

ENTERGY MISSISSIPPI, LLC

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MISSISSIPPI PUBLIC SERVICE COMMISSION

P.S.C. Schedule No. I-27.21
Revised Schedule No. 27.21 Date: December 1, 2018
Superseded Schedule No. 27.21 Date: March 2, 2018
Schedule consists of: 4 pages and Attachments A – B

GRID MODERNIZATION RIDER SCHEDULE (GMR-1) (Second Revised)

I. APPLICATION

This Grid Modernization Rider Schedule GMR-1 (Second Revised) (“**Schedule GMR-1 (Second Revised)**” or the “**Schedule**”) is applied in conjunction with the currently applicable Entergy Mississippi, LLC, (“**Entergy Mississippi**”, “**EML**” or the “**Company**”) rates on file with the Mississippi Public Service Commission (the “**Commission**”) to allow EML to recover its costs associated with expansion of fiber optic infrastructure in rural areas of Mississippi in support of broadband expansion (“**Grid Modernization Costs**”).

II. BILLING

As an adjustment to Entergy Mississippi’s Rate Schedules, an amount equal to (1) the sum of the Net Monthly Rate or Net Seasonal Rate, excluding “Adjustments” or “Other Adjustments” as these terms are defined in the Company’s rate schedule, plus revenues billed under Rider Schedules SD and FRP multiplied by (2) the percentage, which is named the “*Grid Modernization Cost Adjustment Factor*,” or the “*GCF*,” and that is set forth on Attachment A to this Rider GMR-1 (Second Revised), shall be added to or subtracted from the Net Monthly Rate or Net Seasonal Rate. The *Grid Modernization Cost Adjustment Factor* shall be redetermined annually in accordance with the provisions of this Schedule, including but not limited to Section III of this Schedule and ATTACHMENT B to this Schedule.

The *Grid Modernization Cost Adjustment Factor* shall be applied in accordance with the provisions set out in this Schedule, including as set out in ATTACHMENT A hereto.

III. ANNUAL REDETERMINATION OF GRID MODERNIZATION COST ADJUSTMENT FACTOR**A. ANNUAL REDETERMINATIONS AND SUBMITTALS**

Before November 15th of each year, the Company shall provide the Commission and the Mississippi Public Utilities Staff (“**MPUS**”) an Attachment A containing a redetermined *Grid Modernization Cost Adjustment Factor*. The *Grid Modernization Cost Adjustment Factor*, as set out in Attachment A, shall be redetermined by application of the *Grid Modernization Cost Adjustment Factor Redetermination Formula*, set out in Attachment B to this Schedule GMR-1 (Second Revised) and other provisions of this Schedule, and implemented with the first billing cycle of February.

The redetermined *Grid Modernization Cost Adjustment Factor* shall reflect the projected Grid Modernization Costs for the twelve month period beginning with the January¹ immediately following the submission of each annual *Grid Modernization Cost Adjustment Factor* redetermination (“**Grid Modernization Cost Period**”) together with a true-up adjustment reflecting any over-recovery or under-recovery of Grid Modernization Costs as of September 30th immediately preceding the submission of each annual redetermination (“**Historical Grid**”).

¹ The first submittal by the Company under this Schedule may be based upon other than a twelve-month period, but any such projected *Grid Modernization Costs* shall reflect an initial *Grid Modernization Cost Period* ending December 31, 2018.

Modernization Cost Period). The Company shall provide the MPUS with supporting data and calculations utilized in re-determining the *Grid Modernization Cost Adjustment Factor* in each such annual submission.

Each annual Schedule re-determination and submittal shall reflect and incorporate the following Grid Modernization Costs:

1. **"Rural Fiber Optic Infrastructure Revenue Requirement"** (as that term is defined in Section IV herein below) that is projected to apply during or for the Grid Modernization Cost Period;
2. **"True-up Adjustments"** as provided in ATTACHMENT B to this Schedule to account for the difference between estimated costs, revenues and recoveries and actual costs, revenues and recoveries; and
3. **"Carrying Costs"** associated with the monthly GMR-1 (Second Revised) over-recovery or under-recovery balance, net of related ADIT (as that term is defined in Section IV herein below).

B. REVIEW PERIOD

The Public Utilities Staff shall have forty-five (45) days ("**Forty-Five-Day Period**") from the date the Public Utilities Staff receives the redetermined *Grid Modernization Cost Adjustment Factor* to review the information and may request clarification and additional data, if necessary. Entergy Mississippi shall provide the Public Utilities Staff such clarification and additional data as soon as possible. Any revision(s) that the Public Utilities Staff feels should be made shall be communicated in writing to the Commission and the Company on or before the end of the *Forty-Five-Day Period*. Similarly, if the Company should determine that revisions are necessary subsequent to the submission of any redetermined *Grid Modernization Cost Adjustment Factor*, it shall notify the Commission and the Public Utilities Staff in writing within the *Forty-Five-Day Period*. All revisions communicated by either the Public Utilities Staff or the Company shall include workpapers supporting the proposed revision(s). The Company shall then have seven (7) days following notice of the revisions to provide the Public Utilities Staff a revised ATTACHMENT A containing a revised *Grid Modernization Cost Adjustment Factor*.

