

UPDATE

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



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Laura Holman
Beth Nielsen
Donna Short
Dolly Vaughn
Aleta Wallace
Bruce Webb
Rutha Williams
Jan Woolverton

Southwestern Expands E-Government Options

In keeping with the President's Expanding Electronic Government (E-Government) Initiative, Southwestern not only accepts electronic fund transfer payments, but has just implemented a new process to electronically send invoices to customers through the Internet.

Southwestern is also examining an online payment service that would provide another easy payment option to its customers by mid-2005.

An E-Government approach fits well with Southwestern's

commitment to making customer transactions easier, more efficient, and more secure. According to Darrell Gilliam, Public Utilities Specialist in the Division of Customer Service, Southwestern has an obligation to the government and to Southwestern's customers to ensure that its billing terms and processes properly merge government regulations and industry standards – and those standards now include electronic payment options such as online services and account management.

"We have to operate in a business-like manner," says Gilliam. "We are always looking for improvements in our collection process, so that it's easier on our customers and easier for the government to process those payments."

ACH Electronic Payments

Southwestern began accepting Automated Clearing House (ACH) payments from customers over 10 years ago. ACH (also called Electronic Fund Transfer or Direct Deposit) payments are secure, instantaneous, and fully automated.

"The whole process is the same as going online and paying a utility bill," says Maryann Henry, Accounting Technician in the Division of Financial Management. The customer initiates a payment at the customer's bank, which authorizes a transfer of funds into



Oracle Upgrade Boosts Efficiency



Information is flowing faster at Southwestern since a new Oracle Financials system was put into production in February 2005. The Division of Financial Management rolled out an upgrade of the system that powers many of the organization's financial, budgeting, and procurement activities. The new version, Oracle 11i, utilizes a convenient web-based interface, has enhanced reporting capabilities, and boasts vastly improved processing speeds.

STEVE WALL, K.C. THOMAS, AND DONNA SHORT LEARN NEW SYSTEM FEATURES FROM BRUCE WEBB AND DOLLY VAUGHN.

The project has already proven to be an effective component of Southwestern's ongoing technology improvements. Donna Short, Accounting Officer in the Division of Financial Management, indicates that the new system is more reliable and dependable since it is at reduced risk of downtime and data loss, as well as being more efficient in terms of faster response times for information requests.

According to Short, the old system was severely strained by Southwestern's growing workload. "When we have to kick users off their computers to run month-end reports, that's antiquated," says Short. Now, she explains, everything runs much faster, citing some impressive examples: month-end reports that used to require nine hours can now be completed in 35 minutes, and processes that used to run for up to a week can now finish in six hours.

Another reason for the upgrade, according to Short, was to keep up with Oracle's support coverage, which was due to end on the older versions of the software. Without upgrading, Southwestern's entire financial system would not have been eligible for service calls, custom fixes, or any other direct assistance from Oracle support.

The hardware requirements of Oracle 11i required that Southwestern purchase a new server. According to Bruce Webb, Systems Analyst in the Division of Information Technology (IT), the new server has more than nine times the processing power of the old one, and over 15 times the memory, which primarily accounts for the speed boost that users have experienced.

The IT Division was heavily involved with the upgrade, performing activities such as converting reports, testing patches, and writing new procedures. Short says she greatly appreciates Southwestern's IT staff and the Wyandotte NetTel IT contractors, as well as the Financial Management staff who put in "many, many" hours to see the project through to completion. She adds that she also has high praise for the users, who have learned the new system quickly.

As the new system continues to be tweaked, it is in fact the users who are essential to this final part of the process. "We're still tuning, of course," says Dolly Vaughn, Systems Analyst with Wyandotte. "But it's really the users who are finding any unresolved problems." 💧

FY 2006 Budget Calls for Use of PMA Receipts

The President submitted his FY 2006 budget to Congress on Monday, February 7, 2005. Included in the budget request was authority for Southwestern Power Administration (Southwestern), Southeastern Power Administration, and Western Area Power Administration to fund a portion of their budget request through net zero appropriations. Also included in the budget was the proposal to fund the U.S. Army Corps of Engineers (Corps) hydropower Operations and Maintenance (O&M) expenses through receipts derived from the sale of Federal power and related services.

“In a nutshell,” says Jim Sherwood, Director of Southwestern’s Division of Rates and Repayment, “the new budget authority has the potential of making Southwestern operations more efficient and reliable, while creating a link between the receipts Southwestern deposits in the Treasury (approximately \$110 million per year) and the funds used for operating Southwestern’s program and the hydropower program of the Corps. Today, Southwestern’s appropriations are generally not tied to its revenues, so we get little recognition of the revenue collected for the receipts we currently deposit. The new proposal would give us more credit in the budget funding process.”

