

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE
STATE OF MISSISSIPPI**

MISSISSIPPI POWER COMPANY
EC1200009700

DOCKET NO. 2019-UN-219

IN RE: MISSISSIPPI POWER COMPANY'S NOTICE OF INTENT TO CHANGE
 RATES PURSUANT TO THE PERFORMANCE EVALUATION PLAN, RATE
 SCHEDULE PEP-6

ORDER APPROVING STIPULATION

This matter is before the Mississippi Public Service Commission ("MPSC" or "Commission") on the Stipulation filed on May 28, 2021 ("Stipulation") by and between the Mississippi Public Utilities Staff ("Staff") and Mississippi Power Company ("MPCo" or "Company") in the above referenced docket, purporting to resolve all pending issues related to MPCo's March 15, 2021 notice of intent to change rates pursuant to its PEP-6 ("PEP") rate schedule ("2021 PEP Filing"). The Commission approves the Stipulation (attached hereto as Exhibit "A") in full and hereby finds as follows:

INTRODUCTION

1. MPCo is a public utility as defined in Section 77-3-3(d)(i) of the *Mississippi Code of 1972, as amended*, and is engaged in the business of generating, transmitting and distributing electric power to and for the public for compensation in twenty-three (23) counties of southeast Mississippi, having its principal place of business at Gulfport, Mississippi. The Company's mailing address is Post Office Box 4079, Gulfport, Mississippi 39502-4079.

2. MPCo is the holder of 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 of southeast Mississippi and is rendering electric service in

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

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

PROCEDURAL HISTORY

4. Since 1986, the Performance Evaluation Plan, as modified by the Commission from time to time, has served as the base rate mechanism utilized by the Commission to establish MPCo's rates for retail electric service.

5. On March 15, 2021, MPCo filed its notice of intent to change rates pursuant to its PEP-6 rate schedule ("2021 PEP Filing"). Notice of the 2021 PEP Filing was given to all parties of record in the above-referenced docket.

6. The Company's 2021 PEP revenue requirement is based upon a 2020 actual test period adjusted for known and measurable changes, and was made in accordance with and utilizing the appropriate PEP-6 appendices for each calculation. The 2021 PEP Filing indicated that the Company's Projected Retail Return on Investment was below the Range of No Change as defined in the PEP Rate Schedule, resulting in a calculated revenue adjustment increase equal to \$16,020,288.

7. Following the Company's 2021 PEP Filing, the Staff propounded numerous data requests as part of its investigation. The Stipulation acknowledges that the Company fully responded and complied with the Staffs requests and has met with the Staff to furnish additional

information. At the time of this Stipulation, no motion has been filed with the Commission as to any discovery period or as to the sufficiency of the responses provided by the Company.

8. On May 28, 2021, the Staff and the Company entered into the above referenced Stipulation in this docket, which is attached as Exhibit “A”. For the reasons set forth below, the Stipulation is approved in full and without modification. MPCo and the Staff have stipulated to a PEP revenue adjustment of approximately \$15.9 million, resulting in a reduction of approximately \$0.1 million from MPCo’s 2021 PEP revenue requirement filed in March 2021.

9. Additionally, the Staff and MPCo agree to continue working in good faith to improve the process of review and verification of costs included for recovery in the PEP-6 filings on an ongoing basis.

JURISDICTION AND SUFFICIENCY OF THE FILING

10. The Commission has jurisdiction over the parties and subject matter in this proceeding. The Commission further finds that the pleadings, data, documentation and exhibits to this Docket filed by MPCo with its notice of intent comply with all of the statutory filing requirements and the requirements of the Commission’s Rules, except for those waived by the Commission.

11. This Commission, having reviewed the Stipulation and the Company’s filing and supporting information, finds that there is substantial evidence in this proceeding to support the Stipulation. This Commission further finds that the Stipulation entered into between the Staff and the Company, filed with this Commission, and attached hereto at Exhibit “A” complies with this Commission’s Rules and Mississippi law, will result in just and reasonable rates for electric service, and is in the public interest.

12. The Stipulation will result in a decrease of \$1.12 per month in the bills of a residential customer utilizing 1,000 kWh per month beginning with the first billing cycle of July 2021 compared to the interim rates currently in effect under PEP-6. In accordance with the PEP-6 rate schedule, Section III.A.2.b.2, a surcharge will be implemented beginning with the first billing cycle of July 2021 and ending with the last billing cycle of December 2021. For residential customers, the amount will be \$0.90 per month.

