May 19, 2022

FROM THE DESK OF
COMMISSIONER BRENT BAILEY
CENTRAL DISTRICT OFFICE

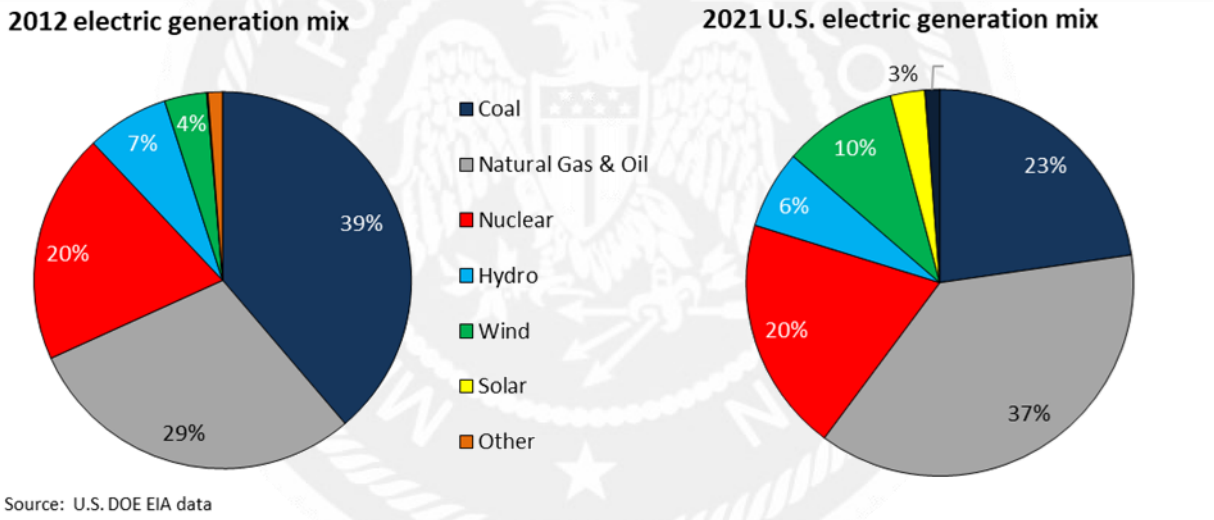
The Central District is pleased to bring you the latest information concerning utility rates, project developments, Public Service Commission actions and other news you can use. I hope you will find this information to be a useful resource to learn about the Public Service Commission, consumer issues and the continuous work we are doing for the citizens in the Central District and across the state of Mississippi. Thank you again for allowing me to serve you in this capacity.

Brent Bailey

Can Natural Gas Remain Relevant in a Carbon-Constrained Future?

More than 187 million Americans use natural gas in their homes every day. The sector added 900,000 new residential customers and 21,000 new commercial customers in 2020 and continues to expand infrastructure to new areas of the country to provide customers additional energy choices. Natural gas is also the most prevalent single energy source used for electricity generation in the United States. According to the U.S. Energy Information Administration, there are 491 gigawatts (GW) of natural gas-fired electric generating capacity in the country. Natural gas was the fuel used to generate more electricity than any other fuel type in 2021.

2012 & 2021 U.S. Electric Generation Mix by Fuel Type



Source: U.S. DOE EIA data

Natural gas has a significant impact on the economy of the state by supporting well paying jobs, powering homes and industries, supporting economic growth and communities, and reducing pollutants while improving air quality. Natural gas accounted for about 80% of Mississippi's electricity net generation in 2020 and was the primary fuel used at 9 of the state's 10 largest power plants. Although nearly 90% of the natural gas that enters Mississippi by interstate pipelines continues on to other states, Mississippi is one of the few states with large underground salt caverns capable of storing natural gas. Mississippi has 26% of the nation's salt cavern storage capacity. In fact, the state has 11 underground natural gas storage fields—5 are salt caverns and 6 are depleted oil and gas fields—that can hold a combined 332 billion cubic feet of natural gas.

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One of the largest natural gas processing plants in the U.S. is near Pascagoula, Mississippi. Mississippi also has a liquefied natural gas (LNG) import terminal near Pascagoula. The electric power generation sector is the largest consumer of natural gas in the state, followed by the industrial sector, and finally the residential and commercial sectors. About 3 in 10 households in Mississippi rely on natural gas for home heating.

The benefits of the natural gas industry and the flexibility and reliability it provides to consumers must be recognized and valued. However, as businesses, communities and government bodies make pledges and/or mandates to reduce greenhouse gas emissions, every sector of the economy must be engaged in advancing decarbonization solutions – including the natural gas industry.

