

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-00097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
CONNECTION WITH THE KEMPER COUNTY IGCC
PROJECT**

STIPULATION

This Stipulation is entered into by and between the Mississippi Power Company (“MPC” or “Company”) and the separately joining parties (collectively with MPC the “Parties”) pursuant to Section 77-3-39 of the *Mississippi Code of 1972, as amended*, RP 13 of the Mississippi Public Service Commission’s (“Commission”) Public Utilities Rules of Practice and Procedure (“Rules”), and the Commission’s July 6, 2017 Order Opening Docket in the above referenced matter. Intervenors wishing to join this Stipulation and fully agree with all of the terms and conditions herein are invited to file a Joinder Agreement, the form of which is attached hereto as Exhibit “1” hereto, with the Executive Secretary of the Commission in Docket No 2017-AD-112.

It is hereby stipulated and agreed as follows between the Parties:

EXECUTIVE SUMMARY

1. In negotiating and entering into this Stipulation, the Parties were guided by the following three primary goals:

(a) Comply fully with the directives of the Commission as outlined in its Order Opening Docket on July 6, 2017;

(b) Reach a compromise of all known issues related to the Kemper Project that appropriately balances the risks between MPC and its customers consistent with the law and the prevailing facts and circumstances so that an overall fair and reasonable result is assured; and

(c) Provide MPC the ability, in time, to restore the Company's financial strength and credit quality which the Parties agree is vital to maintaining safe, reliable and cost effective service for MPC's customers now and in the future.

2. In establishing this docket, the Commission specifically outlined the following areas that were expected to be resolved by any stipulation reached between the parties:¹

(a) Any costs resulting from the settlement and assigned to MPC customers shall result in, at a minimum, no rate increase to MPC's customers. The Commission encourages serious discussions that would lead to a rate reduction, with a particular focus on residential customers.

(b) The settlement should seek to remove the risk of ratepayers bearing any of the costs associated with the gasifier and related assets.

(c) The settlement should include modification or amendment of the certificate issued in Docket No. 2009-UA-14 to allow only for ownership and operation of a natural gas facility at the location of the Kemper County In-Service Assets.

3. The Parties to this Stipulation are pleased to report they have been successful in reaching a full and final settlement of all known issues related to the Kemper Project consistent with the Commission's clearly stated settlement objectives.

4. First, the Parties agree and stipulate that the current rates in effect for the Kemper Project are just and reasonable and result in recovery of only prudent costs associated with the ownership and long-term operation of the Kemper Project combined cycle and related facilities on natural gas. This stipulation ensures that MPC's customers will endure no additional rate increases related to MPC's seven year construction and start-up of the Kemper Project. Second, in this Stipulation, MPC has agreed to remove any risk of customers bearing any costs associated

¹ See Order, MPSC Docket No. 2017-AD-112, p. 34 (July 6, 2017).

with the past and future design, construction, start-up and operation of the Kemper gasification facilities. MPC has already reported in a filing with the Securities and Exchange Commission that it has written off all costs and credits related to its investment in the gasification portions of the Kemper Project; none of these costs will be recovered from customers. Furthermore, to the extent the Southern Company or any other third-party owner operates the Kemper gasifier, customers will be shielded from any and all costs and risks associated with its operation. Third, this Stipulation outlines the suggested amendments to the existing Kemper Project certificate to ensure that the agreements and goals expressed above are implemented. This amendment, though not required by law, provides additional protection for MPC's customers.

5. As detailed below, the Kemper Project has a long and challenged history. Significant changes in circumstances have occurred since the Kemper Project was first approved by the Commission in 2010. Many projections relied upon by MPC in proposing and the Commission in approving the Project have not materialized as anticipated. Those changes require that the original path chosen be re-evaluated to determine the path forward that best serves the public interest. While unfortunate and unexpected, such a situation is not unique to Mississippi or the Kemper Project—the utility industry must necessarily plan for the long-term and relying on projections and the uncertainties that accompany them is unavoidable in long-term planning. Given this reality, the Parties have worked to assess the facts and circumstances as they exist today, consult the legal and policy guidance applicable to the issues presented, and diligently and respectfully negotiate an overall compromise that complies with Mississippi and federal law and is fair to all stakeholders.

6. Finally, the financial strength and credit quality of public utilities in Mississippi is important to the Commission, the state and the customers they serve. The material negative

impact to MPC's credit rating caused by the Kemper Project is well documented through prior testimony and reports filed before the Commission in various dockets. Currently, one credit rating agency has given MPC a credit rating that is below investment grade; the other two agencies have placed MPC on negative outlook. The Parties agree that an important goal is to demonstrate sufficient regulatory support, based upon the facts at hand, to place MPC in the best position to improve and ultimately restore its credit quality and financial strength to a level commensurate with pre-Kemper levels. Doing so is important to ensure MPC has reasonable access to the capital that will be needed to provide services in the future and that the capital obtained is cost-effective for customers.

7. The Parties submit this Stipulation meets the above goals, and after the appropriate consideration, requests that the Commission approve and implement the terms herein so that costly and timely litigation can be avoided and certainty can be restored for all stakeholders involved.

BRIEF HISTORY OF THE PROJECT

8. On January 16, 2009, MPC filed a petition in Docket No. 2009-UA-14 seeking a certificate of public convenience and necessity authorizing the construction and operation of the Kemper Project. The Commission initiated a two-phase evaluation of the petition. Phase One was designed to evaluate MPC's integrated resource plan and to determine whether there was a need for additional capacity and energy. Phase Two was designed to address what resources were available to meet the need and to identify the likely costs of those resources.

9. Following a week of hearings, the Commission issued its unanimous Order Finding Need for Generating Capacity and Energy on November 9, 2009, wherein it found, *inter alia*, that (i) MPC's load forecast and load forecasting methodology were reasonable; (ii) MPC

demonstrated a need under all sixteen scenarios for additional capacity and energy ranging from approximately 304 MW to 1,276 MW in the 2014-2015 time frame; (iii) the Company's retirement assumptions for Plant Watson Units 1-3 in 2013 and Plant Eaton Units 1-3 in 2012 were reasonable; (iv) some level of CO₂ emission regulation was expected to be enacted; and (v) demand-side management programs and renewables, although included in MPC's planning scenarios, were inadequate to meet the identified need.² Based on these findings, the Commission found it was in the public interest to proceed to Phase Two and assess the available resources to meet MPC's identified need.

