

PLAIN TALKS

July 1987

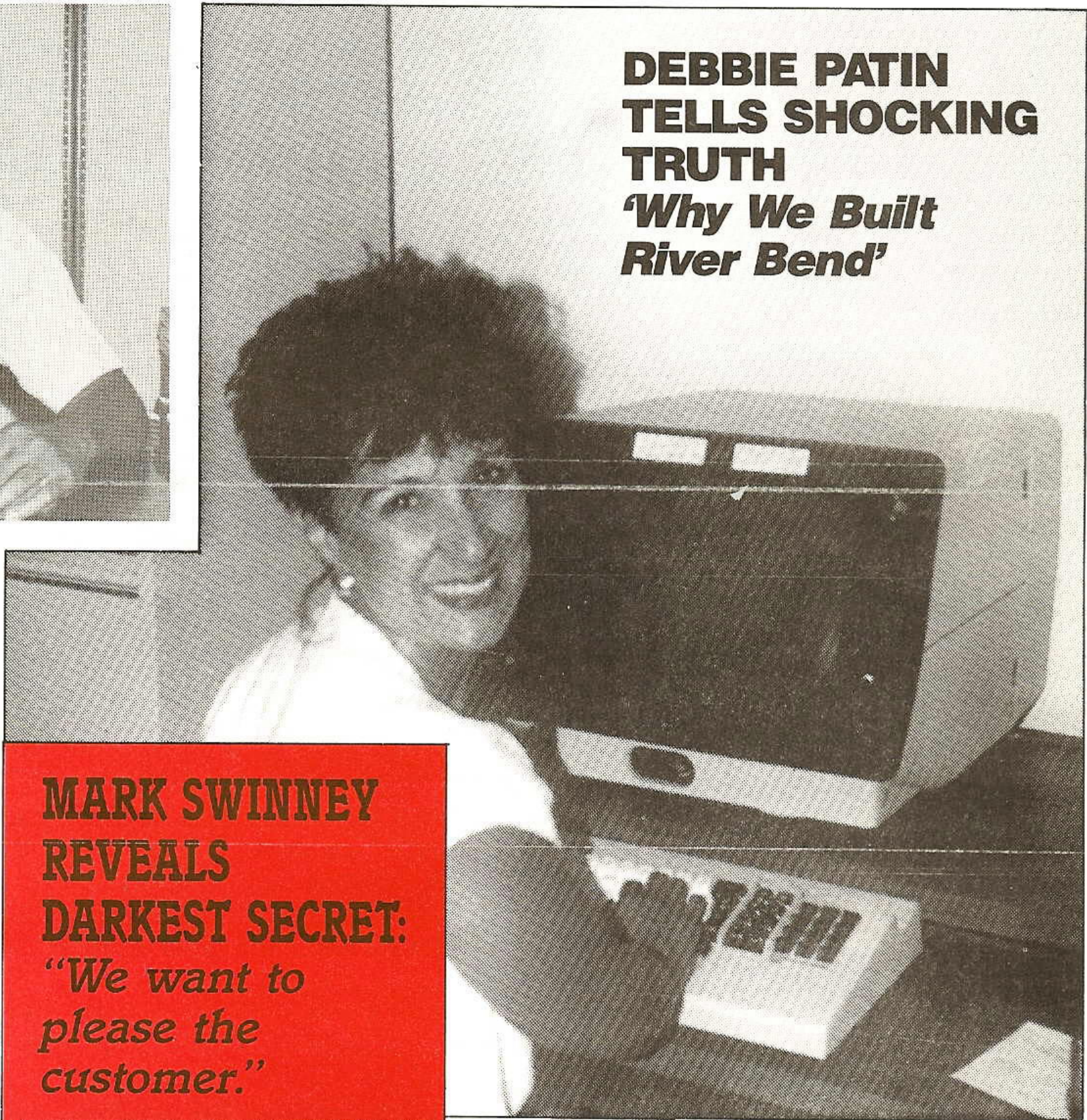
WHO'S BEEN SAYING WHAT ABOUT GSU



**MIKE LINDEN
CONFESSES
"I'm Proud To
Be A GSU
Employee"**

TOMMYE DIE EXPLAINS

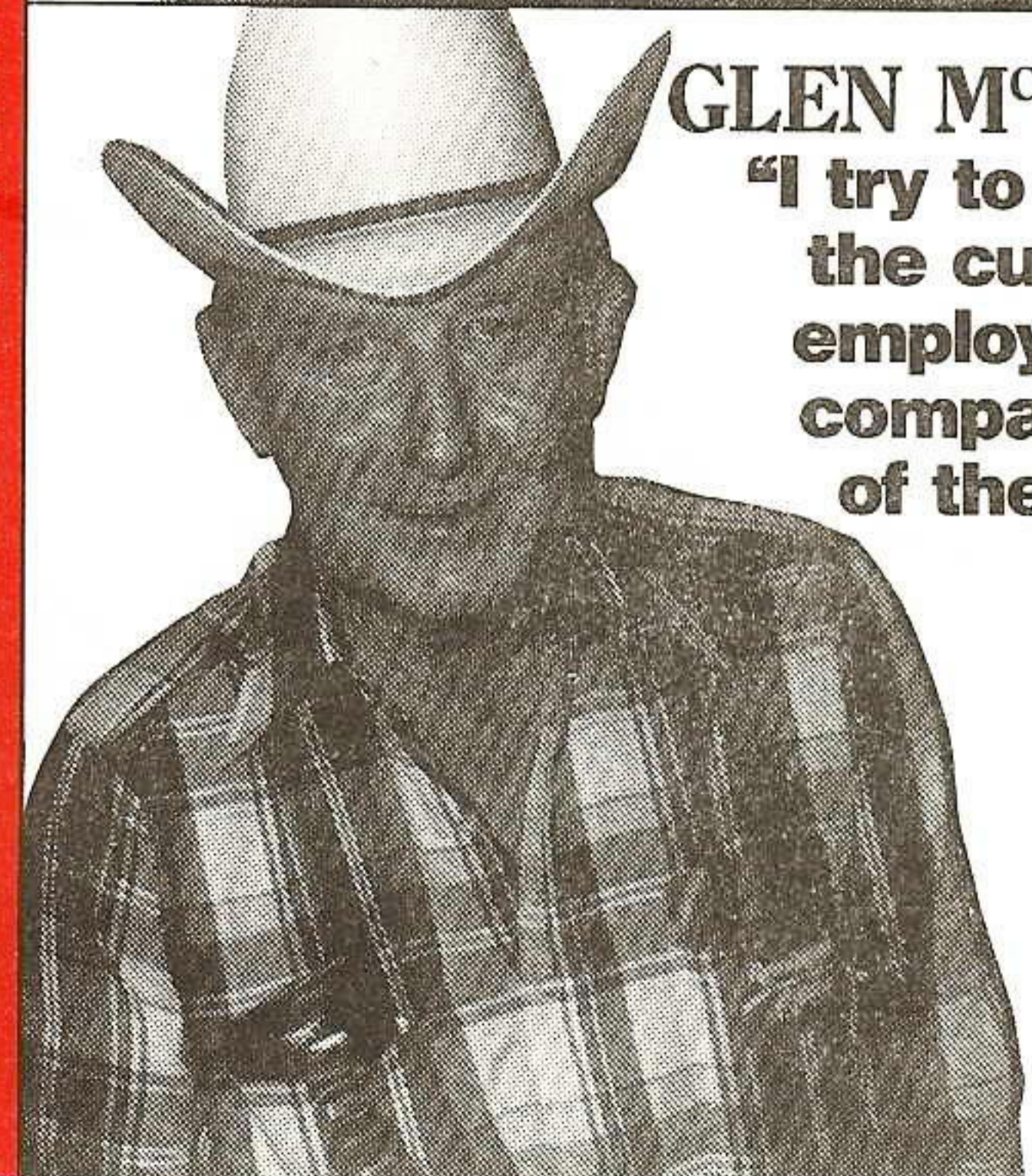
"Even though times are tough, GSU is a good company to work for."



**DEBBIE PATIN
TELLS SHOCKING
TRUTH
'Why We Built
River Bend'**

**MARK SWINNEY
REVEALS
DARKEST SECRET:**

*"We want to
please the
customer."*



**GLEN M'GUIRE
"I try to explain
the customer,
employee and
company side
of the issue."**

CONTENTS

Volume 66

Number 6

Minding our own small business	3
EEDS stimulates jobs	4
Who's been saying what about GSU	5
Cost savings roll off the presses	8
The rust stops here	10
Mailbox	11

THE COVER

GSU customers aren't the only ones asking questions about the company these days. Employees find their friends and families making comments and inquiring about Gulf States' future.

