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December 10, 1979

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CABLE ADDRESS: ATOMLAW

Mr. Harold Denton
Director, Office of Nuclear
Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Donald L. Flexner
Deputy Assistant Attorney General
U.S. Department of Justice
Washington, D. C. 20530

In the Matter of Mississippi Power & Light Company
(Grand Gulf Nuclear Station, Unit Nos. 1 and 2)
Docket Nos. 50-416 and 50-417

Gentlemen:

We have reviewed the letter from the Antitrust Division of the Department of Justice ("Department") to the Nuclear Regulatory Commission ("NRC") dated November 21, 1979, in the captioned matter. The letter reflects the Department's lack of knowledge of certain recent developments which might change its recommendations. The purpose of this letter is to request that the NRC ask the Department to reconsider its recommendations in light of the new information, as may be appropriate considering the interrelationship between the agencies.

For the benefit of the NRC and the Department, we are enclosing a copy of the pertinent documents which reflect the changes. We have also provided the Department with a copy of our letter of June 19, 1979 to the NRC stating our position under the applicable law regarding access to the Grand Gulf nuclear plant.

In its letter, the Department of Justice supports in part the request by the Municipal Energy Agency of Mississippi ("MEAM") in its petition dated May 29, 1979, for an order to show cause proceeding to determine whether Mississippi Power & Light Company ("MP&L") has complied with the license conditions attached to the construction permits for the Grand Gulf Nuclear Station, Units 1 and 2. We wish to offer the following

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observations, in addition to our earlier comments by letter of June 19, 1979 to Mr. Denton, to suggest that the Department of Justice may wish to reconsider its advice and to assist the NRC in determining whether the order to show cause should be issued.

The Department has stated that it supports MEAM's request for the commencement of show cause proceedings to determine compliance with license conditions 2 (interconnection and coordination of reserves), 4 (participation in the Grand Gulf Nuclear Units) and 5 (wheeling of bulk power). The Department's letter also refers to condition 6 (sale of power for resale by other entities) preliminarily, but does not include that contention within its recommendations for NRC proceedings.

In particular, with regard to condition 5, at the time it rendered its advice, the Department was obviously unaware of a Settlement Agreement reached between MP&L, MEAM and the two MEAM municipalities involved in the request for a show cause proceeding, Greenwood and Clarksdale, in Federal Energy Regulatory Commission ("FERC") Docket Nos. ER 78-583 and ER 78-584. A copy of this Agreement and an Explanatory Statement, which I forwarded to the NRC by letter dated October 19, 1979, are attached. Also enclosed are copies of the comments filed by the municipal Intervenor with FERC in support of the Agreement and the FERC letter order, dated December 4, 1979, approving the Agreement. The Settlement Agreement recites the fact that Service Schedules E were filed with FERC on August 28, 1978 by MP&L "to accommodate the desire of Clarksdale and Greenwood to have immediately available a means of receiving [bulk power] transmission service from MP&L." The Agreement further states that the parties were unable to reach an agreement on the appropriate terms and conditions prior to filing, and on September 27, 1978, FERC accepted the two Service Schedules E for filing, effective August 28, 1978, subject to a refund if Clarksdale and Greenwood should prevail in a subsequent rate hearing.

Prior to such hearing, however, the parties reached an agreement on the terms for transmission service reflected in the Settlement Agreement. As stated in the agreed upon Service Schedules E, Greenwood and Clarksdale are guaranteed the following service:

50.10 It is the purpose of this Service Schedule E to facilitate the sale, purchase or the exchange of Bulk Power by transmission over the transmission system of Mississippi Power & Light Company (MP&L) between or among the City of Clarksdale (City) and any other Entity(ies) with which

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MP&L has an interconnection agreement; and between or among City and any other Entity(ies) engaging in Bulk Power supply with which MP&L is not interconnected but between whose facilities MP&L's transmission lines and other transmission lines would form a continuous electrical path, provided that permission to utilize such other transmission lines has been obtained by City and the arrangements reasonably can be accommodated from a functional and technical standpoint.

Accordingly, the Settlement Agreement between the parties effectively satisfies MP&L's obligations under condition 5.

As regards condition 2, relating to interconnection and coordination of reserves, it is submitted that compliance by MP&L has been a matter of record. For many years, MP&L has had Interconnection Agreements with MEAM's members, including Clarksdale and Greenwood, which provide for the coordination of reserves and also for the sale of firm power and economy energy transactions. We have attached copies of Interconnection Agreements with Clarksdale and Greenwood, along with the relevant service schedules A, B, C and D. The only possible point of controversy has been the so-called "single interconnection problem," which has now been resolved under the new Settlement Agreement. A review of the Explanatory Statement accompanying the agreement makes clear that the agreement resolves the issue "known to the parties as the single interconnection problem," by which "MP&L agreed that when Clarksdale or Greenwood has power for transmission to its system delivered from outside MP&L's service territory to any electrically adequate and closed point of interconnection with MP&L's facilities, Clarksdale or Greenwood shall receive capacity credit under its interconnection agreement with MP&L for such power that is delivered to Clarksdale or Greenwood by MP&L in accordance with the terms and conditions of the settlement Service Schedules."

MEAM's petition also raised allegations concerning a lack of an interconnection agreement between Gulf States Utilities Company and MP&L. It was suggested that the lack of an interconnection agreement prevented MP&L from wheeling power to Clarksdale from the City of Lafayette, Louisiana. An interconnection agreement is necessary to permit the transfer of power for MEAM's account across the single interconnection between Gulf States and MP&L. However, nothing in condition 5 of the construction permit requires MP&L to negotiate with another utility in order to reach an interconnection agreement to benefit MEAM or its members. Condition 5 clearly limits

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MP&L's transmission obligations to those utilities "to which licensees may be interconnected in the future as well as those that are now interconnected" (emphasis added). Condition 5 does not, therefore, require MP&L to enter into any such interconnection agreement, but merely permits MEAM and its members to avail themselves of an interconnection if it exists or comes into existence later. Nonetheless, as shown by the letter dated October 16, 1979 from Norris Stampley, Vice President of MP&L, to Gulf States (copy attached), MP&L is ready to execute an agreement with Gulf States that would provide for such transmission services needed by MEAM or its members.

Accordingly, the only matter remaining for consideration by the NRC is the contention relating to condition 4, i.e., access to the Grand Gulf Nuclear Units by other entities. The facts relevant to MEAM's allegations are also a matter of record and are not in dispute. Quite simply, neither Clarksdale, Greenwood nor any other member of MEAM has ever expressed a genuine interest in having access to the Grand Gulf facility. Significantly, the Department of Justice had itself written a letter to each utility in the Western Mississippi Area on July 17, 1972, asking whether any utility was interested in part ownership. By letter dated August 25, 1972, Clarksdale answered that it had no interest, and in August 1973, Greenwood showed some interest in ownership, but dropped the matter after being furnished cost data by MP&L.

The NRC had also given notice to all interested parties by publication in the Federal Register, 39 Fed. Reg. 32641 (September 10, 1974), that construction permits had been issued. As usual, these permits were available to the public for inspection, and they clearly stated MP&L's willingness to offer part ownership in the facility. Similarly, in receiving the Attorney General's advice under Section 105c of the Atomic Energy Act, the NRC again published MP&L's commitment "to offer an opportunity to participate in the Grand Gulf Nuclear Units." See Notice of Receipt of Attorney General's Advice and Time for Filing Petitions to Intervene in Antitrust Matters, 38 Fed. Reg. 14877 (June 6, 1973). Finally, local newspapers throughout Mississippi carried several stories on MP&L's plans to build the Grand Gulf facility.

Notwithstanding these several occasions upon which other utilities were given notice of an opportunity to participate, no member of MEAM ever expressed any real interest, and the request for an order to show cause does not allege otherwise. Boiled down, the petition simply cites a letter of July 19, 1977 from the Mayor of Clarksdale to the President of MP&L asserting, to quote the petition, that "so far as Clarksdale's

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records showed, no offer of participation in Grand Gulf Nuclear Unit had been made to Clarksdale." Certainly, MP&L was under no obligation either by virtue of license condition 4 or the Atomic Energy Act to address individual offers to participate to each prospective part owner. Each utility had full notice of the option to participate on the occasions described above, and the initiative clearly lay with any interested parties to inquire further. Obviously, until MP&L had been contacted with regard to an offer of participation, including some outline of the manner and degree of participation desired, MP&L could do nothing more to comply with the license condition which required it to "offer an opportunity to participate in the Grand Gulf Nuclear Units."

Thus, although Clarksdale and Greenwood had some three and one-half years to negotiate for participation in the Grand Gulf facility, they failed to do so. Although the MEAM petition discusses many irrelevancies, the earliest firm date it can cite is the July 19, 1977 inquiry from the Mayor of Clarksdale, at which time MP&L indicated that it was too late to negotiate for part ownership. The inquiry came almost four years after the Department of Justice letter, three and one-half years after issuance of the construction permits, and almost three years following publication in the Federal Register of notice that the permits had been issued. The Licensing Board in Toledo Edison Company (Davis-Besse Nuclear Power Station, Units 1, 2 and 3), LBP-77-1, 5 NRC 133, 259 (1977), by comparison, required that utilities seeking access to the Davis-Besse facility must make a commitment regarding participation within two years after the Board's decision became final, and within two years after a license application had been filed for future units. The Davis-Besse antitrust proceeding, which resulted in a number of construction permit conditions, involved, significantly, detailed findings as to a situation inconsistent with the antitrust laws. If the NRC regards two years as ample time for an interested utility to evaluate an offer of participation and make a firm commitment, certainly MP&L cannot be criticized for waiting 3-1/2 years after issuance of its permits to close out consideration of offers merely seeking part ownership in the facility.

Accordingly, it is respectfully suggested that the Attorney General may wish to reconsider its advice to the NRC in light of the new facts presented and the discussion above. If the Department or the NRC would consider it helpful to have

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a meeting with counsel on these matters, we would be happy to attend.

Sincerely,

Troy B. Conner, Jr.
Troy B. Conner, Jr.

/dr

Enclosures

cc: Frederic Chanania, Esq. (w/o enc.)
Donald A. Kaplan, Esq. (w/o enc.)
Janet R. Urban, Esq. (w/o enc.)
Robert McDiarmid, Esq. (w/o enc.)

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Washington, D.C.
October 3, 1979

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Mr. Kenneth F. Plumb, Secretary
Federal Energy Regulatory Commission
825 North Capitol Street, N.E.
Washington, D.C. 20426

FEDERAL ENERGY REGULATORY COMMISSION

Re: Docket Nos. ER79-529, ER79-582,
ER78-583 and ER78-584

Dear Mr. Plumb:

Pursuant to Section 1.18(e) of the Commission's Rules of Practice and Procedure, Mississippi Power & Light Company (MP&L) encloses for filing an original and fourteen copies of the following documents:

- (1) An executed "Settlement Agreement" dated October 2, 1979 with Appendices A and B between MP&L and the municipal customers that will take service under the rate filings involved;
- (2) An "Explanatory Statement and References in Support of Proposed Settlement Agreement";
- (3) A draft "Order Accepting Settlement Agreement"; and
- (4) A draft letter order, suitable for signature by a delegated official of the Commission, accepting the Settlement Agreement.

Appendices A and B to the signed Settlement Agreement are Revised Service Schedules E which the proposed Settlement Agreement stipulates shall become effective as of August 28, 1978 for bulk power transmission service to the City

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of Clarksdale, Mississippi and Greenwood Utilities Commission, Greenwood, Mississippi. To expedite the review of this offer of settlement, Revised Service Schedules B are being filed in unexecuted form. However, six executed copies of Revised Service Schedules B will be submitted to the Commission within the next few days.

A draft letter order, suitable for signature by a delegated official of the Commission, is included as an alternative to the draft of a formal order accepting the Settlement Agreement since it is believed by the parties that an acceptance order may be issued under Section 3.5 of the Commission's Regulations.

MP&L requests that an appropriate number of copies of this filing be transmitted directly to Presiding Administrative Law Judge Michel Levant for certification to the Commission under Section 1.18(e) of the Commission's Rules of Practice and Procedure as modified by FERC Order No. 32. To the extent considered necessary, MP&L also requests that this transmittal letter be regarded as a motion to Presiding Law Judge Levant requesting certification of the filing and other references to the Commission after the Commission Staff and any party have had an opportunity for comments.

Copies of this filing have been served on all participants in these proceedings. In accordance with Sections 1.18(e)(1)(vi) and 1.18(e)(2) of the Commission's Rules of Practice and Procedure, at the prehearing conference held on October 2, 1979, Presiding Administrative Judge Levant granted the request of all participants to shorten the time for initial and reply comments. Accordingly, the due date for initial comments was established as October 15, 1979 and reply comments as October 22, 1979.

Respectfully submitted,

MISSISSIPPI POWER & LIGHT COMPANY

By Robert S. Waters
Robert S. Waters
Its Attorney

cc: Honorable Michel Levant
Mississippi Public Service Commission

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

SETTLEMENT AGREEMENT

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During the time between October 27, 1978, when the first of several pre-hearing conferences took place and August 27, 1979 when the evidentiary hearing was scheduled to commence, extensive discovery was pursued, several settlement conferences were held, and the active parties, including the Commission Staff, submitted their testimony pursuant to established procedural schedules. SMEPA did not submit testimony as successful negotiations between MP&L and SMEPA resulted in the filing in Docket No. ER79-529 of an interconnection agreement and supporting service schedules for bulk transmission service as well as other services. Then, prior to the commencement of cross-examination in these consolidated proceedings, MP&L and the remaining intervenors were able to agree to a settlement (Settlement) on the terms contained below.

ARTICLE I

Revised Rate Schedules

It is agreed that simultaneously with the filing of this Settlement, MP&L shall tender to the Commission for filing six copies of Revised Service Schedules E for Clarksdale and Greenwood as contained in Appendices A and B to this Settlement. Such Service Schedules shall be made effective as of August 28, 1978 and shall supersede in all respects the Service Schedules E as originally made effective in this proceeding on August 28, 1978.

