

# SCANNER

JANUARY 2008 - VOLUME ONE - ISSUE ONE

**INAUGURAL EDITION**

**NEW CONSTRUCTION PROJECTS:  
FOC, MORROW TRAINING CENTER,  
HQ ADDITION/RENOVATION & MOSELLE**

**EMPLOYEE ACCOMPLISHMENTS**



**SOUTH  
MISSISSIPPI  
ELECTRIC**

POWER ASSOCIATION

# SCANNER

JANUARY 2008 - VOLUME ONE - ISSUE ONE

## TABLE OF CONTENTS

CEO Column - "My Wish List"	<b>01</b>
New Construction Projects	<b>02</b>
Supply Chain Section	<b>06</b>
Training Efforts	<b>08</b>
Safety Column	<b>09</b>
Climate Change Terms	<b>10</b>
Employee Accomplishments	<b>11</b>
Fast Facts - 2008 Budget Drivers	<b>12</b>

Cover Photo -  
Lineman Carl McSwain  
and Tommy Garrard at Rosehill

## MY 2008 WISH LIST

At South Mississippi Electric, there will be many new things surfacing in 2008. The new Scanner is one such item. I hope that all employees will embrace the greater detail that will be given to employee accomplishments through this expanded employee newsletter. There is an abundance of great things happening, and the new Scanner will help to keep all employees informed about our many projects.



Jim Compton, General Manager

As we begin a new year, I have some important goals for us as a team of employees. First, we must maintain the focus on safety. Our record for no lost-time accidents is great, but it would be better if we avoided any OSHA-reportable accidents and at-fault property accidents in 2008. If we keep safety as our first priority, we can reach 3 million man-hours without a lost-time accident this spring.

We also need to be healthier. Many of us would be better off losing a few pounds. My staff and I are participating in the NRECA Weight-Loss Challenge. I hope that all employees will look at weight loss as leading to a "healthier, happier, more productive work force."

We have committed a lot of resources to our EBS project which became live in January 2008. This new system is intended to make operations more efficient and allow access to quality information on a timelier basis. However, getting the full benefits of the new system will require many hours of training and testing. There will be challenges as we learn the new system. Everyone using the system will need to be committed to learning the available options so that the full benefits of the upgrade are realized by the end of 2008.

Finally, after much study and evaluation, we are about to begin a number of major construction projects. The Headquarters office facility renovation will be a challenge as we add new work areas and renovate all of the original building. This will require a lot of moving around and inconvenience, but ultimately this will be worth the effort. The project will not be fully completed in 2008, but I hope that the beginning of the end has been reached as the year comes to a close.

At Plant Morrow, we backtracked, rethought our approach, and now have an Air Quality Control project that makes sense financially. We should get underway with this project early in 2008. The AQC project team did a great job in developing this approach. At Plant Moselle, we plan to convert a combustion turbine and steamer into a more efficient combined-cycle unit. We are also searching for an additional site for LMS100 combustion turbines, the state-of-the-art gas-fired generating units. These two projects—the Moselle repowering and the LMS100 construction—will provide added capacity for the short term and more efficient operational flexibility. These important projects will keep the staff at Plant Morrow and at Plant Moselle busy for several years. I also anticipate that 2008 will bring us to a plan and decision on our future baseload needs—coal and nuclear.

Finally, I hope that we continue to improve communications between the plants and headquarters, between management and hourly workers, and between SMEPA and our Member Systems. We are improving, but still have a way to go.

These are ambitious goals for 2008. I encourage each of you to set goals for 2008 also. To the extent that yours are professional goals for implementation here at SMEPA, it would be good to share these with your supervisor to be sure that the goals are appropriate. With facility expansion and early retirements, there are opportunities now for those with the desire and skills to advance. So I trust that you make 2008 your year to prepare for personal and professional advancement.



# NEW CONSTRUCTION PROJECTS

*NEW FIELD OPERATIONS CENTER,  
MORROW TRAINING CENTER,  
HEADQUARTERS ADDITION/RENOVATION  
AND MOSELLE PLANT PROJECT*



**South Mississippi Electric** is taking great strides to better meet the responsibility of delivering affordable, reliable power to its members in the coming decades. Several major projects at plants Morrow and Moselle, the headquarters facility and the new Field Operations Center (FOC) will continue through 2008.

