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June 5, 2016

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 Compliance Rate Filing Requesting a Change in the
Amortization Schedule for Certain Regulatory Asset Accounts Accrued in Connection
with the Kemper Project In-Service Assets
2015-UN-80**

Dear Katherine:

I have enclosed the original and twelve (12) copies of Mississippi Power Company's Compliance Rate Filing 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.

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

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2015-UN-0080

**IN RE: MISSISSIPPI POWER COMPANY COMPLIANCE RATE FILING
REQUESTING A CHANGE IN THE AMORTIZATION
SCHEDULE FOR CERTAIN REGULATORY ASSET ACCOUNTS
ACCRUED IN CONNECTION WITH THE KEMPER PROJECT
IN-SERVICE ASSETS**

RULE 9 DESIGNATION: MISSISSIPPI POWER COMPANY DESIGNATES THIS FILING AS A ROUTINE FILING UNDER COMMISSION RULE 9.100(1)

PROPOSED EFFECTIVE DATE:

AUGUST 1, 2017

TEST YEAR:

NOT APPLICABLE

COMPLIANCE RATE FILING

COMES NOW, Mississippi Power Company (“Company” or “MPC”) and files this its Compliance Rate Filing for a Change in the Amortization Schedule for Certain Regulatory Assets Accrued in Connection with the Kemper Project In-Service Assets for the provision of electric service applicable to its customers in its certificated service areas in the twenty-three (23) counties of southeastern Mississippi and would show as follows:

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

2. MPC holds a Certificate of Public Convenience and Necessity issued in Docket No. U-99, as supplemented from time to time, authorizing its operations in specified areas of the twenty-three (23) counties in southeastern Mississippi, and renders services according to its

service rules and regulations and in accordance with schedules of rates and charges, all of which are a part of its tariff that has been previously approved by this Commission.

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

BACKGROUND

4. The Company's current, Commission-approved rates allow for recovery of certain Kemper County IGCC Project ("Kemper Project" or the "Project") costs previously found prudent and used and useful. Specifically, these include the initially-estimated cost of the Project's Combined Cycle—which was placed into service on August 9, 2014—and the cost associated with related assets including the Project's transmission projects, wastewater and natural gas pipelines, and certain regulatory asset accounts (collectively, the "In-Service Assets").

5. MPC requested authority to include its In-Service Assets' costs in rates in this docket, MPSC Docket No. 2015-UN-0080 and, following months of discovery, testimony, and a full public hearing, those costs were found to be both prudent and used and useful, and MPC's proposal (as modified by a stipulation with the Mississippi Public Utilities Staff) was approved.¹ The Company's In-Service Assets have now been included in rates for nearly a year and a half.

6. The Commission-approved revenue requirement for the In-Service Assets' costs includes various amortization schedules for the specific regulatory asset accounts found to be prudent. Two of those regulatory asset accounts will be fully amortized this summer. In order to

¹ Order, MPSC Docket No. 2015-UN-0080, p. 31 (Dec. 3, 2015) ("... the Commission finds that the In-Service Asset costs approved for recovery in this Order are prudent and based on assets used and useful when operating on natural gas to furnish electric service.")

address issues raised by collection of rates that include amortization expense for regulatory assets that have been fully amortized, the Commission ordered MPC to make a subsequent filing within eighteen months of its December 2015 Order. Consequently, the Company is required to submit a filing by June 5, 2017. This Compliance Rate Filing is intended to satisfy that requirement.

MPC'S REQUEST

7. MPC is requesting that the Commission issue an order allowing the Company to modify its amortization schedule for certain regulatory asset accounts beginning in August 2017. All of these regulatory asset accounts have already been reviewed by both the Commission and Mississippi Public Utilities Staff, found to be prudent, and approved for inclusion in rates—MPC is seeking only to alter the recovery period for those assets in order to: (i) minimize rate volatility, (ii) reduce costs paid by customers over the life of the Project, and (iii) ensure stable cash flows for the Company.² MPC's proposal is provided as Exhibit ____ (MHF-2) to the pre-filed direct testimony of Mr. Moses H. Feagin, MPC's Chief Financial Officer. For the reasons expressed by Mr. Feagin, this proposal would be beneficial to both the Company and to its customers. If approved, MPC's proposal would not alter MPC's current rates for electric service.

8. In its December 2015 Order, the Commission allowed the Company to amortize accounts for Deferred Debt Carrying Costs and Deferred Equity Carrying Costs over a twenty-four month period, while all other regulatory asset accounts approved for recovery were amortized over a seven- or ten-year period. In this filing, the Company proposes to decrease the

² The Commission addressed the importance of these sorts of concerns when it initially approved MPC's amortization periods and recovery of the In-Service Assets. *See, e.g.*, Order, MPSC Docket No. 2015-UN-0080, p. 35 (Dec. 3, 2015) ("The Stipulation achieves both goals [allowing MPC to reasonably finance its ongoing operations and mitigating rate impacts] and will also mitigate any potential rate shock that might arise when the entire Kemper Project enters service.").

amortization period of the remaining regulatory asset accounts to eleven months. Decreasing the amortization period of the outstanding approved regulatory assets, as requested above, would allow the Company to keep its just and reasonable rates at a constant level and would ultimately reduce customers' rate volatility and the total costs to be paid by customers.

9. The appropriate amortization schedules for regulatory asset accounts are important drivers to revenue requirement calculations,³ and the Commission has previously recognized that it has "broad latitude" with regard to this topic.⁴ That latitude is exercised to ensure that the Company's rates remain "just and reasonable," as required by law. MPC believes the proposal herein will result in just and reasonable rates.

10. The Company also notes that its proposed eleven-month amortization period will give the Company additional time to place the Kemper Project in service and to seek rate recovery for the total Project, while lowering the amount for which MPC will need to seek recovery for in that future filing.

11. The public at large, as well as the Staff, Commission, and their respective independent monitors have already been provided an opportunity to review these regulatory asset accounts and conduct discovery in this docket. Testimony was permitted by all parties of record, including testimony regarding the policy considerations for establishing amortization periods. Following the close of discovery, the Commission held a public hearing to address MPC's In-Service Assets. Following that hearing, the Commission found the In-Service Assets (including the regulatory asset accounts addressed by MPC's proposal herein) to be prudent. In light of the Commission's prior prudence findings, granting the treatment requested herein is permitted by

³ *Id.* at 32.

⁴ *Id.* at 33.

Mississippi law and an evidentiary hearing is not required to establish any additional material facts necessary to address the Company's Request.⁵

SUPPORTING DOCUMENTATION AND INFORMATION

12. This compliance filing seeks to maintain MPC's current rate level, and therefore is also designated as a Routine Filing pursuant to Miss. Code Ann. § 77-3-37 and RP 9.100 of the Commission's Public Utilities Rules of Practice and Procedure. RP 9.100.1(b) requires that the Company submit a clear, concise and nontechnical description of the nature of the service or change proposed; a statement of the reason or justification therefore; and sufficient information to allow the determination of the approximate size of the revenue adjustment proposed. In compliance with these requirements, the Company is filing the attached testimony and exhibits of Mr. Moses H. Feagin, MPC's Chief Financial Officer. The tariff previously approved in this docket is unchanged, and is incorporated herein by reference.

13. MPC is providing written notice of this filing to each affected customer, briefly summarizing the Company's proposal. A copy of the Company's written notice is provided as Exhibit "A" hereto. After all affected customers are notified, MPC will file with the Commission a copy of the notice as well as a certificate verifying that notice to each of the Company's affected customers was provided and providing the date the notice was provided.

14. MPC requests a waiver for all other requirements not addressed within this Compliance Rate Filing and its accompanying testimony and exhibits.

WHEREFORE, Mississippi Power Company asks that the Commission receive and file this Compliance Rate Filing; issue an order allowing the Company to modify its amortization schedule for the remaining In-Service Assets regulatory asset accounts beginning August 1, 2017, to an eleven-month amortization period; and find that the Company's current rates will not

⁵ MISS. CODE ANN. § 77-3-37(1); MISS. CODE ANN. § 77-3-39.

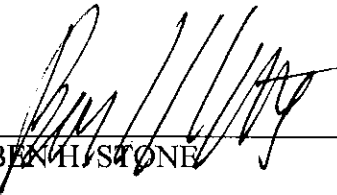
change as a result of these requests and, consequently, will remain just and reasonable as required by law.

Respectfully submitted, this the 5th day of June, 2017.

MISSISSIPPI POWER COMPANY

BY: BALCH & BINGHAM LLP

BY:

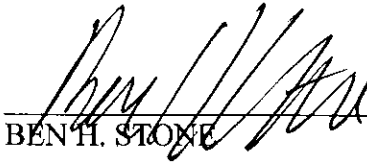

BEN H. STONE

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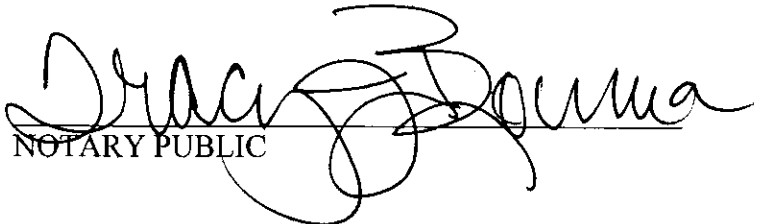
STATE OF MISSISSIPPI

COUNTY OF HARRISON

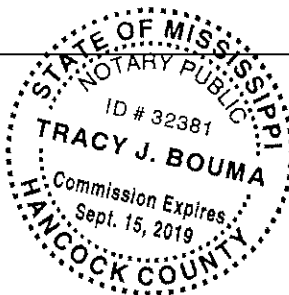
PERSONALLY appeared before me, the undersigned authority in and for the said County and State, within my jurisdiction, the within named Ben H. Stone, who after being duly sworn on oath acknowledged that he is Attorney for MISSISSIPPI POWER COMPANY and that for and on behalf of the said MISSISSIPPI POWER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


BEN H. STONE

SWORN TO AND SUBSCRIBED BEFORE ME, this the 5th day of June, 2017.


NOTARY PUBLIC

My Commission Expires:



CERTIFICATE OF SERVICE

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

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

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

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

efile.psc@psc.state.ms.us

(3) A copy of the filing was served via e-mail upon all of the parties of record in Commission Docket No. 2016-AD-0161.

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

This the 5th day of June, 2017.

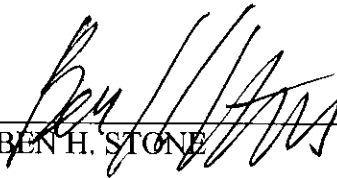

BEN H. STONE

Exhibit “A”

NOTICE OF MISSISSIPPI POWER’S KEMPER COUNTY ENERGY FACILITY RATE FILING

On June 5, Mississippi Power filed with the Mississippi Public Service Commission an extension of rates related to the in-service assets of the Kemper County energy facility approved for recovery in Docket No. 2015-UN-80.

In this filing, Mississippi Power is seeking approval to maintain the current rate approved in the In-Service Asset Rate Order of Dec. 2015.

If approved by the PSC, this filing will not result in a rate increase for customers.



© 6-2017 Mississippi Power

1 **DIRECT TESTIMONY**

2 **OF**

3 **MOSES H. FEAGIN**

4 **On Behalf of**

5 **MISSISSIPPI POWER COMPANY**

6 **BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION**

7 **DOCKET NO. 2015-UN-0080**

8
9 **Q. Would you please state your name, position and business address?**

10 **A.** My name is Moses H. Feagin. I am Mississippi Power Company's (MPC or the
11 Company) Vice-President, Treasurer and Chief Financial Officer. My business address
12 is 2992 West Beach Boulevard, Gulfport, Mississippi 39501.

13 **Q. Please describe your education and professional experience.**

14 **A.** I hold a Bachelor of Science Degree in Accounting from the University of Alabama. I
15 am a Certified Management Accountant. I began my career at Alabama Power
16 Company in 1987 as a junior accountant in Asset and Stores Accounting. Since then, I
17 have held a variety of positions of increasing responsibility within Alabama Power
18 Company, Southern Company Services, Inc. (SCS), and Mississippi Power Company,
19 with an emphasis on internal and external financial reporting. I served as Generation
20 Accounting Manager for Southern Company Generation where I was responsible for
21 accounting and budgeting and for the development and implementation of accounting
22 policy and procedures for Southern Power Company, a Southern Company subsidiary,
23 formed in 2001. I was responsible for establishing the financial and regulatory
24 accounting functions for that new entity as well as its budgeting function. My duties

1 included maintaining the accounting records for Southern Power Company in
2 accordance with generally accepted accounting principles (GAAP). I had responsibility
3 for the preparation of its financial statements and various reports required by the
4 Securities and Exchange Commission (SEC). In 2005, I was elected to the position of
5 Comptroller at Mississippi Power where I was responsible for the preparation of the
6 Company's financial statements and various financial reports required by the SEC and
7 the Mississippi Public Service Commission (MPSC or the Commission). In 2008, I
8 was elected to the position of Comptroller and Vice President of Alabama Power
9 Company. In August 2010, I was elected as MPC's Chief Financial Officer.

10 **Q. Have you previously testified before the Mississippi Public Service Commission**
11 **(MPSC or the Commission)?**

12 **A.** Yes. I have previously testified before the Commission in numerous Kemper-related
13 dockets, including this MPSC Docket No. 2015-UN-0080 (In-Service Assets Docket).
14 In the In-Service Assets Docket, the Commission approved MPC's current rates, which
15 allow for recovery of certain Kemper County Integrated Gasification Combined Cycle
16 Project (Kemper Project or the Project) costs found to be both prudent and used and
17 useful. Specifically, those costs include the initially-estimated cost of the Project's
18 Combined Cycle—which was placed into service on August 9, 2014, and which has
19 provided electric service to retail customers ever since—and the cost associated with
20 related assets including the Project's transmission projects, wastewater and natural gas
21 pipelines, and certain regulatory asset accounts (collectively, the In-Service Assets).
22 As discussed herein, while MPC is currently proposing a change to the amortization
23 schedule for accounts included in the In-Service Assets, the Company is not asking the

Commission to address any costs which it has not already reviewed and approved for recovery.

Q. What is the purpose of your testimony in this proceeding?

A. My testimony supports the Company's rate filing, made in compliance with the Commission's Order in this Docket (the Order), to maintain the current Kemper rate level by changing the amortization schedule for regulatory assets approved by the Commission in that Order. Specifically, the Commission's Order states, "MPC is directed to file a subsequent rate request with this Commission within eighteen (18) months of the issuance of this Order." The Company's proposal in this filing will address decreasing the amortization period of the outstanding approved regulatory assets which would allow the Company to keep its approved just and reasonable rates at the current rate level as approved in the In-Service Assets Docket.

