



Carmage Walls
Commentary Prize

2018 Entry Form

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Please give a brief explanation of issues discussed and the results achieved. (This space will expand as you type in your comments.)

The Kemper power plant was the biggest boondoggle in the history of the state of Mississippi. It was an experimental coal plant employing unproven technology. The Northside Sun led the investigation on the \$7 billion plant five years ago, eventually leading to the plant's closure before it even started. In public comments at the Stennis Press Institute Forum, two of the three Mississippi Public Service Commissioners thanked me and the Northside Sun personally for leading the charge and educating the citizenry. Because of our coverage of this issue, the Public Service Commission delayed a prudency determination. This delay prevented the state from being legally on the hook for the \$7 billion dollar plant. In the end, the plant's owner and proposer, the Southern Company, had to eat a six billion dollar loss, saving ratepayers from having to cover that cost. Otherwise, the state of Mississippi would have been saddled with an economic albatross which would have set back economic development for a generation.

editorials

Kemper mercy killing

The announcement that Southern Company was throwing in the towel on Kemper's lignite gasification came as no surprise. The project was doomed from the start. Scaling up an experimental plant by a factor of 100 is engineering malpractice. Coal gasification, a technology that has been around for 80 years, has never been cost feasible. Trying to do it with low-grade lignite borders on the absurd.

Kemper will still run as a natural gas plant, which is fine. The Mississippi Public Service Commission (PSC) needs to be vigilant in making sure none of the \$6.8 billion lignite gasification costs get included in the rate base. Mississippi Power ratepayers should not pay a penny for that failed project. Fortunately, the media publicity surrounding the Kemper boondoggle has changed the make-up of the PSC, which seems steadfast in its commitment to protect ratepayers from the Kemper disaster. The Northside Sun, which won national awards for its Kemper coverage, deserves some credit for this. Think about that when you choose to renew your subscription. It is conceivable that without such media scrutiny, a politically compromised PSC could have forced ratepayers to eat billions in Kemper costs, saddling one-third of our state with exorbitant energy costs for a generation. This would have hurt the growth of the entire state, forcing all Mississippians to shoulder greater tax burdens.

Credit also should go to PSC commissioner Brandon Pressley, who opposed the project from day one. Unfortunately, Pressley, a Democrat, was out voted by two Republican commissioners who, along with the rest of our state's Republican leadership, led by former Gov. Haley Barbour, supported Kemper slavishly. They were remunerated well for this devotion. Anti-cronyism think tank Bigger Pie, led by Northsiders Kelley Williams and Ashby Foote, deserve credit, as does Hattiesburg's oil maverick Tom Blanton, who personally bankrolled the successful lawsuits against Kemper. There were others working behind the scenes who also contributed to the opposition.

In retrospect, no new power plant was needed. Energy consumption is flat in Mississippi. For one percent of the cost of Kemper, the PSC could have demanded that Mississippi Power link its grid to MISO, a regional grid cooperative, where it could buy the least expensive energy from hundreds of competing plants all over the country. Entergy is already on such a grid, saving ratepayers millions a year.

Or better yet, let Kemper be the impetus for Mississippi to deregulate electricity as Texas has. In Texas, consumers can choose to buy their electricity from any power plant they so choose at the best rate. Environmentalists can buy wind energy. Cost conscious consumers can buy from a natural gas plant. It's their choice.

Meanwhile, the gargantuan Kemper lignite plant will stand as monument to the cost of corporate hubris and political corruption. The huge edifice of concrete and steel will standing rusting until its metal and steel is sold for scrap.

from the publisher



By
WYATT
EMMERICH

Does Southern deserve a billion for Kemper?

THE FINAL HEARINGS for the failed Kemper power plant are under way this week at the Mississippi Public Service Commission (PSC).

The billion dollar question is: Does this failed project deserve a billion dollars from the ratepayers of Mississippi?

The answer from the PSC should be a resounding “NO!” but don’t expect this. When you are caretaking “Other People’s Money” vigilance becomes lax.

Let’s be clear about this: Mississippi dodged the Death Star by avoiding the full eight billion dollar cost of Kemper. Our state would never have recovered. That’s because, thank the Lord, the PSC never ruled Kemper “prudent.” The minute the PSC had deemed Kemper prudent, the ratepayers would have been on the hook for the full eight billion.

That would have been \$43,000 per house-

hold for the one-third of our state serviced by Mississippi Power Company (MPC). The whole state would have suffered.

