

Senate Sends Kemper Settlement Bills To Governor

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — The state Senate has approved two House-passed bills that codify a settlement between the Public Service Commission and Mississippi Power Co. over the company's Kemper County power plant.

Meanwhile, state Supreme Court justices want parties to answer more questions about an appeal challenging the constitutionality of a 2008 state law that would allow Mississippi Power to collect money to pay for the Kemper plant before it starts generating electricity.

Senators voted 49-2 Thursday for House Bill 894, which lets the PSC approve a multi-year rate plan for the plant. They voted 46-5 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.

Gov. Phil Bryant must now decide whether to sign the bills.

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.

Mississippi Power has said it expects a total rate increase of about 25 percent, less than the 33 percent that it projected it would take in 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

"The leadership shown today by the Senate, and last week by the House of Representatives in approving the rate mitigation and securitization bills, will save customers \$1 billion or more over the life of the Kemper County energy facility," spokeswoman Cindy Duvall said Thursday.

Sen. Tommy Gollott, R-Biloxi, said the rate increase is still too high.

"That's going to be a terrible, terrible increase for my people in south Mississippi," Gollott said.

The Sierra Club, which opposes the Kemper plant, says the bill allows Mississippi Power to break the \$2.88 billion cap that had been placed on plant construction costs. Mississippi Power says it plans to sell \$700 million to \$800 million in bonds.

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Of that amount, \$488 million would be for 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.

One part of the settlement legislation 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, which the Sierra Club says will make appeals prohibitively costly.

As contemplated in the settlement, the Supreme Court agreed Thursday to dismiss Mississippi Power's appeal of the PSC's denial to begin collecting money during construction. However, justices asked more questions about a suit by Thomas Blanton, a Hattiesburg oilman and former PSC candidate. He argued last month that it's unconstitutional for Mississippi Power to collect money before the plant begins running.

The court asked all parties in the case to further discuss the issues Blanton raised, as well as to say whether his arguments should be considered now. Briefs on the questions are due by early next month.

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