Demand for electricity is also steadily increasing

Jim Compton
General Manager - South Mississippi Electric Power Association

THOSE OF US WHO HAVE EXPERIENCED HURRICANES AND THEIR AFTERMATH UNDERSTAND THE CRITICAL IMPORTANCE OF ELECTRICITY AND DRINKING WATER. Other, more fortunate souls, take power and water for granted. Even without hurricanes, I am not sure that our children and grandchildren will be able to take electricity for granted as we have for decades. That is why I am writing this article.

As Electric Power Associations, we are charged by law to provide reliable electric service at the lowest price that is reasonably achievable. In order to accomplish this expectation, we need the proper mix of generating plants with a diversity of fuel types. Recent attacks on coal generation relative to climate change give us a great concern as there are many, many credible scientists who do not accept human causation of global warming. Despite media and political frenzy, this is still an open discussion among scientists. As this insert attempts to show, in order to meet the ever-increasing electric requirements at the 400,000 meters which serve our ultimate customers, we'll need more base load generation provided by both coal or nuclear fuel.

We face ever-increasing demands for electricity. This is due both to increases in population and businesses as well as larger homes and the use of more power-consuming appliances. Not long ago, the average household on our system used 1,000 kilowatt hours per month. Now, average usage is close to 1,200 kilowatt hours per month. This is not necessarily a bad change. As the title of this article indicates, electricity makes possible many things not thought of 100 years ago. Life expectancy and our standard of living have increased. Electricity is invisible yet essential.

Thus, it causes me great concern that suddenly, without adequate data to support such a conclusion, electric usage is considered to be harmful. Certainly we should conserve, be as efficient as possible in all energy use, and promote these principals in order to control growth in demand. But some advocate increasing the cost of electricity to reduce usage, and we simply do not agree.

We need to make wise use of our natural resources. After all, the greenest power is power which we do not use. But a world without an adequate supply of electric energy is a dark world indeed.

We have lived for years with the concept that electricity came from an inexhaustible source. Price was the only thing that we complained about—never availability. However, if some politicians in Washington have their way, there will not continue to be a sufficient quantity of base load sources of electricity that we have relied on for decades for low-cost power. As the one charged with the responsibility of meeting the electric power needs of more than one million people, I hope that our political leaders do not rush to judgment on the carbon issue and will, instead, responsibly weigh the benefits that universal electric service provides. Certainly, the potential cost increases which will be necessary to reduce carbon emissions associated with electric power generation give reason to pause and be certain as to the science of global warming. Reliable estimates have been given that proposed legislation in Washington, if enacted, would lead to $100-$125 increases short-term, and $225–$335 increases long-term in monthly residential electric energy costs.

Over the next several months, we will provide additional inserts that will explore these power supply and rate issues. I hope that you will read all of the articles and have a better appreciation of the difficulty which we face as we make important decisions on how we can continue to provide affordable electric power to our rural electric members.

The Power of 12

SOUTH MISSISSIPPI ELECTRIC

GROWING MISSISSIPPI

SMEPA at a Glance

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, talented 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*

SMEPA Statistics

Overall Assets: $1,210,410,774
Miles of transmission lines: 1,678
2007 Sales to members: $665,591,680 (9,818,174 MWH)
Employees: 290

Costs and Expenses

(approximate)
Purchased Power: 62%
Fuel: 16%
Interest: 6%
Depreciation and Amortization: 4.8%
Maintenance: 3.4%
Production (excluding fuel): 3%
Transmission and Distribution: 2.6%
Administrative and General: 1.4%