Except where there is an unresolved dispute, which shall be addressed as described in Section III.C below, the redetermined *Grid Modernization Cost Adjustment Factor* initially provided hereunder, or such revised *Grid Modernization Cost Adjustment Factor* as may be determined pursuant to the terms of this Section III, shall become effective in accordance with the Commission Order approving such *Grid Modernization Cost Adjustment Factor* and shall remain in effect unless superseded under the provisions of this Schedule GMR-1 (Second Revised) or by subsequent Commission Order.

Nothing in this Schedule precludes the Company or Public Utilities Staff from requesting an interim adjustment to the *Grid Modernization Cost Adjustment Factor*. Any such interim adjustment must be approved by Commission order.

C. RESOLUTION OF DISPUTES

In the event that there is an unresolved dispute regarding any *Grid Modernization Cost Adjustment Factor* redetermination, the Company and the Public Utilities Staff shall work together in good faith to resolve the dispute. If the Company and the Public Utilities Staff are unable to resolve the dispute prior to the first billing cycle of February following the annual redetermination of the GCF, then the undisputed portion of the *Grid Modernization Cost Adjustment Factor*, as initially submitted by the Company, or as revised by the Company, shall become effective as provided for in Sections III.A and III.B above. Disputed issues shall then be submitted to the Commission, which shall issue a ruling no later than ninety (90) days after submission.

If the Commission's Order resolving the dispute requires changes to the *Grid Modernization Cost Adjustment Factor* implemented under the provisions of Sections III.A and III.B above, then the Company shall reflect and incorporate the effect of the Commission's ruling in the *next annual submittal* provided by the Company to the Public Utilities Staff pursuant to Section III.A above.

IV. TERMS

The following terms, as and to the extent used in this Schedule (including in the ATTACHMENTS hereto), shall have the following meanings:

A. "RURAL FIBER OPTIC INFRASTRUCTURE REVENUE REQUIREMENT":

The *Rural Fiber Optic Infrastructure Revenue Requirement* is the total of the revenue to be recovered by Entergy Mississippi pursuant to its efforts to expand fiber optic infrastructure and broad band in rural areas of Mississippi, during or for the Grid Modernization Cost Period, including, but not limited to, revenue sufficient to collect the amortization of any pre-payments associated with any indefeasible rights-of-use ("IRU") or similar agreements to use fiber-optic assets not owned by EML along with a return on such pre-payments, all costs² incurred by Entergy Mississippi to install and/or connect fiber-optic assets to EML's facilities and integrate them into EML's provision of electric service³, along with depreciation expense and taxes other than income, and a true-up of the *Rural Fiber Optic Infrastructure Revenue Requirement* to the actual costs incurred and revenues collected for the Historical Grid Modernization Cost Period, all as set out on ATTACHMENT B to this Schedule GMR-1 (Second Revised).

B. "CARRYING COSTS":

Carrying Costs for the Schedule GMR-1 (Second Revised) net over-recovery or under-recovery balance shall be calculated monthly.

² Such costs are set out in ATTACHMENT B hereto and shall include without limitation the Company's Benchmark Rate of Return on Rate Base as set out in the Company's most recently approved Formula Rate Plan Evaluation Report ("BRAORB") times the Company's plant investment, less any associated accumulated depreciation and accumulated deferred income taxes.

³ Any such capital costs associated with such equipment or upgrades shall not remain in Schedule GMR-1 (Second Revised) for longer than two years after any equipment or upgrade is placed in-service, and such costs shall be included in a FRP Evaluation Report before the end of said two-year period, and removed from Schedule GMR-1 (Second Revised) in the same period that updated rate adjustments become effective resulting from the FRP Evaluation Report.

1. The monthly net over-recovery or under-recovery balance for the Schedule GMR-1 (Second Revised) is the net Schedule GMR-1 (Second Revised) over-recovery or under-recovery ending balance for the immediately preceding calendar month.
2. The adjusted monthly net over-recovery or under-recovery balance shall be the monthly net over-recovery or under-recovery balance adjusted to be net of related ADITs.
3. The Prime Rate equal to the Federal Reserve Board's Bank Prime Loan Rate for the last day of the week as quoted in the final weekly Federal Reserve Statistical Release of each month shall be applied to the adjusted monthly net over-recovery or under-recovery balance.

V. TERM

Schedule GMR-1 (Second Revised) shall remain in effect until modified or terminated in accordance with applicable regulations or laws. Nothing herein shall prevent the Commission or the Company from proposing elimination of this Schedule GMR-1 (Second Revised) at any time in the manner provided by law.