Q. Do you sponsor any exhibits with your testimony?

A. Yes, I am sponsoring three exhibits with my testimony.

Exhibit____(MHF-1)	Stipulated and Approved MPC Calculation of In-Service Assets Proposal Retail Revenue Requirement for the Kemper Project
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Exhibit____(MHF-2)	MPC Calculation of In-Service Assets Proposal Retail – Reflecting Changes to Amortization
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Exhibit____(MHF-3)	MPC's Proposed Amortization Schedule for Regulatory Asset Accounts Included in the In-Service Assets Proposal
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Q. Please explain the Company's proposal.

The Company is filing for a change to its amortization schedule utilized in the approved In-Service Assets Docket revenue requirement calculation, included as Exhibit____(MHF-1). The Company is proposing to change the amortization schedule

for other regulatory asset accounts that have already been reviewed and found prudent by the Commission in the In-Service Assets Docket to eleven months from either seven or ten years depending upon the nature of the regulatory asset account. In effect, this new amortization schedule, beginning August 1, 2017, will allow the current rates to remain in place in light of the revenue requirement effect created by the full amortization of certain previously-approved regulatory assets.

Q. Which regulatory asset accounts will be affected?

A. All remaining regulatory asset accounts included in the original In-Service Assets Docket will be impacted. These accounts are currently being amortized over either a seven-year period or ten-year period depending on the nature of the account. Under the Company's proposal, all remaining accounts would be reset to an eleven-month amortization period beginning with August 2017. The effect is an increase in amortization expense during the period and an offsetting decrease in rate base for the period. The net impact to the revenue requirement will be such that no rate change will be needed from what was approved by the Commission in the In-Service Assets Docket. The table below presents the requested change in amortization periods.

Regulatory Asset Account	Approved Amortization Period (months)	Requested Amortization Period (months)
Screening & Evaluation Costs	120	11
Corporate Franchise Tax	120	11
Transmission	120	11
Ad Valorem on AFUDC	120	11
Prudence Proceedings	84	11
Independent Monitors	84	11
Deferred Depreciation and O&M	120	11
Debt Carrying Costs	24	Fully amortized as of 7/31/17
Equity Carrying Costs	24	Fully amortized as of 7/31/17

1 **Q. What changes are being proposed to the In-Service Assets Docket revenue**
2 **requirements shown as Exhibit____(MHF-1)?**

3 **A.** Exhibit____(MHF-2) presents the proposed changes to Exhibit____(MHF-1). Other
4 than the balances for the regulatory asset accounts and associated amortization expense
5 included on page 22 of Exhibit____(MHF-2), no other accounts were directly modified
6 from the In-Service Assets stipulated revenue requirement approved by the
7 Commission in this Docket. There are other line items that are indirectly affected due
8 to the change of amortization period on page 22 of Exhibit____(MHF-2). The
9 Accumulated Deferred Income Taxes (ADITs) on page 9 change due to the change in
10 the Regulatory Asset balances and the Interest Expense on page 17 changes due to the
11 net effect of the change in the balances for Regulatory Assets and ADITs. All of these
12 changes are shown on page 1 of Exhibit____(MHF-2) along with the Municipal
13 Franchise Tax gross-up (line 28). Column (3) of page 1 of this exhibit is the calculation
14 of the retail revenue requirement using the eleven-month amortization schedule.
15 Column (5) presents the retail revenue requirement that was stipulated to and approved
16 by the Commission (i.e. the \$126 million revenue requirement) in 2015. The
17 calculation in column (5) is the same as that presented in Exhibit____(MHF-1).
18 Column (6) presents the change by line item between column (3) and column (5).

19 On page 22 of Exhibit____(MHF-2), the balance of each regulatory asset
20 account was amortized through July 2017 – the last month of amortization for debt and
21 equity regulatory assets. Then, the amortization schedule for all other regulatory asset
22 accounts was changed to an eleven-month schedule. This reduces the return on rate
23 base since the balances are reducing more rapidly, but increases amortization expense

1 accordingly. The net effect on the annual revenue requirement is minimal such that the
2 Company proposes no change in rates for the difference¹.

3 **Q. What is the impact on customers of this filing?**

4 **A.** MPC is proposing no change in rates to customers as a result of this filing. In fact, the
5 nominal amount that they would otherwise pay in the future for these accounts will be
6 reduced, which will have the effect of lowering future rates for Kemper related project
7 costs. The retail balance of the remaining accounts as of August 2017 is approximately
8 \$51 million. The proposed schedule amortizes the balances in the regulatory asset
9 accounts over a shorter period such that carrying costs are avoided for the remainder of
10 the seven or ten year period under the current amortization schedule. In addition,
11 maintaining the current rate level would lessen the impact of any additional Kemper
12 rate recovery approved by the Commission to the extent of the portion of the \$51
13 million previously collected.

14 **Q. Does the Company unduly benefit by changing the amortization schedule?**

15 **A.** No. The Company is requesting only that the timing of the recovery of previously
16 reviewed and approved regulatory assets be changed. There are no new costs included
17 in the Company's requests. Exhibit____(MHF-3) presents the amortization schedule as
18 approved though July 2017 and the proposed changes beginning in August 2017. As
19 mentioned above, amortization expense increases slightly and is offset by the decrease
20 in the return on rate base caused by the lower rate base balances.

21 **Q. Why is the Company proposing to maintain the current rate level?**

22 **A.** Maintaining the Kemper rate at the current level will accomplish three things that the
23 Company believes is in the best interest of its customers. First, leaving the current rate

¹ An eleven-month amortization period produces the smallest variance between the approved revenue requirement of \$126 million and the proposed filing. The actual variance is approximately \$650,000.

1 level unchanged will minimize volatility. The Company continues to develop both a
2 traditional rate case and a rate mitigation plan to address the recovery of the remainder
3 of the Kemper costs not currently in rates. Lowering rates now will cause a
4 compounding effect on any future Kemper rate relief. Second, keeping rates constant
5 by changing the amortization schedule for the unamortized balance of the regulatory
6 assets accounts beginning August 2018 will reduce the costs paid by customers over the
7 life of the Project. The proposed schedule amortizes the balances in the regulatory
8 asset accounts over a shorter period such that carrying costs are avoided for the
9 remainder of the seven or ten year period under the current amortization schedule.
10 Third, keeping the current rate in effect will provide a stable cash flow for the
11 Company. Cash flow is important to the Company in maintaining its current ratings
12 and beginning to re-build its credit strength on a more independent basis apart from the
13 extraordinary parental support that has been required in recent years to maintain
14 financial integrity.

15 **Q. How will the Company address the rate level once these regulatory assets are fully**
16 **amortized in eleven months?**

17 **A.** To ensure that customers are not disadvantaged by the current proposal, the Company
18 proposes that the Commission order MPC to submit a new rate filing on or before
19 March 2, 2018. This proposed date will allow a minimum of four months of time to
20 evaluate any subsequent filing before the regulatory asset accounts would be fully
21 amortized in June 2018.

22 **Q. Specifically, what action is the Company requesting the Commission to take?**

23 **A.** The Company is asking the Commission to issue an order allowing the Company to
24 change its amortization schedule for the regulatory asset accounts that have been

1 reviewed and approved from their current amortization period of either seven or ten
2 years to an eleven-month amortization schedule effective August 1, 2017. As these
3 accounts have been previously reviewed and approved by the Commission, no
4 additional prudence review is necessary and there is no resulting change in customer
5 rates.

6 **Q. Will the proposed changes requested by the Company herein result in just and**
7 **reasonable rates?**

8 **A.** Yes. The costs underlying the Company's proposal have already been found prudent
9 by the Commission. In addition, both the revenue requirement and the resulting rates
10 have been reviewed and stipulated to by the Staff as well as approved as just and
11 reasonable by the Commission. In short, the rates currently in place continue to be
12 just and reasonable for the portion of the In-Service Assets previously approved by the
13 Commission and currently providing electric service to retail customers.

14 **Q. Does this conclude your testimony?**

15 **A.** Yes it does.

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2015-UN-80

**IN RE: MISSISSIPPI POWER COMPANY COMPLIANCE RATE FILING
REQUESTING A CHANGE IN THE AMORTIZATION
SCHEDULE FOR CERTAIN REGULATORY ASSET ACCOUNTS
ACCRUED IN CONNECTION WITH THE KEMPER PROJECT
IN-SERVICE ASSETS**

AFFIDAVIT OF MOSES H. FEAGIN

Personally appeared before the undersigned officer authorized to administer oaths, Moses H. Feagin, who being duly sworn, deposes and says; that the foregoing testimony was prepared by him or under his supervision; that said testimony was for use as testimony on behalf of Mississippi Power Company in the captioned proceeding; that the facts stated therein are true to the best of his knowledge, information and belief; and that if asked the questions appearing therein, his answers, under oath, would be the same.

Dated this the 5th day of June, 2017.

Moses H. Feagin
Moses H. Feagin

Sworn to and subscribed before me this the 5th day of June, 2017.

Marsha Moore
Notary Public

My Commission Expires: April 23, 2019



MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

Page 1 of 25

	(1) (Note 1) 12 MONTHS ENDING 05/31/16 TOTAL ELECTRIC SYSTEM	(2) RETAIL ALLOCATION	(3) 12 MONTHS ENDING 05/31/16 TOTAL RETAIL SERVICE	(4) REF PAGE
1 Gross Plant in Service	\$677,454,021	Page 2	\$480,380,351	3
2 Accumulated Depreciation	27,154,922	Page 2	19,283,718	4
3 Net Plant in Service	650,299,099		461,096,633	
4 Construction Work in Progress (CWIP)	634,671	Page 2	449,339	5
5 Inventory	5,898,642	Page 2	4,176,160	6
6 Prepayments	3,035,622	Page 2	2,149,180	7
7 Regulatory Asset/Liability	147,213,776	Page 8	123,725,579	8
8 Accumulated Deferred Income Taxes	(158,640,510)	Pages 9-12	(119,944,508)	8-12
9 Total Investment	648,441,301		471,652,384	
10 Weighted Average Cost of Capital			6.683%	13-16
11 Revenue Requirement on Investment Including Interest			31,520,529	
12 Less Interest Expense		Page 17	(9,711,323)	17
13 Permanent Book/Tax Differences	895,986	Page 18	634,622	18
14 Revenue Requirement Subject to Income Tax			22,443,829	
15 Income Tax Adjustment Factor			61.763%	19
16 Revenue Requirement on Investment Excluding Interest (Line 14 / Line 15)			36,338,632	
17 Non-fuel Operations & Maintenance Expenses	10,100,485	Page 2	7,215,614	20
18 Administrative & General Expenses	0	Page 2	0	20
19 Specifically Allowed Expenses	2,722,160	Page 2	1,927,253	20
20 Chemical Product Revenues	0	Page 2	0	20
21 Other Expense Adjustments	0	Page 2	0	20
22 Depreciation and Amortization Expenses	70,054,152	Page 2 & 21	61,985,762	21-22
23 Amortization of Investment Tax Credits	0	70.798665%	0	23
24 Taxes Other Than Income Taxes	8,085,166	70.798665%	5,724,189	24
25 Interest Expense on Investment		Page 17	9,711,323	17
26 Revenue Requirement Before Municipal Franchise Taxes			122,902,773	
27 Municipal Franchise Tax Adjustment Factor			97.850%	19
28 Total Kemper Revenue Requirement			\$125,603,243	

29
30 **Note 1** The amounts shown represent 85% of the Project.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

FUNCTIONAL ALLOCATIONS OF KEMPER INVESTMENT

	(1)	(2)	(3)	
	12 MONTHS ENDING 05/31/16		12 MONTHS ENDING 05/31/16	
	TOTAL ELECTRIC SYSTEM ⁽¹⁾	RETAIL ALLOCATION ⁽²⁾	TOTAL RETAIL SERVICE	REF PAGE
Gross Kemper Plant in Service:				3
Production	\$556,448,866	70.798665%	\$393,958,370	
Transmission	120,967,620	71.420275%	86,395,407	
General Property - Mine	0	72.767292%	0	
General Property - Other	37,535	70.798665%	26,574	
Total	\$677,454,021		\$480,380,351	
Kemper Accumulated Depreciation:				4
Production	\$17,753,480	70.798665%	\$12,569,227	
Transmission	9,394,232	71.420275%	6,709,386	
General Property - Mine ⁽³⁾	0	72.767292%	0	
General Property - Other	7,210	70.798665%	5,105	
Total	\$27,154,922		\$19,283,718	
Kemper Construction Work in Progress:				5
Production	\$634,671	70.798665%	\$449,339	
Transmission	0	71.420275%	0	
General Property - Mine	0	72.767292%	0	
Total	\$634,671		\$449,339	
Kemper Inventory:				6
Production	\$5,898,642	70.798665%	\$4,176,160	
Fuel	0	72.767296%	0	
Transmission	0	71.420275%	0	
General Property - Mine	0	72.767292%	0	
Total	\$5,898,642		\$4,176,160	
Kemper Prepayments:				7
Production	\$3,035,622	70.798665%	\$2,149,180	
Transmission	0	71.420275%	0	
General Property - Mine	0	72.767292%	0	
Total	\$3,035,622		\$2,149,180	
Kemper Non-fuel O&M Expenses, Chemical Product Revenues & Other Adjustments:				20
Production	\$10,100,485	71.438292%	\$7,215,614	
Transmission	0	71.420275%	0	
Administrative and General	0	70.798665%	0	
Specifically Allowed Expenses	2,722,160	70.798665%	1,927,253	
Chemical Product Revenues	0	71.438292%	0	
Other Expense Adjustment ⁽⁴⁾	0	100.000000%	0	
Total	\$12,822,645		\$9,142,867	
Kemper Depreciation Expense:				21
Production	\$13,913,355	70.798665%	\$9,850,469	
Transmission	3,280,369	71.420275%	2,342,849	
General Property - Mine ⁽³⁾	0	0.000000%	0	
General Property - Other	0	70.798665%	0	
Total	\$17,193,724		\$12,193,318	

Note 1 The amounts shown represent 85% of the Project.

Note 2 Allocators are from MPC's 2012 Cost-Of-Service Study approved by the Commission April 7, 2015, in MPSC in Docket No. 2011-UN-0349.

Note 3 General Property-Mine depreciation expense is related to the mine and is recovered through Fuel Clause.

Note 4 Other Expense Adjustments have been directly assigned to retail.

