours each, including two runs that were more than 7 continuous days. To date, the Kemper CC has generated over 326,000 MWH, enough energy to supply 23,000 homes for a year.

All environmental permits required for operation of the Kemper CC are in place, operations personnel have been trained, and the construction organization has transferred control of the Kemper CC to plant staff. Consistent with applicable accounting guidance, on August 9, 2014, MPC declared the Kemper CC ready and available for service. The balance of the Kemper Project, consisting of the gasifier, gas clean up, lignite delivery facilities, and CO_2 pipeline, is currently projected to be placed in service in the second quarter of 2015.

Kemper CC Construction Cost

The total cost of the Kemper CC is approximately $882 million.[1] Approximately $36 million of the $1.56 billion estimated loss recorded for costs above the Commission's $2.88 billion cost cap is applicable to the Kemper CC. Thus, the cost of the Kemper CC net of the estimated loss is approximately $846 million; this net cost represents the estimate used in the cost benefit analysis discussed below. Exhibit____(MPC-2) provides a line item estimate of the Kemper CC cost.

[1] Please note the actual total cost of the Kemper CC will not be finalized until unitization is complete. Unitization is commonly conducted by MPC accounting and finance following a declaration of in-service, and can take several months to complete.

Cost/Benefit Analysis

Prior to reaching the decision to propose placing the Kemper CC in-service for regulatory purposes, MPC analyzed the risks, costs and benefits from the perspective of both the customers and shareholders. MPC's analysis concludes that all stakeholders benefit from placing the Kemper CC in-service for regulatory purposes in 2014. The benefit to both customers and the shareholder is largely driven by the recognition of bonus depreciation on the Kemper CC assets. Secondary and comparably small, is the energy benefit derived from operating the Kemper CC in economic dispatch.

The analysis from each perspective is detailed below.

Customer Perspective

When the combined cycle is placed into service for regulatory purposes, considerable economic value will be gained for the benefit of the Company's customers. First and foremost, the combined cycle assets qualify for bonus depreciation under the Internal Revenue Code section 168.[2] Section 168 allows an additional depreciation deduction (for tax purposes) of 50% of the cost of assets in the year they are placed in service. The additional cash resulting from these tax deductions serves as a cost-free source of capital, displacing debt and equity that would otherwise be required. The resulting financial benefit from the cost-free capital is passed on to customers and shareholders by recording a deferred tax liability (amortized over the tax life) that lowers rate base and thereby lowers the revenue requirement to be collected from customers.[3]

Under current tax law, expenditures through the end of 2013 qualify for bonus depreciation if placed into service by the end of 2014. While there currently is a bill in Congress to extend bonus depreciation beyond the end of 2014, no guarantee of an extension exists.[4] Under current law, this bonus depreciation benefit would be forfeited if the Kemper CC is not placed into service in 2014.

The current estimate of the net present value savings comparing bonus depreciation to normal depreciation is approximately $74 million in total, which would be allocated to all stakeholders—retail customers, wholesale customers and shareholders. Exhibit____(MPC-3) is a table that allocates the estimated total bonus depreciation benefits among those three groups of stakeholders.

MPC conducted a full cost/benefit analysis, which includes all financial impacts associated with placing the Kemper CC in service. The detailed calculations are provided in Exhibit____(MPC-4). Page 1 sets forth a summary of the net benefit, in terms of revenue requirement reduction, of placing the Kemper CC in service for regulatory purposes in August 2014 as well as the high level assumptions supporting the analysis. Pages 2-5 include the revenue requirement

[2] I.R.C. § 168, codified at 26 U.S.C. § 168 (2013).

[3] The value of these deductions is reflected on the Company's books and records as a credit to Accumulated Deferred Income Tax in Account 282 under the FERC Uniform System of Accounts.

[4] Senate Bill No. 2260 (113th Congress) (https://beta.congress.gov/bill/113th-congress/senate-bill/2260).

calculation for placing the combined cycle in service in August 2014, as well as the revenue requirement calculation for the Kemper CC when the remainder of the Project is expected to go into service (i.e. June 2015).

Since August 9th, the Kemper CC has been available to provide economic benefits in terms of energy output as it will be another resource in the Southern Company generating fleet. Under the terms of the Intercompany Interchange Contract (IIC), when the unit's operating cost is in economic dispatch, it will be called upon to generate. During the hours that the Kemper CC is dispatching on an economic basis, it means that the Kemper CC is a cheaper energy resource than the next best alternative in the entire Southern Company generating fleet. Therefore, the savings to customers result from the Kemper CC displacing higher cost resources on an incremental, hour-by-hour basis. These savings will flow through the Company's Fuel Adjustment Clause and are expected to be approximately $4 million for the period between August 2014 and June 2015.[5] Exhibit____(MPC-5) provides the estimated monthly variable O&M, fuel costs, energy revenues and resulting customer savings. Although MPC cannot predict with certainty how much the Kemper CC will actually run in the coming months, the Company believes the attached illustration demonstrates the Kemper CC can provide a net benefit to customers when dispatched to run to meet customers' energy needs. While this benefit does not drive the ultimate decision, Exhibit____(MPC-5) does demonstrate that customer rates should not be impacted significantly, up or down, as a result of the Kemper CC being placed in economic dispatch.

Placing the Kemper CC in service also halts the accrual of AFUDC. MPC estimates that approximately $37 million in AFUDC will be avoided by placing the Kemper CC in service in August 2014 (See footnote 5 on page 1 of Exhibit____(MPC-4)). These savings, however, will be largely offset by the equity return contemplated and discussed further below. As the Commission is aware, the accrual of and capitalization of AFUDC covers both the debt and equity costs of capital deployed for construction projects such as the Kemper CC or the Kemper Project. Once the Kemper CC is placed in service and AFUDC accruals cease, the equity portion of the Company's capital would be covered through the recognition of revenue from Mirror CWIP collections as discussed herein. That leaves the debt portion to be deferred or recovered in another manner. In other words, AFUDC accrual and recognition of revenue for the equity return plus deferral of interest (as contemplated by the Company) essentially deal with the same costs, but in different forms of recovery, within different time periods.

Company/Shareholder Perspective

While most of the benefits of placing the Kemper CC in service are flowed back to customers, shareholders will also benefit. When the tax deduction is taken, the Company will receive additional cash. The following accounts on the Company's books are impacted:

Debit Cash
  Credit Accumulated Deferred Income Taxes (ADITs)

[5] Incremental fuel costs will be recovered through the FAC. Variable O&M (VOM) will be deferred in the regulatory asset account net of credits received through the IIC for VOM.

The financial benefit of bonus depreciation is that the deductions are taken much more quickly and, therefore, the Company has access to additional cash at no cost for a period of time that it otherwise would not have had. This results in lower investment needed to fund utility operations. Shareholders benefit in two ways: (1) theoretically they are not required to bear the cost of additional equity that would have been required had the cost-free capital not become available from bonus depreciation;[6] and (2) because a portion of the Kemper CC has been written down, they receive their allocated pro rata share of the ADIT credit recorded. As mentioned above, customers receive the benefits generated by the cost-free capital through a lower rate base (i.e. ADIT credit), and, therefore, lower rates. See Exhibit____(MPC-6) for an illustration of the flow of the benefits to customer and shareholders.

The cash received is used for utility business, and it eliminates financing requirements (less debt and equity is issued) to the extent of the amount received. The ADITs, and therefore the benefit of these ADITs, are allocated to customers and shareholders based on the amount of investment borne by each group in order to prevent a violation of the normalization regulations.[7] In the case of the Kemper CC, roughly 4% of the investment amount is paid for by shareholders since 4% of the Kemper CC cost was written off by the Company as being in excess of the $2.88 billion cost cap. Accordingly, customers will get 96% of the benefit associated with the ADITs related to bonus depreciation, and the shareholders will get 4% of the benefits.

From a cost recovery standpoint, shareholders are essentially indifferent. MPC has proposed (see below) to defer all appropriate Kemper CC costs for later recovery in the rate recovery plan, subject to review by the Commission and Staff for prudence. This treatment ensures that any and all costs subject to the cost cap remain subject to the cost cap, ensuring the same cost recovery irrespective of the decision to place the Kemper CC in service. Finally, although MPC has proposed to recognize revenue sufficient to cover its after-tax equity return for the Kemper CC, MPC would be accruing equity AFUDC on the same amount of investment if the Kemper CC was not placed into service.

The Company/shareholders receive no additional economic benefit than explained above as a result of placing the Kemper CC in service.

Proposed Accounting for Kemper CC

MPC does not intend the decision to place the Kemper CC in service to affect the applicability of the construction cost cap contained in the Kemper certificate order. MPC has determined the appropriate accounting procedures that will help to ensure that customers remain fully protected by the cost cap. These procedures are described below and illustrated in Exhibit____(MPC-7):

1. Kemper Plant personnel will continue to charge the cost of capital items (e.g. punch lists) for the Kemper CC costs to the project as CWIP and cost for the operation and maintenance of the Kemper CC will be recorded to O&M accounts.

[6] This “benefit” is largely theoretical. This does not mean that additional profit is generated for shareholders by taking bonus depreciation. Rather, existing shareholders do not have their shares “diluted” by the issuance of additional stock that would be required if the cost-free capital from the bonus depreciation were not available.
[7] I.R.C. § 168i(9) codified at 26 U.S.C. § 168i(9) (2013); I.R.C. § 168i(10) codified at 26 U.S.C. § 168i(10) (2013).

2. On a monthly basis, Accounting Department personnel, in collaboration with Kemper Plant personnel, will analyze the Kemper CC charges and identify the following:

    a. Non-incremental costs that would have been incurred whether or not the Kemper CC was placed in service (i.e. costs which would have been capitalized if the Kemper CC had not been placed in service early) will be re-classified to a regulatory asset account (182-31131) and will continue to be subject to the cost cap. As a result, customers will not pay any more for these non-incremental costs than they otherwise would have paid. The Company proposes to amortize any Commission-approved non-incremental costs over the life of the plant just as capitalized costs would be depreciated over the life of the plant. The estimated amount for non-incremental costs from August 2014 to June 2015 is $19 million (See page 2 of Exhibit____(MPC-11)).

    b. Incremental costs that would not have been incurred if the Kemper CC had not gone into service will be re-classified to a regulatory asset account (FERC 182-31132 for fixed and FERC 182-31134 for variable) and will not be subject to the cost cap because these costs are only being incurred to support operation of the Kemper CC while in dispatch (not during Kemper testing) and provide net savings to customers. The estimated amount for incremental costs not subject to the cost cap from August 2014 to June 2015 is $25 million (See page 2 of Exhibit____(MPC-11)).

3. All cost subject to the cost cap, including the Kemper CC costs reclassified to the regulatory asset account subject to the cost cap will be considered in the determination of the Company's write-off amount. The Company, through its tracking of Kemper costs, can identify amounts subject to the cost cap. The amounts subject to the cost cap are compared to the cost cap amount of $2.88 billion. The amount in excess of the $2.88 billion cost cap is written off by the Company in accordance with the Commission's Final Order on Remand.

4. The Company's August 2014 PSC report to be filed at the end of September will reflect the addition of new line items for the Kemper CC costs recorded in the three new regulatory asset accounts set forth in item 2 above. The line items on the PSC report that currently include the estimates for non-incremental costs will be reduced by corresponding amounts.

5. The Company's accounting procedures and records are subject to audit by Nicholson & Company, PLLC (the MPSC's independent accounting monitor) and Larkin & Associates (the MPUS's independent accounting monitor). In addition, Deloitte & Touche, independent auditors engaged by the Southern Company Board of Directors, reviews the Company's accounting information quarterly and also audits the accounting information annually for the purpose of expressing an opinion its financial statements.

Applicable Legal and Regulatory Guidance

Accounting Guidance

Under generally accepted accounting principles (GAAP) and guidance from FERC, an asset should begin to be depreciated when it is available and ready for use.[8] FERC requires the transfer of costs from account *107 – Construction Work in Progress* to account *101 – Plant in Service* when the engineering department declares the project to be in-service.[9] Under the Code of Federal Regulations (CFR), if any part of a plant is ready to be placed into service before the plant as a whole, facilities common to both will be placed into service with the first unit.[10] Consequently, the Allowance for Funds Used During Construction (AFUDC) shall cease for assets placed in service once the plant, or part of a plant, is placed into service.[11] It is important to note that MPC does not have discretion under the accounting guidance cited herein after an asset is declared "available and ready for use." For accounting purposes, the asset must be placed in-service and MPC must begin depreciation. Exhibit____(MPC-8) is a copy of accounting guidance relevant and applicable to the decision to place the Kemper CC in service.

The expertise to determine when an asset is "available and ready for use" lies within the MPC Generation Development, MPC Generation and SCS E&CS departments. A rigorous procedure and checklist was followed to ensure that all areas confirm that the asset to be placed in service is in fact "available and ready for use." This checklist, for example, required the construction and start-up functions to declare their respective scope and duties complete and for the MPC Generation department to confirm it had inspected the asset and agreed to accept operational responsibility as of the declared in-service date. MPC believes the procedures and checklist followed for the Kemper CC exceeds the minimum requirements proscribed by the accounting and tax rules. A copy of the checklist evidencing the completion of this procedure is attached as Exhibit____(MPC-9).

Tax Guidance

According to published guidance, the IRS looks for indications that an asset is ready and available to perform its intended function on a sustainable basis before allowing the asset to be placed into service for tax purposes. The Company has researched the applicable law and relies upon case law and tax rulings when making the determination for placing an asset into service for tax purposes.[12] Exhibit____(MPC-10) is a copy of the IRS guidance relied upon by MPC in supporting its decision to place the Kemper CC in service.

Some factors on which the law and ruling have relied upon are:

- Whether the necessary permits and licenses have been approved;

[8] Accounting Standards Codification §360-10

[9] FERC Audit Manual

[10] 18 CFR § 1.101, Balance Sheet Accounts, 107 Construction work in progress-Electric, B

[11] 18 CFR § 1.101 Electric Plant Instructions, 3A (17)(b)

[12] Revenue Rulings 76-256; 79-203; 84-85; and 79-98; IRS Letter Rulings 201205005; 200334031; and 201311003

- Whether the critical test for the various components are complete;
- Whether the unit was placed in control of the taxpayer by the contractor;
- Whether the unit was synchronized into the taxpayer's power grid for its function in the business of generating electric energy for the production of income; and
- Whether the daily operation of the generating unit began.

As detailed in Exhibit___(MPC-9) all of the above items were satisfied on or before August 9, 2014.

MPC's in-service determination for the Kemper CC has been supported by the IRS Compliance Assurance Program (CAP) agent assigned to Southern Company. Southern Company participates with the IRS under its CAP program in which an agent for the IRS works with the Company on tax issues and tax filings. Discussions with the IRS CAP agent on the readiness of the combined cycle to be placed into service have been ongoing and consensus was reached that it is indeed ready for service.

MPC has reviewed the applicable tax guidance and has concluded (absent a subsequent change in law or interpretation) that placing the Kemper CC in service prior to the entire Kemper Project will have no adverse impact on MPC's ability to take advantage of other possible federal incentives/subsidies including CCPI2 and Phase II investment tax credits, as well as the ability to utilize more favorable alternate tax incentives available in the future.

Regulatory Guidance

In 2012 and 2013, transmission assets were constructed and placed into service. In June 2013, the Liberty Mine was completed and declared in service. These actions were reported in the monthly Kemper Project Status and Cost report as well as discussed in the monthly Independent Monitor meetings.

As directed by the Commission in its previous accounting order, MPC has deferred certain costs for these in-service assets to a regulatory asset account.[13] In addition, MPC has interpreted the Mirror CWIP Order as authorizing the recognition of sufficient revenue necessary to cover the cost of equity (but not debt) for these in-service assets.[14] This authority was meant to compensate for the GAAP rules that prohibit MPC from deferring the cost of equity. Consistent with current regulatory guidance, the Company proposes to defer appropriate costs associated with the Kemper CC for future review and recovery and recognize currently revenue from the Mirror CWIP collections sufficient to cover the cost of equity related to the Kemper CC. It is worth noting that this method is consistent with the Commission's Final Order on Remand, wherein the Commission contemplated MPC collecting a current return on CWIP, except that debt was included in the CWIP calculation, but is excluded from the Company's revenue recognition under the proposal described herein. Exhibit____(MPC-11) provides an accounting of the monthly cost deferrals for the Kemper CC and recognition of equity return related to all

[13] MPSC Order dated June 7, 2011, in Docket No. 2009-UA-014

[14] MPSC Order dated March 5, 2013, in Docket No. 2013-UN-14, p. 26.

Kemper in-service assets through June 2015, the current projected COD for the entire Kemper Project.

Operational Considerations

MPC's plant operations personnel at Kemper accepted operational responsibility for the Kemper CC on August 9, 2014. As confirmed in Exhibit____(MPC-9), all operating permits are in place and no further approvals are necessary to operate the Kemper CC. The Kemper CC operations staff has been on site for months and has completed all necessary training necessary to operate the Kemper CC in support of commercial operation and in support of continued start-up activities for the gasifier and gas cleanup processes. Fuel supply and transportation arrangements are in place to support Kemper CC operations on natural gas. Sufficient transmission capacity has been confirmed with Southern Company Transmission.

MPC does not perceive any significant additional risk of operating the Kemper CC temporarily on natural gas. The Kemper CC has been temporarily fenced to prevent construction personnel from having ready access to the Kemper CC area while in operation, and appropriate safety procedures are in place. MPC has consulted with the original equipment manufacturers as well as the applicable contracts and has determined that operating the Kemper CC equipment on natural gas as contemplated will not affect the operational performance of the Kemper CC equipment on syngas.[15] MPC has also confirmed that placing the Kemper CC in-service now (as opposed to in conjunction with the entire Kemper Project) will not otherwise affect the contractual warranties and/or performance guarantees for syngas applicable to the Kemper CC equipment.[16]

In the unlikely event of damage to the Kemper CC during operation, MPC would review the circumstances on a case by case basis and perform a root-cause analysis (RCA) consistent with normal operating procedure for all of MPC's generating units. Depending on the analysis performed through the RCA, the cost to replace or repair would be covered by either warranty, insurance or the existing property damage reserve. The equipment warranties on the Kemper CC would cover actual property damage or loss caused by a "covered" event, including resultant physical loss or damage (e.g. turbine blade liberates and causes collateral damage to the unit). Generally this coverage is limited to the cost to repair or replace. In the event that the damage is not covered under the equipment warranty (e.g. operator or maintenance error, weather event, etc.) or insurance the property damage reserve would be used to cover the costs of

[15] As is typical with all large equipment, there is performance degradation associated with operating any unit so when the unit begins syngas operation it will have experienced normal and expected wear and tear. However, the combined cycle is not expected to run on natural gas substantially more for dispatch purposes than it would in support of the gasifier commissioning. Therefore, any additional degradation that would be caused by the additional operational time while under economic dispatch will be de minimis.

[16] The performance guarantees for operating on syngas only apply if the unit is operating on syngas by November 1, 2014. If the unit is not operating on syngas by that time then the guarantees default to the natural gas performance which has already been tested and documented. Placing the unit in service and operating on natural gas prior to November 1, 2014, will not affect the syngas guarantees.

repair or replacement not otherwise provided for. These scenarios are identical to the risks faced on all other units currently owned and operated by MPC.

Impacts to Kemper Project

Through proactive planning, MPC has ensured that the day-to-day operation of the Kemper CC will not adversely affect the progress being made on the balance of the Kemper Project. The MPC Kemper Plant management and Kemper Project construction and start-up management have established a daily meeting to ensure the Kemper CC operations do not interfere with the other Kemper-related activities on site and to ensure that the Kemper CC is available for testing and gasification support activities when called upon for such activities. Positive (physical) isolations have been installed between the gasifier/gas clean up areas and the Kemper CC. MPC has confirmed that operating the Kemper CC will not trigger Process Safety Management (PSM) requirements.

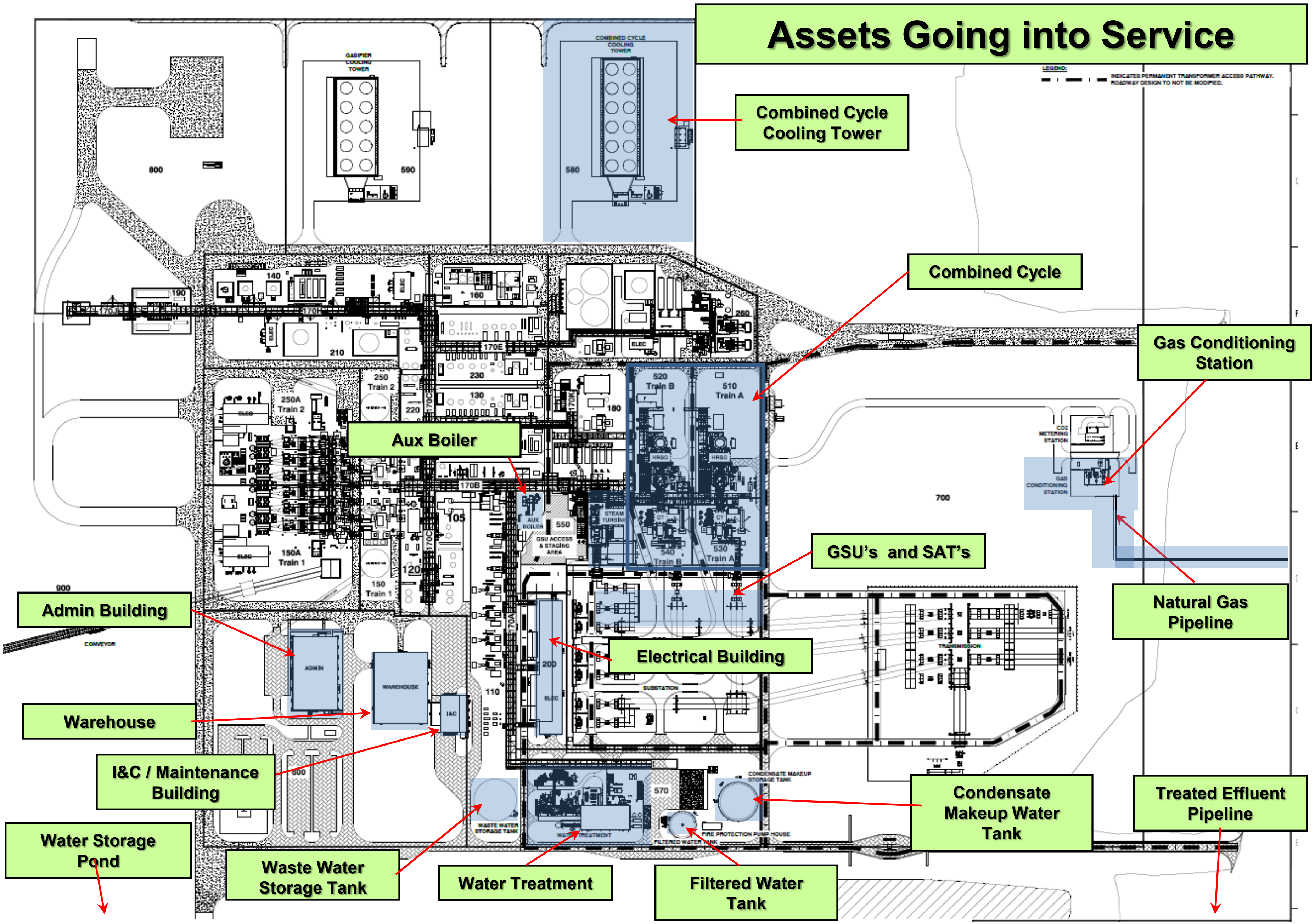
While there is a possible but unlikely risk that a failure to the Kemper CC could occur that is significant enough to impact the overall Kemper Project cost and schedule, this risk exists independent of when the Kemper CC is placed into service. The Kemper CC is needed to support Kemper Project start-up and commissioning activities well before the projected COD for the Project. Any failure that has the possibility of occurring during economic dispatch is equally possible during operations to support testing. MPC does not perceive a significant increase in this risk caused by the decision to place the Kemper CC in-service prior to the entire Kemper Project.

While insurance and manufacturer's warranties cannot be relied upon for protection from any resulting consequential damages from such an unlikely event, customers remain protected by the provisions of the construction cost cap. Because MPC has already exceeded the cost cap established in the Kemper certificate order, any additional capital costs arising from incremental delays caused by the non-availability of the Kemper CC will be subject to the cost cap and, therefore, written off. Any additional uncapped capital costs would be subject to the review of the Commission in conjunction with the prudence proceeding.

CONCLUSION

Placing the Kemper CC into service in 2014 preserves the Company's and Commission's flexibility to ensure that MPC's customers will enjoy the most favorable financial benefits available, and, furthermore, will provide MPC's customers with an estimated $4 million in energy benefits between August, 2014 and June, 2015. Because this opportunity will procure substantial and immediate benefits for the customer—without waiving the Commission's ability to review all Kemper decisions during the subsequent prudence review—the proposed placement of the Kemper CC into service is within the public interest.

Based upon all of the foregoing, MPC requests a Commission decision confirming the Company's regulatory authority to: 1) place the Kemper CC into service for regulatory purposes; 2) defer in a regulatory asset account the related depreciation, interest, ad valorem tax, O&M, and other Kemper CC costs that cannot be capitalized or recovered through Mirror CWIP collections prior to the in-service date of the remainder of the Kemper Project for recovery through MPC's proposed rate recovery plan, as ultimately approved by the Commission; 3) continue to collect rates under the Mirror CWIP order; 4) recognize revenue from mirror CWIP collections sufficient for the equity return and associated income taxes for the Kemper CC and other assets placed in service; and 5) continue to accrue AFUDC for the Kemper Project assets still under construction.


Assets Going into Service
Combined Cycle Cooling Tower
Combined Cycle
Gas Conditioning Station
Aux Boiler
GSU's and SAT's
Natural Gas Pipeline
Admin Building
Electrical Building
Warehouse
I&C / Maintenance Building
Condensate Makeup Water Tank
Treated Effluent Pipeline
Water Storage Pond
Waste Water Storage Tank
Water Treatment
Filtered Water Tank
800
590
580
140
190
160
260
210
250 Train 2
250A Train 2
230
130
220
180
520 Train B
510 Train A
700
105
550
540 Train B
530 Train A
150A Train 1
150 Train 1
120
900
200
110
600
570

Combined Cycle and Related Assets placed in Service August 9, 2014	CC amount included in $2.4B	CC Portion of $2.88B Cost Cap	Current View Portion of CC	Loss Associated with CC
Land	29.36	35.23	32.28	2.95
EPC (Engineering Procurement & Construction)				
Engineering	23.84	28.60	52.40	(23.80)
Major Equipment	297.21	356.65	294.84	61.81
Engineering Procured	41.03	49.24	65.76	(16.53)
Construction	189.80	227.76	257.17	(29.41)
Construction-Indirects	24.87	29.84	86.73	(56.89)
Fuel Facilities - Gas Lateral	11.77	14.13	9.90	4.22
Pre-Commerical Operations	7.64	13.98	41.38	(27.40)
Corporate Development	9.81	11.78	10.16	1.61
Start Up Fuel/Energy/By Products	8.98	10.77	4.27	6.50
CCPI2	(85.00)	(85.00)	(85.00)	-
Ad Valorem	7.54	9.04	13.00	(3.96)
Contingency Risk	8.51	6.61	3.92	2.69
Total Capped Cost does not include AFUDC	575.35	708.61	786.81	(78.20)
Beneficial Capital amounts included:				
Siemens-GSU Transformers			(0.80)	
Aquatech 1+4 Make Up Waste Water Treatment Plant			(3.19)	
Siemens-Combustion Turbines			(33.08)	
Change in Law amount included:				
NERC-CIP requirements not in effect when Kemper was certified			(5.62)	
CC costs Subject to Cost Cap	575.35	708.61	744.12	(35.51)
AFUDC			95.20	
Add Back Benefical Capital and Change in Law			42.69	
Total CC and related assets placed in service	575.35	708.61	882.01	

in Millions

Combine Cycle and Associated Assets being Placed in Service August 9, 2014 -Preliminary

	2.395 Certificate Amount	2.88 Certificate Amount	May 2014 Current View	Percentage Being Placed In Service	2.395 Certificate Amount	2.88 Certificate Amount	May 2014 Current View	2.88 Certifcate Amount May 2014 CV Difference
Land	29.36	35.23	32.28	100.00%	29.36	35.23	32.28	2.95
EPC (Engineering Procurement & Construction)								
Engineering								
Design - KBR labor	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Outside Engineering	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
License Agreements	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Design - SCS labor	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Project Support	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Project Management	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Construction Mgmnt	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Start Up Labor	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Engineering	245.19	294.22	446.43		23.84	28.60	52.40	(23.80)
Major Equipment								
Steam Turbine	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Combustion Turbine	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
HRSG	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Condenser w/ Vacuum Pumps	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
GSU/SST	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gas conditioning System	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Water and Waste Water Treatment	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Process Air Compressor Package	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Pressurized Transport Reactor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Syngas Cooler	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Coal Drying Package	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Particulate Control Device	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gasifier Coal Feed Lock Vessel	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gasifier Coal Feed Dilute Phase Conveyor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Coal Mill	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
PC Cyclonic Baghouse	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Venturi Scrubber	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Booster Gt Air Compressor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Nitrogen Generator	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Total Major Equipment	607.60	729.12	566.96		297.21	356.65	294.84	61.81
Engineering Procured								
Auxiliary Boiler	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Reactor, Chemical	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Compressors	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Unit Chiller	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Material Handling - Feeder	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Dryers	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Burners	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Boiler (Incinerator)	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Lifting Devices - Elevator	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gas Systems - Nitrogen	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Mixer	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Structural Steel	[redacted]	[redacted]	[redacted]	4.10%	[redacted]	[redacted]	[redacted]	[redacted]
Piping and Accessories (Piping Only)	[redacted]	[redacted]	[redacted]	8.59%	[redacted]	[redacted]	[redacted]	[redacted]
Vessel	[redacted]	[redacted]	[redacted]	1.48%	[redacted]	[redacted]	[redacted]	[redacted]
Heat Exchangers	[redacted]	[redacted]	[redacted]	1.60%	[redacted]	[redacted]	[redacted]	[redacted]
Catalyst	[redacted]	[redacted]	[redacted]	0.02%	[redacted]	[redacted]	[redacted]	[redacted]
Pumps	[redacted]	[redacted]	[redacted]	18.06%	[redacted]	[redacted]	[redacted]	[redacted]
Drums	[redacted]	[redacted]	[redacted]	0.63%	[redacted]	[redacted]	[redacted]	[redacted]
Miscellaneous	[redacted]	[redacted]	[redacted]	-2.16%	[redacted]	[redacted]	[redacted]	[redacted]
Monitoring Systems - Continuous Emissions (CEMS)	[redacted]	[redacted]	[redacted]	34.04%	[redacted]	[redacted]	[redacted]	[redacted]
Control System - Distrib Control (DCS)	[redacted]	[redacted]	[redacted]	32.61%	[redacted]	[redacted]	[redacted]	[redacted]
Filters	[redacted]	[redacted]	[redacted]	2.92%	[redacted]	[redacted]	[redacted]	[redacted]
Motor Control Centers	[redacted]	[redacted]	[redacted]	32.92%	[redacted]	[redacted]	[redacted]	[redacted]
Switchgear	[redacted]	[redacted]	[redacted]	33.33%	[redacted]	[redacted]	[redacted]	[redacted]
Tanks	[redacted]	[redacted]	[redacted]	11.99%	[redacted]	[redacted]	[redacted]	[redacted]
Monitoring Systems	[redacted]	[redacted]	[redacted]	54.29%	[redacted]	[redacted]	[redacted]	[redacted]
Conductors & Accessories - Bus, Cable	[redacted]	[redacted]	[redacted]	8.35%	[redacted]	[redacted]	[redacted]	[redacted]
Valves	[redacted]	[redacted]	[redacted]	10.31%	[redacted]	[redacted]	[redacted]	[redacted]
Transformers	[redacted]	[redacted]	[redacted]	11.51%	[redacted]	[redacted]	[redacted]	[redacted]
Conductors & Accessories - Isophase Bus	[redacted]	[redacted]	[redacted]	20.90%	[redacted]	[redacted]	[redacted]	[redacted]
Construction Material PIPING	[redacted]	[redacted]	[redacted]	7.20%	[redacted]	[redacted]	[redacted]	[redacted]
Construction Material I&C	[redacted]	[redacted]	[redacted]	9.40%	[redacted]	[redacted]	[redacted]	[redacted]
Construction Material ELECTRICAL	[redacted]	[redacted]	[redacted]	10.54%	[redacted]	[redacted]	[redacted]	[redacted]
Liquadated Damages	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Total Engineering Procured	663.72	796.47	1,049.31		41.03	49.24	65.76	(16.53)

in Millions

Combine Cycle and Associated Assets being Placed in Service August 9, 2014 -Preliminary

