



Mississippi Public Service Commission Rate Schedule No.7		
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I. GENERAL

Formula Rate Plan Rider FRP (“Rider FRP”) is authorized under Section 77-3-2(3) of the Mississippi Code of 1972, as amended, as a formula type rate of return evaluation rate. Rider FRP defines the procedure by which the rates contained in the Great River Utility Operating Company, LLC (“Great River” or “Company”) rate schedules may be periodically adjusted. Rider FRP shall apply, in accordance with the provisions of Section II below, to all water and wastewater service billed under the Company's Rate Schedules, whether metered or unmetered, subject to the jurisdiction of the Mississippi Public Service Commission (“MPSC” or “Commission”). The computation of time prescribed in this Rider FRP shall be in accordance with the Commission’s Rules, as such rules may be amended from time to time.

II. APPLICATION AND ANNUAL REDETERMINATION PROCEDURE

A. RATE ADJUSTMENTS

The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW

i. FILING DATE AND FILING REQUIREMENTS

On or before February 28th of each year, Great River shall file a report with the Commission containing a calculation of the Company's revenue requirement and Actual Return on Rate Base based for the twelve months ending December 31 of the previous year (the “Test Year”) prepared in accordance with the provisions of Section II.C below. This annual filing shall be referred to as the “FRP Annual Report”. Any revised rate schedules shall be filed with the FRP Annual Report incorporating any revenue adjustment determined in accordance with the provisions of Section II.C below. Consistent with Commission Rules, separate FRP Annual Reports shall be filed for each service provided, one for water and one for wastewater. Each FRP Annual Report will be separately docketed each year. For purposes of rate adjustments under this Rider FRP, the information listed in Attachment 4 shall be deemed to meet the filing requirements required by Commission Rule.

ii. INTERIM RATES AND PERMANENT RATES

If the FRP Annual Report indicates a revenue and rate adjustment is needed, Great River shall implement the following:

- a. Interim Rate:** This rate shall be implemented beginning with the first billing cycle of April and shall be designed to collect the entire revenue requirement, including any revenue adjustments indicated by the FRP Annual Report, over the remaining nine (9) months of the calendar year (April through December). The Interim Rate



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shall become effective upon Great River providing a bond or other surety traditionally used by Mississippi public utilities to secure such obligations. The Interim Rate is subject to a two percent (2%) cap of the Test Year aggregate retail revenues and will remain in effect through the date of implementation of the rates approved by a Commission order, or by operation of the terms of this Rider FRP.

- b. **Permanent Rate:** Upon approval of the FRP Annual Report by Commission order or by operation of the terms of this Rider FRP, Permanent Rates calculated consistent with the methodology below shall become immediately effective:
 - 1. The Permanent Rate shall be designed to collect the authorized annual revenue requirement over a twelve-month (12) period. Permanent Rates shall remain effective until superseded by subsequent rates implemented pursuant to the procedures of this Rider FRP or otherwise by Commission order.
 - 2. A surcharge or refund will be designed and implemented with the Permanent Rate and will cease with the last billing cycle of the calendar year. This rate is designed to collect or return any necessary adjustment to ensure the full annual revenue requirement is collected for the current calendar year.
- c. The Interim Rate, Permanent Rate and surcharge or refund shall be designed to collect the Commission approved calendar year’s revenue requirement within the same calendar year.

iii. REVIEW PERIOD

The Mississippi Public Utilities Staff (“Staff”), its outside advisors, if any, and all interveners of record (each a “Party” and collectively the “Reviewing Parties”) shall have a total of eighty (80) calendar days from the date of filing to review the FRP Annual Report and document and report any errors, issues or disputes. The Reviewing Parties may request clarification and additional supporting data in accordance with the Commission’s Rules governing data requests. The response to any request for clarification or additional supporting data shall be provided within twenty (20) calendar days of the request. If the Reviewing Parties should detect any error(s) in the application of the provisions of Rider FRP or should otherwise disagree with any of the computations, revenues, or costs included in such computations, such error(s) and/or disagreements shall be formally communicated in writing to the Commission and Great River within eighty (80) calendar days of filing. Each such indicated error or disagreement shall include documentation of the proposed correction. The Company shall then have ten (10) calendar days to review any proposed corrections and/or adjustments, to work with the Reviewing Parties to resolve any differences and to file a revised rate schedules reflecting all corrections and adjustments upon which the Reviewing Parties agree. The Company shall provide the Reviewing Parties with all



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work papers supporting any revisions made to the FRP Annual Report initially filed for the Test Year.

