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# **2008 ANNUAL REPORT**

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**East Mississippi Electric Power Association**

*Commemorating 70 Years of Service*



## Foreward

For more than 70 years, East Mississippi Electric Power Association has provided an essential ingredient to a quality life - reliable, affordable electric energy. The employees, management and directors believe electricity is more than just a product. It is the foundation for comfortable, modern living.

Throughout our history, EMEPA and other electric cooperatives have overcome many challenges. In each instance, the electric cooperatives faced those challenges with persistence and strength. Tomorrow will bring change for the electric utility industry; and EMEPA is committed to providing reliable, affordable and safe electric energy to the residents of East Mississippi. EMEPA will continue to provide quality of life through integrity, accountability, commitment to community and innovation.



Your Touchstone Energy® Cooperative   
The power of human connections®





## Mission Statement

Our mission is to enhance our members' quality of life by providing responsive and reliable electric service at the lowest reasonable price. We will do so in an ethical and financially responsible manner.

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# Company Profile

EMEPA is celebrating its 70th year of service to its members. Those years represent significant changes to the quality of life for the residents of East Mississippi. EMEPA was started by rural farmers who wanted to improve the efficiency of their work on the farm and ease their lifestyle. By working together, they formed an electric cooperative and built an electrical system that continues to provide quality of life.

EMEPA distributes electric energy to 36,187 homes and businesses and is headquartered in Meridian, Mississippi. It serves members in Winston, Kemper, Lauderdale and Clarke counties as well as portions of neighboring counties. EMEPA employs 160 professional individuals who are residents of local communities and truly care about EMEPA and its members.

EMEPA is a member-owned electric cooperative. Those receiving service from the cooperative are also its owners and elect a Board of Directors to represent them.

EMEPA serves its members' electric energy needs through power purchased from Tennessee Valley Authority, Southern Company and Southeastern Power Administration. EMEPA's power supply is a diversified fuel mix of nuclear, coal, hydroelectric and natural gas generation. This fuel mix helps EMEPA provide reliable and affordable electric energy to its members.

## Celebrating 70 Years of Growth

On August 6, 1938, East Mississippi Electric Power Association held its first official meeting in Meridian. A Board of Directors was formed at that meeting. The newly formed board filed a certificate of incorporation with the state of Mississippi for EMEPA on August 10. Soon after, the board hired its first employee Reid Brown who was selected as project coordinator.

On November 18, 1938, Clarke County EPA and EMEPA consolidated into one electric power association. In January 1939, the board rented space at 2109 Ninth Street in Meridian, giving EMEPA its first official location for business. The rent was \$40 per month. The board also hired two additional employees – a bookkeeper and a stenographer.

On January 28, 1939, EMEPA consolidated with Winston County EPA, once again increasing the size and service responsibility of the Association. In October 1939, EMEPA expanded again to include service areas in and around the towns of DeKalb and Scooba.

With the continued growth of EMEPA, the office moved to the corner of 23rd Avenue and Front Street, and rent increased to \$75 per month.

The first manager of EMEPA was Henry W. Foote. Reid Brown replaced Foote in 1945. He served as manager for about a year. John Langan was appointed as the new

manager in October 1946. In the same year, the Board of Directors purchased a permanent office building for EMEPA at 30th Avenue and Fifth Street for \$40,000.

From the mid-1930s to the early 1950s, EMEPA grew steadily. By the 1950s, the Association served the electric energy needs of approximately 10,000 members, providing a host of conveniences, labor saving devices, electrical appliances, electrically operated farming equipment, pressure water systems, as well as many other electric items long hoped for but previously unavailable in rural areas.

In 1956, the employees in Louisville moved to a new, modern building. Later in the 1950s, a larger building for Quitman was purchased, and both Meridian and DeKalb offices were remodeled and updated.

It was during this period of expansion, remodeling and rehabilitation that the East Mississippi Electric Power Association energized the transmission lines to the substation serving the Meridian Naval Auxiliary Air Station. This was the largest load served by the Association and marked the beginning of service to large electrical industrial developments in various sections of the EMEPA service area.

