

# **SCANNER**

APRIL 2008 - VOLUME ONE - ISSUE TWO

**THOMAS FOC DEDICATION**

**PLANT MORROW  
ENVIRONMENTAL UPGRADE**

**EMPLOYEE NEWS**



POWER ASSOCIATION

# SCANNER

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## GOOD STEWARDS



Jim Compton, General Manager/CEO

As a generation and transmission (G&T) cooperative, our business and our goals are unique. Our objective is not profitability or increasing stock value. As we are non-profit and Member-owned, our primary goal is to provide affordable electric service, consistent with sound business and environmental practices. Our responsibility is to those 400,000 Mississippi homes and businesses that our Members serve.

Our ultimate responsibility, though, is to be Good Stewards.

As a G&T cooperative, we have many duties. We have to operate the system reliably, and plan for required future additions to maintain that reliability. We have to be careful with finances, operate efficiently, and seek to get the best possible value when purchasing. We also have to be compliant with many federal and state regulations. All of these responsibilities require that we successfully balance cost and reliability. However, when there are programs or proposed new regulations—and we have a voice in their development—we also have a responsibility to research both the need and the cost, and provide appropriate input into the legislative process. We should embrace beneficial programs and resist inefficient, overly costly programs which provide questionable benefits.

So it is with the issue of man-made global warming. It is difficult to watch television or read newspapers or magazines without being bombarded with the climate change issue. It seems that almost every problem today has a global warming link. If one's only source of information was the current media, one would think that we should be closing down Plant Morrow and looking for windmill sites. Fortunately, we do not rely upon the media, but on other, more reliable sources of scientific information. And scientific research is what we need to rely upon—not media frenzy.

As Good Stewards, we certainly need to be conscious of our environment and minimize harm due to industrial applications.

If humans are in fact affecting the environment by using coal-fired plants, we need to pursue means to determine how we can orderly and economically change the way we do business. But if man-made CO2 has not truly been proven on a scientific basis to be an environmental issue, we need to stand up and be counted as people of conscience who question the proposed extreme costs associated with reducing CO2 from power plants. We must say: Prove scientifically the need before you impose these costs upon our industry.

A few facts: CO2 is less than 0.05% of the Earth's atmosphere, and man-made CO2 is less than 5% of CO2 generated on Earth. Water vapor is much more of a climate determinant than CO2. Records indicate that 1998 was the most recent peak year as far as global temperature is concerned. The last ten years have actually seen the Earth's temperature decrease. Recently, there was a conference of thousands of weather scientists who dispute the contention that man-made CO2 is causing climate change. Their program centered on the research that disputes man-made global warming. Unfortunately, the mainstream media did not even cover the event.

Over the next several months, we will begin a discussion with our employees, our Members, and the 400,000-plus families and businesses we serve. We are going to discuss the fact that there are very qualified, very ethical, very informed weather scientists who do not believe that man-made CO2 is a significant environmental degrader. We have done our research here and can say that the evidence shows that our use of coal for generation is not harmful to us or our members. We are also convinced that there is no valid reason for us to cease burning coal at Plant Morrow or to avoid the use of coal as a fuel for a future plant.

You may have questions yourself, or people may question you about our environmental position and whether we are Good Stewards. I want each of you to know that we take our environmental responsibilities very seriously, and meet or exceed all existing requirements. We are and will continue to be Good Stewards of the resources of this great state and nation as we go about the important business of satisfying the electrical needs of more than one million Mississippians. That is who we are, and that is what we do.



# Market Based Purchase Agreements to be Replaced

*A significant step for future planning - savings could exceed \$100 Million*

South Mississippi Electric's Mission: Deliver the South's best value for safe and reliable electric energy and serve as a common resource for our Member-owners.

Over the next several years, South Mississippi Electric and its Members will be facing a wide variety of difficult and complex challenges. As has always been the case, ensuring a reliable and economical supply of power during times of continued growth to our system will be chief among the demands.

Preparing projections for future generation and transmission needs requires constant planning— attempting to anticipate trends and available resources five, ten, twenty years ahead and beyond. It's a complicated process, especially for cooperatives trying to keep costs as low as possible.

