

September 22, 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

Customers Will Likely Feel the Impacts of High Natural Gas Prices

About this time last year, this newsletter looked at some of the factors contributing to the rise in natural gas prices and the potential impact to customers' heating and electricity bills. Since that time, Russia invaded Ukraine and domestic inflation has continued upward. Sanctions against Russia caused Russia to greatly restrict natural gas sales to much of Europe and the U.S. economy has continued to rock along despite increases in the Consumer Price Index and Federal Reserve interest rates.

To better illustrate the continued increase in natural gas prices over the past three years, let's compare the average price of natural gas in the first eight months of 2020, 2021 and 2022. The natural gas price at the Henry Hub benchmark averaged \$1.86/MMBtu in the first eight months of 2020, then increased to \$3.43/MMBtu across the same time period in 2021, and then averaged \$6.41/MMBtu in the first eight months of 2022.

Furthermore, according to the U.S. Energy Information Administration's (EIA) September 2022 [Short-Term Energy Outlook](#) (STEO), the U.S. natural gas spot price at the Henry Hub will

continue to climb this winter, reaching a monthly average of \$9.10 per million British thermal units in January 2023. That price will be the highest inflation-adjusted monthly average price since 2008. Natural gas futures prices in Europe and Asia set records in August as pipeline exports from Russia to Europe reached their lowest level in 40 years and U.S. liquefied natural gas (LNG) exports remained limited due to the outage at the Freeport LNG facility.

Despite the sizeable increase in natural gas prices this year, natural gas consumption in the electric power generation sector increased 7% in the first eight months of 2022, compared with the first eight months of 2021. The electric power sector now consumes more natural gas than any other U.S. end-use sector. When natural gas prices are relatively high, power providers have historically switched to cheaper fuels such as coal for electricity generation. However, coal-fired power plants have been limited in their ability to increase power generation in 2022, likely due to historically low on-site inventories of coal, constraints in coal delivery to power plants, and continued retirements of coal-fired power plants. Remember, nearly 80 percent of all electricity is generated from natural gas in Mississippi.





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As stated many times before, utilities do not set the prices they pay for fuels, such as natural gas. While they do utilize certain market hedging and forward contracting mechanisms to try to obtain fuels at lower cost, all natural gas fuel costs are a direct pass-through cost to customers with no profit margins added. The Mississippi Public Service Commission sets fuel cost recovery rates on an annual basis, generally near the beginning of each calendar year. If the cost of natural gas increases significantly over the year, the Commission must then ramp up fuel cost recovery rates the following year to make up for the utilities' under-recovery of fuel costs over the prior year. As seen in the dramatic increase in natural gas costs over the past two-plus years, the Commission finds itself in a situation where we must soon take extraordinary steps to mitigate potential rate shocks caused by the spike in natural gas prices.

So, what other factors could influence natural gas prices in the near-term? The EIA predicts that the U.S. will consume a record amount of natural gas in 2022. The also EIA forecasts that U.S. natural gas inventories will be 7% below their previous five-year average at the end of October. But all is not doom and gloom as more natural gas rigs are now operating in the U.S. than before the pandemic. As drilling increases, natural gas production is expected to grow as well throughout 2023. As natural gas production increases, EIA forecasts a decrease in U.S. natural gas prices in 2023, possibly nearing \$5.00 MMBtu. Of course, geopolitical conflicts, extreme weather events and shifts in federal policy could further impact natural gas prices.

Consumers are urged to be mindful of their electricity and natural gas consumption this coming winter. Seek ways to increase your energy efficiency and other ways to conserve energy while maintaining comfort, health and safety.

MPSC Files Reply Comments in FERC NOPR; MS Attorney General Files to Intervene

On Monday, the Mississippi Public Service Commission (MPSC) joined over ninety other interested parties, including commissions in other states, [replying to initial comments](#) of a Notice of Proposed Rulemaking (NOPR) issued by the Federal Energy Regulatory Commission (FERC) proposing broad changes to regional transmission planning and cost allocation.

