SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement"), made effective as of this 15th day of August, 2014 ("Effective Date"), by and between the Sierra Club, a California corporation ("Sierra Club"), and Mississippi Power Company, a Mississippi corporation ("MPC"), shall constitute the terms and conditions of a global settlement of all currently pending litigation concerning the Kemper Project and Daniel Control Projects (as defined herein below). Each signatory to this Agreement may be referred to as a "Party" and may be collectively referred to as the "Parties."

NOW THEREFORE, for and in consideration of the premises and the mutual covenants, agreements, terms and conditions contained herein, the sufficiency of which is hereby acknowledged and intending to be legally bound, the Parties hereby mutually agree as follows:

Section 1. Definitions.

1.1 "Daniel Control Projects" shall mean and have reference to those certain projects and activities described in Section 3 hereof related to MPC's Victor J. Daniel Electric Generating Plant in Jackson County, Mississippi, and shall be construed to include all physical, legal, and regulatory aspects of such projects.

1.2 "EPA" shall mean the Environmental Protection Agency.

1.3 "FERC" shall mean the Federal Energy Regulatory Commission.

1.4 "Kemper Project" shall mean and have reference to the Kemper County IGCC Project (as defined in the Orders of the Mississippi Public Service Commission in Docket Nos. 2009-UA-0014, and 2011-UA-290) and related facilities, including but not limited to, the Liberty Mine, lignite delivery facilities, ash storage facilities, all land interests, all linear facilities, all permits, approvals, and certificates as same may be requested, supplemented or amended from time to time, and shall be construed to include all physical, legal, and regulatory aspects of the Kemper IGCC Project.

1.5 "MCEQ" shall mean the Mississippi Commission on Environmental Quality.

1.6 "MDEQ" shall mean the Mississippi Department of Environmental Quality.

1.7 "MEQPB" shall mean the Mississippi Environmental Quality Permit Board.

1.8 "MPSC" shall mean the Mississippi Public Service Commission.

1.9 "MPUS" shall mean the Mississippi Public Utilities Staff.

1.10 "NAC" shall mean North American Coal, Co. and all present or future parents, affiliates, partners, and joint ventures, including but not limited to Liberty Fuels, LLC.
1.11 "Person" shall be broadly interpreted to include without limitation any individual, public body, corporation, company, partnership, firm, joint venture, association or other private or public entity.

1.12 "Sierra Club" as defined herein shall include all chapters, groups, and entities purporting to act on Sierra Club’s behalf.

1.13 "Southern Company(ies)" shall mean The Southern Company, and all present or future parents, subsidiaries, affiliates, operating companies, partners, and joint ventures.

1.14 "USACE" shall mean the United States Army Corps of Engineers.

Section 2. MPC Commitments. In exchange for the various Sierra Club commitments provided for in this Agreement, MPC commits to the following resource planning decisions and represents that MPC is authorized to make the following resource planning decisions, subject to any regulatory approvals required regarding and for Sections 2.2, 2.3, 2.4 and 2.5:

2.1 Unit Retirements or Conversions.

(a) Watson Units 4 & 5: MPC commits to cease burning coal and other solid fuel entirely at Units 4 & 5 at the Watson Electric Generating Plant in Harrison County, Mississippi, no later than April 16, 2015.

(b) Sweatt Units 1 & 2: MPC commits to retire, repower with natural gas, or convert (to an alternative non-fossil fuel source) Units 1 & 2 at the Sweatt Electric Generating Plant in Lauderdale County, Mississippi, no later than December 31, 2018.

(c) Greene County Units 1 & 2: MPC commits to cease burning coal and other solid fuel entirely at Units 1 & 2 at the Greene County Electric Generating Plant in Greene County, Alabama, no later than April 16, 2016.