"Overall, we use multiple resources to meet our Members' energy requirements," explains Nathan Brown, Chief Operating Officer. "We have our own generating facilities that are used to serve our combined system (SMEPA and Entergy Mississippi area) load, including Plant Moselle, Plant Morrow, and SMEPA's portion of Grand Gulf. In addition to dispatching SMEPA owned resources, the Control Center dispatches power from purchased power resources such as Batesville and other market suppliers on a day-ahead and hourly basis to meet Member needs.

"We purchase more than half of the power we deliver to our Members, through wholesale agreements with MPCo, purchase power agreements, and economy purchases. There are dozens of generating sources from which we can buy power on a long- or short-term basis, including Associated Electric Cooperative, Entergy, Mississippi Power, other Southern Company subsidiaries, PowerSouth (formerly Alabama Electric Cooperative), and merchant power providers.

"When we negotiate purchased power contracts, we must consider reliability of the system and economics. The most economical resource is not always best when transmission, fuel delivery, and environmental issues are considered. Our business is becoming very complex and it is getting harder to find reliable, low cost power supply options. We must

be creative and diligent in seeking out opportunities that are in the best interests of our Members."

SMEPA has all-requirements contracts with Mississippi Power Company (MPCo) to provide service to Member delivery points in the MPCo area. (See map.) Since 1997, portions of the delivery points served in the MPCo area were served under market based (MB) wholesale contracts. "These agreements were the best options available at the time and have served us well, but we're seeing conditions change now," Brown says. "When we entered into these contracts, the MB rates were lower than FERC approved cost based rates provided by MPCo."

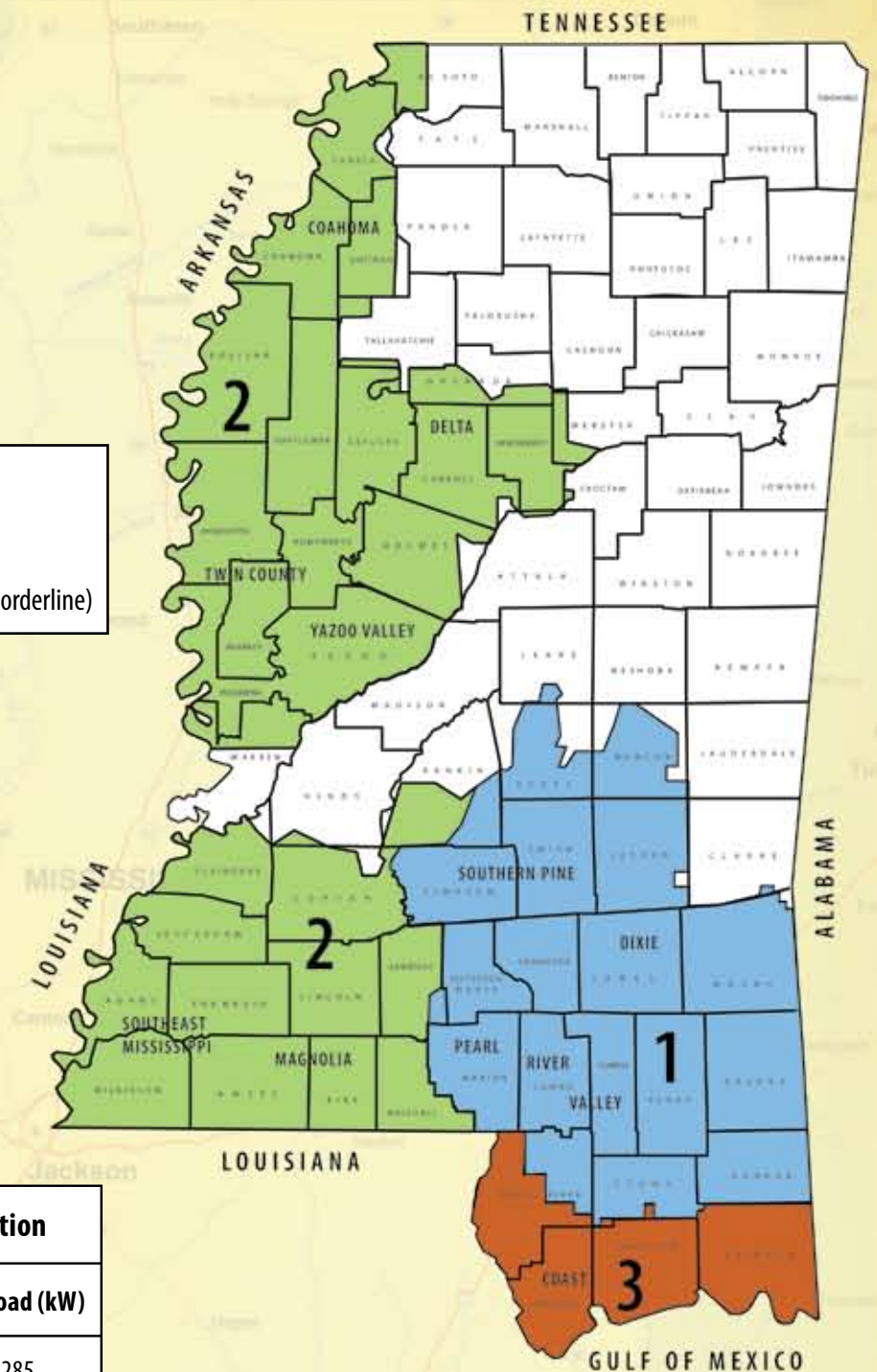
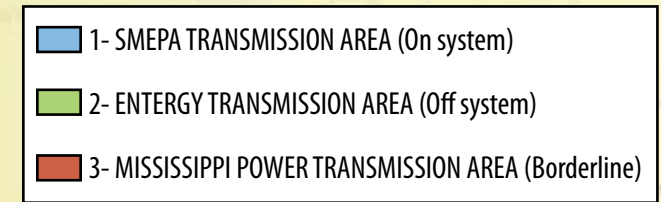
After extensive evaluation, South Mississippi Electric recently took a significant step in its planning process by notifying MPCo that in three years, portions of the MB contracts would be cancelled. Beginning April 1, 2011, SMEPA will be responsible for providing generation resources for these loads, which total about 145 megawatts to thirteen Member delivery points. (See accompanying table.)

