

# REVENUE NEUTRAL ADJUSTMENT CLAUSE RATE SCHEDULE "RNA-1"



Mississippi Public Service Commission Schedule No. 36

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## APPLICABILITY

This rate schedule is applicable to the electric service rate schedules of the Company.

## DEFINITIONS

### PARITY –

Parity shall be deemed to exist when the return on equity for all rate classes is within plus or minus ten (10) percent of the return on equity for the retail jurisdiction in total as measured by the Company's most recently filed biennial cost of service study.

### REVENUE NEUTRAL ADJUSTMENT –

A revenue neutral adjustment is either: (1) an increase in the rates of the customer class or classes that are below parity that is directly offset with reductions to the rates of the customer class or classes that are above that average retail return on equity; or (2) a revenue neutral adjustment whereby adjustments are made within rates or classes to more appropriately reflect cost causation. The increases and decreases in rates are to be calculated such that the change in total retail revenue is as close to zero as is practical.

## ADJUSTMENT PROCEDURE

The Company shall make two revenue neutral adjustments each year until all customer classes are within parity. Each adjustment toward parity shall be no greater than one (1) percent of the annual revenues of the customer class or classes that are below parity. Each adjustment within rates or classes shall be no greater than one percent (1%) of the annual revenues of the class. Adjustments shall be based on revenue data for the twelve months ended February and August and shall be effective with the first billing cycle of each May and November respectively. Revised rate schedules implementing any such adjustment shall be filed with the Mississippi Public Service Commission not less than thirty (30) days prior to the effective date of the adjustment.