

SOUTHERN POWER DISTRICT



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A TIP FOR ENERGY EFFICIENCY:

A well-designed landscape not only adds beauty to your home, but it can also reduce heating and cooling costs. On average, landscaping for energy efficiency provides enough energy savings to return an initial investment in less than eight years.

CHECK YOUR A/C

Summer is just around the corner, and now is a great time for you to have your cooling system inspected. Don't get caught in the summer heat with an air conditioner that is running inefficiently, have it checked out soon!

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SOUTHERN POWER DISTRICT

as a service to its customers.

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IT'S NATIONAL ELECTRICAL SAFETY MONTH!

May is nationally recognized as Electrical Safety Month. We at Southern are very driven to assure the safety of our employees, as well as our customers and the general public. We encourage you to take a look at your home and see if it passes the test for electri-

cal safety. A check list is available beginning on page three, and safety tips for older homes, which could be at heightened risk for electrical and fire issues. Making yourself aware of risks can help you to correct a potentially lethal hazard.

2007 ANNUAL REPORT: MESSAGE FROM CEO HEDMAN



President/CEO
Gary Hedman

While technically the ice storm that caused \$45 million in damage to the District's electric system occurred at the end of 2006—leaving customers without service for up to 21 days—much of 2007 was dedicated to dealing with the aftermath of that storm. The cleanup of poles, line, and hardware alone continued until May 1st.

Specialized crews were utilized to pick up transformers and clean up oil spills. With all the storm activity we considered canceling the construction of new irrigation wells that customers had not confirmed with their payment for the extension charges; however, our personnel felt they could keep their promise of service. It was just another way of illustrating that the employees of the district really are keenly focused on the customer.

Restoring electric service to irrigation wells was completed after all residential customers were restored, because their use was

not expected until June at the earliest. Crews continued to work overtime to complete irrigation rebuilds as soon as possible, in case of an earlier demand for irrigation. I don't believe anyone who wanted their electric well to run for the summer of 2007 was unable to do so, and irrigation customers were also able to start their wells ahead of schedule.

The storm battles continue on through the Federal Energy Management Agency (FEMA) reviews of District records, with about 25% of the total damage-eligible reimbursements not received at the year's end. Funds were acquired through the sale of bond anticipation notes as a temporary measure to provide the capital needed to acquire materials and labor to complete the restoration.

Very little tree trimming was done during 2007, because we utilized our temporary tree crews to assist with construction projects. Extensive work in prior years seemed to be effective in keeping our tree-contact outages from

MESSAGE FROM THE CEO, CONTINUED

increasing. As the summer load increased, there was plenty of reason to be nervous. A little more than six months prior, we had wondered if the severe damage could be repaired in time for our peak season. Once repairs were complete, we then wondered if we would find any problems that had been missed during the course of restoration. The good news is that although we were concerned with the quality of the work done during the storm conditions, facilities actually held up very well with only a few problems. As one of our Area Managers said, "We always have a few problems when we hit peak load days". Some work could not be completed in time and was carried over into 2008. Our system has multiple feeds in many areas which enabled us to isolate certain line segments and to complete the repair on those the following year.

Our system held up well during peak loading days and we handled the increased load growth coming primarily from irrigation this year very well. We set new records for peak levels and pushed substation loads to near capacity in some areas, and these loads will be addressed in 2008.

While dealing with

WORKLOAD UPDATE

In mid-April, Southern energized the new seven-mile Bertrand/Loomis subtransmission line that was recently completed in Phelps County. Crews are continuing to work on the seven-mile subtransmission line underway between Funk and Wilcox.

We are now beginning to tackle projects further to the west in Hamilton County. In addition to upgrading the Aurora Ethanol substation, crews will build subtransmission lines, a new substation, and perform other upgrades that will

storm issues dominated 2007, the financial results from operations fell short of expectations. Irrigation use was much lower due to increased rainfall, something the district hadn't seen in over five years. While the irrigators' bills were lower, the District's wholesale power bill often contained the same or higher demand levels while kWh sales were down. This created an increase in our overall cost per kWh for wholesale power and resulted in lower revenues while expenses increased. These were the operating results heading into a rate adjustment by our supplier. Original rate track estimates had predicted something less than a 4% increase in wholesale power; however the actual increase developed for 2008 was 12%. Our

power supplier experienced increases in fuel and transportation costs which were not foreseen. The District subsequently performed a retail rate study, which was completed at the end of 2007. The District's estimate of kWh sales expected were developed with a more conservative approach, providing a much better chance of meeting margin goals for 2008. It is hoped that the effect of the ice and wind storm will have all been worked through by year-end and that 2008 will show that the rates enacted will bring a fair rate of return back to the District.

The entire version of Southern Power District's 2007 Annual report has been completed and is now available for you to view on Southern's website at www.southernpd.com. Just select the "System Profile" link and you will find the graphic to take you to all of the information! The report includes reflections from the past year by Chairman of the Board Mike Lowry, as well as President/CEO Gary Hedman. You can also view activities from various departments and view all of the year's financial statistics.

improve service and reliability to new and existing customers in this area. We are continuing to strive for a completion date for these construction projects of June 1st, in time for our peak season. The success of the work is due to the ability of crews from all across the district to come together and work toward this common goal, and careful planning and oversight by engineering/operations staff. Watch for updates in your next newsletter!