IT IS THEREFORE, ORDERED, that the Stipulation between MPCo and the Staff is hereby adopted by this Commission in its entirety as if fully set forth herein and that the PEP-6 revenue adjustment of approximately \$15.9 million as is more particularly described in the Stipulation is hereby approved effective with the first billing cycle of July 2021 and continuing thereafter until changed by subsequent order of the Commission. It is further,

ORDERED, that the Company shall file compliance tariffs in this Docket consistent with the Stipulation within five (5) days of the effective date of this Order, and such compliance tariffs shall become the lawful rates of MPCo, effective with the first billing cycle of July 2021, without further order from this Commission.

This Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of this Commission who shall note the service date in the file of this Docket.

COMMISSION VOTE

Chairman Dane Maxwell	Aye <u>X</u>	Nay _____
Commissioner Brent Bailey	Aye <u>X</u>	Nay _____
Commissioner Brandon Presley	Aye <u>X</u>	Nay _____

SO ORDERED by this Commission on this the 8th day of June, 2021.

MISSISSIPPI PUBLIC SERVICE COMMISSION



Dane Maxwell
DANE MAXWELL, CHAIRMAN

Brent Bailey
BRENT BAILEY, COMMISSIONER

Brandon Presley
BRANDON PRESLEY, COMMISSIONER

ATTEST: A TRUE COPY

Katherine Collier
KATHERINE COLLIER, EXECUTIVE SECRETARY

Effective this the 8th day of June, 2021

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE
STATE OF MISSISSIPPI

MAY 28 2021

MISS. PUBLIC SERVICE
COMMISSION

MISSISSIPPI POWER COMPANY
EC-120-00097-00

DOCKET NO. 2019-UN-219

IN RE: MISSISSIPPI POWER COMPANY'S NOTICE OF INTENT TO
CHANGE RATES PURSUANT TO THE PERFORMANCE
EVALUATION PLAN, RATE SCHEDULE PEP-6

STIPULATION

This stipulation ("Stipulation") is entered into by and between the Mississippi Public Utilities Staff ("Staff") and Mississippi Power Company ("MPC" or "Company") in the above referenced docket.

The Staff has had the benefit of full discovery as prescribed by Mississippi law and the Mississippi Public Service Commission's ("MPSC" or "Commission") Public Utilities Rules of Practice and Procedure ("Rules"). The Staff has conducted an extensive investigation of the Company's filing and has had the benefit of substantial amounts of data produced in discovery, including having access to significant amounts of the Company's confidential information related to its operations. In addition, the Staff regularly conducts audits and reviews of the business, rates, and expenses of the Company every twelve (12) months as a part of the MPC rate plan referred to as Performance Evaluation Plan, Rate Schedule PEP-6 ("PEP").

This Stipulation is entered into as a result of the Staff's extensive continuing knowledge and understanding of the books, records, and business



of MPC; the discussions and information exchanged among the Staff and the Company; and the research and investigation conducted by the Staff in this proceeding.

It is hereby stipulated and agreed as follows between the Staff and MPC.

PROCEDURAL HISTORY

1. On March 15, 2021, MPC filed its notice of intent to change rates pursuant to its PEP-6 rate schedule ("2021 PEP Filing"). The Company's 2021 PEP Filing contained a calculation of the Company's Projected Retail Return on Investment for regulatory year 2021. The 2021 PEP Filing indicated that the Company's Projected Retail Return on Investment was below the Range of No Change as defined in the PEP Rate Schedule, resulting in a calculated revenue adjustment increase equal to \$16,020,288.

2. Following the Company's 2021 PEP Filing, the Staff propounded numerous formal data requests as part of its investigation. The Company has fully responded and complied with the Staff's requests and has met with the Staff to furnish additional information. At the time of this Stipulation, no motion has been filed with the Commission as to any discovery period or as to the sufficiency of the responses provided by the Company.

3. On November 9, 2020, the Company filed its 2021 Capital Plan ("the Plan") outlining its capital expenditures by project for 2021. Bates White Consulting was hired to review the Plan and issued data requests and met with the Company to resolve any questions concerning the projects or costs

contained in the Plan. Bates White's report was filed with the Commission on May 28, 2021, and reported no significant findings to the projects or costs contained in the Plan.

4. As discussed, *infra*, MPC and the Staff have stipulated to a PEP revenue adjustment of approximately \$15.9 million (see stipulated revenue requirement calculation provided as Exhibit "A" to this Stipulation), resulting in a reduction of approximately \$0.1 million from MPC's 2021 PEP revenue requirement filed in March 2021.