ARTICLE II

It is further agreed that when Clarksdale or Greenwood has power for transmission to its system delivered from outside MP&L's service territory to any electrically adequate and closed point of interconnection with MP&L's facilities, Clarksdale or Greenwood shall receive capacity credit under its interconnection agreement with MP&L for such power that is delivered to Clarksdale or Greenwood by MP&L in accordance with the terms and conditions of Revised Service Schedules E.

ARTICLE III

Reservations

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1. All parties to this Settlement will cooperate in seeking its acceptance and approval by the Commission. If this Settlement, which is made pursuant to Section 1.18(e) of the Commission's Rules of Practice and Procedure, is not accepted and approved by the Commission without modification, then: (i) it shall not be binding on any party; (ii) all parties shall in that event be deemed to have reserved all their respective rights and remedies in these proceedings; (iii) this Settlement shall not be part of the record in these proceedings,

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with all the provisions of the Mississippi Power & Light Company, which (14) the parties shall not be obliged to observe in the future.

2. This settlement is made upon the express understanding that the parties have agreed upon a negotiated settlement. Nothing in this settlement or the provisions hereof shall constitute an admission of liability or fault by any party on the occurrence or application of any claim, demand, title or interest of law, allegation of fact, question of fact or question of law, or question of service of contract. It is also agreed that the parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of handling or construction of determination, or design of rate schedule, or terms or conditions of service, or the application of any title or interest of law, that may underlie, or be thought to underlie, this settlement or revised service schedules. It is further agreed that in any future negotiation or proceeding, other than any proceeding involving the enforcing, enforcement or construction of this settlement, the parties shall not be bound or prejudiced by this settlement.

This settlement is made to resolve all matters in Docket Nos. ER78-683 and ER78-684. MP&L, Clarksdale, Greenwood and MEMA have signed and executed this settlement by their authorized representatives this 2nd day of October, 1979.

BY: MISSISSIPPI POWER & LIGHT COMPANY

Robert S. Waters
Robert S. Waters
Its Attorney

AND BY: CITY OF CLARKSDALE, MISSISSIPPI

Robert C. McDiarmid
Robert C. McDiarmid
Its Attorney

GREENWOOD UTILITIES COMMISSION,
GREENWOOD, MISSISSIPPI

Robert C. McDiarmid
Robert C. McDiarmid
Its Attorney

MUNICIPAL ENERGY AGENCY OF
MISSISSIPPI

Robert C. McDiarmid
Robert C. McDiarmid
Its Attorney

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APPENDIX A

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SERVICE SCHEDULE E
BULK POWER TRANSMISSION SERVICE
CITY OF CLARKSDALE
AND
MISSISSIPPI POWER & LIGHT COMPANY

SECTION I - PURPOSE

50.10 It is the purpose of this Service Schedule E to facilitate the sale, purchase or the exchange of Bulk Power by transmission over the transmission system of Mississippi Power & Light Company (MP&L) between or among the City of Clarksdale (City) and any other Entity(ies) with which MP&L has an interconnection agreement; and between or among City and any other Entity(ies) engaging in Bulk Power supply with which MP&L is not interconnected but between whose facilities MP&L's transmission lines and other transmission lines would form a continuous electrical path, provided that permission to utilize such other transmission lines has been obtained by City and the arrangements reasonably can be accommodated from a functional and technical standpoint.

50.11 "Bulk Power" (Power) means the electric Capacity (Kilowatts) and any attendant energy (Kilowatt-Hours) supplied or made available at transmission voltage by one Entity to another.

50.12 "Entity" means a person, a private or public corporation, a municipality, a co-operative, a joint agency as defined in Chapter 363, Laws of Mississippi of 1978, an association, a joint stock association or business trust owning, operating or proposing to own or operate equipment or facilities for the

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generation, transmission or distribution of electricity; provided that, except for municipalities, joint agencies as defined in Chapter 363, Laws of Mississippi of 1978, or rural electric co-operatives, "Entity" is restricted to those which are or will be public utilities under the laws of the State in which the entity transacts or will transact business or under the Federal Power Act, and are or will be providing electric service under a contract or rate schedule on file with and subject to the regulation of a State Regulatory Commission or the Federal Energy Regulatory Commission.

SECTION II - CHARACTER OF SERVICE

50.20 Service provided shall be 3 phase, 60 Hertz at nominal 115,000 volts or such other voltage as may be available at present or future agreed to points of electrical connection. When deliveries are made at nominal 13.8 kv, transmission costs shall be adjusted to reflect the 115 kv level as hereinafter provided. Transmission costs for service at other than 115 kv or 13.8 kv shall be adjusted as appropriate to reflect the 115 kv service level.

SECTION III - CONDITIONS FOR SERVICE

50.30 MP&L will commit to furnish Bulk Power Transmission Service specified by City in accordance with this Service Schedule E (Bulk Power Transmission Service) for the term requested by City to the extent MP&L has, or could have as hereinafter provided, transmission Capacity available to provide such service in accordance with sound engineering and operating practice and subject to the following standards:

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- (a) MP&L shall not be obligated to furnish such service except as may be otherwise required when, in MP&L's judgment, reasonably exercised,
- (1) such service will impair the ability of MP&L to render adequate service to its customers or reduce the reliability of its electric service by MP&L to its own customers during the term of the scheduled service; or
 - (2) such service will endanger or impair the operation of MP&L's system, or create unsafe conditions on the system or any of the facilities of MP&L or its customers, or Entity(ies) with which MP&L is interconnected; or
 - (3) such service will require MP&L to construct or install new facilities except as hereinafter provided in (b) and (c) below.
- (b) To the extent that a condition described in (a) above exists and thereby prevents MP&L from committing to furnish reasonable Bulk Power Transmission Service requested by City, MP&L, if requested in writing by City, shall promptly provide City with a written explanation describing such condition(s) and the estimated costs and means by which such condition(s) could be relieved and the requested service accommodated. If City

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offers to either construct and own necessary facilities to allow for such service or to pay the reasonable costs over and above those costs MP&L would otherwise incur for its own use to relieve the designated condition preventing such service, MP&L shall, at its option, accept one of the offers and commit to furnish the requested service.

- (c) If all of the following conditions and the other provisions described in this Service Schedule E are met, MP&L agrees to include in its planning and construction program sufficient transmission Capacity to accommodate prospective Bulk Power Transmission Service under this Service Schedule E provided that:
- (1) City gives MP&L sufficient advance written notice of the details of the requested service as may be necessary for MP&L to plan and complete from a functional and technical standpoint the facilities deemed necessary by MP&L to provide such service in accordance with MP&L's construction and operating standards; and
 - (2) City, at MP&L's option, either constructs and owns or fully compensates MP&L for the cost of such facilities beyond the

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cost MP&L would otherwise incur for its own use.

- (d) In the event the supplying Entity is unable for any reason to supply power to the transmission system, MP&L shall have no responsibility to deliver such power under this Service Schedule E.
- (e) The determination of the availability of existing bulk power transmission Capacity of MP&L during the proposed scheduled period shall be made on the basis of existing load, future contracted or projected new load beyond normal load growth, and normal load growth of MP&L, all determined by MP&L.
- (f) If the requested Bulk Power Transmission Service involves transmission over the facilities of a third utility system, City will make arrangements for use of those facilities directly with that third system, and MP&L shall not be obligated to commence Bulk Power Transmission Service until such arrangements have been made. MP&L agrees to cooperate in facilitating those arrangements.
- (g) Long-Term Firm Bulk Power Transmission Service under Section 50.31 is available only by specific agreement, executed by an authorized

representative of MP&L and City, and shall be scheduled in accordance with MP&L's standard dispatching practices.

- (h) Transactions shall be arranged through contract path.
- (i) There shall be no obligation to supply service under this Service Schedule E whenever the contract path is not available for use.

50.31 LONG-TERM FIRM BULK POWER TRANSMISSION SERVICE: MP&L will commit to furnish Long-Term Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 above, and the following provisions:

- (a) Contract Period - Service shall be scheduled for a period of twelve (12) months or such longer period as may be agreed upon by the parties. Such agreed upon period shall be the contract period for billing purposes.
- (b) Each transmission arrangement shall be requested in writing at least thirty (30) days before that initial service is proposed to commence, if such notice is reasonably required by MP&L.

50.32 SHORT-TERM FIRM BULK POWER TRANSMISSION SERVICE: MP&L will commit to furnish Short-Term Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 above, and the following provisions:

- (a) Contract Period - Service shall be scheduled in increments of one (1) week with each transmission arrangement considered as the Contract

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- (b) Each transmission arrangement shall be requested at least forty-eight (48) hours before that initial service is proposed to commence, if such notice is reasonably required by MP&L.

50.33 NON-FIRM BULK POWER TRANSMISSION SERVICE: MP&L will commit to furnish Non-Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 and the following provisions:

- (a) Such service shall be provided on a when, as, and if available basis and therefore, may be interrupted without liability to MP&L (however, MP&L will, when circumstances permit, give City advance notice of such interruptions).
- (b) Each transaction or arrangement of a like character will be verbally scheduled on an hour-to-hour basis in accordance with MP&L's standard dispatching practices.

SECTION IV - RATES AND BILLING

50.40 LONG-TERM FIRM BULK POWER TRANSMISSION SERVICE: The net monthly rate for Long-Term Firm Bulk Power Transmission Service shall be \$0.75 per kilowatt of Contract Demand. For deliveries at voltages not in excess of nominal 13.8 kv through MP&L owned transformers, the net rate shall be increased by \$0.25 per kilowatt.

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50.41 SHORT-TERM FIRM BULK POWER TRANSMISSION SERVICE: The net rate for Short-Term Firm Bulk Power Transmission Service shall be \$0.173 per kilowatt of Contract Demand per week. For

MP&L owned transformers, the net rate shall be increased by \$0.058 per kilowatt per week.

50.42 NON-FIRM BULK POWER TRANSMISSION SERVICE: The net rate for Non-Firm Bulk Power Transmission Service shall be 1.0 mill per kilowatt hour. For deliveries at voltages not in excess of nominal 13.8 kv through MP&L owned transformers, the net rate shall be increased by 0.30 mill per kilowatt hour.

50.43 CONTRACT DEMAND: The Contract Demand shall be defined as the greater of the Capacity scheduled to be delivered under Sections 50.40 and 50.41 (including losses as stated in Section 50.44) to City or to other Entities during the Contract Period or the maximum sixty (60) minute demand in kilowatts so measured, excluding inadvertent power flows accounted for under any other service schedule, during the Contract Period. When the Contract Demand for the current billing month exceeds the Contract Demand previously established and billed during the Contract Period, the currently established Contract Demand shall become the Contract Demand for the Contract Period. Previous billings for the Contract Period shall be recalculated on the newly established Contract Demand and the difference(s) in the amount(s) billed shall be added to the current month's bills.

50.44 LOSSES UNDER THIS SCHEDULE: Deliveries of Capacity and Energy by MP&L shall be 97% of such Capacity and Energy input into the MP&L Transmission System for deliveries to or for City. Where metering equipment measures deliveries below 115,000 volts, an additional 1% adjustment for transformer losses shall be made.

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50.45 INADVERTENT TRANSFER OF ENERGY: Inadvertent transfer of Energy shall be recognized and accounted for in accordance with Service Schedule B, Unintentional Energy of the Interconnection Agreement by and between City and Company.

50.46 MINIMUM BILL: The net minimum bill for services rendered under this Service Schedule E shall be \$100 per month per Bulk Power Transmission Service transaction, but not to exceed \$1,000 per month.

50.47 BILLING AND PAYMENT: Billing for Service under this Service Schedule E shall be based on the Contract Demand or Net Energy as appropriate, multiplied by the appropriate rate during each calendar month service is scheduled. Billing and payment shall be as provided for in Article 6.2 of the Interconnection Agreement by and between City and Company.

SECTION V - METERING

50.50 Metering equipment shall be as provided in Section 2.4 of the Interconnection Agreement by and between City and Company.

SECTION VI - REGULATORY APPROVAL

50.60 The effectiveness of this Service Schedule E is contingent upon any required regulatory approval or acceptance for filing. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Energy Regulatory Commission for change in rates under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

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SECTION VII - TERM

50.70 This Service Schedule I shall become effective on _____, and shall continue in force concurrently with the Interconnection Agreement by and between City and Company dated February 13, 1976, provided that either party may terminate this Service Schedule I without affecting the term or validity of the Interconnection Agreement or any other Service Schedule thereunder, at any time by giving at least five (5) years prior written notice of termination to the other party and shall, if not so terminated, continue in effect until the date of termination of the Interconnection Agreement.

EXECUTED as of _____.

MISSISSIPPI POWER & LIGHT COMPANY

By _____
President

ATTEST

By _____
Secretary

CITY OF CLARKSDALE

By _____
Mayor

ATTEST

By _____
City Clerk

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SERVICE SCHEDULE E
BULK POWER TRANSMISSION SERVICE
GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

SECTION I - PURPOSE

50.10 It is the purpose of this Service Schedule E to facilitate the sale, purchase or the exchange of Bulk Power by transmission over the transmission system of Mississippi Power & Light Company (MP&L) between or among the Greenwood Utilities Commission, Greenwood, Mississippi (City) and any other Entity(ies) with which MP&L has an interconnection agreement; and between or among City and any other Entity(ies) engaging in Bulk Power supply with which MP&L is not interconnected but between whose facilities MP&L's transmission lines and other transmission lines would form a continuous electrical path, provided that permission to utilize such other transmission lines has been obtained by City and the arrangements reasonably can be accommodated from a functional and technical standpoint.

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50.11 "Bulk Power" (Power) means the electric Capacity (Kilowatts) and any attendant energy (Kilowatt-Hours) supplied or made available at transmission voltage by one Entity to another.

50.12 "Entity" means a person, a private or public corporation, a municipality, a co-operative, a joint agency as defined in Chapter 363, Laws of Mississippi of 1978, an association, a joint stock association or business trust owning, operating or

generation, transmission or distribution of electricity; provided that, except for municipalities, joint agencies as defined in Chapter 363, Laws of Mississippi of 1978, or rural electric co-operatives, "Entity" is restricted to those which are or will be public utilities under the laws of the State in which the entity transacts or will transact business or under the Federal Power Act, and are or will be providing electric service under a contract or rate schedule on file with and subject to the regulation of a State Regulatory Commission or the Federal Energy Regulatory Commission.