Mississippi Power Company
Docket No. 2015-UN-80

	(3)	ADJUSTED Staff Allowed (Included in \$2.4B)
CC and Related Assets	Exhibit__(MHF-10)	
EPC		
Engineering	52.40	23.84
Major Equipment	294.84	297.21
Engineering Procured	65.76	41.03
Construction	257.17	189.80
Construction - Indirects	86.73	24.87
Fuel Facilities - Gas Lateral	9.90	11.77
Pre-Commercial Operations	41.38	7.64
Corporate Development	10.16	9.81
Start Up Fuel/Energy/By Products	4.27	8.98
CCPI2	(85.00)	(85.00)
Ad Valorem	13.00	7.54
Contingency Risk	7.98	8.51
Siemen's CT BC		-
Other BC/CIL/FM		212.59 <= change in capital w/o write-off
Write-off	(88.71)	
	669.88	546.00
Land	32.28	18.35
AFUDC	112.34	90.29 22.05
Total	\$ 814.50	\$ 654.64 \$ (159.85)
Percent included in Rate filing	85%	85%
Amount Included in Filing	<u>\$ 692.32</u>	<u>\$ 556.45 \$ (135.88)</u>

CHANGE IN CAPITAL				
CC	Turbine	Land	Total	
669.88		32.28	702.16	
546.00	-	18.35	564.35	
123.88	-	13.93	137.81	Capital Change
14.86	-	1.67	16.54	AFUDC-Equity
4.95	-	0.56	5.51	AFUDC-Debt
143.70	-	16.16	159.85	Total Change
122.14	-	13.73	135.88	85% Total Change
3.05	-		3.05	Annual Depr (85%)
0.25	-		0.25	Monthly Depr (85%)
122,140,934	-	13,734,897	135,875,831	PIS On/Off
254,460	-		254,460	Depr On/Off

[a] Certification Land adjustment recommended by Staff IM, CTC
[b] Calculation of AFUDC based on ratio to MPCo amounts of plant before AFUDC

564.35
702.16
80.37%
112.34
90.29

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER GROSS PLANT IN SERVICE (Note 1)

	COMBINED CYCLE & RELATED ASSETS			IGCC PRODUCTION			TRANSMISSION		
	GROSS PLANT	OTHER	TOTAL ⁽²⁾	GROSS PLANT	OTHER	TOTAL ⁽²⁾	GROSS PLANT	OTHER	TOTAL ⁽²⁾
	IN SERVICE	ADJUSTMENT ⁽³⁾		IN SERVICE	ADJUSTMENT ⁽³⁾		IN SERVICE	ADJUSTMENT ⁽³⁾	
May 2015	556,448,866	\$0	\$556,448,866	\$0	\$0	\$0	\$120,932,551	\$0	\$120,932,551
June	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
July	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
August	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
September	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
October	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
November	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
December	556,448,866	0	556,448,866	0	0	0	120,989,493	0	120,989,493
January 2016	556,448,866	0	556,448,866	0	0	0	120,989,493	0	120,989,493
February	556,448,866	0	556,448,866	0	0	0	120,989,493	0	120,989,493
March	556,448,866	0	556,448,866	0	0	0	120,989,493	0	120,989,493
April	556,448,866	0	556,448,866	0	0	0	120,989,338	0	120,989,338
May 2016	556,448,866	0	556,448,866	0	0	0	120,989,338	0	120,989,338
13 Month-End Average	556,448,866	\$0	556,448,866	\$0	\$0	\$0	120,967,620	\$0	120,967,620

	GENERAL PROPERTY MINE	GENERAL PROPERTY OTHER
May 2015	\$0	\$34,490
May 2016	0	40,580
Simple Average	\$0	\$37,535
Total Company Kemper Plant in Service		\$677,454,021

Note 1 The amounts shown represent 85% of the Project.

Note 2 The total column is the net of Gross Plant in Service and Other Adjustments.

Note 3 Other Adjustments represent amounts not recovered by the Plan including amounts to be securitized.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **KEMPER ACCUMULATED DEPRECIATION OF PLANT IN SERVICE** (Notes 1 and 2)

	COMBINED CYCLE & RELATED ASSETS				PRODUCTION				TRANSMISSION			
	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE
May 2015				\$10,811,540				\$0				\$7,756,532
June	\$1,399,145	\$0	(\$254,460)	11,956,225	\$0	0	\$0	0	\$272,728	\$0	\$0	8,029,260
July	1,412,896	0	(254,460)	13,114,661	0	0	0	0	272,728	0	0	8,301,988
August	1,412,896	0	(254,460)	14,273,096	0	0	0	0	272,728	0	0	8,574,716
September	1,412,896	0	(254,460)	15,431,532	0	0	0	0	272,728	0	0	8,847,444
October	1,412,896	0	(254,460)	16,589,968	0	0	0	0	272,728	0	0	9,120,172
November	1,412,896	0	(254,460)	17,748,404	0	0	0	0	272,728	0	0	9,392,900
December	1,412,896	0	(254,460)	18,906,839	0	0	0	0	273,244	0	0	9,666,144
January 2016	1,414,055	0	(254,460)	20,066,434	0	0	0	0	273,201	0	0	9,939,345
February	1,415,316	0	(254,460)	21,227,290	0	0	0	0	273,201	0	0	10,212,546
March	1,416,703	0	(254,460)	22,389,533	0	0	0	0	273,201	0	0	10,485,747
April	1,419,751	0	(254,460)	23,554,823 ⁽⁴⁾	0	0	0	0	275,577	0	0	10,761,324 ⁽⁴⁾
May 2016	1,424,532	0	(254,460)	24,724,895	0	0	0	0	275,577	0	0	11,036,901
Total	\$16,966,878	\$0	(\$3,053,523)		\$0	\$0	\$0		\$3,280,369	\$0	\$0	
13 Month-End Average				\$17,753,480				\$0				\$9,394,232
GENERAL PROPERTY MINE					GENERAL PROPERTY OTHER							
	ANNUAL DEPRECIATION	ANNUAL RETIREMENTS, COR, SALVAGE ADJUSTMENTS	ACCUMULATED DEPRECIATION MONTHLY BALANCE			ANNUAL RETIREMENTS, COR, SALVAGE ADJUSTMENTS	ACCUMULATED DEPRECIATION MONTHLY BALANCE					
May 2015			\$0				\$4,800					
May 2016	\$0	\$0	0		\$4,820	\$0	9,620					
Simple Average			\$0				\$7,210					
Total Company Kemper Accumulated Depreciation												

45 **Note 1** The amounts shown represent 85% of the Project.

46 **Note 2** Other Adjustments include depreciation expense on the amount of assets to be securitized.

47 **Note 3** Depreciation expense consists of the net of the monthly depreciation column & the other adjustment column.

48 **Note 4** Accumulated Reserve Balance adjusted for removal of amounts recovered through other plans, such as securitization.

1 MISSISSIPPI POWER COMPANY
2 CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
3 FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

4
5 KEMPER CONSTRUCTION WORK IN PROGRESS (Notes 1 and 2)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	13 Month Avg
Production:														
Maintenance Capital-CC	\$3,300,292	\$4,950,437	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$634,671
Gasifier -CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Production	<u>\$3,300,292</u>	<u>\$4,950,437</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$634,671</u>
Transmission														
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Transmission	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Property-Mine:	May-15											May-16	Simple Average	
	<u>\$0</u>											<u>\$0</u>	<u>\$0</u>	
Total General Property-Mine	<u>\$0</u>											<u>\$0</u>	<u>\$0</u>	
General Property-Other:														
	<u>\$0</u>											<u>\$0</u>	<u>\$0</u>	
Total General Property-Other	<u>\$0</u>											<u>\$0</u>	<u>\$0</u>	
Total Kemper Construction Work In Progress														<u>\$634,671</u>

46 **Note 1** The amounts shown represent 85% of the Project.

47 **Note 2** Maintenance capital projects were projected to have short construction periods and therefore were closed immediately to Plant in Service.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INVENTORY (Note 1)

	<u>PRODUCTION ⁽²⁾</u>	<u>FUEL STOCK</u>	<u>TRANSMISSION</u>
May 2015	\$5,603,969	\$0	\$0
June	5,660,218	0	0
July	5,716,467	0	0
August	5,772,716	0	0
September	5,779,191	0	0
October	5,785,526	0	0
November	5,800,749	0	0
December	5,800,749	0	0
January 2016	5,918,017	0	0
February	6,035,285	0	0
March	6,152,552	0	0
April	6,269,820	0	0
May 2016	6,387,088	0	0
13 Month-End Avg	<u>\$5,898,642</u>	<u>\$0</u>	<u>\$0</u>

**GENERAL PROPERTY
MINE**

May 2015	\$0
May 2016	0
Simple Average	<u>\$0</u>
Total Company Inventory Avg Balance	<u>\$5,898,642</u>

Note 1 The amounts shown represent 85% of the Project.

Note 2 The amounts shown include inventory only related to the Combined Cycle.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER PREPAYMENTS (Note 1)

	PRODUCTION ⁽²⁾	TRANSMISSION
May 2015	\$5,272,829	\$0
June	5,272,829	0
July	2,628,857	0
August	2,628,857	0
September	2,628,857	0
October	2,628,857	0
November	2,628,857	0
December	2,628,857	0
January 2016	2,628,857	0
February	2,628,857	0
March	2,628,857	0
April	2,628,857	0
May 2016	2,628,857	0
13 Month-End Avg	\$3,035,622	\$0

	GENERAL PROPERTY MINE
May 2015	\$0
May 2016	0
Simple Average	\$0

Total Company Prepayments Avg Balance \$3,035,622

Note 1 The amounts shown represent 85% of the Project.

Note 2 The amounts shown include only Long-Term Parts Plan prepayments on CC.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER REGULATORY ASSETS/LIABILITIES (Notes 1 and 2)

						Retail
		Ending Balance	Simple	Retail		Accumulated
	<u>Regulatory Asset Description</u>	May 2015	May 2016	Average	Allocator	Deferred Taxes
Screening & Evaluation Costs		\$3,878,204	\$3,490,384	\$3,684,294	100.000000%	\$3,684,294
Corporate Franchise Tax		7,999,022	7,199,120	7,599,071	70.798665%	(2,057,188)
Transmission		7,467,059	6,720,353	7,093,706	71.420275%	(1,937,239)
Ad Valorem on AFUDC		1,865,607	2,574,919	2,220,263	70.798665%	(601,060)
Prudence proceedings		10,622,995	10,478,512	10,550,754	70.798665%	(2,856,255)
Independent Monitors		23,326,015	23,182,975	23,254,495	70.798665%	(6,295,357)
Deferred depreciation and O&M (CC, transmission, regulatory and other assets		31,440,070	28,296,063	29,868,067	70.798665%	(8,085,755)
Debt carrying costs (CC, transmission, regulatory and other assets)		32,685,272	16,342,636	24,513,954	100.000000%	(9,373,500)
Equity carrying cost (CC, transmission, regulatory and other assets)		51,238,897	25,619,448	38,429,172	100.000000%	(14,694,318)
Total		\$170,523,141	\$123,904,410	\$147,213,776		\$123,725,579
ADITS on Regulatory Assets		(\$65,203,622)	(\$47,377,830)	(\$56,290,726)	to Page 9	(\$47,309,450) to Page 9
	<u>Regulatory Liability</u>					
Mine ARO Obligation		\$0	\$0	\$0	72.767296%	\$0
Total Regulatory Assets/Liabilities		\$170,523,141	\$123,904,410	\$147,213,776	to Page 1	\$123,725,579 to Page 1

Note 1 Where applicable, the amounts shown represent 85% of the Project.

Note 2 MPSC Docket No. 2009-UA-0014, date June 7, 2011 (MPSC Docket No. 2006-UN-0581, dated April 6, 2009, was consolidated into this docket).

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

SUMMARY OF KEMPER ACCUMULATED DEFERRED INCOME TAXES (Note 1)

Debit/(Credit)	TOTAL COMPANY AVERAGE BALANCE	RETAIL AVERAGE BALANCE	Reference
Account 190 Non-Property Related ADIT ⁽²⁾	\$0	\$0	Page 8
Account 282 Property Related ADIT	(102,349,784)	(72,635,058)	Pages 11 & 12
Account 283 Non-Property Related ADIT	<u>(56,290,726)</u>	<u>(47,309,450)</u>	Page 8
Total Accumulated Deferred Income Taxes	<u>(\$158,640,510)</u>	<u>(\$119,944,508)</u>	

Note 1 The amounts shown represent 85% of the Project.

Note 2 The 190 ADITs related to a Net Operating Loss which was due to the Section 174 Deduction. The 174 Deduction is related to construction cost to ensure consistent treatment the 190 ADITs are netted with the 282 ADITs. The 190's presented above are related to the Mine ARO Obligation.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER NON-PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES (Note 1)
ACCOUNT 190

	BEGINNING BALANCE June 1, 2015	ENDING BALANCE May 31, 2016	AVERAGE BALANCE
FEDERAL	\$0	\$0	\$0
STATE	0	0	0
TOTAL	\$0	\$0	\$0

Retail Non-Property Related Accumulated Deferred Income Taxes Allocator 70.798665%

Retail Portion of Non-Property Related Accumulated Deferred Income Taxes \$0

Note 1 The amounts shown represent 85% of the Project.

1 MISSISSIPPI POWER COMPANY

2 CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT

3 FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

4
5 KEMPER PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES (Note 1)

6 ACCOUNT 282

7
8 Combined Cycle & Related Assets

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION				
11 May 2015	(72,729,646)	0	(\$72,729,646)				
12 May 2016	(75,342,868)	-	(\$75,342,868)				
13	(\$2,613,222)	\$0	(\$2,613,222)				
14 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
18 May 2015							(\$72,729,646)
19 June	(\$351,207)	\$0	(\$351,207)	30	0.9208	(\$323,391)	(73,053,037)
20 July	(351,207)	0	(351,207)	31	0.8361	(293,644)	(73,346,682)
21 August	(351,207)	0	(351,207)	31	0.7514	(263,897)	(73,610,579)
22 September	(351,207)	0	(351,207)	30	0.6694	(235,098)	(73,845,676)
23 October	(351,207)	0	(351,207)	31	0.5847	(205,351)	(74,051,027)
24 November	(351,208)	0	(351,208)	30	0.5027	(176,552)	(74,227,579)
25 December	(351,208)	0	(351,208)	31	0.4180	(146,805)	(74,374,384)
26 January 2016	(212,762)	0	(212,762)	31	0.3333	(70,914)	(74,445,298)
27 February	(212,762)	0	(212,762)	29	0.2541	(54,063)	(74,499,361)
28 March	(212,762)	0	(212,762)	31	0.1694	(36,042)	(74,535,403)
29 April	(212,762)	0	(212,762)	30	0.0874	(18,595)	(74,553,998)
30 May 2016	(212,762)	0	(212,762)	31	0.0027	(574)	(74,554,573)
32	(\$3,522,261)	\$0	(\$3,522,261)	366		(\$1,824,927)	

34 Retail Property Related Accumulated Deferred Income Taxes Allocator

35 Retail Portion of Property Related Accumulated Deferred Income Taxes

70.798665%

(\$52,783,642)

37 IGCC Production

	ENDING ADIT						
41 May 2015	\$0						
42 May 2016	0						
43	\$0						
44 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
47 May 2015							\$0
48 June	\$0	\$0	\$0	30	0.9208	\$0	0
49 July	0	0	0	31	0.8361	0	0
50 August	0	0	0	31	0.7514	0	0
51 September	0	0	0	30	0.6694	0	0
52 October	0	0	0	31	0.5847	0	0
53 November	0	0	0	30	0.5027	0	0
54 December	0	0	0	31	0.4180	0	0
55 January 2016	0	0	0	31	0.3333	0	0
56 February	0	0	0	29	0.2541	0	0
57 March	0	0	0	31	0.1694	0	0
58 April	0	0	0	30	0.0874	0	0
59 May 2016	0	0	0	31	0.0027	0	0
60							
61	\$0	\$0	\$0	366		\$0	