First, the MPSC's reply comments reemphasized that a nationwide rule changing how regulated utilities plan for future electric generation and transmission is unnecessary. The MPSC noted that its participation in the Midcontinent Independent System Operator, Inc. (MISO) already addressed many of the issues that FERC seeks to remedy. Rather than imposing a universal change without having done any factual investigation, the MPSC recommended that FERC conduct individual investigations of transmission providers' procedures, identify shortcomings if any, and propose specific improvements.

Second, if FERC were to proceed with a final rule, the Commission offered several recommendations to ensure that the new rule would be just and reasonable, including: Respecting state jurisdiction over transmission and generation siting and resource adequacy; Providing regional transmission organizations (like MISO) compliance flexibility; Ensuring long-term planning processes use resource and load information provide by state commissions and their regulated utilities. The most important of these changes is to ensure that FERC recognizes the MPSC's authority to shield Mississippians from having to pay a share of new transmission costs when Mississippians would not benefit from that construction.

Mississippi Attorney General Lynn Fitch joined Attorneys General from Texas, Utah, Alabama, Alaska, Arkansas, Florida, Georgia, Kansas, Kentucky, Louisiana, Montana, Nebraska, Ohio, Oklahoma and West Virginia in filing a [Motion to Intervene and Comments in Opposition](#) to FERC's proposed rulemaking.



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In a strong rebuke of the proposed rule, the Attorneys General argue that FERC lacks authority to adopt a rule that would cause major national economic ramifications and make wholesale rate determinations on a generic, national level. They argued that under current federal law, FERC lacks authority to implement a rule that indirectly regulates future generation expansion, and if it were not, such authority would violate the United States' Constitution's equal sovereignty doctrine.

All comments can be found in Docket No. RM21-17-000 on FERC's website - www.FERC.gov.

Public Hearing Held on Grid Resilience Formula Grant Program

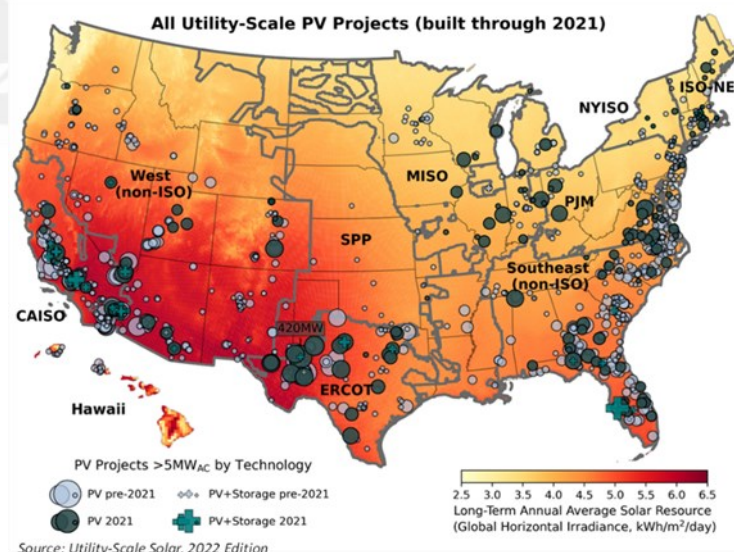
On September 20, the Mississippi Development Authority's (MDA) Energy and Natural Resource Division (ENRD) held a public hearing to inform and receive questions on the Preventing Outages & Enhancing the Resilience of the Electric Grid Formula Grant Program made possible by the Infrastructure Investment and Jobs Act (IIJA). Mississippi must apply for the grant funds and then award the grant funds to eligible entities, including private utilities, municipal utilities, electric cooperatives and more. Mississippi is applying to receive over \$6 million from the U.S. Dept. of Energy. The program could award Mississippi \$6 million or more each year over five years. See the [Public Hearing Presentation](#) for more details and information about the program.

LBNL Report Examines Trends in U.S. Utility-Scale Solar Sector

Lawrence Berkeley National Laboratory just released its [2022 Edition of the annual Utility-Scale Solar](#) report that examines trends in deployment, technology, capital and operating costs, capacity factors, the levelized cost of solar energy (LCOE), power purchase agreement (PPA) prices, and wholesale market value among the fleet of utility-scale solar (and PV + battery) plants in the United States.