2.2 Energy Efficiency and Renewable Energy.

(a) MPC and the Sierra Club agree to the following regarding the establishment, governance, and funding of an Energy Efficiency & Renewable Program ("Program") which shall be independent of and in addition to MPC’s current "Quick Start" program and any Energy Efficiency programs required by Rule 29 of the MPSC’s Rules of Practice and Procedure:

(i) Subject to the terms and limitations contained in Section 2.2(b) and (c), commencing no later than September 1, 2014, MPC (or an entity designated by MPC in its sole discretion) agrees to contribute a total of $15 million by September 1, 2029 ("Program Funds") to a fund established at the Gulf Coast Community Foundation, Inc., a Mississippi non-profit 501(c)(3) corporation, or such other designated organization mutually agreed to by the Parties ("Foundation"). The Foundation shall use all Program Funds received to administer and operate the Program. The payments of Program Funds may be structured in a
manner to be determined in the sole discretion of MPC for the purpose of maximizing any and all ancillary financial benefits derived from the Program, including, but not limited to, investment tax credits, renewable energy credits, production tax credits, and tax deductions. The establishment of the Program and initial funding payment shall be made no later than September 1, 2014, and each additional payment shall be made as provided in Section 2.2(b); provided however, that MPC may, in its sole discretion, pay all or any portion of the total committed amounts in excess of $3 million per year at any time prior to the respective due dates without penalty.

(ii) A condition precedent to the payment of the Program Funds shall be that the Foundation must agree to hold all funds received and disburse such funds only in accordance with the terms and conditions of this Agreement.

(iii) As part of the creation of the Program, a committee shall be created and appointed for the purposes of advising the Foundation on the administration, management and expenditure of the Program funds ("Committee"). The Parties shall jointly appoint five (5) members to the Committee for a seven (7) year term. Any vacancies created during the term shall be filled by a majority vote of the remaining Committee members, to the extent possible based upon the subject matter expertise held by the member creating the vacancy. The Committee shall to the extent possible be made up of one person having experience in each of the following areas: architecture, engineering, finance, community outreach/development, and construction/contracting.

(iv) The Foundation, based upon the advice of the Committee, will be empowered to expend Program Funds in accordance with the Guidelines for the Energy Efficiency and Renewable Energy Program ("Guidelines") included as Appendix A to the Agreement. Any advice to the Foundation by the Committee regarding the expenditure of pledged funds shall be made by consensus. All decisions and actions of the Foundation shall be final and binding. Either Party reserves the unilateral right to require that any person sitting on the Committee, the governing board of the Foundation, or any other governing body of the Foundation who is an employee or a first degree relative of an employee of Mississippi Power Company, Sierra Club, Balch & Bingham LLP or Wulter Wiygul & Gardside Law Firm recuse himself or herself from voting concerning a decision related to the Program.

(v) If the Parties are unable to agree to any of the initial Committee members, the Parties’ proposed members, along with their resumes will be forwarded to an individual mutually agreeable to the Parties, who shall be fully empowered to determine the initial appointments to the Committee.

(vi) MPC will not seek rate recovery of the payments provided for in this Section 2.2(a).

(b) With respect to the contributions required by Section 2.2(a)(i) and (ii), MPC will make the first payment of $3 million to the Foundation by September 1, 2014, and shall make subsequent payments annually each September 1st in accordance with this subsection until either MPC has contributed a total of $15 million or the Agreement is terminated. The Foundation shall submit an annual report to the Parties on or about August 1st of each year.
(beginning in 2015) documenting the amount of Program Funds awarded and disbursed in the 12 months ended June 30th of the reporting year; the total amount of Program Funds awarded and disbursed since the creation of the Program; the number of households impacted by each program conducted by the Foundation (e.g., weatherization, appliance subsidies, energy efficiency measure financing, etc.); and details for each renewable energy installation, including the name and location of the qualifying institution receiving the funding for the installation, the type of installation, and the status of the installation including the projected date of completion ("Annual Report"). MPC shall make a payment to the Foundation by September 1st of each year equal to the lesser of (i) $3 million; or (ii) 125% of the total amount of Program Funds awarded by the Foundation in the twelve month period that is the subject of the Annual Report plus any applicable carry over amount. In the event the Foundation would have received more than $3 million in any one year but for the cap provided above, such amount shall be carried over and added to the payment made in the subsequent year or years until the carry over amount is fully contributed to the Foundation, subject to the total $15 million contribution limitation above.