“We’ve made significant investments in our facilities, mainly to increase and improve the capabilities of our employees to do their jobs,” says General Manager Jim Compton. “The total cost of all the projects will be more than \$33 million. When they’re finished, our employees will have the space, technology, equipment and work surroundings to deliver results like never before.”

By far the largest project is the new Henry Thomas FOC, located approximately four miles north of South Mississippi Electric’s headquarters, just west of highway 49 on highway 42. The site covers 60 acres (compared to 16 acres at the headquarters complex) and will feature a new warehouse, office space, a vehicle maintenance shop, pole yard, conference rooms and meeting space, and an outdoor pavilion. It will also be the location for backup IT and control center facilities, two emergency generators, a 100,000 gallon water tank, and a 400 foot tower that will add significant redundancy and capability to the Association’s overall microwave and communications system.

More than 50 field employees will work out of the new facility, including the line and substation crews, supply chain personnel, relay techs and the land section. They are expected to move into their new location in February.

“We simply needed more work space for so many employee groups,” says Marcus Ware, assistant general manager. “Not only will the FOC be a state-of-the-art facility technically, it will be convenient to all of our operations and increase our efficiency.

“The FOC will also serve as our primary headquarters during storm restoration or other emergencies. It was designed to allow room to stage outside crews, accommodating all their logistical and materials needs. We’ll use the conference room as a command center whenever the need arises and can function independently there for as long as necessary.”

South Mississippi Electric employees have occupied the current headquarters location since 1973 and it has seen substantial growth, to the point of having nowhere left to further expand. Once the move to the FOC is complete, work will begin on renovating and upgrading the existing headquarters buildings.

The main building will receive a complete renovation and new offices will be added. The control center and bulk power operations will move to the existing warehouse building, where it will have more space and upgraded operations technology and security, allowing it to meet any future regulatory requirements. The whole site will also be served by a new geothermal HVAC system. (More details will be covered in future Scanner editions.)

Several enhancement projects were recently completed at Plant Moselle, where much of the office space and internal work areas had remained virtually the same since the plant was brought on line in 1970. A reception area, meeting rooms and new offices were added to the plant's front façade. Inside, both the lab and the instrument and electrical (I&E) shop were expanded and renovated. The control room was also renovated to make better use of existing space, create a separate shift supervisor's office and upgrade lighting and air conditioning.

"The extra room has allowed us to be much more efficient with our normal tasks," said plant manager Chris Rhodes. "The new layout is much more functional and comfortable. We've had people working in temporary spaces for some time, so now everyone has a home and we have room for future needs."

"Our security systems have also been upgraded, which is a continuation of work we've been doing since 9/11. We added a new guardhouse and card access system at the front of the main building, as well as expanding our security camera system throughout the facility."

The new improvements were dedicated August 29, 2007 in honor of Jack Thompson, former plant manager at Moselle and one of the Association's longest serving employees.

The final piece of the overall plan calls for a new training center to be built at Plant Morrow to house new meeting and training activities. Space currently used for those activities in the main office building will be converted into additional offices. That project began in December and is scheduled to be completed by July. At its dedication, the building will be named in honor of Marcus Ware.

"These are ambitious projects that have required significant planning by a number of people," says Compton. "That is what we're all about, though—seeing the needs, determining how best to meet them, setting goals and accomplishing great things. I have no doubt, from the standpoint of facilities, that we'll be perfectly positioned to serve our customers well into the 21st Century."

By Kurt Brautigam



South Mississippi Electric Power Association Headquarters Addition/Renovation



Morrow Training Center



Field Operations Center

Plant Morrow's Training Facility to be named in honor of Marcus Ware



Marcus Ware

Longtime employee Marcus Ware will be forever remembered for his contributions to South Mississippi Electric when the new training facility at Plant Morrow is named in his honor. The Board approved the designation at its December meeting.

Ware began his career with the company in April 1974 when he was hired as plant engineer at Moselle. He became manager of production in 1977 and in 2004 was promoted to assistant general manager. A native of Walnut Grove, Mississippi, Ware initially worked for General Electric as a field engineer in New Orleans after receiving his bachelor of science degree in mechanical engineering from Mississippi State University.

"No one deserves this honor more than Marcus," says General Manager Jim Compton. "His talents, experience and dedication have helped our organization develop into one of the country's premier electric suppliers. I cannot imagine where we would be without his efforts."

