



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

HALEY BARBOUR
GOVERNOR

May 24, 2010

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Mississippi Public Service Commission
Post Office Box 1174
Jackson, MS 39215-1174

MISS. PUBLIC SERVICE
COMMISSION

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Dear Commissioners:

Today I received the attached letter from Steven Chu, Secretary of the U.S. Department of Energy, regarding the Public Service Commission's recent order regarding the Kemper County coal gasification project.

Saying the project has "national importance," Secretary Chu, on behalf of the Department, makes very clear he supports the proposal because "it provides a viable option for using our abundant coal resources in a cost-effective and clean manner." Further delay of the project schedule jeopardizes the "unprecedented level of Federal support" for the Kemper County coal gasification project, which would result in a loss of more than \$680 million in direct and indirect federal dollars for our state and Mississippi Power's ratepayers.

The \$680 million in federal support is exclusively for the specific technology in the proposed Kemper County facility, and it will not come to Mississippi unless Mississippi Power's Kemper County plant is built. Thus, Mississippi ratepayers will lose the benefit of \$680 million of federal monies, and the ratepayers would be stuck with much higher rates to make up for the lost \$680 million. That would be an awful, outrageous outcome. Should you have any questions, feel free to call on me at 601.359.3150.

Sincerely,

Haley Barbour

HRB:RS