10. In Phase Two, the Commission allowed additional parties an opportunity to intervene for the purpose of submitting competing resource proposals to compare and evaluate against the Company's resource proposal. A total of 17 bids were submitted and evaluated in addition to MPC's self-build alternatives. Two economic evaluations were conducted independently. The Commission's independent evaluator, Boston Pacific, evaluated each bid and submitted its report to the Commission. MPC also conducted an evaluation of the alternatives and submitted its testimony and evaluation results to the Commission. Another week of hearings was held by the Commission to present and discuss the Phase Two evidence.

11. Following a series of motions and orders, the Commission issued its Final Certificate Order on June 3, 2010, granting a certificate of public convenience and necessity to MPC authorizing the Company to construct, operate and own the Kemper Project. The Commission found that the Kemper Project was the best overall alternative to meet the Company's identified need and to provide reliable energy and capacity at low, stable fuel prices for the next several decades. The Commission's order involved the evaluation of the relative economics of each alternative, an analysis of the risk posed by each option to both MPC and its

² Final Order on Remand, MPSC Docket No. 2009-UA-14, pp. 14-15 (Apr. 24, 2012).

customers, and the strategic benefits offered by each alternative. The Commission found that the Kemper Project, given its low, stable fuel prices, its overall economics, and its significant contribution to preserving a reasonable level of fuel diversity for MPC's generation portfolio satisfied the Commission's preference for a long-term baseload resource that would provide reliable service to MPC's customers.

12. The Commission recognized, however, that there was increased cost and risk inherent in pursuing new baseload facilities like the Kemper Project, especially one utilizing first-of-a-kind technology, and imposed conditions to the certificate, which were designed to balance the risks between MPC and its customers. These conditions included: (1) a \$2.88 billion construction cost cap on certain portions of the Project to protect customers against large construction cost overruns; (2) operational cost and performance parameters to protect customers from the risk that the Kemper Project underperforms; (3) a full reservation of the Commission's rights and authority under the Baseload Act and the Public Utility Act, specifically as it relates to the "used and useful" doctrine; (4) full cooperation and transparency with the Commission and Staff's independent monitors to be engaged to monitor the status of the Project; and (5) annual economic viability reports to periodically re-evaluate the economics of the Project.

13. At certification, the capped portion of the Kemper Project was estimated to cost \$2.4 billion (overnight) and the Company's projected in-service date was May 11, 2014. The first cost increase for the Project was reported during May 2012, and the Company first reported that it would exceed the \$2.88 billion cap in April 2013. Between 2013 and 2017, MPC reported several additional increases to its total estimate to complete the Project. Most recently, MPC's report to the Commission for costs through June 2017 reported total projected expenditures of

approximately \$7.516 billion (including financing costs), with approximately \$3.066 billion expected to be incurred over the construction cost cap.

14. The Kemper Combined Cycle (“Kemper CC”) portion of the Project was originally synchronized to the grid on September 7, 2013, after which eleven months of start-up, testing and commissioning activities were conducted using natural gas as a fuel. As a result of extensive performance testing, MPC declared, effective 12:01 a.m. (CDT) on August 9, 2014, the Kemper Project CC and related assets to be in service for both accounting and tax purposes. Since 2014, the Kemper CC has served as a reliable and economic source of energy for MPC’s customers, with an overall EFOR rate of approximately 1.54% cumulatively and generating over 10,500,00 MWh of energy for customers while simultaneously supporting the continued construction, startup and testing activities for the gasification portions of the Project.

15. The initial production of syngas using lignite began on July 14, 2016, for gasifier “B” and on September 13, 2016, for gasifier “A.” MPC achieved integrated operation of both gasifiers on January 29, 2017, including the production of electricity from syngas in both combustion turbines. During testing, the plant produced and captured CO₂ and produced sulfuric acid and ammonia, each of acceptable quality for delivery to contract offtakers. In total, the plant achieved over 200 days of syngas operations with at least one gasifier. However, MPC experienced numerous challenges during the extended start-up process to achieve integrated operations of the gasifiers on a sustained basis, which delayed MPC’s declaration of in-service for the remainder of the Kemper Project.

16. From certification in 2010 through 2017, MPC presented a total of seven economic viability studies related to the Kemper Project. In the first six studies filed with the Commission, the Kemper Project was confirmed to be the most economic alternative in the

majority of scenarios (of varied natural gas pricing and carbon constraints) examined. As reported in the February 21, 2017 study, however, recent and significant changes in the long-term outlook for natural gas prices coupled with increases in projected operational costs combined to negatively impact the economic viability results of the Kemper Project to the extent that it was only more economic than the evaluated alternatives in three of the nine scenarios.³

17. While MPC demonstrated every major facet of the TRIG™ technology at commercial scale, including the capture and sale of CO₂, sustainable integrated operation was not achieved. The Kemper Project no longer provided the economic benefits for customers in today's energy market where natural gas price forecasts reflect lower sustained prices of almost 25% over the long-term compared to forecasts from only a year ago.

18. On June 21, 2017, the Commission in a special meeting, expressed its desire that the parties attempt to settle all Kemper issues as contemplated in the July 6th Order in this Docket. In its order, the Commission indicated its intent to prevent retail customers from bearing the cost or risk associated with the Kemper gasifier.

19. Thereafter, on June 28, 2017, MPC notified the Commission of the Company's decision to suspend operations and start-up activities on the gasification portion of the Project. First, in light of the uncertainty as to the future of the gasifier, MPC believed it was proper and prudent to engage in an orderly suspension while still retaining the necessary workforce and ability to run the combined cycle units. Second, the Company believed that beginning the suspension process was a prudent step to manage costs in light of the current circumstances surrounding the Project, including, but not limited to, the factors affecting the economics of the Project, the positions articulated by other parties in recent motions filed with the Commission

³ The changes in natural gas fuel forecasts from 2016 to 2017 was estimated to impact the economic viability analysis results in a ratio of approximately 3 to 1 compared to the projected increases in non-fuel operating expenses.

and the Commission's most recent statements of intent and expectations relating to the establishment of a settlement/stipulation docket to address Kemper related matters.

INDEPENDENT MONITORING

20. Following issuance of the certificate for the Kemper Project, the Commission hired URS Corporation⁴ to act as the Independent Monitor ("IM") for the Commission. URS is a nationally recognized engineering and construction firm that has extensive experience in the design, procurement, construction and operation of large utility projects. URS has hired several sub-contractors to assist them in monitoring the Kemper Project: Nicholson and Company (accounting)⁵, Covington Civil and Environmental (environmental and land), AUS Consultants (ratemaking), Bates White Economic Consulting (economics), and McFadden Consulting (resource selection). In addition, the Commission hired the law firms of Michael Best and Baker Donelson to assist in the legal issues presented in the Kemper Project's various proceedings.