"This is such an appropriate way to recognize Marcus's long and distinguished service to South Mississippi Electric," says Chief Operating Officer Nathan Brown, who has long worked with Ware. "Not only has he provided stable, insightful leadership for the production side of our company, he has also steadfastly kept our focus on safety and training. This facility will always remind us of how important it is to continually ensure that our employees have the knowledge and expertise to do their jobs."

The building will be dedicated after its scheduled completion this summer.

# SUPPLY CHAIN SECTION INITIATES CHANGES

By Kurt Brautigam

*"WE PRETTY MUCH HAD TO DEVELOP THIS NEW SYSTEM FROM SCRATCH."*

*Poles. Line construction hardware. Vehicle parts. Office equipment. Replacement parts for boilers and turbine-generators. Transformers and regulators, relays and computer components. The list of inventory items used throughout all areas of South Mississippi Electric Power Association's business numbers over 10,000 and, beginning in 2008, there will be a new system to keep track of all of these items.*

The Supply Chain section will roll out the new program in connection with the overall EBS (Enterprise Business Suite) implementation. It has taken nearly a year to design and adapt the Oracle software that will allow for much more sophisticated control and oversight of purchasing and warehousing.

"We pretty much had to develop this new system from scratch," says Allen Keene, manager of Supply Chain. "It could not have been accomplished without the dedication and hard work of our entire group, as well as everyone using the system.

"It's been a total team effort. We sought input about what the system needed to be able to do and how best to work that into the process. Once we roll it out and have it working like we want it to, it will increase our efficiency dramatically and will help lower our overall costs."

Part of the implementation will be moving all inventory items currently stored at headquarters to the new FOC warehouse, which will be four times larger. Having that much more space will allow for more items to be ordered at one time, resulting in better prices. It will also allow for ordering and storing larger numbers of frequently used items, as well as ordering all of the items required for specific jobs.

"In the past, we had to focus mainly on just keeping supplies for line and substation maintenance—now we'll be able to procure everything for entire construction projects and store them together," Keene says. "We'll also be able to move items that were previously stored at Moselle—especially poles and other large equipment—to the FOC where the crews will have better access to them."

The warehouses at plants Morrow and Moselle will operate the same as always, but new centralized purchasing policies for all sections of the company will permit negotiating blanket contracts that will help lock in lower, longer term prices.

"We've also revised many of the processes for making smaller or recurring purchases," says Keene, "making them more flexible and allowing for more responsibility at the department directors' and managers' level."

Another part of the process has been to issue credit cards to employees to use for small purchases and travel and entertainment costs, rather than issuing cash advances. "That's been in effect for several months and we've had positive feedback so far from employees using them" Keene notes. "It has also increased our efficiency and cut costs by being better able to track expenses and by reducing the number of checks we issue.

"We've done lots of training with all these changes and have tried to make sure employees are aware of the policies. Everyone should know the steps required for purchasing small items and bidding on larger ones. We all need to be strategic and diligent in finding the best deals possible."

Later in the year, the Supply Chain team will make further enhancements to the warehousing system, including the ability to bar code and scan items. "When it's all in place, we'll be able to fully analyze all of our purchasing, which will enable us to see trends and react quickly," Keene adds. "As we go forward, this will help us manage these processes more effectively, saving money for our members."

Allen Keene, Supply Chain Manager

## Training: Meeting Employees' Needs

Employees identified the need for more training in the employee survey results, released in April 2007. Two on-going training efforts are hopefully meeting this need.

**"Training for the EBS system will continue during 2008."**

Supervisors from all areas of the cooperative began a nine course training program in June 2007. The supervisory certification program is offered through the National Rural Electric Cooperative Association. The participants are focusing on time management skills, communication, negotiation and motivation. The final courses will be completed in March 2008.

**Approximately 50 managers and supervisors will receive their certification.**

**"The supervisory certification program is nationally recognized among cooperatives and provides training specific to the electric power industry. The goal is to give long-time supervisors fresh ideas and to equip our younger supervisors,"** Director of Human Resources Phyllis Seal said.

The Enterprise Business Suite went live on January 2, 2008.

EBS will bring together the accounting, human resources, projects and supply chain software for the organization and will affect many employees.

In order to prepare for the go-live date, training for the different areas of the system was offered in November and December 2007 at the plants and headquarters.