	2.395 Certificate Amount	2.88 Certificate Amount	May 2014 Current View	Percentage Being Placed In Service	2.395 Certificate Amount	2.88 Certificate Amount	May 2014 Current View	2.88 Certifcate Amount May 2014 CV Difference
Construction								
CC General Contractor	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Site Work	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Water Lateral Contractor	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Water Storage Pond Contractor (Meridian Gray Water)	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gassifier General Contractor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Ash Storage Contractor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
A/G Fire Protection Contractor	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Piling Contractor	[redacted]	[redacted]	[redacted]	17.79%	[redacted]	[redacted]	[redacted]	[redacted]
Concrete & Undergrounds Contractor	[redacted]	[redacted]	[redacted]	30.71%	[redacted]	[redacted]	[redacted]	[redacted]
Insulation contractor	[redacted]	[redacted]	[redacted]	8.41%	[redacted]	[redacted]	[redacted]	[redacted]
Cooling Tower contractor	[redacted]	[redacted]	[redacted]	52.10%	[redacted]	[redacted]	[redacted]	[redacted]
Field Erected Tanks Contractor	[redacted]	[redacted]	[redacted]	10.79%	[redacted]	[redacted]	[redacted]	[redacted]
Architectural Buildings Contractor	[redacted]	[redacted]	[redacted]	95.42%	[redacted]	[redacted]	[redacted]	[redacted]
Total Construction	396.46	475.76	1,076.47		189.80	227.76	257.17	(29.41)
Scope Additions	-	-	37.20	0.00%	-	-	-	-
Indirects								
Total Indirects	[redacted]	[redacted]	[redacted]					
Less Amount Allocated to Co2 Pipeline	[redacted]	[redacted]	[redacted]					
Remaining Directs in Capped cost	163.62	196.34	731.75	12.65%	24.87	29.84	92.57	
Less Amount Allocated to LDF-Not going in service					[redacted]	[redacted]	[redacted]	[redacted]
Total Indirects				12.65%	24.87	29.84	86.73	(56.89)
Total EPC	2,076.59	2,491.91	3,903.28		576.74	692.08	756.89	(64.81)
Fuel Facilities								
Lignite Delivery Facility	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Gas Lateral	[redacted]	[redacted]	[redacted]	95.16%	[redacted]	[redacted]	[redacted]	[redacted]
	99.52	119.43	144.97		11.77	14.13	9.90	4.22
Pre-COD Operations								-
Simulator	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
EPC contract Training	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Staffing and Training	[redacted]	[redacted]	[redacted]	19.21%	[redacted]	[redacted]	[redacted]	[redacted]
Start Up Materials	[redacted]	[redacted]	[redacted]	21.00%	[redacted]	[redacted]	[redacted]	[redacted]
Initial Inventory	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
	56.27	92.52	260.69		7.64	13.98	41.38	(27.40)
Corproate Development	51.09	61.30	59.14	19.21%	9.81	11.78	10.16	1.61
Start Up Fuel / Energy / By-Products								
Lignite Cost	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
By Products Sales	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Natural Gas Costs	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
Energy Sales	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	[redacted]
	41.82	50.18	23.38		8.98	10.77	4.27	6.50
Ad Valorem	13.04	15.65	23.37		7.54	9.04	13.00	(3.96)
CCPI2 Funds	(245.22)	(245.22)	(245.30)		(85.00)	(85.00)	(85.00)	-
Transmission*	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Schedule Risk	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Contingency - Base Costs	[redacted]	[redacted]	[redacted]	5.27%	[redacted]	[redacted]	[redacted]	[redacted]
Less BC/CIL/FM	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	[redacted]
Total Capped Cost	2,395.34	2,880.00	4,438.92		575.35	708.61	744.12	(35.51)
Uncapped Costs								
Beneficial Capital	[redacted]	[redacted]	[redacted]	77.91%	[redacted]	[redacted]	[redacted]	
Change in Law	[redacted]	[redacted]	[redacted]	100.00%	[redacted]	[redacted]	[redacted]	
Force Majeure	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
Mine*	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
CO2 Pipeline	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
AFUDC	[redacted]	[redacted]	[redacted]	17.21%	[redacted]	[redacted]	[redacted]	
Process Development Allowances	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
Regulatory Costs	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
PSC/MPUS Independent Monitors	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
Debt Issuance	[redacted]	[redacted]	[redacted]	0.00%	[redacted]	[redacted]	[redacted]	
Total Cost	2,395.34	2,880.00	5,552.30		622.05	764.65	882.01	

*Transmission Assets have been placed in service upon completion and the Mine was placed in Serivce June 2013

MISSISSIPPI POWER COMPANY
Bonus Depreciation Benefit By Recipient

All amounts reflect MPC's 85% ownership view.

	Retail [1]	Wholesale [1]	Shareholder [1]	Total
NPV of Bonus Depreciation Revenue Requirement	($116,056,441)	($49,738,475)	($6,908,121)	($172,703,036)
NPV of MACRS Depreciation Revenue Requirement	($66,518,532)	($28,507,942)	($3,959,436)	($98,985,910)
Net NPV Benefit	**($49,537,909)**	**($21,230,532)**	**($2,948,685)**	**($73,717,126)**

	Retail [1]	Wholesale [1]	Shareholder [1]	Total
Nominal Bonus Depreciation Revenue Requirement	($280,215,418)	($120,092,322)	($16,679,489)	($416,987,229)
Nominal MACRS Depreciation Revenue Requirement	($211,085,652)	($90,465,279)	($12,564,622)	($314,115,553)
Net Nominal Benefit	**($69,129,766)**	**($29,627,043)**	**($4,114,867)**	**($102,871,676)**

[1] The allocation of the total benefit to the shareholder is based on the ratio of the loss to the total cost of the Combined Cycle ($30M / $731M = 4%). The remaining 96% of the benefit is allocated between the retail and wholesale jurisdictions using a 70/30 split.

MISSISSIPPI POWER COMPANY
Kemper Combined Cycle Cost-Benefit Analysis (including cost deferrals)

All amounts reflect MPC's 85% ownership view.

	NPV of Revenue Requirement to Customers			
	Retail [4]	Wholesale [4]	Total	
Combined Cycle In-Service Aug. 1, 2014	$ 735,318,144	$ 315,136,347	$ 1,050,454,491	*See page 2.*
Combined Cycle In-Service June 1, 2015	789,261,065	338,254,742	1,127,515,807	*See page 2.*
Net Benefit [3]	**$ (53,942,921)**	**$ (23,118,395)**	**$ (77,061,315)**	*See page 2.*

Combined Cycle Assumptions Used in Calculation of Revenue Requirements [1]:

In-Service Date	8/1/2014	6/1/2015
Plant in Service Components:		
Capital Expenditures [2]	$ 649,976,085	$ 668,753,092
AFUDC [5]	80,920,000	118,269,843
Write-off for amounts above $2.88B	(30,183,500)	(30,183,500)
Total Plant In Service Balance	$ 700,712,585	$ 756,839,435
Deferred Costs in Regulatory Asset:		
Non-incremental O&M [2]	$ 14,188,363	$ -
Incremental O&M	4,071,355	-
Revenues from Sales	(5,395,612)	-
Ad Valorem [2]	4,588,644	-
Depreciation	13,868,270	-
Interest	12,774,706	-
Total Regulatory Asset Balance	$ 44,095,726	$ -
Tax Basis:		
Amount eligible for Bonus	$ 558,720,000	$ -
Amount not eligible for Bonus	134,400,000	693,120,000
Total Tax Basis	$ 693,120,000	$ 693,120,000

Notes:

[1] Assumptions associated with costs incurred after August 1, 2014 are estimates and are subject to change.

[2] Non-incremental O&M and Ad Valorem incurred between August 1, 2014 and the COD of the gasifier are subject to the cost cap and have been included in the calculation in both revenue requirements. In the August 2014 revenue requirement, these costs are recorded to a regulatory asset. In the June 2015 revenue requirement, these costs are included in capital expenditures. In either revenue requirement, these costs are ultimately not charged to customers because they are being offset by the charge to earnings already recorded on MPC's books. The total charge off was calculated by taking the difference between the Total Project Current View and the $2.88B cap. The non-incremental O&M and ad valorem amounts proposed to be deferred above are included in the current view estimate and are therefore subject to the cost cap.

[3] This net benefit includes the benefits of bonus depreciation in the amount of $50 million and $21 million, respectively for the Retail and Wholesale jurisdictions, as shown on Exhibit___(MPC-3). These benefits have been offset by carrying costs on additional cost deferrals.

[4] A retail/wholesale split of 70/30 was assumed for analysis purposes.

[5] If the CC went in service in June, 2015, an additional $37 million of AFUDC would be accrued ($30 million retail).

MISSISSIPPI POWER COMPANY
Kemper CC Cost-Benefit Analysis

All amounts reflect MPC's 85% ownership view.

Line	Description	Net Present Value	Nominal Benefit	2014[1]	Pre-COD 2015[1]	Post-COD 2015	2016	2017	2018	2019	2020
1	**CC in service in August 2014:**										
2	Gross Plant In Service			730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085
3	Less: Writeoff associated with amounts above $2.88B cap			(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
4	Gross Plant in Service, net of the writeoff			700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585
5	Accumulated Depreciation			(6,569,180)	(13,868,270)	(24,086,995)	(41,604,810)	(59,122,624)	(76,640,439)	(94,158,254)	(111,676,068)
6	Net Plant In Service			694,143,404	686,844,315	676,625,590	659,107,775	641,589,960	624,072,146	606,554,331	589,036,517
7	CWIP			-	-	-	-	-	-	-	-
8	Regulatory Asset Balances:										
9	Non-incremental O&M (subject to the cost cap and included in the writeoff on line 3) [2]			7,094,182	14,188,363	13,981,450	13,626,741	13,272,032	12,917,323	12,562,613	12,207,904
10	Incremental O&M			2,035,677	4,071,355	4,011,981	3,910,197	3,808,413	3,706,629	3,604,845	3,503,062
11	Revenues from Sales			(3,980,957)	(5,395,612)	(5,316,926)	(5,182,036)	(5,047,146)	(4,912,255)	(4,777,365)	(4,642,475)
12	Ad Valorem (subject to the cost cap and included in the writeoff on line 3) [2]			2,160,675	4,588,644	4,521,726	4,407,010	4,292,294	4,177,578	4,062,862	3,948,146
13	Depreciation			6,569,180	13,868,270	13,666,024	13,319,318	12,972,611	12,625,904	12,279,197	11,932,491
14	Deferred Interest[1]			6,315,809	12,774,706	12,588,408	12,269,041	11,949,673	11,630,305	11,310,938	10,991,570
15	ADITs on Regulatory Assets			(7,724,422)	(16,866,615)	(16,620,644)	(16,198,978)	(15,777,313)	(15,355,648)	(14,933,982)	(14,512,317)
16	Bonus Depreciation ADIT			(101,704,473)	(104,427,035)	(107,149,597)	(111,688,950)	(115,392,721)	(118,321,072)	(120,534,164)	(122,083,805)
17	Total Investment			604,909,076	609,646,391	596,308,013	573,570,117	551,667,804	530,540,910	510,129,275	490,381,092
18	Pre-tax Cost of Capital[1]			3.3%	3.3%	6.1%	10.5%	10.5%	10.5%	10.5%	10.5%
19	Revenue Requirement on Investment			20,163,636	20,321,546	36,523,866	60,224,862	57,925,119	55,706,796	53,563,574	51,490,015
20	Permanent Book/Tax Difference due to AFUDC			352,438	391,598	548,237	939,835	939,835	939,835	939,835	939,835
21	Depreciation Expense			-	-	10,218,725	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815
22	Operations & Maintenance Expense			-	-	11,667,950	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
23	Amortization Expense - Regulatory Assets			-	-	643,063	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393
24	**Total Revenue Requirement With CC In-Service in 2014**	**$1,050,454,491**	**$2,670,701,520**	**20,516,074**	**20,713,144**	**59,601,841**	**99,787,105**	**97,487,362**	**95,269,038**	**93,125,817**	**91,052,257**
25											
26											
27					**Pre-COD**	**Post-COD**					
28				**2014**	**2015**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
29	**CC in service in June 2015:**										
30	Gross Plant In Service			-	-	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935
31	Less: Writeoff associated with amounts above $2.88B cap			-	-	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
32	Gross Plant in Service, net of the writeoff			-	-	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435
33	Accumulated Depreciation			-	-	(10,248,867)	(29,169,853)	(48,090,839)	(67,011,825)	(85,932,811)	(104,853,797)
34	Net Plant In Service			-	-	746,590,568	727,669,582	708,748,596	689,827,610	670,906,624	651,985,638
35	CWIP Balances:										
36	Capital Balance as of August 1, 2014			730,896,085	730,896,085	-	-	-	-	-	-
37	Writeoff associated with amounts above $2.88B cap			(30,183,500)	(30,183,500)	-	-	-	-	-	-
38	Additional AFUDC - August 2014 thru May 2015			18,695,439	37,349,843	-	-	-	-	-	-
39	Non-incremental O&M (subject to the cost cap and included in the writeoff on line 32) [2]			7,094,182	14,188,363	-	-	-	-	-	-
40	Ad Valorem (subject to the cost cap and included in the writeoff on line 32) [2]			2,160,675	4,588,644	-	-	-	-	-	-
41	Regulatory Assets			-	-	-	-	-	-	-	-
42	ADITs on Regulatory Assets			-	-	-	-	-	-	-	-
43	MACRS ADIT			-	-	(6,619,008)	(19,113,048)	(30,172,088)	(39,907,325)	(48,414,075)	(55,787,650)
44	Total Investment			728,662,881	756,839,435	739,971,560	708,556,534	678,576,509	649,920,285	622,492,550	596,197,989
45	Pre-tax Cost of Capital			0.0%	0.0%	6.1%	10.5%	10.5%	10.5%	10.5%	10.5%
46	Revenue Requirement on Investment			-	-	45,323,258	74,398,436	71,250,533	68,241,630	65,361,718	62,600,789
47	Permanent Book/Tax Difference due to AFUDC			-	-	803,958	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230
48	Depreciation Expense			-	-	10,248,867	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986
49	Operations & Maintenance Expense			-	-	11,667,950	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
50	Amortization Expense			-	-	-	-	-	-	-	-
51	**Total Revenue Requirement With CC In-Service in 2015**	**$1,127,515,807**	**$2,881,302,757**	**-**	**-**	**68,044,033**	**114,805,852**	**111,657,949**	**108,649,045**	**105,769,133**	**103,008,204**
52											
53	**Net Benefit**	**($77,061,315)**	**($210,601,236)**	**$20,516,074**	**$20,713,144**	**($8,442,192)**	**($15,018,746)**	**($14,170,587)**	**($13,380,007)**	**($12,643,317)**	**($11,955,947)**

[1] Prior to commercial operation of the gasifier and related facilities, the Company is proposing to recognize only the equity return on non-CWIP ratebase. Debt carrying costs will be deferred and amortized over the remaining life of the Plant.

[2] Non-incremental O&M and ad valorem expenses incurred between August 2014 and May 2015 are subject to the $2.88B cost cap and have been included in the write-off amount shown on lines 3 and 32.

MISSISSIPPI POWER COMPANY
Kemper CC Cost-Benefit Analysis

All amounts reflect MPC's 85% ownership view.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1 **CC in service in August 2014:**												
2 Gross Plant In Service	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085
3 Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
4 Gross Plant in Service, net of the writeoff	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585
5 Accumulated Depreciation	(129,193,883)	(146,711,697)	(164,229,512)	(181,747,327)	(199,265,141)	(216,782,956)	(234,300,771)	(251,818,585)	(269,336,400)	(286,854,214)	(304,372,029)	(321,889,844)
6 Net Plant In Service	571,518,702	554,000,887	536,483,073	518,965,258	501,447,443	483,929,629	466,411,814	448,894,000	431,376,185	413,858,370	396,340,556	378,822,741
7 CWIP	-	-	-	-	-	-	-	-	-	-	-	-
8 Regulatory Asset Balances:												
9 Non-incremental O&M (subject to the cost cap and included in the writeoff on line 3) [2]	11,853,195	11,498,486	11,143,777	10,789,068	10,434,359	10,079,650	9,724,941	9,370,232	9,015,523	8,660,814	8,306,104	7,951,395
10 Incremental O&M	3,401,278	3,299,494	3,197,710	3,095,926	2,994,142	2,892,358	2,790,574	2,688,791	2,587,007	2,485,223	2,383,439	2,281,655
11 Revenues from Sales	(4,507,585)	(4,372,694)	(4,237,804)	(4,102,914)	(3,968,023)	(3,833,133)	(3,698,243)	(3,563,352)	(3,428,462)	(3,293,572)	(3,158,681)	(3,023,791)
12 Ad Valorem (subject to the cost cap and included in the writeoff on line 3) [2]	3,833,430	3,718,714	3,603,998	3,489,281	3,374,565	3,259,849	3,145,133	3,030,417	2,915,701	2,800,985	2,686,269	2,571,553
13 Depreciation	11,585,784	11,239,077	10,892,370	10,545,664	10,198,957	9,852,250	9,505,543	9,158,837	8,812,130	8,465,423	8,118,716	7,772,010
14 Deferred Interest[1]	10,672,202	10,352,835	10,033,467	9,714,100	9,394,732	9,075,364	8,755,997	8,436,629	8,117,261	7,797,894	7,478,526	7,159,158
15 ADITs on Regulatory Assets	(14,090,651)	(13,668,986)	(13,247,321)	(12,825,655)	(12,403,990)	(11,982,325)	(11,560,659)	(11,138,994)	(10,717,328)	(10,295,663)	(9,873,998)	(9,452,332)
16 Bonus Depreciation ADIT	(123,021,800)	(123,859,525)	(124,695,579)	(125,533,304)	(126,369,357)	(127,207,082)	(128,043,136)	(128,880,861)	(129,716,915)	(130,554,640)	(131,390,694)	(132,228,418)
17 Total Investment	471,244,555	452,208,288	433,173,691	414,137,424	395,102,828	376,066,561	357,031,964	337,995,697	318,961,101	299,924,834	280,890,238	261,853,970
18 Pre-tax Cost of Capital[1]	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
19 Revenue Requirement on Investment	49,480,678	47,481,870	45,483,238	43,484,430	41,485,797	39,486,989	37,488,356	35,489,548	33,490,916	31,492,108	29,493,475	27,494,667
20 Permanent Book/Tax Difference due to AFUDC	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835
21 Depreciation Expense	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815
22 Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
23 Amortization Expense - Regulatory Assets	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393
24 **Total Revenue Requirement With CC In-Service in 2014**	**89,042,921**	**87,044,113**	**85,045,480**	**83,046,672**	**81,048,040**	**79,049,232**	**77,050,599**	**75,051,791**	**73,053,158**	**71,054,350**	**69,055,718**	**67,056,910**
25												
26												
27												

28	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
29 **CC in service in June 2015:**												
30 Gross Plant In Service	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935
31 Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
32 Gross Plant in Service, net of the writeoff	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435
33 Accumulated Depreciation	(123,774,783)	(142,695,769)	(161,616,754)	(180,537,740)	(199,458,726)	(218,379,712)	(237,300,698)	(256,221,684)	(275,142,670)	(294,063,656)	(312,984,641)	(331,905,627)
34 Net Plant In Service	633,064,653	614,143,667	595,222,681	576,301,695	557,380,709	538,459,723	519,538,737	500,617,751	481,696,766	462,775,780	443,854,794	424,933,808
35 CWIP Balances:												
36 Capital Balance as of August 1, 2014	-	-	-	-	-	-	-	-	-	-	-	-
37 Writeoff associated with amounts above $2.88B cap	-	-	-	-	-	-	-	-	-	-	-	-
38 Additional AFUDC - August 2014 thru May 2015	-	-	-	-	-	-	-	-	-	-	-	-
39 Non-incremental O&M (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-	-
40 Ad Valorem (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-	-
41 Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-	-
42 ADITs on Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-	-
43 MACRS ADIT	(62,110,127)	(67,463,581)	(72,658,178)	(77,850,128)	(83,044,726)	(88,236,676)	(93,431,274)	(98,623,224)	(103,817,822)	(109,009,772)	(114,204,370)	(119,396,320)
44 Total Investment	570,954,526	546,680,086	522,564,503	498,451,567	474,335,983	450,223,047	426,107,463	401,994,527	377,878,944	353,766,008	329,650,424	305,537,488
45 Pre-tax Cost of Capital	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
46 Revenue Requirement on Investment	59,950,225	57,401,409	54,869,273	52,337,414	49,805,278	47,273,420	44,741,284	42,209,425	39,677,289	37,145,431	34,613,295	32,081,436
47 Permanent Book/Tax Difference due to AFUDC	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230
48 Depreciation Expense	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986
49 Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
50 Amortization Expense	-	-	-	-	-	-	-	-	-	-	-	-
51 **Total Revenue Requirement With CC In-Service in 2015**	**100,357,641**	**97,808,825**	**95,276,688**	**92,744,830**	**90,212,694**	**87,680,835**	**85,148,699**	**82,616,841**	**80,084,705**	**77,552,846**	**75,020,710**	**72,488,852**
52												
53 **Net Benefit**	**($11,314,720)**	**($10,764,712)**	**($10,231,208)**	**($9,698,158)**	**($9,164,654)**	**($8,631,604)**	**($8,098,100)**	**($7,565,050)**	**($7,031,546)**	**($6,498,496)**	**($5,964,992)**	**($5,431,942)**

[1] Prior to commercial operation of the gasifier and related facilities, the Company is proposing to recognize only the equity return on non-CWIP ratebase. Debt carrying costs will be deferred and amortized over the remaining life of the Plant.

[2] Non-incremental O&M and ad valorem expenses incurred between August 2014 and May 2015 are subject to the $2.88B cost cap and have been included in the write-off amount shown on lines 3 and 32.

MISSISSIPPI POWER COMPANY
Kemper CC Cost-Benefit Analysis

All amounts reflect MPC's 85% ownership view.

	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
1 **CC in service in August 2014:**												
2 Gross Plant In Service	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085
3 Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
4 Gross Plant in Service, net of the writeoff	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585
5 Accumulated Depreciation	(339,407,658)	(356,925,473)	(374,443,287)	(391,961,102)	(409,478,917)	(426,996,731)	(444,514,546)	(462,032,361)	(479,550,175)	(497,067,990)	(514,585,804)	(532,103,619)
6 Net Plant In Service	361,304,926	343,787,112	326,269,297	308,751,483	291,233,668	273,715,853	256,198,039	238,680,224	221,162,410	203,644,595	186,126,780	168,608,966
7 CWIP	-	-	-	-	-	-	-	-	-	-	-	-
8 Regulatory Asset Balances:												
9 Non-incremental O&M (subject to the cost cap and included in the writeoff on line 3) [2]	7,596,686	7,241,977	6,887,268	6,532,559	6,177,850	5,823,141	5,468,432	5,113,723	4,759,014	4,404,304	4,049,595	3,694,886
10 Incremental O&M	2,179,871	2,078,087	1,976,303	1,874,520	1,772,736	1,670,952	1,569,168	1,467,384	1,365,600	1,263,816	1,162,033	1,060,249
11 Revenues from Sales	(2,888,901)	(2,754,011)	(2,619,120)	(2,484,230)	(2,349,340)	(2,214,449)	(2,079,559)	(1,944,669)	(1,809,778)	(1,674,888)	(1,539,998)	(1,405,107)
12 Ad Valorem (subject to the cost cap and included in the writeoff on line 3) [2]	2,456,837	2,342,120	2,227,404	2,112,688	1,997,972	1,883,256	1,768,540	1,653,824	1,539,108	1,424,392	1,309,676	1,194,959
13 Depreciation	7,425,303	7,078,596	6,731,889	6,385,183	6,038,476	5,691,769	5,345,062	4,998,356	4,651,649	4,304,942	3,958,235	3,611,529
14 Deferred Interest[1]	6,839,791	6,520,423	6,201,055	5,881,688	5,562,320	5,242,952	4,923,585	4,604,217	4,284,849	3,965,482	3,646,114	3,326,746
15 ADITs on Regulatory Assets	(9,030,667)	(8,609,002)	(8,187,336)	(7,765,671)	(7,344,005)	(6,922,340)	(6,500,675)	(6,079,009)	(5,657,344)	(5,235,678)	(4,814,013)	(4,392,348)
16 Bonus Depreciation ADIT	(133,064,472)	(130,173,831)	(123,554,822)	(116,935,814)	(110,316,806)	(103,697,797)	(97,078,789)	(90,459,781)	(83,840,772)	(77,221,764)	(70,602,756)	(63,983,747)
17 Total Investment	242,819,374	227,511,473	215,931,939	204,352,405	192,772,871	181,193,337	169,613,803	158,034,269	146,454,735	134,875,201	123,295,667	111,716,133
18 Pre-tax Cost of Capital[1]	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
19 Revenue Requirement on Investment	25,496,034	23,888,705	22,672,854	21,457,003	20,241,151	19,025,300	17,809,449	16,593,598	15,377,747	14,161,896	12,946,045	11,730,194
20 Permanent Book/Tax Difference due to AFUDC	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835
21 Depreciation Expense	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815
22 Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
23 Amortization Expense - Regulatory Assets	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393
24 **Total Revenue Requirement With CC In-Service in 2014**	**65,058,277**	**63,450,947**	**62,235,096**	**61,019,245**	**59,803,394**	**58,587,543**	**57,371,692**	**56,155,841**	**54,939,990**	**53,724,139**	**52,508,288**	**51,292,437**
25												
26												
27												
28	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
29 **CC in service in June 2015:**												
30 Gross Plant In Service	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935
31 Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
32 Gross Plant in Service, net of the writeoff	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435
33 Accumulated Depreciation	(350,826,613)	(369,747,599)	(388,668,585)	(407,589,571)	(426,510,557)	(445,431,543)	(464,352,528)	(483,273,514)	(502,194,500)	(521,115,486)	(540,036,472)	(558,957,458)
34 Net Plant In Service	406,012,822	387,091,836	368,170,850	349,249,864	330,328,878	311,407,893	292,486,907	273,565,921	254,644,935	235,723,949	216,802,963	197,881,977
35 CWIP Balances:												
36 Capital Balance as of August 1, 2014	-	-	-	-	-	-	-	-	-	-	-	-
37 Writeoff associated with amounts above $2.88B cap	-	-	-	-	-	-	-	-	-	-	-	-
38 Additional AFUDC - August 2014 thru May 2015	-	-	-	-	-	-	-	-	-	-	-	-
39 Non-incremental O&M (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-	-
40 Ad Valorem (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-	-
41 Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-	-
42 ADITs on Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-	-
43 MACRS ADIT	(124,590,918)	(129,782,868)	(129,070,662)	(122,451,654)	(115,832,646)	(109,213,637)	(102,594,629)	(95,975,621)	(89,356,612)	(82,737,604)	(76,118,596)	(69,499,587)
44 Total Investment	281,421,904	257,308,968	239,100,188	226,798,210	214,496,233	202,194,255	189,892,278	177,590,300	165,288,323	152,986,345	140,684,367	128,382,390
45 Pre-tax Cost of Capital	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
46 Revenue Requirement on Investment	29,549,300	27,017,442	25,105,520	23,813,812	22,522,104	21,230,397	19,938,689	18,646,982	17,355,274	16,063,566	14,771,859	13,480,151
47 Permanent Book/Tax Difference due to AFUDC	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230
48 Depreciation Expense	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986
49 Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
50 Amortization Expense	-	-	-	-	-	-	-	-	-	-	-	-
51 **Total Revenue Requirement With CC In-Service in 2015**	**69,956,716**	**67,424,857**	**65,512,935**	**64,221,228**	**62,929,520**	**61,637,812**	**60,346,105**	**59,054,397**	**57,762,689**	**56,470,982**	**55,179,274**	**53,887,566**
52												
53 **Net Benefit**	**($4,898,438)**	**($3,973,910)**	**($3,277,839)**	**($3,201,982)**	**($3,126,126)**	**($3,050,269)**	**($2,974,413)**	**($2,898,556)**	**($2,822,699)**	**($2,746,843)**	**($2,670,986)**	**($2,595,130)**

[1] Prior to commercial operation of the gasifier and related facilities, the Company is proposing to recognize only the equity return on non-CWIP ratebase. Debt carrying costs will be deferred and amortized over the remaining life of the Plant.

[2] Non-incremental O&M and ad valorem expenses incurred between August 2014 and May 2015 are subject to the $2.88B cost cap and have been included in the write-off amount shown on lines 3 and 32.

MISSISSIPPI POWER COMPANY
Kemper CC Cost-Benefit Analysis

All amounts reflect MPC's 85% ownership view.