21. To assist in its statutory monitoring duties, the Mississippi Public Utilities Staff ("Staff") hired another prominent engineering and construction firm, Burns and Roe Enterprises, Inc. ("BREI"), to fill the IM role. BREI sub-contracted with Larkin and Associates, PLLC ("Larkin") and J. T. Boyd Company ("Boyd") for their expertise in the areas of accounting and mining, respectively. Because of a subsequent merger, BREI terminated its engagement as the Staff's IM and its role was filled by Critical Technology Consulting, LLC ("CTC").⁶ To

⁴ In 2014, URS Corporation was acquired by AECOM.

⁵ While serving as an IM, Nicholson and Company were replaced by Topp Mcwhorter Harvey, PLLC (TMH).

⁶ BREI was initially contracted as the IM for the Kemper Project in March 2011. In July 2014, BREI was acquired by POWER Engineers, Inc. and became POWER Burns and Roe. The executive management of POWER Engineers, Inc. concluded that continuation of BREI's IM engagement with the Staff was not compatible with the company's long-term strategic objectives, consequently, in May 2015, POWER Burns and Roe withdrew from its role as the Kemper Project IM. To maintain historical knowledge acquired of the Kemper Project since March 2011, several key POWER Burns and Roe personnel who had worked on the project since the inception of the BREI engagement were, as employees of CTC,

complement its engineering expertise, CTC recently engaged Cost Plus Consulting, LLC (“CPC”) as another Staff IM for cost-related assessments. Most recently, the Staff engaged Acadian Consulting Group, LLC and Boston Pacific Company, Inc.⁷ to provide economic consulting. The Staff also retained the law firm of Spiegel & McDiarmid LLC for consulting services related to the Kemper Project.

22. The IMs have been involved in all aspects of the Kemper Project, including engineering, land, construction, estimating, and contracting since construction began. URS and CTC maintain full-time personnel on site to monitor construction activities in real time, and Nicholson and Company (and now TMH) maintains a full-time presence at MPC’s general office. Both IMs submitted a Phase One Due Diligence Report concerning the Kemper Project as a whole, and both submit monthly monitoring reports to the Commission and Staff, respectively.⁸ In addition, both IMs have filed prudence reports with the Commission in Docket No. 2013-UA-189. Witnesses from both CTC and Larkin filed testimony in Docket No. 2015-UN-80. All IMs also had access to voluminous documentation provided in Docket 2016-AD-161, the Kemper Discovery Docket.

JURISDICTION AND SUFFICIENCY OF THE FILING

23. The Parties agree that the Commission has jurisdiction over the Parties and subject matter in this proceeding. The Parties agree that the filings, data, documentation and exhibits submitted by MPC in the Kemper Discovery Docket, as supplemented by the filings, testimony and exhibits to be filed by the Parties in support of this Stipulation, constitute more than sufficient evidence for the Commission to render a finding on all of the issues resolved

contracted to serve as Staff’s new IM in May 2015.

⁷ Boston Pacific Company, Inc. was recently acquired by Bates White consulting group.

⁸ BREI also filed the Independent Monitor’s Project Schedule and Cost Evaluation in November 2012.

herein. The Parties further agree that there is substantial evidence to support each and every stipulation made herein.

SETTLEMENT TERMS

24. Since 2009, the Kemper Project has been the subject of twelve Commission dockets, including voluminous pleadings, data exchanges, analyses, and negotiations regarding the many issues presented by the Kemper Project. Thousands of formal and informal data requests have been shared among all stakeholders throughout the regulatory proceedings for the Kemper Project. Most recently, the Company responded to a total of 555 data requests which included over 348,000 pages of additional documentation in response to data requests propounded in the Kemper Discovery Docket alone. Citations to the legal precedent, Commission guidance, data request, testimony or other evidence relevant and pertinent to the terms of this Stipulation are provided where relevant and deemed useful to the Commission.

25. This Stipulation is intended to be a “global settlement” in that the Parties intend for all known issues related to the Kemper Project to be addressed and resolved. The Parties both conducted a careful and thorough review of the testimony, briefs and other pleadings from the various parties to define the issues to be resolved, the various positions of the parties and the range of possible and reasonable outcomes. Based upon this work, this Stipulation is divided into the following sections: Kemper Project Gasifier; Prudence; Kemper Certificate Amendment; Reserve Margin Study; Stipulated Revenue Requirement; and MPC Base Rates. A summary of the stipulated terms is provided below:

(a) In order to insulate customers from any and all past, current and future operational and cost risk associated with lignite operations, MPC hereby stipulates and agrees to permanently remove from retail rate base and rates the Kemper Gasifier (as defined below).

(b) The Parties agree that MPC's various submissions to date, in several different dockets, are sufficient to establish a *prima facie* case of prudence under Mississippi law. Furthermore, no credible evidence has been presented in any Kemper-related proceeding to support a disallowance of costs for the Kemper CC and related facilities based upon imprudent acts by MPC. Therefore, the Parties stipulate to the prudence of all of the costs included in the stipulated revenue requirement.

(c) The Parties agree that the In-Service Assets have been serving MPC's customers reliably since 2014. Therefore, the Parties stipulate to the used and usefulness of all of the costs included in the stipulated revenue requirement.

(d) The Parties agree that the Kemper certificate does not require amendment to authorize MPC to operate the Kemper CC on natural gas because the existing certificate does not limit the facility to use of just one fuel source. The Parties do, however, suggest certain amendments to the Kemper certificate be adopted (detailed below) to avoid confusion in the future and effectuate the Company's agreement herein to remove the risk of the Kemper Gasifier from customers.

(e) Current load projections coupled with the make-up and status of MPC's overall generation fleet result in reserve margins above the long-term targets for MPC. The Parties agree that periodic evaluation of a utility's reserve margin is prudent, and given the current circumstances, warranted for MPC. Therefore, MPC has agreed to submit a Reserve Margin Plan to the Commission and Staff within six (6) months of Commission approval of this Stipulation, to allow a fully informed and transparent review of MPC's reserve margin.

(f) During negotiations of this Stipulation, MPC presented data and calculations purporting to justify an annual retail revenue requirement of approximately \$209

million to support full cost recovery for the Kemper CC and related facilities as well as the other Kemper Project costs (e.g. regulatory assets, IM costs, etc.) to which MPC expressed a belief it should be allowed to recover from customers even if the Kemper Gasifier is abandoned. However, the stipulated revenue requirement is estimated to result in an overall retail annual revenue requirement of approximately \$126 million, resulting in no change to current rates in place for the Kemper Project (a key tenet of the Commission's July 6th Order) and representing a \$83 million annual reduction to what one reasonable version of the Company rate case request could have been absent this Stipulation.