By the 1960s, EMEPA served approximately 12,000 members and the need for electric energy continued to increase with the introduction of new appliances for home comfort. In 1964, Langan was fatally injured in an automobile accident, and Emmett Murray was named general manager. Murray served as general manager until his retirement in 1993.

In 1968, EMEPA moved to its present headquarters' location on Highway 39 in Meridian. An open house was held for the general public on April 21, 1968, and an estimated 6,000 people attended.

Throughout the 1960s and 70s, the Association experienced growth in meters and in kilowatts hours sales. The Association continued to expand in order to meet growth, improve its facilities and provide reliable service.

When Bert Guy was named general manager in 1994, EMEPA served 28,921 meters – twice the number served in the 1960s. Guy retired in 2005, and long-time employee Wayne Henson was named general manager. Henson began working at EMEPA in 1974 as a distribution engineer and was the director of engineering prior to becoming the general manager.

EMEPA provides the electrical needs of more than 36,000 homes and businesses in East Mississippi and continues to be a vital part of the communities it serves.





## Board of Directors



**LINDSEY KEENE**  
*President*  
5 years of service  
– Lauderdale –



**GLORIA WELCH**  
*Secretary*  
12 years of service  
– North System –  
(Kemper/Winston)



**UDELL WARD**  
*Vice President*  
26 years of service  
– Winston –



**CHESTER WILLIS**  
*Treasurer*  
25 years of service  
– South System –  
(Lauderdale/Clarke)



**BILLY CLAY**  
28 years of service  
– Kemper –



**DAVID SORRELS**  
13 years of service  
– Kemper –



**JERRY WEBB**  
17 years of service  
– Winston –



**BILLY WILLIAMS**  
26 years of service  
– Clarke –



**LARRY PACE**  
16 years of service  
– Lauderdale –



**CHES BREWER**  
7 years of service  
– Clarke –

## Executive Letter

**ONE THING CONSTANT IN LIFE IS CHANGE.** The electric power industry is undergoing many changes, and EMEPA is working to adapt and grow with these changes.

A team of employees recommended, and the board approved, to change our accounting and billing system to SEDC, the leading provider of utility software in the United States. This is a major change and will affect every aspect of our business, but the Board of Directors and the management team agree that this state-of-the-art software will meet the needs of our members more effectively for many years to come.

Our employees and board members continually look for ways to improve service to you. Central dispatch, an upgrade to a Voice over IP phone system and virtual offices in our service trucks are a few additional ways that we are utilizing technology to provide quick and efficient service to our members.

Robert Frost said, "Most of the change we think we see in life is due to truths being in and out of favor." This statement is relevant to the current state of the electric energy industry. In the 1930s, the prevailing truth was - electricity is a wonderful invention, and it will revolutionize farms and rural areas. Electricity certainly changed society by improving quality of life through advanced healthcare, improvements in residential living and modernization of industrial processes.

Now, that truth is being challenged through the climate change debate. The facts about man-made climate change are inconclusive. Certainly, we believe the environment should be protected, but there should be balance in legislation between protecting the environment and providing reliable electric energy.

In recent months we have included articles in *Today in Mississippi* about climate change and pending legislation. So far, legislation that has been introduced would be very costly to consumers, would limit the construction of new generators, and would not be effective in reducing greenhouse emissions. The dependability of electricity could be jeopardized because the demand for electric energy continues to rise, requiring additional generation. EMEPA will continue to make you aware of pending legislation and will continue to work with and inform our Congressional leaders.

Our industry is changing, and EMEPA is evolving to meet those changes. However, our commitment to you has not changed. We truly do care about the quality of life in East Mississippi and will continue to provide reliable electric energy and quality service to you – our members.