ELECTRICAL SAFETY IN AN OLDER HOME

Every year in the United States, home electrical problems account for an estimated 53,600 fires. These fires also cause more than 500 deaths, injure 1,400 people and account for \$1.2 billion in property damage. Many of these fires occur in aging homes. Our dependence on electricity is on the rise, and according to the US Census Bureau, half of the homes in the United States were built prior to 1973. These homes were built before many of the electronics and appliances we use today were even invented. Unfortunately, our increasing demand for energy can overburden an older home's electrical system and cause fire or electrocution.

If you live in an older home, there are steps you can take to protect yourself and your property.

AFCI'S

Arc Fault Circuit Interrupters (AFCIs) are devices that replace standard circuit breakers in the electrical service panel. They detect arc faults and can shut down power to a circuit in mere milliseconds! AFCIs provide a higher level of protection than a standard circuit breaker by detecting and removing a hazardous arcing condition before it becomes a fire hazard. These devices should be installed by a licensed electrician, and tested regularly after installation.



GFCIs

GFCIs constantly monitor electricity flowing in a circuit, and if the flow going into the circuit differs even slightly from the amount returning, the GFCI will quickly shut off the current flowing through that circuit. These devices are most commonly installed in areas where electrical products can come in contact with water, such as bathrooms, kitchens and outdoors. If you have a home without GFCIs, you should consult with a qualified,



licensed electrician about adding this important protection, and test them monthly.

Childproof Your Outlets

Tamper resistant outlets are standard wall outlets that feature an internal shutter mechanism that protects children from sticking objects into the receptacle. The spring-loaded shutter system in the outlet only allows electricity to flow when equal pressure is applied simultaneously to both shutters, such as when an electrical plug is inserted. When not in use, both shutters are closed and openings are covered. These devices are easy to install in older homes. They can be replaced for as little as two dollars per outlet in existing homes.

General Home Electrical Safety Checklist

Take these simple steps to identify and correct electrical dangers commonly found in homes:

- * **Check the wattage of all bulbs in your lights.** Are they the appropriate wattage for the size of the fixture?
- * **Check all lamp cords and extension cords.** Are cords placed out of walking areas and free of furniture resting on them? Are cords in good condition? If not, do not repair them yourself. Be sure you are not using extension cords for permanent house wiring. Have receptacles installed where they are needed.
- * **Check all wall outlets and switches.** Are they working properly? Are they cool to the touch? Do you hear crackling, sizzling or buzzing? Call a licensed electrician if you do. Replace cracked outlet and switch cover plates.
- * **Check all kitchen counter top appliances.** Are all cords placed away from hot surfaces? Are all appliances located away from the sink? Do appliance cords hang off counter or table tops? They are likely to catch on people passing by.

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ELECTRICAL SAFETY, CONTINUED

- * **Check all large appliances.** Have you ever received even a light shock from any large appliances? Do not touch them until they are inspected by an electrician.
- * **Is the top area of your cooking range free of combustibles,** such as potholders, towels or plastic materials?
- * **Is there excessive vibration or movement when the washer or dryer is operating?** Movement can put undue stress on electrical connections.
- * **Is your portable heater placed away from things that can catch fire,** such as drapes and newspapers? Relocate them away from passageways and keep all flammable materials at least three feet away.
- * **Is your heater stable and placed where it will not be tipped over?** Think about your pets and blowing drapes!
- * **Do you leave your small appliances plugged in when not in use?** Even if they are switched off, they are an electrical hazard if dropped into water. Also, check their wiring for damage.
- * **Is your fuse box or circuit breaker box appropriately labeled?**
- * **Does everyone of appropriate age know where the fuse box or circuit breaker box is located, and how to use it?**
- * **Are you regularly resetting tripped circuit breakers?** If so, contact a qualified, licensed electrician.

These are just a few tips for you to think about. Please take the time this month to educate your entire family about the importance of electrical safety. You can learn more about electrical safety by logging on to www.southernpd.com.

Information for this story was from Electrical Safety Foundation International (ESFI)

RECIPE BOX

Roasted Potatoes and Red Peppers

2-1/2 lbs. potatoes, cubed	2 tsp. oregano
2 red bell peppers, cut into 1" pieces	2 tsp. marjoram
2 cloves garlic, minced	2 tsp. rosemary
2 med. onions, chopped coarsely	1/2 c. olive oil
2 green onions, including green tops, chopped	1/2 tsp. black pepper
	1/2 tsp. salt

DIRECTIONS:

In large bowl combine the potatoes, red peppers, garlic, onions, green onions, oregano, marjoram, rosemary, olive oil, pepper and salt. Mix well. Line a broiler pan with aluminum foil and oil lightly. Distribute the potato mix evenly in the pan.

Bake in a preheated 375 degree oven for 40 minutes, stirring gently twice during that period.