SECTION II - CHARACTER OF SERVICE

50.20 Service provided shall be 3 phase, 60 Hertz at nominal 115,000 volts or such other voltage as may be available at present or future agreed to points of electrical connection. When deliveries are made at nominal 13.8 kv, transmission costs shall be adjusted to reflect the 115 kv level as hereinafter provided. Transmission costs for service at other than 115 kv or 13.8 kv shall be adjusted as appropriate to reflect the 115 kv service level.

SECTION III - CONDITIONS FOR SERVICE

50.30 MP&L will commit to furnish Bulk Power Transmission Service specified by City in accordance with this Service Schedule I (Bulk Power Transmission Service) for the term requested by City to the extent MP&L has, or could have as hereinafter provided, transmission Capacity available to provide such service in accordance with sound engineering and operating practice and subject to

- (a) MP&L shall not be obligated to furnish such service except as may be otherwise required when, in MP&L's judgment, reasonably exercised,
- (1) such service will impair the ability of MP&L to render adequate service to its customers or reduce the reliability of its electric service by MP&L to its own customers during the term of the scheduled service; or
 - (2) such service will endanger or impair the operation of MP&L's system, or create unsafe conditions on the system or any of the facilities of MP&L or its customers, or Entity(ies) with which MP&L is interconnected; or
 - (3) such service will require MP&L to construct or install new facilities except as hereinafter provided in (b) and (c) below.
- (b) To the extent that a condition described in (a) above exists and thereby prevents MP&L from committing to furnish reasonable Bulk Power Transmission Service requested by City, MP&L, if requested in writing by City, shall promptly provide City with a written explanation describing such condition(s) and the estimated costs and means by which such condition(s) could be relieved and the requested service accommodated. If City

offers to either construct and own necessary facilities to allow for such service or to pay the reasonable costs over and above those costs MP&L would otherwise incur for its own use to relieve the designated condition preventing such service, MP&L shall, at its option, accept one of the offers and commit to furnish the requested service.

- (c) If all of the following conditions and the other provisions described in this Service Schedule E are met, MP&L agrees to include in its planning and construction program sufficient transmission Capacity to accommodate prospective Bulk Power Transmission Service under this Service Schedule E provided that:

- (1) City gives MP&L sufficient advance written notice of the details of the requested service as may be necessary for MP&L to plan and complete from a functional and technical standpoint the facilities deemed necessary by MP&L to provide such service in accordance with MP&L's construction and operating standards; and
- (2) City, at MP&L's option, either constructs and owns or fully compensates MP&L for the cost of such facilities beyond the

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cost MP&L would otherwise incur for its own use.

- (d) In the event the supplying Entity is unable for any reason to supply power to the transmission system, MP&L shall have no responsibility to deliver such power under this Service Schedule E.
- (e) The determination of the availability of existing bulk power transmission Capacity of M&L during the proposed scheduled period shall be made on the basis of existing load, future contracted or projected new load beyond normal load growth, and normal load growth of MP&L, all determined by MP&L.
- (f) If the requested Bulk Power Transmission Service involves transmission over the facilities of a third utility system, City will make arrangements for use of those facilities directly with that third system, and MP&L shall not be obligated to commence Bulk Power Transmission Service until such arrangements have been made. MP&L agrees to cooperate in facilitating those arrangements.
- (g) Long-Term Firm Bulk Power Transmission Service under Section 50.31 is available only by specific agreement, executed by an authorized

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representative of MP&L and City, and shall be scheduled in accordance with MP&L's standard dispatching practices.

(h) Transactions shall be arranged through contract path.

(i) There shall be no obligation to supply service under this Service Schedule E whenever the contract path is not available for use.

50.31 LONG-TERM FIRM BULK POWER TRANSMISSION SERVICE: MP&L

will commit to furnish Long-Term Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 above, and the following provisions:

(a) Contract Period - Service shall be scheduled for a period of twelve (12) months or such longer period as may be agreed upon by the parties. Such agreed upon period shall be the contract period for billing purposes.

(b) Each transmission arrangement shall be requested in writing at least thirty (30) days before that initial service is proposed to commence, if such notice is reasonably required by MP&L.

50.32 SHORT-TERM FIRM BULK POWER TRANSMISSION SERVICE: MP&L

will commit to furnish Short-Term Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 above, and the following provisions:

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(a) Contract Period - Service shall be scheduled in increments of one (1) week with each transmission arrangement considered as the Contract

- (b) Each transmission arrangement shall be requested at least forty-eight (48) hours before that initial service is proposed to commence, if such notice is reasonably required by MP&L.

50.33 NON-FIRM BULK POWER TRANSMISSION SERVICE: MP&L will commit to furnish Non-Firm Bulk Power Transmission Service in accordance with the conditions set forth in Section 50.30 and the following provisions:

- (a) Such service shall be provided on a when, as, and if available basis and therefore, may be interrupted without liability to MP&L (however, MP&L will, when circumstances permit, give City advance notice of such interruptions).
- (b) Each transaction or arrangement of a like character will be verbally scheduled on an hour-to-hour basis in accordance with MP&L's standard dispatching practices.

SECTION IV - RATES AND BILLING

50.40 LONG-TERM FIRM BULK POWER TRANSMISSION SERVICE: The net monthly rate for Long-Term Firm Bulk Power Transmission Service shall be \$0.75 per kilowatt of Contract Demand. For deliveries at voltages not in excess of nominal 13.8 kv through MP&L owned transformers, the net rate shall be increased by \$0.25 per kilowatt.

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50.41 SHORT-TERM FIRM BULK POWER TRANSMISSION SERVICE: The net rate for Short-Term Firm Bulk Power Transmission Service shall be \$0.173 per kilowatt of Contract Demand per week. For

MP&L owned transformers, the net rate shall be increased by \$0.058 per kilowatt per week.

50.42 NON-FIRM BULK POWER TRANSMISSION SERVICE: The net rate for Non-Firm Bulk Power Transmission Service shall be 1.0 mill per kilowatt hour. For deliveries at voltages not in excess of nominal 13.8 kv through MP&L owned transformers, the net rate shall be increased by 0.30 mill per kilowatt hour.

50.43 CONTRACT DEMAND: The Contract Demand shall be defined as the greater of the Capacity scheduled to be delivered under Sections 50.40 and 50.41 (including losses as stated in Section 50.44) to City or to other Entities during the Contract Period or the maximum sixty (60) minute demand in kilowatts so measured, excluding inadvertent power flows accounted for under any other service schedule, during the Contract Period. When the Contract Demand for the current billing month exceeds the Contract Demand previously established and billed during the Contract Period, the currently established Contract Demand shall become the Contract Demand for the Contract Period. Previous billings for the Contract Period shall be recalculated on the newly established Contract Demand and the difference(s) in the amount(s) billed shall be added to the current month's bills.

50.44 LOSSES UNDER THIS SCHEDULE: Deliveries of Capacity and Energy by MP&L shall be 97% of such Capacity and Energy input into the MP&L Transmission System for deliveries to or for City. Where metering equipment measures deliveries below 115,000 volts, an additional 1% adjustment for transformer losses shall be made.

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50.45 INADVERTENT TRANSFER OF ENERGY: Inadvertent transfer of Energy shall be recognized and accounted for in accordance with Service Schedule B, Unintentional Energy of the Interconnection Agreement by and between City and Company.

50.46 MINIMUM BILL: The net minimum bill for services rendered under this Service Schedule E shall be \$100 per month per Bulk Power Transmission Service transaction, but not to exceed \$1,000 per month.

50.47 BILLING AND PAYMENT: Billing for Service under this Service Schedule E shall be based on the Contract Demand or Net Energy as appropriate, multiplied by the appropriate rate during each calendar month service is scheduled. Billing and payment shall be as provided for in Article 6.2 of the Interconnection Agreement by and between City and Company.

SECTION V - METERING

50.50 Metering equipment shall be as provided in Section 2.4 of the Interconnection Agreement by and between City and Company.

SECTION VI - REGULATORY APPROVAL

50.60 The effectiveness of this Service Schedule E is contingent upon any required regulatory approval or acceptance for filing. However, nothing contained herein shall be construed as affecting in any way the right of the party furnishing service under this rate schedule to unilaterally make application to the Federal Energy Regulatory Commission for change in rates under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

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SECTION VII - TERM

50.70 This Service Schedule I shall become effective on _____, and shall continue in force concurrently with the Interconnection Agreement by and between City and Company dated September 19, 1975, provided that either party may terminate this Service Schedule I without affecting the term or validity of the Interconnection Agreement or any other Service Schedule thereunder, at any time by giving at least five (5) years prior written notice of termination to the other party and shall, if not so terminated, continue in effect until the date of termination of the Interconnection Agreement.

EXECUTED as of _____.

MISSISSIPPI POWER & LIGHT COMPANY

By _____
President

ATTEST

By _____
Secretary

GREENWOOD UTILITIES COMMISSION

By _____
Chairman

ATTEST

By _____
City Clerk

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POOR ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Mississippi Power & Light Company) Docket Nos. ER79-529,
) ER79-582, ER78-583
) and ER78-584

EXPLANATORY STATEMENT AND REFERENCES
IN SUPPORT OF
PROPOSED SETTLEMENT AGREEMENT

In accordance with Section 1.18(e) of the Commission's Rules of Practice and Procedure, Mississippi Power & Light Company (MP&L or Company) submits this Explanatory Statement In Support Of Proposed Settlement Agreement which is being filed simultaneously in the above-identified consolidated proceedings.

As discussed in the Introduction to the Settlement Agreement, Service Schedules E were tendered for filing by MP&L to provide the City of Clarksdale, Mississippi (Clarksdale) and the Greenwood Utilities Commission (Greenwood), Greenwood, Mississippi (Municipal Intervenor) with a means of receiving two-way bulk power transmission service across any part of MP&L's transmission facilities. Concurrently with the conduct of pre-hearing discovery and settlement negotiations in these proceedings, MP&L was also engaged in negotiations with South Mississippi Electric Power Association (SMEPA), an intervenor in these proceedings, to develop a comprehensive interconnection arrangement. As a result of the negotiations between SMEPA and MP&L, an agreement was ultimately reached which included a service schedule for bulk power transmission service to SMEPA (Service Schedule TS-2).

The MP&L-SMEPA Interconnection Agreement and bulk power transmission service schedule were tendered for filing on July 23, 1979 in Docket No. ER79-529. Since the fundamental concepts underlying Service Schedule TS-2 and the nature of service which the schedule was designed to facilitate are identical to the underlying concepts and service facilitated by Service Schedules E, MP&L decided to file revised Service Schedules E which would conform to Service Schedule TS-2 as nearly as possible. This was accomplished on August 3, 1979. Although MP&L intended these filings to be noticed and docketed in these same proceedings, the revised Service Schedules E were noticed in a new docket, Docket No. ER79-582, by the Commission. Although MP&L had already filed its case-in-chief

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in these proceedings in support of the rate schedules as originally filed and the Commission Staff as well as the Municipal Intervenor had filed their direct cases, MP&L introduced the revised rate schedules directly into these proceedings in its rebuttal testimony.

As explained in the Company's rebuttal testimony, the revisions resolved many of the differences between MP&L and the Municipal Intervenor even though MP&L had been unable to settle with them as SMEPA and MP&L had done. Basically, the revised Service Schedules E expanded the classes of service to include long-term firm, short-term firm and non-firm transmission service in lieu of long-term firm and what was called interruptible in the original filing. The rate for long-term firm transmission was reduced from \$.97 per Kw/month to \$.75 per Kw/month and new rates were established for the alternative forms of service. Non-firm bulk power transmission service is characterized as being non-firm but there is no intention on the part of MP&L to arbitrarily interrupt service because of system peak load conditions. Circumstances which would lead to interruption of this specific service would be related to line loading conditions rather than system peak loads. The frequency of interruption is expected to be low, but the service schedule would provide that option for purposes of equipment and service protection should lines become overloaded. This would involve consideration of the thermal limits of transmission line capacity, voltage and stability conditions.

With the revised Service Schedules E as a new point of departure, MP&L and the Municipal Intervenor were able to reach a settlement in principle of all issues on the day the formal hearing was to begin. MP&L agreed to make additional modifications and rephrase various provisions of the rate schedules to improve clarity. These changes are reflected in the settlement Service Schedules E. In addition, with respect to the issue known to the parties as the single interconnection problem, MP&L agreed that when Clarksdale or Greenwood has power for transmission to its system delivered from outside MP&L's service territory to any electrically adequate and closed point of interconnection with MP&L's facilities, Clarksdale or Greenwood shall receive capacity credit under its interconnection agreement with MP&L for such power that is delivered to Clarksdale or Greenwood by MP&L in accordance with the terms and conditions of the settlement Service Schedules. As a procedural matter, it was further decided that MP&L should withdraw the revised Service Schedules E that were noticed in Docket No. ER79-582 to clear the way for an uncomplicated review of the settlement in these proceedings. Therefore, MP&L gave its notice of withdrawal of the filing on September 4, 1979.

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By Order dated September 21, 1979, the Commission accepted the MP&L-SMEPA Interconnection Agreement and supporting rate schedules for filing and consolidated Docket No. ER79-529 with the Clarksdale and Greenwood proceedings. The Order also granted MP&L's notice of withdrawal of the filing in Docket No. ER79-582.

No transactions have ever occurred under the originally filed Service Schedules E. Accordingly, the Settlement does not contain a provision for refunds.

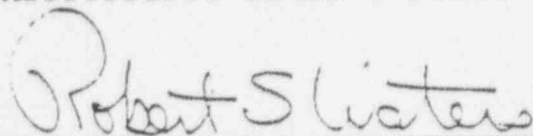
Any changes which SMEPA desires to have made to put Service Schedule TS-2 and Service Schedules E on an equal footing will be submitted to the Commission by MP&L as part of a separate settlement agreement with SMEPA. However, since the Commission's consolidating order of September 21, 1979 stated that the proposed rates, terms and conditions of the proposed interconnection agreement between MP&L and SMEPA "may be unjust, unreasonable, unduly discriminatory, preferential or otherwise unlawful", MP&L and SMEPA are unable to predict whether the Commission Staff's support may be obtained for a settlement agreement. In any event, MP&L will ensure that SMEPA has a full and complete opportunity to match all rates, terms and conditions of Schedule TS-2 and Service Schedules E.