		2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
1	**CC in service in August 2014:**											
2	Gross Plant In Service	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085	730,896,085
3	Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
4	Gross Plant in Service, net of the writeoff	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585	700,712,585
5	Accumulated Depreciation	(549,621,434)	(567,139,248)	(584,657,063)	(602,174,877)	(619,692,692)	(637,210,507)	(654,728,321)	(672,246,136)	(689,763,951)	(700,712,585)	(700,712,585)
6	Net Plant In Service	151,091,151	133,573,336	116,055,522	98,537,707	81,019,893	63,502,078	45,984,263	28,466,449	10,948,634	-	-
7	CWIP	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory Asset Balances:											
9	Non-incremental O&M (subject to the cost cap and included in the writeoff on line 3) [2]	3,340,177	2,985,468	2,630,759	2,276,050	1,921,341	1,566,632	1,211,923	857,214	502,505	147,795	0
10	Incremental O&M	958,465	856,681	754,897	653,113	551,329	449,545	347,762	245,978	144,194	42,410	(0)
11	Revenues from Sales	(1,270,217)	(1,135,327)	(1,000,436)	(865,546)	(730,656)	(595,766)	(460,875)	(325,985)	(191,095)	(56,204)	0
12	Ad Valorem (subject to the cost cap and included in the writeoff on line 3) [2]	1,080,243	965,527	850,811	736,095	621,379	506,663	391,947	277,231	162,514	47,798	0
13	Depreciation	3,264,822	2,918,115	2,571,408	2,224,702	1,877,995	1,531,288	1,184,581	837,875	491,168	144,461	(0)
14	Deferred Interest[1]	3,007,379	2,688,011	2,368,643	2,049,276	1,729,908	1,410,540	1,091,173	771,805	452,438	133,070	0
15	ADITs on Regulatory Assets	(3,970,682)	(3,549,017)	(3,127,352)	(2,705,686)	(2,284,021)	(1,862,355)	(1,440,690)	(1,019,025)	(597,359)	(175,694)	(0)
16	Bonus Depreciation ADIT	(57,364,739)	(50,745,731)	(44,126,722)	(37,507,714)	(30,888,706)	(24,269,697)	(17,650,689)	(11,031,681)	(4,412,672)	(0)	-
17	Total Investment	100,136,599	88,557,065	76,977,531	65,397,997	53,818,462	42,238,928	30,659,394	19,079,860	7,500,326	283,637	0
18	Pre-tax Cost of Capital[1]	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
19	Revenue Requirement on Investment	10,514,343	9,298,492	8,082,641	6,866,790	5,650,939	4,435,087	3,219,236	2,003,385	787,534	29,782	0
20	Permanent Book/Tax Difference due to AFUDC	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	939,835	-
21	Depreciation Expense	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	17,517,815	10,948,634	-
22	Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
23	Amortization Expense - Regulatory Assets	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	1,102,393	459,330
24	**Total Revenue Requirement With CC In-Service in 2014**	**50,076,586**	**48,860,735**	**47,644,884**	**46,429,032**	**45,213,181**	**43,997,330**	**42,781,479**	**41,565,628**	**40,349,777**	**33,022,844**	**20,461,530**
25												
26												
27												
28		**2045**	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
29	**CC in service in June 2015:**											
30	Gross Plant In Service	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935	787,022,935
31	Less: Writeoff associated with amounts above $2.88B cap	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)	(30,183,500)
32	Gross Plant in Service, net of the writeoff	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435	756,839,435
33	Accumulated Depreciation	(577,878,444)	(596,799,430)	(615,720,416)	(634,641,401)	(653,562,387)	(672,483,373)	(691,404,359)	(710,325,345)	(729,246,331)	(748,167,317)	(756,839,435)
34	Net Plant In Service	178,960,991	160,040,006	141,119,020	122,198,034	103,277,048	84,356,062	65,435,076	46,514,090	27,593,104	8,672,119	-
35	CWIP Balances:											
36	Capital Balance as of August 1, 2014	-	-	-	-	-	-	-	-	-	-	-
37	Writeoff associated with amounts above $2.88B cap	-	-	-	-	-	-	-	-	-	-	-
38	Additional AFUDC - August 2014 thru May 2015	-	-	-	-	-	-	-	-	-	-	-
39	Non-incremental O&M (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-
40	Ad Valorem (subject to the cost cap and included in the writeoff on line 32) [2]	-	-	-	-	-	-	-	-	-	-	-
41	Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-
42	ADITs on Regulatory Assets	-	-	-	-	-	-	-	-	-	-	-
43	MACRS ADIT	(62,880,579)	(56,261,571)	(49,642,562)	(43,023,554)	(36,404,546)	(29,785,537)	(23,166,529)	(16,547,521)	(9,928,512)	(3,309,504)	-
44	Total Investment	116,080,412	103,778,435	91,476,457	79,174,480	66,872,502	54,570,525	42,268,547	29,966,569	17,664,592	5,362,614	-
45	Pre-tax Cost of Capital	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
46	Revenue Requirement on Investment	12,188,443	10,896,736	9,605,028	8,313,320	7,021,613	5,729,905	4,438,197	3,146,490	1,854,782	563,075	-
47	Permanent Book/Tax Difference due to AFUDC	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230	1,484,230
48	Depreciation Expense	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	18,920,986	8,672,119
49	Operations & Maintenance Expense	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200	20,002,200
50	Amortization Expense	-	-	-	-	-	-	-	-	-	-	-
51	**Total Revenue Requirement With CC In-Service in 2015**	**52,595,859**	**51,304,151**	**50,012,444**	**48,720,736**	**47,429,028**	**46,137,321**	**44,845,613**	**43,553,905**	**42,262,198**	**40,970,490**	**30,158,548**
52												
53	**Net Benefit**	**($2,519,273)**	**($2,443,417)**	**($2,367,560)**	**($2,291,703)**	**($2,215,847)**	**($2,139,990)**	**($2,064,134)**	**($1,988,277)**	**($1,912,421)**	**($7,947,646)**	**($9,697,018)**

[1] Prior to commercial operation of the gasifier and related facilities, the Company is proposing to recognize only the equity return on non-CWIP ratebase. Debt carrying costs will be deferred and amortized over the remaining life of the Plant.

[2] Non-incremental O&M and ad valorem expenses incurred between August 2014 and May 2015 are subject to the $2.88B cost cap and have been included in the write-off amount shown on lines 3 and 32.

Mississippi Power Company
Cost of Fuel and VOM to Customer Post CC In-Service/Prior to Gasifier COD

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Total
Fuel Adjustment Clause (FAC)											
Avoided Cost @ Pool Interchange Rate (PIR)	16.0	12.9	6.5	5.9	7.3	2.4	3.1	2.8	3.4	3.7	64.0
Cost of Fuel Consumed	13.7	11.8	7.1	7.0	8.4	2.5	2.3	2.5	2.4	2.6	60.3
Cost (Savings)	(2.3)	(1.1)	0.6	1.1	1.1	0.1	(0.8)	(0.3)	(0.9)	(1.1)	(3.7)
Capitalized to Project											
Cost of Fuel to Supply Gasifier Station Svc	-	-	-	3.5	2.6	1.3	0.3	0.6	0.1	0.1	8.6
Cost of Energy used by Gasifier when CC Off Line	-	-	-	0.4	0.2	2.7	1.0	1.9	1.1	0.6	7.9
Total Cost of Capitalized Energy	-	-	-	4.0	2.8	4.0	1.2	2.5	1.3	0.7	16.5
Regulatory Asset - Rate Recovery Plan											
VOM Credit	(1.1)	(1.1)	(0.8)	(0.8)	(0.9)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(6.3)
VOM Cost	1.5	1.3	0.8	1.1	1.1	0.4	0.4	0.5	0.5	0.5	8.1
VOM Net (Savings) Cost Deferral	0.5	0.2	(0.0)	0.3	0.2	0.1	0.2	0.2	0.1	0.1	1.8

FUEL ADJUSTMENT CLAUSE (FAC)
COST OF FUEL CONSUMED VS AVOIDED COST AT PIR

	A	B	C	D = B + C	E = A - D	F	G = F / E	H	I = H / E	J = H - F
					Avoided Cost			FCR Cost Calculation		
	Gross Generation	CC Station Svc[3]	Gasifier Station Svc from CC[3]	Total Station Svc	Net Generation (ON TO GRID)[2]	Avoided Cost at Hourly PIR[2]	Avg PIR	Total Fuel Cost to FCR[4]	Average Cost of Fuel	Net (Savings) Cost
Aug-14	[redacted]									$ (2,300,724)
Sep-14	[redacted]									$ (1,126,350)
Oct-14	[redacted]									$ 584,179
Nov-14	[redacted]									$ 1,093,812
Dec-14	[redacted]									$ 1,112,279
Jan-15	[redacted]									$ 105,898
Feb-15	[redacted]									$ (817,284)
Mar-15	[redacted]									$ (279,260)
Apr-15	[redacted]									$ (932,493)
May-15	[redacted]									$ (1,113,050)
	2,032,215	54,038	245,311	299,349	1,732,866	63,975,996	$ 36.92	60,303,002	34.80	$ (3,672,994)

CAPITALIZED TO PROJECT
COST OF FUEL/ENERGY CAPITALIZED TO PROJECT DURING GASIFIER TESTING

	A	B = C / A	C	D	E	F = E / D	G = C + E
	Gasifier Station Svc Supplied by CC[3]	Avg Cost of Fuel Consumed for Station Svc	Cost of Fuel Supplied to the Gasifier for Station Svc[4]	Gasifier Station Svc Supplied off of GRID[2]	Total VOM Cost[2]	Avg Cost of PIR	Net (Credit) Cost
Aug-14	[redacted]						$ -
Sep-14	[redacted]						$ -
Oct-14	[redacted]						$ -
Nov-14	[redacted]						$ 3,953,518
Dec-14	[redacted]						$ 2,802,466
Jan-15	[redacted]						$ 4,047,647
Feb-15	[redacted]						$ 1,223,347
Mar-15	[redacted]						$ 2,487,506
Apr-15	[redacted]						$ 1,273,123
May-15	[redacted]						$ 707,986
	245,311	$ 34.94	8,571,740	238,724	7,923,853	$ 33.19	$ 16,495,593

REGULATORY ASSET - RATE RECOVERY PLAN
ACTUAL VOM COST VS VOM CREDIT FOR KWH TO GRID

	A	B	C	D = B + C	E = A - D	F	G = F / E	H	I = A X H	J = F + I
						HOURLY PIR X HOURLY NET GENERATION		CC VOM RATE AS CALCULATED BY THERON		
					VOM Credit Calculation			VOM Cost Calculation		
	Gross Generation	CC Station Svc[3]	Gasifier Station Svc from CC[3]	Total Station Svc	Net Generation (ON TO GRID)[2]	VOM Credit[2]	Avg VOM & FH Component of PIR for the Month	VOM Rate for CC[1]	Total VOM Cost	Net (Credit) Cost
Aug-14	[redacted]									$ 461,006
Sep-14	[redacted]									$ 238,788
Oct-14	[redacted]									$ (45,943)
Nov-14	[redacted]									$ 292,548
Dec-14	[redacted]									$ 247,379
Jan-15	[redacted]									$ 50,675
Feb-15	[redacted]									$ 160,921
Mar-15	[redacted]									$ 170,344
Apr-15	[redacted]									$ 118,103
May-15	[redacted]									$ 87,261
	2,032,215	54,038	245,311	299,349	1,732,866	(6,347,778)	$ (3.66)	$ 4.00	8,128,860	$ 1,781,082

NOTES:
1 This estimated VOM rate is effective during natural gas operations prior to Gasifier COD.
2 Information based on latest available PROSYM run analysis. Using hourly PIR and hourly VOM & Fuel Handling components of the rate.
3 Estimated Station Service based on operation of units and station service during testing
4 Estimated Cost of Fuel based on Natural Gas Prices and Lignite Consumption during operation of CC and Gasifier testing.

MISISSIPPI POWER COMPANY
Benefit of Bonus Depreciation

For illustration purposes only - based on projected 2016.
All amounts reflect MPC's 85% ownership view (dollars in thousands).

	Total	Customer	Shareholder
Revenue Requirement on Investment:		96%	4%
Without bonus depreciation:			
Plant in Service	$ 787,023	$ 756,840	$ 30,183
Accumulated Depreciation	(30,427)	(29,170)	(1,257)
Net Plant in Service	756,596	727,670	28,927
ADITs	(19,936)	(19,113)	(823)
Net Investment	736,660	708,557	28,104
Pre-tax COC	10.5%	10.5%	10.5%
Revenue Requirement	$ 77,349	$ 74,398	$ 2,951
With bonus depreciation:			
Plant in Service	$ 730,896	$ 700,713	$ 30,183
Accumulated Depreciation	(43,397)	(41,605)	(1,718)
Net Plant in Service	687,499	659,108	28,465
ADITs	(116,500)	(111,689)	(4,811)
Net Investment	570,999	547,419	23,654
Pre-tax COC	10.5%	10.5%	10.5%
Revenue Requirement	$ 59,955	$ 57,479	$ 2,484

	Total	Customer	Shareholder
Income Statement:			
Without bonus depreciation:			
Revenue	$ 77,349	$ 74,398	
Interest Expense	(18,417)	(17,656)	
Income Tax Expense	(22,100)	(21,187)	
Net Income	$ 36,833	$ 35,555	
Earnings shortfall			$ (1,278)
With bonus depreciation:			
Revenue	$ 59,955	$ 57,479	
Interest Expense	(14,275)	(13,685)	
Income Tax Expense	(17,130)	(16,423)	
Net Income	$ 28,550	$ 27,371	
Earnings shortfall			$ (1,179)

MISSISSIPPI POWER COMPANY
CC In-Service Illustration

August 2014 - May 2015

All amounts reflect 100% dollars (in millions).

		FERC Account	Recovery Mechanism	CC not in service	CC in service	Difference	Notes
	Total Project Net Investment:						
1	Plant in service (PIS)	101	BR	-	825	825	See fourth key point below.
2	Accumulated Depreciation	108	BR	-	(16)	(16)	Depreciation for 10 months based on 40 year life
3	CWIP	107	BR	847	-	(847)	This includes non-incremental O&M and ad valorem from August 2014 through May 2015 in the amount of $16 million.
4	Additional AFUDC	107	BR	44		(44)	Additional AFUDC for August 2014 through May 2015 if CC not placed in service
5	Net Plant			891	808	(83)	Lower net PIS primarily due to less AFUDC and shift in certain costs from net plant to regulatory assets
6	Reg assets:						
7	Depreciation	182	BR	-	16	16	Depreciation expense deferred in regulatory asset is offset in rate base by accumulated depreciation on line 2 above.
8	Ad Valorem	182	BR	-	6	6	Ad valorem is deferred and is subject to cost cap. These costs would have been included in CWIP and subject to AFUDC accrual.
9	Interest	182	BR	-	15	15	Deferred interest expense replaces capitalized AFUDC Debt.
10	Non-incremental O&M	182	BR	-	16	16	Deferred non-incremental O&M would otherwise have been charged to CWIP and would have been subject to the cost cap.
11	Incremental O&M	182	BR	-	5	5	Deferred non-incremental O&M will be mostly offset with revenue from sales.
12	Revenue from sales (non-fuel)	182	BR	-	(6)	(6)	This is the offset to non-incremental O&M from sales revenue.
13	ADITs on regulatory assets	283	BR	-	(20)	(20)	This is the tax effect (38.25%) of the regulatory asset amounts.
14	Mirror CWIP Regulatory Liability	254	BR		48	48	This represents the reduction in the mirror CWIP regulatory liability account to cover the equity return and related income taxes.
15	ADITs on reg liability	190	BR	-	(18)	(18)	This is the tax effect (38.25%) of the charge against the mirror CWIP regulatory liability account.
16	ADITs on CC	283	BR	-	(132)	(132)	By placing the CC in service in 2014, the asset receives bonus tax depreciation which creates a reduction to rate base.
17	Net Investment			**891**	**739**	**(152)**	Net investment is lower primarily due to bonus depreciation ADITs.
	Total Project Income Statement:						
1	Revenue from mirror CWIP collections	44X	BR	-	48	48	Equity return (grossed up for income taxes) recognized in revenues.
2	Revenue from sales (non-fuel)	44X	BR	-	6	6	Credit for incremental O&M revenue from territorial and non-territorial sales made from Kemper CC
3	Revenue from fuel cost recovery clause	44X	FCR	64	60	(4)	Fuel revenue = fuel expense since fuel expense is recovered dollar for dollar through the Company's Fuel Cost Recovery clause.
4	Fuel expense	501	FCR	(64)	(60)	4	Kemper CC is expected to save fuel costs by displacing higher cost fuel.
5	Depreciation	403	BR	-	(16)	(16)	Depreciation will be deferred in the scenario where the CC is placed in service. See above.
6	Ad valorem tax expense	408	BR/ATA		(6)	(6)	Property taxes are part of CWIP in the first scneario; it has been deferred in the scenario where the CC is placed in service. See above.
7	Non-incremental O&M	5XX	BR	-	(16)	(16)	Non-incremental O&M is part of CWIP in the first scenario; it has been deferred in the scenario where the CC is placed in service. See above.
8	Incremental O&M	5XX	BR	-	(5)	(5)	Incremental O&M will be deferred in the scenario where the CC is placed in service. See above.
9	Interest	427	BR	(11)	(15)	(4)	This is the Interest on net investment.
10	Expenses deferred to regulatory assets	407.4	BR		53	53	Deferral of depreciation, property taxes, non-incremental O&M, incremental O&M net of revenue, and interest
11	AFUDC - debt	432	BR	11	-	(11)	This is the AFUDC debt to cover the interest on net investment. Interest is deferred in the scenario where the CC is placed in service.
12	Pre-tax net income before AFUDC equity			-	48	48	
13	Income tax	409-411	BR	-	(18)	(18)	Income tax is equal to the tax effect (38.25%) of pre-tax net income.
14	Net income before equity AFUDC			**-**	30	30	
15	AFUDC- equity	419.1	BR	33	-	(33)	AFUDC equity and debt recognized if asset is not placed in service.
16	Net income (10 months)			**33**	**30**	**(3)**	Lower net income due to Company earning on a lower rate base.

Key Points:

- While regulatory assets increase by $53 million and the mirror CWIP regulatory liability is reduced by $48 million, net investment is $152 million lower with the CC in service primarily due to $132 million in ADITs from bonus depreciation, $44 million less AFUDC, $22 million less capitalized cost for non-incremental O&M and ad valorem tax, $39 million in ADITs for the increased regulatory assets and lower regulatory liability, and $16 million increase in accumulated depreciation.
- Net income is $3 million lower with the CC in service due to the lower net investment and the lower allowed return for current recovery as compared to AFUDC accrual.
- Fuel cost is approximately $4 million lower with the CC in service, since the CC is expected to run in dispatch when economic and not being used for start-up.
- Capped costs, and therefore the write off, are the same whether or not the CC is placed in service.
  - If CC not in service, capped costs = $891 million in CWIP less $139 million in AFUDC not subject to cost cap less $43 million cost cap exceptions = $709 million subject to cost cap
  - If CC in service, capped costs = $825 million in PIS plus $6 million ad valorem tax in reg asset plus $16 million non-incremental O&M in reg asset less $95 million in AFUDC less $43 million in cost cap exceptions = $709 million subject to cost cap

Recovery Mechanism:

BR - Recoverable through base rates. From August 2014 to COD of gasifer/gas clean-up, the costs will be deferred. When Project is complete, costs will be amortized and collected in base rates.
Base rates include the Company's Rate Mitigation Plan for the term of that plan and subsequently the Company's PEP/ECO plans.

FCR - Recoverable through the Company's Fuel Cost Recovery clause.

ATA - When the construction of the entire Kemper Project is complete, ad valorem taxes will be recovered through the Company's ad valorem tax adjustment clause.

D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate.
C=Common equity.
c=Common equity cost rate.
W= Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication, less asset retirement costs (See General Instruction 25) related to plant under construction.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 35.13 of the Commission's Regulations Under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdictions. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication shall be estimated for the current year with appropriate adjustments as actual data becomes available.

Note:

When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation or ready for service, shall be treated as *Electric Plant in Service* and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) *Earnings and expenses during construction.* The earnings and expenses during construction shall constitute a component of construction costs.

(a) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale, or is delivered to an associated company, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. The revenues shall also include rentals for lands, buildings etc., and miscellaneous receipts not properly includible in other accounts.

(b) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (a), above, including the cost of repairs and other expenses of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

(19) *Training costs* (Major and Nonmajor Utilities). When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature, or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.)

(20) *Studies* includes the costs of studies such as nuclear operational, safety, or seismic studies or environmental studies mandated by regulatory bodies relative to plant under construction. Studies relative to facilities in service shall be charged to account 183, Preliminary Survey and Investigation Charges.

(21) *Asset retirement costs.* The costs recognized as a result of asset retirement obligations incurred during the construction and testing of utility plant shall constitute a component of construction costs.

B. For Nonmajor utilities, the cost of construction of property chargeable to the electric plant accounts shall include, where applicable, the cost of labor; materials and supplies; transportation; work done by others for the utility; injuries and damages incurred in construction work; privileges and permits; special machine service; allowance for funds used during construction, not to exceed without prior approval of the Commission, amounts computed in accordance with the formula prescribed in paragraph (a) of paragraph (17) of this instruction; training costs; and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of electric plant in service.

107 Construction work in progress—Electric.

A. This account shall include the total of the balances of work orders for electric plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

108 Accumulated provision for depreciation of electric utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for electric plant in service.

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in electric plant in service in a separate subaccount.

(3) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Electric Plant Held for Future Use. Include, also, the balance of accumulated provision for depreciation on property when transferred to account 105, Electric Plant Held for Future Use, from other property accounts. Normally account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in electric plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(4) Amounts charged to account 413, Expenses of Electric Plant Leased to Others, for electric plant included in account 104, Electric Plant Leased to Others.

(5) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for current depreciation expense.

(6) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 5.)

(7) Amounts charged to account 182, Extraordinary Property Losses, when authorized by the Commission.

(8) Amounts of depreciation applicable to electric plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to electric plant in service, electric plant leased to others and electric plant held for future use.)

B. At the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirement, costs of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for electric plant:

(1) Steam production,

(2) Nuclear production,

(3) Hydraulic production,

(4) Other production,

EXCERPT FROM FERC AUDIT MANUAL

or returned to storerooms, plus a margin to reflect stores expense. Stores expense includes the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies. The percentage added to reflect stores expense is derived from periodic studies of the relationship between stores expense and total cost of materials issued. Materials purchased directly for a specific project and delivered directly to the project are priced at their actual cost and are usually assigned a lower stores loading rate, if any at all.

Transportation costs, expenditures for the operation and maintenance of vehicles, are usually charged initially to a transportation clearing account and later assigned to work orders and operations at established rates based on periodic studies for each class and size of vehicle.

When the engineering department declares the project to be in-service, the Company should transfer the related work order cost to Account 101, Plant in Service. Most companies follow the practice of making preliminary closings to Account 101 to tentatively classify the charges pending final collection and analysis of all charges. Other companies will transfer costs included in the work order to Account 106 pending final collection and analysis of the charges. Whatever method is selected, the Company should transfer all costs from CWIP as soon as the project is declared in-service. This will ensure that the accrual of AFUDC and the recording of other overhead charges will stop and the accrual of depreciation charges will begin.

A properly functioning system of internal control over the accounting for construction work orders should ensure that all recorded expenditures are properly chargeable to construction and have been assigned to the proper work order. When the engineering and construction departments are ready to make the initial accounting classification, the plant accounting department should review the classification. This review requires access to the related time sheets, storeroom issue tickets, and voucher records. If the plant accounting department is providing the property account classification, the material or labor tickets and voucher records must be analyzed and verified as to appropriate work order number and account. Comparisons must be made with bills of materials, drawings and specifications and the purpose of each expenditure reviewed.

On major projects, outside contractors normally will be required to furnish a cost segregation in a specified form and manner to facilitate the work order analysis. A representative of the plant accounting department generally consults with the contractor and assists in the preparation of the cost

EXCERPT FROM FERC AUDIT MANUAL

changes in load demands (or any other reason). Where companies can demonstrate that initial planning was prudent and decisions to temporarily suspend or slow down construction were reasonable under the circumstances, capitalization of AFUDC during idle or slowed down periods of construction should be allowed. OCA is concerned with the possibility that amounts of AFUDC capitalized during extended periods could result in recorded plant values significantly in excess of actual value contrary to the interest of bondholders and other investors. Most major construction projects are owned by major utilities with a much greater investment in overall plant facilities which serve as security for bonds. For example, Detroit Edison Company, which had capitalized AFUDC of about $83 million on interrupted construction through 1976, had a total net investment in utility plant of about $3.4 billion at the end of 1976. You should, however, be alert for any situations where it appears that the practice of capitalizing AFUDC during idle or delayed construction periods might result in unreasonable plant values, contrary to the interests of investors and ratepayers.

Where projects are cancelled or abandoned, the accrual of AFUDC should cease at the time that management initially makes the determination that the project is no longer viable. Management actions that can signal cancellation include Board of Directors' approvals to cancel or abandon a project, contract negotiations with contractor to amend existing contracts and payments made to contractors.

Plant Instruction 3(17) further states that no AFUDC "shall be included in these accounts upon expenditures for construction projects which have been abandoned." The staff has interpreted this to mean that AFUDC previously accumulated on construction projects prior to the time of abandonment cannot be transferred to another construction project or to the plant-in-service accounts, but must be written off. Companies that have obtained Commission approval for extraordinary property loss treatment for abandoned projects can amortize the previously accrued AFUDC as directed by the Commission. Otherwise, the amount of AFUDC must be written off immediately to Account 426.5, Other Deductions.

3. In computing the allowance in the final month of construction for all large dollar projects, accrual of the allowance shall cease on the date the facilities are tested and are ready for service. On small dollar construction projects where the allowance capitalized would not be considered significant enough to distort results of operations for the year,

Kemper County CC Natural Gas Operation Confirmation

No.	Item	Responsible	Status	Comments
1	**Fuel Services** All necessary fuel supply, gas transportation, and metering/accounting for commercial operations are in place.	**David Mauffray** Fuel Services Manager, MPC	Fully provided	Confirmation provided on August 6, 2014
2	**Environmental** All regulatory and permit compliance requirements for Kemper County IGCC natural gas combined cycle have been met or will be met to the satisfaction of the Mississippi Department of Environmental Quality for commercial operations.	**Mark Loughman** Environmental Affairs Director, MPC	Fully provided	Confirmation provided on August 6, 2014
3	**Regulatory** All necessary notifications and communications have been provided to regulatory agencies prior to commercial operation.	**Billy Thornton** Legislative and Regulatory Affairs VP, MPC	Fully provided	Confirmation provided on August 8, 2014
4	**Accounting, Finance & Tax (AFT)** All necessary accounting, finance, and tax processes and procedures are ready or will be ready for Kemper County IGCC natural gas combined cycle commercial operations.	**Cindy Shaw** Comptroller, MPC	Fully provided	Confirmation provided on August 6, 2014
5	**Fleet Operations & Trading** All necessary Unit Commitment, Real Time Operations, Hourly Trading, and Pool Billing systems are ready or will be ready for Kemper County IGCC natural gas combined cycle commercial operations. All necessary data and communication links have been established and tested. The unit will be integrated into the Southern electric dispatch system and ready to respond to scheduling instructions.	**Wendell Hardin** Asset Manager, Fleet Operations SCS	Fully provided	Confirmation provided on August 7, 2014
6	**MPC Transmission** All interconnection and transmission facilities have been constructed and tested such that the units can physically deliver power to the transmission grid.	**Steve Craig** General Manager Transmission, MPC	Fully provided	Confirmation provided on August 6, 2014
7	**SCS Transmission Policy and Services** All necessary Network Transmission Service for Kemper County combined cycle commercial operations on natural gas fuel is in place.	**Terry Mozena** Transmission Svcs Mgr; Transmission Policy & Svcs, SCS	Fully provided	Confirmation provided on August 7, 2014
8	**SCS Engineering & Construction Services (E&CS)** E&CS confirms that all construction and startup testing necessary for commercial operations on natural gas have been or will be completed by August___, 2014. Only certain, non-critical construction activities remain - e.g., punch-list items. None of these activities will limit the plant's ability to meet its commercial obligations and they constitute normal post-commercial construction activities.	**Steve Owen** EPC Project Director, Engineering & Construction Services, SCS	Fully provided	Confirmation provided on August 8, 2014
9	**Operations** Operations confirm that capacity testing was completed on Kemper County IGCC natural gas combined cycle and the unit is ready for commercial operations. The staff and management of Kemper County IGCC are prepared to operate the unit for commercial purposes on natural gas fuel. Operating procedures are current, and all departments are capable of executing their functions.	**Sam Sumner** Kemper County IGCC Plant Manager,MPC	Fully provided	Confirmation provided on August 8, 2014

IRS Letter Rulings and TAMs (1998-2013), UIL No. 0029.03-00 Credits for producing fuel from a nonconventional source; Definitions. IRS Letter Ruling 200334031 (May 19, 2003), Internal Revenue Service, (May 19, 2003)

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IRS Letter Ruling 200334031, May 19, 2003

LTR Report Number 1382, August 27, 2003

IRS REF: Symbol: CC:PSI:Br6-PLR-145489-02

Uniform Issue List Information:

UIL No. 0029.03-00
UIL No. 0029.03-00
Credits for producing fuel from a nonconventional source; Definitions.

This letter responds to a letter dated August 13, 2002, submitted on behalf of Taxpayer by General Partner, requesting as to when each wind turbine generator (WTG) in its Project is "placed in service" for purposes of the allowance for depreciation under §§167 and 168 of the Internal Revenue Code and the renewable energy production credit under §45. Additional material was submitted on December 6, 2002.

FACTS

Taxpayer represents that the facts relating to its request are as follows:

Taxpayer will develop a wind power generating facility (the Project) that will be located primarily in Location A. Taxpayer has executed long-term real property leases with the respective landowners in the area of Location A, representing approximately Acreage B for the project. The main components of the Project, which will be owned by Taxpayer, include (i) the wind turbine generators and their attendant parts and (ii) the electrical gathering and transmission facilities including substations.

Taxpayer has entered into a construction contract for the design, manufacture and construction of the Project on a turn-key basis for an aggregate fixed purchase price. The construction contract provides for the construction, installation and testing of approximately C wind turbine generators, with an average capacity of approximately D each, and their respective steel towers and tower foundations (WTG). The construction contract also provides for the construction, installation and testing of the electrical gathering and transmission facilities, including the electrical substation. The construction contract provides the Project must achieve substantial completion by Date 1, including each WTG successfully passing an initial performance test by such date. Taxpayer anticipates each WTG to reach Commercial Operation as of such date, meaning a WTG is ready for daily operation, has been connected to the power grid, and is capable of producing and delivering electrical energy to the power grid. Taxpayer has or will entered into agreements with two entities to maintain, service and repair the WTGs, and management, operation, maintenance and administration of the Project.

Each WTG is a self contained unit capable of operating independently of all other WTGs. Each WTG can be commissioned, started up, tested, and synchronized to a power grid separately and independently of all other WTGs. A step-up transformer will increase the voltage at which the wind turbine generates electricity to F Kv. Upon mechanical completion of each WTG, each will be tested and synchronized using N's system. Each WTG will be connected to the Project's electrical gathering and transmission facilities. Once energized, all of the components that make up each WTG will be tested to insure that each component has been installed properly and is working correctly and that the WTG as a whole is fully functional. Upon completion of the initial tests, a performance test of each WTG, which includes the generation of electrical power and the synchronization to the power grid at M substation, will be performed. Successful completion of the performance tests will demonstrate that the WTG is capable of consistently performing its intended function on a routine basis.

The output of each WTG will be metered and transmitted from its step-up transformer, along Taxpayer-owned transmission lines to one of two Taxpayer-owned substations. These two substations will have multiple-tap transformers to step-up the output from the WTGs to either G Kv or H Kv (depending on whether the M Substation upgrade, discussed below, has been completed). The two substations will be connected to each other and connected to M substation by Taxpayer-owned transmission lines. The M substation is owned by N, a subsidiary of P, a state authority. As of Date 1, Taxpayer expects to be capable of producing electricity at the full capacity of its WTG (subject to wind conditions). Because Taxpayer's WTGs are expected to be operational as of Date 1, Taxpayer expects to be operating substantially all of its WTGs within the Project on a daily basis, producing power as of Date 1 and transmitting it to J, an energy trading company unrelated to Taxpayer. Under a power purchase agreement, J will purchase K percent of the electrical output of Taxpayer's Project for L, commencing on the earlier of the date the Project achieves commercial operations, or Date 2.

