

House Approves Bills Backing Kemper Settlement

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — Mississippi House members have blessed a settlement between the Public Service Commission and Mississippi Power Co. over the company's Kemper County plant.

The House voted 90-26 Friday for House Bill 1134, which allows Mississippi Power to sell up to \$1 billion in bonds to pay for Kemper construction and financing costs over \$2.4 billion. The body voted 100-17 for House Bill 894, which lets the PSC approve a multi-year rate plan for the plant.

The measures go to the Senate, where similar bills are pending.

The settlement between the unit of Atlanta-based Southern Co. and the PSC says Mississippi Power can only earn profit on \$2.4 billion in plant construction costs as well as an estimated \$377 million in lignite mine and pipeline costs. The utility would sell bonds for anything above \$2.4 billion. Customers would repay debt, but Mississippi Power would earn no profit, unlike in a traditional rate structure. The company currently expects the plant to cost \$2.88 billion.

Some lawmakers attacked the proposed sale of \$1 billion in bonds, saying they didn't want their constituents to pay more.

"This is just another case of corporate welfare," said Rep. Sherra Lane, D-Waynesboro. "Privatize the profit and socialize the risk."

Most of the 'no' votes on House Bill 1134 came from members who represent counties served by Mississippi Power. Those members opposed the bill 21-17.

"This is not a vote that we should have been making," said Rep. Scott DeLano, R-Biloxi. "It should have been done at the Public Service Commission. I've had three days to review a bill that obligates the ratepayers for a billion dollars and I could not vote for it."

Mississippi Power has said it expects a total rate increase of about 25 percent, less than the 33 percent that it projected if it collected the entire cost of what it calls Plant Ratcliffe under a traditional rate structure. The company says its 186,000 customers will pay a cumulative \$1 billion less over decades.

"We recognize the true leadership they showed today in standing up for our customers," said spokeswoman Cindy Duvall. "Today's action by the House takes us one step closer to saving Mississippi Power customers \$1 billion or more."

Kemper opponent Sierra Club says the bill allows Mississippi Power to break the \$2.88 billion cap that had earlier been applied to construction of the plant.

House Approves Bills Backing Kemper Settlement

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

"This is an end-run around the construction cap on Kemper County," said Sierra Club state director Louie Miller. "Where is the incentive to control costs? It's gone."

Ed Day, president of the Gulfport-based company, said in an interview Wednesday that Mississippi Power currently plans to sell \$700 million to \$800 million in bonds. Of that amount, \$488 million would be the amount between \$2.4 billion and \$2.88 billion. The rest would be for interest accumulated on the money Mississippi Power has already borrowed for the plant. The company has already spent \$2 billion on Kemper.

Day said he wouldn't count the \$300 million or so in accumulated interest as part of the plant's cost, saying it's like counting mortgage interest as part of a house's price.

Lane offered nine unsuccessful amendments to the bill. One aimed to change a part of the bill that says anyone except Mississippi Power who wants to appeal a decision of the PSC on the bonds has to post an appeal bond equal to the money the PSC finds bonding will save customers.

Rep. Cecil Brown, D-Jackson, suggested it could void all lawsuits. "As a practical matter, nobody can ask for a judicial review," Brown said. "Nobody can determine an amount."

The Sierra Club has sued multiple times over Kemper.

Beckett defended the bill's provisions that make it almost impossible for outsiders to challenge the PSC's decision or for the PSC to change its mind once it rules in favor of bonds. "The customer will lose the rate reduction if you just want to keep it tied up forever and ever and ever," he warned.

One amendment was successful, though. Rep. Kevin Horan, D-Grenada, successfully changed the bill to limit lawyers' fees associated with what could be a huge bond issue to \$500,000.

Source URL (retrieved on 04/19/2015 - 7:37am):

<http://www.impomag.com/news/2013/02/house-approves-bills-backing-kemper-settlement>