

# UPDATE

JANUARY - JUNE 2007

## Southwestern Responds to Reliability Requirements

Southwestern expects to complete its agency-wide assessment regarding compliance with mandatory reliability standards under Standards Order 693 of the Federal Energy Regulatory Commission (FERC) by the June 18, 2007, deadline. FERC approved 83 such reliability standards in March 2007 as stipulated by the Energy Policy Act of 2005 (EPAc 2005), which amended the Federal Power Act to make reliability standards for the Nation's bulk-power system mandatory and enforceable.

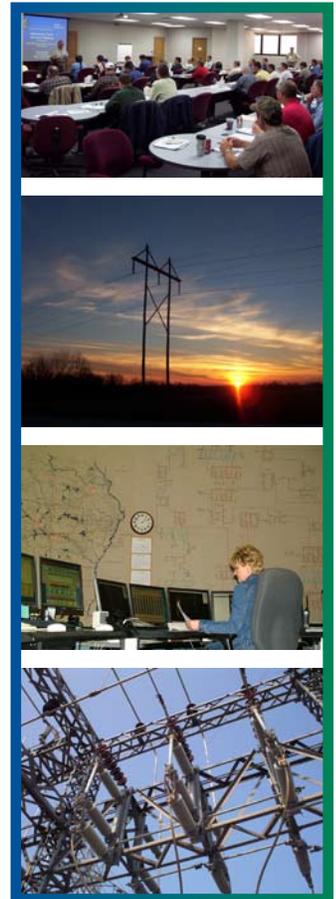
The reliability standards establish requirements for the operation of bulk-power system facilities so that elements of the system operate within specific limits in order to prevent instability or cascading failures as a result of unanticipated events in any part of the system. An additional 24 standards proposed by the North American Electric Reliability Corporation (NERC) are still pending FERC approval.

The new standards have impacted day-to-day operations throughout Southwestern, involving infrastructure, communications, interconnection procedures, interchange scheduling and coordination, emergency preparedness, and personnel training and certification.

"We have been intensely focused on the process of going through the requirements for each standard, and locating existing documentation or developing new documentation to support each measure," says Ron Beck, Supervisory Power System Dispatcher in the Division of Scheduling & Operations. "Every functional area of Southwestern has had someone assigned to this process, which is primarily a fact-finding mission in order to make the assessment before the June 18th deadline."

Southwestern Administrator Mike Deihl acknowledges the ongoing challenges of meeting the new and pending requirements. "Southwestern voluntarily complied with reliability standards in the past," he notes, "but with the onset of the electric reliability organization and mandatory standards, we're likely to see some significant operational changes in order to comply with interchange scheduling, emergency preparedness, and other vital requirements."

Deihl also concedes that there will be costs associated with the changes. "We will have to reallocate some agency resources - both people and dollars - to maintain compliance,



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The UPDATE is published by and for customers, retirees, and employees of Southwestern Power Administration like:



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**Special thanks to:**

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Ashley Butler  
Scott Carpenter  
Mike Deihl  
Ruben Garcia  
William Hiller  
David Kannady  
Jim McDonald  
Beth Nielsen  
Fritha Ohlson  
Tracey Stewart**

# April Showers: The Drought is Out

You can't mess with Mother Nature, to paraphrase the old saying, but it is possible to sometimes wait her out. After enduring the 17-month long drought that finally relaxed its grip late in 2006, most of Southwestern's marketing area has reveled in near normal rainfall this spring. With power storage projects in Southwestern's system filling to the top of their power pools and higher during the past several months, the Palmer Drought Severity Index now characterizes current conditions as near or above normal across much of the southwestern region of the country.