Among the key findings from the 2022 edition of the report:

- A record amount of new utility-scale solar capacity achieved commercial operations in 2021. Annual capacity additions of 12,500 MW_{AC} brought cumulative installed capacity to 51,300 MW_{AC}.
- 90% of all new utility-scale PV capacity added in 2021 uses single-axis tracking, with the remainder mounted at a fixed tilt.
- Despite emerging inflationary pressures, median installed costs declined to \$1.35/W_{AC} (or \$1.0/W_{DC}) based on a 5,400 MW_{AC} sample of 62 plants completed in 2021. Utility-scale solar costs have fallen by more than 75% since 2010.
- Utility-scale solar projects were found to have a medium capacity factor of 24%. Numerous factors can impact plant performance.
- Power purchase agreement (PPA) prices based on contracts signed in 2021 averaged \$23/MWh.
- Rising wholesale electricity prices boosted solar's combined energy and capacity value by 50% on average in 2021, to \$47/MWh.





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- A massive pipeline of utility-scale solar plants dominate the interconnection queues across the country. At least 674 GW of solar capacity was in the nation's interconnection queues at the end of 2021.

Highlights from the September 15th, 2022, Docket Meeting

The Mississippi Public Service Commission met on September 15, 2022, at 10:00 am CT to consider the following [agenda](#) items:

- ☑ **The Commission** considered and issued an [Order](#) approving **CenterPoint Energy Mississippi's** Supplemental Growth Rider. On April 29, 2022, **CenterPoint Energy Mississippi** filed its Supplemental Growth Rider ("SGR") for the twelve months ended December 31, 2021. During those twelve months, **CenterPoint** invested in no new Supplemental Growth projects. The total net investment included in the SGR (including prior years) is \$4,111,978, which results in a revenue requirement reduction of \$63,689. This means that the rate impact of the proposed SGR is a decrease of \$0.03 for an average residential customer's monthly bill.
- ☑ **The Commission** issued an [Order](#) granting the Supplemental CPCN Application of **Chickasawhay Natural Gas District ("Chickasawhay")** to enlarge its service area in **Clarke County**, which is adjacent to and adjoining its present certificated. There are 18 assured residential customers in the proposed area and there are also an additional 30 prospective residential customers. **Chickasawhay** will construct approximately \$55,000.00 worth of facilities to support the new area. This cost does not fall under the **Commission's** jurisdiction.
- ☑ **The Commission** considered and issued an [Order](#) approving the Joint Petition for Partial Transfer of Certificated Area filed by, **City of Port Gibson**, and **Mississippi River Gas, LLC**, for a partial transfer of **Mississippi River Gas, LLC's** Certificate of Public Convenience and Necessity to **Port Gibson**, for the provision of natural gas service. In 2002, **Port Gibson** and **Mississippi River Gas, LLC** entered a Lease Agreement, by which **Port Gibson** leased its system to **Mississippi River Gas, LLC**. Upon conclusion of the Lease, **Port Gibson** reacquired control of the system, therefore **Mississippi River Gas, LLC** moved to convey to **Port Gibson** portions of the Certificate previously held by **Mississippi River Gas, LLC**. **Port Gibson's** municipally owned natural gas utility rates are exempt from **Commission** regulation.
- ☑ **The Commission** considered and issued an [Order](#) approving **Mississippi Power Company's** filing of its Regulatory Tax Recovery Clause Assessments beginning October 2022 pursuant to its Regulatory Tax Recovery Clause, Rate Schedule "RTR-2." **Mississippi Power Company** filed its statement of gross revenues from intrastate operations for the preceding year (2021) with the Mississippi Department of Revenue and was assessed a total tax of \$1,683,211, which is \$194 thousand more than its 2020 assessment. The rate impact of the RTR is as follows: For residential, \$0.29 per month; For small commercial and industrial, \$1.14 per month; For large commercial and industrial, \$379.27 per month.
- ☑ **The Commission** issued an [Order](#) granting the Application of **Atmos Energy Corporation** to Expand its Certificated Area In **George County**. On August 1, 2022, **Atmos Energy Corporation** filed an application proposing to expand its service area in **George County**. The proposed expansion area is adjacent to existing **Atmos** service area in **George County** and will allow **Atmos** to provide service to three hundred sixty (360) prospective residential customers and approximately thirty-two (32) prospective business customers. The estimated cost of the Project is \$1.3 million and will result in no additional rate impact since the amount is included in **Atmos'** annual Stable/Rate Evaluation filing as part of the Fiscal Year 2023 capital budget.