"All utilities are seeing significant increases due to rising fuel and transportation costs, as well as possible future environmental expenditures," Brown says. "As a result, the wholesale rates, including the MB rates from MPCo, have increased significantly. We believe there are better options to serve the MB loads for the future, so now it's our responsibility to determine what those options are and have them in place by 2011."

Transmission service to the existing MB delivery points will not change and projections do not suggest that any new transmission facilities will need to be built immediately. However, load will increase as growth continues throughout the Members' service areas and the system will ultimately require upgrades to ensure reliability.

"The decision to terminate the MB loads will provide us with more options as we develop and expand the resources owned by SMEPA, instead of paying for resources which are owned by others," Brown notes. "This is a great vote of confidence from the Board to take this path, and it will be a huge challenge for our employees.

"We've got much to do over the next several years--finding resources required to reliably and economically serve our Members' existing needs and those associated with projected growth--but it will permit us to better control our own destiny."



Existing MB Loads Scheduled for Cancellation		
Delivery Point	Member System	Load (kW)
Oloh-Dixie Pipeline	Pearl River Valley EPA	1,285
Hattiesburg Ind. Park	Pearl River Valley EPA	13,795
South Lucedale	Singing River EPA	7,638
Martin Bluff	Singing River EPA	11,196
Aleco Fire Tower	Singing River EPA	7,248
Hamill Farm	Singing River EPA	15,228
Monaco Lake	Singing River EPA	5,086
North Lucedale	Singing River EPA	5,816
Joe Batt Road	Singing River EPA	10,888
Necaise	Coast EPA	13,518
Cedar Lake Road	Coast EPA	14,195
Lizana	Coast EPA	18,539
Highway 15	Coast EPA	7,092

Record Peak Demand	
On System peak (SMEPA)	August 14 @ 17:00.....697 MW
Off System peak (Entergy)	August 14 @ 17:00.....689 MW
Combined System peak (SMEPA & Entergy)	August 14 @ 17:00.....1386 MW
Borderline peak (concurrent with SMEPA)	August 14 @ 17:00.....701 MW
Total System	.....2087 MW



*"This occasion doesn't just honor me, but all of the employees who helped make the Association successful."*



## SOUTH MISSISSIPPI ELECTRIC *Dedicates Field Operations Center*

**SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION DEDICATED ITS NEW FIELD OPERATIONS CENTER IN HONOR OF RETIRED GENERAL MANAGER HENRY THOMAS ON FEBRUARY 20, 2008.**

"This occasion doesn't just honor me, but all of the employees who helped make the Association successful," Thomas said.