Based on discussions with the Staff, it is believed that they will support the Settlement Agreement in their comments. Accordingly, MP&L expects that the proposed Settlement Agreement can be certified to the Commission as an uncontested and complete resolution of the Clarksdale and Greenwood phases of these consolidated proceedings.

Apart from this explanatory statement and the comments which may be received from the Commission Staff and SMEPA during the comment period, support for the Settlement Agreement may be found at (1) Hearing Transcript Volume 6, pp. 68-70, Volumes 7 and 8 and (2) MP&L's September 4, 1979 Notice of Withdrawal of filing in Docket No. ER79-582.

Respectfully submitted,

MISSISSIPPI POWER & LIGHT COMPANY



Robert S. Waters
Its Attorney

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners:

Mississippi Power & Light Company)	Docket Nos. ER79-529,
)	ER79-582, ER78-583
)	and ER78-584

ORDER ACCEPTING SETTLEMENT AGREEMENT
(October , 1979)

On August 28, 1978, Mississippi Power & Light Company (MP&L) tendered for filing unexecuted bulk power transmission service rate schedules - Service Schedules E, Bulk Transmission Service - as supplements to (1) its Interconnection Agreement with the City of Clarksdale (Clarksdale), Mississippi, dated February 13, 1976, and (2) its Interconnection Agreement with Greenwood Utilities Commission (Greenwood), Greenwood, Mississippi, dated September 19, 1975. The service schedules for Clarksdale and Greenwood provided MP&L with a means of furnishing specified classes of transmission service over its transmission facilities at the request of Clarksdale or Greenwood.

Notices of MP&L's filings were issued on September 6, 1978 in Docket Nos. ER78-583 and ER78-584 and timely petitions to intervene were subsequently received from (1) Clarksdale and Greenwood (Municipal Intervenor), (2) the Municipal Energy Agency of Mississippi (MEAM), a joint agency in which Municipal Intervenor are members, and (3) South Mississippi Electric Power Association (SMEPA), an organization of cooperative associations which was then engaged in negotiations with MP&L to develop a comprehensive interconnection arrangement that was to include a rate schedule for bulk power transmission service similar to that established in MP&L's Service Schedules E. All interventions included protests that the proposed service schedules were not just and reasonable.

In an Order issued September 27, 1978, the Commission accepted the transmission rate schedules for filing, granted the requested interventions and MP&L's request for waiver of notice and permitted the Service Schedules E to become effective, after suspension, on August 28, 1978. The Order also consolidated Docket Nos. ER78-583 and ER78-584, directed MP&L to file

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a case-in-chief within time limits established by the designated Presiding Administrative Law Judge, and provided for a hearing.

On October 3, 1979, pursuant to FERC Order No. 32 issued June 13, 1979, MP&L filed an offer of settlement and supporting documents with the Commission's Secretary and requested the Secretary to forward a copy to the Presiding Administrative Law Judge for certification to the Commission. On October 19, 1979, following an opportunity for comments from participants in the proceedings, the proposed Settlement Agreement and specified supporting documents were certified to the Commission by the Presiding Administrative Law Judge. Since the proposed Settlement Agreement would resolve all issues in the proceedings among MP&L, Clarksdale, Greenwood and MEAM and was signed or supported in comments by all parties to the proceedings, including the Commission Staff, it was certified to the Commission as a complete and uncontested offer of settlement.

According to the Settlement Agreement, the explanatory statement, and other accompanying documents, the settlement service schedules (Revised Service Schedules E) provide for expanded classes of service, more flexible terms and conditions, and lower rates in comparison with the original filings by MP&L in these dockets. Under the proposed service schedules, MP&L will provide transmission service between or among the Municipal Intervenor and any other public utility entity with which MP&L has an interconnection agreement; and between or among the Municipal Intervenor and any other public utility entity when a continuous electrical path has been established and the necessary arrangements can be made from a functional and technical standpoint. Firm transmission service is available in increments of twelve months or longer as may be agreed by the parties and increments of one week. Interruptible or non-firm service is also available on an hourly basis. The rates for such services are set at \$0.75 per kilowatt of contract demand per month, \$0.173 per kilowatt of contract demand per week, and 1.0 mill per kilowatt hour, respectively.

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The proposed Settlement Agreement and ancillary documents recognize that MP&L recently concluded lengthy negotiations with SMEPA for an Interconnection Agreement, which provided for a number of services, including bulk power transmission service (Rate Schedule TS-2), that was filed with the Commission on July 23, 1979 in Docket No. ER79-529. By Order dated September 21, 1979, the Commission accepted the MP&L-SMEPA Interconnection Agreement and supporting rate schedules for filing and consolidated Docket No. ER79-529 with the Clarksdale and Greenwood proceedings. While there are some differences between the MP&L-SMEPA bulk power transmission service rate schedule TS-2 and the settlement rate schedules, it is understood that the differences merely reflect the separate positions taken by SMEPA and the Municipal Intervenor. It is further understood that MP&L will offer a conforming rate schedule to SMEPA. Accordingly, the Commission finds that approval of the proposed Settlement

The Commission further finds the Revised Service Schedules E are just and reasonable and that their approval is in the public interest. The Commission is advised that since no transactions have yet taken place under the schedules, no procedure for revenue refunding is required.

The Commission's approval of this Settlement Agreement shall not constitute approval of or precedent regarding any principal or issue in these proceedings.

The Commission Orders:

(A) The Settlement Agreement filed by MP&L in this proceeding is approved.

(B) In accordance with Article I of the approved Settlement Agreement, Revised Service Schedules E (Appendices A and B to the Settlement Agreement) are accepted for filing and made effective as of August 28, 1978 in substitution for Service Schedules E as originally tendered. See Attachment A for rate schedule designations.

(C) The proceedings in these dockets are hereby terminated.

By the Commission.

(SEAL)

Kenneth F. Plumb,
Secretary

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Attachment A

Docket Nos. ER78-583 and ER78-584

Rate Schedule Designations

Mississippi Power & Light Company

- | | | |
|-----|---|--|
| (1) | Supplement No. 6 to Rate
Schedule FPC No. 239 | Revised Service Schedule E
Greenwood Utilities Commission
Greenwood, Mississippi |
| (2) | Supplement No. 6 to Rate
Schedule FPC No. 243 | Revised Service Schedule E
Clarksdale, Mississippi |
| (3) | Supplement No. 1 to each
of the above designations | Settlement Agreement |

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Mississippi Power & Light Company
Attention: Mr. Frank S. York, Jr.
Vice President and Secretary
P.O. Box 1640
Jackson, Mississippi 39205

Dear Mr. York:

On October 2, 1979, your company submitted a proposed settlement agreement concerning the rendering of bulk power transmission service to the City of Clarksdale, Mississippi and the Greenwood Utilities Commission which was certified to the Commission by the Presiding Administrative Law Judge on , 1979 as a complete settlement of Docket Nos. ER78-583 and ER78-584. Staff filed comments in support of the settlement agreement on , 1979.

Based on Staff's analysis, the settlement agreement is in the public interest and is accepted. The above rate filings submitted and supported by your company have been accepted for filing to become effective on August 28, 1978. The ER78-583 and ER78-584 settlement rates are designated as shown on the enclosure.

This acceptance for filing does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the above designated rate schedule; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission or its staff in any proceeding now pending or hereafter instituted by or against your company.

Docket Nos. ER78-583 and ER78-584 are terminated.

By direction of the Commission.

Secretary

Enclosure

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Enclosure

Docket Nos. ER78-583 and ER78-584

Rate Schedule Designations

Mississippi Power & Light Company

- | | | |
|-----|---|--|
| (1) | Supplement No. 6 to Rate
Schedule FPC No. 239 | Revised Service Schedule E
Greenwood Utilities Commission
Greenwood, Mississippi |
| (2) | Supplement No. 6 to Rate
Schedule FPC No. 243 | Revised Service Schedule E
Clarksdale, Mississippi |
| (3) | Supplement No. 1 to each
of the above designations | Settlement Agreement |

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FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON 20426

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Locket Nos. ER78-583
ER78-584
ER79-529

DEC 4 1979

Mississippi Power & Light Company
Attention: Mr. Frank S. York, Jr.
Vice President and
Secretary

P.O. Box 1640
Jackson, Mississippi 39205

Dear Mr. York:

On October 3, 1979, your company submitted pursuant to Section 1.18 (e) of the Commission's Rules of Practice and Procedure, an offer of settlement concerning the rendering of bulk power transmission service to the City of Clarksdale, and the Greenwood Utilities Commission, both located in Mississippi. The settlement was also executed by the Municipal Energy Agency of Mississippi, and was certified to the Commission by the Administrative Law Judge on October 24, 1979, as a complete resolution of all issues pending in the ER78-583 and ER78-584 portion of the proceeding consolidated with ER79-529.

The Commission Staff filed comments in support of this offer of settlement on October 12, 1979, which indicated that the settlement revenue level produced an earned return that did not exceed Staff's recommended 8.98% overall rate, including a 12.25% return for common equity on an equity ratio of 34.88%. Reply comments in support of the settlement were filed by the Cities on October 17, 1979, and by the Company on October 22, 1979. No other comments were filed.

The offer of settlement is in the public interest and is hereby accepted. The Commission acceptance of this settlement does not constitute approval of or precedent regarding any principal or issue in the consolidated proceeding.

Revised Service Schedule F attached to the settlement agreement is accepted to become effective on August 28, 1978, as designated on the Inclosure. It is noted that no refund provision is contained in the offer of settlement because no transmission service has yet been rendered as of the date of the submittal of the settlement.

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All revenue amounts, if any, collected in excess of the settlement rate level must be refunded within 30 days of the date of this letter order, with interest computed in accordance with Order No. 47 issued September 10, 1979. Within 15 days after refunds have been made, or within 15 days from the date of this letter order if no transmission service was rendered under the suspended rates, the Company shall file with this Commission a compliance report showing either (1) monthly billing determinants and revenues under prior, present and settlement rates, the monthly revenue refund, and the monthly interest computed together with a summary of such information for the total refund period, or (2) that transmission service has yet been rendered. In addition, the Company shall furnish a copy of such report to each State Commission within whose jurisdiction the resale customers distribute and sell electric energy at retail.

This order is without prejudice to any findings or orders which have been made or which will hereinafter be made by the Commission, and is without prejudice to any claims or contentions which may be made by the Commission, its staff, or any party or person affected by this order, in any proceeding now pending or hereinafter instituted by or against Mississippi Power & Light Company.

Upon satisfactory completion of the above compliance and refund report requirements, the ER78-583 and the ER78-584 portions of the consolidated proceeding are terminated.

By direction of the Commission.

Secretary

90013240

Enclosure

Docket Nos. ER78-583 and ER78-584

Rate Schedule Designations

Mississippi Power & Light Company

(1) Supplement No. 6 to Rate
Schedule FPC No. 239
(Supersedes Supplement No. 5)

Revised Service Schedule E
Greenwood, Utilities Commission
Greenwood, Mississippi

(2) Supplement No. 6 to Rate
Schedule FPC No. 243
(Supersedes Supplement No. 5)

Revised Service Schedule E
Clarksdale, Mississippi

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Mississippi Power & Light Company) Docket Nos. ER78-583
) ER78-584

INTERVENOR COMMENTS AND REPLY COMMENTS
IN SUPPORT OF THE PROPOSED
SETTLEMENT AGREEMENT

On October 3, 1979, Mississippi Power & Light Company ("MP&L") filed an executed 1/ Settlement Agreement between MP&L, the City of Clarksdale, Mississippi, Greenwood Utilities Commission and the Municipal Energy Agency of Mississippi. Because of a failure in the messenger service utilized by counsel for MP&L, intervenors were not advised of the filing date, and did not receive their copy of the filing until October 10, 1979.

The Staff has filed Comments in Support of the Proposed Settlement Agreement, dated October 12, 1979. Intervenor's note that the Staff cost of service analysis attached to its Comments in Support is not necessarily the approach which intervenors would use in analyzing the proper cost of service for a transmission rate. As the Settlement Agreement itself provides at p. 3, paragraph 2,

"Nothing in this Settlement ... shall constitute an admission by any party of the correctness or applicability of any ... principle or method of ratemaking or cost of service determination. It is also agreed that the parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost-of-service determination ... or the application of any rule or interpretation of law, that may underlie, or be thought to underlie, this Settlement or Revised Service Schedules E."

1/ The Staff Comments state incorrectly that the Settlement has not been executed by the intervening municipal customers. The Settlement has been so executed, the revised service schedules are in the process of separate execution by each City.

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While intervenors believe that it would be unfortunate if this Commission adopted a specific cost of service approach when all parties have disclaimed an intention so to do, there are further characteristics of the Settlement in addition to those stated by the Staff, that should encourage rapid approval of this Settlement. In particular, since certain ambiguities might otherwise create confusion:

1. The Company has agreed that for purposes of Section 50.46--MINIMUM BILL, the power service transaction to which the Minimum Bill of \$100. applies under Section 50.33, NON-FIRM BULK POWER TRANSMISSION SERVICE, may be a single transaction or arrangement stated in advance for as much as a week, so long as the schedule is given its dispatcher in accordance with its standard dispatching practices.
2. The Company has agreed that, so long as a transmission rate for an amount of power being delivered pursuant to Sections 50.31 or 50.32 is being paid to MP&L, the Cities or MEAM may designate, from time to time, changes in the point of delivery as among Cities without the incurrence of additional costs, thus being able to transmit among each other.
3. The Company has agreed that it will not be necessary to give it an additional thirty days notice for the Lafayette transaction.

For these reasons, and the reasons stated in the Settlement Agreement filing and the Staff Comments in Support of the Proposed Settlement Agreement, intervenors Clarksdale, Greenwood, and MEAM request expedited approval of the Settlement by this Commission.