63 Retail Property Related Accumulated Deferred Income Taxes Allocator

64 Retail Portion of Property Related Accumulated Deferred Income Taxes

71.420275%

\$0

66 **Note 1** The amounts shown represent 85% of the Project.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **KEMPER PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES** (Note 1)
6 **ACCOUNT 282**

7
8 **Transmission**

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION				
11 May 2015	(\$27,871,945)	-	(\$27,871,945)				
12 May 2016	(27,676,355)	-	(\$27,676,355)				
13	\$195,590	\$0	\$195,590				
14 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
18 May 2015							(\$27,871,945)
19 June	\$12,467	\$0	\$12,467	30	0.9208	\$11,480	(27,860,465)
20 July	12,468	0	\$12,468	31	0.8361	\$10,424	(27,850,041)
21 August	12,468	0	\$12,468	31	0.7514	\$9,368	(27,840,673)
22 September	12,468	0	\$12,468	30	0.6694	\$8,346	(27,832,327)
23 October	12,468	0	\$12,468	31	0.5847	\$7,290	(27,825,037)
24 November	12,468	0	\$12,468	30	0.5027	\$6,268	(27,818,769)
25 December	12,468	0	\$12,468	31	0.4180	\$5,212	(27,813,557)
26 January 2016	21,663	0	\$21,663	31	0.3333	\$7,220	(27,806,337)
27 February	21,663	0	\$21,663	29	0.2541	\$5,505	(27,800,832)
28 March	21,663	0	\$21,663	31	0.1694	\$3,670	(27,797,162)
29 April	21,663	0	\$21,663	30	0.0874	\$1,893	(27,795,269)
30 May 2016	21,663	0	21,663	31	0.0027	\$58	(27,795,211)
31							
32	\$195,590			366		\$76,734	
33							
34 Retail Property Related Accumulated Deferred Income Taxes Allocator							71.420275%
35 Retail Portion of Property Related Accumulated Deferred Income Taxes							(\$19,851,416)

36
37
38 **Mine**

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION				
42 May 2015	\$0	0	\$0				
43 May 2016	0	0	\$0				
44	\$0	\$0	\$0				
45 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
48 May 2015							\$0
49 June	\$0			30	0.9208	\$0	0
50 July	0			31	0.8361	0	0
51 August	0			31	0.7514	0	0
52 September	0			30	0.6694	0	0
53 October	0			31	0.5847	0	0
54 November	0			30	0.5027	0	0
55 December	0			31	0.4180	0	0
56 January 2016	0			31	0.3333	0	0
57 February	0			29	0.2541	0	0
58 March	0			31	0.1694	0	0
59 April	0			30	0.0874	0	0
60 May 2016	0			31	0.0027	0	0
61							
62	\$0			366		\$0	
63							
64 Retail Property Related Accumulated Deferred Income Taxes Allocator							72.767296%
65 Retail Portion of Property Related Accumulated Deferred Income Taxes							\$0
66							
67 Total Retail Net Property Related Accumulated Deferred Income Taxes							(\$72,635,058)
68 Total Company Net Property Related Accumulated Deferred Income Taxes							(\$102,349,784)

69
70 **Note 1** The amounts shown represent 85% of the Project.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

COST OF CAPITAL (COC)

	AVERAGE ENDING BALANCE	CAPITAL STRUCTURE RATIO	EMBEDDED COST	PERFORMANCE ADJUSTMENT	COST OF COMMON EQUITY	RETURN ON INVESTMENT
Debt	\$2,444,815,620	49.589%	4.152%			2.059%
Preferred Stock	33,421,000	0.678%	5.293%			0.036%
Common Equity	2,451,926,977	49.733%	9.225%	0.000%	9.225%	4.588%
	\$4,930,163,597	100.000%				6.683%

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **2015**

6 **EMBEDDED COST OF POLLUTION CONTROL OBLIGATIONS**

2015						
INTEREST	DATE	PRINCIPAL	NET	YIELD TO	ANNUAL	EMBEDDED
RATE %	DUE	AMOUNT	PROCEEDS %	MATURITY	COST	COST %
		OUTSTANDING		RATE %		
0.40%	2027	\$9,400,000	97.21%	0.53%	\$49,350	
5.15%	2028	42,625,000	99.25%	5.28%	\$2,250,600	
0.40%	2020	6,550,000	97.49%	0.53%	\$34,388	
0.40%	2025	10,600,000	97.32%	0.53%	\$55,650	
0.40%	2028	13,520,000	98.45%	0.53%	\$70,980	
		<u>\$82,695,000</u>			<u>\$2,460,968</u>	<u>2.976%</u>

18
19 **2015**

20 **EMBEDDED COST OF OTHER LONG TERM DEBT**

2015						
DATE	AMOUNT				ANNUAL	EMBEDDED
DUE	OUTSTANDING	PROCEEDS %	RATE %		COST	COST %
5.40%	2035	\$30,000,000	99.50%	5.49%	\$1,647,000	
5.60%	2017	35,000,000	100.00%	5.69%	1,991,500	
5.55%	2019	125,000,000	99.31%	5.73%	7,162,500	
2.35%	2016	150,000,000	99.83%	2.33%	3,488,250	
4.75%	2041	150,000,000	99.92%	4.85%	7,268,700	
1.63%	2040	50,000,000	99.65%	1.75%	875,000	
7.13%	2021	270,000,000	99.25%	7.28%	19,656,000	
2.35%	2016	150,000,000	103.59%	1.85%	2,776,650	
4.25%	2042	250,000,000	99.45%	4.87%	12,176,500	
4.25%	2042	200,000,000	104.83%	4.02%	8,040,000	
1.85%	2016	75,000,000	100.00%	1.85%	1,387,500	
1.85%	2016	100,000,000	100.00%	1.85%	1,850,000	
1.85%	2016	275,000,000	100.00%	1.85%	5,087,500	
1.85%	2016	200,000,000	100.00%	1.85%	3,700,000	
1.85%	2016	250,000,000	100.00%	1.85%	4,625,000	
		<u>\$2,310,000,000</u>			<u>\$81,732,100</u>	<u>3.538%</u>

	PRINCIPAL	ANNUAL	COMBINED
	AMOUNT	COST	COST
	OUTSTANDING		RATE
Pollution Control Bonds	82,695,000	2,460,968	
Other Long-term Debt	<u>2,310,000,000</u>	<u>81,732,100</u>	
	<u>\$2,392,695,000</u>	<u>\$84,193,068</u>	<u>3.519%</u>
Discount on Long-term Debt (FERC 226)	8,505,316		
Unamortized Hedge Gains/Loss on Interest Rate Hedges	(6,661,115)		
Total Debt	<u>\$2,394,539,201</u>		
Simple Average Long-term Debt	<u>\$2,444,815,620</u>		
Simple Average Combined Cost Rate		<u>4.152%</u>	

2016

EMBEDDED COST OF POLLUTION CONTROL OBLIGATIONS

2016						
INTEREST	DATE	PRINCIPAL	NET	YIELD TO	ANNUAL	EMBEDDED
RATE %	DUE	AMOUNT	PROCEEDS %	MATURITY	COST	COST %
		OUTSTANDING		RATE %		
1.70%	2027	\$9,400,000	97.21%	1.83%	\$171,550	
5.15%	2028	42,625,000	99.25%	5.28%	2,250,600	
1.70%	2020	6,550,000	97.49%	1.83%	119,538	
1.70%	2025	10,600,000	97.32%	1.83%	193,450	
1.70%	2028	13,520,000	98.45%	1.83%	246,740	
		<u>\$82,695,000</u>			<u>\$2,981,878</u>	<u>3.606%</u>

2016

EMBEDDED COST OF OTHER LONG TERM DEBT

2016						
DATE	AMOUNT				ANNUAL	EMBEDDED
DUE	OUTSTANDING	PROCEEDS %	RATE %		COST	COST %
5.40%	2035	\$30,000,000	99.50%	5.49%	\$1,647,000	
5.60%	2017	35,000,000	100.00%	5.69%	1,991,500	
5.55%	2019	125,000,000	99.31%	5.73%	7,162,500	
2.35%	2016	150,000,000	99.83%	2.33%	3,488,250	
4.75%	2041	150,000,000	99.92%	4.85%	7,268,700	
1.63%	2040	50,000,000	99.65%	1.75%	875,000	
7.13%	2021	270,000,000	99.25%	7.28%	19,656,000	
2.35%	2016	150,000,000	103.59%	1.85%	2,776,650	
4.25%	2042	250,000,000	99.45%	4.87%	12,176,500	
4.25%	2042	200,000,000	104.83%	4.02%	8,040,000	
6.30%	2026	500,000,000	99.35%	6.39%	31,942,294	
3.85%	2016	200,000,000	0.00%	3.85%	7,700,000	
		<u>\$2,411,000,000</u>			<u>\$116,312,894</u>	<u>4.824%</u>

	PRINCIPAL	ANNUAL	COMBINED
	AMOUNT	COST	COST
	OUTSTANDING		RATE
Pollution Control Bonds	82,695,000	2,981,878	
Other Long-term Debt	<u>2,411,000,000</u>	<u>116,312,894</u>	
	<u>\$2,493,695,000</u>	<u>\$119,294,772</u>	<u>4.784%</u>
Discount on Long-term Debt (FERC 226)	7,210,288		
Unamortized Hedge Gains/Loss on Interest Rate Hedges	(5,813,249)		
Total Debt	<u>\$2,495,092,039</u>		

MISSISSIPPI POWER COMPANY

**CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

2015

EMBEDDED COST OF PREFERRED STOCK

SERIES	2015 PAR VALUE OUTSTANDING	DIVIDEND	YIELD TO MATURITY RATE (%)	2015 ANNUAL COST (\$)	COST RATE
4.60%	\$864,300	\$39,758	4.70%	\$40,622	
4.40%	886,700	39,015	4.49%	39,813	
4.72%	1,670,000	78,824	4.82%	80,494	
5.25%	30,000,000	1,575,000	5.36%	1,608,000	
	<u>\$33,421,000</u>	<u>\$1,732,597</u>		<u>\$1,768,929</u>	<u>5.293%</u>

2016

EMBEDDED COST OF PREFERRED STOCK

SERIES	2016 PAR VALUE OUTSTANDING	DIVIDEND	YIELD TO MATURITY RATE (%)	2016 ANNUAL COST (\$)	COST RATE
4.60%	\$864,300	\$39,758	4.70%	\$40,622	
4.40%	886,700	39,015	4.49%	39,813	
4.72%	1,670,000	78,824	4.82%	80,494	
5.25%	30,000,000	1,575,000	5.36%	1,608,000	
	<u>\$33,421,000</u>	<u>\$1,732,597</u>		<u>\$1,768,929</u>	<u>5.293%</u>

	Average Par Value			Average Annual Cost	Average Cost Rate
	<u>\$33,421,000</u>			<u>\$1,768,929</u>	<u>5.293%</u>

MISSISSIPPI POWER COMPANY

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**CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

May 31, 2015 - Beginning Balance

Total Common Equity	2,236,658,277
---------------------	---------------

Activity

Paid in Capital

Capital Contributions	200,000,000
-----------------------	-------------

Other Adjustments to Paid-In Capital	6,412,780
--------------------------------------	-----------

Retained Earnings

Net Income	225,857,217
------------	-------------

Preferred Dividends	(1,732,597)
---------------------	-------------

Common Dividends	-
------------------	---

430,537,400

May 31, 2016 -Ending Balance

Total Common Equity	2,667,195,677
---------------------	---------------

Average Common Equity	\$2,451,926,977
------------------------------	------------------------

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INTEREST EXPENSE

Total Retail Kemper Investment (Page 1)	\$471,652,384
Weighted Embedded Cost of Debt (Page 13)	<u>2.059%</u>
Kemper Interest Expense (Total Retail Kemper Investment x Weighted Embedded Cost of Debt)	<u><u>\$9,711,323</u></u>

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

PERMANENT BOOK/TAX DIFFERENCES (Note 1)

	Book/Tax Difference	Less: Securitized Portion	Total Book/Tax Difference	Retail Allocator	Retail Book/Tax Difference
Mine AFUDC Equity non-deductible book depreciation	\$0	\$0	\$0	70.798665%	\$0
Combined Cycle & Related Assets AFUDC Equity non-deductible book depreciation ⁽²⁾	851,575	0	851,575	70.798665%	602,904
Production AFUDC Equity non-deductible book depreciation	0	0	0	72.767292%	0
Transmission AFUDC Equity non-deductible book depreciation ⁽²⁾	44,411	0	44,411	71.420275%	31,719
ITC Basis non-deductible book depreciation ⁽³⁾	0	0	0	70.798665%	0
ITC amortization ⁽³⁾	0	0	0	70.798665%	0
Total	\$895,986	\$0	\$895,986		\$634,622

Note 1 Where applicable, the amounts shown represent 85% of the Project.

Note 2 Includes the amounts for the Combined Cycle and Transmission assets.

Note 3 ITC is related to the Gasifier and the CO2 Pipeline; therefore, the amounts are zero.

(359,607) NDBD Total CC

MISSISSIPPI POWER COMPANY

**CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

TAX ADJUSTMENT FACTOR

1. The effective combined tax rate was developed using the following components:

Federal Income Tax Rate	35.00%
Mississippi Income Tax Rate	5.00%
Alabama Income Tax Rate	6.50%

2. State Income Tax is deductible for Federal Income Tax purposes:

Federal Income Tax Rate	35.00%
Combined State Income Tax Rate	5.00%
Adjustment for Deductibility of State Taxes	1.75%
Federal Income Tax Rate	35.00%
Effective Federal Income Tax Rate	33.25%

3. Federal Income Tax is deductible for Alabama State Income Tax purposes:

Alabama Statutory Income Tax Rate	6.50%
Federal Income Tax Rate	35.00%
Adjustment to Alabama Statutory Rate	2.28%
Alabama Statutory Income Tax Rate	6.50%
Adjusted Alabama Statutory Rate	4.23%
Alabama Apportionment Factor	1.6253%
Alabama Effective Income Tax Rate	0.0687%

4. Mississippi Income Tax Rate:

Mississippi Statutory Income Tax Rate	5.00%
Mississippi Apportionment Factor	98.3747%
Mississippi Effective Income Tax Rate	4.9187%

5. Development of the Company's composite tax rate:

Effective Federal Income Tax Rate	33.2500%
Alabama Effective Income Tax Rate	0.0687%
Mississippi Effective Income Tax Rate	4.9187%
Company's Composite Income Tax Rate	38.2374%
Reciprocal of Composite Income Tax Rate	61.763%

6. MPC pays Municipal Franchise Taxes on a portion of its retail revenues collected. The Municipal Franchise Tax Rate is adjusted to reflect this.

