

An Expectation of Reliable Service

As a member, you expect many things from your Cooperative including reliable electric service. Southside Electric Cooperative has always focused on restoring power in the wake of system outages but has not always had the same focused approach at preventing outages. We recognized this limitation several years ago and began developing plans to track our performance, to establish annual goals for improvement and to implement new programs and technology to meet your expectations for reliable service.

We collected data from a number of Cooperatives across Virginia and across the country and began to compare or “benchmark” ourselves against their performance. We quickly realized that we had considerable room for improvement. From there, your Board of Directors set the expectation for consistent, measurable improvement.

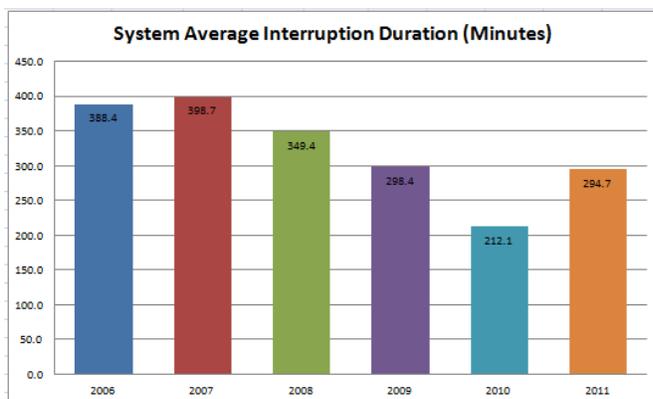


Figure 1: System Average Interruption Duration – The amount of time the average member was without power during the year

Work began on a comprehensive improvement plan in 2008 and continued throughout 2009. During that period of time, the Cooperative’s Operations and Engineering staff detailed our past maintenance practices, reviewed our past outage records, determined key trends in the data and experimented with a variety of system maintenance activities. This work concluded in May, 2010 with the

first draft of the Cooperative’s Reliability Improvement Plan. This plan covers 2010-2015 and identifies specific reliability goals to be achieved each year. This plan

has been developed to build on the successes demonstrated over the past several years as the Cooperative’s overall system reliability has started to trend toward improvement.

So what has been causing our poor performance? This is a simple question with no single answer. Your Cooperative is one of the largest utilities (geographic size) in the state of Virginia serving portions of eighteen counties, six towns and one city. If you were to drive from one end of the system to the other you would travel from the City of Petersburg to the city limits of Roanoke. SEC’s territory covers the rural areas of this expanse with the majority of the towns and cities served by the Investor-Owned utilities such as Dominion and American Electric Power (AEP). The Cooperative operates nearly 8,200 miles of overhead and underground distribution and transmission lines to serve this area. With a system of this size, any weather event that hits the state has the opportunity to impact Southside’s system. While the forces of weather cannot be eliminated, the impact that these weather-related events have on our system can be studied and in some cases minimized.

Upon reviewing our past performance, a number of key areas were identified for possible improvement. Power Supply outages (outages caused by a loss of delivery service from Dominion Virginia Power or American Electric Power) account for 21% of all outage time seen

by the Cooperative's members. Dealing with our Power Suppliers and demanding the same consistent, measurable improvement will be a focus for the Cooperative over the next five years.

Outages not related to power supply issues fall under the control of the Cooperative and demand improvement to existing maintenance procedures and the creation of new programs to address specific outage causes. Summer storms and trees consistently create outages for our members. These items often go hand-in-hand as damaging lightning and wind create issues for our system. While we cannot stop the storms that come each summer, we can focus attention at reducing the number of dead, damaged or diseased trees along our right-of-ways and we can deploy new equipment to reduce the damaging impacts of lightning. Each of these areas will be discussed in detail in future articles.

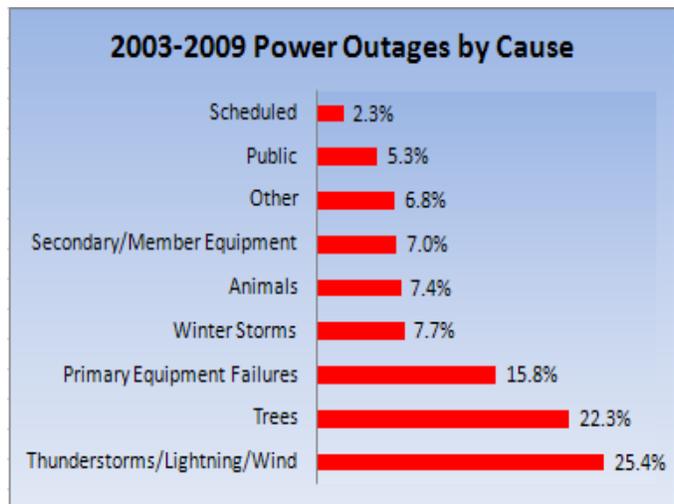


Figure 2: Percentage of the total outages by Cause for 2003-2009 excluding Power Supply outages

Over the next few months, we will expand on several of the key areas mentioned in this article. Look for additional information on our restoration process, right-of-way maintenance, the impact of weather on our system, reliability planning, preventive maintenance and the use of automation and technology. We stand committed to improving our system reliability and meeting your expectations of reliable service.