In the story on page 5, *Plain Talks* correspondents asked their co-workers how they respond to such questions. Correspondents contributing to the article include Lisa Didier, Helen Kennedy, Audrey McDonald, Carol Morris, Edith Patterson, Myra Ponthier and Sherry Overbeck.

PLAIN TALKS

July 1987

Published for employees and retirees of Gulf States Utilities Company. No portion of the contents of this magazine may be reproduced without written permission of the publisher. Address all communications to PLAIN TALKS, Gulf States Utilities Company, P.O. Box 2951, Beaumont, Texas 77704, Phone (409) 838-6631.

Executive Editor:
Betty Gavora

Editor:
Michael Rodgers

Correspondents:
Robert Adams
Vickie Albert
Ronnie Bordelon
Barbara Broussard
Ella Brown
Mamie Burrell
Debra Cassel
Myra Castello
Laurie Cobbs
Cheryl Crawford
Lisa Creekbaum
Betty Dickschat
Lisa Didier
Betty Dowell
Andy Dreher
Donna Fancher
Charlotte Gautreau
Rhonda Haskins
Connie Herford
Tina Hunt
Les Jones
Lynda Kapalski
Helen Kennedy
Clint Lilley
Audrey McDonald
Carol Morris
Clint Moss
Gerald Nelson
Sherry Overbeck
Edith Patterson
Carol Payne
Myra Ponthier
Casey Richert
Greg Russell
D. W. Rutherford
Jeral Semien
Sue Simon
Monica Thomas
David Thornhill
Jean Tinsley
Delores West
Robby Zeringue

Employees who change residences or offices should fill out company mailing-address-forms (GSU0012-00-81) and return them to the mailroom in the Edison Plaza. GSU publications, departmental mailings and other company information are not automatically forwarded; addresses must be corrected when employees move.



(L to R) Marketing Agents Roy Landry and Dewitt Hollingsworth at a GSU booth in a small business trade fair held in Beaumont.

Minding our own small business

by Mike Rodgers

When John Tarver thinks of small business, he likes to paraphrase a telephone company TV commercial. "They're all in business to get bigger. No one's in business to get smaller." While Gulf States is actively attempting to attract new business to the service area, Tarver, system economic development agent, emphasizes that the company is also interested in the future of existing small business.

Small businesses in Southeast Texas and Southwest Louisiana have been hit hard by the ripple effects of the declining oil industry. In many instances, the need for their goods and services has dropped sharply. GSU's role is that of middleman, pointing the way to whatever assistance is necessary to help them thrive and prosper. "We're not experts or consultants," explains Tarver, "and we don't directly assist, but we know where the resources are to give them a hand." Small business difficulties, aggravated by the economy, can range from management problems to accounting and keeping good employees on the payroll.

GSU helped conduct surveys in two cities, Beaumont and Zachary, and in Pointe Coupee Parish, to determine the needs of small business. Local chambers

of commerce can use the results to improve communication with the business community and address their wants.

On the division level, the company's efforts are producing results. Greg Shepard, supervisor-marketing and consumer information in Beaumont Division, points to the construction of the Martin Luther King Jr. Parkway. "It's a major project which will eventually displace 25 businesses," he says. "Our Computer Analysis of Buildings and Sites (CABS) program is helping many of those businessmen find new locations in the city. We don't want them to close down or leave the service area. CABS is a big help." GSU is also working with the city's Bid Resource Center to win government contracts for local businesses. A city the size of Beaumont offers a number of places for a businessman to turn for advice. In smaller communities with fewer resources, owners are not always aware of which way to turn.

Western Division personnel are in the process of conducting a survey of the 500 largest general service small business customers. "We especially want to know if any of them have expansion plans," says John Adams, in-

dustrial representative. Identifying businesses capable of expanding is one of the primary goals of the company's small business program. According to Adams, the survey will reveal whether or not a firm needs a product or service not currently available locally. If that is the case, GSU will contact a supplier about moving to the area.

Janis Burbank, area development coordinator in Baton Rouge, says this is a particularly bad time for small businesses. "Often they don't know where to turn for help. They have no long-range plan or marketing strategy. These are frequently the things that make a difference between success or failure." Burbank notes the importance of the surveys to help local chambers of commerce keep in touch with businesses and respond to their needs.

The survival of small business is a significant factor, not only to the local economy but also to GSU. "It is very much to our own good to keep them healthy," says Tarver. Burbank echoes his comments. "We want our communities to do well. If a firm expands, we sell more kilowatt-hours and produce new jobs. Whatever helps small business helps GSU."

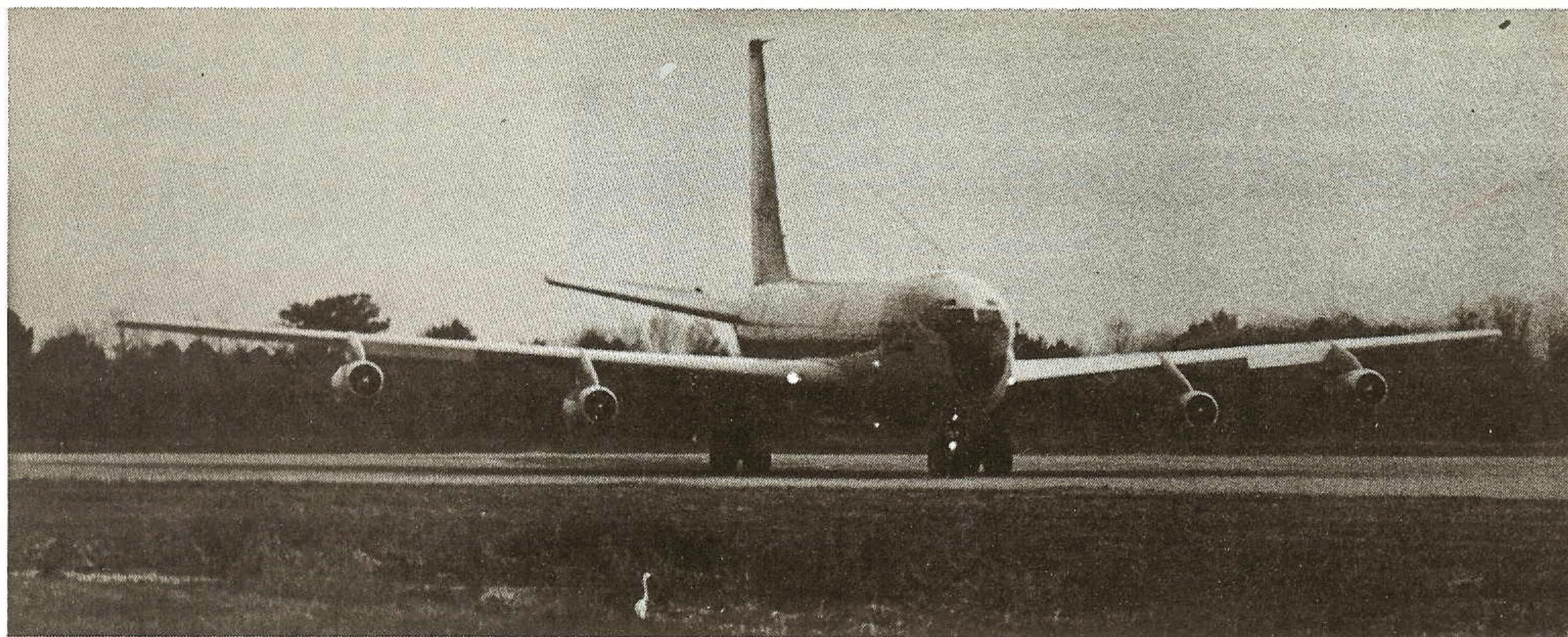


Photo by Paula Mosca, City of Lake Charles

An egret greets the first KC-135 aircraft to arrive at Boeing Louisiana, Inc. The Lake Charles company will employ up to 1,750 persons when it reaches full operation during the first quarter of 1988.

EEDS rate stimulates new jobs

by Betty Gavora

Sometimes good things come in three's. Such is the case with GSU's Employment and Economic Development Service (EEDS) rate, which does three things at once—helps create new jobs, increases GSU's load and promotes economic development.