The M substation serves as the point of interconnection between the Project and the R transmission system. The current operating voltage of the M substation is G Kv. Under the Interconnection Agreement between Taxpayer and N, N will complete an upgrade to the M substation in order to accommodate the new interconnection and increase the operating voltage to H Kv. The Interconnection Agreement requires N to use reasonable efforts to construct the M substation upgrade by Date 3. Accordingly, Taxpayer expects to be able to deliver its Project output as required under the Power Purchase Agreement as of Date 1.

In the event of a delay in the M substation upgrade beyond Date 2, Taxpayer can nevertheless deliver Project output by making minor and temporary modifications to its electrical gathering and transmission facilities. In the event of such delay, Taxpayer intends to utilize the G Kv tap on the multiple-tap transformers at its two substations, to deliver and sell output during any delay in the completion of the M substation upgrade. Once the M substation upgrade is completed, the Taxpayer-owned transmission lines will be disconnected from the G Kv tap of the transformers and reconnected to the H Kv tap of the transformers. Taxpayer expects that utilization of the G Kv taps will allow for delivery and sale of ***** Mw of electricity, or about *****% of the Projects maximum capacity.

In the event of a delay in the completion of the M substation upgrade, the G Kv tap of the transformers would be used to facilitate testing and synchronization of each WTG. Thereafter, each of the C WTGs would be able to produce at its full rated capacity subject only to the limitations of the M substation prior to the completion of the M substation upgrade, such capacity limitation estimated to be approximately ***** MW. During any such delay, Taxpayer expects to operate a fluctuating number of WTGs in a manner that maximizes operating efficiency given the part load characteristics of the WTGs and the then current site specific wind conditions. In some instances, fewer WTGs will be operated at or close to full capacity (D per WTG); in other instances, a larger number of WTGs will be operated at less than full load. Taxpayer expects to rotate the operation of WTGs during the time prior to completion of the M substation upgrade, so that a reasonably consistent number of operating hours is logged among all of the WTGs for warranty purposes.

Once the M substation is upgraded, the capacity of the M substation will be sufficient to transmit the maximum output capacity of all of Taxpayer's WTG at the desired voltage. Because N receives output from various wind farms in the local area of the Project, overloading of the N transmission infrastructure during periods of high winds can occur. Although N is upgrading its transmission system to relieve such congestion, N could from time to time limit the output delivery, known as curtailment, of any or all wind farms linked to N's system, including the Project, until such time as the transmission system upgrades are complete. Thus, during periods of high winds, Taxpayer may temporarily be prevented from delivering all of its output as a result of N's transmission congestion. This curtailment will be at the direction of R. With respect to the project, during the period between the completion of the M substation upgrade and the upgrade of N's transmission system, there will be days when there will be no curtailment of Taxpayer's output to N and thus 100% of its output maybe delivered to N; while on other days during such period, Taxpayer's output may be limited due to curtailment to an estimated *****% of its peak output. In addition, until the upgrade of N's transmission system is completed, R may intermittently interrupt, for periods of expected to be less than 48 hours at a time, deliveries of Project output to the M substation as a result of work related the upgrade of N's transmission system. Notwithstanding the effect of

R's curtailment and the intermittent delivery interruptions due to the upgrade of N's transmission system on delivery of Taxpayer's Project output, each WTG will remain capable of operations at its full capacity. In revenue terms, curtailment is expected to result in an estimated energy reduction of approximately *****% in Date 4 and approximately *****% in Date 5 for the Project. Once the upgrade to N's transmission system is completed, it is estimated that by the second quarter of Date 5, N will be able to receive at all times the Project's full peak output.

RULINGS REQUESTED

Taxpayer requests a ruling that the following will not preclude Taxpayer from treating each WTG in its Project as "placed in service" for purposes of the allowance for depreciation deductions under §§167 and 168 and the renewable energy production credit under §45:

1. Any temporary limited capacity of N's M substation due to delay by N in upgrading that substation;

2. The temporary operation of Taxpayer's substation and transmission system at G Kv to accommodate any such limitations of the M substation until N completes such upgrade; and,

3. Curtailment by R until N has upgraded its transmission system and any temporarily limited capacity of N's transmission system during such upgrade.

LAW AND ANALYSIS

Section 45 provides a renewable electricity production credit for any taxable year for each kilowatt hour of electricity which is (i) produced by the taxpayer from qualified energy resources at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service and (ii) sold by the taxpayer to an unrelated person during such year. Section 45(c)(1) provides that qualified energy resources include wind. Section 45(c)(3) provides that a qualified facility is one that is placed in service after December 31, 1993 and before January 1, 2004.

Section 167(a) provides a depreciation deduction for the exhaustion, wear and tear of property used in a trade or business or held for the production of income. Section 168(a) provides the rules of the general depreciation system with respect to the depreciation deduction under §167(a) for tangible property placed in service after 1986. The depreciation deduction is computed by using a prescribed depreciation method, recovery period, and convention. Section 168(e)(3)(B)(vi) provides that 5-year property includes any property (modifying the language of §48(a)(3)(A)(i)) which is equipment which uses solar or wind energy to generate electricity.

Treasury Regulation §1.167(a)-11(e)(1)(i) provides, in part, that property is first placed in service when first placed in a condition or state of readiness and availability for a specifically designed function. It further provides that the provisions of §1.46-3(d)(1)(ii) and (d)(2) generally apply for purposes of determining the date on which property is placed in service.

Revenue Ruling 94-31, 1994-1 C.B. 16, provides the Service's published position on what constitutes a qualified facility for purposes of §45(c)(3). While noting the array of equipment used to generate electricity from wind energy and deliver the final product, the revenue ruling concludes, in part, that the term "facility" under §45(c)(3) means the wind turbine (which includes blades, gear box, generator and a control and a communication mechanism), together with the tower on which the wind turbine is mounted and the pad on which the tower is situated. The revenue ruling further concludes that each wind turbine together with its tower and supporting pad is a separate facility. This definition is quite narrow, excluding from the term facility support and delivery assets such as transformers, on-site power collection systems, monitoring and meteorological equipment, and site improvements such as roadways and fencing.

In general, property is placed in service in the taxable year the property is placed in a condition or state of readiness and availability for a specifically designed function. See, Treas. Reg. sections 1.46-3(d)(1)(ii) and 1.167(a)-11(e)(1)(i). Placed in service is construed as having the same meaning for purposes of the investment tax credit under section 46 and depreciation under section 167. Section 1.46-3(d)(2) provides examples of when property is in a condition of readiness and availability. One of those examples is equipment that is acquired for a specifically assigned function and is operational but undergoing tests to eliminate any defects. See also Rev. Proc. 79-40, 1979-1 C.B. 13, where machinery and equipment were placed in service in the year critical tests (with appropriate materials) and operational tests were completed. Another example in section 1.46-3(d)(2) involved operational farm equipment acquired and placed in service in a taxable year even though it was not practical to use such equipment for its specifically designed function in the taxpayer's business of farming until the following year.

Several Tax Court cases have addressed placed in service questions in the context of electric power plants. In Olgethorpe Power Corp. v. Commissioner, T.C. Memo. 1990-505 [CCH Dec. 46,887(M)] and Consumers Power Co. v. Commissioner, 89 T.C. 710 (1987) [CCH Dec. 44,250] facilities can be deemed placed in service upon sustained power generation near rated capacity. However, if the facility operates on a regular basis but does not produce the projected output, it may still be considered placed in service. Sealy Power, Ltd v. Commissioner, 46 F.3d 382 (5\th/ Cir. 1995) [95-1 USTC ¶50,103], nonacq. 1996-1 C.B. 6. In the Action on Decision for Sealy Power, the Service stated that at a minimum, the property would have to have been in a state of readiness sufficient to produce electricity on a sustained and reliable basis in commercial quantities. AOD 1995-010. Finally, in Rev. Rul. 84-85, 1984-1 C.B. 10, a solid waste facility that was experiencing operational problems such that it was unable to operate at its rated capacity was nonetheless considered to have been placed in service since it was being operated on a regular basis and saleable steam was being produced. However, if a facility is merely operating on a test basis, it is not placed in service until it is available for service on a regular basis. Consumers Power v. Commissioner, 89 T.C. at 710 [CCH Dec. 44,250].

The above-referenced cases and rulings, provide that the following are common factors to be considered in determining placed in service dates for power plants:

(1) approval of required licenses and permits;

(2) passage of control of the facility to taxpayer;

(3) completion of critical tests;

(4) commencement of daily or regular operations; and,

(5) synchronization into a power grid for generating electricity to produce income.

See generally, Rev. Rul. 76-256, 1976-2 C.B. 46 and Rev. Rul. 76-428, 1976-2 C.B. 47.

The focus in determining a placed in service date is on ascertaining from the relevant facts and circumstances the date the unit begins supplying product in such a manner that it is routinely available and is consistent with the unit's design. It is necessary to examine relevant factors occurring both before and after the claimed placed in service date so that the date can be verified. However, a facility does not have to achieve full design output to be placed in service as long as it is in the process of ramping up its production levels. Subject to exceptions that are beyond the taxpayer's control, the Service has generally required actual operational use as a prerequisite for an asset to be deemed placed in service.

To be a qualified facility for wind credit purposes, the facility (each WTG) must be placed in service before January 1, 2004. In addition, the wind energy credit is available for a ten-year period which starts on the date the qualified facility is originally placed in service. Similarly, the period for tax depreciation of five-year property such as the WTG begins when the depreciable wind equipment is placed in service. The Service position is that for purposes of the wind energy credit, a facility will be deemed to be placed in service when it would be deemed placed in service for depreciation purposes. Thus, each WTG is deemed placed in service when it is placed in a condition or state of readiness and availability for a specifically assigned function, i.e., to produce and deliver electricity generated from wind energy.

Based on the facts provided and applying those facts to the factors delineated in Rev. Rul. 76-256, the Taxpayer represents that, as of Date 2:

(1) all necessary permits and licenses with respect to the WTGs will have been obtained;

(2) the WTGs will have been synchronized to the power grid for its function of generating electricity for production of income;

(3) the critical tests for the various components of the WTGs will have been completed;

(4) the WTGs will have been placed in the control of Taxpayer by the contractor; and,

(5) Taxpayer expects to have sold electricity by that date.

Taxpayer further represents that in the event of a delay in the completion of the M substation upgrade, the Taxpayer expects to operate a fluctuating number of WTGs in a manner that maximizes operating efficiency given the part load performance characteristics of the WTG and the then current site specific wind conditions. Taxpayer also expects to rotate the operation of WTGs during the time prior to the completion of the M substation upgrade so that a reasonably consistent number of operating hours is logged among all of the WTGs for warranty purposes. This would result in an operating level of approximately *****% of full rated Project capacity.

Daily operation at full rated capacity is not necessary to establish that the WTGs are placed in service. And even without the temporary delivery limitations or curtailments, the site specific wind conditions could dramatically reduce daily WTG or Project output. As long as the WTGs are ready and available for use and producing commercial output on a regular basis, operating at full rated capacity is not necessary to establish that the WTGs are placed in service. <u>See</u> <u>Sealy Power</u>, <u>supra</u>. The additional curtailment of Project output, by as much as ***** % due to temporary capacity limitations of N's transmission system does not affect adversely the regular use of, the availability for use and the production of commercial output by the WTGs.

<u>CONCLUSIONS</u>

Accordingly, based soley on the representations submitted by the taxpayer and the applicable law discussion above, we rule that the Taxpayer will not be precluded from treating each WTG in its Project as placed in service for purposes of the allowance for depreciation deductions under §§167 and 168 and the renewable energy production credit under §45, by reason of (1) Any temporarily limited capacity of N's M substation due to any delay by N in upgrading that substation; (2) the change in voltage taps (from G Kv to H Kv) at the transformers in Taxpayer's substations for energy transmission to M substation upon completion of the M substation upgrade; or, (3) Any temporary curtailment of Project output by R until N has upgraded its transmission system.

The above ruling is expressly conditioned upon Taxpayer otherwise meeting the placed in service factors of Rev. Rul. 76-256 for each of the WTGs before January 1, 2004, the operation of the WTGs is in accordance with Taxpayer's representations, and that the upgrades of N's M substation and transmission system is completed in a timely manner.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of the letter ruling to the appropriate Industry Director, LMSB.

Sincerely, Peter C. Friedman, Senior Technician Reviewer, Branch 6, Office of the Associate Chief Counsel (Passthroughts and Special Industries).

IRS Letter Rulings and TAMs (1998-2013), UIL No. 0045.00-00 Electricity produced from certain renewable sources. UIL No. 0167.19-00 Depreciation; Date property placed in service. IRS Letter Ruling 201205005 (Nov. 03, 2011), Internal Revenue Service, (Nov. 3, 2011)

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LTR 201205005, November 03, 2011

Symbol: CC:ITA:B07-PLR-140126-11

Uniform Issue List Nos. 0045.00-00, 0167.19-00

[Code Secs. 45 and 167]

Electricity produced from certain renewable sources; Depreciation; Date property placed in service.

This letter responds to a letter dated September 26, 2011, submitted by, requesting a private letter ruling that certain circumstances will not prevent each wind turbine generator (WTG) in its Project from being "placed in service" for purposes of the allowance for depreciation under §§ 167 and 168 of the Internal Revenue Code and the renewable energy production credit under § 45.

FACTS

Taxpayer represents that the facts relating to its request are as follows:

Taxpayer, a State limited liability company, is developing a wind power generating facility (the Project) that will be located in Location. Taxpayer has executed long-term real property leases with the landowners in the area of Location on which the Project will be constructed, representing approximately Acreage. The main components of the Project, which will be owned by Taxpayer, include (i) the wind turbine generators and their attendant parts, and (ii) the electrical gathering and transmission facilities, including electrical substations.

The wind turbine generators and their respective towers and tower foundations (the WTGs) for the Project will be constructed, erected, synchronized to the power grid, and tested before Date 1. Taxpayer intends to enter into a construction contract with Company for the design, procurement, and construction of the Project. Taxpayer expects the construction contract to be for a fixed contract value. The construction contract will provide for the construction, installation and testing of the WTGs. The construction contract also will provide for the construction, installation and testing of the electrical gathering and transmission facilities, including the electrical substation. Taxpayer will enter into agreements to maintain, service, and repair the WTGs, and manage, operate, maintain, and administer the Project.

The construction contract will provide that the Project must achieve substantial completion by Date 1, including each WTG successfully passing all critical performance testing by such date. Taxpayer anticipates that each WTG will reach Commercial Operation as of such date, meaning a WTG is ready for daily operation, has been connected to the power grid, and is capable of producing and delivering electrical energy to the power grid.

The specific number of WTGs, and the average capacity of each WTG, will be determined when a supplier is selected, which selection will be based principally on a supplier's ability to provide WTGs by Date 2. Any WTG selected will transmit the electricity produced by the WTG to the initial step-up transformer at A. It is anticipated that each WTG will have a nameplate capacity between B and C.

Each WTG is a self contained unit capable of operating independently of all other WTGs. Each WTG can be started up, tested, commissioned, and synchronized to a power grid separately and independently of all other WTGs. Upon mechanical completion of each WTG, each will be tested and. Each WTG will be connected to the Project's electrical gathering and transmission facilities. Once energized, all of the components that make up each WTG will be tested to insure that each component has been installed properly and is working correctly and that the WTG as a whole is fully functional. Upon completion of the initial tests, a performance test of each WTG, which includes the generation of electrical power and the synchronization to the power grid, will be performed. Successful completion of the performance tests will demonstrate that the WTG is capable of consistently performing its intended function on a routine basis.

The output of each WTG will be metered and transmitted from its step-up transformer, along a Taxpayer-owned buried electrical collection system, to a Taxpayer-owned substation. This substation will have a dual-tap transformer to step-up the output from the individual WTGs to either D or E for a direct connection to the grid via a switching station along the Line owned by Transmitter. The interconnection point is adjacent to the Taxpayer-owned project substation and no significant Taxpayer-owned transmission lines are required for grid interconnection. Transmitter must complete certain upgrades to the transmission system. In the event the transmission upgrades provided by Transmitter are not completed prior to Date 1, the Taxpayer-owned substation will connect to the grid at D and switch to E upon completion by Transmitter of the required upgrades. As of Date 1, Taxpayer expects to be capable of producing electricity at the full capacity of each of its WTGs (subject to wind conditions, which are expected to allow for, on an annual average, a F capacity factor). Because Taxpayer's WTGs are expected to be operational as of Date 1, Taxpayer expects to be operating substantially all of its WTGs within the Project on a daily basis, producing power as of Date 1 and transmitting it to Purchaser, for purchase at the then Purchaser market price.

It is anticipated that the WTGs will be delivered in Date 2, mechanical completion will occur in Date 3, commissioning of WTGs will take place during the period beginning Date 3 and ending Date 1, and the Project as a whole will be substantially complete before Date 1. Commissioning and testing of each WTG will take place as each WTG becomes ready. The construction contract will require that, by Date 1: (1) all necessary permits and licenses with respect to the WTGs will have been obtained; (2) the WTGs will have become synchronized to the power grid for its function of generating electricity for production of income; (3) the critical tests for the various components of the WTGs will have been completed; (4) the WTGs will have been placed in control of the Taxpayer by the contractor; and (5) all site communications systems, including the WTG control systems, will have been installed and commissioned. Further, Taxpayer expects to have sold a non-de minimis amount of electricity by Date 1.

The proposed Switching Station along the Line serves as the point of interconnection between the Project and the Purchaser transmission system. The current operating voltage of the Line is D. Taxpayer will enter into an Interconnection Agreement with Transmitter, which will require Transmitter to complete an additional circuit on the Line in order to accommodate the new interconnection and will have an increased operating voltage of E. It is expected that the Interconnection Agreement will require Transmitter to use reasonable efforts to construct the Switching Station and the upgrade to the Line (together, the Transmission Upgrades) by the earliest feasible date, but not later than Date 4. Accordingly, Taxpayer expects to be able to deliver its Project output as required under the Power Purchase Agreement as of Date 1. Transmitter is currently undertaking to determine if the Transmission Upgrades can be completed by Date 1, so that the Project can transmit the power that it generates along the Line at E. The Facilities Study Report prepared by Transmitter on Date 5 indicated that the Transmission Upgrades are not expected to be completed until Date 4. In the event that the Transmission Upgrades cannot be completed by Date 1, the Project will connect to the Line at D and the Projects production will be limited until the Transmission Upgrades are completed. Thus, notwithstanding that the Transmission Upgrades to E may not be completed by Date 1, Taxpayer expects to be delivering its Project output as of Date 1.

In the event of a delay in the Transmission Upgrades beyond Date 1, Taxpayer can nevertheless deliver Project output by making minor and temporary modifications to its Taxpayer-owned project substation. No modifications to the WTGs will be necessary. In the event of such delay, Taxpayer intends to utilize the D tap on the Line to deliver and sell output. Once the Transmission Upgrades are completed, the Taxpayer-owned transmission lines will be switched from the D tap of the transformers and to the E tap of the transformers. Taxpayer expects that utilization of the D taps will allow for delivery and sale of at least G of the Project's maximum expected output.

In the event of a delay in the completion of the Transmission Upgrades, the D tap of the transformers would be used to facilitate testing, commissioning, and synchronization of each WTG. Thereafter, each of the WTGs would be able to produce at its full rated capacity but, due to the limitations of the D system prior to the completion of the Transmission Upgrades, if the WTGs are operated simultaneously, may be limited in the amount of energy it may transmit. During any such delay, Taxpayer expects to operate a fluctuating number of WTGs in a manner that maximizes operating efficiency given the part load characteristics of the WTGs and the then current site specific wind conditions. In some instances, fewer WTGs will be operated at or close to full capacity; in other instances, a larger number of WTGs will be operated at less than full load. In either case, Taxpayer expects to be able to operate the Project at least at G of the Project's full-rated capacity; i.e. in excess of H per month assuming modeled wind speeds. Taxpayer expects to rotate the operation of WTGs during the time prior to completion of the Transmission Upgrades, so that a reasonably consistent number of operating hours is logged among all of the WTGs for warranty purposes. Once the Transmission Upgrades are completed, the interconnection capacity will be sufficient to transmit the maximum output capacity (measured in megawatts) of all of Taxpayer's WTGs at the desired voltage.

Purchaser could limit the output delivery from time to time, known as curtailment, of any or all wind farms linked to the Purchaser market, including the Project. Curtailment could result at any time that the Purchaser system is unable to handle all of the available output from wind farms linked to the system. Examples of situations that could result in curtailment include system upgrades or periods of high winds that result in transmission congestion. Taxpayer does not presently expect the Project to be curtailed in this manner due to its location, which is close to the load in City.

RULINGS REQUESTED

Taxpayer requests a ruling that the following will not preclude Taxpayer from treating each WTG in its Project as “placed in service” for purposes of the allowance for depreciation deductions under §§ 167 and 168 and the renewable energy production credit under § 45:

1. Any temporary limited capacity of Transmitter's Line if Transmitter does not complete the Transmission Upgrades by Date 1;

2. The temporary operation of Taxpayer's substation and transmission system at D to accommodate any such limitations of the Line until Transmitter completes the Transmission Upgrades; and,

3. Any curtailment by Purchaser due to transmission congestion.

LAW AND ANALYSIS

Section 45 provides a renewable electricity production credit for any taxable year for each kilowatt hour of electricity which is (i) produced by the taxpayer from qualified energy resources at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service and (ii) sold by the taxpayer to an unrelated person during such year. Section 45(c)(1) provides that qualified energy resources include wind. Section 45(c)(3) provides that a qualified facility is one that is placed in service after December 31, 1993 and before January 1, 2012.

Section 167(a) provides a depreciation deduction for the exhaustion, wear and tear of property used in a trade or business or held for the production of income. Section 168(a) provides the rules of the general depreciation system with respect to the depreciation deduction under § 167(a) for tangible property placed in service after 1986. The depreciation deduction is computed by using a prescribed depreciation method, recovery period, and convention. Section 168(e)(3)(B)(vi) provides that 5-year property includes any property (modifying the language of § 48(a)(3)(A)(i)) which is equipment which uses solar or wind energy to generate electricity.

Treasury Regulation § 1.167(a)-11(e)(1)(i) provides, in part, that property is first placed in service when first placed in a condition or state of readiness and availability for a specifically designed function. It further provides that the provisions of § 1.46-3(d)(1)(ii) and (d)(2) generally apply for purposes of determining the date on which property is placed in service.

Revenue Ruling 94-31, 1994-1 C.B. 16, provides the Service's published position on what constitutes a qualified facility for purposes of § 45(c)(3). While noting the array of equipment used to generate electricity from wind energy and deliver the final product, the revenue ruling concludes, in part, that the term “facility” under § 45(c)(3) means the wind turbine (which includes blades, gear box, generator and a control and a communication mechanism), together with the tower on which the wind turbine is mounted and the pad on which the tower is situated. The revenue ruling further concludes that each wind turbine together with its tower and supporting pad is a separate facility. This definition is quite narrow, excluding from the term facility support and delivery assets such as transformers, on-site power collection systems, monitoring and meteorological equipment, and site improvements such as roadways and fencing.

In general, property is placed in service in the taxable year the property is placed in a condition or state of readiness and availability for a specifically designed function. See, §§ 1.46-3(d)(1)(ii) and 1.167(a)-11(e)(1)(i) of the Federal income tax regulations. Placed in service is construed as having the same meaning for purposes of the investment tax credit under section 46 and depreciation under section 167. Section 1.46-3(d)(2) provides examples of when property is in a condition of readiness and availability. One of those examples is equipment that is acquired for a specifically assigned function and is operational but undergoing tests to eliminate any defects. See also Rev. Proc. 79-40, 1979-1 C.B. 13, where machinery and equipment were placed in service in the year critical tests (with appropriate materials) and operational tests were completed. Another example in § 1.46-3(d)(2) involved operational farm equipment acquired and placed in service in a taxable year even though it was not practical to use such equipment for its specifically designed function in the taxpayer's business of farming until the following year.

Several Tax Court cases have addressed placed in service questions in the context of electric power plants. In Olgethorpe Power Corp. v. Commissioner, T.C. Memo. 1990-505 [CCH Dec. 46,887(M)] and Consumers Power Co. v. Commissioner, 89 T.C. 710 (1987) [CCH Dec. 44,250] facilities can be deemed placed in service upon sustained power generation near rated capacity. However, if the facility operates on a regular basis but does not produce the projected output, it may still be considered placed in service. Sealy Power, Ltd v. Commissioner, 46 F.3d 382 (5th Cir. 1995) [95-1 USTC ¶50,103], nonacq. 1995-2 C.B. 2. In the Action on Decision for Sealy Power, the Service stated that at a minimum, the property would have to have been in a state of readiness sufficient to produce electricity on a sustained and reliable basis in commercial quantities. AOD 1995-010. Finally, in Rev. Rul. 84-85, 1984-1 C.B. 10, a solid waste facility that was experiencing operational problems such that it was unable to operate at its rated capacity was nonetheless considered to have been placed in service since it was being operated on a regular basis and saleable steam was being produced. However, if a facility is merely operating on a test basis, it is not placed in service until it is available for service on a regular basis. Consumers Power v. Commissioner, 89 T.C. at 724.

The above-referenced cases and rulings, provide that the following are common factors to be considered in determining placed in service dates for power plants:

(1) approval of required licenses and permits;

(2) passage of control of the facility to taxpayer;

(3) completion of critical tests;

(4) commencement of daily or regular operations; and,

(5) synchronization into a power grid for generating electricity to produce income.

See generally, Rev. Rul. 76-256, 1976-2 C.B. 46, and Rev. Rul. 76-428, 1976-2 C.B. 47.

The focus in determining a placed in service date is on ascertaining from the relevant facts and circumstances the date the unit begins supplying product in such a manner that it is routinely available and is consistent with the unit's design. It is necessary to examine relevant factors occurring both before and after the claimed placed in service ate so that the date can be verified. However, a facility does not have to achieve full design output to be placed in service as long as it is in the process of ramping up its production levels. Subject to exceptions that are beyond the taxpayer's control, the Service has generally required actual operational use as a prerequisite for an asset to be deemed placed in service. See, e.g., SMC Corp. v. United States, 675 F.2d 113 (6th Cir. 1982) [82-1 USTC ¶9309].

To be a qualified facility for wind credit purposes, the facility (each WTG) must be placed in service before January 1, 2013. In addition, the wind energy credit is available for a ten-year period which starts on the date the qualified facility is originally placed in service. Similarly, the period for tax depreciation of five-year property such as the WTG begins when the depreciable wind equipment is placed in service. For purposes of the wind energy credit, a facility is deemed to be placed in service when it would be deemed placed in service for depreciation purposes. Thus, each WTG is deemed placed in service when it is placed in a condition or state of readiness and availability for a specifically assigned function, i.e., to produce and deliver electricity generated from wind energy.

Based on the facts provided and applying those facts to the factors delineated in Rev. Rul. 76-256, the Taxpayer represents that, as of Date 1:

(1) all necessary permits and licenses with respect to the WTGs will have been obtained;

(2) the WTGs will have been synchronized to the power grid for its function of generating electricity for production of income;

(3) the critical tests for the various components of the WTGs will have been completed;

(4) the WTGs will have been placed in the control of Taxpayer by the contractor; and,

(5) Taxpayer expects to have sold a non-de minimis of electricity by that date.

Taxpayer further represents that in the event of a delay in the completion of the Transmission Upgrades by Date 1, the Taxpayer expects to operate a fluctuating number of WTGs in a manner that maximizes operating efficiency given the part load performance characteristics of the WTG and the then current site specific wind conditions. Taxpayer also expects to rotate the operation of WTGs during the time prior to the completion of the M substation upgrade so that a reasonably consistent number of operating hours is logged among all of the WTGs for warranty purposes. This would result in an operating level of approximately G of the Project full rated capacity.

Daily operation at full rated capacity is not necessary to establish that the WTGs are placed in service. Even without the temporary delivery limitations or curtailments, the site specific wind conditions could dramatically reduce daily WTG or Project output. As long as the WTGs are ready and available for use and producing commercial output on a regular basis, operating at full rated capacity is not necessary to establish that the WTGs are placed in service. See Sealy Power, supra. Any additional curtailment of Project output due to transmission congestion does not affect adversely the regular use of, the availability for use and the production of commercial output by the WTGs.

CONCLUSIONS

Accordingly, based solely on the representations submitted by the taxpayer and the applicable law discussion above, the Taxpayer will not be precluded from treating each WTG in its Project as placed in service for purposes of the allowance for depreciation deductions under §§ 167 and 168 and the renewable energy production credit under §45, by reason of (1) any temporarily limited capacity of Transmitter's Line if Transmitter does not complete the Transmission Upgrades by Date 1; (2) the temporary operation of Taxpayer's substation and transmission system at D to accommodate any such limitations of the Line until Transmitter completes the Transmission; or, (3) any curtailment by Purchaser due to transmission congestion.

The above ruling is expressly conditioned upon Taxpayer otherwise meeting the placed in service factors of Rev. Rul. 76-256 for each of the WTGs before January 1, 2013, and upon the operation of the WTGs in accordance with Taxpayer's representations.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives. We are also sending a copy of the letter ruling to the appropriate operating division director.

Sincerely, Patrick M. Clinton, Assistant to the Branch Chief, Branch 7 (Income Tax & Accounting).

IRS Letter Rulings and TAMs (1998-2013), UIL No. 0045.00-00 Electricity produced from certain renewable sources. UIL No. 0167.19-00 Depreciation; Date property placed in service. IRS Letter Ruling 201311003 (Dec. 12, 2012), Internal Revenue Service, (Dec. 12, 2012)

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LTR 201311003, December 12, 2012

Symbol: CC:ITA:B07-PLR-125829-12

Uniform Issue List Nos. 0045.00-00, 0167.19-00

[Code Secs. 45 and 167]

Electricity produced from certain renewable sources; Depreciation; Date property placed in service.

Re: Request for Private Letter Ruling Under Sections 45, 167, and 168

This letter responds to a letter dated June 12, 2012, and supplemental correspondence, submitted by Taxpayer requesting a private letter ruling that certain circumstances will not prevent the Project from being placed in service in Year1 for purposes of section 45, 167, and 168 of the Internal Revenue Code.

FACTS

Taxpayer represents that the facts relating to its request are as follows:

Taxpayer, a State1 limited liability company that is a corporation for Federal income tax purposes, is a developer of renewable energy projects. Taxpayer uses the accrual method of accounting and files its federal income tax return on a calendar-year basis.

Through two tiers of subsidiaries, Taxpayer owns a wind farm in State2 that is referred to as the Project. Taxpayer owns an intermediate State1 limited liability company called Holdco that is a disregarded entity. Holdco owns Project Company, another State1 limited liability company that is also a disregarded entity. Project Company owns the Project.

Taxpayer is building the Project, a Number1-megawatt wind farm in County1 and County2 of State2. The main components of the Project include (i) the wind turbine generators and their attendant parts, and (ii) the electrical gathering and transmission facilities, including electrical substations. The Project will have Number2 Number3-megawatt wind turbine generators ("WTG"). Each WTG will be a self-contained unit capable of operating independently of all other WTGs.