This week I had the opportunity to attend the 2022 American Gas Association (AGA) Financial Forum in Miami Beach, Florida and participate in a panel discussion entitled "Regulatory Framework for Decarbonization." I shared the stage with former Washington State Commissioner Jay Balasbas and AGA Vice-President Richard Meyer and we took a deep dive into the ways that natural gas utilities and natural gas infrastructure can play a role in reducing greenhouse gas emissions while sustaining economic growth.

L to R: Richard Meyer, AGA; Jay Balasbas, JMB Strategies; Brent Bailey, MS PSC

We explored what "decarbonization" means to state regulators and how some of the policy trends across the country shape perspectives on "decarbonization." To me, decarbonization means diversification in energy resources while recognizing the reliability benefits of traditional energy resources, such as natural gas. Corporate environmental, sustainability and governance (ESG) objectives may suggest movements away from fossil-fuel resources and state and local policies may make it harder for consumers to access natural gas, but all options should be on the tables to ensure a cost-effective, reliable, resilient and affordable transition to a lower-carbon energy economy and ultimately a net-zero emissions energy future. Reaching these targets will require transformative changes, new innovations, and expansion of known solutions.

Energy efficiency programs and measures has been and continues to be a cornerstone strategy to ensure customers conserve energy resources. Energy efficiency is a proven cost-effective approach to reducing customer bills, reducing emissions and reducing energy waste. All three of the rate-regulated natural gas utilities in the state now provide programs that incentivize customers to use natural gas wisely and maximize the energy value contained in each cubic foot of natural gas. It is my hope to continue to expand the scope and reach of energy efficiency programs as they are typically the lowest-cost approach to reducing emissions.

Another avenue of reducing emissions is through the expansion of the production of renewable natural gas (RNG). RNG has a clear role and opportunity, but questions remain around the sourcing, sustainability, reliability and cost-competitiveness of the resource. RNG has traditionally been sourced from landfills, large livestock operations, wastewater treatment plants and other biogenic waste streams. However, RNG availability is limited in most regions of the country and customers would need to decide if the purchase of RNG credits is sufficient when the actual RNG molecule is not available.

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Green hydrogen produced from renewable energy resources through electrolysis provides another low-carbon gaseous resource that will allow the continued use of existing pipeline infrastructure, distribution and service lines, and appliances and power generation assets. Like RNG, the ability to affordably scale production and optimize systems for efficient utilization are key criteria for feasible inclusion in any gas utility emission reduction plan. The federal government, through the Infrastructure Investment and Jobs Act, has put up over $8 billion to create clean hydrogen hubs and reduce the costs of hydrogen production.

Another strategy is to reduce utility system and upstream emissions from methane leaks. Accomplishing this approach involves more aggressive leak detection, repair, and pipe replacement programs. We have been very supportive of these programs to date, but the recent escalation in natural gas prices and the resulting upward pressure in rates creates concern among regulators like myself to grant an acceleration of pipe replacement program funding.

Our panel also discussed other approaches such as "differentiated" or "certified" natural gas, carbon capture and sequestration, greenhouse gas offsets generated through land-based conservation practices and modern building energy codes and standards. You can explore many of these topics in the AGA study *Net-Zero Emissions Opportunities for Gas Utilities*. I appreciate the AGA for inviting me to share my thoughts and perspectives on just and reasonably ways to reduce emissions in the natural gas sector while keeping energy resource affordability and availability to the customer front and center.

Federal Agency News

FERC Accepts MISO Cost Allocation Tariff Filing

The Federal Energy Regulatory Commission (FERC) has issued an Order accepting the Midcontinent Independent System Operator's (MISO) and certain MISO Transmission Owners' proposed revisions the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff that includes changes to cost allocations methods in support of MISO's Long Range Transmission Planning build out portfolio. The new tariff creates new allocation of costs entirely either to the MISO Midwest Subregion or to the MISO South Subregion. FERC found that the proposal was just and reasonable and complied with Order No. 1000's six regional Cost Allocation Principles. The Mississippi Public Service Commission (MPSC), while supportive of the allocation of a transmission project portfolio's costs solely within the benefiting Subregion under the project cost allocation method, did file a limited protest with the intent of disallowing postage stamp cost recovery in the South Subregion and ordering a new stakeholder process that develops a more granular benefits metric that guides cost allocation going forward. The FERC disagreed with the MPSC's arguments and request.

