

# FUEL COST RECOVERY CLAUSE SCHEDULE "FCR-1"



Mississippi Public Service Commission Schedule No. 16

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## APPLICABILITY

Applicable as a modification of all electric service rate schedules of Company in which reference is made to this schedule.

## ADJUSTMENT CLAUSE

All bills rendered under rates subject to this schedule shall be increased a fuel cost recovery factor per KWH calculated each November to be applied January through December immediately following the calculation month. The factor shall include a true-up adjustment for any (over) under collection in the twelve month period immediately preceding the calculation month (November through October).

The Company's budgeted energy costs and KWH sales for the twelve month application period will be used to develop the retail energy cost per KWH.

In order to reflect differentials in the line losses on a customer group basis, individual fuel cost recovery factors will be calculated for designated classifications and rounded to the nearest .001 mill using the following formula:

$$FCR = \left[ \frac{\left[ \left[ BEC - \left[ \frac{BEC}{BTES} \times BDL \right] \right] \times \frac{BRS}{BTS} \right] + \left[ \frac{BEC}{BTES} \times BDL \right] + ADJ}{BRS} \right] \times LM$$

Where:

- FCR = Fuel Cost Recovery Factor to be added per KWH each month for twelve months beginning with the January billing month.
- BEC = Budgeted Energy Cost determined by adding projected cost of fuel at Company's generating plants (including fuel handling and transportation cost and excluding fuel costs at plant on-site of specific customer) and projected costs of purchased energy (excluding all capacity charges) and subtracting the fuel component of the revenue projected to be derived from non-territorial energy sales.
- BTS = Budgeted Total Sales determined by subtracting projected KWH to be generated on-site of specific customer from projected territorial KWH energy sales.

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## ADJUSTMENT CLAUSE (Cont'd)

- BRS = Budgeted Retail Sales determined by subtracting projected wholesale KWH sales from BTS.
- BTES = Budgeted Territorial Energy Supply KWH determined by adding total budgeted Company generation exclusive of budgeted generation on-site of specific customer, and total budgeted energy purchased by Company, less total budgeted energy sold by Company.
- BDL = Budgeted Distribution KWH losses.
- ADJ = Adjustment for amount collected during the twelve month comparison period (November - October) immediately preceding the calculation month which was less than (more than) the actual retail energy cost during that period. Such underrecovery (overrecovery) adjustment would be a positive (negative) amount calculated using the following formula:

$$ADJ = AFR - \text{Previous ADJ} - \left[ \left[ AEC - \left[ \frac{AEC}{ATES} \times ADL \right] \right] \times \frac{ARS}{ATS} + \left[ \frac{AEC}{ATES} \times ADL \right] \right]$$

where:

AFR = Actual Fuel Recovery determined by totaling each month's actual revenue collected under the Fuel Cost Recovery Clause Schedule for the twelve month comparison period.

Previous ADJ = the amount added or subtracted as ADJ in the previous calculation of the FAF formula.

AEC = Actual Energy Cost determined same as BEC using actual amounts for the twelve month comparison period.

ATES = Actual Territorial Energy Supply KWH determined same as BTES using actual determinants for the twelve month comparison period.

ADL = Actual Distribution KWH Losses for the twelve month comparison period.

ATS = Actual Total Sales determined same as BTS using actual territorial KWH energy sales and actual KWH generated at on-site plant of specific customer for the twelve month comparison period.

ARS = Actual Retail Sales determined by subtracting total wholesale KWH sales for the twelve month comparison period from ATS.

and:

LM = Loss Multiplier developed in the most current cost-of-service load flow for the designated classification.