By Date1, physical construction will have been completed on all WTGs, all of the WTGs will have been individually commissioned and accepted, a final commissioning certificate will have been issued for the Project as a whole, the Project Company will have all the permits and licenses needed to operate, each WTG will be synchronized to the power grid, and legal title and control over the Project will have been conveyed to the Project Company by the WTG supplier and the balance-of-plant construction contractor.

The electricity generated by the Project will be transmitted over the Line, a Number4-mile transmission line that will have a southern terminus at a City1 substation owned by B and a northern terminus at a City2 substation owned by C. The Project will be interconnected to the Line at the Switchyard, which is near the mid-point of the Line. Construction of the Switchyard is expected to be completed in the fourth quarter of Year1. The Line is being built by D and is expected to be completed in the first quarter of Year2.

Because the interconnection between the Project and the Line will not be completed by the end of Year1 (that is, by Date1), the Project Company has arranged to interconnect to the power grid through a temporary arrangement that would allow the electricity produced by the Project to be transmitted through a temporary intertie that was energized, tested, and went into operation as of Date2. Under this temporary arrangement, electricity from the Project moves west to tap into the Line at Location, travels south along a Number5-mile segment of the Line that has been completed, and then links to an existing intertie from a Number6-megawatt wind farm called E, an affiliate, that is connected to an existing substation owned by B.

This temporary arrangement allows for up to Number7 megawatts of combined production from the Project and E to enter the B system at the existing E interconnect with the B's existing substation. Under this arrangement, even if the E is operating at maximum capacity, the temporary intertie would give the Project the ability to deliver at least Number8 megawatts of output, or about Number9 percent of the Project's capacity, to market. Production at the two wind farms would have to be coordinated to ensure that the combined limit of Number7 megawatts from both the Project and E is observed. The temporary intertie will remain in place for an indefinite period until the Line is fully constructed.

The Project Company will rotate the Project's WTGs across the temporary intertie so that each is operating a reasonably consistent number of hours. Each and every individual WTG is separately remotely monitored and controlled by an interconnected fiber optic communications system that provides continuous, real-time WTG output and other operating and performance information separately for each and every WTG to the Project's system operators. In addition to other output and operating data, the system will keep a record of the number of minutes that each WTG is in operation and the resulting power output generated by each WTG. When using the system's controller, the system automatically cycles through the list of WTGs when selecting which WTG to operate or stop, if and when generation limits are close to being reached.

Each and every WTG of the Project separately and independently completes a rigorous testing and acceptance process that involves both mechanical completion and electrical commissioning certification of each individual WTG. Each WTG is started up, tested, certified, commissioned, and synchronized separately and independently of all other WTGs.

As part of the commissioning process: (1) each WTG is connected to the electrical gathering system and transmission facilities, and will be fully operational; (2) all of the components that make up each and every WTG will be tested to ensure that each component has been properly installed and is working correctly and that the WTG as a whole is fully functional; and (3) a performance test is completed for each and every WTG, including actual generation of electrical power and synchronization of that WTG to the power grid. In addition, as part of the acceptance process, each WTG is required to pass a Number10-hour operation test to demonstrate that it is capable of operating continuously. It is expected that the Number10-hour operation test will be completed for each and every WTG separately on or before Date3. Furthermore, mechanical completion of each and every WTG occurs before the date that WTG is commissioned, with scheduled mechanical completion of the last WTG to occur on Date4.

When each of the Project's WTGs is commissioned, it is connected to the electrical system and synchronized to the power grid. As such, each and every WTG is available to produce electricity for sale and transmission on the power grid as of its commissioning date, and is fully expected to do so. Each and every WTG of the Project has either been commissioned or is scheduled to be commissioned on or before Date5, which is during Year1. As of Date6, Number11 of Number2 WTGs have been commissioned, fully synchronized to the power grid, and are generating output, and Number12 of Number2 WTGs have been energized but not yet commissioned.

As of Date3 (which is during Year1), each and every WTG of the Project is scheduled to be in commercial operation and generating electricity on a commercial basis. Once each WTG is in commercial operation, given the expected capacity factor at the Project during the months of Month1 and Month2 (in the Number13 percent to Number14 percent range), it is expected that at least Number15 MWhs will be generated and sold from the Project on a monthly basis, during each of Date7 and Date8.

Holdco is expected to convert to a partnership for Federal income tax purposes after an unrelated party, A, acquires an interest in Holdco. Taxpayer represents that this partnership will comply with the safe harbor described in section 4 of Rev. Proc. 2007-65, 2007-2 C.B. 967

In its letter dated June 12, 2012, requesting a private letter ruling, Taxpayer also requested a letter ruling that Taxpayer and Holdco could rely upon the below-stated ruling subsequent to the conversion of Holdco to a partnership. By letter dated November *****, 20*****, Taxpayer withdrew this ruling request.

RULING REQUESTED

Taxpayer requests the following ruling:

The Project will not be precluded from being in placed service in Year1 for purposes of sections 45, 167, and 168 if the Line has not been completed by then, as long as the Project is able to deliver at least Number16 percent of its capacity to market in Year1 via a temporary intertie and it rotates turbines across the temporary intertie so that each is operating on a regular basis.

LAW AND ANALYSIS

Section 45 provides for a renewable electricity production credit in an amount equal to the product of 1.5 cents multiplied by the kilowatt hours of electricity produced by the taxpayer from qualified energy resources at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service, and sold by the taxpayer to an unrelated person during the taxable year.

Section 45(c)(1) defines “qualified energy resources” to include wind. Section 45(d)(1) defines a “qualified facility” in the case of a facility using wind to produce electricity as any facility owned by the taxpayer that is originally placed in service after December 31, 1993, and before January 1, 2013.

Under Rev. Rul. 94-31, 1994-1 C.B. 16, with respect to electricity produced from wind energy, the term “facility” under section 45(d)(1) means each separate wind turbine, together with the tower on which the turbine is mounted and the supporting pad on which the tower is situated. Although section 45 does not define “placed in service,” the term has been defined for purposes of the deduction for depreciation and the investment tax credit.

Section 167(a) provides a depreciation deduction for the exhaustion, wear and tear, and obsolescence of property used in a trade or business or held for the production of income. The depreciation deduction provided by section 167 for tangible property placed in service after 1986 generally is determined under section 168. This section prescribes two methods for determining depreciation allowances. One method is the general depreciation system in section 168(a) and the other method is the alternative depreciation system in section 168(g). Under either depreciation system, the depreciation deduction is computed by using a prescribed depreciation method, recovery period, and convention.

For purposes of the general depreciation system, the depreciation method, recovery period, and convention are determined by the property's classification under section 168(e). Section 168(e)(3)(B)(vi) provides that 5-year property includes any property (modifying the language of section 48(a)(3)(A)(i)) which is equipment which uses solar or wind energy to generate electricity.

Section 1.167(a)-11(e)(1)(i) of the Income Tax Regulations provides, in part, that property is first placed in service when first placed in a condition or state of readiness and availability for a specifically designed function. It further provides that the provisions of section 1.46-3(d)(1)(ii) and (d)(2) generally apply for purposes of determining the date on which property is placed in service.

In general, property is placed in service in the taxable year the property is placed in a condition or state of readiness and availability for a specifically designed function. See sections 1.46-3(d)(1)(ii) and 1.167(a)-11(e)(1)(i). Placed in service is construed as having the same meaning for purposes of the investment tax credit under section 46 and depreciation under section 167. Section 1.46-3(d)(2) provides examples of when property is in a condition of readiness and availability. One of those examples is equipment that is acquired for a specifically assigned function and is operational but undergoing tests to eliminate any defects. See also Rev. Rul. 79-40, 1979-1 C.B. 13, where machinery and equipment were placed in service in the year critical tests (with appropriate materials) and operational tests were completed. Another example in section 1.46-3(d)(2) involved operational farm equipment acquired and placed in service in a taxable year even though it was not practical to use such equipment for its specifically designed function in the taxpayer's business of farming until the following year.

Several Tax Court cases have addressed placed in service questions in the context of electric power plants. In Olgethorpe Power Corp. v. Commissioner, T.C. Memo. 1990-505 [CCH Dec. 46,887(M)], and Consumers Power Co. v. Commissioner, 89 T.C. 710 (1987) [CCH Dec. 44,250], facilities can be deemed placed in service upon sustained power generation near rated capacity. However, if the facility operates on a regular basis but does not produce the projected output, it may still be considered placed in service. Sealy Power, Ltd v. Commissioner, 46 F.3d 382 (5th Cir. 1995) [95-1 USTC ¶50,103], nonacq. 1995-2 C.B. 2. In the Action on Decision for Sealy Power, the Service stated that at a minimum, the property would have to have been in a state of readiness sufficient to produce electricity on a sustained and reliable basis in commercial quantities. AOD 1995-010. Finally, in Rev. Rul. 84-85, 1984-1 C.B. 10, a solid waste facility that was experiencing operational problems such that it was unable to operate at its rated capacity was nonetheless considered to have been placed in service since it was being operated on a regular basis and saleable steam was being produced. However, if a facility is merely operating on a test basis, it is not placed in service until it is available for service on a regular basis. Consumers Power v. Commissioner, 89 T.C. at 724.

The above-referenced cases and revenue rulings provide that the following are common factors to be considered in determining placed in service dates for power plants:

(1) approval of required licenses and permits;

(2) passage of control of the facility to taxpayer;

(3) completion of critical tests;

(4) commencement of daily or regular operations; and,

(5) synchronization into a power grid for generating electricity to produce income.

See generally, Rev. Rul. 76-256, 1976-2 C.B. 46, and Rev. Rul. 76-428, 1976-2 C.B. 47. These factors are not exclusive — they are used as guideposts to determine whether, looking at the totality of the facts and circumstances, a facility has been placed in service.

The focus in determining a placed in service date is on ascertaining from the relevant facts and circumstances the date the unit begins supplying product in such a manner that it is routinely available and is consistent with the unit's design. It is necessary to examine relevant factors occurring both before and after the claimed placed in service date so that the date can be verified. However, a facility does not have to achieve full design output to be placed in service as long as it is in the process of ramping up its production levels. Subject to exceptions that are beyond the taxpayer's control, the Service has generally required actual operational use as a prerequisite for an asset to be deemed placed in service. See, e.g., SMC Corp. v. United States, 675 F.2d 113 (6th Cir. 1982) [82-1 USTC ¶9309].

To be a qualified facility for wind credit purposes, the facility (each WTG) must be placed in service before January *****, 20*****. In addition, the wind energy credit is available for a ten-year period which starts on the date the qualified facility is originally placed in service. Similarly, the period for tax depreciation of 5-year property such as the WTG begins when the depreciable wind equipment is placed in service. For purposes of the wind energy credit, a facility is placed in service when it would be placed in service for depreciation purposes. Thus, each WTG is placed in service when it is placed in a condition or state of readiness and availability for a specifically assigned function, that is, to produce and deliver electricity generated from wind energy.

Based on the facts provided and applying those facts to the factors delineated in Rev. Rul. 76-256, the Taxpayer represents that, as of Date 1:

(1) all necessary permits and licenses with respect to the WTGs will have been obtained;

(2) each of the WTGs will have been synchronized to the power grid for its function of generating electricity for production of income;

(3) the critical tests for the various components of the WTGs will have been completed;

(4) the WTGs will have been placed in the control of the Project Company by the WTG supplier and the contractor; and,

(5) Taxpayer expects to have sold a non-de minimis amount of electricity generated by the Project and each of the WTGs.

Taxpayer further represents that in the event of a delay in the completion of the Line by Date1, Taxpayer will rotate the WTGs across the temporary intertie so that each is operating a reasonably consistent number of hours. This would result in the Project being able to deliver about Number9 percent of its capacity to market.

Daily operation at full rated capacity is not necessary to establish that the WTGs are placed in service. Even without the temporary delivery limitations or curtailments, the site-specific wind conditions could dramatically reduce daily WTG or Project output. As long as the WTGs are ready and available for use and producing commercial output on a regular basis, operating at full rated capacity is not necessary to establish that the WTGs are placed in service. See Sealy Power, supra.

CONCLUSIONS

Accordingly, based solely on the representations submitted by Taxpayer and the applicable law discussion above, we conclude that the Project will not be precluded from being in placed service in Year1 for purposes of sections 45, 167, and 168 if the Line has not been completed by then, as long as the Project is able to deliver at least Number16 percent of its capacity to market in Year1 via a temporary intertie and it rotates turbines across the temporary intertie so that each is operating on a regular basis.

The above ruling is expressly conditioned upon Taxpayer otherwise meeting the placed in service factors of Rev. Rul. 76-256 for each of the WTGs before January *****, 20*****, and upon the operation of the WTGs in accordance with Taxpayer's representations.

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the facts described above under any other provisions of the Code. Specifically, no opinion is expressed or implied on the federal tax consequences of the possible conversion of either of the disregarded entities into a partnership, or on when the Project is placed in service by Taxpayer.

This letter ruling is directed only to Taxpayer. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney, we are sending a copy of this letter to Taxpayer's authorized representative. We are also sending a copy of the letter ruling to the appropriate operating division director.

Sincerely, Kathleen Reed, Chief, Branch 7, Office of Associate Chief Counsel (Income Tax and Accounting).

Revenue Rulings, Rev. Rul. 76-256,, Internal Revenue Service, (Jan. 1, 1976)

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Rev. Rul. 76-256, 1976-2 CB 46, January 1, 1976.

Section 167.—Depreciation

26 CFR 1.167(a)-11: Depreciation based on class lives and asset depreciation ranges for property placed in service after December 31, 1970.

(Also Section 46; 1.46-3.)

[IRS Headnote]

Depreciation: "first placed in service": electric generating unit.– A public utility's coal-fired electric generating unit was first placed in service for investment credit and depreciation purposes on the date it was placed in the utility's control by the contractor, synchronized into the power grid, and daily operation begun, even though further testing and increasing the height of a waste disposal dam was necessary.

[Text]

Advice has been requested as to when a coal-fired electric generating unit was first placed in service for depreciation and investment credit purposes, under the circumstances described below.

The taxpayer, a regulated electric utility company that files its Federal income tax return on a calendar year basis and uses the accrual method of accounting, owns a coal-fired electric generating unit, construction of which commenced in September 1971.

The major components that are necessary to the operation of the generating unit include: main steam/hot and cold reheat steam system; main boiler water/steam system; condensate/feedwater system; condensate make-up system; main boiler fuel system; auxiliary boiler and steam system; air quality control system; waste disposal system; main turbine system; and coal handling system.

On December 11, 1975, necessary permits and licenses to operate the coal-fired electric generating facility had been approved.

December 11, 1975, was also the date of synchronization of the generating unit into the power grid of the company and the date when the critical testing had been completed on the component systems of the coal-fired electric generating facility to assure that the generating unit could operate in its intended manner.

In addition, the generating unit was placed in the control of the taxpayer by the contractor on December 11, 1975, and daily operation of the unit began. However, subsequent testing was performed to determine and eliminate latent defects, if any.

A substantial portion of the projected cost of the waste disposal system was attributable to a 400-foot high dam that was not completed on December 11, 1975. However, on this date the dam was of sufficient height to take care of the current waste disposal though it would have to be increased as waste disposal requirements increased. The height of the dam did not interfere with the generating unit's intended purpose on December 11, 1975.

The coal-fired electric generating unit is depreciable property and has a useful life of more than 3 years.

Section 38 of the Internal Revenue Code of 1954 allows a credit against Federal income tax for qualified investment in section 38 property. The determination of what property qualifies as section 38 property is made in accordance with the rules provided in section 48.

Section 48(a)(1) of the Code provides, in pertinent part, that in order to qualify as section 38 property, the property must be depreciable and have a useful life of 3 years or more.

Section 167(a) of the Code provides, in part, that there shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in a trade or business.

Section 1.167(a)-11(e)(1)(i) of the regulations provides, in part, that property is first placed in service when it is in a condition or state of readiness and is available for a specifically assigned function. In general, the provisions of section 1.46-3(d)(1)(ii) and (d)(2) apply for the purpose of determining the date on which property is placed in service.

Section 1.46-3(d)(1) of the regulations provides, in part, that for purposes of the investment credit allowed by section 38 of the Internal Revenue Code of 1954, property shall be considered placed in service in the earlier of the following taxable years: (i) the taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins; or (ii) the taxable year in which the property is placed in a condition or state of readiness and availability for a specifically assigned function.

Section 1.46-3(d)(2) of the regulations provides, in part, that equipment acquired by a taxpayer for a specifically assigned function in his trade or business that is operational but is undergoing testing to eliminate any defects is considered in a condition or state of readiness and availability for a specifically assigned function.

Under the circumstances described above, the generating unit in the instant case was in a condition or state of readiness and availability for a specifically assigned function on December 11, 1975, in that the necessary permits and licenses had been approved, the critical tests for the various components were complete, the generating unit was placed in the control of the taxpayer by the contractor, the generating unit was synchronized into the taxpayer's power grid for its function in the business of generating electric energy for the production of income, and daily operation of the generating unit began, notwithstanding the fact that the generating unit would undergo further testing to eliminate any defects and the height of the dam would have to be increased for future requirements.

Accordingly, in the instant case, the coal-fired electric generating facility was “first placed in service” on December 11, 1975, for depreciation and investment credit purposes.

Revenue Rulings, Rev. Rul. 79-98,, Internal Revenue Service, (Jan. 1, 1979)

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Rev. Rul. 79-98, 1979-1 CB 103, January 1, 1979.

Clarified by: Rev. Rul. 84-85

Section 167.—Depreciation

26 CFR 1.167(a)-11: Depreciation based on class lives and asset depreciation ranges for property placed in service after December 31, 1970.

[IRS Headnote]

Depreciation: first placed in service: nuclear electric generating unit.– A public utility's nuclear electric generating unit, certain incidents of the ownership of which were vested in the public utility during the construction period, was first placed in service for depreciation purposes when the unit became operational, even though subsequent testing was performed and the unit was not formally accepted from the contractor until a later date.

[Text]

ISSUE

Is a nuclear electric generating unit first placed in service by a public utility when it becomes operational or when the utility formally accepts the unit from the contractor?

FACTS

The taxpayer, a regulated public utility company, files its federal income tax returns on a calendar year basis. For depreciation purposes, the taxpayer elected the Class Life Asset Depreciation Range (CLADR) system and adopted the modified half-year convention under section 1.167(a)-11 of the Income Tax Regulations.

In 1971, the taxpayer and *X,* a contractor, entered into an agreement under which *X* agreed to build for the taxpayer a nuclear electric generating unit on property owned by the taxpayer. Under the terms of the contract, *X* had full responsibility for the technical direction of the construction of the unit, including all testing. The testing was actually carried out by the employees of the taxpayer. Title to all material and equipment incorporated in the unit passed to the taxpayer at the time of delivery at the plant site. However, the risk of loss of all such material and equipment remained with *X* until plant acceptance. *X* agreed to maintain property insurance, applicable to occurrences at the site, prior to unit acceptance covering equipment, materials, and supplies furnished by *X.* *X* also agreed to provide nuclear property insurance covering taxpayer's property until unit acceptance. The taxpayer agreed to obtain property insurance applicable to all nonnuclear occurrences at the site, and to obtain nuclear liability insurance and an agreement of indemnification as required by 42 U.S.C. section 2210 (1977), concerning financial protection for public liability claims in connection with construction of nuclear power plants under licenses issued by the United States. Further, the taxpayer was required to obtain all licenses and permits, including the construction permit required by statute (42 U.S.C. section 2235).

X was required to provide the taxpayer with information, reports, and data concerning *X'*s progress. The taxpayer participated in the decisional process during construction. *X* was not liable under the contract for failure or delay, including labor difficulties, in securing necessary materials, service, or facilities beyond *X'*s reasonable control. The taxpayer agreed to accept the unit upon the completion of the unit, acquisition of an operating license, the successful completion of all necessary pre-operational, fuel loading, and startup tests, and a continuous 100-hour demonstration run.

The construction contract did not provide for fuel payments during the construction period. Pursuant to a supplementary agreement, *X* agreed to pay the taxpayer for the fuel used during the testing period, and the taxpayer agreed to pay *X* for the electricity generated by *X* during the testing period and sold by the taxpayer to its customers.

Construction on the unit began in 1971. Due to delays in construction beyond *X*'s reasonable control, the nuclear electric generating unit did not achieve criticality until December 8, 1973. By February 20, 1974, all necessary permits and licenses to operate the generating unit had been obtained by the taxpayer. On March 4, 1974, the unit was synchronized into the taxpayer's transmission and distribution system. By May 25, 1974, all critical tests were completed and the unit was able to operate at its rated capacity without failure even though undergoing testing to eliminate any defects and to demonstrate reliability. On July 9, 1974, the nuclear electric generating unit was accepted by the taxpayer from *X*.

LAW AND ANALYSIS

Section 167 of the Internal Revenue Code of 1954 provides that there shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear, and tear of property used in a trade or business, or of property held for the production of income.

Section 1.167(a)-10(b) of the regulations provides that the period of depreciation of an asset shall begin when the asset is placed in service. Section 1.167(a)-11(c)(2)(ii) provides for the modified half-year convention, which allows a full year's depreciation deduction for assets placed in service during the first half of the taxable year and no depreciation deduction for the taxable year for assets placed in service during the second half of the year.

Section 1.167(a)-11(e)(1)(i) of the regulations provides that property is placed in service when it is in a condition or state of readiness and is available for a specifically assigned function and that, in general, the provisions of section 1.46-3(d)(1)(ii) and (d)(2) apply for the purpose of determining the date on which property is placed in service.

Section 1.46-3(d)(1) of the regulations provides that for purposes of the investment credit allowed by section 38 of the Code, property shall be considered placed in service in the earlier of the following taxable years: (i) the taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins; or (ii) the taxable year in which the property is placed in a condition or state of readiness and availability for a specifically assigned function.

Section 1.46-3(d)(2)(iii) of the regulations provides that equipment acquired by a taxpayer for a specifically assigned function in a taxpayer's trade or business that is operational but is undergoing testing to eliminate any defects is considered to be in a condition or state of readiness and availability for a specifically assigned function.

Rev. Rul. 76-256, 1976-2 C.B. 46, states that a coalfired electric generating unit was in a condition or state of readiness or availability for a specifically assigned function when the necessary permits and licenses had been approved, the critical tests for the various components were completed, synchronization was achieved, and daily operation of the unit begun, notwithstanding that the generating unit would undergo further testing to eliminate any defects.

See also Rev. Rul. 76-428, 1976-2 C.B. 47, that states that a nuclear electrical generating unit was fully operational and “placed in service” on December 23, 1975, even though it is still undergoing testing to eliminate any defects and to demonstrate reliability.

With respect to whether a facility is “placed in service” when the facility is owned or in the control of the taxpayer, Rev. Rul. 76-256 and Rev. Rul. 76-428 provide that a facility is “placed in service” when all the critical tests are successfully achieved and a “state of readiness and availability for a specifically assigned function”, such as “daily operation”, has been demonstrated even though subsequent testing may be performed to eliminate any defects. Similarly, in this case all critical tests were completed and the facility was able to operate at its rated capacity without failure by May 25, 1974, even though subsequent testing was performed to eliminate any defects.

HOLDING

The public utility had control of the nuclear electric generating unit when the unit became operational because the public utility had ownership of the facility during the construction period. Therefore, the unit was first placed in service by the utility when the unit became operational, which occurred May 25, 1974, because synchronization was then achieved, all critical tests were completed, and the unit was able to operate at its rated capacity without failure, rather than the date of the utility's formal acceptance of the unit from the contractor. Thus, since the unit was placed in service before July 1, 1974, under the modified half-year convention used by the utility, a full year's depreciation deduction was allowable for the unit for the taxable year 1974.

Revenue Rulings, Rev. Rul. 79-203,, Internal Revenue Service, (Jan. 1, 1979)

Click to open document in a browser

Rev. Rul. 79-203, 1979-2 CB 94, January 1, 1979.

Section 167.—Depreciation

26 CFR 1.167(a)-11: Depreciation based on class lives and asset depreciation ranges for property placed in service after December 31, 1970.

(Also Section 46; 1.46-3.)

[IRS Headnote]

Depreciation: first placed in service: electric generating unit.– A public utility that adopted the modified half-year convention under section 1.167(a)-11 of the regulations placed a coal-fired steam electrical generating unit in service during the first half of its taxable year, even though a physically and functionally separate piece of required pollution control equipment was not operational until the second half of the year. The utility is entitled to a full year's depreciation deduction with respect to the generating unit. No depreciation is allowed for that year for the pollution control equipment. Such equipment, however, will be placed in a vintage account for that year.

[Text]

ISSUE

Whether under the modified half-year convention a full year's depreciation deduction is allowable for a taxpayer's coal-fired steam electrical generating unit that is placed in service in the first half of the taxable year 1977, when associated pollution control equipment added to the generating unit is placed in service in the second half of the taxable year.

FACTS

For depreciation purposes, the taxpayer elected the Class Life Asset Depreciation Range (CLADR) system and adopted the modified half-year convention under section 1.167(a)-11 of the Income Tax Regulations.

In 1975, the taxpayer contracted for the construction of a coal-fired steam electric generating unit along with associated pollution control equipment. In June 1977, the pre-operational testing of the electrical generating unit was completed, the unit synchronized into the company's system and power was delivered to the transmission and distribution system for sale to the company's customers. However, the physically and functionally separate discrete piece of pollution control equipment was partially installed on the unit in June 1977, but was not made operational until August 1977. The Environmental Protection Agency and the state regulatory body had, in the license to construct the facilities, allowed the company to operate and test the generating unit without the pollution control equipment being operational for a temporary period of 6 months. During the period of June, July and August 1977, the generating unit underwent operational checkouts and minor adjustments, and produced and distributed for sale to the company's customers over 150,000,000 KWH of power without failure, for which the company received taxable income of over $4,700,000. During August and September the pollution control equipment was operationally tested and approved.

LAW AND ANALYSIS

Section 1.167(a)-11(c)(2)(ii) of the regulations provides that the depreciation allowance for a vintage account for which the taxpayer adopts the "modified half-year convention" shall be determined by treating all property in such account which is placed in service during the first half of the taxable year as placed in service on the first day of the taxable year and treating all property in such account which is placed in service during the second half of the taxable year as placed in service on the first day of the succeeding taxable year.

Section 1.167(a)-11(e)(1)(i) of the regulations provides that property is first placed in service when first placed in a condition or state of readiness and availability for a specifically assigned function whether in a trade or business, in the production of income, in a tax exempt activity, or in a personal activity. In general, the provisions of (d)(1)(ii) and (d)(2) of section 1.46-3 shall apply for the purpose of determining the date on which property is placed in service.

Section 1.46-3(d)(1) of the -- specifically assigned function.

In Rev. Rul. 73-518, 1973-2 C.B. 54, the Service stated that an electrical transmission line was not placed in service in an earlier year when the construction of the line was completed because the substations at each end of the line, which were necessary to make the line operational, were not completed and made available for service until a later year.

In Rev. Rul. 76-256, 1976-2 C.B. 46, the necessary permits and licenses had been granted and the coal-fired electric generating unit had begun daily operations. The Service stated that the generator had been in service even though the construction of a 400 foot dam, which was part of the waste disposal system, was only partially complete because the height of the dam was sufficient to meet the facilities current waste disposal requirements.

In the present case, the pre-operational testing of the generating facility was completed, the facility was synchronized into the company's system and power was delivered to the transmission and distribution system for sale to the company's customers in June of 1977. The Environmental Protection Agency and the state regulatory board had allowed the company to operate the facility without the pollution control equipment being operational. Therefore, the generating facility was operational during the first half of the taxable year notwithstanding that the pollution control equipment was inoperative.

HOLDING

Under the modified half-year convention a full year's depreciation deduction is allowable for the taxpayer's coal-fired steam electrical generating unit for the taxable year 1977, since the unit was placed in service in the first half of the taxable year. No depreciation deduction is allowable for 1977 under the modified half year convention for the associated pollution control equipment added to the generating unit and placed in service in the second-half of the taxable year. Such equipment, however, will be placed in a vintage account for 1977.

Revenue Rulings, Rev. Rul. 84-85,, Internal Revenue Service, (Jan. 1, 1984)

Click to open document in a browser

Rev. Rul. 84-85, 1984-1 CB 10, January 1, 1984.

Clarifying: Rev. Rul. 79-98

Section 46.—Amount of Credit

26 CFR 1.46-3: Qualified investment.

[IRS Headnote]

Investment credit: first placed in service: solid waste disposal facility.– A solid waste disposal facility was first placed in service for investment credit purposes on the date it became operational, although it was not able to operate at its rated capacity. Rev. Rul. 79-98 clarified.

[Text]

ISSUE

Has the facility described below been "placed in service" within the meaning of section 1.46-3(d) of the Income Tax Regulations even though it is not able to operate at its rated capacity?

FACTS

X, a corporation, constructed a solid waste disposal facility to produce energy from solid waste. The facility is designed to (1) shred the solid waste to a uniform size; (2) separate the combustible materials in the shredded waste from the non-combustible materials; (3) separate, magnetically, the ferrous metal from the non-combustible waste (for recycling); and (4) use the combustible materials as boiler fuel for the production of steam. Steam is sold to *P* for distribution through *P*'s existing steam distribution system.

Soon after construction was completed in early 1981, start-up of the facility began. In April, all the boilers of the facility, which are designed primarily to burn the fuel derived from solid waste but are equipped to burn fuel oil, began producing steam, which *X* delivered to *P*'s distribution system. The initial production was from fuel oil. *X* began shredding solid waste in June, and one of the three boilers was first fired on the fuel derived from waste inJuly. The first steam produced from solid waste was supplied to *P* on August 20. As of September 30, 1981, all components of the facility were, or had been, in operation, and the facility was producing saleable steam. The facility was experiencing operational problems, however, and was processing solid waste and producing steam at well below its rated capacity.

LAW AND ANALYSIS

Section 38 of the Code allows a credit against federal income tax for qualified investment in section 38 property, and under section 46(c) the credit is allowable in any taxable year in which new or used section 38 property is placed in service.

Section 1.46-3(d)(1) of the Income Tax Regulations provides that for purposes of the investment tax credit, property shall be considered placed in service in the earlier of the following taxable years: (i) the taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins; or (ii) the taxable year in which the property is placed in a condition or state of readiness and availability for a specifically assigned function.

Section 1.46-3(d)(2)(iii) of the regulations provides that equipment acquired by a taxpayer for a specifically assigned function in a taxpayer's trade or business that is operational but is undergoing testing to eliminate any defects is considered to be in a condition or state of readiness and availability for a specifically assigned function.

Rev. Rul. 76-256, 1976-2 C.B. 46, states that a coalfired electric generating unit was in a condition or state of readiness or availability for a specifically assigned function when the necessary permits and licenses had been approved, the critical tests for the various components were completed, synchronization was achieved, and daily operation of the unit had begun, notwithstanding that the generating unit would undergo further testing to eliminate any defects.

Similarly, Rev. Rul. 76-428, 1976-2 C.B. 47, states that a nuclear electric generating unit was fully operational and "placed in service" on December 23, 1975, even though it was still undergoing testing to eliminate any defects and todemonstrate reliability.