"Utility marketing is so closely tied to the economy that it is inseparable," says Malcolm Williams, manager-business development. He explains that energy sales are a factor of population growth, industrial capacity, personal income, employment and other economic indicators. Since these economic indices normally provide a barometer for electric sales, any program that helps to improve the economy will add a boost to electric sales in the long run. That is the idea behind the EEDS rate.

GSU is one of a handful of utility companies offering an incentive rate tied directly to the creation of new jobs. Through 1990 new or existing manufacturing facilities in GSU's service area can receive demand-charge discounts of from 15 percent to 60 percent by adding from one to 101 or more new full-time jobs. To be eligible for the EEDS rate,

a new company must place a demand for electricity of at least 100 kilowatts on Gulf States' system. An existing manufacturing firm must have had an average monthly demand of at least 100 kilowatts in the 12 months immediately preceding a job-creating expansion.

As of June 1987 some nine companies had qualified for the EEDS rate and there were another 21 applications pending. While the typical company qualifying for the EEDS rate adds from 26 to 100 jobs and receives a 30 percent discount, some have added as few as two new employees and others have far exceeded the 101 mark.

One new company taking advantage of the EEDS rate is Boeing Louisiana, Inc., in Lake Charles, which remanufactures and retrofits the KC-135 military aircraft. The Louisiana division of Boeing Military Airplane Company will employ up to 1,750 persons when it reaches full operation during the first quarter of 1988, according to Brian Cross, supervisor-industrial services, Lake Charles Division. Another new company is Crown Cork and Seal Company, Inc., a

container manufacturer in Conroe, which will employ approximately 110 persons by the last quarter of 1987, according to Dick Landry, supervisor-industrial services, Western Division.

When asked what he would like employees to know about this incentive rate, Malcolm Williams responded, "Our commitment to this program is a commitment to help revitalize this area. But I don't want employees to think we're out there giving something away. We believe this EEDS rate will serve as a stimulus to increase manufacturing jobs in our service area. For every new manufacturing job, three other jobs are created in the service industries. Over the long term this multiplier effect will increase Gulf States' revenues."

Williams summarizes, "We're not in business to give away electricity, but we are in business to help people who create new manufacturing jobs. It's good for them; it's good for us; and it's good for our service area"...another set of three's.

GSU EMPLOYEES AND THE UNTOLD STORY

How Our Personnel Fight To Dispel Scandalous Myths and Rumors

Randy Miller, Lake Charles:
"I say Gulf States has the best rates in the state and the most reliable service."



"If it's somebody asking a question, I usually correct the erroneous information first."

It's no secret to GSU employees that the company is in the news a great deal these days. With rate cases in progress in both states and the company's financial situation unresolved, employees are fielding many questions from friends and family members. *Plain Talks* correspondents asked their co-workers how they respond.



Kaletta Thompson, Conroe: "If it's somebody asking a question, I usually correct the erroneous information first, because there has been so much misinformation from the media. People are usually just quoting what they hear from the media and not stating an opinion. It is so surprising these days, but when you explain about the bureaucracy and all that utilities have to go through with the PUCT and the LPSC, they are very sympathetic."

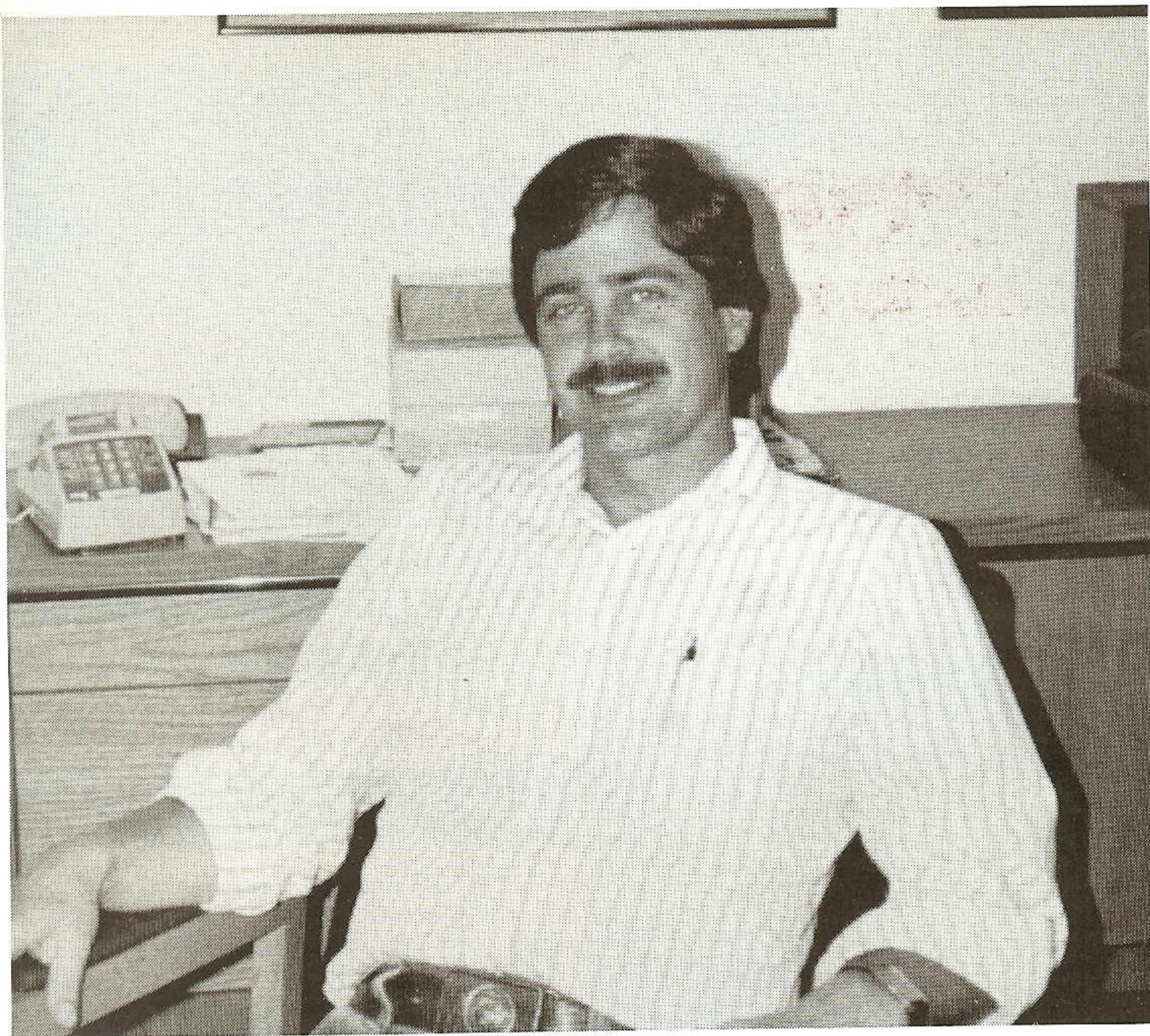


Virginia Collins, Silsbee:
"If foresight were always as productive as hindsight, every situation would always be the best. I believe the decisions our company had to make were in the best interest of all concerned at the time. I have confidence in our company. We will survive."

JOHN BRUINGTON EXPLAINS HOW TO GIVE PUBLIC OPINION THE OL' ONE, TWO...THREE



John Bruington, The Woodlands: "I tell them that (1) Gulf States is producing electricity at the lowest cost possible. However, as with any business, we should be able to get a fair return on our investment. (2) The best way for customers to control their bills is to continue to use good conservation practices. (3) I personally feel that in the long run, nuclear power is our best bet for the future. Also, River Bend was started at a time when the company was prohibited from building any gas or oil-fired plants."