Respectfully submitted,



Robert C. McDiarmid
Attorney for the City of
Clarksdale, Mississippi;
Greenwood Utilities Commission,
Greenwood, Mississippi and the
Municipal Energy Agency of
Mississippi.

October 17, 1979

Law Offices Of:

Spiegel & McDiarmid
2600 Virginia Avenue, NW
Washington, D. C. 20037

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VERIFICATION

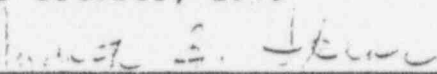
DISTRICT OF COLUMBIA, SS:

Robert C. McDiarmid, after being first duly placed upon affirmation, deposes and says that he is an attorney for the City of Clarksdale, Mississippi, Greenwood Utilities Commission and the Municipal Energy Agency of Mississippi and that as such he has signed the foregoing "INTERVENOR COMMENTS AND REPLY COMMENTS IN SUPPORT OF THE PROPOSED SETTLEMENT AGREEMENT" for and on behalf of said parties; that he is authorized so to do; that he has read said Comments and is familiar with the contents therein and that the matters and things therein set forth are true and correct to the best of his knowledge, information and belief.



Robert C. McDiarmid

Subscribed and affirmed
to before me this 16th day
of October, 1979



Notary Public
My Commission Expires Jan. 31, 1982

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Section 1.17 of the Rules of Practice and Procedure.

Dated at Washington, D.C., this 17th day of October,
1979.



Robert C. McDiarmid

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INTERCONNECTION AGREEMENT
BY AND BETWEEN
GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

O.1 This Agreement made this 19th day of September, 1975
by and between the GREENWOOD UTILITIES COMMISSION, GREENWOOD, MISSISSIPPI
(hereinafter called "Greenwood") and MISSISSIPPI POWER & LIGHT COMPANY
(hereinafter called "Company"),

WITNESSETH:

O.2 WHEREAS, the Company and Greenwood each own and operate an electric
system supplying electric service to the public; and

O.3 WHEREAS, Company is interconnected directly and/or indirectly
and coordinates its power and energy supplies with its corporate affiliates -
Arkansas Power & Light Company, Arkansas-Missouri Power Company, Louisiana
Power & Light Company, and New Orleans Public Service, Inc., the electrical
facilities of said companies together with those of Company being herein-
after referred to compositely as the "Middle South System"; and

O.4 WHEREAS, the Middle South System is interconnected and operates
in parallel with many other utilities within and without the states of
Mississippi, Arkansas, Louisiana and Missouri; and

O.5 WHEREAS, the public interest requires that each party shall make
all provisions necessary to reasonably assure the continuous availability
of electricity in sufficient amount to supply all normal requirements of
customers; and

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0.6 WHEREAS, Greenwood and the Company desire to enter into a comprehensive interconnection agreement for the establishment of an interconnection and securing of coordination between the Greenwood and Company systems, as aforesaid in paragraph 0.4; and

0.7 NOW, THEREFORE, in consideration of the above premises and of the mutual benefits from the covenants herein set forth, the parties hereto do hereby agree as follows:

I - TERM

1.1 This Agreement shall become effective on date of interconnection of the systems as provided in Article II hereof and shall continue until termination by either party by written notice given not less than 5 years in advance of the designated date of termination, provided that no such termination may be effective prior to May 31, 1986.

It is contemplated that the systems of the parties will be interconnected as provided in Article II hereof on or about May 31, 1976 and both parties shall exercise due diligence to complete the required facilities by said date.

ARTICLE II

INTERCONNECTION

2.1 Point of Interconnection

The point of interconnection hereunder shall be at the terminals of Greenwood's 115,000 volt transmission line on Company's terminal structure at Company's Greenwood substation as shown on the sketch marked Exhibit A attached hereto and made a part hereof.

2.2 Facilities Furnished by Company

Company shall provide, own and maintain one "AX" Tower, three "C" Towers and one terminal structure at Company's Greenwood Substation as shown on the sketch marked Exhibit A attached hereto and made a part hereof. Company shall own and maintain a 115 KV Oil Circuit Breaker and

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three Air Break Disconnect Switches, together with other related appurtenant equipment. Company will provide auxiliary DC and AC power supply for the operation of said oil circuit breaker.

Company will install, or cause to be installed, necessary telemetering facilities between the Greenwood interconnection and Company's dispatchers. Greenwood shall thereafter pay Company monthly all expenses including fixed charges incidental to such telemetering.

2.3 Facilities Furnished by Greenwood

Greenwood shall provide, own, operate and maintain a voltage regulating transformer of not less than 20,000 KVA capacity in the Greenwood Utilities Commission Substation for the purpose of reducing the voltage delivered from the Company's 115 KV transmission system. Greenwood shall also provide, own operate and maintain a 115 KV tieline between the Greenwood Utilities Commission Substation and the point of interconnection at Company's Greenwood Substation as heretofore described.

Greenwood shall provide, own, operate and maintain all synchronizing equipment and instrumentation required for synchronizing and parallel operation of electric systems of the parties. The equipment shall be selected so as to meet, as nearly as practicable, the Performance Criteria of the North American Power Systems Interconnection Committee Operating Manual.

Greenwood shall provide, own, operate and maintain all fuses, circuit breakers, isolation switches and other electrical apparatus necessary for adequate protection of Greenwood's electric system. Greenwood's electrical facilities so installed shall be compatible with Company's protective equipment.

2.4 Meters and Location

All energy delivered by either party to the other hereunder shall be measured by meters located in the Greenwood Utilities Commission Substation.

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The meter equipment shall be capable of measuring demand on a 60-minute interval and connected to record kilowatts, reactive kilovolt amperes and kilowatt hours at the low voltage side of the transformer provided by Greenwood. The meters and associated metering facilities shall be owned by the Company and it shall be the Company's responsibility to maintain them in good operating condition. Greenwood shall provide space in its secondary bus for Company's metering equipment and access to its substation by Company for operation, maintenance and inspection of its metering equipment.

2.5 Interconnection with Other Systems

Nothing contained in this contract shall restrict or limit either party in making other interconnections or agreements therefor with other systems or in its own use of its own lines.

Greenwood takes note that its interconnection and parallel operation with a third party having a power source while maintaining its interconnection with the Company will result in power flows between the Company and the third party through Greenwood's system and possibly affect the flow of power between Company and other parties through other paths.

III - SERVICE SCHEDULES

3.1 Service Schedules

The power to be supplied by each party to the other hereunder, the terms and conditions of such supply and the charges to be paid therefor shall be in accordance with arrangements from time to time agreed upon between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which, when signed by authorized officials of the parties hereto, shall become a part of this Agreement for the term hereof or for such shorter terms as may be provided in the Service Schedule.

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The following Service Schedules are agreed to initially and are made a part hereof:

Service Schedule A -	Reserve Capacity
Service Schedule B -	Unintentional Energy
Service Schedule C -	Firm Capacity
Service Schedule D -	Economy Energy

Service shall be supplied and taken in accordance with the foregoing Service Schedules or such other effective superseding Schedules as may be agreed upon by the parties and authorized by duly constituted regulatory authority.

3.2 Service Schedules to Have Precedence

In event that any provisions of this Agreement are in conflict with those of existing or subsequent service schedules, the provisions of the service schedule shall be controlling.

IV - OPERATING COMMITTEE

4.1 Appointment of Operating Representatives

Each party will appoint one representative to act for it in matters pertaining to interconnected operation hereunder and such additional representatives as it may choose to appoint to serve in his absence or with respect to various detailed operating arrangements hereunder. Each party will inform the other of such appointments as made or changed from time to time. The operating representatives shall have no authority to modify any of the provisions of this Agreement or of any Service Schedule hereunder, except as to those designated herein or in the respective service schedules as within the scope of their responsibility.

4.2 Temporary Interchange Arrangements

In cases where, from time to time, it may be to the advantage of the parties that power be interchanged or sold upon a basis not provided for

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in any Service Schedule then in effect and in circumstances such that arrangements must be made promptly in order to realize such advantage, or in cases of emergency or temporary and unusual operating conditions, temporary arrangements for individual transactions may be made by the operating representatives within the limits of the authority delegated to them; provided, however, that such arrangements shall be confirmed in writing and that no commitment involved in any arrangement so made at any time by the operating representatives shall extend for a longer period than 30 days unless approved by authorized officers of both parties.

V - CONDITIONS OF OPERATION

5.1 Parallel Operation

It is intended that the electrical systems of the parties shall normally be operated in parallel; however, either party may from time to time interrupt the parallel operation if, in its opinion, it is required for the satisfactory operation of its system.

5.2 Reserve Requirements

This interconnection agreement is predicated on the assumption that each party will continue to provide reliable capacity equal to its load plus adequate reserves. Company plans and provides its reserves on a pooled basis with other Middle South System Companies and must install or pay for capacity adequate to provide for its own load plus a pro rata part of the pooled reserves. Under this Agreement Greenwood will provide dependable capacity to serve its own load plus reserves at least equal to the percentage of reserves maintained by the Middle South System; provided, however, that Greenwood shall not be required to provide more capacity than 125 percent of its maximum clock hourly load in the twelve (12) months ended with the current month. In event Greenwood elects not to construct or elects to defer construction of additional capacity it shall purchase from the Company or a third party sufficient capacity on an annual

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basis to bring its capacity at the time of its annual peak load up to the percentage maintained by the Company in conjunction with the other Middle South System companies. Firm power purchased shall be deducted from the load in determining the reserve requirement.

In November of each year the Operating Committee shall discuss load projections and reserve requirements for future years so that the necessary facilities to meet the requirements of both parties can be planned and provided in a timely manner.

5.3 City Controls Power Flow

The parties recognize that under the arrangements herein contemplated Greenwood will have sole control and determination of the amounts of kilowatts and reactive kilovolt amperes flowing over the interconnection at any given time. Greenwood will furnish tie line bias control equipment which will monitor the power and reactive flow at the point of interconnection and will automatically adjust the governors of one or more of its generators in order to maintain the power flow as near as possible to agreed upon schedule between the Company and Greenwood. Greenwood will also be responsible for controlling the reactive flow by adjustment of its interconnecting voltage regulator. The equipment furnished by Greenwood for this purpose will consist of conventional tie line control equipment normally used for this purpose with the manufacturer as selected by Greenwood. Such equipment shall be selected, installed and maintained to meet, so far as is practicable, the Performance Criteria as set forth in the North American Power Systems Interconnection Committee Operating Manual. The equipment selected shall also be compatible with telemetering equipment used by Company.

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5.4 Disturbances

Insofar as practicable, Company and City shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service in the system of the other party. The parties recognize their responsibility to their customers with respect to continuity of service and their responsibility to each other with respect to reliability of bulk power supply facilities. It is expressly understood that, for the purpose of maintaining system reliability and integrity, Company may install underfrequency relays on the interconnection contemplated herein.

5.5 Reactive Current

Neither party shall be required to supply reactive current to the other, except in accordance with arrangements between the respective load dispatchers. Normally a party receiving power shall simultaneously supply reactive current to the party supplying power to the extent necessary to make practicable the transfer of the amount of power scheduled. However, the arrangements may provide for a party supplying power to simultaneously supply reactive current to the party receiving power if no impairment of service is thereby occasioned in the supplying party's system.

5.6 Spinning Reserves

Insofar as practicable each system will provide such amounts of spinning reserve capacity that neither the Company nor Greenwood systems will impose disproportionate load swings upon the other or make disproportionate demands upon the other for assistance in meeting the normal contingencies of power system operation.

The loss of Greenwood's largest unit when fully loaded and the load swings caused on the Company's system by this loss shall not be deemed

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as imposing a disproportionate load swing upon the Company's system. In such a circumstance Greenwood will make every effort to start up and operate other of its capacity to make up for the loss of its largest unit as soon as possible. Greenwood shall not, except under emergency conditions, operate any generator at more than 95% of its capacity and the total spinning reserve maintained by it shall be not less than 10% of the capacity of the largest Greenwood unit in service at the time.

VI - METER READING AND SETTLEMENTS

6.1 Reading

Meter readings for billing purposes shall be made by Company on the last day of each month unless such day shall fall on Saturday, Sunday or a legal holiday. In such case the reading shall be made on the proximate working day.

6.2 Settlement

Bills for amounts due by either party to the other shall be paid at the office of the party to whom payment is due within ten days after the date received.

In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due, and the remainder, if any, upon determination shall be paid promptly after such determination.

6.3 Meter Testing

Metering equipment shall be tested on request by either party and in event at intervals not exceeding one year, with representatives of both parties notified and privileged to be present. Any meter found to be inaccurate shall be restored to a condition of accuracy, and if inaccuracy is one per cent (1%) or more, a correction shall be made in the billing from the date the meter became inaccurate, if determinable. If the date

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the meter became inaccurate is not determinable, and if Greenwood has suitable interconnection metering, the parties hereto agree to use the readings of Greenwood's meters; provided, such meters are within the accuracy limits prescribed above.

VII - MISCELLANEOUS PROVISIONS

7.1 Uncontrollable Forces

Neither party shall be deemed to be in default or liable for failure of performance of any obligations hereunder if such failure or performance be due to uncontrollable forces, the term "uncontrollable forces" for the purposes hereof meaning causes beyond the control of the party affected which it could not reasonably have been expected to forestall by exercise of due and, in its judgment, practicable foresight and which by exercise of due and, in its judgment, practicable diligence it shall be unable to overcome, including among others such causes as storm, flood, lightning, fire, accident damaging facilities or necessary outage of facilities upon which performance is dependent, failure of manufacturers to make schedule deliveries of equipment, impact of war, mobilization, act of the public enemy, sabotage, civil disturbance, labor disturbance, strike, and restraint or order of public authority; provided that nothing herein shall be construed to relieve a party from responsibility for failure of performance if such failure be due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch.