To the extent that there are no issues raised during the annual review period of the FRP or any issues raised are amicably resolved, i.e., there are no unresolved issues to be addressed pursuant to Section II.B.iv, the Company and Reviewing Parties shall submit a summary of the proceedings to the Commission for consideration as timely as practicable, including the terms under which any issues have been resolved and the resulting effect on revenue requirement and rates.

iv. RESOLUTION OF DISPUTED ISSUES

In the event there is an unresolved dispute between Great River and one or more of the Reviewing Parties, before the conclusion of the ninety (90) day review period, the parties shall jointly submit to the Commission a statement of the issues to be resolved. Any Party may separately submit memoranda supporting their respective positions. The Commission shall render a ruling on such disputed issues on or before the first billing cycle of July of the filing year. Notwithstanding the provisions above, in the event the Test Year revenue requirement remains unauthorized or unapproved, Great River may implement, subject to refund by subsequent order of the Commission, a Rate Under Bond comprised of the Permanent Rates and surcharge/refund described above beginning with the first billing cycle of July upon Great River providing bond or other surety traditionally used by Mississippi public utilities to secure such obligations. The Permanent Rate portion of the Rate Under Bond to be placed into effect shall be calculated based in accordance with Section II.B.ii.b.1 above.

If a dispute or error is resolved such that there are changes in the revenue requirement and initially implemented schedule of rates pursuant to the above provisions, a revised revenue requirement and revised schedule of rates containing such further modified revenue requirement shall be submitted to the Commission within five (5) days of the Commission’s order resolving the dispute. In addition to reflecting the Commission’s ruling on the disputed issue, the final revenue requirement and revised schedules of rates shall also reflect the adjustments necessary to recover or credit the estimated revenue increase or decrease, respectively, that would have resulted had the final revenue requirement been implemented initially. Such revised rates reflecting the modified revenue requirement shall then become effective at the end of five (5) days, unless approved earlier by order of the Commission, and shall remain in effect until superseded by new rates established under this Rider FRP.

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

i. DEFINITION OF TERMS

a. TEST YEAR



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The Test Year shall be the twelve-month period ending December 31 immediately preceding the year in which the FRP Annual Report is filed. Attachment 1 to Rider FRP is a list of authorized ratemaking adjustments allowable to the per books amounts during the Test Year.

b. SYSTEM ACQUISITION REGULATORY ASSET

A regulatory asset referred to herein as the System Acquisition Regulatory Asset (“SARA”) will be accrued to reflect any operating losses incurred and booked during the Test Year associated with any newly acquired utility system not yet being charged a rate under Great River’s approved Tariff. The SARA will accrue for such systems from the date of acquisition until the rates are next adjusted within the FRP, at which point the system will be subject to consolidated rates, adjusted for any RMRA (discussed below) and will no longer incur the SARA operating losses. The SARA operating loss for an acquired system will be calculated using the following formula for each acquired service area:

$$\text{Revenue} - \text{General \& Administrative Expense} - \text{Operations \& Maintenance} = \text{SARA Operating Loss.}$$

For each system to which this provision is applicable during the Test Year, Great River must submit the operating loss calculations for the SARA consistent with Attachment 2 of the FRP. The SARA will be submitted and reviewed annually as part of the FRP Annual Filing review and is subject to adjustment as part of those proceedings. The approved SARA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

c. RATE MITIGATION REGULATORY ASSET

For the first year a newly acquired utility system is charged rates under Great River’s approved Tariff (i.e. not rates from previous system owner), a regulatory asset (referred to herein as the Rate Mitigation Regulatory Asset (“RMRA”)) will be accrued for the purpose of deferring a percentage of annual general and administrative expense and operation and maintenance expense during the Test Year, for any utility system subject to the rates calculated pursuant to this FRP for the first time. For newly acquired water systems the deferral percentage shall be fifteen percent (16.5%); for newly acquired sewer systems the deferral percentage shall be thirty-one percent (32%). The RMRA deferral shall be limited to one (1) year per utility system. For each system to which this provision is applicable during the Test Year, Great River shall submit the deferral calculations for the RMRA consistent with Attachment 2 of the FRP. The RMRA will be submitted and reviewed annually as part of the FRP Annual Filing review and is subject to adjustment as part of those proceedings. The approved RMRA will be amortized



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for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

d. ACTUAL RETURN ON RATE BASE

The Actual Return on Rate Base (“AROR”) to be included in the FRP Annual Report shall be determined using the schedule included in Attachment 3 and shall reflect the actual results for the Test Year, as recorded on the Company's books in accordance with NARUC Uniform System of Accounts and as adjusted per the terms of Attachment 1.