LYDIA

"GSU's Rates"

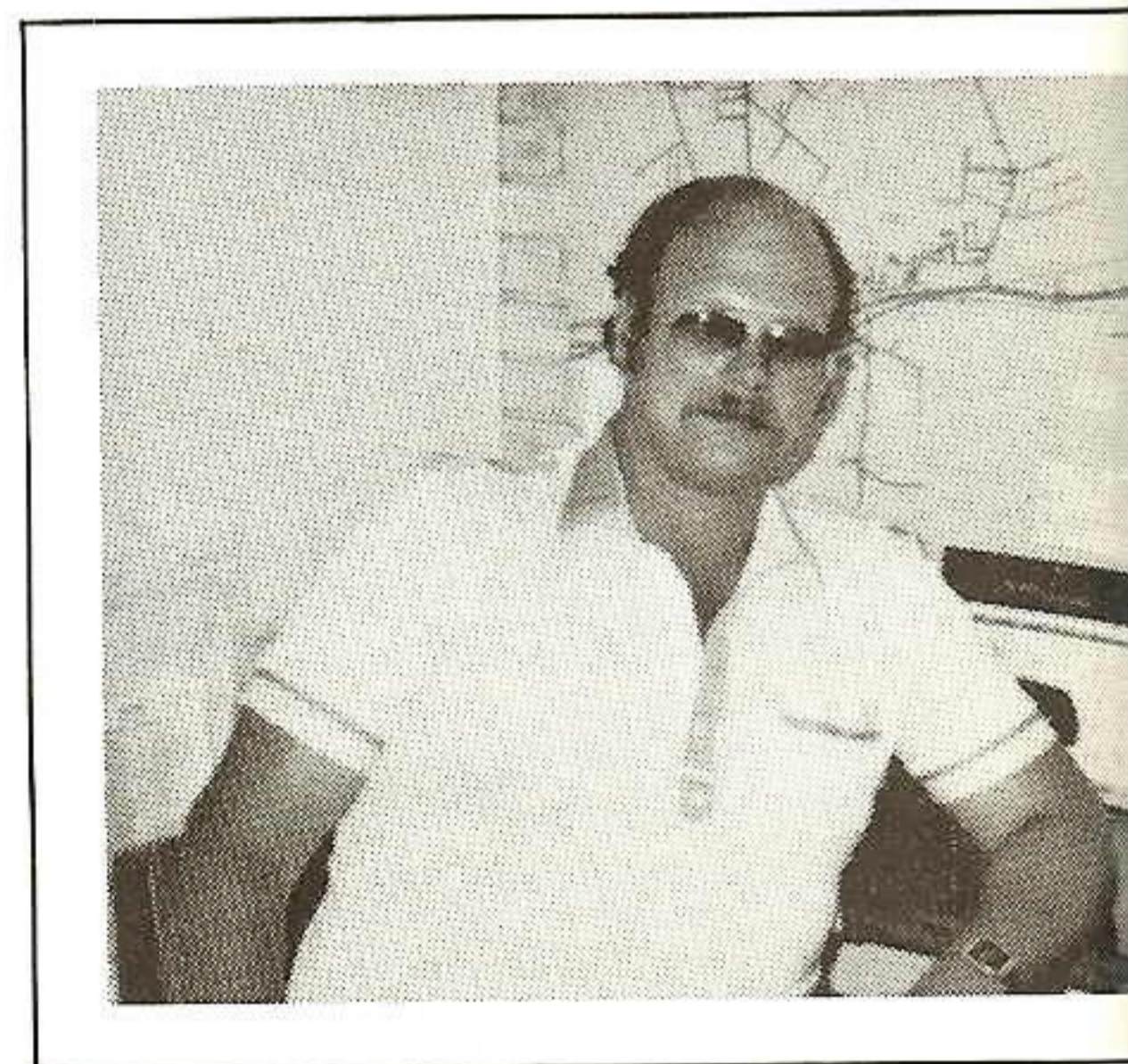


Lydia Jones, Baton Rouge: "I... with the rate increase, we will st..."

"NO, MOM"

"I'm not going to lose my job"

Dennis Smith, Baton Rouge: "I say we did the right thing by building River Bend. We have one of the lowest rates in the state. With a little fair treatment from the PSC, I think GSU will once again be a healthy company and can contribute even more to the economic development of our community. And NO, MOM, I'm not going to lose my job."



FROM THE COVER

Mike Linden, Beaumont: "I'm proud to be a GSU employee. We have a fine company and when I look around and see employees doing their jobs to deliver electricity, I realize what a fine product we have."

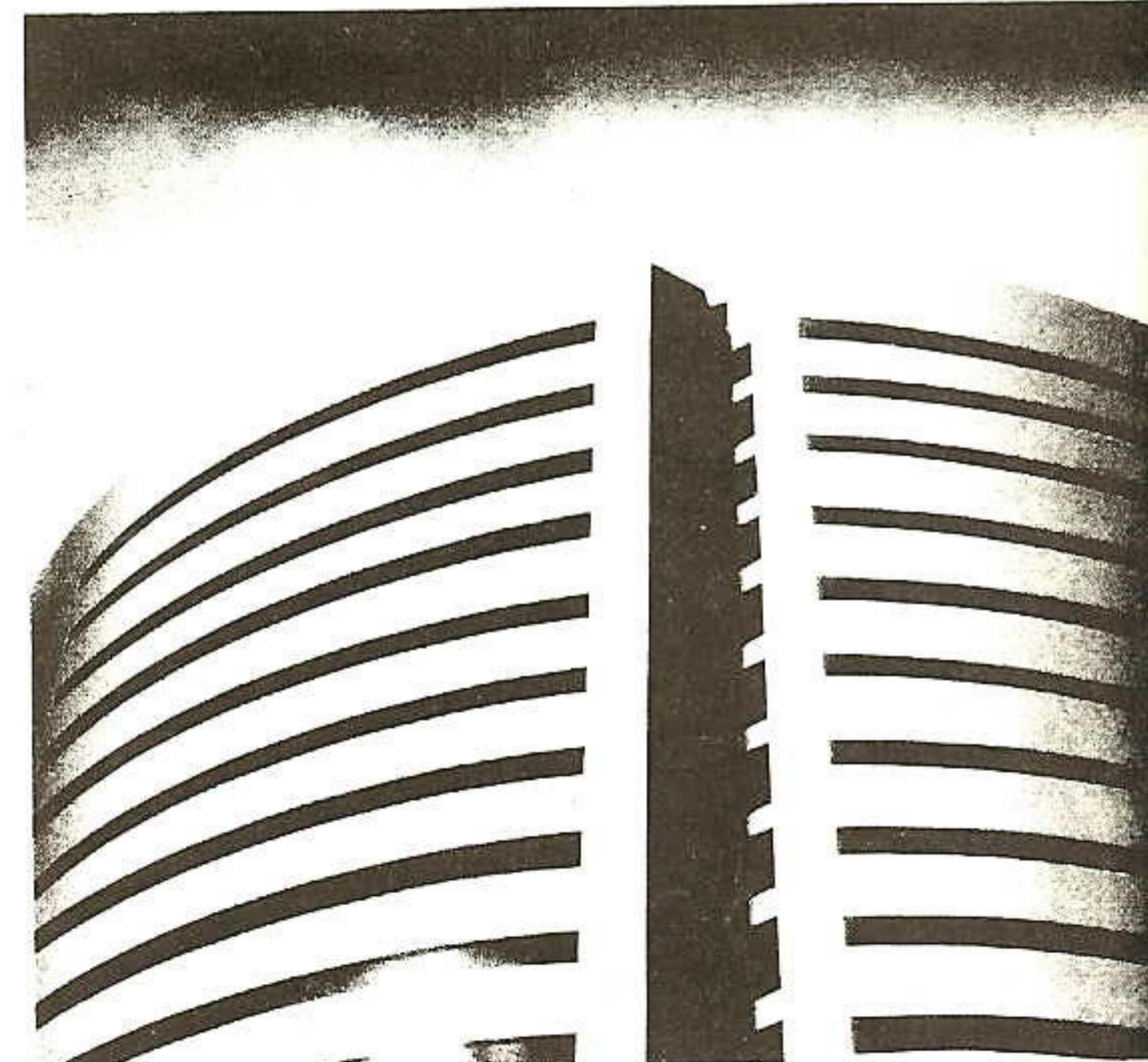
Debi Patin, Baton Rouge: "I tell them the real story about why we built River Bend, that the Fuel Use Act banned natural gas in existing power plants by 1990. A lot of people only know what they read in the newspapers. They don't know how low our rates really are."

Glen McGuire, Orange: "I try to explain the customer, employee and the company side of the issue in

question. Most people are more understanding when they consider the whole picture."

Tommye Die, Orange: "I try to explain that even though GSU is going through tough economic times, it is still a good company to work for. I also try to explain that since GSU's rates are regulated by the state, the company can't raise prices like retail stores and other companies."

Mark Swinney, Lake Charles: "We want to please the customer. All employees make every effort to ensure customer satisfaction."