**"Dinero, our consultants, offered training on all areas of the system for a five week period. The classes were designed to provide a hands-on learning experience and give employees an opportunity to ask questions,"** Information Technology Manager Carl Lindau said.

The self-service module affects all employees, so those training courses had the most participation. Self service allows employees to enter time, update personal information, view personal leave and sick time availability and change tax deductions. Timekeepers will maintain time entry in some areas of the organization, but all employees will have access to their personal account.

**"Training for the EBS system will continue during 2008,"** Lindau added.

## Responding to Sudden Cardiac Arrest: Know How to Save a Life

**By: Don Ganas, Security and Safety Coordinator**



Tremendous strides have been made in the last four years involving response and care protocols for Sudden Cardiac Arrest (SCA). Emergency Care Facilities, Cardiac Care Units and Emergency Medical Responders have conducted studies on an international level. If you have received training in First Aid and CPR in the last year, you have been exposed to some of these changes in protocol. If

you have not received recent training, you should enroll in a class soon.

As early as the 1700s, physicians and physiologists recognized that it was sometimes possible to revive a heart attack victim by laying them over the saddle of a trotting horse or rolling them on a barrel. In 1850 a surgeon recognized that ventricular fibrillation, a random quivering of the heart muscle, caused death. At approximately the same time, physicians discovered that when applied directly to the heart "electrification could rouse the heart to act" and restore normal rhythm.

Few people know it was actually electric companies that financed the first scientific studies into Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillation (AED). In 1926 Consolidated Electric commissioned electric engineer William Kouwenhoven of Johns Hopkins University to develop a device that could save electrocuted linemen. His efforts resulted in a large machine that could only be used in the open chest.

In 1951 Consolidated Edison again approached Kouwenhoven to develop a closed chest defibrillator that could be placed on each line truck. His first machine weighed 280 pounds and had to be applied within the first two minutes of electrocution. However, when he applied the heavy pads of this machine to the chest of a laboratory animal, he discovered a rise in blood pressure. Chest compression cardio resuscitation was born.

In the 1980s and 1990s, defibrillators were miniaturized, and costs reduced. Scientific development of emergency care methods continued. CPR conducted in the 1990s saved lives, but statistically the results remained dismal with a favorable neurological survival rate of only 1 to 5 percent.

The most recent methods provide great hope, and investigation of better methods continues. The American Heart Association emphasizes, **"Push hard and push fast."** The American Red Cross has similarly adjusted their protocol. It has been discovered that quick application of proper chest compressions applied at a rate of 100 per minute greatly improves survival rates. Both organizations require fewer interruptions for breaths. Both have removed the step for checking for a pulse to shorten the time for applying compressions. And both organizations emphasize that the early application of an AED is critical to survival. Survival rates drop approximately 10 percent with each minute delay of defibrillation. Now, in some studies where the new protocol has been exclusively applied, survival rates of 15 percent have been achieved!

### SO WHAT CAN YOU DO TO BE PREPARED?

So what can you do to be prepared? First, take an approved course in the application of CPR and AED. Understand that the first step towards survival is to call for medical assistance - dial 911. Begin CPR immediately, and if there is any hesitation about performing mouth to mouth breathing, do apply chest compressions. Use the techniques you have learned, understanding that even professional responders get weary and loose some effectiveness if they do not concentrate on technique. This portion is so critical that the industry is even developing mechanical devices to provide the proper depth and rate of compression. Know where the AEDs are stored at your work locations. Mentally rehearse what your response will be if confronted by an incident of SCA. Approximately 325,000 persons die every year from an episode of SCA, and you may be the one prepared to save a life.

Renewable Energy Resources  
 Climate Change  
 Energy Efficiency, Electricity  
 Demand-Side Management (DSM)  
 Global Warming  
 Smart Meter

## ENERGY BUZZWORDS CREATE CONFUSION FOR CONSUMERS

Consumers simply do not understand the electric energy industry and are struggling with all of the buzzwords they are currently hearing in the media. IBM and Distributed Energy Financial Group recently conducted surveys on consumers' understanding of electric energy terms.

Consumers have a basic understanding of what energy efficiency and conservation are but have the misconception that these are difficult to achieve. Less than 30 percent of consumers understand smart metering or demand side management. Consumers scored the highest in defining renewables and alternate energy sources. Individuals in the 35-54 age category are most likely to take action, such as driving fuel efficient vehicles, according to the DEFG survey.