Rev. Rul. 79-98, 1979-1 C.B. 103, states that a nuclear electric generating unit was placed in service on the date it became operational, rather than the date the taxpayer formally accepted the unit from the contractor. Although the revenue ruling states that the unit was able to operate at its rated capacity without failure, this fact is not considered to be a prerequisite for operational status; consistent with Rev. Ruls. 76-256 and 76-428, it is only a fact demonstrative of operational status.

In this case, all three boiler units of the facility were producing steam from processed waste as of September 30, 1981. Although the facility was experiencing operational problems and was not able to operate at its rated capacity, it was being operated on a regular basis and saleable steam was being produced. Thus, the facility was operational on September 30, 1981.

HOLDING

The recovery property that makes up the subject facility was placed in service for investment credit purposes by September 30, 1981.

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 79-98, 1979-1 C.B. 103, is clarified. The determination of when a facility is placed in service is not necessarily dependent on whether the facility is able to operate at its rated capacity.

MISSISSIPPI POWER COMPANY
Mirror CWIP Regulatory Liability Detail

All amounts are retail only.

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
1 Monthly Revenue Collection	$ -	$ -	$ 2,406,841	$ 8,679,960	$ 8,808,642	$ 11,140,475	$ 12,247,194	$ 12,719,784	$ 12,052,870	$ 10,648,299	$ 8,871,621	$ 10,568,066	$ 98,143,752
2 Equity Return on Other Rate Base Items Prior to In Service	-	-	-	(3,098,273)	(851,217)	(980,064)	(1,029,232)	(1,039,939)	(919,812)	(805,763)	(753,307)	(811,191)	(10,288,798)
3 Equity Return on Combined Cycle	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Carrying Costs on Mirror CWIP Regulatory Liability	-	-	266,899	266,899	266,899	266,899	266,899	266,899	266,899	266,899	266,899	266,899	2,668,993
5 Mirror CWIP Revenues to Regulatory Liability	-	-	2,673,741	5,848,586	8,224,325	10,427,310	11,484,861	11,946,744	11,399,957	10,109,436	8,385,213	10,023,774	90,523,947
6													
7 Mirror CWIP Balance	$ -	$ -	$ 2,673,741	$ 8,522,327	$ 16,746,652	$ 27,173,962	$ 38,658,823	$ 50,605,567	$ 62,005,524	$ 72,114,960	$ 80,500,173	$ 90,523,947	

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014 Total
1 Monthly Revenue Collection	$ 12,603,004	$ 13,271,691	$ 11,481,215	$ 10,940,574	$ 11,935,763	$ 14,075,335	$ 16,317,604	$ 16,452,696	$ 15,327,457	$ 12,942,023	$ 10,825,135	$ 11,684,148	$ 157,856,644
2 Equity Return on Other Rate Base Items Prior to In Service	(1,836,022)	(1,811,614)	(1,812,953)	(1,835,191)	(1,871,164)	(1,889,540)	(1,902,287)	(2,388,116)	(2,531,440)	(2,670,574)	(2,681,156)	(3,065,119)	(26,295,178)
3 Equity Return on Combined Cycle	-	-	-	-	-	-	-	(2,872,250)	(2,872,250)	(2,872,250)	(2,872,250)	(2,872,250)	(14,361,252)
4 Carrying Costs on Mirror CWIP Regulatory Liability	759,609	759,609	759,609	759,609	759,609	759,609	759,609	759,609	759,609	759,609	759,609	759,609	9,115,313
5 Mirror CWIP Revenues to Regulatory Liability	11,526,592	12,219,686	10,427,871	9,864,992	10,824,208	12,945,404	15,174,926	11,951,939	10,683,376	8,158,808	6,031,338	6,506,388	126,315,528
6													
7 Mirror CWIP Balance	$ 102,050,539	$ 114,270,225	$ 124,698,096	$ 134,563,087	$ 145,387,296	$ 158,332,700	$ 173,507,626	$ 185,459,566	$ 196,142,941	$ 204,301,749	$ 210,333,087	$ 216,839,475	

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015 Total
1 Monthly Revenue Collection	$ 12,211,166	$ 10,771,262	$ 11,514,561	$ 11,322,687	$ 13,336,090	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,155,766
2 Equity Return on Other Rate Base Items Prior to In Service	(3,210,420)	(3,210,420)	(3,210,420)	(3,210,420)	(3,210,420)	-	-	-	-	-	-	-	(16,052,102)
3 Equity Return on Combined Cycle	(2,899,840)	(2,899,840)	(2,899,840)	(2,899,840)	(2,899,840)	-	-	-	-	-	-	-	(14,499,201)
4 Carrying Costs on Mirror CWIP Regulatory Liability	1,210,826	1,210,826	1,210,826	1,210,826	1,210,826								6,054,131
5 Mirror CWIP Revenues to Regulatory Liability	7,311,731	5,871,827	6,615,127	6,423,253	8,436,656	-	-	-	-	-	-	-	34,658,594
6													
7 Mirror CWIP Balance	$ 224,151,206	$ 230,023,033	$ 236,638,160	$ 243,061,413	$ 251,498,069	$ 251,498,069	$ 251,498,069	$ 251,498,069	$ 251,498,069	$ 251,498,069	$ 251,498,069	$ 251,498,069	

Assumptions:
- Monthly revenue collections have been actualized through June 2014.
- Monthly revenue projections for July - Dec 2014 are based on the original 7 Year Plan filing.
- Monthly revenue projections for 2015 are based on the 2014 monthly amounts from the original 7 Year Plan filing.
- Revenue and cost projections from July 2014 through COD of the gasifier are estimates and are subject to change.
- Equity return and associated income tax impacts on line 3 assumes an August 1, 2014 COD for the CC.
- June 1, 2015 COD assumed for the gasifier and related facilities.
- Other Rate Base Items in line 2 include plant-in-service balances for the mine and transmission, inventory, prepayments, non-CC regulatory assets, and non-CC ADITs.

MISSISSIPPI POWER COMPANY
MONTHLY COST DEFERRALS FOR THE COMBINED CYCLE

All amounts reflect MPC's 85% ownership view.

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Total
Non-incremental O&M [2]	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 1,418,836	$ 14,188,363
Ad Valorem [2]	432,135	432,135	432,135	432,135	432,135	485,594	485,594	485,594	485,594	485,594	4,588,644
Total Deferred Costs Subject to the Cost Cap	**$ 1,850,971**	**$ 1,850,971**	**$ 1,850,971**	**$ 1,850,971**	**$ 1,850,971**	**$ 1,904,430**	**$ 1,904,430**	**$ 1,904,430**	**$ 1,904,430**	**$ 1,904,430**	**$ 18,777,008**
Incremental O&M	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 407,135	$ 4,071,355
Revenues from Sales	(893,144)	(917,228)	(716,033)	(696,133)	(758,419)	(286,767)	(229,268)	(264,112)	(292,741)	(341,767)	(5,395,612)
Depreciation Expense [1]	729,909	1,459,818	1,459,818	1,459,818	1,459,818	1,459,818	1,459,818	1,459,818	1,459,818	1,459,818	13,868,270
Deferred Interest [3]	1,263,162	1,263,162	1,263,162	1,263,162	1,263,162	1,286,107	1,286,107	1,286,107	1,286,107	1,286,107	12,746,346
Total Deferred Costs NOT Subject to the Cost Cap	**$ 1,507,062**	**$ 2,212,887**	**$ 2,414,083**	**$ 2,433,982**	**$ 2,371,697**	**$ 2,866,293**	**$ 2,923,793**	**$ 2,888,949**	**$ 2,860,320**	**$ 2,811,293**	**$ 25,290,358**
Total CC Costs Deferred to Regulatory Asset [4]	**$ 3,358,033**	**$ 4,063,858**	**$ 4,265,054**	**$ 4,284,953**	**$ 4,222,668**	**$ 4,770,724**	**$ 4,828,223**	**$ 4,793,379**	**$ 4,764,750**	**$ 4,715,724**	**$ 44,067,366**

Notes:

[1] Deferred depreciation expense is directly offset by accumulated depreciation, resulting in a zero impact on ratebase.

[2] Non-incremental O&M and ad valorem expenses incurred between August 2014 and May 2015 are subject to the $2.88B cost cap and have been included in the calculation of the write-off.

[3] Deferred interest would occur regardless of the CC in-service date. With the CC going in service in August, 2014, the Company has proposed to defer the interest costs in a regulatory asset. If the CC had gone in service in June, 2015, interest would have been capitalized as AFUDC Debt.

[4] Assumptions associated with costs incurred after August 1, 2014 are estimates and are subject to change.

Exhibit “B”

Filed Under Separate Confidential Cover

MISSISSIPPI POWER COMPANY

INDEX OF PRESENT RATE SCHEDULES FOR RETAIL ELECTRIC SERVICE
RMP – 2019 RATE FILING – KRF-2 Rates

Rate Symbol		JUNE 2015 – MAY 2016 Change*	No Change
	Standard Application Rates		
"R-54"	Residential	X	
"GS-LVS-11"	General Service - Low Voltage Single Phase	X	
"GS-LVT-8"	General Service - Low Voltage Three Phase	X	
"GS-HV-10"	General Service - High Voltage	X	
"GSEH-LVS-11"	General Service Electric Heating - Low Voltage Single Phase	X	
"GSEH-LVT-8"	General Service Electric Heating - Low Voltage Three Phase	X	
"GSEH-HV-9"	General Service Electric Heating - High Voltage	X	
"LGS-LV-6"	Large General Service - Low Voltage	X	
"LGS-HV-6"	Large General Service - High Voltage	X	
"LGS-EH-LV-6"	Large General Service Electric Heating - Low Voltage	X	
"LGS-EH-HV-6"	Large General Service Electric Heating - High Voltage	X	
"LGS-TOU-11"	Large General Service Time of Use	X	
"LPO-40"	Large Power High Load Factor	X	
"LPO-TOU-10"	Large Power Time of Use	X	
	Special Application Rates		
"T-32"	Temporary	X	
"T-LP-23"	Temporary Rider for Large Power Requirements	X	
"FC-3"	Facilities Charge		X
"GP-40"	Electric Pumping (Governmental Authority)	X	
"OSL-21"	Outdoor Sports Lighting	X	
"SL-27"	Street Lighting (Governmental Authority)	X	
"OL-22"	Outdoor Lighting	X	
"HIL-18"	Highway Interchange Lighting	X	
"CSPP-3"	Cogeneration and Small Power Production Purchases		X
"FLC-1"	Formulary Lighting Charge		X
"SPSS-5"	Small Power Standby and Supplemental Service	X	
"LPSS-5"	Large Power Standby and Supplemental Service	X	
"GPP"	Green Power Pricing		X
"FFC"	Formulary Facilities Charge		X
	Rate Riders		
"CR-35"	Church Electric Service Rider	X	
"SR-9"	Seasonal Electric Service Rider	X	
"SA-2"	School Account Electric Service Rider		X
"SPH-15"	Residential Swimming Pool Heating Rider	X	
"LLF-12"	Low Load Factor Rider	X	
"SSI-3"	Residential Customer Charge Waiver Rider		X
"PL-OP-3"	Pipeline Off-Peak Rider		X
"OWD"	Oil Well Development Rider		X
"SBR"	Small Business Redevelopment Rider		X
"SBE"	Small Business Expansion Rider		X
"LBR"	Large Business Redevelopment Rider		X
	Adjustment Clauses and Plans		
"FCR-2"	Fuel Cost Recovery Clause		X
"ATA-1"	Ad Valorem Tax Adjustment Clause		X
"ECO-2"	Environmental Compliance Overview Plan		X
"RTR-2"	Regulatory Tax Recovery Clause		X
"PEP-5"	Performance Evaluation Plan		X
"RNA-1"	Revenue Neutral Adjustment Clause		X
"ECM-2"	Energy Cost Management Clause		X
"SRR"	System Restoration Rider		X
"EECR"	Energy Efficiency Cost Recovery Rider		X

** Kemper-related pricing headings were changed from "KRF" to KRF-2." No prices were changed.*

RESIDENTIAL ELECTRIC SERVICE
RATE SCHEDULE "R-55"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single family dwelling on one premise for residential purposes only. Residential purposes may include rental to roomers of not more than four rooms in such dwelling, and serving meals to not more than eight boarders.

This rate schedule does not apply to electric service used by a customer for both residential and non-residential purposes. Should electric service be used by one customer for residential purposes in combination with uses for business, professional, or other non-residential purposes, then applicable general service rate schedule shall apply to total electric service thus used.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company and shall be single phase at nominal service voltage of Company's secondary system serving the area.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day for single phase service	$0.78	----	$0.78
Base charge per day for three phase service	$0.85	----	$0.85
Summer billing months June through September, inclusive			
Charge per kWh for first 650 kWh	4.686 ¢	2.319 ¢	7.005 ¢
Charge per kWh for next 350 kWh	6.095 ¢	3.018 ¢	9.113 ¢
Charge per kWh for kWh over 1000 kWh	6.211 ¢	3.076 ¢	9.287 ¢
Shoulder billing months April, May, October and November			
Charge per kWh for first 650 kWh	4.686 ¢	2.319 ¢	7.005 ¢
Charge per kWh for next 350 kWh	4.359 ¢	2.159 ¢	6.518 ¢
Charge per kWh for kWh over 1000 kWh	4.359 ¢	2.159 ¢	6.518 ¢
Winter billing months December through March, inclusive			
Charge per kWh for first 650 kWh	4.686 ¢	2.319 ¢	7.005 ¢
Charge per kWh for next 350 kWh	3.278 ¢	1.624 ¢	4.902 ¢
Charge per kWh for kWh over 1000 kWh	3.278 ¢	1.624 ¢	4.902 ¢

RESIDENTIAL ELECTRIC SERVICE
RATE SCHEDULE "R-55"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

SUMMER is defined as billing months June through September, inclusive.
SHOULDER is defined as billing months April, May, October and November.
WINTER is defined as billing months December through March, inclusive.

Company does not obligate itself to supply power service under this rate schedule for individual motor loads except for single phase motors of seven and one-half (7 1/2) horsepower or less. Service to other motor loads is subject to permission in advance by Company in individual cases.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered in an amount less than the above base charge.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause. Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

RESIDENTIAL ELECTRIC SERVICE
RATE SCHEDULE "R-55"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

LEVELIZED MONTHLY BILLING

Subject to Company concurrence, customer may elect for his monthly billing to be based on the average actual electric service billing for twelve months ending with current month, plus or minus, an amount equal to one-twelfth of deferred charges. The deferred charges are the accumulated differences between the previous actual billings and the previous levelized billings.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to estimated average monthly bill may be required of customer before service is connected to guarantee payment of all bills. Any customer whose credit standing has become impaired may be required to deposit a sum up to an amount equal to the charge estimated for two months' service.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE SINGLE PHASE RATE SCHEDULE "GS-LVS-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where type service required is single-phase service rated at less than 600 volts.

This rate schedule does not apply to electric service of any customer whose service qualifies for application of Company's Residential Rate Schedule. All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day	$0.92	-----	$0.92
Charge per kW billing requirement	$0.00	-----	$0.00

For the billing months of May through October, inclusive

For all kWh not greater than 200 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge per kWh for first 1,200 kWh	7.130 ¢	3.030 ¢	10.160 ¢
Charge per kWh for the next 4,800 kWh	6.393 ¢	2.967 ¢	9.360 ¢
Charge per kWh for kWh excess kWh	5.934 ¢	2.772 ¢	8.706 ¢

For all kWh in excess of 200 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge Per kWh for all kWh	1.988 ¢	1.095 ¢	3.083 ¢

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE SINGLE PHASE RATE SCHEDULE "GS-LVS-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

For the billing months of November through April, inclusive	**PEP**	**KRF-2**	**Total**
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 1,200 kWh	5.966 ¢	2.771 ¢	8.737 ¢
Charge per kWh for the next 4,800 kWh	5.304 ¢	2.504 ¢	7.808 ¢
Charge per kWh for kWh excess kWh	4.690 ¢	2.343 ¢	7.033 ¢
For all kWh in excess of 200 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.570 ¢	1.467 ¢	3.037 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest full kW, but not less than five (5) kW. The Company may, at its option, install a kVA or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW below multiplied by the greater of: (a) The customer's kW billing requirement established during current month, or (b) kW contracted for by customer.

	PEP	**KRF-2**	**Total**
Charge per kW	$1.56	$0.66	$2.22

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE SINGLE PHASE RATE SCHEDULE "GS-LVS-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GS-LVT-9"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where type service required is three-phase service rated at less than 600 volts.

This rate schedule does not apply to electric service of any customer whose service qualifies for application of Company's Residential Rate Schedule. All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day	$1.04	-----	$1.04
Charge per kW billing requirement	$1.35	$1.40	$2.75
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 19,500 kWh	6.130 ¢	1.930 ¢	8.060 ¢
Charge per kWh for kWh over 19,500 kWh	4.190 ¢	1.716 ¢	5.906 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.892 ¢	1.155 ¢	3.047 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.627 ¢	1.172 ¢	1.799 ¢

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GS-LVT-9"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.2		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest full kW, but not less than five (5) kW. The Company may, at its option, install a kVA or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW billing requirement shown above multiplied by the kW requirement. The kW requirement used in this calculation shall be the greater of: (a) The customer's kW billing requirement established during current month, or (b) kW contracted for by customer.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

MISSISSIPPI POWER
A SOUTHERN COMPANY

GENERAL SERVICE ELECTRIC SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GS-LVT-9"

Mississippi Public Service Commission Schedule No. 3.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC SERVICE - HIGH VOLTAGE RATE SCHEDULE "GS-HV-11"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where service voltage required is greater than 600 volts.

This rate schedule does not apply to electric service of any customer whose service qualifies for application of Company's Residential Rate Schedule. All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single or three phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day for single-phase service, or	$1.11	-----	$1.11
Base charge per day for three-phase service	$2.23	-----	$2.23
Charge per kW billing requirement	$1.00	$1.45	$2.45
For the billing months of May through October, inclusive			
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 39,000 kWh	5.932 ¢	2.050 ¢	7.982 ¢
Charge per kWh for kWh over 39,000 kWh	3.985 ¢	1.817 ¢	5.802 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.874 ¢	0.944 ¢	2.818 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.625 ¢	0.787 ¢	1.412 ¢

MISSISSIPPI POWER
A SOUTHERN COMPANY

GENERAL SERVICE ELECTRIC SERVICE - HIGH VOLTAGE RATE SCHEDULE "GS-HV-11"

Mississippi Public Service Commission Schedule No. 3.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

For the billing months of November through April, inclusive	PEP	KRF-2	Total
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 39,000 kWh	5.884 ¢	1.998 ¢	7.882 ¢
Charge per kWh for kWh over 39,000 kWh	3.959 ¢	1.815 ¢	5.774 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.846 ¢	0.946 ¢	2.792 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.614 ¢	0.782 ¢	1.396 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest full kW, but not less than twenty-five (25) kW for either single-phase or three-phase service. The Company may, at its option, install a kVA or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW billing requirement shown above multiplied by the kW requirement. The kW requirement used in this calculation shall be the greater of: (a) The customer's kW billing requirement established during current month, or (b) kW contracted for by customer.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

GENERAL SERVICE ELECTRIC SERVICE - HIGH VOLTAGE RATE SCHEDULE "GS-HV-11"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 3.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE SINGLE PHASE
RATE SCHEDULE "GSEH-LVS-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to the entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where there is a requirement for space conditioning, and the entire space conditioning, water heating, and industrial process or production heating requirements are supplied electrically through one meter, or by renewable resource energy. Service under this rate schedule is limited to applications where type service required is single-phase service rated at less than 600 volts.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day	$0.92	-----	$0.92
Charge per kW billing requirement	$0.00	-----	$0.00

For the billing months of May through October, inclusive

For all kWh not greater than 200 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge per kWh for first 1,200 kWh	7.130 ¢	3.030 ¢	10.160 ¢
Charge per kWh for the next 4,800 kWh	6.393 ¢	2.967 ¢	9.360 ¢
Charge per kWh for kWh excess kWh	5.934 ¢	2.772 ¢	8.706 ¢

For all kWh in excess of 200 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge Per kWh for all kWh	1.988 ¢	1.095 ¢	3.083 ¢

MISSISSIPPI POWER
A SOUTHERN COMPANY

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE SINGLE PHASE RATE SCHEDULE "GSEH-LVS-12"

Mississippi Public Service Commission Schedule No. 4.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

	PEP	KRF-2	Total
For the billing months of November through April, inclusive			
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 1,200 kWh	5.966 ¢	2.771 ¢	8.737 ¢
Charge per kWh for the next 4,800 kWh	5.304 ¢	2.504 ¢	7.808 ¢
Charge per kWh for kWh excess kWh	4.690 ¢	2.343 ¢	7.033 ¢
For all kWh in excess of 200 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.570 ¢	1.467 ¢	3.037 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in the month, as measured by suitable meter and rounded to nearest full kW, but not less than five (5) kW. The Company may, at its option, install a kVA meter or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW below multiplied by the greater of: (a) The customer's kW billing requirement established during current month or (b) kW contracted for by customer.

PEP	KRF	Total
$1.56	$0.66	$2.22

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE SINGLE PHASE RATE SCHEDULE "GSEH-LVS-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GSEH-LVT-9"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to the entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where there is a requirement for space conditioning, and the entire space conditioning, water heating, and industrial process or production heating requirements are supplied electrically through one meter, or by renewable resource energy. Service under this rate schedule is limited to applications where type service required is three-phase service rated at less than 600 volts.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day	$1.04	-----	$1.04
Charge per kW billing requirement	$1.35	$1.40	$2.75

For the billing months of May through October, inclusive

For all kWh not greater than 200 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge per kWh for first 19,500 kWh	6.130 ¢	1.930 ¢	8.060 ¢
Charge per kWh for kWh over 19,500 kWh	4.190 ¢	1.716 ¢	5.906 ¢

For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge Per kWh for all kWh	1.892 ¢	1.155 ¢	3.047 ¢

For all kWh in excess of 400 hours times the kW billing requirement:

	PEP	KRF-2	Total
Charge per kWh for all kWh	0.627 ¢	1.172 ¢	1.799 ¢

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GSEH-LVT-9"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

For the billing months of November through April, inclusive	PEP	KRF-2	Total
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 19,500 kWh	5.122 ¢	2.067 ¢	7.189 ¢
Charge per kWh for kWh over 19,500 kWh	4.086 ¢	1.715 ¢	5.801 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.706 ¢	1.229 ¢	2.935 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.625 ¢	1.174 ¢	1.799 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in the month, as measured by suitable meter and rounded to nearest full kW, but not less than five (5) kW. The Company may, at its option, install a kVA meter or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW billing requirement shown above multiplied by the kW requirement. The kW requirement used in this calculation shall be the greater of: (a) The customer's kW billing requirement established during current month or (b) kW contracted for by customer.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE THREE PHASE RATE SCHEDULE "GSEH-LVT-9"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "GSEH-HV-10"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to the entire electric service used by one customer in a single establishment on one premises for lighting and power purposes where there is a requirement for space conditioning, and the entire space conditioning, water heating, and industrial process or production heating requirements are supplied electrically through one meter, or by renewable resource energy. Service under this rate schedule is limited to applications where service voltage required is greater than 600 volts.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single or three phase at standard nominal service voltages available from Company's distribution system serving the area. Service at any other voltage shall be made available only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per day for single-phase service, or	$1.11	-	$1.11
Base charge per day for three-phase service	$2.23	-	$2.23
Charge per kW billing requirement	$1.00	$1.45	$2.45
For the billing months of May through October, inclusive			
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 39,000 kWh	5.932 ¢	2.050 ¢	7.982 ¢
Charge per kWh for kWh over 39,000 kWh	3.985 ¢	1.817 ¢	5.802 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.874 ¢	0.944 ¢	2.818 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.625 ¢	0.787 ¢	1.412 ¢

GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "GSEH-HV-10"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

	PEP	KRF-2	Total
For the billing months of November through April, inclusive			
For all kWh not greater than 200 hours times the kW billing requirement:			
Charge per kWh for first 39,000 kWh	4.264 ¢	2.287 ¢	6.551 ¢
Charge per kWh for kWh over 39,000 kWh	3.856 ¢	1.810 ¢	5.666 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kW billing requirement:			
Charge Per kWh for all kWh	1.650 ¢	0.993 ¢	2.643 ¢
For all kWh in excess of 400 hours times the kW billing requirement:			
Charge per kWh for all kWh	0.614 ¢	0.782 ¢	1.396 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in the month, as measured by suitable meter and rounded to nearest full kW, but not less than twenty-five (25) kW for either single-phase or three-phase service. The Company may, at its option, install a kVA meter or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kW billing requirement shown above multiplied by the kW requirement. The kW requirement used in this calculation shall be the greater of: (a) The customer's kW billing requirement established during current month, or (b) kW contracted for by customer.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "GSEH-HV-10"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 4.3

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

When this rate schedule is included as a part of an electric service contract, term will be as stated in contract and thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

LARGE GENERAL SERVICE
ELECTRIC SERVICE - LOW VOLTAGE
RATE SCHEDULE "LGS-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.1		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single establishment on one premises where type service required is three-phase service rated at less than 600 volts. Service under this schedule for requirements in excess of 40,000 kVA shall be at option of Company.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase, unregulated, at standard nominal service voltages available from Company's electrical system serving the area. Service for requirements in excess of 6,000 kVA shall be served from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per month	$725.00	-----	$725.00
Charge per kVA billing requirement	$5.80	$2.05	$7.85
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.781 ¢	0.993 ¢	2.774 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.452 ¢	0.973 ¢	2.425 ¢
For all kWh in excess of 400 hours times the kVA billing requirement:			
Charge per kWh for all kWh	0.608 ¢	0.313 ¢	0.921 ¢

LARGE GENERAL SERVICE
ELECTRIC SERVICE - LOW VOLTAGE
RATE SCHEDULE "LGS-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's kVA billing requirement each month shall be average kVA required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest whole kVA. In no case shall such kVA billing requirement be less than 75% of greatest kVA requirement established during preceding months of May through October, inclusive, nor less than 75% of contracted kVA (85% of contracted kW), nor less than five hundred (500) kVA.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kVA billing requirement shown above multiplied by the largest of: (a) The customer's maximum kVA requirement established during the current month or (b) The maximum kVA requirement established during preceding months of May through October, inclusive, or (c) The kVA contracted for by customer (kW contracted for by customer divided by 0.9).

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

LARGE GENERAL SERVICE
ELECTRIC SERVICE - LOW VOLTAGE
RATE SCHEDULE "LGS-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five years, and continuing thereafter until terminated by six months' written notice by either party to other. Provided however, when a customer has been served under the terms of another of the Company's rate schedules and the Company is not required to furnish additional facilities investment to serve that customer under this schedule, the customer may be granted a term of service under this schedule of less than five years, provided that the sum of the time actually served under the prior rate schedule and the term of service of this schedule shall be at least five years; but in no case shall the term of service under this rate schedule be less than one year.

Service under this rate schedule is subject to service rules of Company.

LARGE GENERAL SERVICE
ELECTRIC SERVICE - HIGH VOLTAGE
RATE SCHEDULE "LGS-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single establishment on one premises where type service required is three-phase service rated at greater than 600 volts. Service under this schedule for requirements in excess of 40,000 kVA shall be at option of Company.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase, unregulated, at standard nominal service voltages available from Company's electrical system serving the area. Service for requirements in excess of 6,000 kVA shall be served from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per month	$840.00	-----	$840.00
Charge per kVA billing requirement	$5.55	$2.05	$7.60
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.724 ¢	0.974 ¢	2.698 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVa billing requirement:			
Charge Per kWh for all kWh	1.366 ¢	0.991 ¢	2.357 ¢
For all kWh in excess of 400 hours times the kVA billing requirement:			
Charge per kWh for all kWh	0.608 ¢	0.302 ¢	0.910 ¢

LARGE GENERAL SERVICE
ELECTRIC SERVICE - HIGH VOLTAGE
RATE SCHEDULE "LGS-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's kVA billing requirement each month shall be average kVA required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest whole kVA. In no case shall such kVA billing requirement be less than 75% of greatest kVA requirement established during preceding months of May through October, inclusive, nor less than 75% of contracted kVA (85% of contracted kW), nor less than five hundred (500) kVA.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a transmission voltage (115 kV or higher) available under this rate schedule, customer’s billing will be credited 30 cents per month per kVA billing requirement.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kVA billing requirement shown above multiplied by the largest of: (a) The customer's maximum kVA requirement established during the current month or (b) The maximum kVA requirement established during preceding months of May through October, inclusive, or (c) The kVA contracted for by customer (kW contracted for by customer divided by 0.9); plus any applicable credit from the Adjustment For Delivery Voltage above.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

LARGE GENERAL SERVICE
ELECTRIC SERVICE - HIGH VOLTAGE
RATE SCHEDULE "LGS-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 5.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five years, and continuing thereafter until terminated by six months' written notice by either party to other. Provided however, when a customer has been served under the terms of another of the Company's rate schedules and the Company is not required to furnish additional facilities investment to serve that customer under this schedule, the customer may be granted a term of service under this schedule of less than five years, provided that the sum of the time actually served under the prior rate schedule and the term of service of this schedule shall be at least five years; but in no case shall the term of service under this rate schedule be less than one year.

Service under this rate schedule is subject to service rules of Company.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE RATE SCHEDULE "LGS-EH-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single establishment on one premises when the entire space conditioning, water heating, and industrial process or production heating requirements are supplied electrically through one meter, or by renewable resource energy, and the magnitude of the electric heating requirements equals a minimum of 10% of contracted kVA* or 200 kVA, whichever is less. Service under this rate schedule is limited to applications where type service required is three-phase service rated at less than 600 volts.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others. Service under this schedule for requirements in excess of 40,000 kVA shall be at option of Company.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase, unregulated, at standard nominal service voltages available from Company's electrical system serving the area. Service for requirements in excess of 6,000 kVA shall be served from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per month	$725.00	-----	$725.00
Charge per kVA billing requirement	$5.80	$2.05	$7.85
For the billing months of April through November, inclusive			
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.781 ¢	0.993 ¢	2.774 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVa billing requirement:			
Charge Per kWh for all kWh	1.452 ¢	0.973 ¢	2.425 ¢
For all kWh in excess of 400 hours times the kVA billing requirement: Charge per kWh for all kWh	0.608 ¢	0.313 ¢	0.921 ¢

*Where contract capacity is in terms of kW, use contract kW divided by average monthly power factor.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE RATE SCHEDULE "LGS-EH-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

	PEP	KRF-2	Total
For the billing months of December through March, inclusive			
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.231 ¢	1.140 ¢	2.371 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.095 ¢	1.079 ¢	2.174 ¢
For all kWh in excess of 400 hours times the kVA billing requirement:			
Charge per kWh for all kWh	0.600 ¢	0.312 ¢	0.912 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's kVA billing requirement each month shall be average kVA required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest whole kVA. In no case shall such kVA billing requirement be less than 75% of greatest kVA requirement established during preceding months of May through October, inclusive, nor less than 75% of contracted kVA (85% of contracted kW), nor less than five hundred (500) kVA.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kVA billing requirement shown above multiplied by the largest of: (a) The customer's maximum kVA requirement established during the current month or (b) The maximum kVA requirement established during preceding months of May through October, inclusive, or (c) The kVA contracted for by customer (kW contracted for by customer divided by 0.9).