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7.2 Responsibility for Loss or Damage

Company shall save Greenwood unharmed from any loss or damage to the public arising out of the operation of the Company's transmission lines or equipment and the transmission of electric power on its system for delivery hereunder unless such loss or damage was caused by the sole

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negligence of Greenwood, its agents, servants, or employees; provided, however, that Greenwood shall in all cases be responsible for any liability under the provisions of any applicable workmen's compensation law for damage or injury to its own employees and will not seek any reimbursement therefor from Company. Conversely, Greenwood shall save Company unharmed from any loss or damage to the public arising out of the operation of its lines or equipment and the transmission of electric power on its system for delivery hereunder, or the presence of employees of Greenwood upon the Company's substation premises as hereinbefore provided for, unless such loss or damage was caused by the sole negligence of Company, its agents, servants, or employees; provided however, that Company shall in all cases be responsible for any liability under the provisions of any applicable workmen's compensation law for damage or injury to its own employees and will not seek any reimbursement therefor from Greenwood. Company shall be liable for all loss or damage to its own property, unless such loss or damage is caused by the sole negligence of Greenwood, and in that event Greenwood shall bear such loss or damage. Conversely, Greenwood shall be liable for all loss or damage to its own property, unless such loss or damage is caused by the sole negligence of Company, and in that event Company shall bear such loss or damage.

7.3 Waivers

Any waiver by a party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter.

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7.4 Regulatory Approval

This Agreement is contingent upon the securing of any requisite regulatory approvals and is subject to present and future valid laws, rules, regulations and orders of duly constituted regulatory authorities having jurisdiction. Either party may seek authorization through regulatory procedure for such changes in this Agreement as may be required to make any provision thereof just and reasonable.

7.5 If at any time during the operation of this Agreement, any provision of this Agreement results in a condition that is deemed to be unjust or unfair by either party, the parties agree to attempt to negotiate such provision before seeking, unilaterally, the authorization through regulatory procedure as provided in paragraph 7.4.

7.6 Notices

Any notice, demand or request given in connection with this Agreement shall be deemed properly given if sent by registered mail to the Manager, Greenwood Utilities, P O Box 866, Greenwood, Mississippi 38930 in case of notice to Greenwood, or to the President, Mississippi Power & Light Company, P O Box 1640, Jackson, Mississippi 39205 in case of notice to Company. The designation of the person to be notified or the address of such person may be changed from time to time by written notice.

7.7 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party to a successor in the operation of its properties without the written consent of the other party except upon foreclosure of a mortgage or deed of trust.

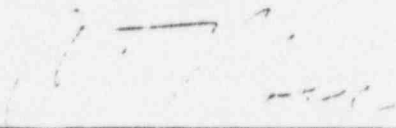
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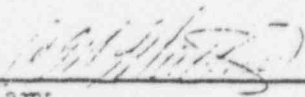
IN WITNESS WHEREOF, the parties hereto have executed this Agreement through their duly authorized officers as of the date first above written.

GREENWOOD UTILITIES COMMISSION

ATTEST:




Chairman, Greenwood Utilities Commission



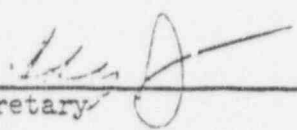
Secretary

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:



President



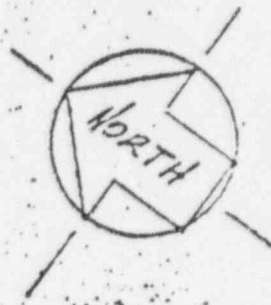
Secretary



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POOR ORIGINAL



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WORK SHOP

GREENWOOD UTILITIES
COMMISSION FACILITIES

STORE ROOM

COTTON HOUSE

M.P. & L. Co. 13KV

115KV TO WINONA
218' SPAN

POINT OF INTERCONNECTIC
M.P. & L. Co. "FX" TOWER

28' 10' 12'

M.P. & L. Co.
SUBSTATION

FLOOD LIGHTS
6' LONG x 18" WIDE

L-14 ART 42°35'
60°55'60'

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EXHIBIT "A"

SERVICE SCHEDULE A
RESERVE CAPACITY

GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

10.10 It is the purpose of this Schedule to provide a basis for utilizing the capacity in the system of each party for supplying Reserve Capacity to the other.

Section II - Character of Service and Metering

10.20 Service shall be delivered at nominal 115,000 volts. Company will meter on the secondary side of Greenwood's substation transformer, and the energy billed shall be the kwh registered at such secondary voltage.

Section III - Reserve Capacity

10.30 Emergency Assistance: It is the intent of the parties that under emergency conditions either party is entitled to call upon the other for emergency assistance. The party called upon shall furnish such service desired by the party in need to the fullest extent available. Service shall be provided if and when available from the party's own generation and from the generation of others to the extent it can do so without impairing service to its own customers, including other electric systems to whom it has firm commitments.

10.31 Scheduled Maintenance: Either party shall be entitled to call upon the other to provide power and energy during periods of scheduled maintenance. Such service shall be supplied by either party as required

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by the other up to the rating of Greenwood's largest generating unit subject, however, to the limitations of the interconnections between parties. Such service shall be scheduled in advance to fit maintenance schedules of the parties. The parties agree to cooperate in arranging their respective maintenance schedules for their mutual convenience.

10.32 Reserve Requirements: The supplying of reserve capacity is conditional upon the maintenance of dependable capacity by the parties as set forth in Section 5.2 "Reserve Requirements" of the Interconnection Agreement between the parties. Should either party fail to provide capacity in accordance with the provisions of said section, it shall forfeit the right to call upon the other for reserve capacity under this Schedule.

Section IV - Monthly Billing

10.40 The capacity and energy supplied hereunder shall be billed and paid for at the greater of:

- a. 12.5 mills per kwh, or
- b. 115% of the cost incurred by seller directly attributable to the supplying of such service. Bills shall be submitted monthly and shall include reasonable itemization of cost factors readily available to seller.

Section V - Regulatory Approval

10.50 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required to make any provisions thereof just and reasonable.

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Section VI - Term

10.60 This Schedule shall become effective concurrently with the interconnection Agreement dated September 19, 1975 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED as of September 19, 1975.

GREENWOOD UTILITIES COMMISSION

ATTEST:

By [Signature]
Chairman, Greenwood Utilities Commission

[Signature]
Secretary

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

By [Signature]
President

[Signature]
Secretary

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SERVICE SCHEDULE B
UNINTENTIONAL ENERGY

GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

20.10 It is the purpose of this Schedule to provide a basis for the payment for energy unintentionally delivered by one party to the other under parallel operation which it was not practical for the receiving party to repay in kind.

Section II - Character of Service and Metering

20.20 Service shall be delivered at nominal 15,000 volts. Company will meter on the secondary side of Greenwood's substation transformer, and the energy billed shall be the kwh registered at such secondary voltage.

Section III - Unintentional Energy Delivery and Settlement

20.30 Deliveries: It is recognized by both parties that there will be unintentional interchange of energy between the systems of the parties while said systems are interconnected even though no purchases or sales of energy are scheduled or intended to be made by either party. This unintentional interchange of energy shall be accounted for by periods and shall be returned in kind; i.e., unintentional deliveries by one party to the other during On Peak hours shall be returned by the receiving party during similar On Peak hours, and unintentional deliveries during Off Peak hours shall be returned by the receiving party during similar Off Peak hours. Similar hours shall include like fuel supply conditions. As far as practicable,

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account balances of unintentional interchange of energy shall be maintained as near zero as possible on a daily basis. Energy balances, however, may be carried forward from one day to the next and, to the extent hereinafter provided, from one month to the next.

20.31 Settlements: At the end of each calendar month, the account balance of unintentional energy received by Greenwood from Company in excess of 10,000 kilowatt-hours shall be classified as intentional and paid for by Greenwood at the rate provided for Reserve Capacity. At the end of each calendar month, any account balance of unintentional energy delivered by Greenwood to Company in excess of 10,000 kilowatt-hours shall be classified as intentional deliveries by Greenwood to Company and shall be paid for by Company to Greenwood at five mills (\$0.005) per kilowatt-hour. If the balance of unintentional energy owed by either party to the other is less than 10,000 kilowatt-hours at the end of any month, such balance shall be carried into the following month as an obligation to repay in kind.

20.32 Definitions:

Off Peak Hours: 9:01 PM to 7:00 AM CST five week days
and all day on Saturdays, Sundays, New
Years, Independence Day, Labor Day,
Thanksgiving and Christmas

On Peak Hours: Other than Off Peak Hours.

Section IV - Regulatory Approval

20.40 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required to make any provision thereof just and reasonable.

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Section V - Term

20.50 This Schedule shall become effective concurrently with the interconnection Agreement dated September 19, 1975 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED as of September 19, 1975.

GREENWOOD UTILITIES COMMISSION

By [Signature]
Chairman, Greenwood Utilities Commission

ATTEST:

[Signature]
Secretary

MISSISSIPPI POWER & LIGHT COMPANY

By [Signature]
President

ATTEST:

[Signature]
Secretary

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SERVICE SCHEDULE C
FIRM CAPACITY

GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

30.10 It is the purpose of this Schedule to provide a basis for the sale of firm capacity by Company to Greenwood on a supplemental basis in event such service is required by Greenwood to augment its capacity to meet the capacity requirements set forth in Section 5.2 of the Interconnection Agreement between the parties or for other sales of firm power as the parties may agree.

Section II - Character of Service and Metering

30.20 Service shall be delivered at nominal 115,000 volts. Company will meter on the secondary side of Greenwood's substation transformer, and the energy billed shall be the kwh registered at such secondary voltage.

Section III - Contract Quantity and Billing

30.30 The quantity of power Greenwood shall purchase ("Contract KW") in any month shall be determined as "P" in the following equation whenever "P" is a positive quantity:

$$P = L - \frac{C}{R}$$

Where P = KW to be purchased.

L = Greenwood's highest hourly system load experienced in the
12 months ending with current month expressed in KW

C = Greenwood's dependable generating capacity in KW

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$$R = \frac{\text{Middle South System Capacity at Time of Maximum Hourly Load*}}{\text{Maximum Hourly Load* on Middle South System}}$$

The value of R shall not exceed 1.25.

*Maximum clock hourly load in 12 months ended with the current month.

"Capacity" shall mean the total capacity of all operable units owned or leased by Greenwood or the Middle South System, as the case may be.

The parties will promptly inform each other of changes in load and capacity that may affect the Contract KW hereunder.

NOTE: Firm purchases from a third party will be deducted from Load and not considered an addition to Capacity.

30.31 Energy: The Purchasing Party shall be entitled to take energy under this schedule up to the Contract KW at any and all hours.

30.32 Monthly Billing:

\$2.75 per KW of Contract KW, plus

Electric energy delivered in any month shall be billed at 115% of the monthly cost of power incremental to Company's own load requirements and intrastate commitments, adjusted for transmission losses on the basis of the delivered efficiency of Company's transmission system for the prior calendar year.

"Cost" as used herein, shall include but not be limited to fuel costs and/or purchased power costs. In the case of emergency energy, such costs shall be allocated to the parties on a pro rata basis.

Billing under this Schedule shall be for a period of no less than 12 months. The Contract KW to be billed in any month hereunder shall be the greater of (a) the Contract KW so determined for the current month or (b) the highest Contract KW so established during the preceding eleven months.

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Section IV - Regulatory Approval

30.40 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization

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through regulatory procedures for such change in this Schedule as may be required to make any provision thereof just and reasonable.

Section V - Term

30.50 This Schedule shall become effective concurrently with the Inter-connection Agreement dated September 19, 1975 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED AS of September 19, 1975.

GREENWOOD UTILITIES COMMISSION

ATTEST:

By

Chairman, Greenwood Utilities Commission

Secretary

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

By

President

Secretary

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SERVICE SCHEDULE D
ECONOMY ENERGY

GREENWOOD UTILITIES COMMISSION
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

40.10 It is the purpose of this Schedule to provide a basis for the sale and purchase of economy energy between the parties as they may mutually agree from time to time.

Section II - Character of Service and Metering

40.20 Service shall be delivered at nominal 115,000 volts. Company will meter on the low voltage side of Greenwood's substation transformer, and the energy billed shall be the kwh registered at such voltage.

Section III - Economy Energy

40.30 Economy energy shall mean energy which the supplying party can produce and deliver to the receiving party at an incremental cost which is lower than the incremental cost the receiving party would otherwise incur by generating or obtaining equivalent energy from other available sources. Each party shall determine when economy energy is available, and it may, but shall not be obligated to offer energy to the other party. When economy energy is available each party will, upon request of the other, furnish information with respect to:

- a. The cost of energy it can make available, and
- b. The value of economy energy it can utilize.

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40.31 A party is entitled to receive economy energy hereunder only to the extent that such party has alternative dependable capacity, including adequate reserves, and currently available that would otherwise be used.

40.32 Upon request of one party the other party may supply economy energy to the requesting party up to the capacity of the power source or fuel available for such supply subject to the judgment of the supplying party that the supply of such energy will not impair or jeopardize service to its own customers, including other electric systems, to whom it has equal commitments.

Section IV - Billing and Settlement

40.40 Economy energy shall be billed at a rate equal to one-half of the sum of

- a. the costs incurred by the supplying party for the economy energy delivered, and
- b. the value of the energy to the receiving party.

The cost of economy energy shall mean the incremental expense as determined by the supplying party to be the expense incurred by it in supplying economy energy. The incremental expense shall also reflect costs, if any, of placing units in operation and the incremental increase in transmission expense attributable to the transaction. The cost to the supplying party shall be that stated by its load dispatcher prior to commencement of delivery of economy energy and shall be subject to change on an hourly basis by the dispatcher prior to any hour. Interchange settlements shall be computed on the basis of clock hour intervals.

The value of economy energy shall mean the incremental expense as determined by the receiving party at date incurred if the economy energy

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were not to be received. The incremental expense so determined shall reflect both the incremental expense of generating or obtaining energy from any other source, including the cost, if any, of placing units in operation and the incremental increase or decrease in system transmission expense attributable to the transaction.

From time to time the operating representatives of the parties shall review the methods and bases used by each part to determine such costs and values.

Each party shall be the sole judge of the capacity and fuel available for Economy Energy supplied from its system and all commitments to other system which may have priority of economy energy supplied hereunder.

40.41 Insofar as practicable economy energy transactions shall be scheduled between load dispatchers not less than one day in advance.