TVA Announces Target of 10,000 MW of Solar by 2035

The Tennessee Valley Authority (TVA) recently announced a goal to develop 2,800 megawatts (MW) of solar by 2024 and 10,000 MW by 2035. Currently, TVA has 5,386 MW of renewable energy capacity, nearly all of which is hydropower. TVA also reported it purchased 7,269 MW of renewable energy from outside sources in FY 2021. According to TVA's 2021 sustainability report, it only owns 1 MW of operable solar capacity. However, more recent data puts TVA-owned operable solar at 642 MW. More TVA-built utility-scale solar and battery projects are underway, including in Mississippi. TVA serves nearly 10 million customers.

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CENTRAL DISTRICT SNAPS

I enjoyed reconnecting with utility representatives at the 2nd Annual Joint Electric Cooperatives Media Day at Southern Pine Electric's Headquarters in Taylorsville last week. We heard informative presentations on the potential of more extreme weather events this year, cooperatives role in expanding broadband to rural parts of Mississippi, and supply chain challenges within the electric distribution sector. Southern Pine gave an excellent demonstration of how their power system operates. Thank you again Jan Collins for inviting the Central District to attend. Looking forward to next year!

Pictured with Chris Rhodes, President/ CEO of Southern Pine EPA

Pictured with Lisa Wigington, TEC VP of Strategic Operations

Pictured with staff members of East Mississippi EPA, including Randy Carroll (middle left), CEO of East Mississippi EPA.

Showing your support and appreciation for law enforcement officers and personnel doesn't have to be tied to one day or one week as they put their lives on the line every day to serve and protect. I was honored to be present for the Madison County Law Enforcement Appreciation event last week hosted by the Madison County Business League and Foundation. Sheriff Randy Tucker and his team do an outstanding job keeping Madison County safe! Thank you!!!!!

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Last Week at the MPSC

- **Entergy Mississippi, LLC** filed its Response in Opposition to **Rankin County**'s Motion to Stay proceedings in regard to **Entergy Mississippi, LLC**'s Notice of Intent to Implement Revisions to the Formula Rate Plan. In addition, **The Commission** filed a Notice of Prehearing Conference regarding **Entergy Mississippi, LLC**'s Notice of Intent to Implement Revisions to the Formula Rate Plan.
- **Cooperative Energy** and **Southern Pine Electric Cooperative** filed their Amended Joint Petition for Certificate of Public Convenience and Necessity Authorizing Them to Acquire, Construct, Own, and Operate Two 115 kV Electrical Transmission Line Facilities and for **Southern Pine** to Construct, Maintain and Operate a 115:24.94 kV Substation in **Rankin County (East Brandon)**. Additionally, **The Commission** filed its Notice of Hearing in regard to the Joint Petition. The hearing will be held Thursday, July 7, 2022, in the Brandon Board of Alderman Board Room at the Brandon Municipal Complex beginning at 5:30 pm.
- **Fusion Connect, Inc.**, **Fusion LLC**, **Fusion Cloud services, LLC**, and **The North Haven Entities** filed their Joint Application for Consent to a Transaction That will Result in Material Change to the Ownership and Control of Authorized Telecommunication Carriers. The transaction will ultimately result in **The North Haven Entities** acquiring a controlling interest in **Fusion Connect** and, indirectly, in the **Fusion MS Licensees**.
- **Mississippi Chapter of the Sierra Club** filed its Response to **Mississippi Power Company**'s Motion to Supplement Comments in regard to the Docket 2022-AD-07 the Docket to Review Community Solar Proposals.
- **Atmos Energy Corporation** filed its Rule 7.103 Construction Notice for projects located in the City of **Greenville** in **Washington County**. These three System Integrity Projects are being conducted in three phases and are needed to replace mains and services in **Washington County** due to excessive maintenance requirements as a result of inadequate coating and obsolete joining practices.
- **Entergy Mississippi, LLC** filed its Rule 7.103 Construction Notice/Interconnection Project in which it provides notice of a project where it intends to install a new 230 kV dead-end structure tapping the operating bus via two Amp 230 kV disconnect switches, one 230 kV circuit breaker, metering accuracy current transformers, and capacity voltage transformers at **Entergy Mississippi**'s existing Twinkletown 230 kV Substation in order to connect **Wildflower Solar, LLC**'s new 100 MW solar generating facility to the **Entergy Mississippi, LLC** transmission system located in **Desoto County**.

Last week, our Consumer Complaint Specialists handled a total of 23 complaints in the Central District.

Electric Companies	18
Telecommunications	2
Water/Sewer	1
Natural Gas	2

Last week, the Central District received a total of 265 complaints from consumers against potential telemarketers through our no call app, website and mail-ins.

We encourage consumers to file telemarketing complaints with the Federal Trade Commission at http://www.donotcall.gov/ in addition to filing complaints with the Mississippi Public Service Commission.