H. Wayne Henson  
**General Manager**

Lindsey Keene  
**President, EMEPA Board of Directors**

## Integrity

### A LONG STANDING COMMITMENT TO YOU

Rising electric costs in the 1970s, the attempt to deregulate the electric power industry in the 1990s and Hurricane Katrina in 2005 are a few of the challenges that electric cooperatives like East Mississippi Electric Power Association have faced in the past. Through these challenges, EMEPA communicated with its members and offered services to help its members.

For many years now, EMEPA has offered a rebate program for efficient water heaters and heating and cooling systems. Over time, EMEPA has paid \$1.2 million in rebates, encouraging its members to use energy efficient equipment. EMEPA provides energy audits to help members find ways to save electricity and lower their costs.

A member-owned electric cooperative, such as EMEPA, is a unique business model because it encourages members to use electric energy wisely and manage its costs while maintaining comfort and safety.

A well-maintained system is critical to providing excellent service. Our right-of-way crews cycle throughout the system, clearing trees and brush to maintain the integrity of the lines. Right-of-way crews removed approximately

3,000 dead trees this year, as trees damaged by Hurricane Katrina continue to die.

The line crews constantly work to upgrade and repair lines before outages occur. Repair and maintenance on more than 5,700 miles of line are time consuming tasks, but EMEPA is committed to providing reliable electric service for its members.

Energy costs are rising due to the higher costs for fuel for electric energy generation. Coal and natural gas prices have increased significantly in the past year. Legislation relating to climate change may raise energy costs as well.

During the past year, EMEPA included information on climate change and electric energy generation in each edition of *Today in Mississippi*, so members are informed of these issues. This information is intended to keep members informed of pending legislation and its possible effects on electric energy costs and reliable generation.

Rising energy costs and climate change legislation are concerns; however, EMEPA is committed to communicating these issues and will provide a voice for its cooperative members.



## Accountability

### A RESPONSIBILITY TO PROVIDE VALUE

As a member-owned electric cooperative, EMEPA exists to meet the needs of those we serve, so it is EMEPA's responsibility to make business decisions that provide value to its members.

In December 2007, the Board of Directors chose to affiliate with Touchstone Energy. Touchstone Energy is a national network of 660 electric cooperatives that offer resources and programs for electric cooperatives' members. Joining the Touchstone Energy network was officially announced in May 2008 and with it came benefits, such as online and educational resources, Co-op Connections Card and advertising and promotional materials. Touchstone Energy cooperatives serve more than 20 million consumers in the U.S.

Safety is critical in the electric power industry. EMEPA is concerned with the safety of both its members and employees. The association holds monthly safety meetings and quarterly health screenings for its employees. Their health and well being is vital to the organizations' success.

For the members, EMEPA promotes safety through advertising, the media and through events such as Severe

Weather Safety Days. Severe Weather Safety Days are held each June to remind members and the general public to prepare for hurricane season. Members are also made aware of energy savings tips and projects as well as EMEPA's power restoration process.

Member service representatives (MSR) are always available to the membership. MSRs answer members' questions, help members lower their energy costs and take maintenance and repair requests. The MSRs at the EMEPA's four offices are ready and available to assist members.

EMEPA also encourages its employees to vote. Each Fall, EMEPA holds employee meetings to remind individuals to vote and to participate in the political system.

EMEPA is committed to being accountable in its business practices by holding an annual meeting, making its financial statements public and having managers and directors accessible to the cooperative's membership.





## Commitment to Community

A PRINCIPLE TO UPHOLD



# Your Touchstone Energy<sup>®</sup> Cooperative

*The power of human connections<sup>®</sup>*

One of the core cooperative principles is commitment to community. EMEPA works hard to uphold this principle.

In July, EMEPA mailed all of its members a Co-op Connections Card, offering discounts at local and national retailers. This is an opportunity for EMEPA to partner with and promote local businesses. The most beneficial part of the card is the prescription medication discounts. This benefit is available to cooperative members who do not have prescription drug insurance coverage.

In the first month, EMEPA members saved more than \$4,000 on prescription medication. Members also saved more than \$4,200 on school uniforms from a local retailer. The Co-op Connections program continues to grow with the addition of new businesses both locally and nationally. The card is offered through the Touchstone Energy network.