(c) If by August 31, 2029 the Foundation has not awarded sufficient funds to result in the full $15 million in payments being due to the Foundation, in conformance with the procedure stated in Section 2.2(b) above, MPC may terminate the Agreement with thirty (30) days’ notice to Sierra Club and the Foundation with no further financial obligation to the Foundation.

(d) MPC commits to use commercially reasonable efforts to actively pursue a wind or solar power purchase arrangement on terms satisfactory to MPC in its sole discretion. This arrangement shall be of an unspecified term, capacity or energy commitment level, but MPC will make all good faith efforts to obtain an arrangement with approximately 100 MW in nameplate capacity and for a term of at least 10 years. The Parties acknowledge that MPC shall be allowed to seek rate recovery for the power purchase arrangement(s) contemplated in this Section 2.2(d).

2.3 Net Metering

(a) Subject to the limitations and conditions contained in this Section 2.3, from and after the Effective Date of this Agreement, MPC commits that it will not submit formal comments or testimony in Mississippi Public Service Commission Docket No. 2011-AD-2 opposing and will not appeal a final net metering rule based upon the inclusion of the following provisions:

(i) Utilities shall credit customer-generators in kilowatt-hours at a ratio of 1:1 for any excess production of their generating facility that exceeds the customer-generators’ onsite consumption of kWh.

(ii) Utilities shall provide electric service to customer-generators at non-discriminatory rates that are identical, with respect to rate structure, retail rate components and any monthly charges, to rates that the customer-generator would be charged if not a customer-generator, including choice of retail tariff schedules.
(iii) Utilities shall carry over any excess kWh credits earned by a customer-generator at the end of a billing period and apply those credits to subsequent billing periods.

(iv) Facilities up to two megawatts (2MW) may be net metered.

(v) Utilities cannot limit the cumulative, aggregate capacity of net-metered systems in any manner, including enrollment caps.

(b) MPC will not oppose or appeal a proposed or final MPSC rule adopting interconnection rules consistent with or substantially similar to the FERC recently amended Small Generator Interconnection Procedures and Small Generator Interconnection Agreement (see FERC Order 792).

(c) MPC will not directly or indirectly seek or support legislation which would prevent the proposal, promulgation or implementation of the rules outlined above.

(d) MPC shall be permitted to intervene in any MPSC proceeding concerning net metering. MPC may support or oppose through filed testimony, comments, etc. any net metering proposal on issues not listed in 2.3(a) above.

(e) Notwithstanding anything in this Section 2.3, MPC shall be permitted, without limitation, to answer questions submitted to MPC concerning any issue relevant to net metering, including those listed in 2.3(a), and including but not limited to, the potential customer impacts associated with the net metering policies under consideration.

(f) The Sierra Club commits that it will not submit formal comments or testimony in Mississippi Public Service Commission Docket No. 2011-AD-2 opposing the inclusion in a net metering rule of a provision which permits utilities to recover through the utilities’ fuel clause or other rate clause any costs resulting from the net metering rule. The Sierra Club will also commit that it will not appeal any final net metering rule promulgated in Docket No. 2011-AD-2 based on the inclusion of such a provision. Provided, however, that to the extent that any cost recovery provision is directed solely to or punitive of net metering participants, the Sierra Club may oppose or appeal a rule on that basis.

2.4 Local Mitigation.

(a) Retention Ponds: The Parties acknowledge that MPC has already constructed or is in the process of constructing six (6) sediment/retention ponds for the Liberty Mine identified as ponds SP-1A, SP-1B, SP-2A, SP-2B, SP-3, and SP-3V (“Existing Ponds”). MPC hereby agrees that pond SP-2A shall be constructed to comply with the applicable standards for a 100 year rainfall/flood event. Except for the Existing Ponds, MPC agrees to build all future mine-related retention ponds (currently estimated to be 20 ponds in the existing 40-year mine plan) to comply with the applicable standards for a 100 year flood event.

