

United States Senate

WASHINGTON, DC 20510

July 21, 2015

The Honorable Gina McCarthy
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

The Honorable Shaun Donovan
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Administrator McCarthy, Secretary Vilsack, and Director Donovan:

We are deeply concerned about the White House's attempt to regulate CO₂ emissions from existing power plants without appropriate factual analysis. We believe Mississippi has been treated unfairly and disproportionately under the Clean Power Plan compared to the vast majority of states.

Utilities in Mississippi have made significant investments over the past several years, substantially reducing the state's carbon intensity, particularly at Grand Gulf and the Kemper facility. These early, strategic investments, which led to Mississippi's ranking as the 13th best CO₂ emission rate in 2012, are not only ignored by EPA but punished under the proposed rule. The rule would force Mississippi to have the 12th lowest (most difficult) goal among the states, even though this goal is much lower than the new source standard and national average.

In fact, EPA's goal is so difficult that Mississippi would have the third largest carbon cost recovery index and the third highest marginal cost of carbon reduction, according to Fitch Ratings Analysis. Given the state's low median household income and the percentage of income devoted to electricity costs, it is clear that EPA performed insufficient analysis on the rule's impact at the state level.

EPA has touted the Clean Power Plan's flexibility through its four "Building Blocks" used to calculate the state goal. However, the reductions associated with each individual building block are so stringent and aggressive that there is no ability to achieve any of them, discrediting the notion of flexibility.

Moreover, Mississippi's energy production could be severely limited by the re-dispatching of generation resources to reflect a 70 percent natural gas combined cycle capacity factor. This requirement, when combined with the unattainable renewable energy and energy efficiency targets, places every coal-fired facility in Mississippi at risk of being prematurely shut down. Many of these facilities have installed, or are currently installing, very expensive equipment in response to prior EPA rules. Under the new proposal, these pollution control assets could be stranded, with some possibly never being placed into service.

A rural electric generation and transmission cooperative is one of the utilities in Mississippi that has a coal-fired facility at risk for early retirement. The forced shutdown of this facility could jeopardize taxpayer-backed Rural Utilities Service loans. If Mississippi ratepayers cannot pay the costs of complying with the Clean Power Plan, their entire loan portfolio may be at risk. There is a strong federal interest that exists for rural electrification, and it should not be sacrificed for EPA's goals.

In closing, we encourage a review of the rule as applied to Mississippi. We urge you to ensure that a full, factual investigation has been done to demonstrate that carbon reduction goals are achievable at a reasonable cost.

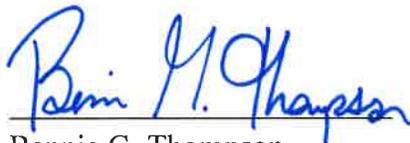
Sincerely,



Thad Cochran
United States Senator



Roger F. Wicker
United States Senator



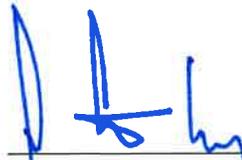
Bennie G. Thompson
United States Congressman



Gregg Harper
United States Congressman



Steven M. Palazzo
United States Congressman



Trent Kelly
United States Congressman