Thomas served as general manager from 1985 to 2004. Under his direction, the Association maintained low rates to its member systems and began building eight combustion turbine units. Those generating units are currently used for peaking capacity.

"Naming the Field Operations Center after Henry is a chance to honor him for his dedicated service to South Mississippi Electric and to the rural electrification effort in our state and nation," Assistant General Manager Marcus Ware said.

The program included a presentation from Coast Electric General Manager Bob Occhi who reminisced about Thomas' years at Coast. Thomas served as a District Manager, beginning in 1970, and later was named General Manager.

Jim Compton honored Thomas for his years as general manager at South Mississippi Electric. Thomas became manager in a time when the Association was struggling financially due to construction of the Grand Gulf Nuclear Units. Thomas was committed to the Association's paying off its debts and serving as a good business partner to Entergy Mississippi, which owns 90 percent of Grand Gulf.

The Association worked through those difficult times and now is consistently listed as one of the top revenue-earning private businesses in Mississippi. "I learned some lessons about the right way to conduct business from Henry in those days," Compton said. Compton was the Board attorney for 18 years before becoming the General Manager/CEO in 2004 upon Thomas' retirement.

More than 50 employees will work out of the new, 60-acre facility, including the line and substation crews, supply chain personnel, metering and relay technicians, fleet maintenance personnel and the land agents.

The Field Operations Center features a new warehouse, office space, a vehicle maintenance shop and an industrial kitchen for preparing and serving meals for field crews during system restoration efforts after a storm or related event. This will also serve for public functions, allowing headquarters to be secured. The FOC will be the primary headquarters during storm restoration or other emergencies. The site also houses two emergency generators, a 100,000-gallon elevated water storage tank and a 400-foot microwave tower for redundancy to the Association's communication system.

"Henry was a great friend to the line crews and field personnel, so it is only fitting that we name this facility after him," Compton said.

"This facility was planned for a variety of reasons. We needed a facility nearby to house our business continuity requirements, such as the control center and information technology. We needed to centralize warehouse operations and have all our transmission and substation inventory in one place," Compton said. "This facility will provide us additional space for employees for day-to-day operations, will enhance the efficiency of our operation, and will better equip us to restore electric power in the aftermath of a disaster."

The Field Operations Center is located north of Hattiesburg just west of Highway 49 on Highway 42.



# Employees Find Innovative Ways to Meet Air Quality Regs



Environmental compliance issues are at the forefront of much of what electric utilities do every day. Compliance issues influence numerous decisions regarding power plant operations, as well as finances; are debated by regulators and politicians at every level of our society; and have a direct effect on Americans' quality of life—we all want a clean environment, but we also need a stable, affordable supply of electricity.

South Mississippi Electric approaches these complex issues with a simple purpose—to find the most cost effective solutions that effectively meet any applicable regulations. Employees at Plant Morrow have recently identified an innovative solution to help meet new regulations required by the Clean Air Interstate Rule (CAIR) which was enacted in 2005 to address sulfur dioxide (SO<sub>2</sub>) emissions created from burning coal. The Morrow staff has also been considering how to meet other new emissions regulations, including reducing NO<sub>x</sub> (nitrogen oxides) and capturing mercury.

The most common process for removing SO<sub>2</sub> is to use flue gas desulfurization (FGD) systems, or in industry terms, "scrubbers."

Greg Chancellor, environmental process engineer, has been leading a team effort to meet emissions regulations at Morrow. "Plant Morrow's original design included scrubbers that remove about 60 percent of SO<sub>2</sub>," Chancellor says. "This was a conscious choice by SMEPA at the time, even though there were minimal environmental regulations then. The system also allowed us to meet initial Clean Air Act regulations.

"However, the new regulations require additional reductions. We began by looking at replacing our scrubbers, which much of the rest of our industry is doing. Installing new FGD technology is very expensive, and now it is difficult to obtain the equipment and construction labor because there is so much demand.

"We started to proceed in that direction, but proposals for new NO<sub>x</sub>, SO<sub>2</sub> and mercury removal systems were about \$400 million, which was cost prohibitive. When we learned that, we elected to explore other options."