(b) County Roadways: MPC agrees to minimize the traffic impact caused by any disturbance due to mining to Fort Stephens Road and Liberty Church Road in Kemper County, and, during any disturbance, to provide alternate routes for public traffic,
including but not limited to, emergency response vehicles, all in accordance with any such plans which are approved by Kemper County.

(c) **Gopher Frog:** MPC will contribute $2 million for the purpose of conserving the habitat for the endangered Mississippi gopher frog to the Land Trust for the Mississippi Coastal Plain, or another 501(c)(3) entity jointly selected by the Parties upon the following conditions:

(i) The amount pledged is restricted to be used only in the State of Mississippi;

(ii) The amount pledged is not used directly or indirectly to oppose any efforts of MPC or the Southern Company.

(d) **Rate Recovery:** MPC will seek rate recovery, and the Sierra Club shall not intervene in or challenge the request, through the submission of written comments or testimony, for any required costs to comply with Sections 2.4(a) and 2.4(b). MPC will not seek rate recovery of the contribution stated in Section 2.4(c).

2.5 **Kemper Project Emissions**

(a) MPC shall identify 40 CFR Part 63 Subpart UUUUU (the “MATS Rule”) as an applicable requirement in its initial Title V major source operating permit application. Subpart UUUUU establishes the Maximum Achievable Control Technology for the control of mercury from IGCC stacks. MPC shall comply with Subpart UUUUU’s mercury standards applicable to existing IGCC sources, including the mercury monitoring and reporting obligations.

(b) Further, MPC will use commercially reasonable efforts in good faith to qualify for, attain and thereafter maintain status as a “Low Emitting EGU ("LEE")] under the MATS Rule with regard to mercury emissions. To that end, MPC will examine the mercury emissions measured from each of the IGCC stacks within the first three years after commencement of commercial operations at the Kemper Plant and determine whether the Kemper facility will qualify for LEE status either by limiting potential mercury emissions from each IGCC stack to 29 lbs./year or by limiting actual mercury emissions to less than 10% of the otherwise applicable limits.

(c) Provided MPC qualifies for and attains LEE status, MPC shall promptly notify Sierra Club thereof and shall submit an application to MDEQ for an administrative permit amendment to identify Kemper as a LEE facility. If MPC determines that the Kemper facility does not qualify for LEE status for mercury, MPC shall promptly notify Sierra Club thereof. If the Kemper facility loses its status as a LEE facility, although this would not constitute a violation of MATS or of the Title V permit, MPC shall consult with Sierra Club regarding efforts to regain LEE status.
Section 3. Sierra Club Commitments.

3.1 Pending Cases.

(a) Within 2 days of execution of this Agreement, Sierra Club shall dismiss and, with respect to item (ii) below shall cause to be dismissed with prejudice, all of the following pending challenges against MPC, whether regulatory, legal, appellate or otherwise, which shall include without limitation:

(i) Kemper Certificate Appeal currently pending in the Mississippi Supreme Court, Cause No. 2013-TS-43.

(ii) Kemper PSD Air Permit Appeal currently pending in the Kemper County Chancery Court, Cause No. 2011-0114F.

(iii) Daniel Scrubber Appeal currently pending in the Harrison County Chancery Court, First Judicial District, Cause No. 24CH1:12-cv-01212.

(iv) Sierra Club’s Intervention in the 7-Year Plan proceedings currently pending at the MPSC in Docket No. 2013-UN-039.

(v) Sierra Club’s Intervention in the Kemper Certificate proceedings currently pending at the MPSC in Docket No. 2009-UA-014.

(vi) Sierra Club’s Intervention in the Kemper Mirror CWIP proceedings currently pending at the MPSC in Docket No. 2013-UN-014.

(vii) Sierra Club’s Intervention in the Kemper Prudence proceedings currently pending at the MPSC in Docket No. 2013-UN-189.

(b) Sierra Club’s dismissals in the above cases shall include the request to strike and withdraw all pending motions, requests for relief and all pre-filed testimony and exhibits.