**What does this mean to us as electric energy providers?** We have a responsibility to educate our members on these issues, especially in explaining how generation affects their electric bill. Our ultimate goal is to create a partnership with members on managing and conserving electric use to control costs.

Beginning in April, South Mississippi Electric will include four-page inserts into the *Today in Mississippi* newspaper, explaining many of these topics. Five inserts are planned between April 2008 and April 2009, covering topics such as electricity 101, coal, nuclear, renewables and energy efficiency. *Today in Mississippi* is the newspaper of the Electric Power Associations of Mississippi. It has the largest circulation in the state with more than 400,000 newspapers delivered monthly.

**Here are a few of the buzzwords and their definitions that are being discussed in the media presently.**

**Climate change:** A term used to refer to all forms of climatic inconsistency, but especially to significant change from one prevailing climatic condition to another. In some cases, "climate change" has been used synonymously with the term "global warming"; scientists, however, tend to use the term in a wider sense inclusive of natural changes in climate, including climatic cooling.

**Global warming:** An increase in the near surface temperature of the Earth. Global warming has occurred in the distant past as the result of natural influences, but the term is today most often used to refer to the warming some scientists predict will occur as a result of increased emissions of greenhouse gases.

**Renewable energy resources:** Energy resources that are naturally replenishing but flow-limited. They are virtually inexhaustible in duration but limited in the amount of energy that is available per unit of time. Renewable energy resources include: biomass, hydro, geothermal, solar, wind, ocean thermal, wave action, and tidal action.

**Energy efficiency, Electricity:** Refers to programs that are aimed at reducing the energy used by specific end-use devices and systems, typically without affecting the services provided. These programs reduce overall electricity consumption. Examples include high-efficiency appliances, efficient lighting programs, high-efficiency heating, ventilating and air conditioning (HVAC) systems or control modifications, efficient building design, advanced electric motor drives, and heat recovery systems.

**Demand-side management (DSM):** The planning, implementation, and monitoring of utility activities designed to encourage consumers to modify patterns of electricity usage, including the timing and level of electricity demand. It refers to only energy and load-shape modifying activities that are undertaken in response to utility-administered programs. Demand-Side Management covers the complete range of load-shape objectives, including strategic conservation and load management, as well as strategic load growth.

**Smart Meter:** This refers to a type of advanced meter that identifies consumption in more detail than a conventional meter; and optionally, but generally communicates that information via some network back to the local utility for monitoring and billing purposes.

**Source:** Platts, November 26, 2007 and the Energy Information Administration

## Board of Directors Tour Grand Gulf Nuclear Station

South Mississippi Electric board members toured Grand Gulf Nuclear Station at their November meeting. The Association owns 10 percent of Grand Gulf, which equates to 129 megawatts of electric capacity. The board toured the facilities to learn more about the nuclear station and the operation and management of the facility. Entergy Nuclear, which owns 90 percent of Grand Gulf, is beginning the permitting process for building a new unit at Grand Gulf.



## Employee Accomplishments

Lineman Danny Hight (pictured) completed linemen's training school at Mississippi Gulf Coast Community College in December 2007. He was honored for having a positive attitude during the 16-week training program.

System Operator Matt Barnes completed his NERC certification in September and began working as a system operator in December 2007. Matt began working in the control center in May, attended a NERC workshop to prepare for his test and passed the test requirements on September 14, 2007.



## Special Gifts for Special Kids

Employees of South Mississippi Electric Power Association pick a different Christmas project every year. For 2007, they worked with Mississippi Children's Home Services to brighten the holidays for some children in foster care. The co-op staff's generosity made it possible to provide 18 youngsters with gifts, which Communication Intern Reagan Griffin and Administrative Assistant Janet Buti helped to wrap. This was the first time SMEPA collected gifts for foster children. In past years, the co-op has adopted families affected by fires and Hurricane Katrina. "Whatever project we choose, we have an amazing response from our employees every year," said Member Services Supervisor Lydia Walters.



**Editor's Note:** The above article appeared in *Electric Co-op Today* and was written by Michael Kahn.

## 2008 Budget Drivers

South Mississippi Electric's 2008 budget includes \$705 million in required revenues to cover purchased power, fuel, operating expenses and interest costs to be incurred over the course of the year. As can be seen in the accompanying chart, the cost category rising the most rapidly is purchased power, whereas the category most under South Mississippi Electric's direct control, operating expense, is relatively stable.