To accomplish the task, Chancellor and his team decided to see if they could redesign and upgrade the existing scrubber units, to increase the 60 percent treatment of flue gas. URS Corporation, an engineering firm that specializes in such projects, was hired early last year. After extensive modeling and design, they determined that the units could effectively be modified to scrub 100 percent of the plant's flue gas steam.

"With that plan, we can capture 98 percent of the SO<sub>2</sub>," Chancellor notes. "And with some additional upgrades that will improve the plant's overall reliability, it will cost a fraction of those original estimates."

The plan calls for replacing the inlet ducts to reroute all the flue gas to the scrubbers, as well as improving the actual desulfurization process. (See sidebar and diagram.) Preliminary phases of the project will begin this year, with much of the upgrade set for the plant's planned maintenance outages during the next two years. The upgraded equipment should be operational by 2010.

"This is an exceptional solution," says Jim Compton, General Manager/CEO. "Not only are we reducing a major capital cost for our Members, there will be much less overall construction and disruption to our operations. The biggest benefit may well be that this process will also capture a large percentage of mercury without additional pretreatment methods, which were also under consideration.

"This design allows us to look longer at NO<sub>x</sub> removal processes separately and delay that decision. The NO<sub>x</sub> technology is rapidly improving and we want to wait and get better technology for NO<sub>x</sub>, while addressing SO<sub>2</sub> and mercury now."

Because the modified scrubbers will actually reduce the temperature of the flue gas as it passes through the plant's 400-foot tall stacks, the inside walls of the chimneys will be relined to prevent possible damage from the changed conditions. Also this year, new mercury continuous emissions monitoring system (CEMS) equipment will be installed on the stacks to meet self-reporting requirements which become effective January 2009. In addition, new SO<sub>2</sub> and NO<sub>x</sub> CEMS will be installed to replace existing equipment, which was initially installed in the mid-1990s but is now obsolete.

## ANATOMY OF A SCRUBBER

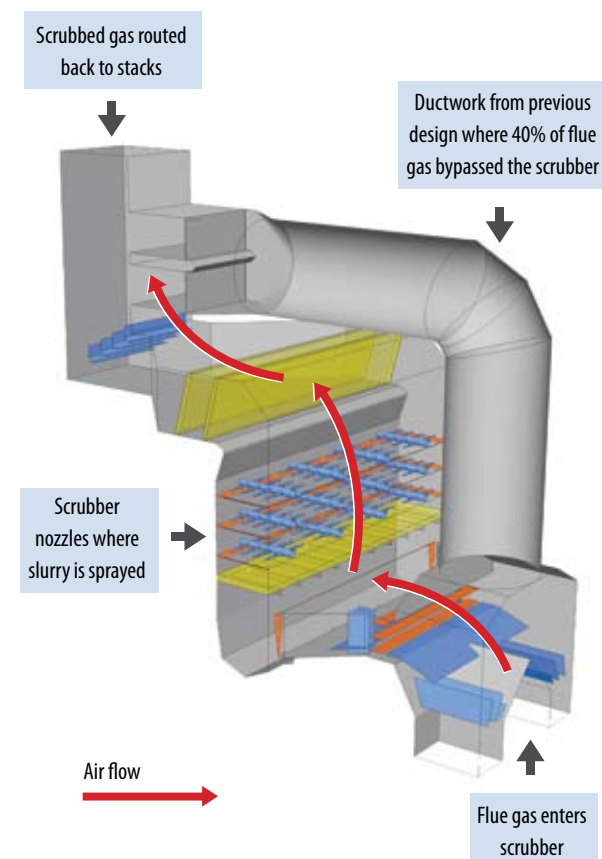
Scrubber technology uses the calcium in limestone to react with and remove the sulfur from the exhaust gas that leaves Plant Morrow's furnaces.

The limestone is crushed into a fine powder and diluted in water to create a concentrated slurry. The mixture is then pumped into the scrubber, where it is sprayed through nozzles (like showerheads) into the ducts carrying the gas. When the gas passes through the mist, sulfur and calcium molecules interact and attach to each other, so the sulfur is carried away in the watery mix.