If this Schedule GMR-1 (Second Revised) is terminated, the *Grid Modernization Cost Adjustment Factor* then in effect shall continue to be applied until the Commission approves an alternative mechanism by which the Company can recover its Grid Modernization Costs. At that time, any cumulative over-recovery or under-recovery resulting from application of that *Grid Modernization Cost Adjustment Factor* shall be applied to customer billings in a manner to be prescribed by the Commission.

Nothing contained in this Schedule GMR-1 (Second Revised) shall limit the right of any party to file an appeal as provided by law.

VI. OTHER PROVISIONS

The rate base, revenue and expense effects associated with this Schedule GMR-1 (Second Revised) during any FRP Evaluation Period shall be reflected in EML's corresponding FRP Evaluation Report.

Schedule GMR-1 (Second Revised)
Attachment A

Grid Modernization Cost Adjustment Factor

For billing purposes, an amount equal to (1) the sum of the Net Monthly Rate or Net Seasonal Rate, excluding “Adjustments” or “Other Adjustments” as these terms are defined in the Company’s rate schedule, plus revenues billed under Schedule Schedules SD and FRP multiplied by (2) the following Percentage, which is named the “**Grid Modernization Cost Adjustment Factor**,” or the “**GCF**,” shall be added to or subtracted from the Net Monthly Rate or Net Seasonal Rate. This *Grid Modernization Cost Adjustment Factor* percentage adjustment shall not be applied to lighting schedules and any special contract entered into pursuant to *Miss. Code Ann. Sec. 77-3-35(1)* that does not incorporate this Schedule into such contract. This *Grid Modernization Cost Adjustment Factor* percentage adjustment, which is effective for bills rendered *on and after February 1, 2022* is:

Grid Modernization Cost Adjustment Factor (%):	0.42360%
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“Grid Modernization Cost Adjustment Factor” Redetermination Formula

GMR = **Grid Modernization Cost Adjustment Factor (%)**

GMR = Historical Grid Modernization Cost Period

GMR = $\frac{\text{RFOIRR} + \text{PPTUA} + \text{CC}}{\text{Projected Retail Base Revenue for the Grid Modernization Cost Period}}$

Where,

RFOIRR = “*Rural Fiber Optic Infrastructure Revenue Requirement*”⁴ projected during or for the Grid Modernization Cost Period of the annual submittal by the Company to the Public Utilities Staff, which submittal is provided by the Company under Section III of this Schedule

PPTUA = The “*True-Up Adjustment*” for the over/(under) recovery balance of the Grid Modernization Costs for the twelve month period ending September 30 immediately preceding the Company’s annual submittal:

$$\text{PPTUA} = \text{CPPMC} + \text{CPTUA} - [\text{CGR} - \text{PQCC}]$$

Where,

CPPMC = Actual “*Rural Fiber Optic Infrastructure Revenue Requirement*” incurred during or for the Grid Modernization Cost Period of the annual submittal by the Company to the Public Utilities Staff.

CPTUA = “*True-Up Adjustment*” (“*PPTUA*”) that was billed during the twelve month period ending September 30 immediately preceding the date of the Company’s annual submittal.

CGR = GMR Schedule Revenue (including True-Up Adjustment (PPTUA) revenue) that was billed for the twelve month period ending September 30 immediately preceding the date of the Company’s annual submittal.

PQCC = A reconciliation of actual “*Carrying Costs*,” for the twelve month period ending September 30 immediately preceding the date of the Company’s annual submittal.

CC= “*Carrying Costs*” associated with the monthly (Over)/Under Recovery Balance, net of related ADITs that occur or result during or for the twelve month period ending September 30 immediately preceding the date of the Company’s annual submittal.

THE FOLLOWING FORMULA WILL BE USED TO CALCULATE THE REVENUE REQUIREMENT FOR EACH ELEMENT DESCRIBED IN SECTION III.A.1-3 OF THE SCHEDULE:

RR = OM + DEP + TOI + ROI + IT

Where,

⁴ This amount may, for any given calendar year, be either a positive number or a negative number.

- OM = Non-Fuel Operation and Maintenance Expenses projected to be incurred during the Grid Modernization cost period and only before the project closed to plant-in-service plus the Non-Fuel Operation and Maintenance Expenses related to the amortization of IRU pre-payments during the Grid Modernization Cost Period
- DEP = Estimated Depreciation Expense by project for the Grid Modernization Cost Period
- TOI = Estimated Taxes Other Than Income for each project for the Grid Modernization Cost Period
- ROI = BRORB times the Company's plant investment (including pre-payments), less any associated accumulated depreciation and accumulated deferred income taxes
- IT = Income Taxes for the Grid Modernization Cost Period