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - LOW VOLTAGE RATE SCHEDULE "LGS-EH-LV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five years, and continuing thereafter until terminated by six months' written notice by either party to other. Provided however, when a customer has been served under the terms of another of the Company's rate schedules and the Company is not required to furnish additional facilities investment to serve that customer under this schedule, the customer may be granted a term of service under this schedule of less than five years, provided that the sum of the time actually served under the prior rate schedule and the term of service of this schedule shall be at least five years; but in no case shall the term of service under this rate schedule be less than one year.

Service under this rate schedule is subject to service rules of Company.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "LGS-EH-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 4		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single establishment on one premises when the entire space conditioning, water heating, and industrial process or production heating requirements are supplied electrically through one meter, or by renewable resource energy, and the magnitude of the electric heating requirements equals a minimum of 10% of contracted kVA* or 200 kVA, whichever is less. Service under this rate schedule is limited to applications where type service required is three-phase service rated at greater than 600 volts.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others. Service under this schedule for requirements in excess of 40,000 kVA shall be at option of Company.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be three phase, unregulated, at standard nominal service voltages available from Company's electrical system serving the area. Service for requirements in excess of 6,000 kVA shall be served from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base Charge per month	$840.00	-----	$840.00
Charge per kVA billing requirement	$5.55	$2.05	$7.60
For the billing months of April through November, inclusive			
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.724 ¢	0.974 ¢	2.698 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	1.366 ¢	0.991 ¢	2.357 ¢
For all kWh in excess of 400 hours times the kVA billing requirement:			
Charge per kWh for all kWh	0.608 ¢	0.302 ¢	0.910 ¢

*Where contract capacity is in terms of kW, use contract kW divided by average monthly power factor.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "LGS-EH-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 4		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

For the billing months of December through March, inclusive	**PEP**	**KRF-2**	**Total**
For all kWh not greater than 200 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	0.997 ¢	1.254 ¢	2.251 ¢
For all kWh in excess of 200 hours and not greater than 400 hours times the kVA billing requirement:			
Charge Per kWh for all kWh	0.855 ¢	1.168 ¢	2.023 ¢
For all kWh in excess of 400 hours times the kVA billing requirement:			
Charge per kWh for all kWh	0.600 ¢	0.303 ¢	0.903 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's kVA billing requirement each month shall be average kVA required from Company during fifteen minute period of greatest use in month, as measured by suitable meter, and rounded to nearest whole kVA. In no case shall such kVA billing requirement be less than 75% of greatest kVA requirement established during preceding months of May through October, inclusive, nor less than 75% of contracted kVA (85% of contracted kW), nor less than five hundred (500) kVA.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a transmission voltage (115 kV or higher) available under this rate schedule, customer's billing will be credited 30 cents per month per kVA billing requirement.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge per kVA billing requirement shown above multiplied by the largest of: (a) The customer's maximum kVA requirement established during the current month or (b) The maximum kVA requirement established during preceding months of May through October, inclusive, or (c) The kVA contracted for by customer (kW contracted for by customer divided by 0.9); plus any applicable credit from the Adjustment For Delivery Voltage above.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "LGS-EH-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 4		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

LARGE GENERAL SERVICE ELECTRIC HEATING SERVICE - HIGH VOLTAGE RATE SCHEDULE "LGS-EH-HV-7"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 6.2

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 4		December 17, 2013

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five years, and continuing thereafter until terminated by six months' written notice by either party to other. Provided however, when a customer has been served under the terms of another of the Company's rate schedules and the Company is not required to furnish additional facilities investment to serve that customer under this schedule, the customer may be granted a term of service under this schedule of less than five years, provided that the sum of the time actually served under the prior rate schedule and the term of service of this schedule shall be at least five years; but in no case shall the term of service under this rate schedule be less than one year.

Service under this rate schedule is subject to service rules of Company.

LARGE GENERAL SERVICE TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LGS-TOU-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 45

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 4		December 17, 2013

APPLICABILITY

All service shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others. Service for requirements in excess of 40,000 kVA shall be at option of Company.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on a uniform basis throughout the service territory of Company. The kind of service shall be three phase, unregulated, at customer's nominal operating voltage, or at a primary voltage designated as available by Company. Service for requirements in excess of 6,000 kVA shall be served from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SECONDARY SERVICE

	PEP[1]	KRF-2	Total
Base charge per month	$1,060.00	-----	$1,060.00
For the calendar months of June through September:			
Charge per kVA for on-peak kVA billing requirement; plus	$10.35	$3.55	$13.90
Charge per kVA for excess kVA requirement, plus	$1.65	$1.05	$2.70
Charge per kWh for all on-peak kWh, plus	3.596 ¢	2.892 ¢	6.488 ¢
Charge per kWh for all shoulder kWh, plus	1.898 ¢	0.871 ¢	2.769 ¢
Charge per kWh for all off-peak kWh	0.593 ¢	0.317 ¢	0.910 ¢
For the calendar months of October through May, inclusive			
Charge per kVA for on-peak kVA billing requirement; plus	$5.90	$2.35	$8.25
Charge per kVA for excess kVA requirement, plus	$1.15	$0.95	$2.10
Charge per kWh for all on-peak kWh, plus	2.002 ¢	1.697 ¢	3.699 ¢
Charge per kWh for all other kWh	0.593 ¢	0.317 ¢	0.910 ¢

[1] Performance Evaluation Plan (PEP) charges and Kemper Rate Factors (KRF) as per Company's most recently approved rate filings.

LARGE GENERAL SERVICE TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LGS-TOU-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 45

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 4		December 17, 2013

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's on-peak kVA billing requirement each month shall be the greater of (1) the maximum kVA requirement established during on-peak hours, or (2) 75% of the maximum kVA requirement established during on-peak hours during the preceding calendar months of June through September. Customer's excess kVA billing requirement each month shall be the maximum kVA requirement established during the month less the on-peak kVA billing requirement but not less than zero.

On-Peak hours (Calendar Months):

April through October:	Hours between 12:00 noon and 8:00 p.m. local time Monday through Friday.
November through March:	Hours between 6:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 10:00 p.m. local time Monday through Friday.

Shoulder Hours (Calendar Months):

June through September:	Hours between 10:00 a.m. and 12:00 noon and between 8:00 p.m. and 10:00 p.m. local time Monday through Friday.

All other hours are off-peak hours including all hours during New Year's Day, July 4th, Labor Day, Thanksgiving Day, and Christmas Day.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a transmission voltage (115 kV or higher) available under this rate schedule, customer's billing will be credited 55 cents per month per total (on-peak plus excess) kVA billing requirement. When service is rendered at an available primary voltage, customer's billing will be credited 25 cents per month per total (on-peak plus excess) kVA billing requirement.

MINIMUM MONTHLY BILL

The minimum monthly bill will be the base charge plus (the on-peak kVA billing requirement charge times 40% of the contract kVA). The Adjustment for Delivery Voltage above will not apply to the minimum monthly bill.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission. (The Fuel Cost Recovery factor applicable to the LGS rate schedule is applicable to this rate.)

LARGE GENERAL SERVICE TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LGS-TOU-12"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 45

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 4		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company here under.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Secondary Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments, and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice the estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

LARGE GENERAL SERVICE TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LGS-TOU-12"

Mississippi Public Service Commission Schedule No. 45

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 4		December 17, 2013

TERM OF CONTRACT

The contract term is for five (5) years and continues thereafter until terminated by twelve (12) months written notice by either party to the other. Customer has the option at any time after 12 months billing under this schedule to switch to the LGS tariff and complete the remainder of the contract term under the applicable LGS tariff available at the time.

Service under this rate schedule is subject to service rules of Company.

LARGE POWER -- HIGH LOAD FACTOR ELECTRIC SERVICE RATE SCHEDULE "LPO-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 7

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 4		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer in a single establishment on one premise, who requires not less than 10,000 kW, with a load factor of not less than 75%.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company from lines rated at not less than 115 kV or at a lesser voltage at the option of the Company. The kind of service under this schedule shall be three phase, unregulated, at customer's nominal operating voltage.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Monthly Fixed Charge	$30,585.00	$104,490.00	$135,075.00
Charge for Monthly kW Requirement:			
Charge for first 10,000 kW	$108,694.00	$35,906.00	$144,600.00
Charge per kW for next 60,000 kW	$10.05	$3.25	$13.30
Charge per kW for all over 70,000 kW	$7.65	$2.50	$10.15
Charge for Power Factor Correction:			
Charge per kVA for those kilovolt-amperes at time of peak kW, if any, by which maximum kVA exceeds kilovolt-amperes corresponding to a power factor of ninety percent (90%)	$0.40	-----	$0.40

LARGE POWER -- HIGH LOAD FACTOR ELECTRIC SERVICE
RATE SCHEDULE "LPO-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 7

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 4		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

	PEP	KRF-2	Total
Charge for kWh used per Month:			
Charge per kWh, but not less than 18 times number of days in billing period times monthly billing kW requirement for billing months July-October, inclusive	0.955 ¢	0.311 ¢	1.266 ¢
Charge per kWh, but not less than 18 times number of days in billing period times monthly billing kW requirement for billing months November-June, inclusive.	0.716 ¢	0.233 ¢	0.949 ¢

DETERMINATION OF CUSTOMER'S kW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be the average kW required from Company during fifteen minute period of greatest use in month as measured by suitable meter, but not less than the largest of following:

(1) 10,000 kW.
(2) Contracted kW requirement.
(3) Maximum kW requirement established during most recent billing months of July, August, September, and October.
(4) Ninety percent of maximum kW requirement established during any of remaining eight billing months during most recent 12-month period.

Company reserves the right to revise items (3) and (4) or withdraw item (4) above upon 48 months' written notice to each customer served herewith.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at 115 kV or higher, and customer furnishes, operates, and maintains complete step-down transformer substation necessary to receive and use such service, customer's bill will be credited 60 cents per month per kW billing requirement as determined above. In the event Company elects to install low side metering with such equipment necessary to compensate for transformer and customer owned line losses, such discount will be conditioned on the Company being supplied the characteristics of transformers and lines for use in determining such losses.

LARGE POWER -- HIGH LOAD FACTOR ELECTRIC SERVICE RATE SCHEDULE "LPO-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 7

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 4		December 17, 2013

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this schedule, no monthly bill will be rendered for less than the Monthly Fixed Charge; plus the charge for customer's kW billing requirement as determined above; plus any applicable credit from the Adjustment for Delivery Voltage above; plus kWh charge for kWh equal to a 75% load factor for the billing period.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

LARGE POWER -- HIGH LOAD FACTOR ELECTRIC SERVICE RATE SCHEDULE "LPO-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 7		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 4		December 17, 2013

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five (5) years, and continuing thereafter until terminated by six (6) months written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

LARGE POWER TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LPO-TOU-11"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 47

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

All service shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on a uniform basis throughout the service territory of Company from lines rated at not less than 115 kV or at a lesser voltage at the option of Company. The kind of service shall be three phase, unregulated, at customer's nominal operating voltage.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per month	$7,600.00	-----	$7,600.00
For the calendar months of June through September, inclusive:			
Charge per kVA for on-peak kVA billing requirement	$9.65	$4.40	$14.05
Charge per kVA for excess kVA requirement	$1.65	$1.15	$2.80
Charge per kWh for all on-peak kWh	3.458 ¢	1.593 ¢	5.051 ¢
Charge per kWh for all shoulder kWh	1.734 ¢	0.762 ¢	2.496 ¢
Charge per kWh for all off-peak kWh	0.584 ¢	0.225 ¢	0.809 ¢
For the calendar months of October through May, inclusive			
Charge per kVA for on-peak kVA billing requirement	$5.60	$4.10	$9.70
Charge per kVA for excess kVA requirement	$1.10	$1.30	$2.40
Charge per kWh for all on-peak kWh	1.855 ¢	1.093 ¢	2.948 ¢
Charge per kWh for all other kWh	0.584 ¢	0.225 ¢	0.809 ¢

MISSISSIPPI POWER
A SOUTHERN COMPANY

LARGE POWER TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LPO-TOU-11"

Mississippi Public Service Commission Schedule No. 47

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's on-peak kVA billing requirement each month shall be the greater of (1) the maximum kVA requirement established during on-peak hours, (2) 75% of the maximum kVA requirement established during on-peak hours during the preceding calendar months of June through September, or (3) 10,000 kVA. Customer's excess kVA billing requirement each month shall be the maximum kVA requirement established during the month less the on-peak kVA billing requirement but not less than zero.

On-Peak hours (Calendar Months):

April through October:	Hours between 12:00 noon and 8:00 p.m. local time Monday through Friday.
November through March:	Hours between 6:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 10:00 p.m. local time Monday through Friday.

Shoulder Hours (Calendar Months):

June through September:	Hours between 10:00 a.m. and 12:00 noon and between 8:00 p.m. and 10:00 p.m. local time Monday through Friday.

All other hours are off-peak hours including all hours during New Year's Day, July 4th, Labor Day, Thanksgiving Day, and Christmas Day.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at 115 kV or higher and customer furnishes, operates, and maintains complete step-down transformer substation necessary to receive and use such service, above charges will be subject to a credit of 60 cents per month per maximum kVA requirement.

MINIMUM MONTHLY BILL

The minimum monthly bill will be the base charge plus the (on-peak kVA billing requirement charge multiplied by contract kVA) plus any applicable credit from the Adjustment for Delivery Voltage above.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

LARGE POWER TIME OF USE ELECTRIC SERVICE RATE SCHEDULE "LPO-TOU-11"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 47		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company here under.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments, and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice the estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

The contract term is for five (5) years and continues thereafter until terminated by twelve (12) months written notice by either party to the other.

Service under this rate schedule is subject to service rules of Company.

TEMPORARY ELECTRIC SERVICE
RATE SCHEDULE "T-33"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 10

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by one customer for a single short term less than twelve (12) months for construction purposes, for temporary lighting installations, carnivals, fairs, circuses, or for other temporary installations.

All service under this rate shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single or three phase at nominal service voltage of Company's secondary distribution system serving area. Service at any other secondary voltage shall be made available only at option of Company. Service at primary voltage shall be available at primary distribution voltage of Company's lines in area.

MONTHLY RATE FOR SECONDARY SERVICE

	PEP	KRF-2	Total
Base charge including up to 5.0 kW	$17.90	-----	$17.90
Charge per kW all additional kW	$4.60	$2.20	$6.80
Charge per kWh for all kWh	6.487 ¢	2.973 ¢	9.460 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in month, as measured by suitable meter and rounded to nearest full kW. Such kW billing requirement shall not be less than 75% of greatest kW requirement established during any of preceding eleven months, or less than 75% of kW contracted for, and in no event less than five (5.0) kW. The Company may, at its option, install a kVA meter or other appropriate meter and base the kW requirement on 95% of the kVA requirement so metered.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a primary voltage available under this rate schedule and customer furnishes, operates, and maintains transformers necessary to receive and use such service, above charges will be subject to a credit of twenty-five cents per month per kW of customer's requirement as determined above, in excess of five (5.0) kW.

TEMPORARY ELECTRIC SERVICE RATE SCHEDULE "T-33"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 10

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge for the first 5.0 kW or less; plus the kW charge above 5.0 kW for the greater of: (a) The customer's maximum kW requirement established during current month or (b) kW contracted for by customer. Any applicable credit from the Adjustment for Delivery Voltage above shall also apply to the minimum bill.

Bills for a partial month of service under this rate schedule will be computed on a prorata basis at beginning and ending of service period, however, no such proration will be made when total service period is less than one month.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Secondary Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

CHARGE FOR TEMPORARY SERVICE INSTALLATION

For installation of facilities for temporary single phase service requiring only a service drop (from overhead or underground distribution facilities) charge to customer shall be Eighty-four Dollars and eighty-eight cents ($84.88). In all other instances of installation of facilities for temporary service, Company will furnish customer a bill for such installation computed in following manner: (1) estimated installed cost of materials and supplies required to furnish the temporary service, plus (2) estimated cost of removing such facilities, less (3) estimated salvage value at end of service period of facilities installed. Customer shall pay such net charge of service facilities which in no event will be less than Eighty-four Dollars and eighty-eight cents ($84.88).

TEMPORARY ELECTRIC SERVICE RATE SCHEDULE "T-33"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 10

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Service under this rate schedule shall be for a period of thirty (30) days and continuing thereafter until terminated by three (3) days' notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

TEMPORARY RIDER FOR LARGE POWER REQUIREMENTS RIDER SCHEDULE "T-LP-24"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 35

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

Applicable to any customer taking service under Rate Schedule "T".

All service under this rider schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge	$900.00	-----	$900.00
Charge per kVA per month billing requirement	$5.80	$2.05	$7.85
Charge per kWh for all kWh not greater than 200 hours times the kVA billing requirement	1.781 ¢	0.993 ¢	2.774 ¢
Charge per kWh for all kWh in excess of 200 hours and not greater than 400 hours times the kVA billing requirement; plus	1.452 ¢	0.973 ¢	2.425 ¢
Charge per kWh for all kWh in excess of 400 hours times the kVA billing requirement	0.608 ¢	0.313 ¢	0.921 ¢

The monthly billing kWh will not be less than 12 times the number of days in the billing period times the monthly kVA billing requirement times the current month’s power factor at time of peak kVA.

DETERMINATION OF CUSTOMER'S MONTHLY KVA BILLING REQUIREMENT

Customer's kVA billing requirement each month shall be the average kVA required from Company during the fifteen minute period of greatest use in the month, as measured by a suitable meter, and rounded to the nearest whole kVA. In no case shall such kVA billing requirement be less than 75% of the greatest kVA requirement established during the preceding eleven months, nor less than 75% of contracted kVA (85% of contracted kW), nor less than five hundred (500) kVA.

TEMPORARY RIDER FOR LARGE POWER REQUIREMENTS RIDER SCHEDULE "T-LP-24"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 35

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a primary voltage available under this rider schedule and customer furnishes, operates, and maintains complete step-down transformers necessary to receive and use such service, above charges will be subject to a credit of 25 cents per month per kVA billing requirement.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rider schedule, no monthly bill will be rendered for less than the base charge; plus the kVA billing requirement charge; plus the minimum kWh charge; plus any applicable credit from the Adjustment for Delivery Voltage above.

All provisions of Rate Schedule "T" not modified by this rider shall continue to apply.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

ELECTRIC PUMPING SERVICE
(Governmental Authority)
RATE SCHEDULE "GP-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 8

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by any Governmental Authority for operation of water supply and sewage pumping systems.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. The kind of service under this schedule shall be single or three phase at a nominal secondary voltage of Company, or at Company's available primary distribution voltage.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge	$54.55	-----	$54.55
Charge per kW for kW required	$5.47	$2.28	$7.75
Charge per kWH for all kWH	1.963 ¢	0.819 ¢	2.782 ¢

DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT

Customer's kW billing requirement each month shall be average kW required from Company during fifteen minute period of greatest use in month, as measured by suitable meter and read to nearest full kW. The Company may, at its option, install a kVA meter or other appropriate meter to determine kVA and base the kW requirement on 95% of the kVA requirement so metered.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge plus the charge for customer's kW billing requirement based upon the greater of: (a) The customer's maximum kW requirement established during the current month or (b) 60% of kW contracted for by customer.

ELECTRIC PUMPING SERVICE
(Governmental Authority)
RATE SCHEDULE "GP-41 (FROZEN)"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 8

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added or subtracted an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

TERM OF CONTRACT

Service under this rate schedule shall be for a minimum period of five (5) years, and continuing thereafter until terminated by six (6) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

OUTDOOR SPORTS LIGHTING ELECTRIC SERVICE RATE SCHEDULE "OSL-22"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 9

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by a customer for lighting of an outdoor athletic installation.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company. At option of Company, kind of service under this schedule shall be single or three phase at a nominal secondary voltage of Company, or at Company's available primary distribution voltage.

MONTHLY RATE FOR SERVICE

	PEP	KRF-2	Total
Base charge per month	$14.05	-----	$14.05
Charge per kWh for all kWh	5.500 ¢	0.450 ¢	5.950 ¢

MINIMUM MONTHLY BILL

No monthly bill will be rendered for less than the base charge; however, if customer desires service disconnection at the end of the sports season, there will be a reconnection charge of Thirty-five Dollars ($35.00) prior to resumption of service in lieu of minimum billing.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

OUTDOOR SPORTS LIGHTING ELECTRIC SERVICE RATE SCHEDULE "OSL-22"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 9

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service under this rate schedule shall be for a period of one (1) year and continuing thereafter until terminated by three (3) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

STREET LIGHTING ELECTRIC SERVICE (Governmental Authority) RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 10		December 17, 2013

APPLICABILITY

This rate schedule applies to electric lighting service used by any governmental authority for outdoor lighting requirements including streets, alleys, highways, bridges, and parking areas within jurisdiction of governmental authority.

AVAILABILITY

Service under this rate schedule is available within limits of jurisdiction of any governmental authority where Company is operating a retail electric distribution system from which street lighting service can be furnished. Street lighting service will be provided by Company's 240 volt standard street lighting luminaires, circuits, and other facilities installed on Company's electric distribution system and will be furnished all night, every night, on a lighting schedule of approximately 4,043 hours per year.

MONTHLY CHARGES FOR SERVICE FOR CUSTOMER OWNED FIXTURES

STANDARD	Monthly kWh	Energy Charges		Fixt. & Maint. Charge	Total Monthly Charge
Cobra Head Fixtures		PEP	KRF-2		
100 watt H.P.S.	48	$1.00	$0.21	$3.40	$4.61
150 watt H.P.S.	58	1.21	0.25	4.72	6.18
250 watt H.P.S.	100	2.09	0.43	3.90	6.42
400 watt H.P.S.	157	3.28	0.68	4.34	8.30
1000 watt H.P.S.	381	7.97	1.65	8.84	18.46
350 watt M.H.	139	2.91	0.60	3.17	6.68
Floodlights					
150 watt H.P.S.	58	$1.21	$0.25	$4.72	$6.18
250 watt H.P.S.	100	2.09	0.43	3.75	6.27
400 watt H.P.S.	157	3.28	0.68	3.98	7.94
400 watt H.P.S. Interstate	157	3.28	0.68	4.12	8.08
1000watt H.P.S.	381	7.97	1.65	9.09	18.71
350 watt M.H.	139	2.91	0.60	3.82	7.33
1000 watt M.H.	381	7.97	1.65	7.82	17.44

H.P.S. = High Pressure Sodium M.H. = Metal Halide M.V. = Mercury Vapor

STREET LIGHTING ELECTRIC SERVICE
(Governmental Authority)
RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 10		December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR CUSTOMER OWNED FIXTURES (Continued)

DECORATIVE	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
Post Top Fixtures					
100 watt H.P.S.-Colonial	39	$0.82	$0.17	$4.10	$5.09
150 watt H.P.S.-Colonial	58	1.21	0.25	4.72	6.18
150 watt H.P.S.-Contemporary	58	1.21	0.25	4.72	6.18
150 watt H.P.S.-Acorn	66	1.37	0.29	5.98	7.64
150 watt H.P.S.-Coach	66	1.37	0.29	5.98	7.64
150 watt M.H.-Acorn	66	1.37	0.29	8.75	10.41
Galleria Fixtures					
400 watt H.P.S.	160	$3.35	$0.69	$5.43	$9.47
1000 watt H.P.S.	372	7.78	1.61	7.05	16.44
350 watt M.H.	139	2.91	0.60	6.52	10.03
1000 watt M.H.	381	7.97	1.65	6.10	15.72
Shoe Box Fixtures					
250 watt H.P.S.	105	$2.20	$0.46	$3.87	$6.53
400 watt H.P.S.	160	3.35	0.69	4.58	8.62
350 watt M.H.	139	2.91	0.60	4.90	8.41

Above total monthly charges under Customer Owned Fixtures embrace Company's furnishing electric energy, lamps, photo control, and ballast renewals for the Company's standard fixtures. These luminaires may be installed either on Company poles or on customer owned poles or standards

STREET LIGHTING ELECTRIC SERVICE
(Governmental Authority)
RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 10		December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR COMPANY OWNED FIXTURES

STANDARD	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
Cobra Head Fixtures					
100 watt H.P.S.	48	$1.00	$0.21	$5.57	$6.78
150 watt H.P.S.	58	1.21	0.25	7.59	9.05
250 watt H.P.S.	100	2.09	0.43	9.00	11.52
400 watt H.P.S.	157	3.28	0.68	10.09	14.05
1000 watt H.P.S.	381	7.97	1.65	15.49	25.11
350 watt M.H.	139	2.91	0.60	7.92	11.43
Floodlights					
150 watt H.P.S.	58	$1.21	$0.25	$7.59	$9.05
250 watt H.P.S.	100	2.09	0.43	10.90	13.42
400 watt H.P.S.	157	3.28	0.68	10.44	14.40
400 watt H.P.S. Interstate	157	3.28	0.68	12.89	16.85
1000 watt H.P.S.	381	7.97	1.65	19.49	29.11
350 watt M.H.	139	2.91	0.60	9.55	13.06
1000 watt M.H.	381	7.97	1.65	21.99	31.61

H.P.S. = High Pressure Sodium M.H. = Metal Halide M.V. = Mercury Vapor

STREET LIGHTING ELECTRIC SERVICE (Governmental Authority) RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 10		December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR COMPANY OWNED FIXTURES (Continued)

DECORATIVE	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
Post Top Fixtures					
100 watt H.P.S.-Colonial	39	$0.82	$0.17	$6.18	$7.17
150 watt H.P.S.-Colonial	58	1.21	0.25	7.59	9.05
150 watt H.P.S.-Contemporary	58	1.21	0.25	7.59	9.05
150 watt H.P.S.-Acorn	66	1.37	0.29	17.63	19.29
150 watt H.P.S.-Coach	66	1.37	0.29	17.63	19.29
150 watt M.H.-Acorn	66	1.37	0.29	21.82	23.48
Galleria Fixtures					
400 watt H.P.S.	160	$3.35	$0.69	$19.63	$23.67
1000 watt H.P.S.	372	7.78	1.61	24.25	33.64
350 watt M.H.	139	2.91	0.60	16.29	19.80
1000 watt M.H.	381	7.97	1.65	24.15	33.77
Shoe Box Fixtures					
250 watt H.P.S.	105	$2.20	$0.46	$10.77	$13.43
400 watt H.P.S.	160	3.35	0.69	11.13	15.17
350 watt M.H.	139	2.91	0.60	12.25	15.76

Above charges under Company Owned Fixtures embrace Company's furnishing, operating and maintaining street lighting luminaires, supply and control circuits, control equipment, and lamps.

STREET LIGHTING ELECTRIC SERVICE (Governmental Authority) RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11		
PAGE 5 of 10	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED December 17, 2013

ENERGY ONLY SERVICE OPTION FOR CUSTOMER OWNED FIXTURES

At the customer's option, Company will provide unmetered service to customer-owned lighting fixtures on an energy-only basis. This Energy-Only service option does not include maintenance of fixtures, and is available for service to 1) customer-owned lighting fixtures installed after May 1, 2010, and 2) lighting fixtures currently billed under the customer-owned service option (with maintenance) where the type fixture is discontinued as a Company standard fixture, and Company subsequently can no longer provide such maintenance. Company will provide service to lighting fixtures contracted under the Energy-Only service option in accordance with the following provisions:

Customer-owned street, roadway, and general area lighting fixtures which conform to the specifications of Company-owned fixtures may receive energy at the appropriate charges for each size light above. Customer-owned street, roadway, and general area lighting systems which do not conform to specifications of the Company-owned fixtures shall be charged the monthly rate per kWh as described below.

	PEP	KRF-2	Total
Charge per kWH	2.091 ¢	0.434 ¢	2.525 ¢

Customer-owned equipment must be approved in advance as to electric service accessibility to be eligible to receive service. The customer will provide all poles, fixtures, lamps, photoelectric controls, and circuits up to the point of connection to the Company's supply lines (point of service), and an adequate support for the Company-owned service conductors. The Company will provide an overhead service drop from its existing secondary conductors to the point of service designated by the Company for customer-owned lights. Underground service conductors will be installed in lieu of the overhead conductors at the customer's request and in accordance with the Company's Underground Electric Service Policy. The distribution system providing such service shall serve no other electrical loads except the lighting equipment eligible for this rate.

STREET LIGHTING ELECTRIC SERVICE
(Governmental Authority)
RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11		
PAGE 6 of 10	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR DISCONTINUED CUSTOMER OWNED FIXTURES

The following luminaires are discontinued and are not available for new installation. The monthly charges are for existing fixtures only.

	Monthly kWh	Energy Charges		Fixt. & Maint. Charge	Total Monthly Charge
		PEP	KRF-2		
180 watt Incandescent	62	$1.30	$0.27	$3.30	$4.87
400 watt Incandescent	157	3.28	0.68	1.32	5.28
175 watt Mercury Vapor	64	1.34	0.28	2.86	4.48
400 watt Mercury Vapor	157	3.28	0.68	3.47	7.43
1000 watt Mercury Vapor	381	7.97	1.65	6.40	16.02
100 watt H.P.S. Open Bottom	48	1.00	0.21	3.75	4.96
250 watt M.H. Cobra Head	100	2.09	0.43	4.39	6.91
400 watt M.H.-Cobra Head	157	3.28	0.68	4.63	8.59
400 watt M.H.-Floodlight	162	3.39	0.70	4.67	8.76
400 watt M.H.-Galleria	160	3.35	0.69	7.20	11.24
250 watt M.H.-Shoe Box	105	2.20	0.46	5.43	8.09
100 watt H.P.S.-Cut-off	48	1.00	0.21	3.73	4.94
150 watt H.P.S.-Cut-off	58	1.21	0.25	4.72	6.18
250 watt H.P.S.-Cut-off	100	2.09	0.43	3.71	6.23
400 watt H.P.S.-Cut-off	157	3.28	0.68	4.37	8.33
1000 watt H.P.S.-Cut-off	381	7.97	1.65	8.53	18.15

STREET LIGHTING ELECTRIC SERVICE
(Governmental Authority)
RATE SCHEDULE "SL-28"

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
7 of 10		December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR DISCONTINUED COMPANY OWNED FIXTURES

The following luminaires are discontinued and are not available for new installation. The monthly charges are for existing fixtures only.

	Monthly kWh	Energy Charges		Fixt. & Maint. Charge	Total Monthly Charge
		PEP	KRF-2		
180 watt Incandescent	62	$1.30	$0.27	$3.30	$4.87
400 watt Incandescent	157	3.28	0.68	1.32	5.28
175 watt Mercury Vapor	64	1.34	0.28	4.06	5.68
400 watt Mercury Vapor	157	3.28	0.68	7.37	11.33
1000 watt Mercury Vapor	381	7.97	1.65	12.03	21.65
100 watt H.P.S. Open Bottom	48	1.00	0.21	5.50	6.71
250 watt M.H. Cobra Head	100	2.09	0.43	10.91	13.43
400 watt M.H.-Cobra Head	157	3.28	0.68	10.72	14.68
400 watt M.H.-Floodlight	162	3.39	0.70	12.86	16.95
400 watt M.H.-Galleria	160	3.35	0.69	21.90	25.94
250 watt M.H.-Shoe Box	105	2.20	0.46	14.68	17.34
100 watt H.P.S.-Cut-off	48	1.00	0.21	5.90	7.11
150 watt H.P.S.-Cut-off	58	1.21	0.25	7.59	9.05
250 watt H.P.S.-Cut-off	100	2.09	0.43	10.16	12.68
400 watt H.P.S.-Cut-off	157	3.28	0.68	10.32	14.28
1000 watt H.P.S.-Cut-off	381	7.97	1.65	16.53	26.15

STREET LIGHTING ELECTRIC SERVICE (Governmental Authority) RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
8 of 10		December 17, 2013

MONTHLY CHARGES FOR SERVICE FOR COMPANY OWNED POLES

POLES

	Monthly Charge
25' FG gray	$5.20
25' FG black	5.20
35' concrete Sq.	9.00
18' concrete br agg	11.00
18' concrete gr agg	11.00
35' FG dark bronze	11.00
40' FG dark bronze	12.00
45' FG dark bronze	13.00
wood 30- 40	7.00
wood over 40	8.65
35' FG dark bronze with pedestal	19.00
40' FG dark bronze with pedestal	20.00
45' FG dark bronze with pedestal	21.00
Concrete Pedestal alone	9.00

MONTHLY CHARGES FOR SERVICE FOR SPECIAL LIGHTING FACILITIES

Special lighting facilities listed below are not inventoried as part of the Company's standard line of lighting products and have limited availability. Special lighting facilities are offered at the sole discretion of the Company and are subject to a minimum term of service of ten (10) years and continuing thereafter until terminated by six (6) months' written notice by either party to other.