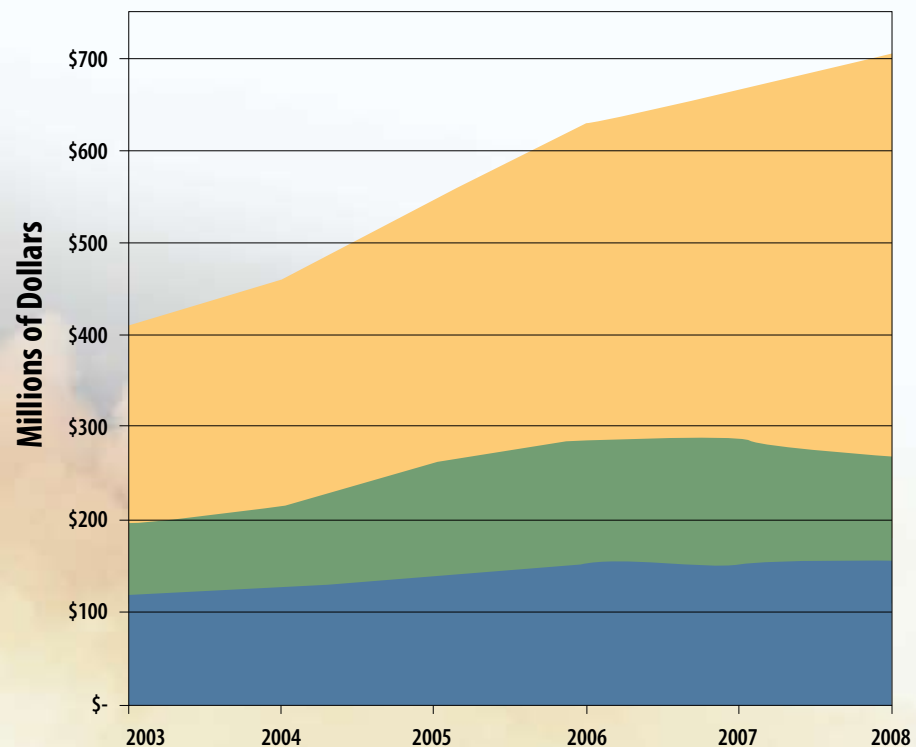
Fuel actually shows a decline in 2008, which reflects the company's decision to increase Batesville's generation (in the purchased power category although it is dispatched by South Mississippi Electric) and reduce output at the less efficient Moselle station. Since South Mississippi Electric purchases the natural gas for Batesville, our total gas purchases, including that resource, will increase 3.6 percent to \$102 million in 2008 over the 2007 figure whereas output from gas-fired generating units

will increase 13.9 percent. By substituting Batesville generation for Moselle the company will realize a savings of approximately \$40 per megawatt hour in fuel costs at the budgeted price of natural gas in the coming year.

The key contributor to increased purchased power costs in 2008 is Mississippi Power Company (MPCo) which will increase its wholesale rates to SMEPA 10.8 percent. For 2008 MPCo's fuel cost adjustment for the MRA rates (traditional cost-based regulated rates) increased 14.3 percent and the FCA for the MB rates (market-based rates) increased 8.4 percent. In addition, the base rate components of the MRA are projected to increase by 12 percent beginning April 1, 2008. The fuel cost increase is due primarily to increases in rail and barge coal transportation. MPCo costs are budgeted to increase \$20 million in 2008 over the estimated MPCo total in 2007.

	2003	2004	2005	2006	10-2 Forecast 2007	Proposed Budget 2008
Purchased Power	\$211	\$245	\$279	\$336	\$375	\$437
Fuel	\$83	\$90	\$127	\$140	\$138	\$115
Other Cost of Service	\$116	\$126	\$139	\$152	\$151	\$154
<b>Total Cost of Electric Service</b>	<b>\$410</b>	<b>\$461</b>	<b>\$545</b>	<b>\$628</b>	<b>\$663</b>	<b>\$705</b>

■ Other Cost of Service  
■ Fuel  
■ Purchased Power



## 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



## Check Out the New Styles in CFLs

What a bright idea! New compact fluorescent bulbs come in different shapes and lighting colors. Select a warm candle glow or a cool clear brightness. For energy savings, look for the ENERGY STAR® label.



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