Constant media attention kept MPC and its Atlanta-based parent, Southern Company, at bay. A band of about a dozen individuals deserve credit for this including Northsiders Kelley Williams and Charles Grayson with the Bigger Pie Forum, Hattiesburg oilman Tom Blanton, Jackson city councilman Ashby Foote, Mississippi Sierra Club president Louie Miller, Kemper whistle blower Brett Wingo, Clarke Reed from Greenville, journalist Steve Wilson, energy expert Chip Estes and yours truly.

It was a fight. The Alabama union bosses were dragged out. Full page ads were run defaming our integrity. People were followed. Threats were made.

Throughout the whole process PSC commissioner Brandon Presley was steadfast in his opposition to Kemper. His role in stopping prudence was critical. Our state owes him a debt of gratitude.

As for the other two fellows previously on the PSC, I hope their campaign contributions and new cushy jobs were worth raising the electricity rates of tens of thousands of Mississippians.

It all started with the abominable Baseload Act allowing utility companies to start charging customers for new power plants before they were put into service. You can thank Gov. Haley Barbour for that one. Southern Company is one of his biggest clients.

This act will be devastating to Georgia and South Carolina, where \$20 billion in failed nuclear plants were prematurely deemed prudent, saddling those ratepayers with exorbitant rates for decades to come. Mississippi dodged this bullet.

I don’t blame the Southern Company. Their executives are smart and shrewd. They almost got away with a plan to greatly increase the wealth of their shareholders, which is their job by law.

Because of our screwed up electricity regu-

lated monopoly system, Southern gets a guaranteed return on any new power plant it builds. The more expensive the plant, the bigger the return. What a recipe for disaster.

Standing in the way, supposedly, is the Public Service Commission. Its sole job and duty is to protect the ratepayers from the power company monopoly. Unfortunately, a few well-placed contributions can unhinge this protection. History tells us this is the rule, not the exception.

Now that the \$8 billion bullet to the heart was dodged, should we allow Southern and MPC to shoot us in the arm with a billion dollar bullet? Bear in mind, this still comes out to \$5,500 per ratepayer.

MPC and Southern claim the PSC “ordered” them to build Kemper. They are threatening to sue the PSC if they don’t get the billion. The PSC should stand their ground and not back down. Let them sue.

The PSC doesn’t “order” power companies to build plants. They get approval to begin construction and only get reimbursed if the company can prove that the new power plant is “prudent” and “used and useful” at “fair and reasonable” rates.

IT IS TRUE that Kemper is now running on natural gas, but that was not the power plant that was approved by the PSC. The PSC approved a lignite coal gasification plant that was supposed to operate at near-zero cost by using nearby lignite and selling CO2 as a byproduct to oil companies. That failed miserably.

The PSC never approved a natural gas plant in Kemper and never would have. First of all, Kemper is out of the way. A new transmission line had to be built. Huge amounts of land had to be purchased. A new natural gas plant would have cost \$500 million, not a billion. During the time that Kemper was under construction, Entergy and TVA bought three used natural gas plants for an average of \$250 million. All had more capacity than Kemper.

Second of all, a new plant was not needed. Electricity consumption is flat. MPC claimed Kemper was needed because it had to shut down the Watson and Greene County coal plants and the old Sweat gas plant. But MPC never shut down any of them.

For the cost of Kemper, you could have put state-of-the-art solar panels on the roof of every MPC customer’s house and cut every electric bill in half.

Deceit was rampant throughout the process. MPC and Southern forecast natural gas prices five times the federal forecasts. The feds were right. Company officials never explained how they came up with their grossly inflated numbers.

The application of fracking techniques has created a surplus of natural gas, causing prices to drop like a rock. Construction had barely begun on Kemper when it was clear fracking was dramatically altering the energy landscape. MPC and Southern plunged on.

Delays and cost overruns were never timely reported, keeping the PSC in the dark during crucial steps in the approval process. The Kemper construction manager alerted Southern CEO Tom Fanning to these shenanigans and was soon fired.

During all of this, Kemper construction subcontractors held a campaign fund-raiser for one of the pro-Kemper PSC commissioners who wasn’t even running for re-election. The audacity!

Let them sue. They will lose and Mississippi ratepayers will save a billion dollars. Kemper was a boondoggle from the get go – a completely unproven concept, scaled up 100 times from a tiny pilot project. Scaling up anything more than a factor of seven is engineering malpractice.

We have two new PSC commissioners thanks to the media attention. It is a great example of the democratic process at work. These new commissioners, along with Brandon Presley, need to do their jobs – protect the ratepayers. It is no more complicated than that.

from the publisher



By
WYATT
EMMERICH

Mississippi dodged a bullet: Kemper is over and done

IT'S BEEN A DECADE, but the Kemper lignite power plant debacle is finally over and done. Mississippi dodged a bazooka.

