



MISSISSIPPI PUBLIC UTILITIES STAFF

EXECUTIVE SUMMARY

**Annual Report
For the Fiscal Year
Ending June 30, 2020**

**Virден C. Jones
Executive Director**

PUBLIC UTILITIES STAFF

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GENERAL COUNSEL

RON BREWER, DIRECTOR
WATER & SEWER DIVISION

CHRISTOPHER GARBACZ, DIRECTOR
ECONOMICS & PLANNING DIVISION



SALLY BURCHFIELD DOTY
EXECUTIVE DIRECTOR

KYLE BROWN, DEPUTY DIRECTOR
ADMINISTRATIVE SERVICES DIVISION

BRANDI MYRICK, DIRECTOR
ELECTRIC & GAS DIVISION

ANGEL STENMARK, DIRECTOR
COMMUNICATIONS DIVISION

January 14, 2021

The Honorable Governor Tate Reeves, Lieutenant Governor Delbert Hosemann, Members of the Legislature and State Elected and Appointed Officials of the State of Mississippi
Jackson, Mississippi

Re: Mississippi Public Utilities Staff
2020 Fiscal Year Executive Summary

Ladies and Gentlemen:

In accordance with Sections 27-101-1 and 27-101-3, Mississippi Code of 1972, we provide you the Mississippi Public Utilities Staff Executive Summary of the 2020 Fiscal Year Annual Report. This Summary outlines the Staff's various activities, functions and accomplishments during the fiscal year July 1, 2019, through June 30, 2020.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sally Burchfield Doty".

Sally Burchfield Doty
Executive Director

The Public Utilities Staff (Staff) was created in 1990 and charged under Mississippi Code Annotated, §77-2-1, with representing the broad interests of the State of Mississippi by balancing the respective concerns of the residential, commercial and industrial utility customers, the state agencies and the public utilities. The Staff has investigative and advisory authority on matters that include:

- Reviewing and investigating contested matters before the Public Service Commission (Commission) and making recommendations with respect to the reasonableness of rates charged or proposed to be charged by public utilities;
- Reviewing, investigating and making recommendations with respect to proposed investments and to services furnished or proposed to be furnished by public utilities;
- Making recommendations to the Commission for public utility rates, service or area when deemed necessary and in the broad public interest.

The Staff is composed of 27 employees with a variety of technical expertise (engineering, accounting, legal, economics, telecommunications and administration). The Staff is under the direction of the Executive Director and is organized into five divisions which are: Legal; Administrative Services; Economics and Planning; Water and Sewer; and Electric, Gas, and Communications.

During FY 2020, the Staff participated in 215 utility filings before the Commission. This involved reviewing and investigating contested and uncontested matters and included making recommendations to the Commission with respect to the reasonableness of rates charged or proposed to be charged by utilities. In addition, the Staff continually reviewed, investigated and made recommendations with respect to proposed new investments and to new services furnished or proposed to be furnished by jurisdictional public utilities.

ELECTRIC

During FY 2020, Staff reviewed the annual fuel filings and performed its continuous monitoring activities related to fuel adjustment clauses for the two major investor-owned electric utilities in the State: Entergy Mississippi, LLC (“EML”), a subsidiary of Entergy Corporation, and Mississippi Power Company (“MPC”), a subsidiary of Southern Company. Additionally, Staff prepared its Summary and Comments of the Commission’s contracted financial fuel audit and procurement reviews. The audits confirmed there were no material misstatements of allowable fuel and purchased energy expenditures during the audit period and that procurement practices were reasonable.

Staff also participated in and reviewed other notable electric filings throughout the year, including:

- EML’s various filings for capital investment in transmission and distribution infrastructure;
- EML’s joint petition to acquire the Sunflower Solar Facility;
- EML’s revisions to its formula rate plan;
- MPC’s petition for fiber optic telecommunications facilities; and,
- MPC’s 2019 rate case including revisions to its formula rate plan;

Additional information regarding the cases outlined above, as well as other notable filings, is included in the body of the Annual Report.

TELECOMMUNICATIONS

The impact of competition and migration to different technologies, such as cable, wireless, and satellite providers in Mississippi continues to affect local exchange companies’ access lines. Reports indicate that wireline access lines have decreased by 675,000 lines from December 2009 to December 2018. However, wireless subscribers exceeded 2.7 million in December 2018.

Mississippi remains one of the largest national beneficiaries of funds allocated from the federal high-cost support under the federal universal service program. In 2019, Mississippi received over \$167 million in high-cost universal service funding. The FCC Universal Service Fund is transitioning to the Connect America Fund to accelerate the build-out of broadband infrastructure.

Many needy Mississippians receive discounted phone service through Lifeline programs. The Staff and Commission continue to monitor the reforms of these programs with the FCC and are in full support of the FCC's efforts to modernize the program, eliminate waste, fraud, and abuse, improve program administration and integrity, and streamline eligibility databases. Mississippi received over \$7 million from the Lifeline program in 2019.

The Commission has administered the Telecommunications Relay Service ("TRS") Fund for 30 years under Statute §77-3-501. The TRS Fund is supported by a surcharge, currently at \$.25/month, on landline services.

The Staff monitors events of concern with the FCC and assists the Commission in filing comments when warranted.

Members of the Staff serve on various State and Federal committees, subcommittees, and boards. These are vital for implementation of FCC rules and industry changes.

GAS

During FY 2020, Staff reviewed the formula rate plans ("FRP") for the three largest natural gas local distribution companies ("LDCs") in the state – Atmos, CenterPoint, and Spire. Staff's review of each FRP resulted in a stipulated lower revenue requirement – Atmos (\$4.6 million), CenterPoint (\$0.5 million), and Spire (\$0.1 million). The lower revenue requirements equate to a combined ratepayer savings of \$5.2 million.

Staff continued monitoring the purchased gas adjustments ("PGA") of the three major LDCs. Carr, Riggs & Ingram ("CRI") were contracted to provide PGA audit services and all three companies received clean audit opinions for the twelve-month period ended September 30, 2019.

Staff reviewed various asset management agreements, facility certificate requests, supplemental growth projects, and rate change requests for the three major LDCs and jurisdictional municipalities. Details regarding the cases discussed above, as well as other notable filings, are included in the body of the Annual Report.

WATER & SEWER

The Staff reviewed 30 water and sewer cases that included applications for construction of facilities, applications to serve customers and applications to revise the rates and charges authorized by the Commission. The Staff audited water and sewer companies, made cost studies of construction projects, monitored construction of new facilities and examined customer service practices of water and sewer utilities. Also, the Staff reviewed over 21 water block grant applications and made recommendations to the Mississippi Development Authority.

ECONOMICS & PLANNING

Return on Equity (ROE) filings were validated for Gas & Electric Investor-Owned Utilities (IOU). Possible improvements in Return on Equity calculations were studied. Weather Normalized Adjustment (WNA) gas filings were validated and possible improvements were studied. Performance metrics, regulatory policies and environmental regulations were reviewed. General market conditions as related to utilities are continually reviewed. The director is on several national regulatory committees (Vice Chair of the National Association of Regulatory Utility Commissioners ((NARUC)) Staff Nuclear Sub-Committee) and regularly reviews research articles for publication from editors of international academic journals.