**THE U.S. ARMY CORPS OF ENGINEERS RELEASES WATER FROM THE FLOOD POOL AT KEYSTONE DAM AS SPRING RAINFALL CONTINUES TO KEEP INFLOWS NEAR NORMAL. SOUTHWESTERN ATTEMPTS TO GENERATE AS MUCH ELECTRICITY AS POSSIBLE FROM FLOOD POOL RELEASES AT ALL 24 DAMS IN ITS SYSTEM.**

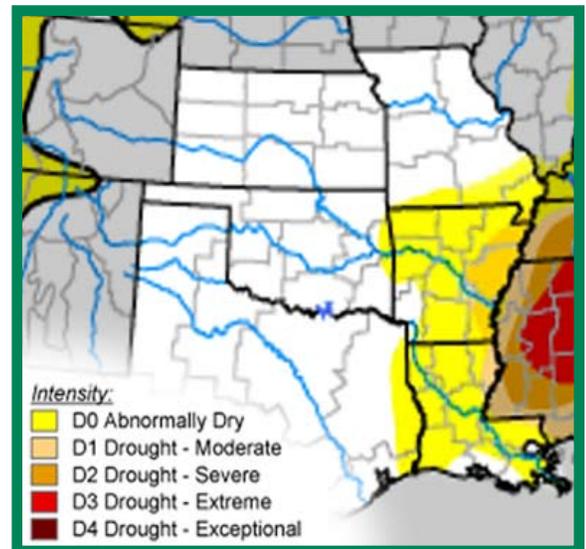
A series of storm fronts during this past winter and spring produced sufficient rains to eventually generate runoff without getting absorbed into the ground. Inflows into Southwestern's system during the first four months of Calendar Year 2007 averaged about 103% of median, with system energy-in-storage (EIS) staying above 100% for most of that same period.

These figures represent a significant improvement over last year. During the same period in 2006, inflows averaged only 22%, and the EIS remained below 60% for most of that time, reaching a record low of 56.7 % in February 2006. Currently, Southwestern has nearly 102% EIS, which is about 10% below average for this time of year.

"While we are cautiously optimistic about system conditions as we approach the summer months, the memories of the drought still linger," says Hydraulic Engineer David Kannady. "We must continue to carefully guard the available hydropower storage and operate the system as if we were in the beginning stages of a 'Great Drought of '07.'"

The wetter winter and spring brought Southwestern some welcome operational relief. System conditions last year warranted the creation of the agency's Deferral of Peaking Energy Program, which kicked off 12 months ago, under which customers could voluntarily take less than the 1,200 hours of Peaking Energy to which they were entitled by implementing an initial reduction of 200 hours during the peak usage months of June, July, August, and September. Customer participation representing over 90% of Southwestern's total load allowed Southwestern to preserve system capacity, fulfill its contract obligations, and minimize the purchase of expensive non-Federal energy during these peak usage months.

Because of the hydrologic improvements this year, however, Southwestern has lifted the energy use restriction under the Deferral Program and does not anticipate a repeat of the program as it heads into the summer months of 2007. Southwestern's cumulative generation for the first five months of fiscal year (FY) 2007 already exceeds the entire amount generated during all 12 months of FY 2006. As of April 30, 2007, Southwestern has generated a FY-to-date total of 2,629 gigawatt-hours of energy from its 24 hydropower projects (see chart on page 7). 💧



**NORMAL CONDITIONS PREVAIL OVER MOST OF SOUTHWESTERN'S MARKETING AREA, AS SHOWN IN THIS IMAGE BASED ON MAP DATA DATED JUNE 5, 2007, FROM THE NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION.**

# Southwestern Unveils New Web Site



After months of vigorous programming, graphic design work, and functional testing, Southwestern brought its new Web site online in May 2007. The new site, still located at [www.swpa.gov](http://www.swpa.gov), features re-organized content, improved navigation, and a brand-new look.

The Web site overhaul was initiated by Administrator Mike Deihl, who wanted Southwestern's online "electronic receptionist" to provide a more effective introduction to the agency. "In today's world, our Web site may be the first thing people see when they are looking for information about Southwestern," says Deihl, who attended many of the project planning and status meetings himself. "Southwestern is a top notch, professional Power Marketing Administration (PMA), and I wanted folks to see a top notch, professional-looking Web site that tells our story."

