

# VIEWPOINT

## HOW TO JOIN THE DISCUSSION

The Clarion-Ledger welcomes your comments on editorials, columns and other topics. Letters to the editor must include name, address and daytime telephone number. Authorship must be verified and no anonymous letters can be published. Letters must be 200 words or fewer. Letters may be edited for length, accuracy and clarity. Columns must be 600 words or less and include a picture of the writer. Letters and columns submitted to The Clarion-Ledger may be published or distributed in print, electronic or other forms. Mail to Letters to the Editor, Box 40, Jackson, MS 39205-0040; e-mail to letters@clarionledger.com; or fax to (601) 961-7211. If you have a question, contact Ralph Baldwin at (601) 961-7129 or rbaldwin@clarionledger.com.

Ashby M. Foote III

# Is Kemper coal plant turning into Mississippi's very own money pit?

It is an often told tale — an old house, a fixer-upper with charm — but trouble sets in and before too long the fixer-upper becomes a huge money sucking pit. Multiply that story by 186,000 (the number of Mississippi Power Company ratepayers), and you have a sense of what seems to be unfolding in Kemper County. Mississippi Power's dream of turning low-grade coal into electricity looks more and more like the Nightmare on Elm Street for its ratepayers.

The Kemper County Coal Gasification plant has been a controversial project since 2009.

The two big reasons are the enormous cost for ratepayers — \$2.4 billion — and the fact that Mississippi Power won't guarantee the plant's technology will even work. Three years has done little to assuage the concerns of the plant's doubters.

On May 10 — only 16 days after the Public Service Commission recertified the project — Mississippi Power revealed a newly estimated \$366 million cost overrun, bringing the total Kemper cost to \$2.76 billion (\$3.32 billion if mine-related costs are included). That eye-popping, money-sucking revelation raised the ante for all parties at the PSC public hearing scheduled for 22 June.

Mississippi Power came to the hearing requesting a 13 percent (\$56 million over six months) hike to cover financing costs even though the project isn't scheduled to produce electricity until the spring of 2014.

The company's legal and senior executive team presented its case.

Then the general public was allowed to comment (3 minutes a piece) prior to the commissioners' vote on the rate increase.

A surprising number of folks had shown up, considering the hearing in Jackson was 80 miles from the near-



Foote  
Guest  
columnist

est Mississippi Power wall outlet. (No doubt the crowd would have been many-fold greater had it been held in the Mississippi Power service area.) They were a salt-of-

the-earth group and all spoke from the heart.

Especially memorable were the comments from John and Mary Gooding, a diminutive couple from Bay St. Louis, who lost their home to Katrina. John — a cabinetmaker by trade, clad in blue jeans, scruffy shirt and ball-cap — talked as Mary nodded.

"You gentlemen all know exactly what we've been through on the Coast. We are still trying to recuperate from the worst-ever hurricane and the worst man-made disaster in American history. We are struggling terribly. Every penny counts. Some people are still living in trailers. And now you want to build a plant you can't guarantee. We can't afford it.

"Ya'll don't want to pay to build my home, and I don't want to pay to build your plant. The Gulf water is unclean and the fish isn't safe to eat. Our grocery store has been closed — the Gulf is our grocery store and it's not safe to eat there any longer.

"Twenty dollars a month is nothing to you folks, but for some of these folks behind me, \$240 a year means they don't get half of Christmas. They won't get to buy their grandkids Christmas presents. They'll have to learn to keep on without.

"For you to bring this on us now just ain't right. You haven't proved your case. You can't guarantee nothing. We're having enough trouble paying our own way, and we'd appreciate if you'd pay your own."

Three feet away, the Mississippi Power stable of

lawyers sat stone-faced. If it wasn't David smiting Goliath and the Philistines, it was at least Jerry Clower's Marcel Ledbetter and his chainsaw clearing out the whole beer joint.

But this wasn't a beer joint and it wasn't the valley of Elah, it was the Woolfolk state office building and the expectations remained: A 2 to 1 vote of Commissioners Lynn Posey and Leonard Bentz against Brandon Presley to approve the rate increase. But sometime grassroots democracy delivers a big upside surprise and that turned out to be the case. Once everyone had their say, Commissioner Bentz moved the rate increase be denied, Commissioner Presley seconded and it passed 3 to 0. Meeting adjourned!

Twelve days later the Fitch rating agency, sighting the PSC vote, lowered Mississippi Power's credit rating from A to A- and revised its outlook from stable to negative. The Kemper money pit got deeper six days later when Mississippi Power released its May status report revealing an additional estimated cost overrun of \$117.9 million — bringing the total cost to the \$2.88 billion cap. Later that same day, Mississippi Power, determined to get the rate hike, appealed the PSC decision to the state Supreme Court.

Investment ratings are the lifeblood for companies like Mississippi Power's parent, Southern Company, which has \$19 billion in long-term debt. So it is no surprise that Southern has been in a PR overdrive of late.

In just the month of June, SO's CEO and chairman, Thomas Fanning, was a guest host on CNBC's *Squawk Box*, a speaker at the Aspen Ideas Festival and the subject of a lengthy interview in a weekend edition of the *Wall Street Journal*.

The interview clearly revealed Fanning's focus and

mindset. The Southern Company Fanning portrayed is boring, dependable, genetically conservative and quite comfortable as a regulated monopoly.

Fanning derides the crucial discipline of competition for utilities stating, "the vertically integrated regulated utility ... should be the dominant solution, because it ensures corporate cultures are set up ... to succeed in both the long and short run."

He goes on to preen, Southern Company as the "classic bird of prey. We don't chase fads. And yet, we are able to produce yearly results year after year after year."

Bird of prey! Such Gordon Gekko-type bluster is unseemly from a company granted monopoly status by the citizens and government of Mississippi. Do we put chicken hawks in charge of our chicken coops? Do we let big game hunters roam our zoos?

Fanning might consider hosting a town hall for his customers on the Gulf coast. His company, Mississippi Power, just asked the state Supreme Court to invoke a rate increase on them, and as customers they certainly deserve a chance to give their two cents worth on the deepening Kemper money pit.

Ashby M. Foote III is president of Vector Money Management in Jackson and a regular contributing columnist to The Clarion-Ledger.