3.2 Future Kemper and Daniel Control Project Proceedings

(a) For a period of three (3) years following the Effective Date of this Agreement, Sierra Club shall refrain from (i) initiating or intervening in any enforcement actions or lawsuits; or (ii) intervening in or challenging through the submission of written comments, testimony, or the provision of public witnesses in the applications, filings, or proceedings before or involving the MPSC, FERC, EPA, MCEQ, MDEQ, MEQPB, USACE or any other federal, state or local governmental body related to the following activities:

(i) Kemper Project:

1) Any existing or future prudence proceeding, rate proceeding, or other cost recovery proceeding, including without limitation any securitization proceedings anticipated to be initiated pursuant to Miss. Code Ann. § 77-3-111 et seq.;
2) Any certificate proceedings or requests to modify or supplement a certificate of public convenience and necessity before the MPSC;

3) Any future permit modifications, renewals or other requests made with the MCEQ, MEQPB, MDEQ or EPA by MPC as owner/operator or by NAC/Liberty Fuels, LLC as the operator of the Liberty Mine currently anticipated to include: (i) NPDES emergency discharge permit; (ii) Title V Acid Rain Permit; (iii) Title V Operating Permit; (iv) Solid Waste Plan/Permit for Additional Ash Cell(s); (v) Section 401 Water Quality Permit for Additional Ash Cell(s); (vi) Storm Water Permit for Additional Ash Cell(s) Construction; (vii) Section 401 Water Quality Permit associated with Mine Plan; (viii) Storm Water Permit for Liberty Mine; (ix) Dam Safety Approvals for mine impoundments; (x) NPDES Permits for Liberty Mine operations; and (xi) periodic Mine Plan Approval/Renewals.

4) Any existing or future requests for approval, modification, or renewal of wetland mitigation plans made with the USACE by MPC as owner/operator or NAC/Liberty Fuels, LLC as the operator of the Liberty Mine currently anticipated to include: (i) Section 404 Wetland Permit for Additional Ash Cell(s); (ii) Section 404 Wetland Permit associated with Liberty Mine;

5) Any application for beneficial use of ash made with the MCEQ, MEQPB, MDEQ or EPA;

6) Any lawsuit or other legal action challenging the Baseload Act and H.B. 894 and H.B. 1134 both passed in the 2013 Regular Session; or

7) Any lobbying to repeal, amend or otherwise affect the Baseload Act and H.B. 894 and H.B. 1134 both passed in the 2013 Regular Session.

(ii) Daniel Control Projects:

1) Any existing or future prudence proceeding, rate proceeding, or other cost recovery proceeding for the projects listed in this Section 3.2(a)(ii);

2) Any certificate proceedings or requests to modify or supplement a certificate of public convenience and necessity before the MPSC for the projects listed in this Section 3.2(a)(ii);

3) Any future permit modifications, renewals or other requests made with the MCEQ, MEQPB, MDEQ or EPA by MPC as owner/operator for the following projects currently anticipated to include: (i) Section 316(b) studies and intake modifications; (ii) Coal Combustion Residual groundwater monitoring; (iii) Low Volume Wastewater Treatment; (iv) Dry Ash Collection System(s); (v) Ash Pond Closure; (vi) Sulfuric Acid Mist Control; (vii) Title V Acid Rain Permit; (viii) Title V Operating Permit; (ix) Solid Waste Plan/Permit for Additional Gypsum or Ash Cell(s); (x) Section 401 Water Quality Permit for Additional Gypsum or Ash Cell(s); (xi) Storm Water Permit for Additional Gypsum or Ash Cell(s) Construction; (xii) Storm Water Permit(s); (xiii) Activated Carbon Injection Equipment construction, installation, and operation; and (xiv) deep well injection.
4) Any existing or future requests for approval, modification, or renewal of wetland mitigation plans made with the USACE by MPC as owner/operator currently anticipated to include: (i) Section 404 Wetland Permit for Additional Ash Cell(s); (ii) Section 404 Wetland Permit associated Additional Ash Cell(s).

Section 4. Remedies.