Public Utilities Specialist Beth Nielsen spearheaded efforts to revise content of the site. "Some of the information on the old site was outdated or irrelevant to the agency's current operating climate," says Nielsen. "Our goal was to bring the information up to date, make it consistent on an agency-wide basis, and make sure it's usable and easily found by the people who visit the site."

To achieve these goals, Nielsen coordinated among Southwestern's information technology (IT) staff, public affairs office, and subject matter experts from every functional area of the agency as the new site was taking shape so that the main areas of the site would be as accurate and useful as possible. The emphasis, she explains, was on tailoring content to the information needs of the public, facilitating navigation, and reducing overhead in terms of page size, duplicate information, and large directory structures. "We hope we've made the site a little more usable," she says.

The redesign also integrates existing DOE and Office of Management and Budget (OMB) requirements that are intended to make agency Web sites more accessible and improve a visitor's online experience. "Our new Web site meets all the currently required Federal mandates and regulations, which we incorporated from the beginning of the design process," says IT Specialist Miya Boyken, who rigorously reviewed Southwestern's new site for compliance. Code and content were also thoroughly tested to ensure that cyber security requirements were met prior to launch.

In addition to revised content, the site also boasts a brand new look. "We were able to template from Southeastern Power Administration's Web site design, which they graciously shared with us," says Boyken. "This approach saved time and money and provided a consistent look and feel across multiple PMA Web sites."

**CONTINUED ON PAGE 8**

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## RELIABILITY STANDARDS, CONTINUED FROM PAGE 1

but in the end it will be very positive for the regional and National grid in terms of more dependable domestic energy and a more reliable transmission system."

EPAct 2005, which was signed into law on August 8, 2005, authorized the creation of a self-regulatory electric reliability organization (ERO) that spans North America, with FERC conducting oversight in the United States. FERC certified NERC as the ERO, and as such, NERC is responsible for developing reliability standards and enforcing them once they are approved by FERC. Non-compliance with any reliability standard may incur both monetary and non-monetary penalties until the standard is shown to be met. Standards are immediately enforceable upon approval by FERC, although sanctions are not imposed until the reporting deadline.

The mandatory reliability standards apply to Southwestern based on its NERC Functional Model Entity Registration. Southwestern is currently registered as a Balancing Authority, Transmission Planner, Transmission Owner, Purchasing-Selling Entity, Transmission Operator, Transmission Service Provider, Resource Planner, and Load Serving Entity. 💧

# SPRA Conference: 50 Years Young



**KNOLAND PLUCKNETT, ASSISTANT ADMINISTRATOR OF SOUTHWESTERN FROM 1965-76 AND SPRA'S FIRST EXECUTIVE DIRECTOR, AND HIS WIFE CAROLYN, WERE HONORED GUESTS FOR THE 50TH ANNIVERSARY CELEBRATION.**

of hydropower operations. Notably, Southwestern's engineers were pleased to report an improvement in hydrologic conditions compared to last year, and noted that the Palmer Drought Severity Index characterized conditions as near normal over much of Southwestern's marketing area.

At SPRA's Transmission Committee meeting, discussion centered on Southwestern's efforts to comply with new reliability standards from the North American Electric Reliability Corporation, as mandated by the Energy Policy Act of 2005.

The second day of meetings started with Southwestern's presentation to the

Members of the Southwestern Power Resources Association (SPRA) had more to celebrate than just a wetter hydropower outlook this spring when they gathered for their annual meeting on April 10-12, 2007, at the Downtown Doubletree in Tulsa, Oklahoma. This year marked the golden anniversary of the association, founded in 1957 as the Committee on Power for the Southwest in order to champion, among other things, renewable, cost-based, environmentally sound, and domestically produced Federal hydropower. SPRA's membership includes about 95% of Southwestern's preference power customers, which are cooperative and municipal utility customers in six states – Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas. Representatives from Southwestern joined SPRA to help celebrate this historic milestone in style.