A. Kemper Project Gasifier

26. The challenges faced by MPC in developing the Kemper Project have been many and well-documented. MPC's own witnesses have submitted testimony that the cost increases experienced were primarily driven by "(i) increased quantities of commodities, (ii) continued workarounds, (iii) productivity impacts, (iv) schedule extensions . . ., (v) scope additions, and (vi) rework."⁹ The over three years of schedule delays were, according to MPC, primarily driven by "(i) abnormally wet weather, (ii) lower than planned construction labor productivity driven by unexpected excessive craft labor turnover, unanticipated installation inefficiencies, and delayed equipment deliveries, (iii) complexities and challenges for startup, commissioning activities, and operational readiness, and (iv) unplanned repairs and modifications to various pieces of equipment."¹⁰ Clearly, some of these drivers are beyond the control of MPC, and the Parties agree that uncertainties inherent in constructing large industrial projects (often referred to as "mega projects") are likely to result in deviations from the original design, estimate and schedule. The degree or magnitude that should be expected under prudent

⁹ Direct Testimony of Steven K. Owen, MPSC Docket No. 2016-AD-161, p. 12 (Oct. 3, 2016).

¹⁰ Direct Testimony of Steven K. Owen, MPSC Docket No. 2016-AD-161, p. 11 (Oct. 3, 2016).

management, however, is one of the many areas of fundamental disagreement between several of the interveners in the Kemper proceedings.

27. While challenges are not unusual for mega-projects like the Kemper Project, especially those implementing first-of-a-kind technology, it is necessary for the stakeholders to continuously evaluate the prudence of continuing as compared to other available alternatives at the time of the evaluation. Based upon the testimony¹¹ and data requests¹² submitted by the Company in the Discovery Docket concerning the future cost and performance expectations for lignite operations and the most recent economic viability analysis submitted earlier this year by the Company, the Parties agree that it is in the public interest and in the best long-term interest of customers to pursue an alternative means to provide electric service to customers.

28. In order to insulate customers from any and all past, current and future operational and cost risk associated with lignite operations, MPC hereby stipulates and agrees to permanently remove from retail rate base and rates all equipment exclusively related to lignite operations that is not otherwise necessary for the safe and reliable operation of the Kemper CC (“Kemper Gasifier”). In general terms, the Kemper Gasifier includes the following assets:

- (a) Gasifier Trains A and B;
- (b) Liberty Fuels Mine;
- (c) Lignite Delivery Facility;
- (d) Gas Clean-up Facilities;
- (e) Lignite Dryers and Feed Systems;
- (f) Ash Removal System;

¹¹ See, e.g., Exhibits____(BCH-1) through (BCH-4) to Mr. Bruce Harrington’s Direct Testimony in Docket No. 2016-AD-161.

¹² See, e.g., MPC’s responses to data requests CVX 1-22, CVX 1-77, and CVX 1-81 in Docket No. 2016-AD-161.

- (g) Ash Storage Unit; and
- (h) CO₂ Pipeline.

29. Given the Commission's stated intent regarding no further rate increase for the Kemper Project, cost recovery of the gasification portions was deemed by the Company as no longer probable; therefore, MPC recorded an additional charge to income in June 2017 of \$2.8 billion (\$2.0 billion after tax), which includes estimated costs associated with the gasification portions of the plant and lignite mine.¹³ In the aggregate, since the Kemper Project started, MPC has incurred charges of \$6.0 billion (\$3.9 billion after tax) through June 30, 2017.¹⁴

30. MPC and the Southern Company are still evaluating options concerning the Kemper Gasifier. Therefore, despite the agreement to forego cost recovery, MPC retains the sole and absolute discretion and right, without interference from the Commission or Staff, as to how to: (1) dispose of and/or utilize the Kemper Gasifier assets; and (2) account for the Kemper Gasifier assets. To the extent MPC or the Southern Company (or their successors or assigns) make a decision to continue to develop and operate the Kemper Gasifier or any portion thereof, MPC will agree to compensate retail customers for any reasonable burden placed on the combined cycle facility at an appropriate level to be negotiated between MPC and the Staff. MPC agrees and stipulates that its right to continue Kemper Gasifier operations in a manner requiring the Kemper CC facilities is specifically conditioned upon the execution of a separate stipulation or other agreement with the Staff.

31. Should MPC decide to permanently abandon the Kemper Gasifier, the agreement herein will shield customers from the costs associated with dismantlement, de-mobilization, environmental remediation, mine reclamation, and all others costs necessary to effectuate and

¹³ Southern Company 10-Q filed with the Securities and Exchange Commission, p. 17 (Aug. 2 2017).

¹⁴ *Id.*

safe and permanent shutdown of the Kemper Gasifier equipment and facilities consistent with applicable laws and regulations.

B. Prudence

32. Because the cost recovery contemplated in this Stipulation is limited to the recovery of the In-Service Assets, the necessary evidence concerning the prudence and used and usefulness of the In-Service Asset costs has already been developed and is before the Commission. The construction and start-up costs at issue were known at the time In-Service Assets testimony was filed and considered in 2015, and, therefore, no party is prejudiced by the Commission's continued reliance thereon. In addition, testimony concerning the successful and continued operation of the In-Service Assets on natural gas post in-service has been submitted in the Kemper Discovery Docket along with numerous data request responses.¹⁵ To date, no intervener has challenged the fact that the Kemper CC has and continues to operate reliably. All of this information has been available to the interveners for several months.

33. In prior Kemper proceedings, three issues have been raised concerning the prudence or used and usefulness of the costs incurred on the In-Service Assets. First is whether MPC has established a *prima facie* case. Second is whether a serious doubt has been raised as to MPC's prudence concerning the In-Service Assets. Third, is whether a need exists for the Kemper CC facility. As explained below, to the extent MPC has established a *prima facie* case, if there has been no showing of serious doubt concerning the costs incurred, the costs are deemed prudent under the law. The needs issue is addressed in the next section of this Stipulation.

a. Prima Facie Case

¹⁵ See, e.g., MPC's responses to data requests GCS 1-40, GCS 2-10 and CVX 1-78 in Docket No. 2016-AD-161.

34. Briefing has been submitted in prior dockets discussing the law and facts concerning the presumption of prudence under the law and the requirements necessary to establish a *prima facie* case. The Commission has confirmed that although the utility at all times retains the ultimate burden of proof in prudence cases, Mississippi law creates a presumption of prudence that operates to shift the initial burden of production (not the burden of persuasion) to the Commission, Staff and intervenors. Once the presumption is overcome through a showing of “serious doubt” with regard to any specific transaction, decision, etc., the burden of production shifts back to the utility to affirmatively make a showing of prudence.