**“Give a little to those who give so much,”** is the slogan for the Volunteer Fire Department (VFD) support program. EMEPA gives its members an opportunity to donate to their local volunteer fire department through their electric bill. The funds are collected by EMEPA and are given to the VFDs on a quarterly basis. During the 2007-08 fiscal year, EMEPA disbursed more than \$60,000 to the VFDs throughout its service area. All of the money donated goes directly to the VFDs. EMEPA sponsored dinners for the volunteer firemen and their families as a way to thank them for their hard work and dedication to their local communities.

The Board of Directors honored 12 employees with a resolution for their hard work in raising funds for the American Cancer Society’s Relay for Life. EMEPA’s Relay team raised \$3,918.09 and earned the second place award in the non-corporate division. The employees sold barbeque plates, funnel cakes and t-shirts, held a rummage sale and sold tribute cards to raise the funds.







EMEPA participated in the annual National Rural Electric Youth Tour program. Lauren Rogers from Clarkdale and Kristen Griffith from Enterprise went to Washington D.C. through the youth tour program. The trip, scheduled for June each year, provides an opportunity for students to visit Washington, experience its history and meet their Congressional representatives. Lauren and Kristen met both Senators Thad Cochran and Roger Wicker and Representative Chip Pickering.



Thirteen students participated in Cooperative University, a one day program to educate students on electric cooperatives. This is a unique program for eleventh grade students, sponsored by EMEPA, to explain the cooperative business model and the basics of electricity generation.

The students also attended the Youth Leadership Workshop in Jackson, a three day workshop designed to build leadership

skills and teach students about the legislative process. At the workshop, the students enjoy breakfast with their legislators, tour the state capitol and hear presentations from motivational speakers.

EMEPA also offers safety programs at area schools for elementary children, presents energy efficiency information at civic or community club meetings and supports local schools whenever the need arises.







## Innovation

### USING TECHNOLOGY TO IMPROVE MEMBER SERVICE

Improving service to our members is an on-going effort, so managers are constantly evaluating your experience at EMEPA. As technology advances, EMEPA's management team looks for ways to utilize technology and enhance services.

After Hurricane Katrina, clean up required each electrical pole to be inspected for ground level damage as well as other damage that might have been missed during initial repair efforts. This inspection process included the collection of the high accuracy location of each pole using the latest Global Positioning System (GPS) equipment. The process took more than a year, but the result was a healthy electrical system as well as an accurate, detailed mapping system. The GPS mapping system pinpoints poles within about three feet of their actual location. Staking technicians are now using high accuracy locating equipment to ensure the mapping system continues its high level of accuracy.

In addition, EMEPA is beginning to implement a new Geographic Information System (GIS) called ArcFM, which utilizes an industry standard platform for storing and maintaining system information geographically. This improved accuracy and standards based platform will be very beneficial for future repair and maintenance purposes especially during storms.

EMEPA also added a new phone system, using Voice over Internet Protocol (VoIP) technology. This system gives members who call the branch offices more selection, such as access to automated customer service and payment options and automated outage reporting. This new feature also allows the member service representatives at all of the offices to assist in answering phone calls during a major power outage.

More innovative business practices will be adopted in the coming year. The most significant change will be new accounting and billing software through SEDC. Upgrades to the emepa.com website, a central dispatch system and mobile offices in the service trucks are planned as well.

These new innovative technologies enhance customer service while increasing efficiency for the employees and providing cost savings to the cooperative. EMEPA management and employees will continue to review new technologies and evaluate them.