Municipal Franchise Tax Rate	2.9812%
Percentage of Retail Revenues Paid On	72.12%
Adjusted Municipal Franchise Tax Rate	2.15%
Reciprocal of Municipal Franchise Tax Rate	97.850%

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER NON-FUEL OPERATIONS & MAINTENANCE EXPENSES & CHEMICAL PRODUCT REVENUES (Note 1)

AMOUNT

Non-fuel Operations and Maintenance Expenses:

Production CC O&M	\$10,659,785
Transmission	0
Revenues from Sales	(559,300)
Department of Energy (DOE) Clean Coal Power Initiative Round 2 (CPPI-2) Funds	0
Total Company Kemper Non-fuel Operations & Maintenance Expenses	10,100,485

Administrative & General Expenses

0

Specifically Allowed Expenses ⁽²⁾

2,722,160

Chemical Product Revenues:

Chemical Product Revenues	0
Transportation Revenues	0
Total Company Kemper Chemical Product Revenues	0

Other Expense Adjustments:

Normalization Adjustment associated with Amount Securitized	0
Avoided Combined Cycle AFUDC	0
Revenue Requirement on AFUDC above Securitization Cap	0
Total Other Expense Adjustments	\$0

Note 1 The amounts shown represent 85% of the Project.

Note 2 Specifically Allowed Expenses represent the costs for prudence and internal monitors.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER DEPRECIATION EXPENSE (Notes 1 and 2)

	DEPRECIATION EXPENSE
DEPRECIATION	
Total Production Depreciation	\$13,913,355
Total Transmission Depreciation	3,280,369
Total General Property Depreciation - Mine ⁽³⁾	0
Total General Property Depreciation - Other	4,820
Total Depreciation Expense	<u>\$17,198,544</u>

Note 1 The amounts shown represent 85% of the Project.

Note 2 Depreciation expense associated with amounts projected to be securitized was removed as of April 1, 2016
prior to calculating the revenue requirement amounts shown above.

Note 3 Depreciation expense related to the mine is recovered through the Fuel Clause.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER AMORTIZATION OF REGULATORY ASSETS(Note 1)

IM / Prudence 84 Months
Debt / Equity 24 Months
All Other 120 Months
12 Months

Amortization Period (lines 12-20)

Number of Months included in the Filing Period

Regulatory Asset Description	Basis of Amortization	Monthly Amortization	Amount to include in Filing	Retail Allocator	Total Retail Allocation
Screening & Evaluation Costs - Retail	\$3,878,204	\$32,318	\$387,820	100.000000%	\$387,820
Corporate Franchise Tax	7,999,022	66,659	799,902	70.798665%	566,320
Transmission	7,467,059	62,225	746,706	71.420275%	533,299
Ad Valorem on AFUDC	2,861,021	23,842	286,102	70.798665%	202,556
Prudence Proceedings	11,656,098	138,763	1,665,157	70.798665%	1,178,909
Independent Monitors	27,046,804	321,986	3,863,829	70.798665%	2,735,539
Deferred Depreciation and O&M (CC, transmission, regulatory and other assets)	31,440,070	262,001	3,144,007	70.798665%	2,225,915
Debt Carrying Costs (CC, transmission, regulatory and other assets)	32,685,272	1,361,886	16,342,636	100.000000%	16,342,636
Equity Carrying Cost (CC, transmission, regulatory and other assets) ⁽²⁾	51,238,897	2,134,954	25,619,448	100.000000%	25,619,448
Total Amortization of Regulatory Assets	<u>\$176,272,447</u>	<u>\$4,404,634</u>	<u>\$52,855,608</u>		<u>\$49,792,444</u>

Note 1 Where applicable, the amounts shown have SMEPA's proposed purchase of 15% of the Kemper Project excluded. They represent 85% of the Project.

Note 2 The Company assumed a 24 month amortization of all regulatory assets including Equity carrying costs (line 20).

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INVESTMENT TAX CREDIT AMORTIZATION

	(Note 1) Total Company ITC Amount	Amortization Rate	Total Company Amortization Expense
Phase II	\$0	2.50%	\$0
Phase III	0	2.50%	0
Total	\$0		\$0
<u>Adjustment to Remove Securitized Portion:</u>			
Phase II	\$0	2.50%	\$0
Phase III	0	2.50%	0
Total	\$0		\$0
Net Amortization of ITCs			\$0

Note 1 Where applicable, the amounts represent 85% of the Project.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER TAXES OTHER THAN INCOME TAXES

	<u>Taxes Other</u>
Franchise Tax	\$25,000
Ad Valorem Taxes ⁽¹⁾	7,920,989
Payroll Taxes	139,177
Total	<u>\$8,085,166</u>

Note 1 Ad Valorem Taxes on the Combined Cycle and Transmission assets are recovered through MPC's ATA Clause.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

PRO FORMA KEMPER INCOME STATEMENT WITH AND WITHOUT KEMPER INCREASE

	Kemper With Revenue Adjustment	Kemper Without Revenue Adjustment
Kemper Revenue	\$125,603,243	\$0
Chemical Production Revenues	-	-
Interest Expense	(9,711,323)	(9,711,323)
Non-fuel Operations & Maintenance Expenses	(9,142,867)	(9,142,867)
Depreciation & Amortization Expense	(61,985,762)	(61,985,762)
Amortization of ITC	-	-
Taxes Other Than Income Taxes	(5,724,189)	(5,724,189)
Municipal Franchise Taxes	(2,700,470)	-
Preferred Dividends	(169,795)	(169,795)
Income Taxes ⁽¹⁾	<u>(14,529,572)</u>	<u>32,465,258</u>
Net Income	\$21,639,265	(\$54,268,678)
Net Kemper Investment	\$471,652,384	\$471,652,384
Equity Weighted Return on Kemper Investment	4.588%	-11.506%
Preferred Stock Weighted Return	0.036%	0.036%
Debt Weighted Return	<u>2.059%</u>	<u>2.059%</u>
Return on Investment	<u>6.683%</u>	<u>-9.411%</u>
Company Cost of Capital (Page 13)	<u>6.683%</u>	<u>6.683%</u>
<u>Income Tax Calculation ⁽¹⁾</u>		
Total Revenues (lines 13-14)	\$125,603,243	\$0
Less Expenses (lines 15-21)	<u>(89,264,611)</u>	<u>(86,564,141)</u>
Kemper Net Income	36,338,632	(86,564,141)
Tax Rate	<u>38.2374%</u>	<u>38.2374%</u>
Kemper Income Taxes	13,894,949	(33,099,880)
Permanent Book/Tax Differences (Page 18)	634,622	634,622
Total Kemper Income Taxes	<u>\$14,529,572</u>	<u>(\$32,465,258)</u>

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

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	Current Proposal			(4)	As Approved	
	(1) (Note 1) 12 MONTHS ENDING 05/31/16 TOTAL ELECTRIC SYSTEM	(2) RETAIL ALLOCATION	(3) 12 MONTHS ENDING 05/31/16 TOTAL RETAIL SERVICE		(5) FILED AND APPROVED	(6) VARIANCE
1 Gross Plant in Service	\$684,233,798	Page 2	\$485,180,343	3	\$485,180,343	\$0
2 Accumulated Depreciation	27,154,922	Page 2	19,283,718	4	19,283,718	-
3 Net Plant in Service	657,078,876		465,896,625		465,896,625	0
4 Construction Work in Progress (CWIP)	634,671	Page 2	449,339	5	449,339	\$0
5 Inventory	5,898,642	Page 2	4,176,160	6	4,176,160	\$0
6 Prepayments	3,035,622	Page 2	2,149,180	7	2,149,180	\$0
7 Regulatory Asset/Liability	42,892,578	Page 8	31,912,751	8	123,725,579	(\$91,812,828)
8 Accumulated Deferred Income Taxes	(118,750,792)	Pages 9-12	(84,837,666)	8-12	(119,944,508)	\$35,106,842
9 Total Investment	590,789,597		419,746,390		476,452,376	(\$56,705,986)
10 Weighted Average Cost of Capital	6.683%		6.683%	13-16	6.683%	
11 Revenue Requirement on Investment Including Interest	39,482,469		28,051,651		31,841,312	(\$3,789,661)
12 Less Interest Expense	(12,164,358)	Page 17	(8,642,578)	17	(9,810,154)	\$1,167,576
13 Permanent Book/Tax Differences	895,986	Page 18	634,622	18	634,622	\$0
14 Revenue Requirement Subject to Income Tax	28,214,097		20,043,695		22,665,780	(\$2,622,085)
15 Income Tax Adjustment Factor	61.763%		61.763%	19	61.763%	
16 Revenue Requirement on Investment Excluding Interest (Line 14 / Line 15)	45,681,228		32,452,593		36,697,991	(\$4,245,398)
17 Non-fuel Operations & Maintenance Expenses	10,100,485	Page 2	7,215,614	20	7,215,614	\$0
18 Administrative & General Expenses	0	Page 2	0	20	0	\$0
19 Specifically Allowed Expenses	2,722,160	Page 2	1,927,253	20	1,927,253	\$0
20 Chemical Product Revenues	0	Page 2	0	20	0	\$0
21 Other Expense Adjustments	0	Page 2	0	20	0	\$0
22 Depreciation and Amortization Expenses	90,154,385	Page 2 & 22	66,764,361	21-22	61,985,762	\$4,778,599
23 Amortization of Investment Tax Credits	0	70.798665%	0	23	0	\$0
24 Taxes Other Than Income Taxes	8,085,166	70.798665%	5,724,189	24	5,724,189	\$0
25 Interest Expense on Investment	12,164,358	Page 17	8,642,578	17	9,810,154	(\$1,167,576)
26 Revenue Requirement Before Municipal Franchise Taxes	168,907,782		122,726,588		123,360,964	(634,375)
27 Municipal Franchise Tax Adjustment Factor	97.850%		97.850%	19	97.850%	
28 Total Kemper Revenue Requirement	\$172,619,092		\$125,423,187		\$126,071,501	(\$648,314)

30 **Note 1** The amounts shown represent 85% of the Project.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4	5	(1)	(2)	(3)	
6					
7		12 MONTHS ENDING		12 MONTHS ENDING	
8		05/31/16		05/31/16	
9		TOTAL ELECTRIC	RETAIL	TOTAL RETAIL	REF
10		SYSTEM ⁽¹⁾	ALLOCATION ⁽²⁾	SERVICE	PAGE
11	<u>Gross Kemper Plant in Service:</u>				3
12	Production	\$563,228,643	70.798665%	\$398,758,362	
13	Transmission	120,967,620	71.420275%	86,395,407	
14	General Property - Mine	0	72.767292%	0	
15	General Property - Other	37,535	70.798665%	26,574	
16	Total	\$684,233,798		\$485,180,343	
17					
18	<u>Kemper Accumulated Depreciation:</u>				4
19	Production	\$17,753,480	70.798665%	\$12,569,227	
20	Transmission	9,394,232	71.420275%	6,709,386	
21	General Property - Mine ⁽³⁾	0	72.767292%	0	
22	General Property - Other	7,210	70.798665%	5,105	
23	Total	\$27,154,922		\$19,283,718	
24					
25	<u>Kemper Construction Work in Progress:</u>				5
26	Production	\$634,671	70.798665%	\$449,339	
27	Transmission	0	71.420275%	0	
28	General Property - Mine	0	72.767292%	0	
29	Total	\$634,671		\$449,339	
30					
31	<u>Kemper Inventory:</u>				6
32	Production	\$5,898,642	70.798665%	\$4,176,160	
33	Fuel	0	72.767296%	0	
34	Transmission	0	71.420275%	0	
35	General Property - Mine	0	72.767292%	0	
36	Total	\$5,898,642		\$4,176,160	
37					
38	<u>Kemper Prepayments:</u>				7
39	Production	\$3,035,622	70.798665%	\$2,149,180	
40	Transmission	0	71.420275%	0	
41	General Property - Mine	0	72.767292%	0	
42	Total	\$3,035,622		\$2,149,180	
43					
44	<u>Kemper Non-fuel O&M Expenses, Chemical Product Revenues & Other Adjustments:</u>				20
45	Production	\$10,100,485	71.438292%	\$7,215,614	
46	Transmission	0	71.420275%	0	
47	Administrative and General	0	70.798665%	0	
48	Specifically Allowed Expenses	2,722,160	70.798665%	1,927,253	
49	Chemical Product Revenues	0	71.438292%	0	
50	Other Expense Adjustment ⁽⁴⁾	0	100.000000%	0	
51	Total	\$12,822,645		\$9,142,867	
52					
53	<u>Kemper Depreciation Expense:</u>				21
54	Production	\$13,913,355	70.798665%	\$9,850,469	
55	Transmission	3,280,369	71.420275%	2,342,849	
56	General Property - Mine ⁽³⁾	0	0.000000%	0	
57	General Property - Other	0	70.798665%	0	
58	Total	\$17,193,724		\$12,193,318	

59
60 **Note 1** The amounts shown represent 85% of the Project.

61 **Note 2** Allocators are from MPC's 2012 Cost-Of-Service Study approved by the Commission April 7, 2015, in MPSC in Docket No. 2011-UN-0349.

62 **Note 3** General Property-Mine depreciation expense is related to the mine and is recovered through Fuel Clause.

63 **Note 4** Other Expense Adjustments have been directly assigned to retail.