35. To enjoy the burden-shifting presumption, the utility must present a *prima facie* case. Neither the Public Utility Act nor the Commission’s Rules provide specific guidance concerning the requirements for establishing a *prima facie* case in a prudence proceeding. The Commission’s October 15, 2013, Order in the 2013 Prudence Docket states that “an initial filing for prudency would contain an overview of such processes and responses related to the prominent aspects of the construction project” but “not proof of prudency for ‘every bolt, washer, pipe hanger, cable tray, I-beam, or concrete pour.’”¹⁶ Specifically, the Commission stated that a *prima facie* showing should include the following:

(a) An overview of the procedures and controls put in place by management to manage the development, design, engineering, procurement, construction, startup and operation of the project.

(b) An overview of the accounting procedures and controls put in place by management to properly account for the cost of the project.

(c) A review of cost variances between the Commission-sanctioned estimated amounts and the incurred or forecasted amounts, and an explanation for any variance where the

¹⁶ Order, MPSC Docket No. 2013-UA-189, pp. 5-6 (Oct. 15, 2013).

incurred or forecasted amount exceeded the original estimated amount, along with the response by management to address any overruns.¹⁷

36. Based upon the Staff's review of the materials submitted in Docket No. 2015-UN-80 alone, including the data request responses provided therewith, the Staff in that docket stipulated that MPC had established a *prima facie* case with respect to In-Service Asset costs. This opinion was adopted by the Commission in its In-Service Asset Final Order: "The hundreds of pages of testimony and exhibits filed in Docket No. 2013-UA-189 and adopted by MPC's witnesses at the November 10, 2015, hearing satisfy the Commission's *prima facie* prudence requirements for the In-Service Asset costs allowed for recovery in this Order."¹⁸

37. The Parties agree that MPC's testimony and data requests concerning the In-Service Assets in Docket No. 2015-UN-80 when coupled with the updates provided in MPC's October 3, 2016, Compliance Filing Providing Initial Disclosures in Docket No. 2016-AD-161, and the data requests submitted in the Kemper Discovery Docket, are more than sufficient to establish a *prima facie* case espoused in the Commission's October 15th Order for the entirety of the In-Service Assets.

b. Prudence and Used and Usefulness Testimony

38. The Staff, through its IMs, as well as certain interveners filed testimony in Docket No. 2015-UN-80 concerning the prudence of MPC's costs associated with the In-Service Assets. To date, this constitutes the only testimony addressing the prudence of the In-Service Assets. The testimony of each is summarized below:

(a) BREI: In Docket No. 2015-UA-189, BREI conducted a prudence review of the major decisions of the MPC project team in the areas of engineering, procurement and

¹⁷ *Id.* at 8-9.

¹⁸ Final Order, MPSC Docket No. 2015-UN-80, p. 21 (Dec. 3, 2015).

construction of both the Kemper Plant as well as the CO₂ pipeline through March of 2013 only. Generally speaking, BREI reported “there were shortcomings and inadequacies in the implementation of the Project that led to inefficiencies which have increased the costs of the Project and have resulted in additional schedule delays.”¹⁹ BREI estimated the cost associated with all of the identified issues in its report to be between \$85 and \$123 million through March 31, 2013.²⁰ This range, however, is not specifically related to the In-Service Asset costs; rather BREI’s report considered all of the costs on the entire Kemper Project incurred prior to March 2013. For this reason, the Staff requested that its IMs submit testimony in Docket No. 2015-UN-80 specifically concerning the prudence of the In-Service Asset costs.

(b) CTC: The CTC testimony in Docket No. 2015-UN-80 adopts the previously-filed BREI report in full. With respect to prudence, CTC states: “[w]hile CTC is of the opinion that the project team responded generally in an adequate manner, there were shortcomings and inadequacies in the implementation of the project that led to inefficiencies which have increased costs and have resulted in additional schedule delays.”²¹ CTC allocated 25% of BREI’s estimated “inefficiencies,” or \$21.25 to \$30.75 million, to the Kemper CC.²² In addition, CTC estimated that an additional \$15 million of “inefficiencies” was attributable to piping and hanger deliveries, installation, testing and retesting specifically related to the Kemper CC.²³ Thus, the total amount of “inefficiencies” attributable to the Kemper CC was estimated to be between \$36.25 and \$45.75 million. However, CTC noted that these inefficiencies were lower than the \$88.71 million of costs that were voluntarily removed from the In-Service Assets rates. Therefore, no additional cost disallowance was proposed due to the alleged

¹⁹ *Id.* at 22

²⁰ *Id.* at 23.

²¹ Direct Testimony of Mr. Don Grace, MPSC Docket No. 2015-UN-80, p. 15 (Oct. 9, 2015).

²² *Id.* at 16.

²³ *Id.* at 16-17.

“inefficiencies” at that time and both parties reserved their rights to revisit the issue in the next Kemper-related proceeding. The Parties stipulate and agree that MPC’s recovery of CC costs should not be reduced for any of CTC’s “inefficiencies,” because “inefficiency” does not equate to “imprudence.” As noted herein, the Parties have now stipulated to the prudence of all of MPC’s In-Service Asset costs. With respect to CTC’s 2015 testimony, the Parties acknowledge that some amount of inefficiency is reasonable on all major construction projects; MPC has now written off billions of dollars related to the Kemper Project since 2015, and has at this point taken adequate steps to protect its customers from any inefficiency experienced on the Project. Further, the Parties agree that the challenges, risks, and ultimately inefficiencies experienced on the Project resulted almost entirely from the Kemper Project’s gasifier-related assets. This is evidenced by the Kemper CC’s Substantial Completion date being within one month of the baseline schedule. In Docket No. 2015-UN-80, CTC also concluded, after extensive analysis, that the In-Service Assets operating exclusively on natural gas are in fact both currently “used” and “useful” as contemplated under Mississippi law.²⁴ Finally, CTC’s review and analysis of the proposed O&M expense included in the rate filing concluded: “[T]he total O&M costs for the Kemper Project for the period August 2014 to May 2015 are reasonable when compared to public industry data for similar plants. When comparing the O&M costs for the Kemper Project to other Southern Company combined cycle plants, the O&M costs are considered to be on the high side of a reasonable range for costs.”²⁵

²⁴ *Id.* at 21-34; see also, *Id.* at p. 44, ln. 16-23 (“Based on my review of all the categories discussed above, I find the CC is currently useful. However, this evaluation is based on the assumption that the gasifier will eventually be in commercial operation. If that event does not take place, it is my opinion that another evaluation of the CC should take place, due to certain CC assets being more complex and expensive in order to support operating on syngas. I recommend that the Commission condition any order approving inclusion of the CC assets in rate base accordingly.”).

²⁵ *Id.* at 42.

