

South Mississippi Electric ends pursuit of Kemper ownership

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JACKSON, MS (WDAM) - *This is a news release from the South Mississippi Electric*

South Mississippi Electric's (SME) Board of Directors voted today to end pursuit of an ownership interest in the Kemper County energy facility, Plant Ratcliffe, currently under construction by Mississippi Power Company (MPC). The cooperative cites delays in project schedule, changing needs, and increased

participation costs as reasons for withdrawal from the project. SME entered into an Asset Purchase Agreement with MPC in 2010 for the purchase of 17.5 percent of the lignite plant located in Kemper County, Mississippi. Based on increased costs, that was later reduced to 15 percent.

Updated studies now show that SME's costs of participation in the project have increased to the point that the rate impacts necessary for ownership would not best serve the needs of SME's 11 Member cooperatives or their combined 419,000 members. The Asset Purchase Agreement permits termination of SME's participation in the project due to the delay in closing.

"We entered into the purchase agreement in 2010," said Jim Compton, general manager and CEO. "Since then, there have been multiple changes in the project, and also changes in our power supply needs. The board determined that proceeding to closing was not in SMEPA's best interests, and we needed to let MPC know so that alternate plans could proceed."

ABOUT SOUTH MISSISSIPPI ELECTRIC

South Mississippi Electric (SME) serves as Mississippi's only not-for-profit wholesale electric power cooperative. In this role, SME generates and transmits electricity for 11 Member cooperatives, which represent more than 419,000 homes and businesses across the state.

SME's Member systems serve in 55 counties stretching from the Gulf Coast through the Mississippi Delta. The systems are connected to SME's generation sources by 1,755 miles of high-voltage transmission lines and the transmission systems of Entergy Mississippi and Mississippi Power Company. Owned-generation sources include a diverse mix of coal, natural gas and a partial ownership of Grand Gulf Nuclear Plant.

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