But business came first. The meetings began as Southwestern briefed SPRA's Hydropower Operations Committee on the current status



**THE TEAM OF KEITH HARTNER (AECI), STEPHANIE BRADLEY (SOUTHWESTERN), DUSTY AND TAMARA WILSON, BRENDA MEEKS (CORPS VICKSBURG DISTRICT), AND DEBBIE SWARTZLANDER (SPOUSE OF SOUTHWESTERN'S GARY SWARTZLANDER) TAKE THE PRIZE FOR WINNING A HISTORICAL TRIVIA CONTEST.**



**THE JAZZ STYLINGS OF SINGER JEFF SHADLEY AND HIS ORCHESTRA INCLUDED THE SMOOTH SOUNDS OF DIONNE WHITE, PERFECT FOR DANCING CHEEK TO CHEEK.**



Federal Power Marketing Committee, which included budget issues for FY 2008, an overview of deferred Peaking Energy available to be scheduled during participating customers' contract years ending in 2008, and an update on several major rehabilitation projects and other projects funded under the Jonesboro Memorandum of Agreement.



**SOUTHWESTERN DEPUTY ASSISTANT ADMINISTRATOR DARRICK MOE AND PUBLIC UTILITIES SPECIALIST TRACEY STEWART JOIN RETIRED ADMINISTRATOR CHARLES BORCHARDT OF SOUTHEASTERN POWER ADMINISTRATION AT THE ANNUAL SOUTHWESTERN-SPONSORED BREAKFAST FOR CUSTOMERS.**

Deihl gave the Southwestern Administrator's Report. Keynote speaker David R. Hill, Esq., General Counsel for the U.S. Department of Energy, shared his thoughts and experiences regarding the creation of Southwestern's Deferral of Energy Program, the interpretation of Continuing Fund statutes, the importance of energy security, and life and politics inside the Washington, D.C., beltway.

The meeting concluded with the election of SPRA board members, a buffet luncheon to sustain everyone for the trip home, and best wishes for another successful 50 years. 💧

At the Competing Uses Committee meeting, Southwestern briefed SPRA members on the status of efforts to coordinate Federal power marketing activities with those of other interests, including storage reallocations, minimum flows, and fish hatchery requirements.

With the days' business done, it was time to put on the ritz. Southwestern staff joined SPRA members to celebrate 50 years of preference power and the close productive relationship between the two organizations. Dressed in both black tie and semi-formal, guests gathered for a reception and then enjoyed a sit-down dinner at tables bedecked with gold and black décor and red roses. After a SPRA trivia contest that pitted table against table with five decades' worth of history questions, the party-goers enjoyed music and dancing with the jazzy stylings of The Jeff Shadley Orchestra.

On the final day of the meeting, SPRA Executive Director Ted Coombes reported on the state of the SPRA organization, and Mike



**DAVID R. HILL, GENERAL COUNSEL OF THE DEPARTMENT OF ENERGY, PROVIDED THE KEYNOTE ADDRESS FOR SPRA'S 50TH ANNUAL MEETING.**



**SOUTHWESTERN HYDRAULIC ENGINEER MIKE DENNY (STANDING) INFORMS SPRA'S HYDROPOWER OPERATIONS COMMITTEE THAT SOUTHWESTERN'S SYSTEM MODELING IN EARLY 2007 SHOWS SYSTEM STORAGE IMPROVEMENTS OVER CONDITIONS 12 MONTHS AGO.**

# McDonald Named Assistant Administrator

James K. McDonald, former Director of the Division of Customer Service since 1990, was named Assistant Administrator of Southwestern's Office of Corporate Operations, effective December 24, 2006. McDonald succeeds Forrest (Gene) Reeves, who retired after 42 years with the agency.



McDonald began his career at Southwestern in 1984 after serving with the Tulsa District of the U.S. Army Corps of Engineers (Corps), first in the Engineering Organization from 1976 through 1978, then in the Corps Hydropower Organization from 1978 through 1984. With his first-hand knowledge of hydropower equipment and operations, he joined Southwestern as a Public Utility Specialist in the Division of Customer Service.

Upon his selection as Assistant Administrator, McDonald assumes responsibility for the Divisions of Customer Service, Scheduling & Operations, and Information Technology, as well as the new Resources & Rates Division.