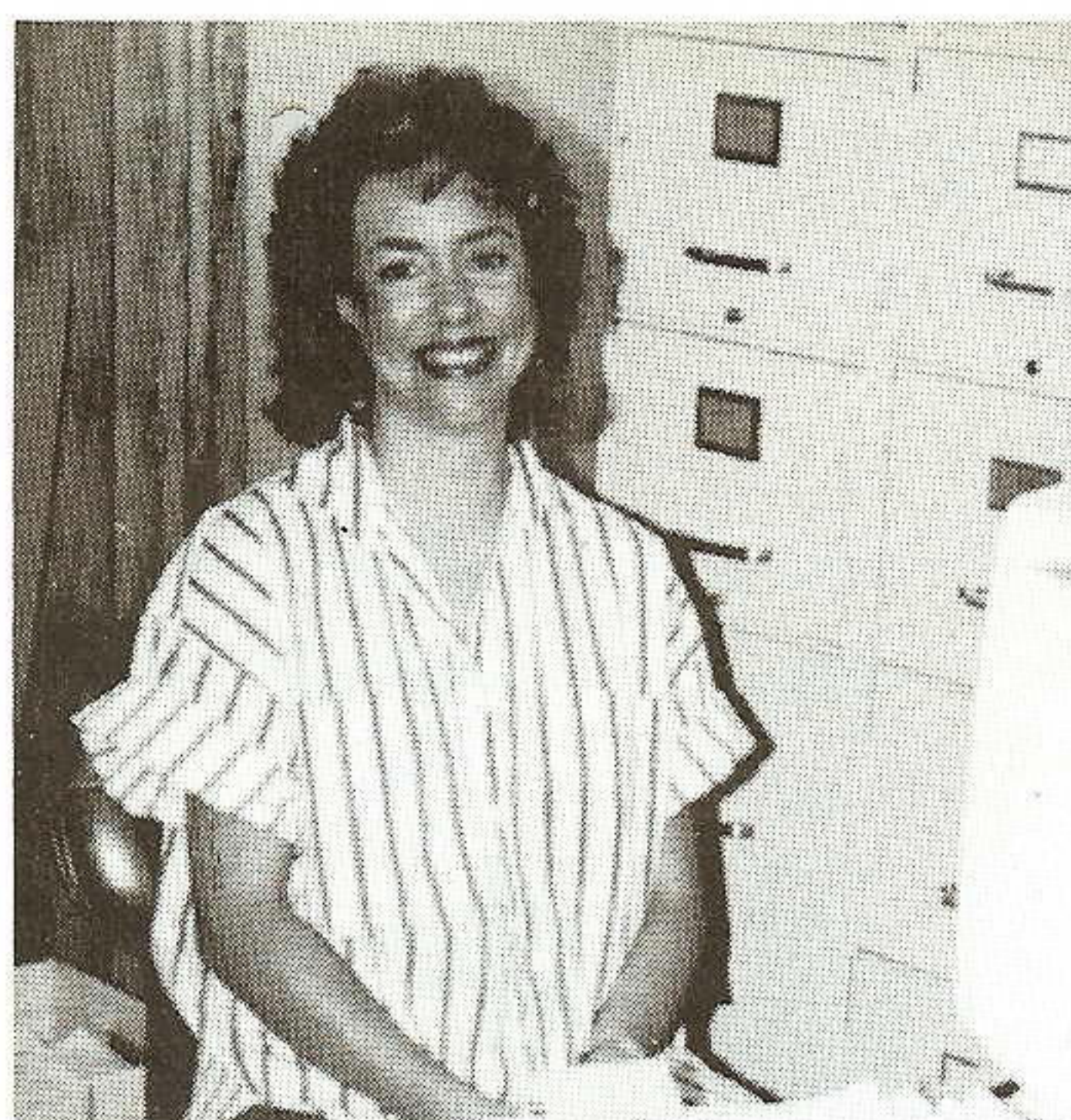
JONES

es are Low"



show them on the graph that, even
will be one of the lowest."

▼ ▼ ▼
Brian Langston, Silsbee: "I explain things to the best of my ability as to why decisions were made concerning rates, River Bend and other leading issues. If I'm unable to answer their questions, which I have been at times, then I assure them I will get back to them with the right answer."
▲ ▲ ▲



UNBIASED FACTS Key to winning friends and influencing family

Danette Lawson, Acadiana Service Center: "I think it's important to sound unbiased and let the facts speak for themselves. I think this approach helps the inquirer to be objective and to consider both sides of the story when formulating his or her opinion."



Ronald Hunt, Zachary: "I usually ask them if they think it is fair for the company to make a fair profit. Most of the time the answer is yes. I tell them that unlike other major companies, we're only allowed to make an authorized rate of return. I ask them to turn off the main in their home for one hour on one of our humid 95-degree days and see how it feels to be without electricity. To put it simply, I tell people it all comes down to this. You can pay a little now or you can pay a lot more later. I have found that if you appeal to someone's sense of fairness, they will almost always agree."



Anthony Malveaux, Lake Charles: "I tell them that everyone else gets increases on the merchandise they sell, why shouldn't Gulf States?"



Terry Huval, Acadiana Service Center: "In order to have a well-informed answer, I make it my business to keep up with issues relating to Gulf States and the electric utility industry in general."

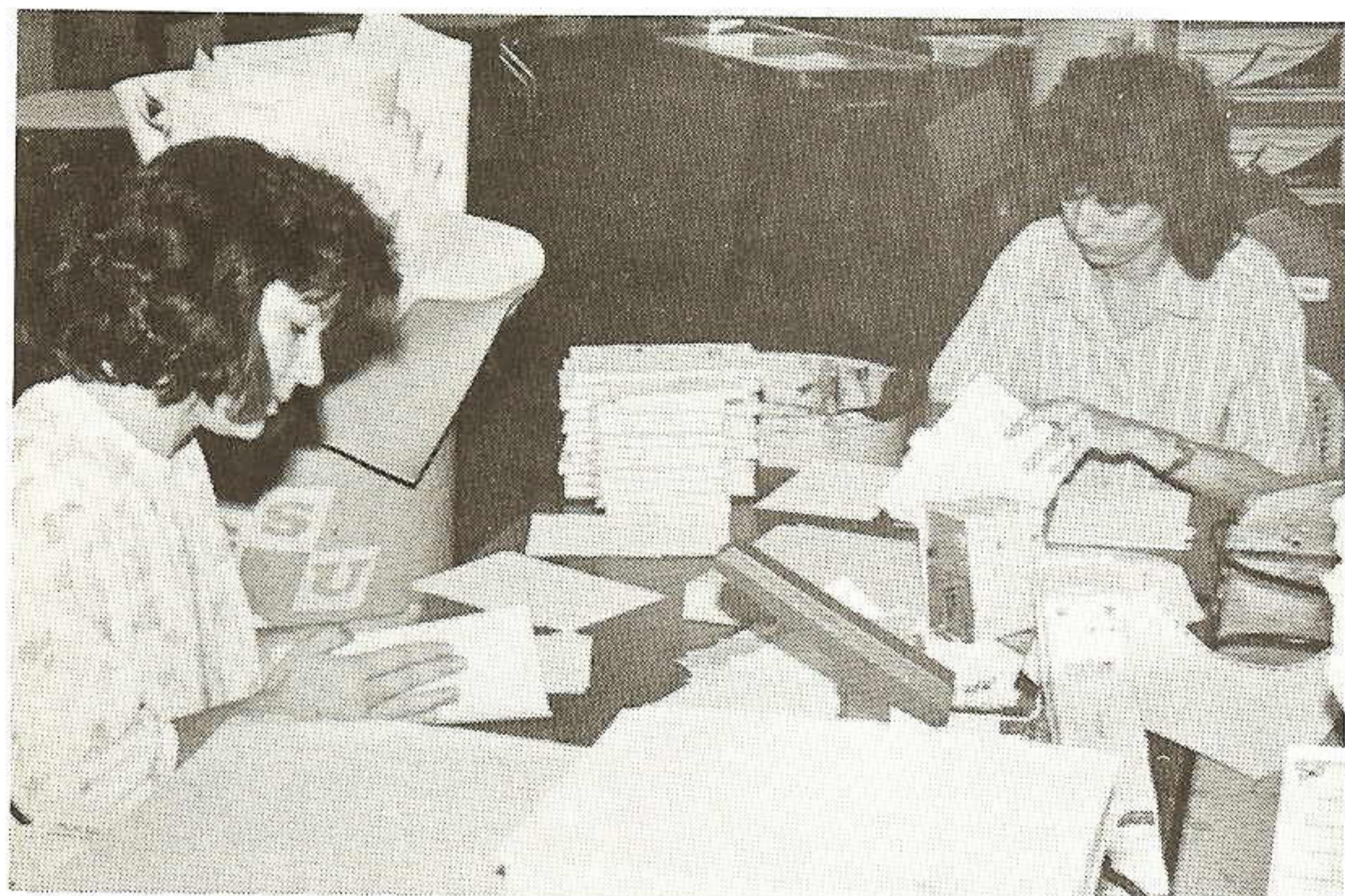


Kelly Carson, Orange: "I respond the same as I do every day to customers. The difference, I feel, is that with family and friends you have more credibility. You are in a more relaxed atmosphere where the job pressures are not a factor. Because you are close to these people they do not feel you are pulling their legs. They realize that you are completely serious about the dire financial situation GSU is in and the amount of GSU's community involvement."