(c) Larkin: Larkin's testimony did not question the prudence of any expenditures related to the In-Service Assets, but did suggest that specific costs be excluded from rate recovery in Docket No. 2015-UN-80 and deferred to the subsequent Kemper Project rate case following commercial operation. Larkin also suggested that ad valorem taxes, which were originally excluded from the revenue requirement calculations of MPC, be included to further the Staff's goal of segregating all Kemper-related costs into one rate proceeding.

(d) Michael P. Gorman: Mr. Gorman's testimony in Docket No. 2015-UN-80 was financial in nature and did not allege any imprudence with respect to the underlying costs of the In-Service Assets. Rather, Mr. Gorman's testimony focused on certain regulatory and ratemaking policy issues that were addressed by the Commission's Final Order in Docket No. 2015-UN-80.

(e) Charles S. Griffey: Mr. Griffey's testimony in Docket No. 2015-UN-80 did not identify specific instances of imprudence related to the In-Service Assets. Instead, Mr. Griffey raised a concern regarding the capacity need for the Kemper CC facility, which is addressed by this Stipulation below, and testified that it was appropriate to premise cost recovery for the In-Service Assets on how the facility compared in terms of capital costs, operational costs and performance to a "typical" facility of similar design and vintage. All of Mr. Griffey's testimony was premised upon a belief that a new certificate would be required for the Kemper CC facility. In its In-Service Asset Order, the Commission specifically and "explicitly reject[ed] the framing, reasoning and conclusion offered by Mr. Griffey."²⁶

39. As this summary illustrates, no testimony was presented that raised a "serious doubt" of prudence concerning the In-Service Assets as required by law. The Commission agreed and specifically found in its Final Order in Docket No. 2015-UN-80:

²⁶ Final Order, MPSC Docket No. 2015-UN-80, p. 26 (Dec. 3, 2015).

No evidence has been provided raising a “serious doubt” as to the Kemper Project’s prudence in this proceeding related to the In-Service Assets, and the Commission finds that all of the costs included in the approved revenue requirement are prudent. This point bears emphasizing: The Commission was not presented with any credible evidence in this case disputing the finding above.²⁷

40. While the Commission reserved its right to revisit its prudence findings made in 2015 if the Kemper Project was ever abandoned or is otherwise incapable of operating sufficiently on syngas, the Parties agree that the evidence remains supportive of a full prudence finding for the In-Service Assets. Furthermore, the Company’s agreement to take full cost and risk responsibility for the Kemper Gasifier represents over 80% of the costs associated with the Kemper Project and a significant financial commitment from the Company and its shareholders. Therefore, based upon the testimony filed in Docket Nos. 2015-UN-80 and 2016-AD-161, the Parties hereby stipulate and agree to the prudence and used and usefulness of all costs and assets included in the stipulated revenue requirement calculation for the In-Service Assets detailed further herein.

C. Kemper Certificate Amendment

41. The Parties agree that no amendment is necessary to permit MPC to operate the Kemper CC facility on natural gas. MPC currently owns several generating units with dual-fuel capability and a new certificate was not required by the Commission when switching fuel sources. The Commission has specifically addressed this issue in prior orders on two separate occasions concerning the Kemper Project:

“Certificates are not granted, typically, with a limitation to just one fuel source.”²⁸

and

“A new certificate is not required to operate the Kemper combined cycle facilities pursuant to Miss. Code Ann. § 77-3-11. The very fact that MPC has pursued this

²⁷ Final Order, MPSC Docket No. 2015-UN-80, p. 22 (Dec. 3, 2015).

²⁸ Order Denying Motion to Dismiss, MPSC Docket No. 2015-UN-80, p. 14 (Sept. 1, 2015).

filing is evidence that MPC has not “functionally abandoned” the Kemper IGCC facility. Further, certificates granted by the Commission are not typically limited to use of one fuel source. The Kemper plant is a dual source plant and allowing the plant to operate its combined cycle facilities is of benefit to ratepayers. For the reasons stated herein, the Commission finds no legal authority or facts to support Blanton’s contention that the present utilization of the Kemper combined cycle facilities requires a new certificate.”²⁹

42. The Commission’s Order Opening Docket recently issued in this matter detailed the undisputed benefits to retail customers the Kemper CC has provided to customers:

(a) The net generation from the Kemper CC during the period August 8, 2014, through September 30, 2016, expressed as a percent of MPC’s retail sales during the same period, is 39%, representing one of MPC’s largest contributing units.

(b) The Kemper CC year-to-date equivalent forced outage rate on natural gas is .51% through April 26, 2017.

(c) The Kemper CC capacity factor, which measures the actual time the plant runs, was 74.15% for the period of August 9, 2014, through September 30, 2016. This exceeds the Energy Information Agency’s most recent final annual national figures for combined cycle plants, which shows an average capacity factor of 56%.

43. All of the above evidence confirms the Kemper CC is important, reliable and cost-effective source of energy for MPC’s retail customers. As detailed in the next section, the Parties agree that it is not necessary or appropriate to reconsider the Commission’s findings above.

44. The Parties do, however, suggest certain amendments to the Kemper certificate be adopted to avoid confusion in the future and effectuate the Company’s agreement herein to remove the risk of the Kemper Gasifier from customers:

²⁹ Order Denying Blanton Motion to Deny, MPSC Docket No. 2015-UN-80, p. 8 (Nov. 3, 2015).

(a) The Commission’s strategic preferences for fuel diversity underlying the decision to certify the Kemper Project remains an important policy consideration, but fundamental changes in both the Kemper Project cost and performance profile as well as long-term outlook for natural gas costs support a conclusion to abandon pursuit of the Kemper Gasifier and rely upon the Kemper CC facility to serve customers’ needs utilizing currently inexpensive and abundant natural gas. To this end, the parties stipulate and request that the Commission amend the certificate issued in Docket No. 2009-UA-14 to remove the authority for MPC to continue development of the Kemper Gasifier *with the expectation of cost recovery or any other financial support from retail customers*. In other words, if MPC or Southern Company desire to continue development of the gasification portions of the Project, they should do so with the understanding that the Staff and Commission will not allow for recovery from customers of any costs associated with that activity.

(b) Given MPC’s agreement to not seek rate recovery for the Kemper Gasifier, the parties request that the Commission amend the certificate issued in Docket No. 2009-UA-14 to remove and void any and all “Conditions to Certificate,” all of which were imposed to protect customers from the increased risks posed by the first-of-a-kind gasification technology originally approved.

(c) Because the Kemper CC has been in-service since 2014 and has operated reliably and efficiently since commercial operations began, the “Monitoring Plan” set out in the Kemper certificate is no longer required and the parties request that the Commission order that such plans to cease immediately.

