

ENERGY EFFICIENCY COST RECOVERY RIDER "EECR"



Mississippi Public Service Commission Schedule No. 58

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PURPOSE

The purpose of the Energy Efficiency Cost Recover Rider (EECR) is to establish the EECR Rate(s) by which Mississippi Power Company ("the Company") will recover its Quick Start Plan program costs approved by the Mississippi Public Service Commission ("Commission") as described in Rule 29 "Conservation and Energy Efficiency Programs," of the Commission's Rules and Regulations Governing Public Utility Service, as approved by the Commission in Docket 2010-AD-2 on July 11, 2013.

APPLICABILITY

This rider schedule is applicable to the electric service rate schedules of the Company, excluding lighting service rate schedules, but including all Special Contracts. For application of this rider, the electric service rate schedules will be grouped in the following manner:

<u>Rate Group</u>	<u>Rate Schedules</u>
Residential:	R, SPH
Small Commercial & Industrial:	GS-LVS, GSEH-LVS, GS-LVT, GSEH-LVT, GS-HV, GSEH-HV, GP, T
Large Commercial & Industrial:	LGS-LV, LGSEH-LV, LGS-HV, LGSEH-HV, LGS-TOU, LPO-TOU, LPO-TOU, SPSS, LPSS, T-LP

For all approved Special Contracts, the Rate Schedule identified for applying the Fuel Cost Recovery Clause (FCR) will also apply to this EECR Rider.

MONTHLY RATE

The monthly amount computed under each of the rate schedules to which this Energy Efficiency Cost Recovery (EECR) Rider is applicable shall be increased or decreased by the Energy Efficiency Cost Recovery Factor (EECRF) at a rate per kilowatt hour of monthly consumption in accordance with the following formula:

$$EECRF = PCF + LCFCF$$

Where:

$$PCF = \text{ENERGY EFFICIENCY PROGRAM COST FACTOR}$$

The PCF shall include all expected costs that have been approved by the Commission for each twelve-month period commencing January 1 each year ("Filing Year") for Energy Efficiency programs. Program costs shall include the incremental cost of planning, developing, implementing, monitoring, measuring, and evaluating Energy Efficiency programs, as well as customer incentives. In addition, all costs, including but not limited to incremental costs for consultants, employees, and administrative expenses, will be recovered through the PCF. For recovery purposes, program costs will be assigned to the rate Groups whose customers are directly participating in the programs. Administrative costs that are allocable to more than one rate Group will be recovered from those Groups and allocated by rate Group on the basis of the estimated budget from each program. Any variance in revenues or expenses from the prior period will be included in the calculation of the PCF for the subsequent Filing Year. The Energy Efficiency program cost amount related to programs for each of the rate Groups shall be divided by the projected Group sales (in kWh) for the Filing Year in order to determine the applicable PCF factor for each such rate Group.

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Calculation of Retail Energy Efficiency Program Revenue Requirements

12 Months Ending 00/00/00			
Total Retail Service	Residential Group	Small C&I Group	Large C&I Group

1. Gross EE Plant in Service
2. EE Accumulated Depreciation
3. Net EE Plant in Service
4. Materials Inventory
5. Prepaid Materials
6. Specifically Allowed EE Investment
7. EE Accumulated Deferred Income Taxes
8. Total EE Investment
9. EE Return on Rate Base
10. Target Net Income Before Interest Expense on EE Investment
11. Interest Expense on EE Investment
12. Adjusted Target Net Income on EE Investment
13. Income Tax Adjustment Factor
14. EE Investment Revenue Requirement
15. EE Depreciation Expense
16. Specifically Allowed EE Expenses
17. Interest Expense on EE Investment
18. EE Revenue Requirement Before Adjustment for Prior Year's Expenditures and Revenues
19. Adjustment for Prior Year's Expenditures and Revenues
20. EE Revenue Requirement Before Municipal Franchise Taxes
21. Municipal Franchise Tax Adjustment Factor
22. Total EE Revenue Requirement

LCFCF = ENERGY EFFICIENCY LOST CONTRIBUTION TO FIXED COSTS FACTOR

The Lost Contribution to Fixed Costs (lost revenues) due to lost sales from Energy Efficiency programs implemented on and after the effective date of this tariff will be assigned for recovery purposes to the rate Groups whose programs resulted in the lost sales and will be recovered as follows:

- For each Filing Year, the loss of sales due to the reduction in customer usage (in demand units and/or kWh) will be determined for the approved Energy Efficiency programs. Lost sales for each rate Group shall be based on projected engineering estimates of demand and/or energy savings per month, expected program participation, and the projected sales for the Filing Year.
- The projected annual lost revenues due to lost sales shall be determined by applying the average monthly base rate per kWh to the projections of kWh reductions for each rate Group. These calculations will be based on both the PEP base rates and the KRF base rates as shown on the electric service rate schedules.

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- At the end of each annual period, the difference between the lost revenues actually collected hereunder and the estimated lost revenues shall be determined with due consideration to any revisions of the engineering estimates and the actual program participation. The variance of the LCFCF from the prior filing period will be included in the calculation of the LCFCF for the subsequent Filing Year.
- The Lost Contribution to Fixed Costs for each rate Group shall then be divided by the projected class sales (in kWh) for the Filing Year in order to determine the applicable LCFCF for each such rate Group. Recovery of lost sales revenue shall be included in the LCFCF until new base rates for electric service as approved by the Commission are implemented.

Energy Efficiency Cost Recovery Rate Group Factors

Energy Efficiency Program Cost Factor (PCF)	\$ X.XXXX per kWh
Energy Efficiency Lost Contribution to Fixed Costs Factor (LCFCF):	
▪ PEP Component	\$ X.XXXX per kWh
▪ KRF Component	<u>\$ X.XXXX per kWh</u>
Total LCFCF	\$ X.XXXX per kWh
ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF)	\$ X.XXXX per kWh

ANNUAL FILING PROCEDURES

On or before November 1, 2014, the initial EECR factors shall be filed by the Company with the Commission. These factors shall be based on the Company's Quick Start portfolio of programs for the filing years ending December 31, 2014, and December 31, 2015, as approved by the Commission, and they shall be effective on and after the first billing cycle of December 2014. In subsequent years, the Company shall file its re-determined EECR factors in November of each year for the projected filing year ending December 31st, and the re-determined EECR factors shall be effective on and after the first billing cycle of January. The Company's current Accounting procedures and practices, subject to review by the Staff, will allow for the separate tracking and monitoring of all EECR program costs and revenues recorded. The Company shall submit a sworn filing including the calculation of the "EECR" Program Revenue Requirements and other cost components for the Filing Year and the applicable revised EECRF factors for each of the rate Groups.

ADJUSTMENT CLAUSES

The Company's effective adjustment clauses will not be affected by this Rate Schedule in any manner.

TERM

The Energy Efficiency Cost Recovery Rider shall be effective upon approval by the Commission beginning with the first billing cycle of December 2014, and shall continue unless modified or terminated by the Commission.