SPECIAL FIXTURES - Restricted

		Energy Charges		Fixt. & Maint. Charge		Total Monthly Charge	
	Monthly kWh	PEP	KRF-2	Company Owned	Customer Owned	Company Owned	Customer Owned
150 watt M.H.-Acorn w/shade	66	$1.39	$0.29	$24.95	$10.21	$26.63	$11.89

SPECIAL POLES AND POLE COMPONENTS - Restricted

	Monthly Charge
35ft Alum Tapered Pole	$23.89.

When Company is required to make additions to, or rearrangements of its facilities to furnish special types of street lighting service not normally provided under this schedule, there will be an additional monthly charge determined in accordance with the current Facilities Charge Schedule.

STREET LIGHTING ELECTRIC SERVICE (Governmental Authority) RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
9 of 10		December 17, 2013

CHANGES IN COMPANY LIGHTING COMPONENTS

From time to time the Company will make changes to its lighting component offerings available under this rate schedule. New offerings will be priced under the Company's Formulary Lighting Charge Schedule and made a part of this Rate Schedule, including all terms and conditions hereunder. In addition, the Company may freeze the availability of and/or withdraw lighting components noted in this Schedule. The Company will notify the Mississippi Public Service Commission in writing of all such modifications and will update this Schedule on an annual basis to reflect such changes. Customers should contact the Company regarding the availability of its lighting components provided under this Rate Schedule.

MONTHLY KWH

Monthly kWh shall be determined in the following manner:

$$\frac{\text{Total wattage connected for all Luminaires including ballast} \times 4{,}043 \text{ Hours}}{1{,}000 \times 12 \text{ Months}} = \text{Monthly kWh}$$

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Charges for Service, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

STREET LIGHTING ELECTRIC SERVICE
(Governmental Authority)
RATE SCHEDULE "SL-28"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 11

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
10 of 10		December 17, 2013

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

TERM OF CONTRACT

Minimum term of service under this rate schedule shall be for a period of five (5) years and continuing thereafter until terminated by six (6) months' written notice by either party to other. Minimum term of service for special lighting facilities, which are not inventoried as part of the Company’s standard line of lighting products, shall be for a period of ten (10) years and continuing thereafter until terminated by six (6) months’ written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 6		December 17, 2013

APPLICABILITY

This rate schedule applies to electric lighting service used by one customer for outdoor lighting, or used by one customer, other than a governmental authority, for lighting of streets and roadways.

AVAILABILITY

This rate schedule is available on a uniform basis throughout service territory of Company where Company is operating a retail electric distribution system from which this lighting service can be furnished by installation of necessary lighting fixtures, control equipment, and control circuit(s).

CHARACTER OF SERVICE

Lighting service under this rate schedule will be furnished from dusk to dawn with Company owned lighting fixtures, control circuits, and equipment. Such service embraces Company's furnishing, operating, and maintaining lighting fixture, control equipment, and lamps.

The monthly rates set forth below are applicable to the following service conditions:

Standard Fixtures and Post Top Floodlight Fixtures:	The monthly rate is for the fixture mounted on an existing wood pole and served directly from overhead distribution lines.
Decorative Post Top Fixtures:	The monthly rate is for the fixture only and does not include poles or installation of underground service.
Poles:	The monthly rate covers charges for the pole only. The poles are available for use with all Company owned fixtures subject to fixture/pole mounting compatibility.

Monthly charges do not cover the replacement of lamps, fixtures, poles, or wiring damaged or destroyed due to vandalism or willful abuse. Such replacements will be performed by the Company at the Customer's expense.

MONTHLY CHARGES FOR SERVICE

STANDARD

Open Bottom Security Lights	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
100 watt H.P.S.	39	$0.82	$0.17	$5.98	$6.97

H.P.S. = High Pressure Sodium M.H. = Metal Halide M.V. = Mercury Vapor

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 6		December 17, 2013

MONTHLY CHARGES FOR SERVICE (Cont'd)

STANDARD

	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
Cobra Head Fixtures					
100 watt H.P.S.	48	$1.00	$0.21	$5.77	$6.98
150 watt H.P.S.	58	1.21	0.25	7.59	9.05
250 watt H.P.S.	100	2.09	0.43	10.40	12.92
400 watt H.P.S.	157	3.28	0.68	10.19	14.15
1,000 watt H.P.S.	381	7.97	1.65	16.49	26.11
350 watt M.H.	139	2.91	0.60	7.92	11.43
Floodlights					
150 watt H.P.S.	58	$1.21	$0.25	$7.79	$9.25
250 watt H.P.S.	100	2.09	0.43	11.40	13.92
400 watt H.P.S.	157	3.28	0.68	10.69	14.65
400 watt H.P.S. Interstate	157	3.28	0.68	12.89	16.85
350 watt M.H.	139	2.91	0.60	9.55	13.06
1,000 watt H.P.S.	381	7.97	1.65	19.34	28.96
1,000 watt M.H.	381	7.97	1.65	23.99	33.61

DECORATIVE

	Monthly kWh	Energy Charges PEP	Energy Charges KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
Post Top Fixtures					
100 watt H.P.S.-Colonial	39	$0.82	$0.17	$6.18	$7.17
150 watt H.P.S.-Colonial	58	1.21	0.25	7.59	9.05
150 watt H.P.S.-Contemporary	58	1.21	0.25	7.59	9.05
150 watt H.P.S.-Acorn	66	1.37	0.29	17.63	19.29
150 watt H.P.S.-Coach	66	1.37	0.29	17.63	19.29
150 watt M.H.-Acorn	66	1.37	0.29	21.82	23.48
Galleria Fixtures					
400 watt H.P.S.	160	$3.35	$0.69	$19.63	$23.67
1,000 watt H.P.S.	372	7.78	1.61	22.91	32.80
350 watt M.H.	139	2.91	0.60	16.29	19.80
1,000 watt M.H.	381	7.97	1.65	24.15	33.77
Shoe Box Fixtures					
250 watt H.P.S.	105	$2.20	$0.46	$11.02	$13.68
400 watt H.P.S.	160	3.35	0.69	11.38	15.42
350 watt M.H.	139	2.91	0.60	12.25	15.76

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 6		December 17, 2013

MONTHLY CHARGES FOR SERVICE (Cont'd)

The following luminaires are discontinued and are not available for new installation. The monthly charges are for existing fixtures only.

	Monthly kWh	Energy Charges		Fixt. & Maint. Charge	Total Monthly Charge
		PEP	KRF-2		
175 watt M.V.-Open Bottom	64	$1.34	$0.28	$11.16	$12.78
250 watt M.H.-Cobra Head	100	2.09	0.43	10.90	13.42
400 watt M.H.-Cobra Head	157	3.28	0.68	10.95	14.91
400 watt M.V.-Floodlight	157	3.28	0.68	8.21	12.17
400 watt M.H.-Floodlight	162	3.39	0.70	13.35	17.44
1000 watt M.V.-Floodlight	381	7.97	1.65	11.98	21.60
400 watt M.H.-Galleria	160	3.35	0.69	22.15	26.19
250 watt M.H.-Shoe Box	105	2.20	0.46	14.80	17.46
400 watt M.H.-Shoe Box	160	3.35	0.69	16.39	20.43
100 watt H.P.S.-Cut-off	48	1.00	0.21	6.10	7.31
150 watt H.P.S.-Cut-off	58	1.21	0.25	7.59	9.05
250 watt H.P.S.-Cut-off	100	2.09	0.43	10.40	12.92
400 watt H.P.S.-Cut-off	157	3.28	0.68	10.30	14.26
1000 watt H.P.S.-Cut-off	381	7.97	1.65	16.48	26.10
250 watt M.H.-Cut-off	100	2.09	0.43	10.90	13.42
400 watt M.H.-Cut-off	157	3.28	0.68	10.95	14.91

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12		
PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 6		December 17, 2013

MONTHLY CHARGES FOR SERVICE (Cont'd)

POLES

	Monthly Charge
25' FG gray	$ 5.20
25' FG black	5.20
35' concrete Sq.	9.00
18' concrete br agg	11.00
18' concrete gr agg	11.00
35' FG dark bronze	11.00
40' FG dark bronze	12.00
45' FG dark bronze	13.00
wood 30 - 40	7.00
wood over 40	8.75
35' FG dark bronze with pedestal	19.00
40' FG dark bronze with pedestal	20.00
45' FG dark bronze with pedestal	21.00
Concrete Pedestal alone	9.00

Special lighting facilities listed below are not inventoried as part of the Company's standard line of lighting products and have limited availability. Special lighting facilities are offered at the sole discretion of the Company and are subject to a minimum term of service of ten (10) years and continuing thereafter until terminated by six (6) months' written notice by either party to other.

SPECIAL FIXTURES - Restricted

		Energy Charges			
	Monthly kWh	PEP	KRF-2	Fixt. & Maint. Charge	Total Monthly Charge
150 watt M.H.-Acorn w/shade	66	$1.39	$0.29	$24.95	$26.63
1000 watt M.H. Galleria w/Special Optics	371	$7.76	$1.61	$22.99	$32.36
202 watt LED GE Evolve Fixture	68	$1.42	$0.19	$32.83	$34.44
86 watt LED GE Salem Fixture	29	$0.61	$0.08	$25.87	$26.56

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
5 of 6		December 17, 2013

SPECIAL POLES AND POLE COMPONENTS - Restricted

	Monthly Charge
25ft Tapered FBG Pole	$20.69
20ft Alum Tapered Pole	9.51
35ft Alum Tapered Pole	23.89
30ft Alum Bolt Base Pole	22.61
Tenon Adapter	3.86
1 Way Slip Fit Arm	2.33
2 Way Slip Fit Arm	3.34
3 Way Slip Fit Arm	4.14
4 Way Slip Fit Arm	4.35

When Company is required to make additions to, or rearrangements of its facilities to furnish special types of outdoor lighting service not normally provided under this schedule, there will be an additional monthly charge determined in accordance with the current Facilities Charge Schedule.

CHANGES IN COMPANY LIGHTING COMPONENTS

From time to time the Company will make changes to its lighting component offerings available under this rate schedule. New offerings will be priced under the Company's Formulary Lighting Charge Schedule and made a part of this Rate Schedule, including all terms and conditions hereunder. In addition, the Company may freeze the availability of and/or withdraw lighting components noted in this Schedule. The Company will notify the Mississippi Public Service Commission in writing of all such modifications and will update this Schedule on an annual basis to reflect such changes. Customers should contact the Company regarding the availability of its lighting components provided under this Rate Schedule.

MONTHLY KWH

Monthly kWh shall be determined in the following manner:

$$\frac{\text{Total wattage connected for all luminaries including ballast} \times 4{,}043 \text{ hours}}{1{,}000 \text{ X } 12 \text{ Months}} = \text{Monthly kWh}$$

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

OUTDOOR LIGHTING ELECTRIC SERVICE
RATE SCHEDULE "OL-23"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 12

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
6 of 6		December 17, 2013

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Charges for Service, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA
SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice estimated maximum monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service under this rate schedule shall be for a period of three (3) years and continuing thereafter until terminated by notice by either party to other. Minimum term of service for special lighting facilities, which are not inventoried as part of the Company’s standard line of lighting products, shall be for a period of ten (10) years and continuing thereafter until terminated by six (6) months’ written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

HIGHWAY INTERCHANGE LIGHTING RATE SCHEDULE "HIL-19"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 13

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

This rate schedule applies to electric service used by a governmental agency for operation of a highway interchange lighting system including necessary directional signs and traffic control equipment where power requirement is ten (10) kW or more.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company, and delivery voltage shall be primary or secondary voltage available in area. The Company shall not be required to establish more than one delivery point for service to any one interchange.

CHARACTER OF SERVICE

Electric service under this schedule will be furnished all night, every night, on a lighting schedule of approximately 4,043 hours a year. All highway lighting facilities beyond point of service delivery shall be installed, owned and maintained by customer.

MONTHLY RATE

	PEP	KRF-2	Total
Charge per kW connected if secondary service is supplied	\$13.37	\$1.58	\$14.95
Charge per kW connected if service is supplied at Company's available primary distribution line voltage	\$13.06	\$1.54	\$14.60

DETERMINATION OF kW CONNECTED

Customer's kW connected shall be sum of wattage rating of all connected lamps and ballasts plus wattage rating of all directional signs and traffic equipment calculated to nearest watt, divided by 1,000.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this schedule, no monthly bill will be rendered for less than a minimum of ten (10) kW as determined above.

MONTHLY KWH

Monthly kWh shall be determined in the following manner:

$$\frac{\text{Total kW connected X 4043 Hours}}{\text{12 Months}} = \text{Monthly kWh}$$

HIGHWAY INTERCHANGE LIGHTING RATE SCHEDULE "HIL-19"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 13

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charge for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

TERM OF CONTRACT

Minimum term of service under this rate schedule shall be for a period of five (5) years and continuing thereafter until terminated by six (6) months' written notice by either party to other.

Service under this rate schedule is subject to service rules of Company.

SMALL POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "SPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 31

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 3		December 17, 2013

APPLICABILITY

This rate is applicable for supplementary, backup, and maintenance power to any customer having on-site generation and requesting standby service. A customer is required to take service under this schedule if customer's backup or maintenance capacity requirement is greater than 100 kW and less than 5,001 kW.

This rate schedule applies to electric service used by one customer in a single establishment on one premise. All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on a uniform basis throughout the service territory of Company. The kind of service under this schedule shall be three phase, unregulated, at customer's nominal operating voltage, or at a primary voltage designated as available by Company.

MONTHLY RATE FOR SECONDARY SERVICE

	PEP	KRF-2	Total
Base charge per month:	$1,067.00	---	$1,067.00
Reservation Charge:			
Charge per kW of contracted capacity	$1.50	$0.75	$2.25
Local Facilities Charge:			
Charge per kW of contracted capacity	$1.30	---	$1.30
Monthly Demand Charge:			
Charge per kW of Monthly kW Billing Requirement	$8.55	$4.15	$12.70
Energy Charges			
Charge per kWh	0.251 ¢	0.125 ¢	0.376 ¢

SMALL POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "SPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 31

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3		December 17, 2013

DETERMINATION OF CONTRACTED CAPACITY

The contracted capacity for monthly billing purposes shall be the larger of (1) the capacity required to be maintained as agreed to in the contract for service, or (2) the maximum capacity required from Company during the current or preceding twenty-three billing months.

DETERMINATION OF MONTHLY KW BILLING REQUIREMENT

Customer's kW billing demand each month shall be the average kW required from Company during the fifteen minute period of customer's greatest use in month as measured by a suitable meter and rounded to the nearest whole kW.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a primary voltage greater than 4,160 nominal volts but less than 115,000 volts, above charges will be subject to a discount of 25 cents per kW of contracted capacity. When Company renders service at a primary voltage of 115,000 nominal volts or above, above charges will be discounted by waiving the Local Facilities charge.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge plus the contracted capacity charge.

SPECIAL TERMS AND CONDITIONS

Customer shall pay to Company all costs, including capital costs, incurred by Company to operate, maintain, repair, or construct the interconnection facilities necessary for integration of customer's facilities into Company's electrical system. Interconnection of customer's facilities to Company's electrical system must meet Company-specified requirements for parallel operation of customer owned generation.

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

SMALL POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "SPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 31

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3		December 17, 2013

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly rate for service, Minimum Monthly Bill (allow primary discount if applicable), Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice the estimated monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five (5) years and continuing thereafter until terminated by six (6) months written notice by either party to the other.

Service under this rate schedule is subject to service rules of Company.

LARGE POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "LPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 38

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 5		December 17, 2013

APPLICABILITY

This rate is applicable to any customer having on-site generation and requesting Standby Service. Standby Service refers to Backup Service, Maintenance Service, or both. A customer is required to take service under this rate if customer's backup or maintenance capacity requirement exceeds 5,000 kW.

This rate schedule applies to electric service used by one customer in a single establishment on one premise. All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer, and shall not be resold or shared with others.

AVAILABILITY AND KIND OF SERVICE

This kind of service under this schedule shall be three phase, unregulated, at customer's nominal operating voltage, or at a primary voltage designated as available by Company. Service shall be from lines rated at less than 115 kV only at option of Company.

MONTHLY RATE FOR SERVICE

SUPPLEMENTAL SERVICE:

Supplemental Service is available under the Company's standard rates. All terms and conditions of applicable rate shall apply.

STANDBY SERVICE:

	PEP	KRF-2	Total
Base charge per month:	$333.00	---	$333.00
Reservation Charge:			
Charge per kW of contracted Standby capacity	$1.50	$0.75	$2.25
Local Facilities Charge:			
Charge per kW of contracted Standby capacity	$1.30	---	$1.30

LARGE POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "LPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 38

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 5		December 17, 2013

MONTHLY RATE FOR SERVICE (Continued)

	PEP	KRF-2	Total
Daily Demand Charges:			
Charge per kW per day for daily billing demand established during the billing months of May through October during on-peak hours.	$0.49	$0.26	$0.75
Charge per kW per day for daily billing demand established during the billing months of November through April during on-peak hours.	$0.31	$0.19	$0.50
Energy Charge per month:			
Charge per kWh	0.251 ¢	0.125 ¢	0.376 ¢

DETERMINATION OF CONTRACTED CAPACITY

Contracted Standby Capacity: The Contracted Standby Capacity for monthly billing purposes shall be the larger of (1) the capacity required to be maintained as agreed to in the Contract for Service, or (2) the maximum capacity required from Company during the current or preceding twenty-three (23) billing months minus the Supplemental Service Contract Capacity.

Supplemental Service Contract Capacity: The Supplemental Service Contract Capacity shall be the capacity as agreed to in the Contract for Service.

DETERMINATION OF STANDBY SERVICE DAILY BILLING DEMAND

Standby Service daily billing demand will be the larger of (1) zero, or (2) the average kW required from Company during the fifteen minute period of customer's greatest use during the on-peak hours of each day as measured by a suitable meter and rounded to the nearest whole kW, minus the Supplemental Service Contract Capacity.

If customer's power factor is less than 85%, the Company may, at its option, install a kVA meter or other appropriate meter to determine kVA and base the daily billing demand on 85% of the kVA requirement so metered.

LARGE POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "LPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 38

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 5		December 17, 2013

DETERMINATION OF STANDBY SERVICE KWH

For each 15 minute interval during the billing month, the Supplemental Service Contract Capacity will be subtracted from the average kW required from Company during the interval. The differences for each interval, when greater than zero, will be summed for the billing month and the total multiplied by .25 to determine Standby Service kWhs. Standby Service kWhs will be rounded to the nearest whole kWh. The average kW required from Company during each interval will be rounded to one decimal point. All other kWh not billed as Standby Service kWhs will be billed as Supplemental Service kWhs.

DEFINITIONS AND PROCEDURE

Supplemental Service: Electric energy and capacity supplied by Company on a regular basis in addition to that energy and capacity which is ordinarily provided by customer's own generation equipment. The Supplemental Service billing kW will not exceed the Supplemental Service Contract Capacity.

Backup Service: Electric energy and capacity supplied by Company during an unscheduled outage of customer's generation to replace energy and capacity ordinarily generated by customer's own generation equipment.

Maintenance Service: Electric energy and capacity supplied by Company during scheduled outages of customer's own generation equipment. Maintenance service is available to customer during the calendar months of October through May, provided Company has received written notice at least 30 days prior to requirement, and provided Company has agreed to supply such power. Such notice shall specify the amount (kW) of Maintenance Service required as well as the duration. Maintenance Service will be provided if Company determines such power is available on its system, and if adequate service facilities are in place. Company will reply within 5 working days after receiving customer's written request for Maintenance Service. Any capacity supplied which has been established as Maintenance Service will be waived for purposes of determining Contracted Standby Capacity.

Outage: That period of time, whether scheduled or unscheduled, in which one or more of customer's generators are derated or out of service.

On-peak hours: For the billing months of May through October, on-peak hours are defined as those hours between 7 a.m. and 9 p.m. Monday through Friday. For the billing months of November through April, on-peak hours are defined as those hours between 6 a.m. and 10 a.m. and 5 p.m. and 9 p.m. Monday through Friday.

Off-peak hours: All hours not included as on-peak hours and all hours during New Year's Day, July 4th, Labor Day, Thanksgiving Day, and Christmas Day will be considered as off-peak hours.

ADJUSTMENT FOR DELIVERY VOLTAGE

When Company renders service at a primary voltage greater than 4,160 nominal volts but less than 115,000 volts, customer’s billing will be credited 25 cents per month per kW of Contracted Standby Capacity. When Company renders service at a primary voltage of 115,000 nominal volts or above, above charges will be reduced by waiving the local facilities charge.

LARGE POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "LPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 38

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
4 of 5		December 17, 2013

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge, plus the reservation charge, and plus the local facilities charge, plus any applicable credit from the Adjustment for Delivery Voltage above.

SPECIAL TERMS AND CONDITIONS

Customer shall pay to Company all costs, including capital costs, incurred by the Company to operate, maintain, repair, or construct the interconnecting facilities necessary for integration of customer's facilities into the Company's electrical system. Facilities shall include the necessary metering equipment to measure customer's generation output. Interconnection of customer's facilities to Company's electrical system must meet Company-specified requirements for parallel operation of customer owned generation.

FUEL COST RECOVERY CLAUSE

To the total of the above charges for electric service under this rate schedule, there shall be added, an amount determined in accordance with provisions of the Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission. (The Fuel Cost Recovery factor applicable to the LGS rate schedule is applicable to this rate.)

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To the total of the above charge for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by the Company hereunder.

ORDER OF BILLING

Charges are applied in the sequence they appear in the rate schedule: Monthly Rate for Service, Adjustment for Delivery Voltage, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

LARGE POWER STANDBY AND SUPPLEMENTAL SERVICE RATE RATE SCHEDULE "LPSS-6"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 38

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
5 of 5		December 17, 2013

HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20th of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

PAYMENT

Bills rendered under this rate schedule are payable on receipt.

DEPOSIT

A cash deposit equal to twice the estimated monthly bill may be required of customer before service is connected to guarantee payment of all bills.

TERM OF CONTRACT

Minimum term of service to an establishment under this rate schedule shall be five (5) years and continuing thereafter until terminated by twelve (12) months written notice by either party to the other.

Service under this rate schedule is subject to the service rules of the Company.

CHURCH ELECTRIC SERVICE RIDER SCHEDULE "CR-36"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 14

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 1		December 17, 2013

APPLICABILITY

This rider schedule is applicable only for use in conjunction with General Service Electric Service Rate Schedules GS-LVS, GS-LVT, GSEH-LVS, GSEH-LVT, GS-HV, or GSEH-HV (schedules GS-HV and GSEH-HV are only applicable in combination with Option Two below). A church may select either of the following options on an annual basis for billing electric service supplied through one meter to facilities used on a regular basis for worship services. Only one metered account on the church's premises will be eligible for this rider schedule.

OPTION ONE

Customer will be billed the base charge specified in the applicable General Service Rate Schedule and all energy consumed will be billed at the charge per kWh below; no determination of capacity requirement (demand) will be used for billing purposes. All provisions of the applicable General Service Rate Schedule will be applied except provisions entitled "MONTHLY RATE FOR SERVICE," "DETERMINATION OF CUSTOMER'S MONTHLY KW BILLING REQUIREMENT" and "MINIMUM MONTHLY BILL."

	PEP	KRF-2	Total
Charge per kWh	6.871 ¢	2.895 ¢	9.766 ¢

OPTION TWO

Customer will be billed the base charge specified in the applicable General Service Rate Schedule and all energy consumed will be billed under provisions of applicable General Service Rate Schedule.

Above charges under either option will be discounted 7% by multiplying total amount of customer's bill before adjustments by a factor of .93 provided, however, no bill will be rendered for less than the base charge when billed under Option One above. When billed under Option Two above, the minimum bill provision as set forth in the applicable General Service Rate Schedule will apply.

SEASONAL ELECTRIC SERVICE RIDER SCHEDULE "SR-10"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 15

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

This rider schedule is applicable only for use in conjunction with appropriate General Service Rate Schedule for customer's electric service requirements, and modifies charges thereunder as hereafter stated.

AVAILABILITY

Service under this rider schedule is available on uniform basis throughout service territory of Company.

MONTHLY RATE FOR SECONDARY SERVICE

In addition to monthly charges under applicable General Service Rate Schedule, the charge per kW (or kVA) shown below will be added for billing months of May, June, July, August, September, and October.

	PEP	KRF-2	Total
Charge per kW billing requirement	$0.94	$0.46	$1.40
Charge per kVA billing requirement	$0.78	$0.38	$1.16

DETERMINATION OF CUSTOMER'S MONTHLY KW* BILLING REQUIREMENT

Customer's kW* billing requirement each month shall be average kW* required from Company during fifteen minute period of greatest use in month as measured by suitable meter and rounded to nearest whole kW*, but in no case less than rate minimum.

ANNUAL MINIMUM CHARGE

In consideration of readiness of Company to furnish service under this rider schedule, annual charges, prior to application of any adjustment clauses contained in applicable rate schedule, shall total not less than the charges shown below per kW (or kVA) of customer's requirement during fifteen minute period of his greatest use in calendar year and in no case less than charge for kW contracted for** before fuel adjustment.

	PEP	KRF-2	Total
Charge per kW of customer's requirement	$45.00	$22.00	$67.00
Charge per kVA of customer's requirement	$37.00	$18.10	$55.10

* kVA if customer's demand is measured in terms of kVA.
** kVA contracted for (kW contracted for divided by 0.9) if customer's demand is measured in terms of kVA.

SEASONAL ELECTRIC SERVICE RIDER SCHEDULE "SR-10"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 15

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

TERM OF CONTRACT

Minimum term of service under this rider schedule shall be for a period of one (1) year and continuing thereafter as long as the electric service contract of which this rider is a part is in effect.

Service under this rider is subject to service rules of Company.

RESIDENTIAL SWIMMING POOL HEATING ELECTRIC SERVICE RIDER SCHEDULE - "SPH-16"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 26

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 2		December 17, 2013

APPLICABILITY

This rider schedule is supplemental to the standard residential rate and applies to electric service used by one customer in a single family dwelling on one premise through a separate meter for the purpose of heating swimming pool water.

AVAILABILITY AND KIND OF SERVICE

All service under this rate schedule is available on a uniform basis throughout the service territory of Company. The kind of service shall be single phase at nominal service voltage of Company's secondary distribution system serving area.

MONTHLY RATE FOR SECONDARY SERVICE

	PEP	KRF-2	Total
Base charge per month	$1.56	---	$1.56
Billing months July through September, inclusive:			
Charge per kWh for all kWh	15.098 ¢	6.560 ¢	21.658 ¢
Billing months October through June, inclusive:			
Charge per kWh for all kWh	1.909 ¢	0.829 ¢	2.738 ¢

The Company does not obligate itself to supply power service under this rider schedule for loads in excess of 10 kW. Service to other loads is subject to permission in advance by Company in individual cases.

The base charge shown above is a monthly fee for metering and other services.

RESIDENTIAL SWIMMING POOL HEATING ELECTRIC SERVICE RIDER SCHEDULE - "SPH-16"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 26

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 2		December 17, 2013

FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause Schedule on file with and approved by the Mississippi Public Service Commission.

MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

ORDER OF BILLING

Charges are applied in sequence they appear in rate schedule: Monthly Rate for Secondary Service, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

PAYMENT

Bills rendered under this rate schedule are payable on receipt. Failure to pay this bill may result in the termination of all electric service.

DEPOSIT

A cash deposit equal to estimated average monthly bill may be required of customer before service is connected to guarantee payment of all bills. Any customer whose credit standing has become impaired may be required to deposit a sum up to an amount equal to the charge estimated for two months' service.

Service under this rate schedule is subject to service rules of Company.

LOW LOAD FACTOR RIDER SCHEDULE "LLF-13"

MISSISSIPPI POWER
A SOUTHERN COMPANY

Mississippi Public Service Commission Schedule No. 32

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
1 of 1		December 17, 2013

APPLICABILITY

This rider is applicable to: (1) customers receiving service under Large General Service Electric Service Rate Schedules LGS-LV or LGS-HV, or under Large General Service Electric Heating Service Rate Schedules LGS-EH-LV or LGS-EH-HV; (2) customers having an average monthly electrical hours use of less than 150 hours; and (3) customer's receiving service on or after the effective date of this rider.

This schedule serves as a rider to rate schedules LGS-LV, LGS-HV, LGS-EH-LV and LGS-EH-HV, and it shall be applied in all cases to those customers meeting the applicability requirement. All provisions of the above rate schedules not modified by this rider shall apply.

Charges under rate schedules LGS-LV, LGS-HV, LGS-EH-LV and LGS-EH-HV are modified as hereafter stated.

MONTHLY RATE FOR SECONDARY SERVICE

	PEP	KRF-2	Total
Base Charge per month	$1,453.00	---	$1,453.00
Charge per kVA for kVA required	$12.15	$6.25	$18.40
Charge per kWh for all kWh	0.274 ¢	0.141 ¢	0.415 ¢

DETERMINATION OF AVERAGE MONTHLY ELECTRICAL HOURS USE

Customer's average monthly electrical hours use shall be computed by dividing total annual kilowatt hours by the total of twelve months kVA billing requirements. Total annual kilowatt hours and annual demand will be estimated by Company when metered data is not available or applicable.

MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered for less than the base charge; plus the charge for customer's kVA billing requirement based upon the largest of: (a) the customer's maximum kVA requirement established during the current month or (b) the maximum requirement established during preceding months of May through October, inclusive, or (c) the kW contracted for by customer.

Exhibit "D"

Filed Under Separate Confidential Cover

On July 10, Mississippi Power submitted a filing with the Mississippi Public Service Commission seeking to recover certain costs of the Kemper plant based on portions of the plant that are already in service and already providing customers with safe, reliable electricity.

In the filing, we are seeking an increase of about 18 percent. For the average residential customer having a monthly usage of 1,000 kWh, this equates to approximately $23 per month.

Until this filing can be acted on, the company has asked the Commission to approve interim rates at the same 18 percent level. If approved, the interim rate will go into effect with the August billing cycle.

This filing does not affect the Kemper refund and will replace the current Kemper rate resulting in no changes to customer rate levels.