



MEMORANDUM

Date: May 5, 2025

To: Gas Authority Transco Members

From: Jeff Billings, VP, Gas Supply & Risk Management & Robin Young, Sr. Manager, Planning & Operations

Re: Mississippi Hub Storage Service

Due to the price volatility of the market in recent years and demand growth in the southeast continuing to put pressure on market prices, additional storage services are needed to help offset price spikes in peak demand conditions. Daily load swings in January are from 30,000 to 205,000 MMBtu. Transco issued OFOs more than 85% of time last year. Although 7 members have Pine Needle LNG storage, this is the only asset available on a last nomination cycle or post nomination cycle to reliably cover a supply Force Majeure situation. Purchasing rights to storage in the wellhead area would provide some assistance, if needed, for both a force majeure situation and/or to manage daily load and price swings.

We have evaluated the availability and terms of various storage services and recommend all Transco members subscribe to the Mississippi Hub Storage service. We are exploring acquiring a storage capacity release of this asset from another shipper that could start as early as September of 2025, with a term of up to 5 years. This service would be allocated to members on Transco pipeline based on a similar method of allocation as Swing Supply Charge calculation with total demand cost based on contract demand (excluding peaking services).

Mississippi Hub Storage is a FERC-certified, high-deliverability, underground salt cavern storage facility located in Simpson County, Mississippi. The facility is connected to Transco, Southern Natural Gas, and SESH. There are currently 3 storage caverns holding up to 22.4 bcf of working gas, with a planned expansion that will include an additional 3 storage caverns with total expected output of 55.9 bcf from the combined total caverns post-expansion. The demand cost of this service is \$0.24457/dth (of MDWQ). The program would additionally be set up so that financial hedges could be structured to provide some financial stability while balancing operational needs. This service does not reduce any peaking needs but is a reliable and economical supply source.

To indicate your approval of subscribing to this storage service, a signed member election form is required. This will be emailed to you in the coming days. Please sign, indicating your approval to participate in subscribing to this service, and return it to ryoung@gasauthority.com no later than 7/31/25.

If you have any questions or comments, please contact your Member Support representative or one of us as soon as possible.