Section V - Regulatory Approval

40.50 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required to make any provision thereof just and reasonable.

Section VI - Term

40.60 This Schedule shall become effective concurrently with the inter-connection agreement dated _____ September 19 _____, 1975 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written

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notice given to the other party not less than five (5) years in advance of the designated date of termination.

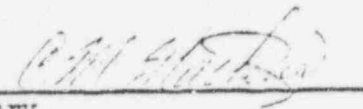
EXECUTED as of September 19, 1975.

GREENWOOD UTILITIES COMMISSION

ATTEST:

By 

Chairman, Greenwood Utilities Commission

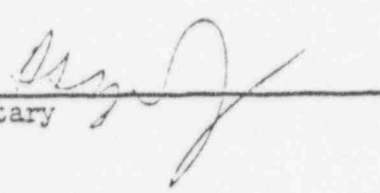

Secretary

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

By 

President


Secretary

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INTERCONNECTION AGREEMENT

BY AND BETWEEN

CITY OF CLARKSDALE

AND

MISSISSIPPI POWER & LIGHT COMPANY

0.1 This Agreement made this 13th day of February, 1976
by and between the CITY OF CLARKSDALE, MISSISSIPPI (hereinafter called
"City") and MISSISSIPPI POWER & LIGHT COMPANY (hereinafter called "Company"),

WITNESSETH:

0.2 WHEREAS, the Company and City each own and operate an electric
system supplying electric service to the public; and

0.3 WHEREAS, Company is interconnected directly and/or indirectly
and coordinates its power and energy supplies with its corporate affiliates -
Arkansas Power & Light Company, Arkansas-Missouri Power Company, Louisiana
Power & Light Company, and New Orleans Public Service, Inc., the electrical
facilities of said companies together with those of Company being herein-
after referred to compositely as the "Middle South System"; and

0.4 WHEREAS, the Middle South System is interconnected and operates
in parallel with many other utilities within and without the states of
Mississippi, Arkansas, Louisiana and Missouri; and

0.5 WHEREAS, the public interest requires that each party shall make
all provisions necessary to reasonably assure the continuous availability
of electricity in sufficient amount to supply all normal requirements of
customers; and

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0.6 WHEREAS, City and the Company desire to enter into a comprehensive interconnection agreement for the establishment of an interconnection and securing of coordination between the City and Company systems, as aforesaid in paragraph 0.4;

0.7 NOW, THEREFORE, in consideration of the above premises and of the mutual benefits from the covenants herein set forth, the parties hereto do hereby agree as follows:

I - TERM

1.1 This Agreement shall become effective on the date of interconnection of the systems as provided in Article II hereof and shall continue until termination by either party by written notice given not less than 5 years in advance of the designated date of termination, provided that no such, termination may be effective prior to December 1, 1986.

It is contemplated that the systems of the parties will be interconnected as provided in Article II hereof on or about December 1, 1976 and both parties shall exercise due diligence to complete the required facilities by said date.

ARTICLE II INTERCONNECTION

2.1 Point of Interconnection

The point of interconnection hereunder shall be at the terminals of City's 115,000 volt transmission line on Company's terminal structure at Company's Clarksdale substation as shown on the sketch marked Exhibit A attached hereto and made a part hereof.

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2.2 Facilities Furnished by Company

Company shall provide, own and maintain two "C" towers and two "AX" towers, one of which shall serve as the terminal structure at the point of interconnection in Company's Clarksdale Substation as shown on the sketch marked Exhibit A attached hereto and made a part hereof. Company shall own and maintain a 115 KV Oil Circuit Breaker and three air break disconnect switches, together with other related appurtenant equipment. Company will provide auxiliary DC and AC power supply for the operation of said oil circuit breaker.

Company will install, or cause to be installed, necessary telemetering facilities between the Clarksdale interconnection and Company's dispatchers. Clarksdale shall thereafter pay Company monthly all expenses including fixed charges incidental to such telemetering and supervisory control.

2.3 Facilities Furnished by City

City shall provide, own, operate and maintain a voltage regulating transformer of not less than 20,000 KVA capacity in the City's substation for the purpose of reducing the voltage delivered from the Company's 115 KV transmission system. City shall also provide, own, operate and maintain a 115 KV tieline between City's Substation and the point of interconnection in Company's Clarksdale substation as heretofore described.

City shall provide, own, operate and maintain all synchronizing equipment and instrumentation required for synchronizing and parallel operation of electric systems of the parties. The equipment shall be selected so as to meet, as nearly as practicable, the Performance Criteria of the North American Power Systems Interconnection Committee Operating Manual.

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City shall provide, own, operate and maintain all fuses, circuit breakers, isolation switches and other electrical apparatus necessary for adequate protection of City's electric system. City's electrical facilities so installed shall be compatible with Company's protective equipment.

2.4 Meters and Location

All energy delivered by either party to the other hereunder shall be measured by meters located in Company's Clarksdale Substation. The meter equipment shall be capable of measuring demand on a 60-minute interval and connected to record kilowatts, reactive kilovolt amperes and kilowatt hours. The meters and associated metering facilities shall be owned by the Company and it shall be the Company's responsibility to maintain them in good operating condition.

Metering will be at 115,000 volts. The metering equipment installed will compensate for transformer losses or in lieu thereof an allowance of 1% will be made in the measured quantities used for billing.

2.5 Interconnection with Other Systems

Nothing contained in this contract shall restrict or limit either party in making other interconnections or agreements therefor with other systems or in its own use of its own lines.

Clarksdale takes note that its interconnection and parallel operation with a third party having a power source while maintaining its interconnection with the Company will result in power flows between the Company and the third party through Clarksdale's system and possibly affect the flow of power between Company and other parties through other paths.

III - SERVICE SCHEDULES

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3.1 Service Schedules

The power to be supplied by each party to the other hereunder, the terms and conditions of such supply and the charges to be paid therefor

shall be in accordance with arrangements from time to time agreed upon between the parties. Such arrangements shall be set up in the form of Service Schedules, each of which, when signed by authorized officials of the parties hereto, shall become a part of this Agreement for the term hereof or for such shorter terms as may be provided in the Service Schedule.

The following Service Schedules are agreed to initially and are made a part hereof:

Service Schedule A -	Reserve Capacity
Service Schedule B -	Unintentional Energy
Service Schedule C -	Firm Capacity
Service Schedule D -	Economy Energy

Service shall be supplied and taken in accordance with the foregoing Service Schedules or such other effective superseding Schedules as may be agreed upon by the parties and authorized by duly constituted regulatory authority.

3.2 Service Schedules to Have Precedence

In event that any provisions of this Agreement are in conflict with those of existing or subsequent service schedules, the provisions of the service schedule shall be controlling.

IV - OPERATING COMMITTEE

4.1 Appointment of Operating Representatives

Each party will appoint one representative to act for it in matters pertaining to interconnected operation hereunder and such additional representatives as it may choose to appoint to serve in his absence or with respect to various detailed operating arrangements hereunder. Each party will inform the other of such appointments as made or changed from time to

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time. The operating representative shall have no authority to modify any of the provisions of this Agreement or of any Service Schedule hereunder, except as to those designated herein or in the respective service schedules as within the scope of their responsibility.

4.2 Temporary Interchange Arrangements

In cases where, from time to time, it may be to the advantage of the parties that power be interchanged or sold upon a basis not provided for in any Service Schedule then in effect and in circumstances such that arrangements must be made promptly in order to realize such advantage, or in cases of emergency or temporary and unusual operating conditions, temporary arrangements for individual transactions may be made by the operating representatives within the limits of the authority delegated to them; provided, however, that such arrangements shall be confirmed in writing and that no commitment involved in any arrangement so made at any time by the operating representatives shall extend for a longer period than 30 days unless approved by authorized officers of both parties.

V - CONDITIONS OF OPERATION

5.1 Parallel Operation

It is intended that the electrical systems of the parties shall normally be operated in parallel; however, either party may from time to time interrupt the parallel operation if, in its opinion, it is required for the satisfactory operation of its system.

5.2 Reserve Requirements

This interconnection agreement is predicated on the assumption that each party will continue to provide reliable capability equal to its load plus adequate reserves. Company plans and provides its reserves on

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a pooled basis with other Middle South System Companies and must install or pay for capacity adequate to provide for its own load plus a pro rata part of the pooled reserves. Under this Agreement City will provide dependable capacity to serve its own load plus reserves at least equal to the percentage of reserves maintained by the Middle South System; provided, however, that Clarksdale shall not be required to provide more capacity than 125 percent of its maximum clock hourly load in the twelve (12) months ended with the current month. In event City elects not to construct or elects to defer construction of additional capacity it shall purchase from the Company or a third party sufficient capacity on an annual basis to bring its capacity at the time of its annual peak load up to the percentage maintained by the Company in conjunction with the other Middle South System companies. Firm power purchased shall be deducted from the load in determining the reserve requirement.

In November of each year the Operating Committee shall discuss load projections and reserve requirements for future years so that the necessary facilities to meet the requirements of both parties can be planned and provided in a timely manner.

5.3 City Controls Power Flow

The parties recognize that under the arrangements herein contemplated City will have sole control and determination of the amounts of kilowatts and reactive kilovolt amperes flowing over the interconnection at any given time. City will furnish tie line bias control equipment which will monitor the power and reactive flow at the point of interconnection and will automatically adjust the governors of one or more of its generators in order to maintain the power flow as near as possible to agreed upon schedules between the Company and City. City will also be

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responsible for controlling the reactive flow by adjustment of its interconnecting voltage regulator. The equipment furnished by City for this purpose will consist of conventional tie line control equipment normally used for this purpose with the manufacturer as selected by City.

Such equipment shall be selected, installed and maintained to meet, so far as is practicable, the Performance Criteria as set forth in the North American Power Systems Interconnection Committee Operating Manual. The equipment selected shall also be compatible with telemetering equipment used by Company.

5.4 Disturbances

Insofar as practicable, Company and City shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service in the system of the other party. The parties recognize their responsibility to their customers with respect to continuity of service and their responsibility to each other with respect to reliability of bulk power supply facilities. It is expressly understood that, for the purpose of maintaining system reliability and integrity, Company may install underfrequency relays on the interconnection contemplated herein.

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5.5 Reactive Current

Neither party shall be required to supply reactive current to the other, except in accordance with arrangements between the respective load dispatchers. Normally a party receiving power shall simultaneously supply reactive current to the party supplying power to the extent necessary to make practicable the transfer of the amount of power scheduled. However, the arrangements may provide for a party supplying power to simultaneously supply reactive current to the party receiving power if no impairment of service is thereby occasioned in the supplying party's system.

5.6 Spinning Reserves

Insofar as practicable each system will provide such amounts of spinning reserve capacity that neither the Company nor City systems will impose disproportionate load swings upon the other or make disproportionate demands upon the other for assistance in meeting the normal contingencies of power system operation.

The loss of City's largest unit when fully loaded and the load swings caused on the Company's system by this loss shall not be deemed as imposing a disproportionate load swing upon the Company's system. In such a circumstance City will make every effort to start up and operate other of its capacity to make up for the loss of its largest unit as soon

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as possible. City shall not, except under emergency conditions, operate any generator at more than 95% of its capacity and the total spinning reserve maintained by it shall be not less than 10% of the capacity of the largest Clarksdale unit in service at the time.

5.7 No switching of 115 KV facilities shall be done or performed without the full knowledge and direction of Company's system dispatcher in Jackson. Said switching shall be done in accordance with Company's standard safety and tagging procedures.

VI - METER READING AND SETTLEMENTS

6.1 Reading

Meter readings for billing purposes shall be made by Company on the last day of each month unless such day shall fall on Saturday, Sunday or a legal holiday. In such case the reading shall be made on the proximate working day.

6.2 Settlement

Bills for amounts due by either party to the other shall be paid at the office of the party to whom payment is due within ten days after the date received.

In case any portion of any bill be in bona fide dispute, the undisputed amount shall be payable when due, and the remainder, if any, upon determination shall be paid promptly after such determination.

6.3 Meter Testing

Metering equipment shall be tested on request by either party and in event at intervals not exceeding one year, with representatives of both parties notified and privileged to be present. Any meter found to be inaccurate shall be restored to a condition of accuracy, and if inaccuracy is one per cent (1%) or more, a correction shall be made in the billing

from the date the meter became inaccurate, if determinable. If the date the meter became inaccurate is not determinable, and if City has suitable interconnection metering, the parties hereto agree to use the readings of City's meters; provided, such meters are within the accuracy limits prescribed above.

VII - MISCELLANEOUS PROVISIONS

7.1 Uncontrollable Forces

Neither party shall be deemed to be in default or liable for failure of performance of any obligations hereunder if such failure or performance be due to uncontrollable forces, the term "uncontrollable forces" for the purposes hereof meaning causes beyond the control of the party affected which it could not reasonably have been expected to forestall by exercise of due and, in its judgment, practicable foresight and which by exercise of due and, in its judgment, practicable diligence it shall be unable to overcome, including among others such causes as storm, flood, lightning, fire, accident damaging facilities or necessary outage of facilities upon which performance is dependent, failure of manufacturers to make schedule deliveries of equipment, impact of war, mobilization, act of the public enemy, sabotage, civil disturbance, labor disturbance, strike, and restraint or order of public authority; provided that nothing herein shall be construed to relieve a party from responsibility for failure of performance if such failure be due to causes arising out of its own negligence or to removable or remediable causes which it fails to remove or remedy with reasonable dispatch.

7.2 Responsibility for Loss or Damage

Company shall save City unharmed from any loss or damage to the public arising out of the operation of the Company's transmission lines or equipment and the transmission of electric power on its system for delivery hereunder unless such loss or damage was caused by the sole

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negligence of City, its agents, servants, or employees; provided however, that City shall in all cases be responsible for any liability under the provisions of any applicable workmen's compensation law for damage or injury to its own employees and will not seek any reimbursement therefor from Company. Conversely, City shall save Company unharmed from any loss or damage to the public arising out of the operation of its lines or equipment and the transmission of electric power on its system for delivery hereunder, or the presence of employees of City upon the Company's substation premises as hereinbefore provided for, unless such loss or damage was caused by the sole negligence of Company, its agents, servants, or employees; provided however, that Company shall in all cases be responsible for any liability under the provisions of any applicable workmen's compensation law for damage or injury to its own employees and will not seek any reimbursement therefor from City. Company shall be liable for all loss or damage to its own property, unless such loss or damage is caused by the sole negligence of City, and in that event City shall bear such loss or damage. Conversely, City shall be liable for all loss or damage to its own property, unless such loss or damage is caused by the sole negligence of Company, and in that event Company shall bear such loss or damage.

