



ELECTRIC POWER ASSOCIATIONS OF MISSISSIPPI

CLIMATE ISSUES

MISSISSIPPI and the ENVIRONMENT

The environment—and most significantly “climate change”—is demanding worldwide attention, especially in the media. The Electric Power Associations of Mississippi and the two million people we serve in Mississippi share a healthy concern for our environment. We deliver electric power throughout 85 percent of the state from power suppliers who operate in an environmentally responsible manner. These suppliers include:

- The Tennessee Valley Authority (TVA)
- South Mississippi Electric Power Association (a cooperative-owned generation and transmission system)
- Southern Company
- Entergy
- Southeastern Power Administration.

Fuel sources for power include:

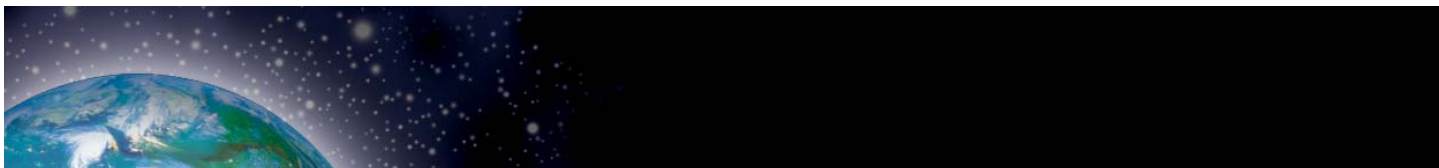
- Coal
- Nuclear
- Natural gas

Other sources of power include:

- Hydro
- Limited amounts of renewable (wind, solar, landfill gas).

Quality of Life

The quality of life enjoyed in the United States, and especially in Mississippi, is based upon safe, clean, reliable and affordable electric service. Electricity is the engine that drives our economy, now global with increased competitive pressure. Even on a bad day, the U.S. economy is the envy of other global leaders. The climate change response we embrace will significantly impact the economy, and thereby the lives of 300 million Americans.



SCIENCE

Opinions differ on whether human sources are causing climate change. The scientific community is competing for research funding on this subject, and the most extreme opinions receive the most attention. It is generally accepted that the Earth undergoes cyclic periods of heating and cooling. Greenhouse gases caused by man, including carbon dioxide (CO₂), are portrayed as the basic cause. Yet, CO₂ is what we exhale with every breath and what trees and vegetation absorb. CO₂ is also a by-product of burning fossil fuels to produce electric power, including coal, oil, and natural gas.

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of the Earth's atmosphere.¹ And, only 3% of global CO₂ emissions are from manmade sources.

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The oceans release the majority of Earth's CO₂; other contributors include volcanoes and decaying matter. Earth's cycles of heating and cooling appear to be the direct result

of solar activity. Increases in the level of Earth's CO₂ have been shown to follow, not cause, heating cycles. In reality, the sun heats the oceans through solar radiation to release most of the CO₂ into Earth's atmosphere.

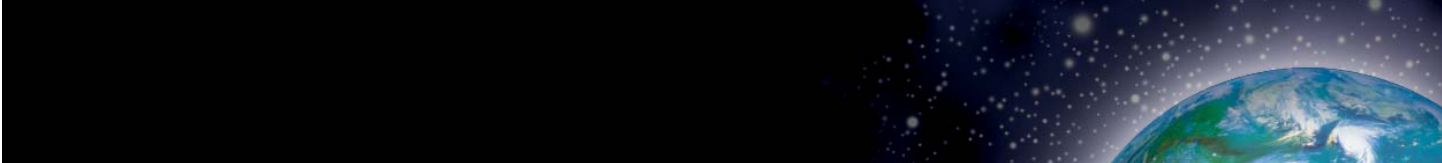
Climate science is in its infancy. The most sensational views should be judged critically.

POLITICS

Politicians are being placed in an unenviable position to judge the rhetoric and produce sound, sustainable public policy on the issue of climate change with inexact science. Mandates that force an unnatural response to the information available can be dangerous. The primary legislation being considered would establish a "cap and trade" system to reduce CO₂ emissions in this country. This is primarily a financial instrument that has proven ineffective in significantly reducing CO₂ emissions through its use in Europe. A cap works just like a tax, except that no one knows what the rate will be.² The alternative is a carbon tax to be placed on every commodity that has a carbon footprint.

¹ *CRC Handbook of Chemistry and Physics* (1997 Edition)

² Dr. Anne Smith, "Overall Economic Costs of Addressing Climate Change Goals," January 18, 2008, Charles River Associates International.



REALITY

The technology to capture and store CO₂ does not exist today and a portfolio of technologies will be needed.³ If policy makers are convinced that CO₂ deserves such scrutiny, our country needs a technological focus much like the moon mission of the 1960s. Every additional dollar that we take from the American rate payer through energy bills should be spent for this research and not become part of an investment portfolio. Estimates indicate the cost of implementation of carbon mandates currently being discussed could cost the average Mississippi household an additional \$1,500 per year.⁴

We agree that technology and its demonstration should be supported, but we believe there is time to prove this technology and plan its use.

Decisions to proceed with new, clean coal projects are under attack. Yet we are in need of new generation today. Some states have banned these projects because they believe the most radical predictions of a limited number of scientists. Generation capacity reserve margins have already been cut below previous lev-

els, and we cannot delay much longer. The lead time for adding new baseload capacity is seven to 10 years. We must act now, for the reliability of our electricity supply hangs in the balance.

Several promising solutions can help in the interim. First, conservation has a place in any national energy policy. We can offset the need for some new generation by improved efficiency in our homes and businesses. Electric cooperatives are owned by those we serve, and we continue to advocate conservation and efficiency measures that save our members money by reducing consumption. Renewables are appropriate where they can be economically justified, and we support their development.

Nuclear power is potentially the most reasonable solution to this problem. Nuclear is a zero-emissions source of power, but there are some challenges in building new nuclear plants. The United States has no standardized process for these new projects, which causes increased costs for permitting, design and installation. The lack of a national policy on storage of spent nuclear fuel hinders nuclear power plant development. Congress must deal with this problem.

³ Bryan Hannegan, "Electricity Technologies in a Carbon-Restrained World," January 18, 2008, Electric Power Research Institute.

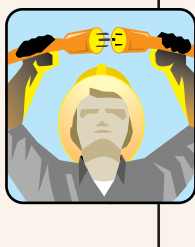
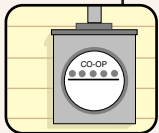
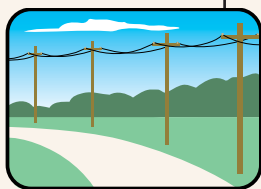
⁴ Smith, op. cit.

CONCLUSION

We have the resolve and the ability to address this problem reasonably. But an already staggering national economy cannot absorb a “knee-jerk” reaction to a perceived problem based upon questionable scientific hypotheses. America is best served by utilizing our most abundant national fuel resource, coal, and funding sustainable research to develop new technologies to enhance these and other alternative energy sources. The quality of life we enjoy depends upon reasonable action by our elected officials.

We are all environmentalists, for we all breathe the same air and drink the same water. We support a natural, sustainable and prosperous environment.

ELECTRIC POWER ASSOCIATIONS FACTS & FIGURES



25 Distribution systems

1 Generation and transmission system

South Mississippi Electric Power Association, Hattiesburg

731,000 Total meters served

632,000 Residential meters

EPAs serve 50% of the electric meters in Mississippi

Investor owned - 40% ■ Municipal systems - 10%

2,776 - Total number of employees

90,846 - Miles of distribution lines

8 - Average number of consumers per mile of line