McDonald holds a B.S. in Electrical Engineering from the University of Tulsa and an M.S. in Electrical Engineering from Oklahoma State University, and is a licensed professional engineer in the State of Oklahoma. 💧

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# Carpenter Selected for Customer Service Director

Scott Carpenter, former Public Utilities Specialist in Southwestern's Division of Customer Service, assumed the role of Division Director in April 2007. Carpenter, who began his career at Southwestern in 2005, succeeds Jim McDonald, who was named Assistant Administrator of the Office of Corporate Operations earlier this year.

Carpenter's prior experiences have provided him with an extensive, well-rounded knowledge of the utility industry. After earning a Bachelor of Science in Electrical Engineering from Iowa State University, he spent seven years as a consultant at Black & Veatch, an architectural engineering firm in Kansas City, Kansas. His work, which involved both generation and transmission utility planning and providing utility asset due diligence services for banking institutions, took him to various places around the world, including Turkey, Botswana (in southern Africa), and also Australia, where he was part of a team involved in the sale of a 600 megawatt coal-fired plant, which was Queensland's first privatized utility asset.

In 2000, Carpenter moved with his family to Tulsa, Oklahoma, where he worked for Williams Energy Marketing & Trading providing analytical support for both structured transactions and the general power trading business. When Williams reduced its staff several years ago, he hired on with Entergy Services, Inc., in Houston, Texas, where he assisted operations staff in transmission congestion forecasting, general operations planning, and evaluating long- and short-term purchase power opportunities.



Carpenter says he was pleased to return to Tulsa when the opportunity arose to work for Southwestern. Since coming on board, he has been involved in a wide range of regulatory and customer service related issues. With his promotion to Division Director, he says he looks forward to the growth opportunities his new role will provide.

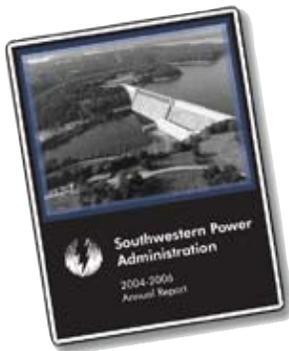
"Continuing Jim McDonald's tradition of going the extra mile for Southwestern's customers will not change," he says. "Given the past and future changes occurring in the utility industry, working closely with our customers and industry stakeholders is paramount to our success." 💧

# SPARKS OF INTEREST

## SPRA MEETINGS

The Southwestern Power Resources Association (SPRA) will be held one day only on July 10, 2007, at Embassy Suites in Tulsa, Oklahoma.

The next quarterly meeting of SPRA will be held at the InterContinental Hotel at the Plaza in Kansas City, Missouri, on September 11-13, 2007. For registration and additional meeting information, contact Barbara DelGrosso, SPRA's Director of Member Services, at 918-622-7800, or [bdg18@sbcglobal.net](mailto:bdg18@sbcglobal.net).