4.1 Remedy For Breach. In the event that either Party breaches any provision of this Agreement, the other Party shall have the right to injunctive relief or specific performance to the extent available under Mississippi law. Prior to filing any action for enforcement, the Party asserting breach shall provide written notice specifically describing the asserted breach to the other Party, and the other Party shall have 30 days to cure the asserted breach. Under no circumstances will either party be liable for money damages to the other party for any breach.

Section 5. Representations and Warranties. Each Party represents and warrants to the other, as of the Effective Date, as follows:

5.1 Organization; Good Standing; Power. Each Party is a duly organized, validly existing corporation and in good standing under the laws of their respective state of incorporation. Each Party has the requisite power, authority and capacity to carry on its intended business.

5.2 Authorization; Effective Agreement. Each Party has all requisite power, authority and capacity to enter into this Agreement and all other agreements and documents contemplated hereunder and thereunder and to perform all of its obligations hereunder and thereunder. Each Party has duly authorized the execution and delivery of this Agreement and the performance of the actions contemplated by this Agreement and all other agreements and documents contemplated hereunder and thereunder. This Agreement and all other agreements and documents contemplated hereunder and thereunder when executed by both Parties shall constitute a legal, valid and binding obligation enforceable against either Party in accordance with the respective terms of the Agreement.

5.3 No Conflict. The execution, delivery and performance of this Agreement by both Parties and the consummation of the transactions contemplated by this Agreement do not and will not conflict with, violate or result in the breach of any of the terms or conditions of, or constitute a default under, its organizational or constituent documents.


6.1 Applicable Law. This Agreement shall be controlled, construed and given effect by and under the laws of the State of Mississippi. It is the intent of the Parties that the Agreement be enforced to the fullest extent permissible under applicable laws and public policies. The invalidity, illegality, or unenforceability of any particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid, illegal, or unenforceable provision had been omitted.
6.2 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations and understandings of the Parties.

6.3 Waiver. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

6.4 Original Agreement. This Agreement may be executed in counterparts and in duplicate originals, each of which shall be deemed an original and no other copy need be produced. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

6.5 Binding Agreement. This Agreement shall be binding upon the Parties hereto and upon their respective executors, administrators, legal representatives, successors and assigns.

6.6 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

6.7 Cost and Attorneys' Fees. In the event any action is brought in any court concerning this Agreement, each party shall bears its own costs and attorneys' fees incurred in connection with such proceeding.

6.8 Modification. The Parties do not intend, nor do they contemplate, any amendments to this Agreement. This Agreement shall not be altered, amended or modified except upon the mutual written agreement of the Parties.

6.9 No Third Party Beneficiaries. The agreements and covenants contained herein are made solely for the benefit of the Parties hereto and their successors and authorized assigns and nothing herein shall be interpreted, deemed or construed as having been intended to benefit any third party or entity not a Party to this Agreement. In addition, the Parties are in agreement that the negotiated provisions included herein shall not be used as precedent in future proceedings against or involving Sierra Club or any Southern Company entity or any assets owned or controlled by any Southern Company entity. Except as specifically provided herein, nothing contained herein shall be construed to create any obligation, express or implied, upon either Party.

6.10 Notices. Any notice to either Party required by this Agreement shall be served on the following individuals or such other individuals substituted by the Parties by U.S. Mail, facsimile, or e-mail:

(a) For MPC: Ben H. Stone, Esquire
General Counsel
Balch & Bingham LLP
1310 25th Avenue
For Sierra Club:

Robert Wiygul  
Waltzer Wiygul & Garside  
1011 Iberville Drive  
Ocean Springs, Mississippi 39564  
Tel: (228) 872-1125  
Fax: (228) 872-1128  
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and

Aaron Isherwood, Coordinating Attorney  
Andrea Issod, Staff Attorney  
Sierra Club Environmental Law Program  
85 Second St, Second Floor  
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aaron.isherwood@sierraclub.org  
andrea.issod@sierraclub.org  
415-977-5680 (Aaron)  
415-977-5544 (Andrea)

[REMANDER OF PAGE INTENTIONALLY LEFT BLANK]  
[SIGNATURE PAGE TO FOLLOW]
IN WITNESS WHEREOF, the Parties hereto have duly executed and delivered this Settlement Agreement on the date provided below.