After leaving the scrubber, the slurry goes to a water treatment tank and the heavier calcium/sulfur particles settle and are drawn off in the form of calcium sulphate. The sediment is transported by conveyor belt where it is safely stored in the plant's landfill.

Huge pumps are used to move the slurry through the scrubber. Part of the new project will replace the current pumps as well as a backup pump, which will help ensure the system's reliability. The new pumps will increase the scrubber's capacity to 15,000 gallons of spray per minute for each pump, also improving the system's efficiency.

Other aspects of the project, including the installation of a new limestone ball mill and improving the slurry recycling system, will make the entire process state-of-the-art.



# RENEWABLES: IS THERE POTENTIAL IN MISSISSIPPI?

Renewable energy is a hot topic in the media. Southeastern states have received negative publicity because of their lack of participation in renewable generation projects or for support of legislation mandating renewables.

“Republican senators from the South provided about half the votes that defeated federal legislation to require power companies to get 15 percent of their electricity from renewable sources by 2020. Nationally, almost half the states have adopted their own renewable mandates, but only one, Texas, is in the South,” according to an Associated Press article on July 14, 2007.

Renewable energy effectively uses natural resources such as sunlight, wind, rain, tides and geothermal heat, which are naturally replenished. Renewable energy technologies range from solar power, wind power, hydroelectricity/micro hydro, biomass and biofuels for transportation.

Certain renewables have little to no emissions, making them a

favorable generation source from an environmental standpoint; however, the major problem with renewable energy sources is their small output for electric energy generation. Currently, renewables make up about 9.4 percent of the generation in the United States. Hydroelectric power is the largest renewable generation resource at 7 percent.

“The growth in population and disposable income will lead to increased demand for electricity generation through 2030. Efficiency gains will offset some of the need, but an overall 42 percent increase to 5,789 billion kilowatt hours is projected. Coal-fired generation is expected to continue to provide the lion’s share,” according to the Energy Information Administration’s website.

“There is a place for renewables in our industry, and we support efforts to try to develop them to the degree they’re economically and operationally viable,” says Nathan Brown, Chief Operating Officer. “What people need to know, though, is that as desirable as they might be, renewables have limited application in our region.”



*Here is a brief look at some of the renewable resources and their limitations in the South, specifically in Mississippi.*

**Hydroelectric power** releases water from a reservoir through generators. Hydropower is used in the Southeast for generation, but for the most part, it is a mature resource, meaning most waterways suitable for hydropower are being used. Recently, low water tables and below normal rainfall patterns have limited the output from some hydroelectric facilities.

**Solar power** is converting energy from the sun’s radiation into heat or electricity. The southeastern United States has too much cloud coverage for solar power on a massive commercially feasible scale, according to the Energy Information Administration. There is potential for solar power on a residential or small commercial scale, but the cost is very prohibitive and the return on investment is very lengthy. It costs more than \$17,000 to install solar panels on a 2,000 square foot house, according to 2006 estimates.

**Wind** as a generation resource in the Southeast is simply not possible. There is no sustained wind of the needed velocity in the region. Wind is available in the Upper Midwest United States; however, wind is difficult to dispatch as a dependable electric energy resource. Utilities must have a back up resource, such as combustion turbine units fueled by natural gas, to generate electricity when the wind is not blowing at a sufficient velocity.

**Biomass** is the process of producing fuels or energy from renewable organic matter such as plants or animal wastes; fuel produced by this process is sometimes used to generate electricity. There is some potential for producing electric energy from wood or wood waste and from landfills in Mississippi; however, biomass and biofuels have emissions issues. The Environmental Protection Agency’s Landfill Methane Outreach Program (LMOP) states that there are 12 candidate landfills in Mississippi that could produce a mere 30 megawatts of electricity. The cost of building the landfill facilities is expensive, making biomass generation from methane gas a poor choice. In comparison, South Mississippi Electric projects a need for nearly 900 megawatts of additional generation by 2021.

**Geothermal power** is energy generated by heat stored beneath the Earth’s surface or the collection of absorbed heat in the atmosphere and oceans. Again, the southeastern United States has little to no geothermal capacity on a massive scale for energy production.

## SOUTH MISSISSIPPI ELECTRIC REACHES SAFETY MILESTONE OF 3 MILLION HOURS

The employees of South Mississippi Electric have worked more than three million man hours without a lost time accident. This represents more than five years and seven months of practicing safe work habits.