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- ☑ **The Commission** considered and issued an [Order](#) approving a Routine Change in the Standard Rate For Purchases by **Entergy Mississippi, LLC** of Electric Energy from Qualifying Cogeneration and Small Power Production Facilities with Design Capacity of 100 Kilowatts or Less also known as its Schedule QF-21. The resulting ratepayer impact would be an increase of \$0.00350 per kWh for all hours, \$0.00304 per kWh for peak hours, and \$0.00411 per kWh for off-peak hours. The increase in the “avoided cost” rate is primarily driven by the increase in forecasted fuel prices.
- ☑ **The Commission** issued an [Order](#) approving the Application of **Entergy Mississippi, LLC**, for a special rate contract with **Makerstar Capital, Inc.** located in **Warren County**. The Agreement achieves the necessary goals of a special contract, including that it recovers sufficient revenues to meet incremental costs of service to **Makerstar**, that it contains a price sufficiently competitive to retain the customer, and that the revenues received by **Entergy Mississippi, LLC** from the Agreement will provide a contribution margin above **Entergy Mississippi, LLC**’s incremental cost of service. The contribution margins will benefit **Entergy Mississippi, LLC**’s other retail customers.
- ☑ **The Commission** issued an [Order](#) approving **X2Comm, Inc.** d/b/a **DC Communications**’ Notice of Discontinuance of Service and Request To Cancel Certificate Of Public Convenience and Necessity. Each of its customers were notified of the discontinuance of services via letter or email sent on or before May 12, 2022.
- ☑ **The Commission** approved Orders referring the following matters for hearing, report, and recommendation of an appropriate Order, or any other action necessary:
 - ☑ [Order Referring](#) the Petition **Hattiesburg Farm, LLC**, for a Certificate of Public Convenience and Necessity to Expand Solar Generating Facility in **Forrest County** to a Hearing Examiner.
 - ☑ [Order Referring](#) the Petition of **Harvest Gold Solar Power, LLC**, for a Facilities Certificate to Construct and Operate a Solar Electric Generating Facility in **Sunflower County** to the Central District Commissioner.
 - ☑ [Order Referring](#) the Joint Application of **Bradley Water Association, Inc.**, and **Town of Sturgis**, to Transfer all the Certificate of Public Convenience and Necessity Authorizing It to Construct, Operate and Maintain a Water System in a Specified Area in **Oktibbeha County** to a Hearing Examiner.
 - ☑ [Order Referring](#) the Application of **Great River Utility Operating Company, LLC** for a Supplemental Certificate of Public Convenience and Necessity Authorizing It to Construct, Operate, and Maintain Wastewater Disposal Service in a Specified Area in **Lafayette County** to a Hearing Examiner.
 - ☑ [Order Referring](#) the Joint Application of **East Lafayette Utilities, LLC**, and **East Oxford Utilities, LLC**, to Transfer All of the Certificate of Public Convenience and Necessity Authorizing it to Construct, Operate and Maintain a Sewer System in a Specified Area in **Lafayette County** to a Hearing Examiner.
 - ☑ [Order Referring](#) the Petition of **Great River Utility Operating Company, LLC** for a Supplemental Certificate of Public Convenience and Necessity Authorizing It to Construct, Operate, and Maintain Wastewater Disposal Service in a Specified Area in **Forrest County** to a Hearing Examiner.