◇ ◇ ◇
Tim Cote, The Woodlands: "I try to respond with information supplied by the company instead of information supplied by the media."
◇ ◇ ◇



Cost savings roll off the presses



(L to R) Graphics Technicians Brenda Webb and Terri Gunter keep busy hand-collating a document.



(L to R) Belinda Bluiett, graphic technician, and Mahlmann examine a page of the June Plain Talks.

The room is filled with noise as machines print, cut, fold, punch and collate company forms, pamphlets and brochures. Over the past 10 years, GSU's Reproduction Department has become the 26th largest inplant print shop in the utility industry, according to *Inplant Reproduction and Electronic Publishing* magazine.

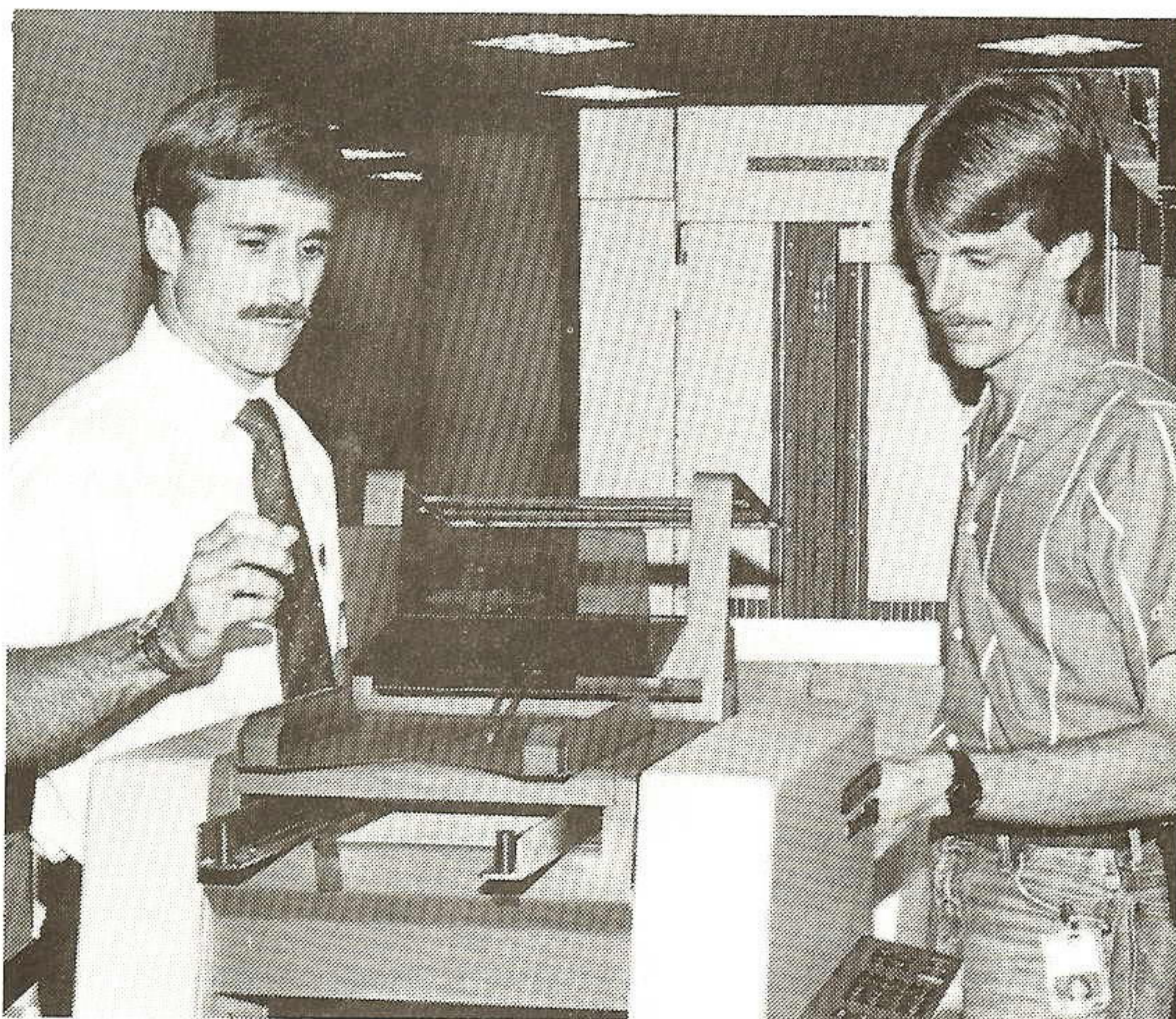
"We're very proud of our department," says James Mahlmann,

supervisor-reproduction and supplies. "Our employees have worked hard to earn this award as one of the top 100 inhouse print shops in the U.S. "Our goal," says Mahlmann, "is to do a good job in the fastest time and for the lowest price. We want to prove that we can do it inhouse."

"We want all employees to know what we have to offer, so they will consider us when they

have a need for printing," explains Mahlmann. "We're not just a typewriter and duplicator anymore. With our trained personnel and advanced equipment, we feel we can be competitive with outside printers and typesetters." This equipment includes the Apple Macintosh SE Desktop Publishing System and Laserwriter Printer for quicker and less costly typesetting. Another example is the Norfin duplicator that handles up to 25,000 copies an hour. This machine, together with the AM System V, has expedited the mountains of paperwork required in current rate cases.

Mahlmann and his staff of 21 persons design, print and warehouse some 4,000 forms used throughout Gulf States. Since River Bend was constructed, another 700 forms were added. The Federal Energy Regulatory Commission requires that every type of form used have its own number, presenting staffers with the task of organizing the numbering system. "Almost



(L to R) B. D. Strait, section head-reproduction, and Lee Rodgers, graphic technician, operate a machine that duplicates 25,000 copies in an hour.



Opal Dahl, graphic technician, places a Plain Talks layout to be photographed by a process camera.



Tessa Koch, graphic technician, operates a machine that duplicates 10,000 copies front and back, in one hour.

everything we do requires quick turnaround," Mahlmann stresses, "so speed and quality are important." Rate cases, for example, mean that thousands of pages of documents must be printed rapidly. In 1986, the department printed an average of 3.8 million copies a month, of all types of projects. "Everyone stays very busy," he adds.

In addition to GSU forms, the department produces a steady stream of training manuals, brochures, reports, handbooks and financial data. Project Save Cash brought a lot more work to the department since many documents and publications formerly printed outside could be done less expensively by Reproduction. Beginning with the May issue, *Plain Talks* was produced entirely inhouse at a savings of approximately \$1,200 a month.

Working with the Forms Control section of Reproduction, Corporate Services realized a \$5,000 savings on the preparation of the 1987 proxy materials by requesting that all drafts, artwork and typesetting for the proxy statement and cards be prepared

inhouse. Corporate Services also realized a significant cost savings on another important financial publication which the company is legally required to issue—the first mortgage bonds supplemental indenture booklets. These supplemental indentures grant a security interest or mortgage on all company property and are now typeset and printed entirely inhouse. The last printing resulted in a \$4,400 savings. Says Mahlmann, "Inhouse printing of-

fers GSU more control from start to finish."

In an effort to keep costs as low as possible, changes may be suggested in size, style or paper stock. Mahlmann is quick to state that if the Reproduction Department cannot print a job cheaper than an outside firm, the job will be sent outside to save money. But usually, a savings of as much as two-thirds of the cost can be realized by using the services Reproduction offers inhouse.



(L to R) Wanda Mitchell, graphic technician, and Gail Barnett, section head-forms control and stationery supply, check billing inserts coming off a folding machine.

The rust stops here

by Robert Adams

Did you know that electricity causes rust? That's right, when something rusts, it is the result of an electro-chemical reaction involving things like cathodes and anodes. And you probably thought it was just Gulf Coast weather.