5. Additionally, the Staff and MPC agree to continue working in good faith to improve the process of review and verification of costs included for recovery in the PEP-6 filings on an ongoing basis.

JURISDICTION AND SUFFICIENCY OF THE FILING

6. The Staff and the Company agree that the Commission has jurisdiction over the parties and subject matter in this proceeding.

7. The Staff and the Company also agree that the pleadings, data, documentation and exhibits to this Docket filed by MPC with its notice of intent comply with all of the statutory filing requirements and the requirements of the Commission's Rules, except for those waived by the Commission.

2021 PEP REVENUE REQUIREMENT

8. MPC's 2021 PEP revenue requirement is based upon a 2020 actual test period adjusted for known and measurable changes. The Company

provided summaries and reconciliations of its filing to the audited books and records as of December 31, 2020. Known and measurable adjustments were made to the rate base and expenditures and documented in the filing and the accompanying workpapers. During the Staff's discovery, several items totaling almost \$300,000 of 2020 actual costs were identified and need to be corrected. The revenue requirement impact of these items is approximately \$65,000. Additionally, the Staff questions approximately \$75,000 in O&M which the Company does not contest, resulting in a revenue requirement decrease of \$63,000.

OTHER PROVISIONS

9. The Staff and the Company 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.

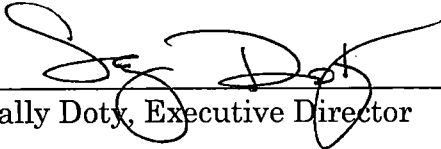
10. It is agreed that this stipulation is expressly conditioned upon acceptance by the Commission of all its provisions. It is also specifically understood and agreed that this stipulation is interdependent, non-separable and that if the Commission does not accept this stipulation in its entirety, neither the Staff nor MPC will be thereafter bound by any of its provisions.

11. Both the Staff and Company agree that the changes proposed in this stipulation are just and reasonable. Unless specifically addressed in the

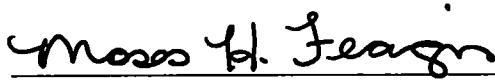
Stipulation, the Staff and Company agree to the accuracy and reasonableness of the Company's filing for all other components of its calculation of base rates.

SO STIPULATED, this the 28 day of May, 2021.

MISSISSIPPI PUBLIC UTILITIES STAFF

By: 
Sally Doty, Executive Director

MISSISSIPPI POWER COMPANY

By: 
Moses H. Feagin, VP & Chief Financial Officer

**MISSISSIPPI POWER COMPANY
"PEP-6" EVALUATION
APPENDIX D**

**REVENUE ADJUSTMENT WORKSHEET
TWELVE MONTHS ENDING DECEMBER 2021**

I. Determination of Need for Revenue Adjustment

A. Y_1 - Top of PEP Band - Appendix C	7.929%
B. Y_2 - Bottom of PEP Band - Appendix C	6.929%
C. PROI - Appendix C	7.429%
D. PRRI - Appendix A	6.818%
E. Does comparison of PRRI to the PEP Band indicate a revenue adjustment is required?	TRUE

II. Determine the Point of Adjustment

A. CPR	7.50
B. PROI	7.429%
C. Point of Adjustment	7.326%

III. Revenue Adjustment Calculations

Revenue Adjustment for PRRI Outside the Range of No Change

A. Total Retail Projected Net Investment (Appendix A)	\$2,297,598,548
B. Point of Adjustment (Line II.C. above)	7.326%
C. Target Net Income ($A * B$)	168,322,070
D. Total Retail Projected Operating Income (Appendix A)	156,641,777
E. Total Retail Net Income Adjustment ($C - D$)	11,680,292
F. Income Tax Adjustment Factor ¹	73.50%
G. Calculated Revenue Adjustment ($E \div F$) ²	15,892,459
H. Revenues from Retail Sales (Appendix A)	873,650,799
I. Maximum Revenue Adjustment Limit	4.00%
J. Maximum Revenue Adjustment ($H * I$)	34,946,032
K. Actual Revenue Adjustment (Lesser of G or J) ²	\$15,892,459
L. % of Retail Revenues (Line 11/Line 8)	1.819%

¹ Represents a composite of Federal and State income tax.

² Due to practical constraints, no adjustments will be made for amounts less than \$250,000.