e. BENCHMARK RETURN ON RATE BASE

The Benchmark Return on Rate Base (“BROR”) for filing years 2024, 2025 and 2026 shall equal to 8.95%. The Commission shall initiate a review of provisions of Rider FRP following the conclusion of the FRP Annual Filing for 2026 to re-evaluate the methodology for determining the BROR to apply prospectively beginning with filing year 2027.

f. RANGE OF NO CHANGE

The Range of No Change shall be the range of values with a lower limit (“Lower Point”) equal to .50% below the BROR and an upper limit (“Upper Point”) equal to .50% above the BROR.

g. ADJUSTMENT POINT

The Return on Rate Base Adjustment Point (“Adjustment Point”) shall be equal to the midpoint of the Range of No Change.

ii. REVENUE ADJUSTMENTS

A determination shall be made pursuant to this section as to whether Great River’s revenues should be increased, decreased or remain the same. If it is determined that revenues should be increased or decreased, revised rate schedules shall be adjusted and filed with the FRP Annual Filing. The determination of any change to current revenue shall be made in accordance with the following rules:

a. NO RIDER FRP CHANGE

There shall be no change in Great River’s revenue requirement and rates for FRP if the AROR is within the Range of No Change (i.e., greater than or equal to the Lower Point and less than or equal to the Upper Point).



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b. RIDER FRP INCREASE - ROE

If the AROR is less than the Lower Point, Great River’s revenue requirement for FRP shall be increased by 100% of the amount necessary to bring the AROR to the Adjustment Point.

c. RIDER FRP DECREASE - ROE

If the AROR exceeds the Upper Point, Great River’s revenue requirement for FRP shall be reduced by one hundred percent (100%) of the amount necessary to bring the AROR to the Midpoint.

iii. RIDER FRP REVENUE ALLOCATION

The Rider FRP Revenue, as determined under the provisions of Section II.C.ii above, shall be allocated to each applicable rate schedule based on each rate schedule’s relative percent of total revenues. This percentage shall be developed by dividing the Rider FRP Revenue increase/decrease by the total applicable base revenue.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST OR REVENUE CHANGES

If Great River experiences a single extraordinary increase or decrease or multiple extraordinary increases or decreases in expenses or revenue, or a single extraordinary increase or decrease or multiple extraordinary increases or decreases in base revenues, net of any related offsetting increases or reductions in expenses, in a test year having a net annual revenue requirement impact exceeding ten percent (10%) on a Mississippi retail jurisdictional basis, Great River may file for rate or other relief outside the provisions of this Rider FRP, but in accordance with the law of the State of Mississippi governing such filings, and the request will be handled by the Commission in accordance with its regulations and applicable law governing such filings. In no event, shall any such ratemaking provide for multiple recoveries of the same expenses or revenues, whether in the same or subsequent years.

B. SPECIAL RATE FILINGS

The FRP shall not preclude Great River from proposing revisions to existing rate schedules or new rate schedules, such as experimental, developmental, and alternative rate schedules, to address competitive and other business needs. Great River shall file any such proposed rate schedules or changes with the Commission and the Commission shall evaluate Great River's proposals in accordance with the rules and procedures then in effect.



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C. FORCE MAJEURE

If any cause beyond the reasonable control of the Company, such as natural disaster, damage or loss of major capital equipment, orders or acts of civil or military authority, terrorist attacks, government mandates, the happening of any event or events which cause increased costs to the Company, or other causes, whether similar or not, results in a deficiency in revenues which is not readily capable of being redressed in a timely manner under Rider FRP, Great River may file for rate or other relief outside the provisions of this Rider FRP, but in strict accord with the law of the State of Mississippi governing such filing and said request will be handled by the Commission in accordance with its regulations and applicable law governing such filings.

IV. EFFECTIVE DATE AND TERM

Rider FRP shall continue in effect until modified or terminated by the Commission in accordance with the law of the State of Mississippi. If this Rider FRP is terminated by a future order of the Commission, the then-existing Total FRP Revenue shall continue to be in effect until new base rates reflecting the then-existing Total FRP revenue are duly approved and implemented. Further, any unamortized portion of the SARA or RMRA deferrals shall be included in future rates until fully amortized. Nothing contained in the Rider FRP shall limit the right of any party to file an appeal as provided by law.