Last month, the Mississippi Public Service Commission (PSC) settled with Mississippi Power Company (MPC) and its parent Southern Company of Atlanta.

The settlement means the utility company can pass on \$1.1 billion of Kemper costs to 187,000 customers, about \$6,000 per customer. That's more than MPC deserves but it beats the heck out of the full Kemper price tag of \$8 billion. That would have been \$43,000 per ratepaying household – an

impossible burden for one of the poorest areas of the United States.

The PSC believed that the risk of losing a lawsuit and the risk of MPC bankruptcy was worth the steep price of the settlement.

As a result of the settlement, rates will go down slightly. This is a much better outcome than the predicted 45 percent rate increase had the full cost of Kemper been absorbed into the rate base.

Kemper was a beast of the Baseload Act, a terrible piece of state legislation that allowed a utility company to start charging customers for new power plants before they were put into service.

Pity the poor ratepayers in South Carolina and Georgia. Because of the Baseload Act, they are on the hook for three unfinished nuclear power plants.

The V.C. Summer nuclear plant in South Carolina is half finished and may cost \$25 billion. The Vogtle nuclear plant in Georgia will cost about the same.

Unlike Mississippi, ratepayers in these states are legally on the hook for the full amount. That's because the public service commissions in those states deemed these projects "prudent" before they were completed.

Once deemed prudent, there is no going back. The ratepayers are on the hook. It will be devastating for these two states.

So how did Mississippi avoid this fate? PSC Commissioner Brandon Presley answered that question by publicly thanking Kelley Williams, Charles Grayson and Tom Blanton and myself during a speech at the Stennis Press Forum this week.

"Let me say this on Kemper," Presley told the crowd assembled at the top floor of the Capitol Towers building. "I don't normally

call people out, but this case was the toughest case we ever had before the commission with a ton of press coverage. And I've said to the Wyatt Emmerichs of the world and the Kelley Williams, Charles Graysons and Tom Blantons and the others: Robust participation in this case made the commission do its job better. This participation helped us get to a resolution that not many people thought would be possible."

Earlier in the week, Presley called me personally to offer his thanks: "We wouldn't have gotten to this spot without your editorial courage and without Tom Blanton having performed extraordinarily as a private citizen. Nobody was covering Kemper until you started covering it. Until you got involved, I had no backup. None. It's the honest to God truth. We can all sit down there in a position to vote but if nobody knows the true facts of it, you can't persuade public opinion."

THE REALITY is this: Newspapers exposed Kemper for what it was – a boondoggle of monumental proportions – early enough to prevent a prudency declaration by the PSC. That delay of prudence gave the plant time to fail before ratepayers got stuck. We saved them billions and billions of dollars, avoiding an economic albatross around the neck of our state that would have haunted us for generations.

If I never do another productive thing in my life, I have earned my degree. Too bad I don't get paid anything. In fact I lost hundreds of thousands in advertising and other lost business fighting this battle. I could write a book.

I ask one thing in return: Support newspapers. Keep subscribing. You may not immediately see the benefit of original reporting

and original news gathering, but it can stymie corruption and save untold billions. Kemper is case in point. Facebook didn't do this. Newspapers did.

Like all things in Mississippi, my Kemper reporting began with a personal connection. My best friend Bob Crisler grew up with Flora native Chip Estes, an expert in the energy field. Over sushi at Nagoya, he persuaded me to look into the Kemper deal. One thing led to another.

In truth several people had bigger roles than me. PSC Brandon Presley deserves the most credit. He opposed Kemper from day one. It was obvious common sense to him that you could not scale a plant by a factor of 100 without Murphy's Law taking effect.

Tom Blanton put his own money on the line to file a lawsuit stopping the PSC. His lawsuit won at the state Supreme Court, halting prudency at a critical stage. Louie Miller, head of the state Sierra Club, was critical. Northside Sun's own Kelley Williams, with his relentless editorial onslaught of logic, played a huge role as did his technical colleague Charles Grayson. There were many more, all of whom donated their time, money and reputations for one thing alone: the good of the state.

Kelley Williams had been writing about Kemper on his Bigger Pie blog but he wasn't getting traction. When we started printing his columns, things changed. "There's something magical about print," he kept telling me that again and again, like a mantra.

Yes, there is something magical about print. It is my hope that this magic will allow newspapers to survive another 200 years exposing corruption and fighting for a better government and society. We will have to change and adapt, but I believe it will be so.