This is an exceptional accomplishment when one considers the sometimes hazardous work required at a generation and transmission cooperative, including work at the generating plants and high voltage transmission lines.

"I'm very proud of our employees and their commitment to safety," General Manager/CEO Jim Compton said. "We have a strong group of foremen and supervisors who are due great credit for their work over the last five and half years."

The employees reached this milestone on Saturday, March 1. South Mississippi Electric employs nearly 300 individuals who each contributed to this accomplishment.

"Every one of our employees should take pride in themselves for doing their part in the achievement of this milestone," Safety Manager Roy Foster said. "As we now set our sights on the next big goal of four million no lost time hours, we cannot lose sight of the constant short-term goal of working this hour safely. Continued diligence in practicing safe work habits and following all safety rules will surely help to get us there."

The Board of Directors is very pleased with this achievement and has authorized a one-time additional holiday on Thursday, July 3, 2008, in addition to July 4. This four-day weekend will be named the "SMEPA Safety Holiday."

In addition, safety lunches were held at each facility.



### EMPLOYEE NEWS



Electrician **Chris House** began working at Plant Morrow on December 31, 2007. He earned a degree in automated manufacturing and instrumentation from Pearl River Community College. Chris and his wife Jennifer live in Lumberton and have one daughter Madison. They are members of First Baptist Church in Lumberton.



Load Forecast Analyst **Sam Kicker** came to South Mississippi Electric on January 2. He is a graduate of the United States Military Academy at West Point, earning degrees in economics and civil engineering. Sam worked as a military intelligence officer with the Army for eight years. He and his wife Bonnie live in Petal and attend Temple Baptist Church.



**Shane Shattles** started his position as a laborer at Plant Moselle on January 14. Shane is a graduate of Forrest County Agricultural High School. Shane is engaged to Kayla Turner, and they plan to marry in September 2008. He enjoys hunting, fishing and playing softball. He attends Calvary Baptist Church.



Laborer **Norman Beasley** began work at Plant Moselle on January 21. He earned a computer networking degree from Jones Junior College. He worked with Western Container for nearly eight years. Norman enjoys fishing. He and his wife Janet live in New Augusta. Janet is a nurse for Rural Healthcare. They attend Memorial Baptist Church in New Augusta.



On January 28, **Sherman Smith** began in the vehicle maintenance section at headquarters. He is a graduate of South Jones High School and attended Jones Junior College. He has worked offshore with Bowan Corporation and cleared right of way with Bush Construction. Sherman lives in Moselle and enjoys riding 4-wheelers, fishing, bike riding and hunting. He is a member of Union Baptist Church.



Plant Morrow welcomed electrician **Stephen Woods** on January 28. Stephen earned a degree in electricity at Pearl River Community College. He worked for Masonite before coming to SMEPA. Stephen and his wife Beverly live in Lumberton and are members of Our Lady of Perpetual Help Catholic Church. Stephen enjoys hunting, fishing and kayaking.



Instrument Technician **Jay Fairley** at Plant Morrow earned a management degree from Southern Miss and an instrumentation and electronics degree from Northwest Louisiana Tech. He has most recently worked with M&R Distributors before coming to SMEPA on February 4. He and his wife Kristie live in Petal and are members of Petal Harvey Baptist Church.



**Tony Tisdale** began work as a laborer at Plant Morrow on March 3. Tony is a graduate of Petal High School and worked previously with Superior Manufacturing. Tony and his wife Joyce live in Petal and have three children and one grandchild. Tony is a deacon at Mt. Harmon Baptist Church and enjoys watching sports, fishing and hunting.



**Tony Williams** joined the supply chain team on March 10 as the Buyer. He earned his supply chain certificate from San Diego State. He worked in supply chain with the Army and in the healthcare field. He is originally from Meridian, but spent much of his adult life in California. Tony and his wife Kayna have five children, ranging in ages from 17 to 9. The family currently lives in Meridian and attends Sunlight Baptist Church.



Electronics and Instrumentation Technician **Nathern Henderson** began at Plant Morrow on March 17. Nathern is a graduate of Pearl River Community College with a degree in Electronic Engineering Technology. He worked with Hood Industries previously. Nathern has three children Cole, 7, Autumn, 5, and Karah, 3. Nathern enjoys hunting, fishing and sports.