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The **Commission** took a moment to remember **Michael Burton**, a utility worker that worked nearly 18 years for **East Mississippi Electric Power Association (EMEPA)**, that was killed in a tragic accident as he was conducting vegetation management work in **Kemper County**. The **Commission** went on to emphasize, recognize, and appreciate the dangerous work that he and all utility workers face every day to provide adequate, affordable, and reliable service to the public. **Michael** leaves behind a wife, two children, and a grandchild.

The **Commission** issued a Resolution Commemorating the Retirement of **Atmos Energy Corporation's** Mississippi Division President David Gates, recognizing his work with the **Commission**, leadership with **Atmos** and community service throughout the State. David Gates served as President of **Atmos Energy Corporation's** Mississippi Division since 2007 and promoted economic development in the State of Mississippi by championing utility programs that bring cost-effective energy solutions to customers through rural gas expansion and make natural gas service available to new and growing industrial areas.



Last Week at the MPSC

Entergy Mississippi, LLC filed its Rule 7.103 [Notice](#) that it intends to install facilities at its Whitfield 115 kilovolt ("kV") Substation that are necessary to accommodate the addition of **Cooperative Energy's** new proposed East Brandon to South Brandon 115 kV transmission line, which ultimately connects **Entergy Mississippi, LLC's** Whitfield Substation to **Southern Pine Electric Cooperative's** proposed East Brandon 115 kV Substation in **Rankin County**. **Entergy Mississippi, LLC** does not expect to require any additional right-of-way or property for the Whitfield 115 kV Substation Expansion Project since it is being installed at an existing **Entergy Mississippi** substation site on property owned by **Entergy Mississippi, LLC**. The project is expected to be in service by December 1, 2023.

Entergy Mississippi, LLC filed its Rule 7.103 [Notice](#) of a Transmission Line Project where it intends to change the relative physical position and configuration of transmission phases by swapping the "A" and "B" phases on the "Franklin - Grand Gulf 500 kV Transmission Line Project" in order to redistribute the electrical impedances and improve the balance of the Extra High Voltage transmission system in the southern part of **Entergy Mississippi, LLC's** service area [located](#) in **Claiborne and Lincoln Counties**.

Entergy Mississippi, LLC also filed a Rule 7.103 [Notice](#) of a Transformer Upgrade Project where it intends to upgrade a 12.5 megaVolt-Ampres ("MVA") transformer to a 20 MVA transformer to eliminate the current load risk and to improve reliability and enhance growth opportunities. The project is referred to as the "Lexington 115 kV Substation Transformer Upgrade Project", and it is [located](#) in **Holmes County**.

Spire Mississippi made its [Rate Stabilization Adjustment](#) (RSA) Filing - 2022 for its operations during the twelve (12) month period ended June 30, 2022.

Yokena Jeff Davis Water District filed its [Petition](#) for a Certificate of Public Convenience and Necessity to construct, operate and maintain a water system in a specified area in **Warren County**. Proposed water utilities to serve the requested certificated area addition include approximately 8,800 linear feet of 6" PVC water main from the end of an existing 6" water main.



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An emergency valved connection to an existing water main belonging to **Fisher Ferry Water Association** is proposed at the northern termination of the proposed main to assist either system in an emergency. The preliminary cost estimate of the project is \$160,655. **Yokena Jeff Davis Water District** will provide all funds for the proposed expansion, design of water infrastructure to serve the proposed expansion, construction of the infrastructure, and O&M for the infrastructure from their current cash reserves and ongoing revenue from customers. Further, **Yokena Jeff Davis Water District** does not anticipate any rate increase. As part of the project to serve the requested certificate expansion, one customer is assured to be added and four are proposed.

Mississippi Power Company filed its Monthly [Facilities Charge Cost Factor Update](#). The "FFC" rate schedule approved by the **Commission** requires that **Mississippi Power Company** periodically update its Monthly Facilities Charge Formula determined in accordance with the agreed to methodology.