Mississippi Power Company
Docket No. 2015-UN-80

	(3)	ADJUSTED Staff Allowed (Included in \$2.4B)
CC and Related Assets	Exhibit__(MHF-10)	
EPC		
Engineering	52.40	23.84
Major Equipment	294.84	297.21
Engineering Procured	65.76	41.03
Construction	257.17	189.80
Construction - Indirects	86.73	24.87
Fuel Facilities - Gas Lateral	9.90	11.77
Pre-Commercial Operations	41.38	7.64
Corporate Development	10.16	9.81
Start Up Fuel/Energy/By Products	4.27	8.98
CCPI2	(85.00)	(85.00)
Ad Valorem	13.00	7.54
Contingency Risk	7.98	8.51
Siemen's CT BC		-
Other BC/CIL/FM		212.59 <= change in capital w/o write-off
Write-off	(88.71)	
	669.88	546.00
Land	32.28	18.35
AFUDC	112.34	90.29 22.05
Total	\$ 814.50	\$ 654.64 \$ (159.85)
Percent included in Rate filing	85%	85%
Amount Included in Filing	\$ 692.32	\$ 556.45 \$ (135.88)

CHANGE IN CAPITAL			
CC	Turbine	Land	Total
669.88		32.28	702.16
546.00	-	18.35	564.35
123.88	-	13.93	137.81 Capital Change
14.86	-	1.67	16.54 AFUDC-Equity
4.95	-	0.56	5.51 AFUDC-Debt
143.70	-	16.16	159.85 Total Change
122.14	-	13.73	135.88 85% Total Change
3.05	-		3.05 Annual Depr (85%)
0.25	-		0.25 Monthly Depr (85%)

122,140,934	-	13,734,897	135,875,831 PIS On/Off
254,460	-		254,460 Depr On/Off

[a] Certification Land adjustment recommended by Staff IM, CTC
[b] Calculation of AFUDC based on ratio to MPCo amounts of plant before AFUDC

564.35
702.16
80.37%
112.34
90.29

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER GROSS PLANT IN SERVICE (Note 1)

	COMBINED CYCLE & RELATED ASSETS			IGCC PRODUCTION			TRANSMISSION		
	GROSS PLANT	OTHER	TOTAL ⁽²⁾	GROSS PLANT	OTHER	TOTAL ⁽²⁾	GROSS PLANT	OTHER	TOTAL ⁽²⁾
	IN SERVICE	ADJUSTMENT ⁽³⁾		IN SERVICE	ADJUSTMENT ⁽³⁾		IN SERVICE	ADJUSTMENT ⁽³⁾	
May 2015	556,448,866	\$0	\$556,448,866	\$0	\$0	\$0	\$120,932,551	\$0	\$120,932,551
June	556,448,866	0	556,448,866	0	0	0	120,951,643	0	120,951,643
July	563,049,449	0	563,049,449	0	0	0	120,951,643	0	120,951,643
August	563,049,449	0	563,049,449	0	0	0	120,951,643	0	120,951,643
September	563,049,449	0	563,049,449	0	0	0	120,951,643	0	120,951,643
October	563,049,449	0	563,049,449	0	0	0	120,951,643	0	120,951,643
November	563,049,449	0	563,049,449	0	0	0	120,951,643	0	120,951,643
December	563,049,449	0	563,049,449	0	0	0	120,989,493	0	120,989,493
January 2016	564,158,840	0	564,158,840	0	0	0	120,989,493	0	120,989,493
February	565,268,230	0	565,268,230	0	0	0	120,989,493	0	120,989,493
March	566,377,620	0	566,377,620	0	0	0	120,989,493	0	120,989,493
April	567,486,620	0	567,486,620	0	0	0	120,989,338	0	120,989,338
May 2016	567,486,620	0	567,486,620	0	0	0	120,989,338	0	120,989,338
13 Month-End Average	\$563,228,643	\$0	\$563,228,643	\$0	\$0	\$0	\$120,967,620	\$0	\$120,967,620

	GENERAL PROPERTY MINE	GENERAL PROPERTY OTHER
May 2015	\$0	\$34,490
May 2016	0	40,580
Simple Average	\$0	\$37,535
Total Company Kemper Plant in Service		\$684,233,798

Note 1 The amounts shown represent 85% of the Project.

Note 2 The total column is the net of Gross Plant in Service and Other Adjustments.

Note 3 Other Adjustments represent amounts not recovered by the Plan including amounts to be securitized.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **KEMPER ACCUMULATED DEPRECIATION OF PLANT IN SERVICE** (Notes 1 and 2)

	COMBINED CYCLE & RELATED ASSETS				PRODUCTION				TRANSMISSION			
	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE	MONTHLY DEPRECIATION ⁽³⁾	LESS OTHER DEPRECIATION ADJUSTMENT ^{(2) (3)}	RETIREMENTS, COR, SALVAGE ADJUSTMENTS	MONTHLY DEPRECIATION BALANCE
May 2015				\$10,811,540				\$0				\$7,756,532
June	\$1,399,145	\$0	(\$254,460)	11,956,225	\$0	0	\$0	0	\$272,728	\$0	\$0	8,029,260
July	1,412,896	0	(254,460)	13,114,661	0	0	0	0	272,728	0	0	8,301,988
August	1,412,896	0	(254,460)	14,273,096	0	0	0	0	272,728	0	0	8,574,716
September	1,412,896	0	(254,460)	15,431,532	0	0	0	0	272,728	0	0	8,847,444
October	1,412,896	0	(254,460)	16,589,968	0	0	0	0	272,728	0	0	9,120,172
November	1,412,896	0	(254,460)	17,748,404	0	0	0	0	272,728	0	0	9,392,900
December	1,412,896	0	(254,460)	18,906,839	0	0	0	0	273,244	0	0	9,666,144
January 2016	1,414,055	0	(254,460)	20,066,434	0	0	0	0	273,201	0	0	9,939,345
February	1,415,316	0	(254,460)	21,227,290	0	0	0	0	273,201	0	0	10,212,546
March	1,416,703	0	(254,460)	22,389,533	0	0	0	0	273,201	0	0	10,485,747
April	1,419,751	0	(254,460)	23,554,823 ⁽⁴⁾	0	0	0	0	275,577	0	0	10,761,324 ⁽⁴⁾
May 2016	1,424,532	0	(254,460)	24,724,895	0	0	0	0	275,577	0	0	11,036,901
Total	\$16,966,878	\$0	(\$3,053,523)		\$0	\$0	\$0		\$3,280,369	\$0	\$0	
13 Month-End Average				\$17,753,480				\$0				\$9,394,232
GENERAL PROPERTY MINE					GENERAL PROPERTY OTHER							
	ANNUAL DEPRECIATION	ANNUAL RETIREMENTS, COR, SALVAGE ADJUSTMENTS	ACCUMULATED DEPRECIATION MONTHLY BALANCE			ANNUAL RETIREMENTS, COR, SALVAGE ADJUSTMENTS	ACCUMULATED DEPRECIATION MONTHLY BALANCE					
May 2015			\$0				\$4,800					
May 2016	\$0	\$0	0		\$4,820	\$0	9,620					
Simple Average			\$0				\$7,210					
Total Company Kemper Accumulated Depreciation												

45 **Note 1** The amounts shown represent 85% of the Project.

46 **Note 2** Other Adjustments include depreciation expense on the amount of assets to be securitized.

47 **Note 3** Depreciation expense consists of the net of the monthly depreciation column & the other adjustment column.

48 **Note 4** Accumulated Reserve Balance adjusted for removal of amounts recovered through other plans, such as securitization.

1 MISSISSIPPI POWER COMPANY

2 CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
3 FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

4
5 KEMPER CONSTRUCTION WORK IN PROGRESS (Notes 1 and 2)

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	13 Month Avg
Production:														
Maintenance Capital-CC	\$3,300,292	\$4,950,437	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$634,671
Gasifier -CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Production	\$3,300,292	\$4,950,437	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$634,671
Transmission														
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Property-Mine:	May-15												May-16	Simple Average
	\$0												\$0	\$0
Total General Property-Mine	\$0												\$0	\$0
General Property-Other:														
	\$0												\$0	\$0
Total General Property-Other	\$0												\$0	\$0
Total Kemper Construction Work In Progress														\$634,671

46 **Note 1** The amounts shown represent 85% of the Project.

47 **Note 2** Maintenance capital projects were projected to have short construction periods and therefore were closed immediately to Plant in Service.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INVENTORY (Note 1)

	<u>PRODUCTION ⁽²⁾</u>	<u>FUEL STOCK</u>	<u>TRANSMISSION</u>
May 2015	\$5,603,969	\$0	\$0
June	5,660,218	0	0
July	5,716,467	0	0
August	5,772,716	0	0
September	5,779,191	0	0
October	5,785,526	0	0
November	5,800,749	0	0
December	5,800,749	0	0
January 2016	5,918,017	0	0
February	6,035,285	0	0
March	6,152,552	0	0
April	6,269,820	0	0
May 2016	<u>6,387,088</u>	<u>0</u>	<u>0</u>
13 Month-End Avg	<u><u>\$5,898,642</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

	<u>GENERAL PROPERTY MINE</u>
May 2015	\$0
May 2016	<u>0</u>
Simple Average	<u><u>\$0</u></u>
Total Company Inventory Avg Balance	<u><u>\$5,898,642</u></u>

Note 1 The amounts shown represent 85% of the Project.

Note 2 The amounts shown include inventory only related to the Combined Cycle.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER PREPAYMENTS (Note 1)

	PRODUCTION ⁽²⁾	TRANSMISSION
May 2015	\$5,272,829	\$0
June	5,272,829	0
July	2,628,857	0
August	2,628,857	0
September	2,628,857	0
October	2,628,857	0
November	2,628,857	0
December	2,628,857	0
January 2016	2,628,857	0
February	2,628,857	0
March	2,628,857	0
April	2,628,857	0
May 2016	2,628,857	0
13 Month-End Avg	\$3,035,622	\$0

	GENERAL PROPERTY MINE
May 2015	\$0
May 2016	0
Simple Average	\$0

Total Company Prepayments Avg Balance \$3,035,622

Note 1 The amounts shown represent 85% of the Project.

Note 2 The amounts shown include only Long-Term Parts Plan prepayments on CC.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER REGULATORY ASSETS/LIABILITIES (Notes 1 and 2)

Regulatory Asset Description	Ending Balance		Simple Average	Retail Allocator	Total Retail	Retail Accumulated Deferred Taxes
	May 2015	May 2016				
Screening & Evaluation Costs	\$3,878,204	\$3,490,384	\$3,684,294	100.000000%	\$3,684,294	(\$1,408,778)
Corporate Franchise Tax	7,999,022	7,199,120	7,599,071	70.798665%	5,380,041	(2,057,188)
Transmission	7,467,059	6,720,353	7,093,706	71.420275%	5,066,344	(1,937,239)
Ad Valorem on AFUDC	1,865,607	2,574,919	2,220,263	70.798665%	1,571,917	(601,060)
Prudence proceedings	10,622,995	10,478,512	10,550,754	70.798665%	7,469,793	(2,856,255)
Independent Monitors	23,326,015	23,182,975	23,254,495	70.798665%	16,463,872	(6,295,357)
Deferred depreciation and O&M (CC, transmission, regulatory and other assets)	31,440,070	28,296,063	29,868,067	70.798665%	21,146,193	(8,085,755)
Debt carrying costs (CC, transmission, regulatory and other assets)	32,685,272	16,342,636	24,513,954	100.000000%	24,513,954	(9,373,500)
Equity carrying cost (CC, transmission, regulatory and other assets)	51,238,897	25,619,448	38,429,172	100.000000%	38,429,172	(14,694,318)
Total	<u>\$170,523,141</u>	<u>\$123,904,410</u>	<u>\$147,213,776</u>		<u>\$123,725,579</u>	
ADITS on Regulatory Assets	<u>(\$65,203,622)</u>	<u>(\$47,377,830)</u>	<u>(\$56,290,726)</u>	to Page 9		<u>(\$47,309,450)</u> to Page 9
Regulatory Liability						
Mine ARO Obligation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	72.767296%	<u>\$0</u>	
Total Regulatory Assets/Liabilities	<u>\$170,523,141</u>	<u>\$123,904,410</u>	<u>\$147,213,776</u>	to Page 1	<u>\$123,725,579</u>	to Page 1

Note 1 Where applicable, the amounts shown represent 85% of the Project.

Note 2 MPSC Docket No. 2009-UA-0014, date June 7, 2011 (MPSC Docket No. 2006-UN-0581, dated April 6, 2009, was consolidated into this docket).

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

SUMMARY OF KEMPER ACCUMULATED DEFERRED INCOME TAXES (Note 1)

Debit/(Credit)	TOTAL COMPANY AVERAGE BALANCE	RETAIL AVERAGE BALANCE	Reference
Account 190 Non-Property Related ADIT ⁽²⁾	\$0	\$0	Page 8
Account 282 Property Related ADIT	(102,349,784)	(72,635,058)	Pages 11 & 12
Account 283 Non-Property Related ADIT	<u>(16,401,008)</u>	<u>(12,202,608)</u>	Page 8
Total Accumulated Deferred Income Taxes	<u>(\$118,750,792)</u>	<u>(\$84,837,666)</u>	

Note 1 The amounts shown represent 85% of the Project.

Note 2 The 190 ADITs related to a Net Operating Loss which was due to the Section 174 Deduction. The 174 Deduction is related to construction cost to ensure consistent treatment the 190 ADITs are netted with the 282 ADITs. The 190's presented above are related to the Mine ARO Obligation.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER NON-PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES (Note 1)
ACCOUNT 190

	BEGINNING BALANCE June 1, 2015	ENDING BALANCE May 31, 2016	AVERAGE BALANCE
FEDERAL	\$0	\$0	\$0
STATE	0	0	0
TOTAL	\$0	\$0	\$0
Retail Non-Property Related Accumulated Deferred Income Taxes Allocator			70.798665%
Retail Portion of Non-Property Related Accumulated Deferred Income Taxes			\$0

Note 1 The amounts shown represent 85% of the Project.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**
4
5 **KEMPER PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES (Note 1)**
6 **ACCOUNT 282**

7
8 **Combined Cycle & Related Assets**

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION	orig	cc > est adj
11 May 2015	(72,729,646)	0	(\$72,729,646)	(105,523,904)	32,794,258
12 May 2016	(75,342,868)	-	(\$75,342,868)	(109,046,165)	33,703,297
13	(\$2,613,222)	\$0	(\$2,613,222)	(3,522,261)	909,039

14 IRS METHOD -

	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
18 May 2015							(\$72,729,646)
19 June	(\$351,207)	\$0	(\$351,207)	30	0.9208	(\$323,391)	(73,053,037)
20 July	(351,207)	0	(351,207)	31	0.8361	(293,644)	(73,346,682)
21 August	(351,207)	0	(351,207)	31	0.7514	(263,897)	(73,610,579)
22 September	(351,207)	0	(351,207)	30	0.6694	(235,098)	(73,845,676)
23 October	(351,207)	0	(351,207)	31	0.5847	(205,351)	(74,051,027)
24 November	(351,208)	0	(351,208)	30	0.5027	(176,552)	(74,227,579)
25 December	(351,208)	0	(351,208)	31	0.4180	(146,805)	(74,374,384)
26 January 2016	(212,762)	0	(212,762)	31	0.3333	(70,914)	(74,445,298)
27 February	(212,762)	0	(212,762)	29	0.2541	(54,063)	(74,499,361)
28 March	(212,762)	0	(212,762)	31	0.1694	(36,042)	(74,535,403)
29 April	(212,762)	0	(212,762)	30	0.0874	(18,595)	(74,553,998)
30 May 2016	(212,762)	0	(212,762)	31	0.0027	(574)	(74,554,573)
32	(\$3,522,261)	\$0	(\$3,522,261)	366		(\$1,824,927)	

34 Retail Property Related Accumulated Deferred Income Taxes Allocator
35 Retail Portion of Property Related Accumulated Deferred Income Taxes

70.798665%
(\$52,783,642)

36
37 **IGCC Production**

	ENDING ADIT						
41 May 2015	\$0						
42 May 2016	0						
43	\$0						
44 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
47 May 2015							\$0
48 June	\$0	\$0	\$0	30	0.9208	\$0	0
49 July	0	0	0	31	0.8361	0	0
50 August	0	0	0	31	0.7514	0	0
51 September	0	0	0	30	0.6694	0	0
52 October	0	0	0	31	0.5847	0	0
53 November	0	0	0	30	0.5027	0	0
54 December	0	0	0	31	0.4180	0	0
55 January 2016	0	0	0	31	0.3333	0	0
56 February	0	0	0	29	0.2541	0	0
57 March	0	0	0	31	0.1694	0	0
58 April	0	0	0	30	0.0874	0	0
59 May 2016	0	0	0	31	0.0027	0	0
61	\$0	\$0	\$0	366		\$0	