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ATTACHMENT 1

ADJUSTMENTS TO TEST YEAR BOOK AMOUNTS

The Company's ratemaking adjustments to the per books amounts shall be limited to the following:

1. Long term debt interest expense shall be annualized by summing the per books long-term debt interest in December of the Test Year and multiplying the result times twelve (12).
2. Rate base shall be as of December 31 per the books of the Company.
3. Depreciation expenses shall be annualized by multiplying the per books depreciation expense incurred in December of the Test Year times twelve (12).
4. Property tax expense shall be annualized by multiplying the current effective millage rate times the December 31 plant in service.
5. Interest income shall be annualized by multiplying the per books interest income incurred in December of the Test Year times twelve (12).
6. All fines and penalties shall be excluded from expenses.
7. All charitable contributions shall be excluded from expenses.
8. All political contributions and lobbying activities shall be excluded from expenses.
9. The SARA authorized by Rider FRP shall not be included in any of these prescribed adjustments to ensure there is no double recovery of those expenses. An amortized portion of the SARA shall, however, be included as an expense in the Test Year and the unamortized portion included in rate base.
10. The RMRA authorized by Rider FRP shall not be included in any of these prescribed adjustments to ensure there is no double recovery of those expenses. An amortized portion of the RMRA shall, however, be included as an expense in the Test Year and the unamortized portion included in rate base.
11. The Company or the Staff may propose that unusual or nonrecurring revenues or expenses incurred during the Test Year either may be excluded from expenses altogether or deferred and amortized over a reasonable number of years. The party making such a proposal shall have the burden to demonstrate that it is just and reasonable.
12. The tax consequences of any adjustment shall be calculated in arriving at Net Income.
13. Except as otherwise provided in the Rider FRP, the Company shall not include post-Test Year adjustments.



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ATTACHMENT 2

SYSTEM ACQUISITION REGULATORY ASSET

For as long as a SARA remains on Great River's books, each Annual FRP Report shall contain the following information and documentation:

1. All calculations in their native format detailing the operating costs of each system included in the regulatory asset.
2. All calculations in their native format detailing the revenues included from those customers of each system included in the regulatory asset.
3. All calculations in their native format detailing the losses included from those customers of each system included in the regulatory asset along with a narrative detailing each type of expense.
4. A narrative detailing the difference in operating expenses from the most recent annual report or audited financial report, if available, for each system included in the regulatory asset.
5. Any amortization expense associated with any and all SARA on Great River's books.

Without exception, any losses included in the regulatory asset should not be double counted as an expense in any current or future test year of the FRP.

RATE MITIGATION REGULATORY ASSET

For as long as a RMRA remains on Great River's books, each Annual FRP Report shall contain the following information and documentation:

1. All calculations in their native format detailing the operating costs of each system included in the regulatory asset.
2. Any amortization expense associated with any and all RMRA on Great River's books.

Without exception, any costs deferred in the regulatory asset should not be double counted as an expense in any current or future test year of the FRP.



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ATTACHMENT 3

CALCULATION OF ACTUAL RETURN ON RATE BASE

Line # (A)	Description (B)	Test Year Actual (C)	Adjustments (D)	Test Year Total (E)	Note (F)
1					
2	Operating Revenue				
3					
4	Operating Expenses				
5	General & Administrative Expense				
6	Operations & Maintenance Expense				
7	Depreciation				
8	Capitalization of Regulatory Asset				
9	Amortization, Miscellaneous				
10	Amortization of Regulatory Asset				
11	Total Operating Expenses	_____	_____	_____	Sum of Lines 5-10
12					
13	Gross Operating Income	_____	_____	_____	Line 2 less Line 11
14					
15	Interest Expense				
16					
17	Funds Available for Income Tax and Equity	_____	_____	_____	Line 13 less Line 15
18					
19	Less Income Taxes				Statutory tax rate times Line 17
20					
21	Net Income	_____	_____	_____	Line 17 less Line 19
22					
23	Rate Base				
24					
25	Actual Return on Rate Base			_____	Line 21 divided by Line 23
26				=====	



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ATTACHMENT 4

FILING REQUIREMENTS

Each FRP Annual Report shall contain the following documentation, data and information:

1. Input Schedule of Financial Assumptions;
2. Balance Sheet for the Test Year;
3. Income Statement for the Test Year;
4. Rate Comparison Sheet of Existing and Adjusted Rates;
5. Rate Base Detail;
6. RMRA and SARA calculations in accordance with Attachment 2 above;
7. Calculated AROR for the Test Year in accordance with Attachment 3 above; and
8. Revenue Adjustment Calculation.