

SYSTEM RESTORATION RIDER SCHEDULE "SRR-2"



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APPLICABILITY

This Rate Schedule applies to electric service used by all of Mississippi Power Company's (Company) retail customers. To the extent that any provision in this schedule may conflict with applicable statutes, said statutes shall be controlling.

SUMMARY OF COSTS AND CALCULATION OF RETAIL PROPERTY DAMAGE RESERVE ACCRUAL

Each year on or before March 1, the Company shall submit a filing setting forth System Restoration Rider (SRR) related revenue, expense, and investment for the prior year, showing projected data for the test year, and calculating the associated investments and costs as set forth in this rate schedule.

1. The formula for the following calculations is set forth in Appendix "A."
2. The revenues projected to be collected and actually collected under the Commission approved SRR rate will be included in the System Restoration Rider calculation.
3. The actual year-end balances for the prior year will be used in the projected test year calculation for investment items.
4. The retail portions of the investment items included in lines 1 through 4 of Appendix A and the specifically allowed expenses noted in item 11 below and on lines 13,14, and 17 of Appendix A will be determined using the most recent cost-of-service study filed by the Company with the Commission, unless another allocation method is found to be more appropriate, and its use is approved by the Commission. Unless specifically ordered by the Commission otherwise, the Annual Accrual to Property Damage Reserve shall include as additional accrual to the Reserve any and all amounts required to be credited to customers under the Company's annual PEP Evaluation Period Look-Back.
5. The weighted cost of capital to be used shall be the Company's Performance Based Return on Investment (PROI) calculated in accordance with the Company's most recent Performance Evaluation Plan filed with the Commission. If, for any reason, the Company's Performance Evaluation Plan is no longer effective, the weighted cost of capital used shall be the most recent in effect for the Company. The capital structure ratios shall reflect any required ratemaking adjustments.
6. The Target Net Income Before Interest Expense on SRR Investment shall be computed by multiplying the total of the retail portions of the investment accounts calculated in item 4 above times item 5.
7. The Target Net Income Before Interest Expense on SRR Investment will be decreased by the Interest Expense in order to determine Adjusted Target Net Income on SRR Investment.
8. The Adjusted Target Net Income on SRR Investment is then divided by the Income Tax Adjustment Factor which is a composite of the Federal and State income tax rates applicable to

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the test period to develop the SRR Investment Revenue Requirement.

9. The Annual Accrual to Property Damage Reserve, Amortization of SRR Regulatory Asset, Specifically Allowed SRR Expenses, including but not limited to the retail portion of SRR Allowed Property Insurance Expense, and Interest Expense on SRR Investment are added to the SRR Investment Revenue Requirement to develop the SRR Revenue Requirement before Over/Under Recovery. The Prior Year's SRR Over/Under Recovery represents the retail portions of any variances in actual revenues and the actual cost for the prior test period. In the calculation of the True-up of Prior Year's Over/Under Recovery, the amounts for actual SRR investment balance will be the average balances calculated in accordance with Federal Energy Regulatory Commission Uniform System of Accounts. The Prior Year's SRR Over/Under Recovery is added to the SRR Revenue Requirement before Over/Under Recovery to get to the SRR Revenue Requirement before Municipal Franchise Taxes.
10. The SRR Revenue Requirement before Municipal Franchise Taxes is then divided by the Income Tax Adjustment Factor which is an approved rate applicable to the test period to develop the Total SRR Revenue Requirement.
11. The total retail billed KWH sales for the period over which the charges are to be applied shall be used to determine the SRR Factors.
12. Calculation of the SRR factors is as follows:

$$\text{Total Retail System Restoration Rider Revenue Requirement (Item 10 above)} = \text{Retail Charge per KWH Retail KWH (Item 11 above) LPO loss multiplier} = \text{LPO Rate Group Charge Retail Charge per KWH} \times \text{LGS/LGS-EH loss multiplier} = \text{LGS/LGS-EH Rate Group Charge All Other loss multiplier} = \text{All Other Rate Group Charge}$$
13. The annual accruals to the Property Damage Reserve will continue until a balance of \$125 million has been achieved. Once a balance of \$125 million has been achieved, the Company will provide the Public Utilities Staff with analysis and a report outlining the Company's plan to address the Property Damage Reserve balance. The Staff will provide the Commission with analysis regarding the Company's plan prior to the Company requesting additional accruals to the Property Damage Reserve. .
14. Any requested increase to the SRR Factors that results in an average monthly increase to the residential customer of less than \$1.00 shall not be considered a substantial revenue adjustment and shall be submitted as a Routine Rate Filing pursuant to RP 9.100(1).
15. The actual amounts for all System Restoration-related accounts that are included in the calculation of these factors and the applicable revenues collected pursuant to it shall be excluded from the Company's evaluation filed under its Performance Evaluation Plan.
16. Costs properly recoverable through the Property Damage Reserve include, but are not limited to, any and all costs incurred by the Company arising from or related to, naturally occurring or man-made fires, floods, hurricanes, tornadoes, earthquakes or other hazards to person or property,

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net of any insurance proceeds ultimately received.

ADJUSTMENT CLAUSES

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

TERM

The System Restoration Rider (SRR) shall be effective upon approval by the Commission. The first filing under the SRR-2 Schedule will be made on or before March 1, 2026. The SRR Schedule shall continue unless modified or terminated as provided by law.

FILING PROCEDURES

On or before the SRR filing date of March 1, 2025, and annually on or before March 1 thereafter, the Company shall submit a sworn filing including the calculation of the Total SRR Revenue Requirement for the projected test year.

HEARINGS AND SCHEDULE

During the term of this Schedule "SRR," each periodic revenue adjustment will be separately considered for the purpose of determining whether a hearing is required pursuant to Section 77-3-39(1) of the Mississippi Code of 1972, as amended, and no such hearing shall be required if the amount of any separate adjustment to the level of retail revenues of the utility is not a "major change" as defined in Section 77-3-37(8) of the Mississippi Code of 1972, as amended.