Another positive element included in the FY 2006 budget was the proposal for Federal power receipts in the amount of \$1.2 million to be used for Purchased Power and Wheeling (PPW) activities, which would fund a portion of the expenses for the purchase and delivery of energy and power to meet contractual obligations in the event of a shortage of Federal hydropower, and would also partially compensate for transmission line losses from the delivery of power on the Federal system.

On March 15, 2005, Administrator Mike Deihl testified before the Subcommittee on Water and Power regarding Southwestern’s portion of the President’s budget. 💧



Bodman Becomes New DOE Secretary

Dr. Samuel Bodman, a former Deputy Commerce Secretary and Deputy Treasury Secretary during President George W. Bush’s first term, was sworn in as the 11th Secretary of the Department of Energy on February 1, 2005, replacing outgoing Secretary Spencer Abraham, who resigned on November 15, 2004.

“In academics, in business, and in government, Sam Bodman has shown himself to be a problem solver who knows how to set goals, and he knows how to reach them,” said President Bush in announcing the nomination. “He will bring to the Department of Energy a great talent for management and the precise thinking of an engineer.”

Bodman indicated during his confirmation hearing that he would be an administrator and not a policy maker, focused on helping to implement the White House’s positions on various energy issues, including the Yucca Mountain radioactive waste repository, drilling in the Arctic National Wildlife Refuge, and incentives for energy exploration and production, as well as seeking comprehensive energy legislation. On the issue of hydropower, Bodman stated that he does not support the sale or privatization of the Bonneville Power Administration (BPA).

“I am personally opposed to the privatization of Bonneville, and to the best of my knowledge, that’s also the position of this administration,” stated Bodman. BPA, based in Portland, Oregon, supplies nearly half of the electricity in the Northwest, most of it from a system of federal dams along the Columbia and Snake rivers.

Speaking at the Western Governors Association Breakfast on March 1, 2005, the new DOE Secretary affirmed his intention to be an “aggressive advocate” of comprehensive energy legislation.

“Energy legislation, in my view, is among the most important matters to come before this Congress,” Bodman said. “This legislation includes a number of provisions of importance... including mandatory reliability rules for the electric grid.”

During his public career Bodman has had limited experience in energy matters, but his academic and business experience provide a good background for heading up a department that oversees a wide range of research, said members of the Senate Energy and Natural Resources Committee, which unanimously approved his nomination.

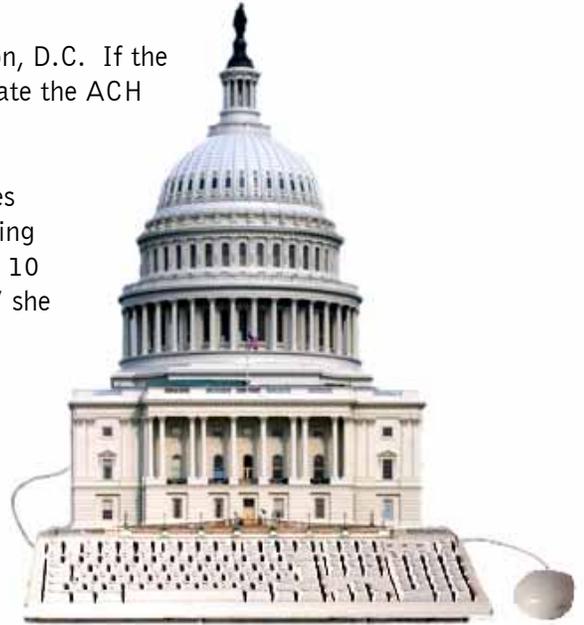
In addition to his Commerce and Treasury experience, Bodman has a background in chemical engineering, including a professorship at the Massachusetts Institute of Technology. He is also a former president of Fidelity Investments and a former chairman and chief executive officer of Cabot Corporation, a global chemicals and specialty materials company. 💧

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Southwestern's depository account at the Federal Reserve in Washington, D.C. If the bank allows account access over the Internet, the customer could generate the ACH payment from an office computer.

Henry notes that ACH eliminates the delays, potential mistakes, and fees associated with the older Fedwire system, which was comparable to wiring money via Western Union. "I have been involved with this program for 10 to 12 years and have never once had a problem with an ACH payment," she says.

ACH also provides greater monetary control. Under Southwestern's current billing and collection terms, customers who pay electronically get an extra three business days added to their due date, which reflects current regulations from the U.S. Department of the Treasury and mirrors the same kind of three-day "bank float" benefit sometimes received by customers who send checks through the mail. Funds can be kept in the customer's own bank account for the extra three days when the payment is being made electronically.