Mississippi Power Company filed a [Special Contract](#) request between **Mississippi Power Company** and **Enviva Pellets Bond, LLC**. Subject to **Commission** approval, **Mississippi Power Company** has agreed to provide electric service to Enviva at facilities located in Bond, Mississippi pursuant to an electric service contract effective July 29, 2022.

In addition to the special contract, **Mississippi Power Company** filed a [Petition](#) for certificate for public convenience and necessity for the construction, acquisition, extension, operation and maintenance of transmission substation and related facilities and rights-of-way in **Stone County**. The project is needed to provide electric service to **Enviva Pellets Bond, LLC** which has entered into a contract for electric service with **Mississippi Power Company** to provide electric service to the new wood pellet plant to be located in **Stone County**. Based on the contracted load capacity, **Mississippi Power Company** has determined that a new 115-12.47kV substation and associated transmission facilities will be required to provide reliable electric service to the plant. The substation and 115kV transmission line associated with the Project will be constructed in Township 2S, Range 12W, Sections 14, 15, and 16 in **Stone County**. The final location of the facilities, however, will depend upon terrain, accessibility, and engineering feasibility. The total estimated cost to construct the Enviva Bond 115-12.47kV substation and associated transmission facilities is \$8,500,000. Construction is expected to be completed by July 1, 2024.

Mississippi Power Company filed a [Petition](#) for certificate for public convenience and necessity for the construction, acquisition, extension, operation and maintenance of transmission, substation and related facilities and rights-of-way in **Clarke and Hancock Counties**. The new Cane Creek Solar 115kV Switching Station, Moonshot Solar 115kV Switching Station, and associated 115kV transmission line facilities serving the new switching stations are necessary to provide an interconnection to **Mississippi Power Company's** transmission system for the new **Cane Creek Solar, LLC** and **Moonshot Solar, LLC** solar generating facilities. The Cane Creek Solar 115kV Switching Station project is located in **Clarke County**. The Moonshot Solar 115kV Switching Station project is located in **Hancock County**. The total estimated cost to construct the Cane Creek Solar 115kV Switching Station and associated transmission facilities is \$5,315,000. The total estimated cost to construct the Moonshot Solar 115kV Switching Station and associated transmission facilities is \$5,340,000. The projects are expected to be completed by October 2, 2023, and will be paid for by the solar project developers.

Town of Edwards filed [Amended Testimony](#) in regard to its Notice of Intent to Increase Rates for Service in its Certified Area in **Hinds County**. The testimony clarifies that the average monthly increase for customers in the certificated area will be \$.73; therefore, the bill will be \$25.13. The current rate now is \$24.40.



SAVE THE DATES

The next Regular Docket Meeting of the MPSC is scheduled for October 4, 2022.

The MPSC will hold a Special Meeting and a Rehearing on the Commission's Final Rule and Order Revising its Net Metering and Interconnection Rules on Tuesday, September 27, 2022, at 10:00 am in the MPSC Hearing Room.

The MPSC will hold a Work Session on Regulatory Considerations in Light of Electric Vehicle Adoption on Monday, September 26, 2022, beginning at 9:00 am in the MPSC Hearing Room.

CENTRAL DISTRICT SNAPS



MPSC Pipeline Safety Investigators: Kaleb Gibson, Wyatt Welch and James Snyder



Davis Gates represented the MPSC Central District office at the Twin County Electric Power Association's Annual Meeting in Hollandale, MS. We appreciate the hospitality of General Manager Tim Perkins and members of the Twin County EPA Board of Directors.

I had the opportunity to attend part of the second day of the Natural Gas Operator Conference and Training in Pearl, MS. I was honored to welcome participants back to another day of education and discussions of natural gas operations and safety issues. It was good to see our friends from Mississippi 811, Inc. and Taylor Power Systems. And I want to welcome the newest member of the MPSC Pipeline Safety Division, Wyatt Welch, to the agency. We are glad to have his experience and enthusiasm.



Last week, our Consumer Complaint Specialists handled a total of **24** complaints in the Central District.

Electric Companies	17
Telecommunications	3
Natural Gas	2
Water/Sewer	2

Last week, the Central District received a total of **160** 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.