FORMULARY FACILITIES CHARGE
RATE SCHEDULE “FFC-2”

Mississippi Power

Mississippi Public Service Commission Schedule No. 57		
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APPLICABILITY

This rate schedule is applicable in determining monthly charges for electric lines and equipment required in order to allow the customer to receive and use electric energy under a condition or circumstance that requires the installation of additional or special facilities such as, but not limited to, transformation equipment and accessories, poles and pole fixtures, wire, cable, lighting fixtures, termination and accessories, switches and protective equipment, and metering equipment.

AVAILABILITY

Service under this rate schedule is available on a uniform basis throughout the service territory of Company.

MONTHLY FACILITIES CHARGE FORMULA

Total Monthly Charge = Capital Recovery Charge + Monthly Renewal Charge where:

<u>Capital Recovery Charge</u> = [(Total Installed Cost x Capital Recovery Factor) + (Removal Cost x Removal Cost Factor)] ÷ 12

<u>Monthly Renewal Charge</u> = (Total Installed Cost x Expense Factor) ÷ 12

- The Total Installed Cost will be determined from engineering work order estimates and will include materials, labor and applicable overheads.
- The Capital Recovery Factor will be developed using Company’s current incremental cost of capital and Initial Contract Term.
- Removal Cost will be determined from engineering work order estimates. The Removal Cost Factor will be developed using Company’s current incremental cost of capital and Initial Contract Term.
- The Expense Factor includes such costs as expected operation and maintenance (O&M) costs, taxes, insurance, and replacement costs associated with the extra facilities.

The Monthly Facilities Charge Formula will be updated by the Company on an annual basis using the method described above**.** The Total Monthly Charge developed by Company using this formula will be specifically determined for equipment that is installed. This Total Monthly Charge will remain fixed throughout the Initial Contract Term option that is selected by the Customer as described below.

CONTRACT TERM

A Formulary Facilities Charge Contract has options for 5, 7, 10, 15, or 20 years for the Initial Contract Term. The Capital Recovery Charge will be applied monthly for the Initial Contract Term and will terminate thereafter. The Monthly Renewal Charge, as defined above, will be applied to monthly billing for all FFC contracts listed above for a minimum term equal to the greater of the contract term or five (5) years. Billing of the Monthly Renewal Charge will continue thereafter until the contract is terminated by three (3) months written notice by either party to the other.

A one-time up-front payment option may be offered for the Capital Recovery Charge at Company’s sole discretion for a governmental entity where payment of the Capital Recovery Charge over multiple years would prevent or curtail the utilization of funds available to the customer.

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PRE-EXISTING LEASE AGREEMENTS UNDER RATE SCHEDULE FC-3

For customers leasing facilities under rate schedule FC-3, those existing facilities will continue to be billed in accordance with the Monthly Charges and the terms and conditions of that rate schedule.

RATE ADJUSTMENTS

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

TAX CLAUSE

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

ORDER OF BILLING

Charges under this schedule, including sales tax, will be added as an item to customer’s electric service billing.

EARLY TERMINATION OF CONTRACT

Customer may terminate a Formulary Facilities Charge Contract with a fixed Initial Contract Term at any time during the first five (5) years of the contract term by giving three (3) months written notice to Company and by remitting all payments remaining under the contract term. Customer may terminate such Formulary Facilities Charge Contract after the first five (5) years of the fixed term by giving three (3) months written notice to Company and by paying a contract termination charge calculated as follows: the Total Installed Cost divided by the Initial Contract Term, then multiplied by the remaining years left under contract. Years left under the contract will be rounded either up or down to nearest whole year.