SIERRA CLUB

By: Robert B. Wiygul, Esq.
   Attorney for Sierra Club

Dated: 6/1/14

MISSISSIPPI POWER COMPANY

By: Ben H. Stone, Esq.
   General Counsel, Mississippi Power Company

Dated: 6/1/14
APPENDIX A

Guidelines for the Energy Efficiency and Renewable Energy Program

Definitions:

"Low income household" shall be defined as a household whose combined income falls at or below 200 percent of the poverty level determined by the Federal Office of Management and Budget's poverty income guidelines.

"Renewable energy" shall be defined as solar or wind power sources.

The "Energy Efficiency and Renewable Energy Program" or the "Program" means the fund established by Mississippi Power Company within the Mississippi Gulf Coast Community Foundation ("the Foundation") pursuant to Section 2.2 of the Sierra Club-MPC Settlement Agreement. The "Committee" is the five member committee defined by the Sierra Club-MPC Settlement Agreement.

Mission of the Committee:

The mission of the Committee is to advise the Foundation on the distribution of funding within the Program to achieve the following goals:

(a) Provide the most effective possible energy efficiency services to low-income households in the Mississippi Power service area.

(b) Provide grant funding to 501(c)(3) entities and public educational institutions within the Mississippi Power service area for installation of renewable energy equipment.

The Foundation, based upon the advice of the Committee, has full authority to determine the most effective means of carrying out this mission, subject to the guidelines established in the remainder of this document.

By way of example, and without limiting the Foundation's discretion, in providing funding for energy efficiency services to low income households, the Foundation may consider proposals for weatherization, full or partial subsidies for the purchase of energy efficient appliances, partnering with lending institutions to provide financing for energy efficiency measures, or other mechanisms. The Foundation may provide funding for provision of services to non-profit or for-profit entities, based on its assessment of the method most likely to provide the maximum services to low income households. Again by way of example, in providing grant funding for renewable energy installations, the Foundation may provide full or partial funding for projects, and may consider projects which also provide funding for maintenance.
Guidelines for Funding:

1. The Foundation should strive to fund approximately 50% to energy efficiency programs for low income households, and 50% to grants for renewable energy installations; provided, however that year-to-year funding may deviate as necessary to accomplish the overall goals of the Program. Funding for either aspect of the program should not be less than 35% of total expenditures.

2. Funding for renewable energy installations will be available only for 501(c)(3) entities or public educational institutions. Funding for renewable energy projects must involve actual installation of renewable energy equipment. Planning only grants will not be funded. The Committee and Foundation are encouraged to consider whether renewable energy projects are:
   
   (a) Ambitious and provide substantial benefits for the institution
   
   (b) Highly visible in the community
   
   (c) Replicable in other contexts
   
   (d) Likely to provide educational benefits, such as real time monitoring available to students

3. Subject to Paragraph 1 above, the Foundation has full authority to determine the amounts expended in any given time period. However, the Foundation is encouraged to solicit proposals and award funding as promptly as possible consistent with insuring the best and most efficient use of funds.

4. The Foundation may elect and is encouraged to provide each member of the Committee a reasonable stipend, not to exceed $5,000 annually. Committee members may be reimbursed for reasonable travel expenses within the Mississippi Power Service Area.

5. The Foundation may allocate an amount not to exceed $25,000 annually to the Committee for administrative and consulting services to assist with planning, assessment of proposals for funding, advertising availability of funding, and other administrative matters. The Committee is encouraged to seek appropriate technical advice in order to recommend expenditure of the funds in the most effective and efficient manner possible.

6. The Foundation will adopt appropriate rules governing its operations and the operations of the Committee, including a conflict of interest policy, and policies insuring documentation of its meetings and decisions.

7. Programs should not directly duplicate programs included in Mississippi Power Company's “Quick Start” Energy Efficiency Programs or other Mississippi Power programs approved by the Mississippi Public Service Commission. However, to the extent that MPC's Quick Start Programs do not reach all eligible low income households, proposals may include similar measures.