63 Retail Property Related Accumulated Deferred Income Taxes Allocator
64 Retail Portion of Property Related Accumulated Deferred Income Taxes

71.420275%
\$0

65
66 **Note 1** The amounts shown represent 85% of the Project.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **KEMPER PROPERTY RELATED ACCUMULATED DEFERRED INCOME TAXES** (Note 1)
6 **ACCOUNT 282**

7
8 **Transmission**

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION				
11 May 2015	(\$27,871,945)	0	(\$27,871,945)				
12 May 2016	(27,676,355)	-	(\$27,676,355)				
13	\$195,590	\$0	\$195,590				
14 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
18 May 2015							(\$27,871,945)
19 June	\$12,467	\$0	\$12,467	30	0.9208	\$11,480	(27,860,465)
20 July	12,468	0	\$12,468	31	0.8361	\$10,424	(27,850,041)
21 August	12,468	0	\$12,468	31	0.7514	\$9,368	(27,840,673)
22 September	12,468	0	\$12,468	30	0.6694	\$8,346	(27,832,327)
23 October	12,468	0	\$12,468	31	0.5847	\$7,290	(27,825,037)
24 November	12,468	0	\$12,468	30	0.5027	\$6,268	(27,818,769)
25 December	12,468	0	\$12,468	31	0.4180	\$5,212	(27,813,557)
26 January 2016	21,663	0	\$21,663	31	0.3333	\$7,220	(27,806,337)
27 February	21,663	0	\$21,663	29	0.2541	\$5,505	(27,800,832)
28 March	21,663	0	\$21,663	31	0.1694	\$3,670	(27,797,162)
29 April	21,663	0	\$21,663	30	0.0874	\$1,893	(27,795,269)
30 May 2016	21,663	0	21,663	31	0.0027	\$58	(27,795,211)
31							
32	\$195,590			366		\$76,734	
33							
34 Retail Property Related Accumulated Deferred Income Taxes Allocator							71.420275%
35 Retail Portion of Property Related Accumulated Deferred Income Taxes							(\$19,851,416)

36
37
38 **Mine**

	ENDING ADIT	SECURITIZED PORTION	NET OF SECURITIZATION				
42 May 2015	\$0	0	\$0				
43 May 2016	0	0	\$0				
44	\$0	\$0	\$0				
45 IRS METHOD -							
	NET PROVISION	LESS: SECURITIZED PORTION	NET OF SECURITIZATION	DAYS IN MONTH	PRO RATA PORTION	PRO RATA AMOUNT	ADIT NET OF SECURITIZATION
48 May 2015							\$0
49 June	\$0			30	0.9208	\$0	0
50 July	0			31	0.8361	0	0
51 August	0			31	0.7514	0	0
52 September	0			30	0.6694	0	0
53 October	0			31	0.5847	0	0
54 November	0			30	0.5027	0	0
55 December	0			31	0.4180	0	0
56 January 2016	0			31	0.3333	0	0
57 February	0			29	0.2541	0	0
58 March	0			31	0.1694	0	0
59 April	0			30	0.0874	0	0
60 May 2016	0			31	0.0027	0	0
61							
62	\$0			366		\$0	
63							
64 Retail Property Related Accumulated Deferred Income Taxes Allocator							72.767296%
65 Retail Portion of Property Related Accumulated Deferred Income Taxes							\$0
66							
67 Total Retail Net Property Related Accumulated Deferred Income Taxes							(\$72,635,058)
68 Total Company Net Property Related Accumulated Deferred Income Taxes							(\$102,349,784)

69
70 **Note 1** The amounts shown represent 85% of the Project.

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **COST OF CAPITAL (COC)**
6
7
8

	AVERAGE ENDING BALANCE	CAPITAL STRUCTURE RATIO	EMBEDDED COST	PERFORMANCE ADJUSTMENT	COST OF COMMON EQUITY	RETURN ON INVESTMENT
12						
13 Debt	\$2,444,878,620	49.590%	4.152%			2.059%
14						
15 Preferred Stock	33,421,000	0.678%	5.293%			0.036%
16						
17 Common Equity	2,451,926,977	49.733%	9.225%	0.000%	9.225%	4.588%
18						
19	<u>\$4,930,226,597</u>	<u>100.000%</u>				<u>6.683%</u>

1 **MISSISSIPPI POWER COMPANY**
2 **CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT**
3 **FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

4
5 **2015**

6 **EMBEDDED COST OF POLLUTION CONTROL OBLIGATIONS**

2015						
INTEREST	DATE	PRINCIPAL	NET	YIELD TO	ANNUAL	EMBEDDED
RATE %	DUE	AMOUNT	PROCEEDS %	MATURITY	COST	COST %
		OUTSTANDING		RATE %		
0.40%	2027	\$9,400,000	97.21%	0.53%	\$49,350	
5.15%	2028	42,625,000	99.25%	5.28%	\$2,250,600	
0.40%	2020	6,550,000	97.49%	0.53%	\$34,388	
0.40%	2025	10,600,000	97.32%	0.53%	\$55,650	
0.40%	2028	13,520,000	98.45%	0.53%	\$70,980	
		<u>\$82,695,000</u>			<u>\$2,460,968</u>	<u>2.976%</u>

18
19 **2015**

20 **EMBEDDED COST OF OTHER LONG TERM DEBT**

2015						
DATE	AMOUNT				ANNUAL	EMBEDDED
DUE	OUTSTANDING	PROCEEDS %	RATE %		COST	COST %
5.40%	2035	\$30,000,000	99.50%	5.49%	\$1,647,000	
5.60%	2017	35,000,000	100.00%	5.69%	1,991,500	
5.55%	2019	125,000,000	99.31%	5.73%	7,162,500	
2.35%	2016	150,000,000	99.83%	2.33%	3,488,250	
4.75%	2041	150,000,000	99.92%	4.85%	7,268,700	
1.63%	2040	50,000,000	99.65%	1.75%	875,000	
7.13%	2021	270,000,000	99.25%	7.28%	19,656,000	
2.35%	2016	150,000,000	103.59%	1.85%	2,776,650	
4.25%	2042	250,000,000	99.45%	4.87%	12,176,500	
4.25%	2042	200,000,000	104.83%	4.02%	8,040,000	
1.85%	2016	75,000,000	100.00%	1.85%	1,387,500	
1.85%	2016	100,000,000	100.00%	1.85%	1,850,000	
1.85%	2016	275,000,000	100.00%	1.85%	5,087,500	
1.85%	2016	200,000,000	100.00%	1.85%	3,700,000	
1.85%	2016	250,000,000	100.00%	1.85%	4,625,000	
		<u>\$2,310,000,000</u>			<u>\$81,732,100</u>	<u>3.538%</u>

	PRINCIPAL	ANNUAL	COMBINED
	AMOUNT	COST	COST
	OUTSTANDING		RATE
Pollution Control Bonds	82,695,000	2,460,968	
Other Long-term Debt	<u>2,310,000,000</u>	<u>81,732,100</u>	
	<u>\$2,392,695,000</u>	<u>\$84,193,068</u>	<u>3.519%</u>
Discount on Long-term Debt (FERC 226)	8,505,316		
Unamortized Hedge Gains/Loss on Interest Rate Hedges	(6,661,115)		
Total Debt	<u>\$2,394,539,201</u>		
Simple Average Long-term Debt	<u>\$2,444,878,620</u>		
Simple Average Combined Cost Rate		<u>4.152%</u>	

2016

EMBEDDED COST OF POLLUTION CONTROL OBLIGATIONS

2016						
INTEREST	DATE	PRINCIPAL	NET	YIELD TO	ANNUAL	EMBEDDED
RATE %	DUE	AMOUNT	PROCEEDS %	MATURITY	COST	COST %
		OUTSTANDING		RATE %		
1.70%	2027	\$9,400,000	97.21%	1.83%	\$171,550	
5.15%	2028	42,625,000	99.25%	5.28%	2,250,600	
1.70%	2020	6,550,000	97.49%	1.83%	119,538	
1.70%	2025	10,600,000	97.32%	1.83%	193,450	
1.70%	2028	13,520,000	98.45%	1.83%	246,740	
		<u>\$82,695,000</u>			<u>\$2,981,878</u>	<u>3.606%</u>

2016

EMBEDDED COST OF OTHER LONG TERM DEBT

2016						
DATE	AMOUNT				ANNUAL	EMBEDDED
DUE	OUTSTANDING	PROCEEDS %	RATE %		COST	COST %
5.40%	2035	\$30,000,000	99.50%	5.49%	\$1,647,000	
5.60%	2017	35,000,000	100.00%	5.69%	1,991,500	
5.55%	2019	125,000,000	99.31%	5.73%	7,162,500	
2.35%	2016	150,000,000	99.83%	2.33%	3,488,250	
4.75%	2041	150,000,000	99.92%	4.85%	7,268,700	
1.63%	2040	50,000,000	99.65%	1.75%	875,000	
7.13%	2021	270,000,000	99.25%	7.28%	19,656,000	
2.35%	2016	150,000,000	103.59%	1.85%	2,776,650	
4.25%	2042	250,000,000	99.45%	4.87%	12,176,500	
4.25%	2042	200,000,000	104.83%	4.02%	8,040,000	
6.30%	2026	500,000,000	99.35%	6.39%	31,942,294	
3.85%	2016	200,000,000	0.00%	3.85%	7,700,000	
		<u>301,126,000</u>		3.85%	<u>11,593,351</u>	
		0		0.00%	0	
		<u>\$2,411,126,000</u>			<u>\$116,317,745</u>	<u>4.824%</u>

	PRINCIPAL	ANNUAL	COMBINED
	AMOUNT	COST	COST
	OUTSTANDING		RATE
Pollution Control Bonds	82,695,000	2,981,878	
Other Long-term Debt	<u>2,411,126,000</u>	<u>116,317,745</u>	
	<u>\$2,493,821,000</u>	<u>\$119,299,623</u>	<u>4.784%</u>
Discount on Long-term Debt (FERC 226)	7,210,288		
Unamortized Hedge Gains/Loss on Interest Rate Hedges	(5,813,249)		
Total Debt	<u>\$2,495,218,039</u>		

MISSISSIPPI POWER COMPANY

**CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

2015

EMBEDDED COST OF PREFERRED STOCK

SERIES	2015 PAR VALUE OUTSTANDING	DIVIDEND	YIELD TO MATURITY RATE (%)	2015 ANNUAL COST (\$)	COST RATE
4.60%	\$864,300	\$39,758	4.70%	\$40,622	
4.40%	886,700	39,015	4.49%	39,813	
4.72%	1,670,000	78,824	4.82%	80,494	
5.25%	30,000,000	1,575,000	5.36%	1,608,000	
	<u>\$33,421,000</u>	<u>\$1,732,597</u>		<u>\$1,768,929</u>	<u>5.293%</u>

2016

EMBEDDED COST OF PREFERRED STOCK

SERIES	2016 PAR VALUE OUTSTANDING	DIVIDEND	YIELD TO MATURITY RATE (%)	2016 ANNUAL COST (\$)	COST RATE
4.60%	\$864,300	\$39,758	4.70%	\$40,622	
4.40%	886,700	39,015	4.49%	39,813	
4.72%	1,670,000	78,824	4.82%	80,494	
5.25%	30,000,000	1,575,000	5.36%	1,608,000	
	<u>\$33,421,000</u>	<u>\$1,732,597</u>		<u>\$1,768,929</u>	<u>5.293%</u>

	Average Par Value			Average Annual Cost	Average Cost Rate
	<u>\$33,421,000</u>			<u>\$1,768,929</u>	<u>5.293%</u>

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

May 31, 2015 - Beginning Balance

Total Common Equity	2,236,658,277
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Activity

Paid in Capital	
Capital Contributions	200,000,000
Other Adjustments to Paid-In Capital	6,412,780
Retained Earnings	
Net Income	225,857,217
Preferred Dividends	(1,732,597)
Common Dividends	-
	<hr/>
	430,537,400

May 31, 2016 -Ending Balance

Total Common Equity	2,667,195,677
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Average Common Equity	<hr/> \$2,451,926,977 <hr/>
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MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INTEREST EXPENSE

Total Retail Kemper Investment (Page 1)	\$419,746,390
Weighted Embedded Cost of Debt (Page 13)	<u>2.059%</u>
Kemper Interest Expense (Total Retail Kemper Investment x Weighted Embedded Cost of Debt)	<u><u>\$8,642,578</u></u>

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

PERMANENT BOOK/TAX DIFFERENCES (Note 1)

	Book/Tax Difference	Less: Securitized Portion	Total Book/Tax Difference	Retail Allocator	Retail Book/Tax Difference
Mine AFUDC Equity non-deductible book depreciation	\$0	\$0	\$0	70.798665%	\$0
Combined Cycle & Related Assets AFUDC Equity non-deductible book depreciation ⁽²⁾	851,575	0	851,575	70.798665%	602,904
Production AFUDC Equity non-deductible book depreciation	0	0	0	72.767292%	0
Transmission AFUDC Equity non-deductible book depreciation ⁽²⁾	44,411	0	44,411	71.420275%	31,719
ITC Basis non-deductible book depreciation ⁽³⁾	0	0	0	70.798665%	0
ITC amortization ⁽³⁾	0	0	0	70.798665%	0
Total	\$895,986	\$0	\$895,986		\$634,622

Note 1 Where applicable, the amounts shown represent 85% of the Project.

Note 2 Includes the amounts for the Combined Cycle and Transmission assets.

Note 3 ITC is related to the Gasifier and the CO2 Pipeline; therefore, the amounts are zero.