In our area, corrosion continually plagues industries with large amounts of metal equipment and underground piping. These include refineries, city water and sewer systems and our own power plants. Fortunately, a process developed many years ago helps reduce the extent of corrosion to these systems and equipment. Called cathodic protection, it reverses the electrical flow that naturally occurs in underground metal objects, helping to prevent rust.

Almost any industry in our area with underground piping has some form of cathodic protection. Vann Boudreaux,

supervisor—electrical engineering, says that this is particularly true at our power plants because of the different types and large amounts of piping there.

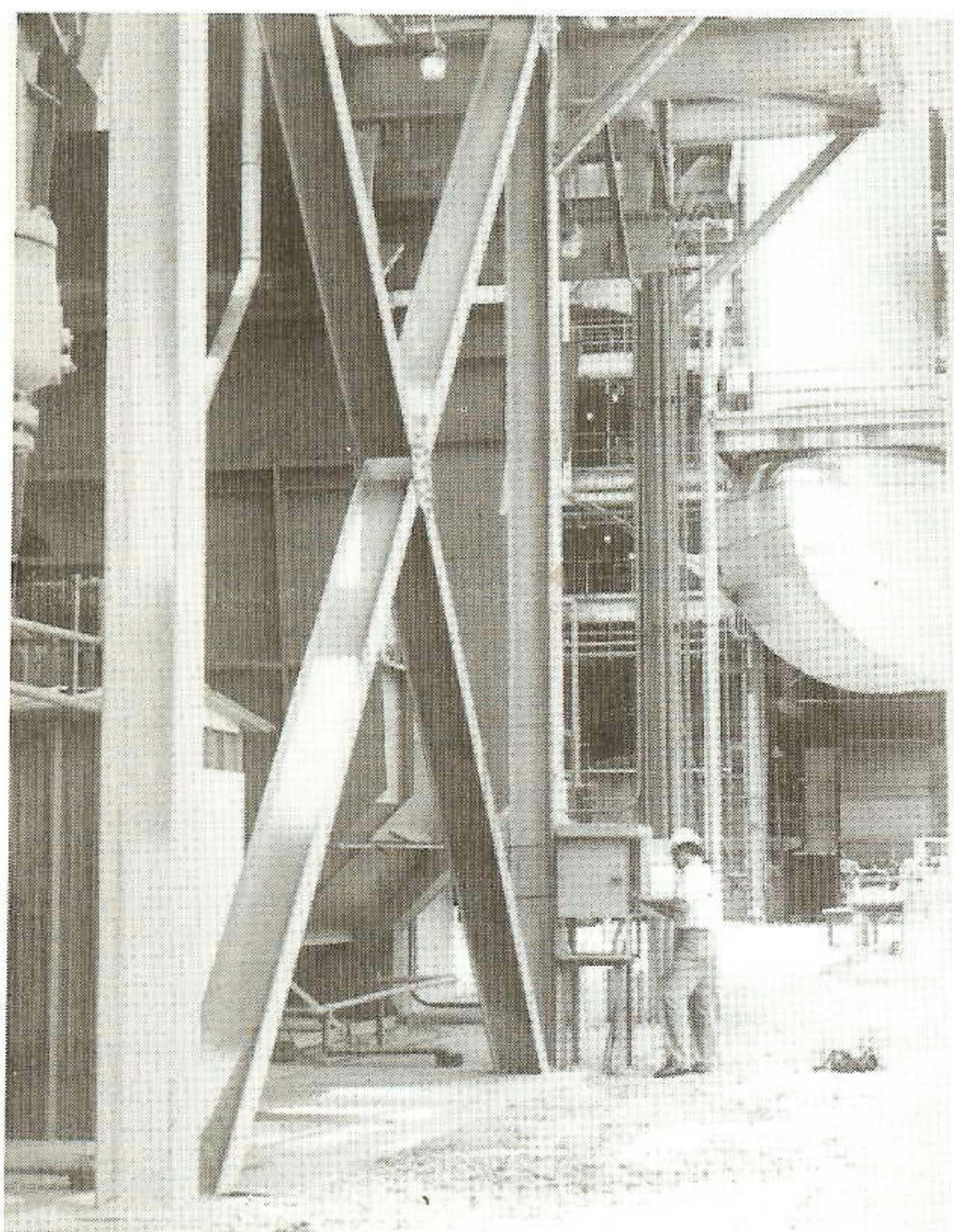
In the past, GSU contracted this service. But in 1986, the commitment was made to bring the cathodic protection service inside. Boudreaux and Bobby Singletary, electrical engineer, together perform all of the cathodic protection activities for all of GSU's power plants. "We feel we are more suited for this type of work and are able to get more consistent work," says Boudreaux. "And we can save money. We can more economically service the plants' needs." He adds that performing the service in-house saved GSU about \$21,000 in 1986.

Boudreaux says that he and Singletary do the complete package including surveying, designing the system, writing

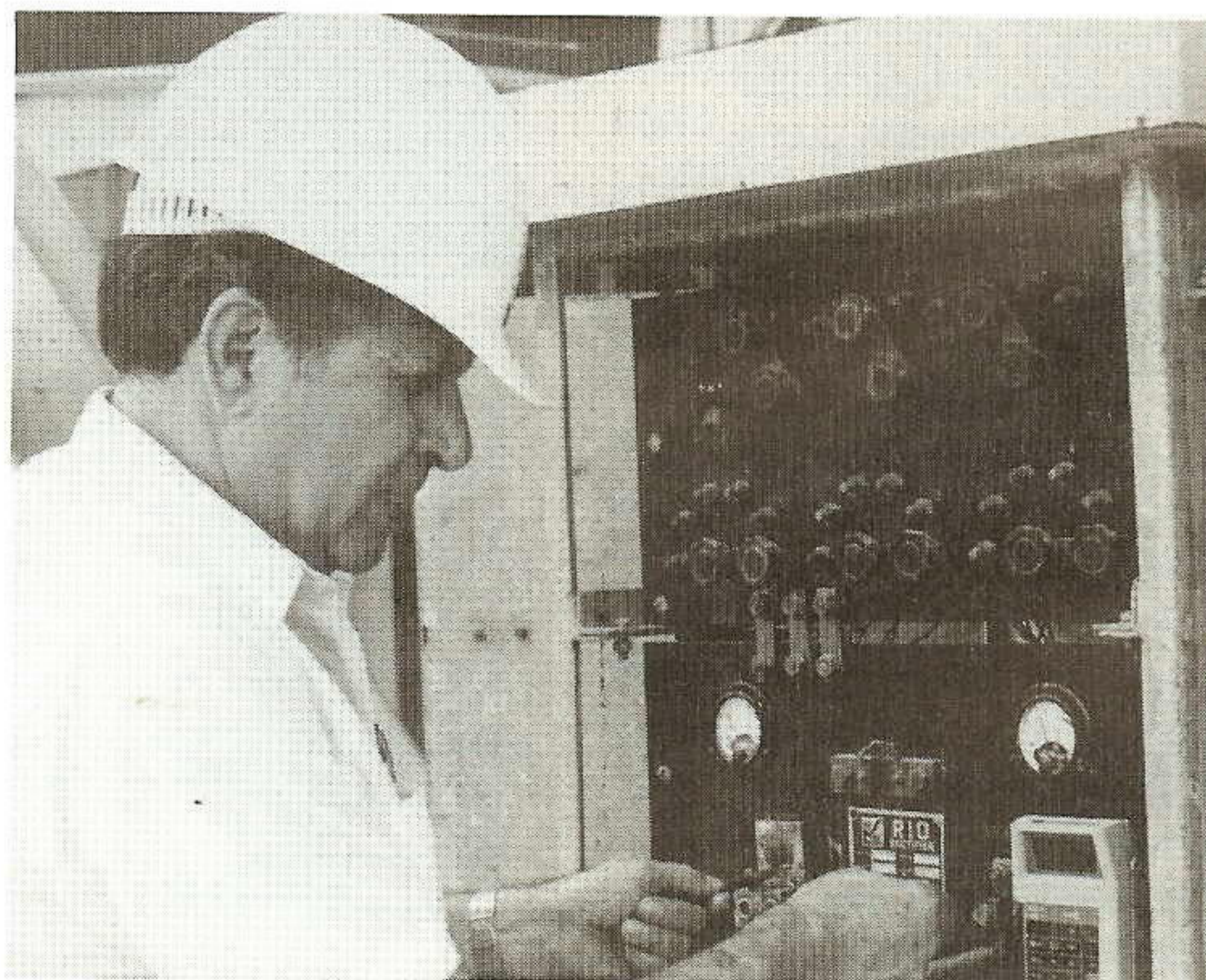
specifications and drawings and overseeing the construction. "We should save even more in the future," he continues, "because we will be very judicious in recommending equipment replacement."