Laborer **Paul Sims** graduated from Jones Junior College with a Forestry Degree and began working at Plant Morrow on March 17. Paul worked with Warren, Inc. in Collins before coming to South Mississippi Electric. Paul and his wife Jennifer live in Seminary and are members of Calvary Baptist Church where Paul teaches Sunday school. He enjoys hunting and fishing.



**Brent Stansell**, from Runnelstown, began as a laborer at Plant Morrow on March 17. Brent graduated from Perry Central High School and worked with Southern Miss before coming to SMEPA. Brent and his wife Jane have two children Caleb, 13, and Ally, 8. Brent and his family are members of First Baptist Church of Runnelstown, and he has participated in five mission trips to Honduras.

#### Other Announcements:

South Mississippi Electric would like to welcome Randy Wallace and Alan Bradley to its Board of Directors. Randy is the new General Manager of Pearl River Valley EPA and Alan is the new General Manager of Dixie Electric. Randy and Alan both worked at their respective co-ops before becoming General Managers. Randy was the Manager of Accounting and Financial Services, and Alan was the Manager of Engineering.

The employees of South Mississippi Electric were recently honored at the United Way of the Pine Belt Region's awards banquet, receiving the 2007 President's Award of Excellence. The award recognizes an increase in giving of more than 25 percent in the employee campaign, which was held last November.

## INSERT PROVIDES INFORMATION TO ALL SYSTEM MEMBERS

When more than 400,000 Members of South Mississippi Electric's Member systems read their copies of *Today in Mississippi* in April, they will know a lot more about SMEPA and the electric industry. Regular inserts featuring various topics related to generation and transmission will begin running in that issue of the state's electric power associations' monthly newspaper. The initiative is based on a desire by the Board of Directors to provide more information related to power supply issues.

"This is an excellent way to ensure that consumers throughout our system understand our part of the electric business," says General Manager/CEO Jim Compton. "We know there will be many issues confronting us in the coming years regarding fuels, overall costs and the environment.

It will be vital for everyone associated with our system to understand the issues, and to understand what we do and why we do it.

"We have an enormous responsibility to fully examine the scientific reality regarding man-made climate change and other environmental issues. We are responsible to our 400,000 Members not just for providing reliable service at affordable rates, but to do so without causing material harm to our environment. Having made that decision, we now need to explain it to our Members so they understand that we are pursuing the best long term course for them."

Power supply typically accounts for approximately 70 percent of the costs incurred by Member co-ops to supply service to their members. The inserts will address topics such as how SMEPA supplies electricity to Members; fuel sources and the trends that affect costs; and issues

surrounding planning and decision-making for the future. The concept of "The Power of Twelve" will be one of the primary messages.

"Communicating at the grass roots level will be more important as we move forward with projects that will likely be controversial," Compton adds. "We're seeing a variety of groups across the country who are intersecting themselves into our business, as well as controversies surrounding coal generation and where we will be able to develop new generation resources and transmission facilities. We need as much support as possible from all of our ownership and they can only do that if they are well informed. Our Board is also going to help us with that process.



"As the information is developed, it can also be adapted to fit other communications needs, such as speeches, opinion columns, ads and other presentations. I would hope all employees will take note of what we're trying to accomplish, stay informed themselves, and make suggestions when they have ideas to offer."

*Today in Mississippi* has the largest circulation of any publication in the state. Members of 19 electric power associations receive a copy at their homes and businesses each month.

## The Power of 12



G R O W I N G M I S S I S S I P P I

### Our Mission:

Deliver the South's best value for safe and reliable electric energy and serve as a common resource for our Member-owners.

### Our Competitive Strengths:

- An experienced, skilled work force
- A commitment to employee safety and system reliability
- A long-term contractual relationship with our Member systems
- Financial health, including our Members
- Sustained load growth in our Members' service territories
- Long range planning for cost-effective generation resources
- Fuel diversity in generation resources
- Environmental stewardship



## Safety is a Priority this Spring

Painting? Cleaning the gutters? Be cautious when working on the roof or eaves of your house this spring. Remember to look up and watch for electric lines when using a ladder or metal tools. We're your local electric power association and safety is our first priority.



POWER ASSOCIATION

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