(359,607) NDBD Total CC - NDBD Turbine

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

TAX ADJUSTMENT FACTOR

1. The effective combined tax rate was developed using the following components:	
Federal Income Tax Rate	35.00%
Mississippi Income Tax Rate	5.00%
Alabama Income Tax Rate	6.50%
2. State Income Tax is deductible for Federal Income Tax purposes:	
Federal Income Tax Rate	35.00%
Combined State Income Tax Rate	5.00%
Adjustment for Deductibility of State Taxes	1.75%
Federal Income Tax Rate	35.00%
Effective Federal Income Tax Rate	33.25%
3. Federal Income Tax is deductible for Alabama State Income Tax purposes:	
Alabama Statutory Income Tax Rate	6.50%
Federal Income Tax Rate	35.00%
Adjustment to Alabama Statutory Rate	2.28%
Alabama Statutory Income Tax Rate	6.50%
Adjusted Alabama Statutory Rate	4.23%
Alabama Apportionment Factor	1.6253%
Alabama Effective Income Tax Rate	0.0687%
4. Mississippi Income Tax Rate:	
Mississippi Statutory Income Tax Rate	5.00%
Mississippi Apportionment Factor	98.3747%
Mississippi Effective Income Tax Rate	4.9187%
5. Development of the Company's composite tax rate:	
Effective Federal Income Tax Rate	33.2500%
Alabama Effective Income Tax Rate	0.0687%
Mississippi Effective Income Tax Rate	4.9187%
Company's Composite Income Tax Rate	38.2374%
Reciprocal of Composite Income Tax Rate	61.763%
6. MPC pays Municipal Franchise Taxes on a portion of its retail revenues collected. The Municipal Franchise Tax Rate is adjusted to reflect this.	
Municipal Franchise Tax Rate	2.9812%
Percentage of Retail Revenues Paid On	72.12%
Adjusted Municipal Franchise Tax Rate	2.15%
Reciprocal of Municipal Franchise Tax Rate	97.850%

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER NON-FUEL OPERATIONS & MAINTENANCE EXPENSES & CHEMICAL PRODUCT REVENUES (Note 1)

AMOUNT

Non-fuel Operations and Maintenance Expenses:

Production CC O&M	\$10,659,785
Transmission	0
Revenues from Sales	(559,300)
Department of Energy (DOE) Clean Coal Power Initiative Round 2 (CPPI-2) Funds	0
Total Company Kemper Non-fuel Operations & Maintenance Expenses	10,100,485

Administrative & General Expenses

0

Specifically Allowed Expenses ⁽²⁾

2,722,160

Chemical Product Revenues:

Chemical Product Revenues	0
Transportation Revenues	0
Total Company Kemper Chemical Product Revenues	0

Other Expense Adjustments:

Normalization Adjustment associated with Amount Securitized	0
Avoided Combined Cycle AFUDC	0
Revenue Requirement on AFUDC above Securitization Cap	0
Total Other Expense Adjustments	\$0

Note 1 The amounts shown represent 85% of the Project.

Note 2 Specifically Allowed Expenses represent the costs for prudence and internal monitors.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER DEPRECIATION EXPENSE (Notes 1 and 2)

DEPRECIATION	DEPRECIATION EXPENSE
Total Production Depreciation	\$13,913,355
Total Transmission Depreciation	3,280,369
Total General Property Depreciation - Mine ⁽³⁾	0
Total General Property Depreciation - Other	4,820
Total Depreciation Expense	<u>\$17,198,544</u>

Note 1 The amounts shown represent 85% of the Project.

Note 2 Depreciation expense associated with amounts projected to be securitized was removed as of April 1, 2016
prior to calculating the revenue requirement amounts shown above.

Note 3 Depreciation expense related to the mine is recovered through the Fuel Clause.

**CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016**

AS STIPULATED/APPROVED IN IN-SERVICE ASSET FILING

KEMPER AMORTIZATION OF REGULATORY ASSETS(Note 1)

IM / Prudence	84 Months
Debt / Equity	24 Months
All Other	120 Months
Number of Months included in the Filing Period	12 Months

Regulatory Asset Description	Basis of Amortization	Monthly Amortization	Amount to include in Filing	Retail Allocator	Total Retail Allocation
Screening & Evaluation Costs - Retail	\$3,878,204	\$32,318	\$387,820	100.000000%	\$387,820
Corporate Franchise Tax	7,999,022	66,659	799,902	70.798665%	566,320
Transmission	7,467,059	62,225	746,706	71.420275%	533,299
Ad Valorem on AFUDC	2,861,021	23,842	286,102	70.798665%	202,556
Prudence Proceedings	11,656,098	138,763	1,665,157	70.798665%	1,178,909
Independent Monitors	27,046,804	321,986	3,863,829	70.798665%	2,735,539
Deferred Depreciation and O&M (CC, transmission, regulatory and other assets)	31,440,070	262,001	3,144,007	70.798665%	2,225,915
Debt Carrying Costs (CC, transmission, regulatory and other assets)	32,685,272	1,361,886	16,342,636	100.000000%	16,342,636
Equity Carrying Cost (CC, transmission, regulatory and other assets) ⁽²⁾	51,238,897	2,134,954	25,619,448	100.000000%	25,619,448
Total Amortization of Regulatory Assets	\$176,272,447	\$4,404,634	\$52,855,608		\$49,792,444

Note 1 Where applicable, the amounts shown have SMEPA's proposed purchase of 15% of the Kemper Project excluded. They represent 85% of the Project.

Note 2 The Company assumed a 24 month amortization of all regulatory assets including Equity carrying costs (line 20).

CURRENT PROPOSAL

11 Amortization Period

Regulatory Asset Description	Basis of Amortization	Retail Percentage	Retail Basis of Amortization	Approved Amortization Period (Months)	Approved Retail Monthly Amortization	Ending Balance May 2017 (22 mos of amortization)	Ending Balance July 2017 (Add'l 2 mos amortization)	Requested Amortization Period (months)	Accelerated Monthly Amortization Expense	Ending Balance May 2018	Simple Average	Total Company Simple Average
Screening & Evaluation Costs	3,878,204	100.000000%	3,878,204	120	32,318	3,167,200	3,102,563	11	282,051	282,051	1,724,626	1,724,626
Corporate Franchise Tax	7,999,022	70.798665%	5,663,201	120	47,193	4,624,947	4,530,561	11	411,869	411,869	2,518,408	3,557,141
Transmission	7,467,059	71.420275%	5,332,994	120	44,442	4,355,278	4,266,395	11	387,854	387,854	2,371,566	3,320,579
Ad Valorem on AFUDC	2,861,021	70.798665%	2,025,565	120	16,880	1,654,211	1,620,452	11	147,314	147,314	900,762	1,272,287
Prudence proceedings	11,656,098	70.798665%	8,252,362	84	98,242	6,091,029	5,894,544	11	535,868	535,868	3,313,448	4,680,100
Independent Monitors	27,046,804	70.798665%	19,148,776	84	227,962	14,133,620	13,677,697	11	1,243,427	1,243,427	7,688,524	10,859,702
Deferred depreciation and O&M (CC, transmission, regulatory and other assets)	31,440,070	70.798665%	22,259,150	120	185,493	18,178,306	17,807,320	11	1,618,847	1,618,847	9,898,576	13,981,304
Debt carrying costs (CC, transmission, regulatory and other assets)	32,685,272	100.000000%	32,685,272	24	1,361,886	2,723,773	-	-	-	-	1,361,886	1,361,886
Equity carrying cost (CC, transmission, regulatory and other assets)	51,238,897	100.000000%	51,238,897	24	2,134,954	4,269,908	-	-	-	-	2,134,954	2,134,954
Total	\$176,272,447		\$150,484,420		\$4,149,370	\$59,198,273	\$50,899,532		\$4,627,230	\$4,627,230	\$31,912,751	\$42,892,578
ADITS on Regulatory Assets						(22,635,883)				(1,769,333)	(12,202,608)	(16,401,008)

Retail Amortization Expense 54,571,043 (2 months of column G and 10 months of column K)
Total Company Amortization Expense 72,955,841 (Grossed up by retail percentage for each line item)

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER INVESTMENT TAX CREDIT AMORTIZATION

	(Note 1) Total Company ITC Amount	Amortization Rate	Total Company Amortization Expense
Phase II	\$0	2.50%	\$0
Phase III	0	2.50%	0
Total	\$0		\$0
<u>Adjustment to Remove Securitized Portion:</u>			
Phase II	\$0	2.50%	\$0
Phase III	0	2.50%	0
Total	\$0		\$0
Net Amortization of ITCs			\$0

Note 1 Where applicable, the amounts represent 85% of the Project.

MISSISSIPPI POWER COMPANY
CALCULATION OF TOTAL RETAIL KEMPER REVENUE REQUIREMENT
FOR THE PROJECTED TWELVE MONTHS ENDING MAY 31, 2016

KEMPER TAXES OTHER THAN INCOME TAXES

	<u>Taxes Other</u>
Franchise Tax	\$25,000
Ad Valorem Taxes ⁽¹⁾	7,920,989
Payroll Taxes	139,177
Total	<u>\$8,085,166</u>

Note 1 Ad Valorem Taxes on the Combined Cycle and Transmission assets are
recovered through MPC's ATA Clause.

Kemper In-Service Asset Regulatory Asset Accounts Amortization Schedule - PROPOSED

			Screening & Evaluation Costs	Corporate Franchise Tax	Transmission	Ad Valorem on AFUDC	Prudence proceedings	Independent Monitors	Deferred depreciation and O&M (CC, transmission, regulatory and other assets)	Debt carrying costs (CC, transmission, regulatory and other assets)	Equity carrying cost (CC, transmission, regulatory and other assets)	Total Balance
1												
2	Basis for Amortization		\$3,878,204	\$7,999,022	\$7,467,059	\$2,861,021	\$11,656,098	\$27,046,804	\$31,440,070	\$32,685,272	\$51,238,897	\$176,272,447
3	Retail Allocator		100.000000%	70.798665%	71.420275%	70.798665%	70.798665%	70.798665%	70.798665%	100.000000%	100.000000%	
4	Retail Basis for Amortization		\$3,878,204	\$5,663,201	\$5,332,994	\$2,025,565	\$8,252,362	\$19,148,776	\$22,259,150	\$32,685,272	\$51,238,897	\$150,484,420
5	Amortization Period (months)		120	120	120	120	84	84	120	24	24	
6	Monthly Amortization Expense		\$32,318	\$47,193	\$44,442	\$16,880	\$98,242	\$227,962	\$185,493	\$1,361,886	\$2,134,954	\$4,149,370
7												
8	Beginning Balance		\$3,878,204	\$5,663,201	\$5,332,994	\$2,025,565	\$8,252,362	\$19,148,776	\$22,259,150	\$32,685,272	\$51,238,897	\$150,484,420
9	ACTUALS	Aug-15	1	3,845,886	5,616,007	5,288,552	2,008,685	8,154,119	18,920,815	22,073,657	31,323,386	146,335,050
10		Sep-15	2	3,813,567	5,568,814	5,244,111	1,991,805	8,055,877	18,692,853	21,888,164	29,961,500	142,185,679
11		Oct-15	3	3,781,249	5,521,621	5,199,669	1,974,926	7,957,635	18,464,891	21,702,671	28,599,613	138,036,309
12		Nov-15	4	3,748,931	5,474,427	5,155,228	1,958,046	7,859,392	18,236,930	21,517,178	27,237,727	133,886,939
13		Dec-15	5	3,716,612	5,427,234	5,110,786	1,941,166	7,761,150	18,008,968	21,331,685	25,875,841	129,737,568
14		Jan-16	6	3,684,294	5,380,041	5,066,344	1,924,286	7,662,907	17,781,006	21,146,192	24,513,954	125,588,198
15		Feb-16	7	3,651,975	5,332,847	5,021,903	1,907,407	7,564,665	17,553,045	20,960,699	23,152,068	121,438,828
16		Mar-16	8	3,619,657	5,285,654	4,977,461	1,890,527	7,466,423	17,325,083	20,775,207	21,790,182	117,289,457
17		Apr-16	9	3,587,339	5,238,461	4,933,020	1,873,647	7,368,180	17,097,122	20,589,714	20,428,295	113,140,087
18		May-16	10	3,555,020	5,191,267	4,888,578	1,856,768	7,269,938	16,869,160	20,404,221	19,066,409	108,990,717
19		Jun-16	11	3,522,702	5,144,074	4,844,136	1,839,888	7,171,695	16,641,198	20,218,728	17,704,522	104,841,346
20		Jul-16	12	3,490,384	5,096,881	4,799,695	1,823,008	7,073,453	16,413,237	20,033,235	16,342,636	100,691,976
21		Aug-16	13	3,458,065	5,049,687	4,755,253	1,806,129	6,975,211	16,185,275	19,847,742	14,980,750	96,542,606
22		Sep-16	14	3,425,747	5,002,494	4,710,811	1,789,249	6,876,968	15,957,313	19,662,249	13,618,863	92,393,235
23		Oct-16	15	3,393,429	4,955,301	4,666,370	1,772,369	6,778,726	15,729,352	19,476,756	12,256,977	88,243,865
24		Nov-16	16	3,361,110	4,908,107	4,621,928	1,755,489	6,680,483	15,501,390	19,291,263	10,895,091	84,094,495
25		Dec-16	17	3,328,792	4,860,914	4,577,487	1,738,610	6,582,241	15,273,429	19,105,770	9,533,204	79,945,124
26		Jan-17	18	3,296,473	4,813,721	4,533,045	1,721,730	6,483,999	15,045,467	18,920,277	8,171,318	75,795,754
27		Feb-17	19	3,264,155	4,766,527	4,488,603	1,704,850	6,385,756	14,817,505	18,734,784	6,809,432	71,646,384
28		Mar-17	20	3,231,837	4,719,334	4,444,162	1,687,971	6,287,514	14,589,544	18,549,292	5,447,545	67,497,013
29		Apr-17	21	3,199,518	4,672,141	4,399,720	1,671,091	6,189,271	14,361,582	18,363,799	4,085,659	63,347,643
30		May-17	22	3,167,200	4,624,947	4,355,278	1,654,211	6,091,029	14,133,621	18,178,306	2,723,773	59,198,273
31		Jun-17	23	3,134,882	4,577,754	4,310,837	1,637,331	5,992,787	13,905,659	17,992,813	1,361,886	55,048,902
32	Ending Balance	Jul-17	24	3,102,563	4,530,561	4,266,395	1,620,452	5,894,544	13,677,697	17,807,320	0	50,899,532
33												
34	Proposed Amortization Period (months)		11	11	11	11	11	11	11			
35	Proposed Amortization Expense		282,051	411,869	387,854	147,314	535,868	1,243,427	1,618,847	0	0	4,627,230
36												
37	Beginning Balance	Jul-17		3,102,563	4,530,561	4,266,395	1,620,452	5,894,544	13,677,697	17,807,320	0	50,899,532
38	PROPOSED	Aug-17	1	2,820,512	4,118,691	3,878,541	1,473,138	5,358,676	12,434,270	16,188,473		46,272,302
39		Sep-17	2	2,538,461	3,706,822	3,490,687	1,325,824	4,822,809	11,190,843	14,569,625		41,645,072
40		Oct-17	3	2,256,410	3,294,953	3,102,833	1,178,510	4,286,941	9,947,416	12,950,778		37,017,842
41		Nov-17	4	1,974,358	2,883,084	2,714,979	1,031,197	3,751,074	8,703,989	11,331,931		32,390,611
42		Dec-17	5	1,692,307	2,471,215	2,327,125	883,883	3,215,206	7,460,562	9,713,084		27,763,381
43		Jan-18	6	1,410,256	2,059,346	1,939,271	736,569	2,679,338	6,217,135	8,094,236		23,136,151
44		Feb-18	7	1,128,205	1,647,477	1,551,416	589,255	2,143,471	4,973,708	6,475,389		18,508,921
45		Mar-18	8	846,154	1,235,607	1,163,562	441,941	1,607,603	3,730,281	4,856,542		13,881,691
46		Apr-18	9	564,102	823,738	775,708	294,628	1,071,735	2,486,854	3,237,695		9,254,460
47		May-18	10	282,051	411,869	387,854	147,314	535,868	1,243,427	1,618,847		4,627,230
48	Ending Balance	Jun-18	11	0	0	0	0	0	0	0		-