

Mississippi Power issues statement regarding Kemper County energy facility schedule

GULFPORT, Miss., Aug. 8, 2016 /PRNewswire/ -- Mississippi Power continues making progress on the completion of the Kemper County energy facility. In July, the project reached its most significant milestone to date when it converted locally mined lignite to syngas.

The production of syngas, using the transport integrated gasification technology or TRIG™, involved operating the "front end" of the plant and validated the TRIG™ technology works at commercial scale. The power plant portion, or the "back end" of the project, is already in service and has been providing safe, reliable electricity for our customers since August 2014.

As the company continues start-up and commissioning activities at Kemper, Mississippi Power announced today it is revising the facility's scheduled in-service date to Oct. 31, 2016. The one-month extension is needed to make mechanical equipment modifications to the gasifiers' supporting systems, complete the remaining commissioning activities on the syngas clean-up systems and integrate all systems necessary to generate electricity.

The company also revised its cost estimate subject to the cost cap for the Kemper project – since the last monthly report to the Mississippi Public Service Commission – to include an additional \$43 million related to the schedule extension and start-up activities, for a total of approximately \$81 million recorded for the second quarter of 2016.

All of those costs will be paid by Southern Company and Mississippi Power – not by Mississippi Power customers.

Mississippi Power's analysis of the time needed to complete start-up and commissioning activities will continue until the remaining assets are placed in service.

The Kemper project team continues focusing on starting up and integrating various systems needed to achieve the next major milestone – using the syngas to produce electricity.

Mississippi Power, a subsidiary of Southern Company (NYSE: [SO](#)), produces safe, reliable and environmentally responsible energy for more than 186,000 customers in 23 southeast Mississippi counties. Mississippi Power earned the 2015 ReliabilityOne™ Award for outstanding midsize utility for excellence in storm restoration and recovery efforts as well as being a leader in reliability, customer service and safety. Visit our websites at mississippipower.com and mississippipowernews.com, like us on [Facebook](#), and follow us on [Twitter](#), [LinkedIn](#), [Google+](#) and [YouTube](#).

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning the projected cost and schedule for the completion of construction and start-up of the integrated coal gasification combined cycle project in Kemper County, Mississippi ("the Kemper IGCC"). Mississippi Power cautions that there are certain factors that could cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Mississippi Power; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Mississippi Power's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: changes in tax and other laws and regulations to which Mississippi Power is subject as well as changes in application of existing laws and regulations; the ability to control costs and avoid cost overruns during the development and construction of facilities, which include the development and construction of generating facilities with designs that have not been finalized or previously constructed, including changes in labor costs and productivity, adverse weather conditions, shortages and inconsistent quality of equipment, materials, and labor, contractor or supplier delay, non-performance under operating or other agreements, operational readiness, including specialized operator training and required site safety programs, unforeseen engineering or design problems, start-up activities (including major equipment failure and system integration), and/or operational performance (including additional costs to satisfy any operational parameters ultimately adopted by the Mississippi Public Service Commission ("PSC")); the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; advances in technology; actions related to cost recovery for the Kemper IGCC, including the ultimate impact of the 2015 decision of the Mississippi Supreme Court, the Mississippi PSC's December 2015 rate order, and related legal or regulatory proceedings, Mississippi PSC review of the prudence of Kemper IGCC costs and approval of further permanent rate recovery plans, actions relating to proposed securitization, satisfaction of requirements to utilize grants, and the ultimate impact of the termination of the proposed sale of an interest in the Kemper IGCC to South Mississippi Electric Power Association; and the ability of counterparties of Mississippi Power to make payments as and when due and to perform as required. Mississippi Power expressly disclaims any obligation to update any forward-looking information.

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