7.3 Waivers

Any waiver by a party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter.

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7.4 Regulatory Approval

This Agreement is contingent upon the securing of any requisite regulatory approvals and is subject to present and future valid laws, regulations and orders of duly constituted regulatory authorities having jurisdiction. Either party may seek authorization through regulatory procedure for such changes in this Agreement as may be required to make any provision thereof just and reasonable.

7.5 If at any time during the operation of this Agreement, any provision of this Agreement results in a condition that is deemed to be unjust or unfair by either party, the parties agree to attempt to negotiate such provision before seeking, unilaterally, the authorization through regulatory procedure as provided in paragraph 7.4.

7.6 Notices

Any notice, demand or request given in connection with this Agreement shall be deemed properly given if sent by registered mail to the Mayor, City of Clarksdale, P. O. Box 940, Clarksdale, Mississippi 38614 in case of notice to City, or to the President, Mississippi Power & Light Company, P. O. Box 1640, Jackson, Mississippi 39205 in case of notice to Company. The designation of the person to be notified or the address of such person may be changed from time to time by written notice.

7.7 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, but it shall not be assignable by either party to a successor in the operation of its properties without the written consent of the other party except upon foreclosure of a mortgage or deed of trust.

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7.8 ISSUANCE OF BONDS BY CITY

Any performance by or fixing of any obligation upon the parties hereto under this agreement is contingent upon the issuance by the City of revenue bonds in the minimum amount of \$750,000.00 to finance the cost of the facilities to be furnished by the City under this agreement. It is expressly understood and agreed that the City contemplates the adoption and publication of a resolution declaring its intention to issue its revenue bonds payable from the revenues of the Water and Light Department of the City; and in the event twenty per cent (20%) or more of the qualified electors of the City file written protests against the issuance of the bonds, the City will, within the time required by law after receipt of the written protest, call and hold an election as provided by law. In the event the vote at said election shall be unfavorable to the proposal therein submitted, or in the event said bonds are not validated as provided by law, or in the event said bonds are not issued for some other reason beyond the control of the City, then the City may cancel this contract and upon cancellation all parties hereto will be relieved of all obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement through their duly authorized officers as of the date

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first above written.

CITY OF CLARKSDALE

Richard M. Webster
MAYOR

ATTEST:

Leah H.
CITY CLERK

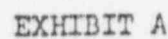
Mississippi Power & Light Company
PRESIDENT

ATTEST:

ASD
SECRETARY

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SERVICE SCHEDULE A
RESERVE CAPACITY

CITY OF CLARKSDALE
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

10.10 It is the purpose of this Schedule to provide a basis for utilizing the capacity in the system of each party for supplying Reserve Capacity to the other.

Section II - Character of Service and Metering

10.20 Service shall be delivered and metered at nominal 115,000 volts. The metering equipment installed will compensate for transformer losses or in lieu thereof an allowance of 1% will be made in the measured quantities used for billing.

Section III - Reserve Capacity

10.30 Emergency Assistance: It is the intent of the parties that under emergency conditions either party is entitled to call upon the other for emergency assistance. The party called upon shall furnish such service desired by the party in need to the fullest extent available. Service shall be provided if and when available from the party's own generation and from the generation of others to the extent it can do so without impairing service to its own customers, including other electric systems to whom it has firm commitments.

10.31 Scheduled Maintenance: Either party shall be entitled to call upon the other to provide power and energy during periods of scheduled maintenance. Such service shall be supplied by either party as required

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by the other up to the rating of City's largest generating unit subject, however, to the limitations of the interconnections between parties. Such service shall be scheduled in advance to fit maintenance schedules of the parties. The parties agree to cooperate in arranging their respective maintenance schedules for their mutual convenience.

10.32 Reserve Requirements: The supplying of reserve capacity is conditional upon the maintenance of dependable capacity by the parties as set forth in Section 5.2 "Reserve Requirements" of the Interconnection Agreement between the parties. Should either party fail to provide capacity in accordance with the provisions of said section, it shall forfeit the right to call upon the other for reserve capacity under this Schedule.

Section IV - Monthly Billing

10.40 The capacity and energy supplied hereunder shall be billed and paid for at the greater of:

- a. 12.5 mills per kwh, or
- b. 115% of the cost incurred by seller directly attributable to the supplying of such service. Bills shall be submitted monthly and shall include reasonable itemization of cost factors readily available to seller.

Section V - Regulatory Approval

10.50 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required to make any provisions thereof just and reasonable.

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Section VI - Term

10.60 This Schedule shall become effective concurrently with the interconnection Agreement dated February 13, 1976 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED as of February 13, 1976

CITY OF CLARKSDALE

ATTEST:

[Signature]
City Clerk

By

[Signature]
Mayor

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

[Signature]
Secretary

By

[Signature]
President

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SERVICE SCHEDULE B
UNINTENTIONAL ENERGY

CITY OF CLARKSDALE
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

20.10 It is the purpose of this Schedule to provide a basis for the payment for energy unintentionally delivered by one party to the other under parallel operation which it was not practical for the receiving party to repay in kind.

Section II - Character of Service and Metering

20.20 Service shall be delivered and metered at nominal 115,000 volts. The metering equipment installed will compensate for transformer losses or in lieu thereof an allowance of 1% will be made in the measured quantities used for billing.

Section III - Unintentional Energy Delivery and Settlement

20.30 Deliveries: It is recognized by both parties that there will be unintentional interchange of energy between the systems of the parties while said systems are interconnected even though no purchases or sales of energy are scheduled or intended to be made by either party. This unintentional interchange of energy shall be accounted for by periods and shall be returned in kind; i.e., unintentional deliveries by one party to the other during On Peak hours shall be returned by the receiving party during similar On Peak hours, and unintentional deliveries during Off Peak hours shall be returned by the receiving party during similar Off Peak hours. Similar hours shall include like fuel supply conditions. As far as practicable,

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account balances of unintentional interchange of energy shall be maintained as near zero as possible on a daily basis. Energy balances, however, may be carried forward from one day to the next and, to the extent hereinafter provided, from one month to the next.

20.31 Settlements: At the end of each calendar month, the account balance of unintentional energy received by City from Company in excess of 10,000 kilowatt-hours shall be classified as intentional and paid for by City at the rate provided for Reserve Capacity. At the end of each calendar month, any account balance of unintentional energy delivered by City to Company in excess of 10,000 kilowatt-hours shall be classified as intentional deliveries by City to Company and shall be paid for by Company to City at five mills (\$0.005) per kilowatt-hour. If the balance of unintentional energy owed by either party to the other is less than 10,000 kilowatt-hours at the end of any month, such balance shall be carried into the following month as an obligation to repay in kind.

20.32 Definitions:

Off Peak Hours: 9:01 PM to 7:00 AM CST five week days
and all day on Saturdays, Sundays, New
Years, Independence Day, Labor Day,
Thanksgiving and Christmas

On Peak Hours: Other than Off Peak Hours.

Section IV - Regulatory Approval

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20.40 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required

and reasonable.

Section V - Term

20.50 This Schedule shall become effective concurrently with the interconnection Agreement dated February 13, 1976 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED as of February 13, 1976.

CITY OF CLARKSDALE

ATTEST:

By

Mayor

City Clerk

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

By

President

Secretary

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SERVICE SCHEDULE C
FIRM CAPACITY

CITY OF CLARKSDALE
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

30.10 It is the purpose of this Schedule to provide a basis for the sale of firm capacity by Company to City on a supplemental basis in event such service is required by City to augment its capacity to meet the capacity requirements set forth in Section 5.2 of the Interconnection Agreement between the parties or for other sales of firm power as the parties may agree.

Section II - Character of Service and Metering

30.20 Service shall be delivered and metered at nominal 115,000 volts. The metering equipment installed will compensate for transformer losses or in lieu thereof an allowance of 1% will be made in the measured quantities used for billing.

Section III - Contract Quantity and Billing

30.30 The quantity of power City shall purchase ("Contract KW") in any month shall be determined as "P" in the following equation whenever "P" is a positive quantity:

$$P = L - \frac{C}{R}$$

Where P = KW to be purchased.

L = City's highest hourly system load experienced in the
12 months ending with current month expressed in KW

C = City's dependable generating capability in KW

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$$R = \frac{\text{Middle South System Capacity at Time of Maximum Hourly Load*}}{\text{Maximum Hourly Load* on Middle South System}}$$

The value of R shall not exceed 1.25.

*Maximum clock hourly load in 12 months ended with the current month.

"Capacity" shall mean the total capacity of all operable units owned or leased by Clarksdale or the Middle South System, as the case may be.

The parties will promptly inform each other of changes in load and capacity that may affect the Contract KW hereunder.

NOTE: Firm purchases from a third party will be deducted from Load and not considered an addition to Capacity.

30.31 Energy: The Purchasing Party shall be entitled to take energy under this schedule up to the Contract KW at any and all hours.

30.32 Monthly Billing:

\$2.75 per KW of Contract KW, plus

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Electric energy delivered in any month shall be billed at 115% of the monthly cost of power incremental to Company's own load requirements and intrastate commitments, adjusted for transmission losses on the basis of the delivered efficiency of Company's transmission system for the prior calendar year.

"Cost" as used herein, shall include but not be limited to fuel costs and/or purchased power costs. In the case of emergency energy, such costs shall be allocated to the parties on a pro rata basis.

Billing under this Schedule shall be for a period of no less than 12 months. The Contract KW to be billed in any month hereunder shall be the greater of (a) the Contract KW so determined for the current month or (b) the highest Contract KW so established during the preceding eleven months.

Section IV - Regulatory Approval

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30.40 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization

through regulatory procedures for such change in this Schedule as may be required to make any provision thereof just and reasonable.

Section V - Term

30.50 This Schedule shall become effective concurrently with the Inter-connection Agreement dated February 13, 1976 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED AS of February 13, 1976.

CITY OF CLARKSDALE

ATTEST:

By Richard M. Webster
Mayor

[Signature]
City Clerk

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

[Signature] By [Signature]
President

[Signature]
Secretary

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SERVICE SCHEDULE D
ECONOMY ENERGY

CITY OF CLARKSDALE
AND
MISSISSIPPI POWER & LIGHT COMPANY

Section I - Purpose

40.10 It is the purpose of this Schedule to provide a basis for the sale and purchase of economy energy between the parties as they may mutually agree from time to time.

Section II - Character of Service and Metering

40.20 Service shall be delivered and metered at nominal 115,000 volts. The metering equipment installed will compensate for transformer losses or in lieu thereof an allowance of 1% will be made in the measured quantities used for billing.

Section III - Economy Energy

40.30 Economy energy shall mean energy which the supplying party can produce and deliver to the receiving party at an incremental cost which is lower than the incremental cost the receiving party would otherwise incur by generating or obtaining equivalent energy from other available sources. Each party shall determine when economy energy is available, and it may, but shall not be obligated to offer energy to the other party. When economy energy is available each party will, upon request of the other, furnish information with respect to:

- a. The cost of energy it can make available, and
- b. The value of economy energy it can utilize.

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40.31 A party is entitled to receive economy energy hereunder only to the extent that such party has alternative dependable capacity, including adequate reserves, and currently available that would otherwise be used.

40.32 Upon request of one party the other party may supply economy energy to the requesting party up to the capacity of the power source or fuel available for such supply subject to the judgment of the supplying party that the supply of such energy will not impair or jeopardize service to its own customers, including other electric systems, to whom it has equal commitments.

Section IV - Billing and Settlement

40.40 Economy energy shall be billed at a rate equal to one-half of the sum of

- a. the costs incurred by the supplying party for the economy energy delivered, and
- b. the value of the energy to the receiving party.

The cost of economy energy shall mean the incremental expense as determined by the supplying party to be the expense incurred by it in supplying economy energy. The incremental expense shall also reflect costs, if any, of placing units in operation and the incremental increase in transmission expense attributable to the transaction. The cost to the supplying party shall be that stated by its load dispatcher prior to commencement of delivery of economy energy and shall be subject to change on an hourly basis by the dispatcher prior to any hour. Interchange settlements shall be computed on the basis of clock hour intervals.

The value of economy energy shall mean the incremental expense as determined by the receiving party at date incurred if the economy energy

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were not to be received. The incremental expense so determined shall reflect both the incremental expense of generating or obtaining energy from any other source, including the cost, if any, of placing units in operation and the incremental increase or decrease in system transmission expense attributable to the transaction.

From time to time the operating representatives of the parties shall review the methods and bases used by each party to determine such costs and values.

Each party shall be the sole judge of the capacity and fuel available for Economy Energy supplied from its system and all commitments to other system which may have priority of economy energy supplied hereunder.

40.41 Insofar as practicable economy energy transactions shall be scheduled between load dispatchers not less than one day in advance.

Section V - Regulatory Approval

40.50 The effectiveness of this Schedule is contingent upon any requisite regulatory approval. This Schedule is subject to orders of regulatory authority of competent jurisdiction. Either party may seek authorization through regulatory procedures for such change in this Schedule as may be required to make any provision thereof just and reasonable.

Section VI - Term

40.60 This Schedule shall become effective concurrently with the inter-connection agreement dated February 13, 1976 as a part thereof and shall continue in force concurrently with said Agreement provided that either party may terminate this Schedule by written

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notice given to the other party not less than five (5) years in advance of the designated date of termination.

EXECUTED as of February 13, 1976.

CITY OF CLARKSDALE

ATTEST:

By Richard M. Webster
Mayor

[Signature]
City Clerk

MISSISSIPPI POWER & LIGHT COMPANY

ATTEST:

[Signature] By [Signature]
President

[Signature]
Secretary

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