# Financial Statement

FOR FISCAL YEAR ENDING JUNE 30, 2008

# Service Area, Affiliations & Offices

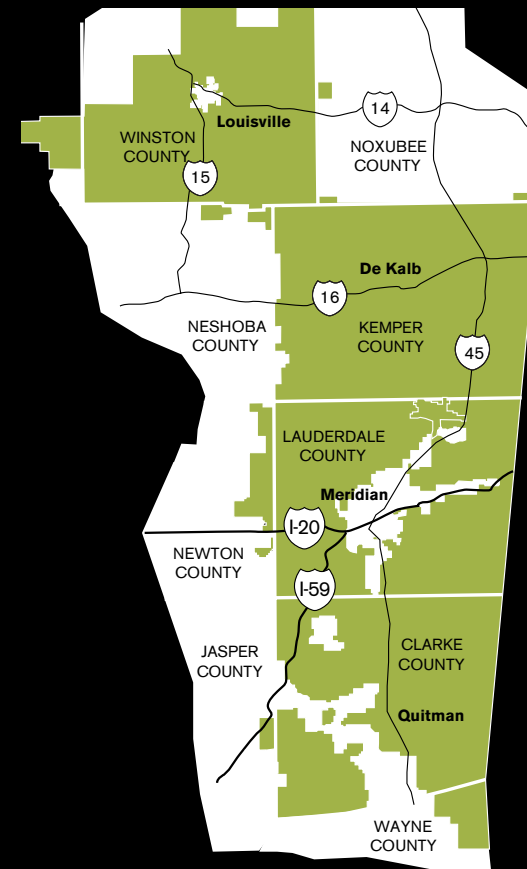
## ASSETS

Electric plant less accumulated depreciation		107,690,445
<i>CFC capital term certificates</i>	1,498,625	
<i>Cash and temporary investments</i>	6,960,154	
<i>Other investments</i>	1,843,514	10,302,293
Accounts receivable		
<i>Customer electric bills</i>	3,360,197	
<i>Misc. accounts receivable</i>	288,338	3,648,535
Stock of materials and supplies		1,216,698
Prepayments and current assets		688,129
Deferred debits		807,208
Other regulatory assets		2,505,661
<b>TOTAL ASSETS</b>		<b>126,858,969</b>

## LIABILITIES AND MARGINS

Long Term debt - RUS		
<i>Total RUS advances plus deferred interest</i>	60,377,112	
<i>Less principal and deferred interest repaid</i>	28,493,144	31,883,968
Long Term debt - CFC		
<i>Total CFC advances plus deferred interest</i>	14,385,820	
<i>Less principal and deferred interest repaid</i>	7,882,475	6,503,345
Post retirement obligation		9,832,641
Accounts payable		4,896,570
Customer deposits		1,106,177
Taxes and interest accrued		143,118
Customer advances for construction		224,332
Current liabilities and deferred credits		549,139
Equities		
<i>Memberships</i>	389,940	
<i>Accumulated other comprehensive income</i>	(1,679,000)	
Margins	73,008,739	71,719,679
<b>TOTAL LIABILITIES AND MARGINS</b>		<b>126,858,969</b>

## SERVICE AREA MAP



## AFFILIATIONS

### Electric Power Associations of Mississippi

The Ridgeland-based statewide service organization for Mississippi's electric power associations.

### National Rural Electric Cooperatives Association

The Arlington, Virginia-based national service organization representing 930 electric cooperatives in the United States.

### Rural Development Utilities Program

The U.S. Department of Agriculture agency that lends money to the nation's consumer-owned electric and telephone cooperatives and offers engineering and accounting assistance.

### Cooperative Finance Corporation

The Herndon, Virginia-based national cooperative that provides funds in the private capital markets to supplement loan funds available from the Rural Utilities Service.

### Tennessee Valley Authority

A unique corporate agency within the federal government created by Congress to provide electric energy to the Tennessee River Valley.

## OFFICES

### MERIDIAN OFFICE

2128 Highway 39 North  
P. O. Box 5517  
Meridian, MS 39302  
601-483-7361

### DEKALB OFFICE

Jackson Street  
P. O. Box 327  
DeKalb, MS 39328  
601-743-2641

### QUITMAN OFFICE

17 Carlson Avenue  
P. O. Box 630  
Quitman, MS 39355  
601-776-6271

### LOUISVILLE OFFICE

Highway 15 South  
P. O. Box 429  
Louisville, MS 39339  
662-773-5741



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