D. Reserve Margin Study

45. Because of changing circumstances in recent years, MPC now has generating capacity that is in excess of the Company's long-term targeted reserve margin. This issue is not unique to MPC in that several utilities across the southeast and the nation are experiencing larger than expected reserve margins due to effects of increased penetration of energy efficient end use technologies, continued sluggish recovery from the recession, changing customer behavior toward energy efficiency and conservation, and dynamic changes in environmental policy, particularly with respect to carbon constraints that were expected to result in capacity shortages due to the early retirement of coal-fired generating assets across the country. Still the Parties acknowledge that it is appropriate to examine MPC's reserve margin at this time.

46. Several interveners have raised the issue of MPC's current reserve margin as a basis to disallow some or all of the investment related to the Kemper CC. MPC has contested the position of the Staff and other intervenors. Following extensive analysis of this issue, such a suggestion now raises several concerns to the Parties. First, the suggested disallowance of investment made in reliance on a certificate issued in 2010 and re-affirmed in 2012 because circumstances have subsequently changed is an improper use of hindsight. Prudence dictates that decisions be made based upon the information and circumstances known or reasonably could have been known by the decision-maker at the time. Second, from a policy perspective, an imbalance between demand and capacity is more appropriately evaluated over a reasonable planning horizon on a utility-wide basis—not on a unit specific basis. When concentrating only on one resource, alternative solutions unrelated to that asset are ignored, and could result in a suboptimal solution. Third, the Kemper CC has been in commercial operation for three years now, and as detailed elsewhere in this Stipulation, has performed reliably and competitively relative to marginal energy costs, representing the third most-used unit owned by MPC. This is

an indication that more often than not, the Kemper CC is generating energy more cost-effectively than several existing MPC units. Any suggestion of disallowing some or all of this capacity would have the consequence of taking away a comparatively low-cost source of energy that is being used by customers today and also negatively impact MPC's financial condition even further.

47. For all of the above reasons, the Parties agree that the Kemper Project proceeding is not the appropriate forum to discuss, analyze and address the issues recognized by several intervenors concerning MPC's current reserve margin levels and that any adjustments to MPC's capacity should be made only after the completion of a Reserve Margin Plan performed by MPC, reviewed by the Staff and other interested parties, and evaluated and approved by the Commission. The Reserve Margin Plan would include, among other things: forecasting customer load and energy requirements; evaluating the resources available to meet the energy and capacity needs while satisfying strategic considerations; developing evaluating and implementing demand side management and energy efficiency programs; and assessing and planning for existing and anticipated environmental laws and regulations.

48. The Parties hereby stipulate to the following content and procedure associated with the Reserve Margin Plan:

(a) Within six (6) months of Commission approval of this Stipulation, MPC shall, using the most current data available to MPC, develop, complete, and file with the Commission and Staff a Reserve Margin Plan (in substantially similar form as the integrated resource plan included with the Company's certificate petition submitted in Docket No. 2009-UA-0014) as the vehicle to examine and evaluate MPC's current reserve margin levels.

(b) MPC's Plan shall also contain: (i) discrete alternatives that the Company proposes to address its current reserve margin; (ii) the timeframe over which each alternative can be implemented; (iii) a preliminary estimate of the costs of implementing each alternative, including any incremental transmission investment and any costs associated with retiring any un-depreciated assets; and (iv) any other impacts (financial or otherwise) not specifically prescribed herein that would have a material impact upon the service provided by MPC or the costs to retail customers.

49. In light of the foregoing, the Parties hereby agree and stipulate that the entire available capacity of the Kemper CC ("Kemper CC Capacity") and the costs associated with such Kemper CC Capacity be included in retail rate base and rates as used and useful generating capacity, subject to appropriate allocation between the retail and wholesale jurisdictions in accordance with MPC's periodic cost of service studies performed from time to time as approved by the Commission. Energy from the Kemper CC Capacity will be provided to MPC's retail and wholesale customers consistent with the Southern Company Intercompany Interchange Contract, as amended from time to time and as approved by the Federal Energy Regulatory Commission.

E. Revenue Requirement

50. The Parties have agreed to a total stipulated annual retail revenue requirement equal to approximately \$126 million for the 2018 regulatory year, resulting in no additional rate increase for customers from the Kemper Project. MPC presented data and calculations purporting to justify an annual retail revenue requirement of approximately \$209 million to support full cost recovery for the Kemper CC and related facilities as well as the other Kemper Project costs (e.g. regulatory assets, IM costs, etc.) to which MPC expressed a belief it should be allowed to recover from customers even if the Kemper Gasifier is abandoned. Notably, the

Company's calculated \$209 million revenue requirement does not contemplate any stranded cost recovery that the Company could pursue as a result of a Commission-approved abandonment of the Kemper gasification facilities. The stipulated revenue requirement, however, results in no change to current rates in place for the Kemper Project and represents a \$83 million annual reduction to what the Company rate case request would have been absent this Stipulation. The assumptions underlying the stipulated revenue requirement are presented and discussed below.

a. Rate Base

51. MPC has detailed through prior settlement negotiations that there are more than sufficient investment costs to which MPC believes it has a recoverable claim under the law to support the stipulated revenue requirement. Consequently, there are several alternative calculations, with differing underlying cost, to support the stipulated revenue requirement of \$126 million. Depending upon the alternative selected, the average rate base (i.e. average net investment) could vary anywhere between approximately \$915 million and \$960 million (total company). MPC is agreeing as part of this Stipulation to submit testimony supporting the terms of this Stipulation, including but not limited to detailed calculations supporting the stipulated revenue requirement. MPC also agrees herein to provide any other party sufficient details to substantiate the alternative calculations available to support the stipulated revenue requirement.

52. The Parties hereby stipulate to the minimum rate base required to: (i) support the \$126 million stipulated revenue requirement; and (ii) prevent MPC from enduring any further charges to earnings related to the Kemper Project, which to date total over \$6 billion. As stated above, one of the primary goals of the stipulating Parties is to put MPC in the position to restore its financial strength and credit quality, which the Parties all agree is vital to ensuring MPC remains a strong and reliable utility provider to its customers. The Parties do not believe it is

fair, when all of the circumstances are considered, that MPC be required to write off costs that are related to the portions of the Kemper Project that have been and will continue to serve customers (i.e. Kemper CC and related assets). Further, MPC has maintained that avoiding such write offs is an important component of providing MPC the regulatory support that is key to avoiding even further diminishment of MPC's financial condition.

b. Expense

53. The annual budget estimate in the 2015 In-Service Asset Filing for operating the CC on natural gas during the first test year (June 1, 2015 – May 31, 2016) was approximately \$24 million. This estimate did not include costs related to the Combustion Turbine Long Term Parts and Services Agreement (LTP). On behalf of CTC, Mr. Don Grace performed a third party analysis on the CC's O&M procedures and costs during that case. Mr. Grace testified that "the Kemper Project total O&M costs are approximately 4% higher than the calculated O&M costs based upon industry published data. Therefore, the actual O&M costs are considered reasonable."³⁰

54. The actual costs for operation of the CC on natural gas during the June 1, 2015 through May 31, 2016 time period were \$26,747,608, including costs related to the Combustion Turbine LTP. Based on all of this information, the Parties agree that the \$25,500,000 annual O&M budget included in the stipulated revenue requirement is reasonable.

c. Cost of Capital & Capital Structure

55. The Parties hereby stipulate as follows:

- (a) A return on equity equal to 9.413%.