E-Mail Invoices

Adding to the electronic benefits of ACH, Southwestern is now incorporating another technology into its collection process by sending invoices via electronic mail (e-mail), which began in December 2004. An invoice is e-mailed on a specific date and can be printed directly on a customer's printer, producing a clean copy that is far more legible than a fax transmission. Additionally, the customer has an electronic version of the invoice that can be stored on a local computer or in a database, something that cannot be done with a fax.



The invoice is attached to an e-mail message as a Portable Document Format (PDF) file, which can be opened on a computer using free Adobe Reader software that is downloadable from the Internet.

Jan Woolverton, Public Utilities Specialist in the Division of Scheduling and Operations, pushed for the switch to e-mail as a more reliable alternative to faxing and postal delivery. After two months, Woolverton reports that monthly hardcopy mailings for invoices have been reduced by around 80%.

Although some of Southwestern's customers had never even used e-mail before – "There were a few first-timers who had to set up their first e-mail accounts," she says – the change has been very well-received.

Online Payments

In addition to ACH and e-mail invoices, Southwestern is considering an online payment system utilizing Pay.Gov, a government-wide transaction portal sponsored by the Financial Management Service of the Treasury Department. The Pay.Gov service would allow Southwestern's customers to securely log onto an Internet web site where they can make payments directly from their bank accounts.

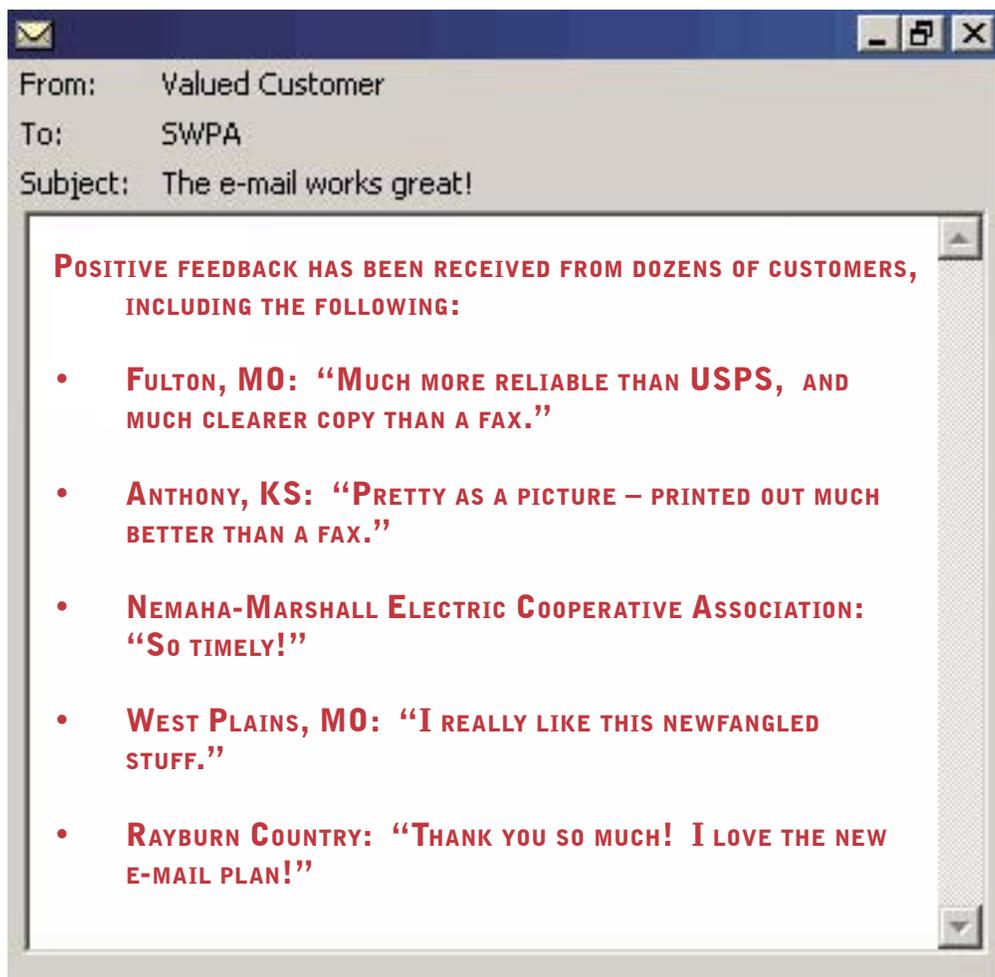
Online payment services are already established for transactions between Federal agencies through the Interagency Payment and Collection (IPAC) system, which is also managed by the Treasury Department. Agencies can access IPAC and make payments through Treasury's web site. The Pay.Gov system would provide the same kind of

functionality for the publicly held utilities and cooperatives that make up most of Southwestern's customer base.