Boudreaux and Singletary have begun to look at corrosion of certain substation underground tanks. Recent Environmental Protection Agency rulings have heightened GSU's interest in this area. They also apply this same technology to the steam condensers at Nelson Coal and Sabine Station. "We get corrosion in the water boxes of these plants," he says. "Other factors such as water chemistry lessen corrosion in the other plants."

Talking about cathodic protection, anodes and cathodes may make Boudreaux sound like he's fighting something exotic. But he sums it up very succinctly: "It's just rust," he says.



(left) Boudreaux checks the rectifier, part of the cathodic protection system which helps prevent corrosion of the buried pipe at Sabine Station. (below) Boudreaux reads the voltage on the rectifier.



Grateful for gift

Ken Sandberg
Gulf States Utilities
Beaumont, Texas

Dear Mr. Sandberg:

I want to thank Gulf States Utilities for the gift of an appliance for participating in the Residential End-Use Metering Program. My husband and I were happy to be a part of this study. GSU has been more than generous as this offer is in addition to the \$50 we were paid.

We both hope that your good company will be able to work out its problems and will be allowed to continue its good and faithful service.

Sincerely, Florence Wingate

Editor's Note: Ken Sandberg is a marketing superintendent in Beaumont Division.

Baxley praised

Charles Jones
Gulf States Utilities
New Caney, Texas

Sir:

Re: Darrell Baxley, Engineering—a "commendation" for service rendered, with praise. I find it was intelligent and informative. It was very businesslike and prompt. His manner was pleasant and courteous.

I wish to thank the company for a job well done, and also in their selection of him.

Sincerely,
Mrs. Ada E. Bailey

Editor's Note: Baxley is an engineering assistant in New Caney with eight years of service.

Tour called wonderful

Bill Benedetto
Gulf States Utilities
Baton Rouge, LA.

Dear Mr. Benedetto:

On March 12, I brought a group of students to River Bend for a tour of the facilities. The tour was conducted by Ms. Kerry Frazier, and to say that it was wonderful would be an understatement. She conducted the tour with knowledgeable professionalism while maintaining a friendly, relaxed aura about herself. In doing so, she held the interest of the students.

After the tour, the spontaneous reaction of the students was very positive. Two of them said their antinuclear attitudes were completely gone and they can now see the benefits of nuclear power.

My thanks to you and Gulf States for the tour which we all enjoyed.

Sincerely,
Harold Bennett
WKG-TV Video Electronic
College

Editor's Note: Kerry Frazier is a nuclear communications specialist.

Station says thanks

Becky Watson
Gulf States Utilities
Lake Charles, La.

Dear Becky:

We'd like to thank you and everyone at Gulf States who made it possible for us to use one of your bucket trucks in connection with our production of the 1987 Lake Charles Mardi Gras Parade telecast. The shots from the elevated position over the

center of the street made the coverage really spectacular.

Many people have called or written to compliment our staff for the professional quality of the telecast. The unique camera perspective made possible by Gulf States' cooperation is one of the big reasons our first-ever telecast of the Lake Charles Mardi Gras parade was so successful.

Please extend our deepest appreciation to the dedicated Gulf States employees who manned the truck and insured that it was operated in a safe manner.

Sincerely,
Ronald Loewen
Vice President and General
Manager KPLC-TV

Editor's Note: Becky Watson is supervisor-marketing and consumer information in Lake Charles.

Lewis Creek appreciated

Floyd Langlois
Gulf States Utilities
Conroe, Texas

Dear Mr. Langlois:

On behalf of the chemistry students and teachers at Conroe High School I want to express our thanks for the most informative and educational tour of the Gulf States facilities. We all enjoyed it very much and were glad to learn where our electric power comes from.

Sincerely,
Jo Marshall
Conroe High School

Editor's Note: Floyd Langlois is superintendent of Lewis Creek Station

Who says GSU has been making good management decisions? *You might be surprised*

Factories, farms, offices, schools, hospitals and homes...there are over a million and a half people who know they can count on GSU. No matter what time of year, no matter what hour of the night, the men and women of GSU have made sure that when you need it, electricity is there.

The high level of service provided by GSU has long been recognized by outside observers—consulting firms, governmental agencies, professional advisors to name a few, after studying various aspects of the management picture at GSU, have been making a series of very positive reports as well.

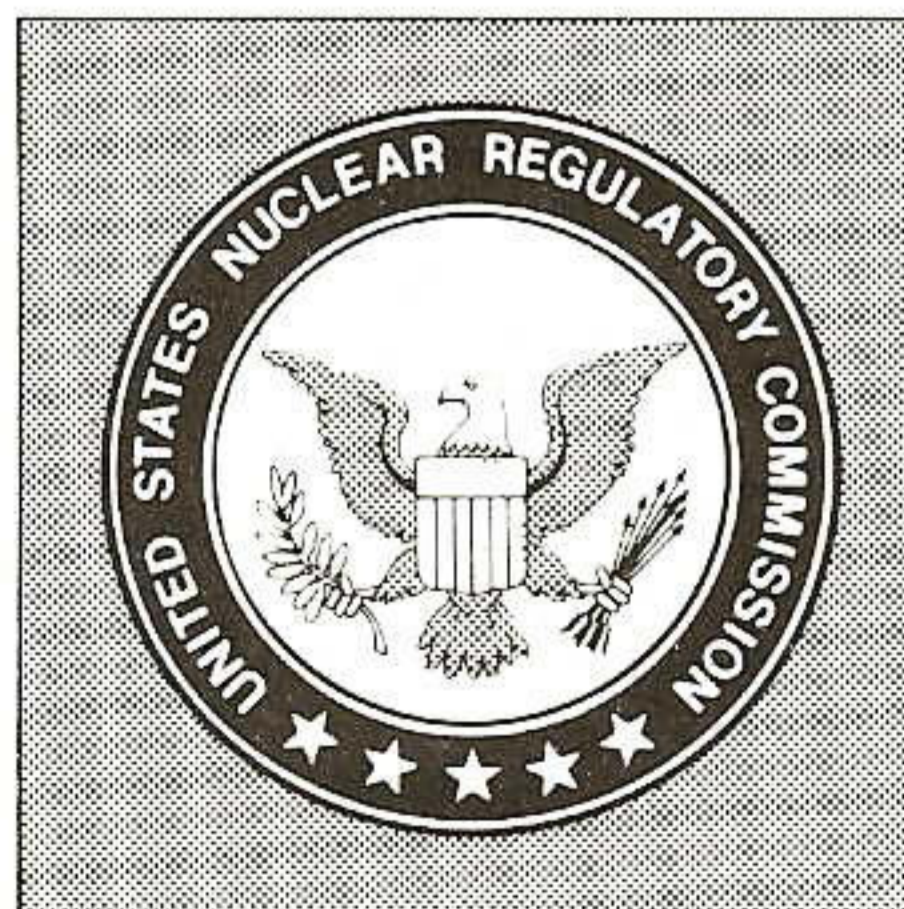
Dr. Roger J. Mattson

Dr. Roger Mattson was the Nuclear Regulatory Commission manager responsible for determining most of the licensing requirements for the River Bend Nuclear Power Station.

Some would have you believe that, in 1979 when GSU made the decision to complete River Bend, it should have been aware of the effects the NRC's mounting regulatory requirements would have on the project's final cost.

In sworn testimony presented in a pending GSU rate case, Dr. Mattson described the NRC "get tough policy" that was used in the early 1980s to increase the required level of safety in U.S. nuclear power plants:

- "These regulatory changes have increased the



cost of River Bend significantly over what could have been reasonably anticipated when the September 1979 Definitive Estimate was being prepared."

- "The primary causes of this increasing scrutiny

were the conclusions of the studies undertaken in the wake of the accident at Three Mile Island and the construction and design errors detected in a few plants in the early 1980s."

- "Gulf States could not have been aware in 1979 of the increasing regulatory scrutiny that would occur in the 1980s, the pervasive nature of its effects on construction and design of River Bend, and the increased costs of engineering, quality assurance and construction that would result."