## SOUTHWESTERN 2004-2006 ANNUAL REPORT

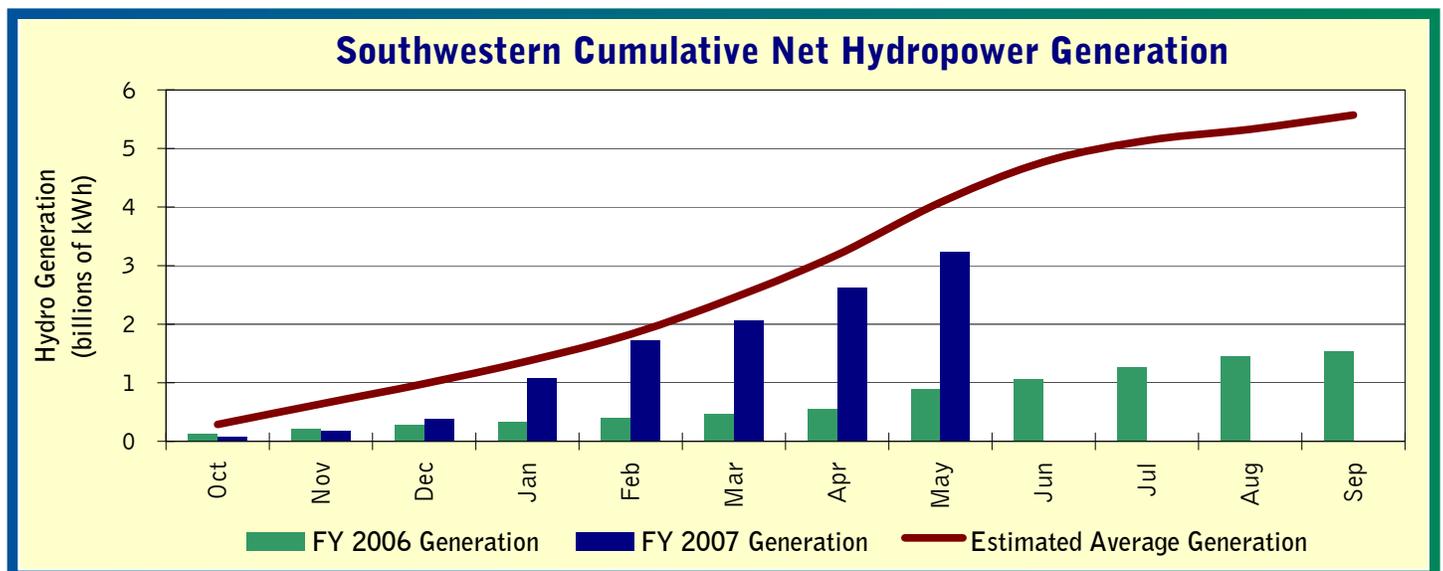
The Fiscal Year 2004-2006 Annual Report of Southwestern is now available for print and electronic distribution. The report includes the agency's stand-alone financial statements as well as summary information, such as system generation data, for the last three completed fiscal years. If you would like to receive a copy of the FY 2004-2006 Annual Report of Southwestern, it is available for download at [www.swpa.gov](http://www.swpa.gov), or you can request an electronic or paper copy by sending an e-mail request to the Public Affairs Office at [pao@swpa.gov](mailto:pao@swpa.gov).

## RETURN OF GENERATION STATISTICS

After a 12-year hiatus, Southwestern announces the return of the "Net Hydropower Generation" chart, which includes cumulative monthly and estimated average monthly generation figures.

As can be seen from the blue bars in the chart below, as of February generation for FY 2007 has surpassed the year-long total for the FY 2006 period (green bars).

Look for this chart to be a recurring feature in future issues of the *Update*. For up-to-date generation scheduling call Southwestern's toll-free generation number at 866-494-1993 or visit online at [www.swpa.gov](http://www.swpa.gov).



## NEW EMPLOYEES

**KALE BAILEY, LINEMAN (TERM)**

**DIVISION OF SPRINGFIELD TRANSMISSION MAINTENANCE**

**JESSICA DANIELS, STUDENT TRAINEE - INFORMATION TECHNOLOGY**

**DIVISION OF INFORMATION TECHNOLOGY**

## RETIREMENTS

**PAULA CHENEY, CONTRACT SPECIALIST**

**DIVISION OF ACQUISITION AND FACILITIES SERVICES**

**MIKE EDWARDS, ELECTRONICS TECHNICIAN**

**DIVISION OF SCHEDULING AND OPERATIONS**

**DONNA HAUSE, ADMINISTRATIVE OFFICER**

**DIVISION OF SPRINGFIELD TRANSMISSION MAINTENANCE**

## WEB SITE, CONTINUED FROM PAGE 3

Administrator Deihl is proud of his staff and the final product rolled out to the public. "Southwestern's efforts on the online front are very important for letting people know about who we are and the vital role we have in our Nation's energy security," he says. "Our new Web site electronically represents Southwestern around the world, and I think it does so very well!" 💧

**E-MAIL [PAO@SWPA.GOV](mailto:PAO@SWPA.GOV) TO RECEIVE THE **UPDATE** ELECTRONICALLY.**

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