Southwestern's evaluation of Pay.Gov is in accordance with the E-Government Act of 2002, which encourages agencies to use Internet-based information technology (IT) to enhance access to government information and services. Darrell Gilliam indicates that while an arrangement with Pay.Gov would result in no cost to Southwestern or its customers, the final decision to move forward will be determined by customers' interest in the new service.

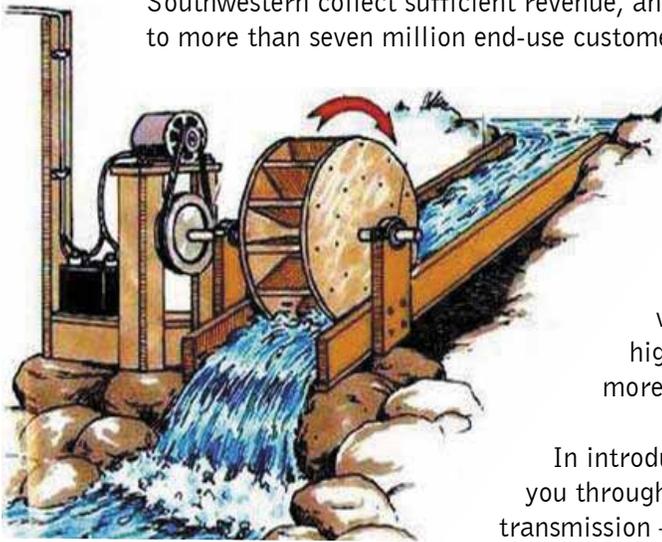
Security for online payment systems is a top priority. The Pay.Gov site resides in a highly secure environment provided by Federal Reserve Information Technology, the centralized IT organization of the Federal Reserve banking system. Pay.Gov utilizes dedicated lines, virtual private networks, or 128-bit hardware-based Secure Sockets Layer encryption to protect account information.

For more information about the Pay.Gov initiative, visit the Pay.Gov web site at <https://www.pay.gov/paygov>, or contact Public Utilities Specialist Darrell Gilliam at 918-595-6692, e-mail darrell.gilliam@swpa.gov. 💧



Employees Learn What Makes Southwestern Tick

How is water converted to energy? How is energy scheduled, transmitted, and delivered? How does Southwestern collect sufficient revenue, and how do we keep the generators going and the energy flowing to more than seven million end-use customers? Employees from all of Southwestern's departments are learning the answers to these kinds of questions, getting a "big picture" education by attending weekly classes taught by Southwestern Administrator Mike Deihl.



Deihl, who has dubbed his class, "Mike's School of 'What Makes Southwestern Tick,'" says several factors contributed to the making of the class. "Last year, we showed some videos produced by the History Channel about blackouts and high voltage lines and got really good feedback and requests for more. Well, you asked for it, you got it."

In introducing the class, Deihl laid out his intent: "The class will take you through the basic principles of hydropower generation, marketing, and transmission – the technical aspects as well as the conceptual idea of our business."

The first session, entitled "Water, Dams, and Storage," was held in late January, and provided an overview of how water in a hydropower project is stored and accounted for, and how dams are constructed. Since then, students have learned about the role of the U.S. Army Corps of Engineers, operations of hydropower plants and turbines, and concepts of electro-magnetism.

At least seven more sessions are in the works for upcoming months, covering everything from utility communications, to transmission line systems, to the rates Southwestern charges for Federal power and transmission services. Class sessions are scheduled weekly at the Tulsa office, and run approximately an hour each. Deihl says the overall length of the class itself will depend on how much is accomplished in each session. "How long the class runs is directly dependent on how much discussion and participation we have," he says, "and discussion and participation are definitely encouraged."

Approximately 40 employees and contractors are enrolled, and dialogue is generally lively. "The first session surprised me," says Deihl. "Usually, people are pretty quiet, just checking out what's going on, but we had some folks speak up and ask some really good questions."

To accommodate Southwestern's Gore, Jonesboro, and Springfield employees, class sessions are being videotaped and will be made available on Southwestern's intranet after the conclusion of the class. 💧



A ROOMFUL OF SOUTHWESTERN EMPLOYEES ASSEMBLE FOR SESSION 5 OF MIKE DEIHL'S "WHAT MAKES SOUTHWESTERN TICK" TRAINING.