³⁰ Testimony of Mr. Don Grace, MPSC Docket No. 2015-UN-80, (Oct. 9, 2015), p. 39.

(b) MPC will continue to target a strong financial profile by maintaining at least a 50% average equity capital structure ratio (common and preferred) during the projected test period.

d. Regulatory Assets

56. The regulatory asset balances included in the stipulated revenue requirement only includes the costs that were authorized to be deferred by the Commission, are appropriately related to the In-Service Assets. The Parties stipulate to a twenty (20) year amortization period for all of the approved regulatory assets and a five (5) year amortization period for all the approved regulatory liabilities.

OTHER PROVISIONS

57. This Stipulation and the agreements herein shall be construed as a full and final resolution of all known issues concerning the Kemper Project. It is the intent of the Parties that upon approval of this Stipulation, cost recovery associated with the Kemper CC facility will be addressed similar to and consistent with the policies, laws and regulations that apply to the remainder of MPC's fleet and all other public utilities in Mississippi. If this Stipulation is approved in full and without modification, the Parties hereby agree and stipulate not to challenge the prudence or used and usefulness of costs stipulated for recovery and not to seek recovery in the future for costs stipulated for disallowance. Nothing contained herein should be construed as an admission of imprudence; MPC's agreement to exclude costs herein is being made for purpose of reaching an overall compromise regarding cost recovery for the Kemper Project.

58. The Parties understand and expressly agree that, except as previously stated, the stipulations made herein are for the purpose of this proceeding only and shall not apply to or be used as precedent in any other proceeding of MPC or any other utility.

59. It is agreed that this Stipulation is expressly conditioned upon acceptance by the Commission of all of its provisions without modification. It is also specifically understood and agreed that this Stipulation is interdependent, non-separable and that if the Commission does not accept this Stipulation in its entirety or later modifies its order adopting this Stipulation in a way that conflicts with any term of this Stipulation, neither Party will be thereafter bound by any of this Stipulation's provisions. For the avoidance of doubt, MPC specifically reserves it right to void this Stipulation and seek alternate rate recovery through any provision provided under Mississippi law in the event the Stipulation is not adopted by the Commission in full and without modification. In such an event, this Stipulation or the provisions herein shall not act as a waiver of or grounds of estoppel against any remedies available to MPC under the law.

60. The Parties agree that the changes proposed in this Stipulation are just and reasonable and in the best interest of the customers, the Company and the general public.

61. This Stipulation may be executed in one or more counterparts, including by the execution of a Joinder Agreement in substantially similar form as attached as Exhibit "1" hereto. Facsimile or electronic signatures shall be effective as original signatures of this Agreement.

SO STIPULATED, between Mississippi Power Company the separately joining parties, all of which have executed a Joinder Agreement a filed same with the Executive Secretary of the Mississippi Public Service Commission.

SPECIFICALLY AGREED TO BY:

MISSISSIPPI POWER COMPANY

By:



Date:

8/21/17

EXHIBIT "1"

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
 CONNECTION WITH THE KEMPER COUNTY IGCC PROJECT**

JOINDER

COMES NOW _____,
a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Mississippi Power Company on August 21, 2017 ("Stipulation"), in the above-referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the ___ day of _____, 2017.

BY: _____

CERTIFICATE OF SERVICE

I, _____, or my legal counsel on my behalf have in the above and foregoing filing with the Mississippi Public Service Commission on even date herewith, in compliance with Rule 6.112 of the Mississippi Public Service Commission's Public Utilities Rules of Practice and Procedure served:

(1) 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

(2) An electronic copy of the filing has been mailed via e-mail to all parties of record.

This the ____ day of _____, 2017.

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
CONNECTION WITH THE KEMPER COUNTY IGCC PROJECT**

JOINDER

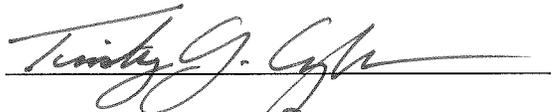
COMES NOW, Denbury Onshore, LLC, a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Mississippi Power Company on August 21, 2017 (“Stipulation”), in the above-referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein. We have authorized MPC to submit this Joinder on our behalf as a part of the filing of its Settlement Rate Filing of even date herewith.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the 21st day of August, 2017.

BY:


Counsel to Denbury Onshore, LLC

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
 CONNECTION WITH THE KEMPER COUNTY IGCC PROJECT**

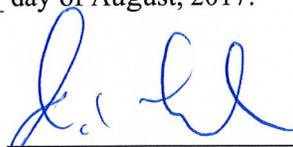
JOINDER

COMES NOW, East Mississippi Business Development Corporation, a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Mississippi Power Company on August 21, 2017 (“Stipulation”), in the above-referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein. We have authorized MPC to submit this Joinder on our behalf as a part of the filing of its Settlement Rate Filing of even date herewith.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the 21st day of August, 2017.

BY: _____


BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
 CONNECTION WITH THE KEMPER COUNTY IGCC PROJECT**

JOINDER

COMES NOW, Central Mississippi Building and Construction Trades Council, a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Mississippi Power Company on August 21, 2017 (“Stipulation”), in the above-referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein. We have authorized MPC to submit this Joinder on our behalf as a part of the filing of its Settlement Rate Filing of even date herewith.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the 21st day of August, 2017.

BY: David G. Hewell

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-0097-00

DOCKET NO. 2017-AD-112

**IN RE: ENCOURAGING STIPULATION OF MATTERS IN
CONNECTION WITH THE KEMPER COUNTY IGCC PROJECT**

JOINDER

COMES NOW, Ministerial Alliance Partnership, a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Mississippi Power Company on August 21, 2017 ("Stipulation"), in the above-referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein. We have authorized MPC to submit this Joinder on our behalf as a part of the filing of its Settlement Rate Filing of even date herewith.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the 21 day of August, 2017.

BY: _____

Rev. Eric Dickey