SPARKS OF INTEREST

APRIL 12-14, 2005 – SOUTHWESTERN POWER RESOURCES ASSOCIATION'S (SPRA) 48TH ANNUAL MEETING will be held at the Embassy Suites Hotel in Tulsa, Oklahoma. Worth Hager, President of the National Waterways Conference, Inc., is scheduled as the guest speaker. For registration and meeting information, contact Barbara DelGrosso at 918-622-7800, or e-mail bdg18@sbcglobal.net.

JUNE 7-8, 2005 – THE REGIONAL HYDROPOWER COUNCIL will meet just before the Southwestern Federal Hydropower Conference, in Little Rock, Arkansas. The meeting brings together Division and District representatives from the U.S. Army Corps of Engineers (Corps), Southwestern staff, and SPRA members – particularly the SPRA Rates Subcommittee – to review and prioritize FY 2006 non-routine work items to be funded through the Jonesboro Memorandum of Agreement. Location: Doubletree Hotel; 424 West Markham, Little Rock, Arkansas 72201. Call 501-372-4371 or 800-222-TREE for reservations. Reservations must be received by May 6th, 2005. For further information, contact Marshall Boyken at 918-595-6646, or e-mail marshall.boyken@swpa.gov.

JUNE 8-9, 2005 – THE SOUTHWESTERN FEDERAL HYDROPOWER CONFERENCE will be held in Little Rock, Arkansas. The conference features representatives from Corps Headquarters, Divisions, and Districts, as well as the Corps' Hydropower Design Center, Southwestern staff, and SPRA members, for the purpose of communicating actions, concerns, and needs related to the Corps' hydropower business line in Southwestern's region. Location: Doubletree Hotel; 424 West Markham, Little Rock, Arkansas 72201. Call 501-372-4371 or 800-222-TREE for reservations. Reservations must be received by May 6th, 2005. For further information, contact Marshall Boyken at 918-595-6646, or e-mail marshall.boyken@swpa.gov.

AUGUST 9-10, 2005 – THE STRATEGIC HYDROPOWER WORKSHOP #2 will be hosted by the Corps' Tulsa District in Tulsa, Oklahoma. Representatives from the office of the Assistant Secretary of the Army for Civil Works, Corps Headquarters, Divisions, and Districts, the Power Marketing Administrations, and all hydropower customers will meet for the purpose of identifying key hydropower program issues and performance metrics in order to develop national strategies for the future of hydropower. The session is a continuation of a prior workshop, held in July 2004 in Denver, Colorado. Location will be announced. For further information, contact Marshall Boyken at 918-595-6646, or e-mail marshall.boyken@swpa.gov.

Corps Colonels Call On Deihl

Southwestern Administrator Mike Deihl met with Colonel Miroslav Kurka, Commander of the Corps' Tulsa District, and Colonel Wally Walters, Commander of the Corps' Little Rock District, on March 1, 2005, at Southwestern Headquarters in Tulsa to discuss several items of mutual interest to Southwestern and the Corps.

Both Colonel Kurka and Colonel Walters assumed command in the summer of 2004, and this was the first exclusive meeting between the parties. Among the topics discussed were reallocation of water storage in Corps reservoirs from which Southwestern markets power, direct funding of Corps Operations and

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ADMINISTRATOR MIKE DEIHL MEETS WITH CORPS COLONELS MIROSLAV KURKA (L) AND WALLY WALTERS ON MARCH 1, 2005.

NEW EMPLOYEES

ROBERT VAN BRUNT

ELECTRICIAN

DIVISION OF JONESBORO/GORE

TRANSMISSION MAINTENANCE

GORE, OKLAHOMA

PAT STARNES

EQUIPMENT OPERATOR

DIVISION OF JONESBORO/GORE

TRANSMISSION MAINTENANCE

GORE, OKLAHOMA

RYAN HOOG

ELECTRICIAN MECHANIC

DIVISION OF JONESBORO/GORE

TRANSMISSION MAINTENANCE

JONESBORO, ARKANSAS

DAWN RODRIGUEZ

INFORMATION TECHNOLOGY

SPECIALIST (CYBER SECURITY)

DIVISION OF INFORMATION

TECHNOLOGY

TULSA OKLAHOMA

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Maintenance (O&M) costs, funding for the major rehabilitation of the Webbers Falls and Ozark projects, and supervisory control of Corps switchyard line breakers.

Deihl reports that the meeting went well and that he looks forward to working with the new district commanders to achieve mutually beneficial results for regional hydropower. 💧

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