



## **Seminole 2001 Award Application Council for Sustainable Florida**

### **Introduction**

President Franklin D. Roosevelt created America's rural electrification program in 1935. Consumer-owned distribution cooperatives brought electricity to rural communities that were spurned by the nation's for-profit suppliers. Seminole was incorporated in 1948 to give a group of Florida distribution co-ops buying clout, by aggregating their demand.

Seminole was a "paper G&T" (generation and transmission co-op) until the early 1970s when an Arab oil embargo prompted the decision to build a Seminole-owned power plant. That plant went into commercial service in 1984. Seminole now is the 4<sup>th</sup> largest of 55 G&Ts in the U.S., in total megawatt hour sales. Its 10 member systems serve approximately 1.5 million residential and business consumers, in 45 counties throughout peninsular Florida. Most of the communities served by Seminole's members have high numbers of low and fixed income and elderly residents, and need to attract both jobs and investment.

Seminole has helped its member systems lower their wholesale costs and become more independent through a flexible mix of owned generation and purchased power contracts. Supply contracts with other utilities, independent generators, and power marketers help balance the risks and benefits of short- and long-term supply commitments, while maximizing use of available in-service resources. Seminole's annual revenue requirement (approximately \$554 million in 2000) covers all costs of generating and delivering wholesale energy to its member systems. The Cooperative's governing Board consists of three trustees from each member system. This Board directs and supports policies that directly support community involvement, employees' quality of life, environmental care taking, and sustainable management practices. Approximately 430 Seminole employees currently are divided among three work locations. *Seminole Generating Station*, a 1300-megawatt (MW) coal-fired plant, is located in Palatka (260 employees). *Corporate Headquarters*, in north Tampa, supports administrative and engineering functions, statewide wholesale power dispatch, and regulatory and public relations (150). *Payne Creek Generating Station*, a 500 MW combined cycle power plant now under construction in Hardee County, will go into commercial service in January 2002 (23).

### **The Gypsum Conversion Project**

The emissions control system at Seminole Generating Station generates more than 3/4 million tons a year of combustion waste product. In the past this waste had to be stabilized and stored in a continuously expanding on-site landfill. The landfill required close monitoring to ensure safe operation. In 1998, technology and market conditions converged to make the production of synthetic gypsum from that waste

economically feasible. Seminole's goal was a gypsum buyer that would bring new industry to Putnam County. It found such a buyer in Lafarge Corp., a worldwide leader in construction products. The conversion project completed in 2000 benefits the environment, Seminole's members' consumers, and the local community. It converts a waste product into a marketable raw material, provides new jobs, adds to the local tax base, and will reduce station operating costs. It also benefits the environment by eliminating the need to landfill combustion waste. Key aspects and benefits of this project are detailed in section three.

## **Supporting the Sustainable Florida Standards**

### **1. State Your Values**

Seminole mission, vision and values (MVV) have evolved over the years. One constant is Seminole's commitment to the principles of cooperative ownership, which call for citizen involvement, collaborative approaches, and community partnerships. The Co-op's decision-making processes rely on dialogue between its management and those who represent the citizen owners. Those owners need a supply of reliable energy. They also need clean land and water to enjoy with their families and for future generations; services and programs that extend a helping hand to those in need; and growth that doesn't borrow from the future to benefit the present. Seminole's values, endorsed by its Board, guide the development and administration of its policies, procedures, and practices, to meet those requirements. Seminole strives to ensure consistency between its values, procedures, and culture.

Promoting value awareness: Seminole's MVV credo is posted in facility hallways, included in corporate publications, and discussed at employee meetings. Employees participate in periodic reviews of the MVV and current strategic plan, most recently updated in February 2001. When a new MVV and strategic plan were approved by Seminole's Board in 1997, small group meetings were held throughout the Co-op to discuss what, "this means to me." Similar dialogues will be scheduled in 2001. Employees each receive a copy of Seminole's MVV credo and strategic plan. Values support is a part of employees' annual performance review. Cooperative policies and procedures symbolically communicate support of Co-op values. Values-supportive actions such as professional group involvement, professional development activities, and volunteer service are facilitated and promoted through Co-op procedures and programs.

Communicating to bring us together: Open communication is fostered at every level of the Co-op. Over the past few years, Seminole created and offered a series of in-house classes to help employees build better "people skills." Electronic and paper publications and quarterly information meetings keep employees updated on the industry, Cooperative business activities, benefits, community programs, and volunteer opportunities. Members are kept informed through mailings and publications, regular Board meetings and mailings, and a "members' only" section on Seminole's web site. Programs and activities that bring Seminole's values to life also are featured in Seminole's annual business report, which distributes to a wide external audience. Employees go out into the community to dialogue on power supply and related issues, to maintain a dialogue with community leaders and interest groups. When the Seminole Generating Station's gypsum project was in the planning stages, Seminole solicited concerns and interests through public and one-on-one meetings with stakeholders and neighbors, and considered their input in final plans for this project. Bi-annual public tours are offered to power station neighbors. Tours also are arranged for requesting groups. An active media relations program and detailed public web site also help keep the public informed about Seminole's activities and initiatives.

### **2. Be Involved**

Seminole is a member of the Southwest Florida Water Management District's Industrial Advisory Committee, which provides feedback and ideas to the District Board to maintain a dialogue between

industry and the District, and coordinated goals. The Co-op also is a member of the Florida Department of Environmental Protection (FDEP) Contaminated Soil Forum, which evaluates and recommends clean-up standards, and of the FDEP Groundwater Technical Advisory group, which has been working for five years to assure that state regulations protect the quality of our drinking water.

Seminole employees also participate in other environmental issues groups designed to help promote peer education and best practices through sharing knowledge and other resources. These include groups associated with the Florida Electric Power Coordinating Group (FCG), the National Rural Electric Cooperative Association (NRECA) and the G&T Managers Association.

Managers represent the interests of rural Floridians in on-going dialogue with members of local, state and federal government agencies and elected officials, whose decisions impact the quality of life in Florida. Seminole representatives also work with local Chambers of Commerce and economic development groups to help generate community support and investments. A proactive public communications program also is maintained through media relations, community tours and forums as interest warrants, and a comprehensive web site covering all aspects of operations including full disclosure of plant emissions.

Employees serve in leadership positions in United Ways, local Chambers, Rotary and Kiwanis Clubs, sponsored by the Cooperative. Seminole also commits resources to help meet community needs in various ways. Current activities include:

- *Newspapers in Education:* Seminole is a full sponsor of this program in Putnam County, providing daily newspapers as teaching aids to approximately 2,300 students.
- *Volunteer grant program:* Employee volunteers can apply for grants of up to \$150 to organizations where they contribute their time
- *School sponsorships:* SECI sponsors ads in sports program and field, and yearbook advertising, for local high schools, to help fund these involvement programs.
- *Achievement Scholarships:* Seminole funds an annual, renewable scholarship for a trade school or college, at each of Putnam County's three public high schools (up to \$2,000 per student), and has committed to a similar program beginning in 2002, in the home community of its Payne Creek Generating Station, now under construction.
- *KidCare:* Seminole supports KidCare, a program that funds health insurance for low-income children, in Putnam County; local contributions draw matching state funds.
- *Palatka Water Works:* In December 2000, Seminole became the major corporate sponsor for a *planned environmental education center* in Putnam County. In addition to its financial contribution, Seminole is providing technical and management expertise for this ambitious project.

### **3. Promote Stewardship**

State and federal regulations set quantifiable limits on aspects of Seminole Generating Station's operations, including air emissions, water discharges, waste disposal, and wetlands protection. Seminole's environmental policy requires it operate within permitted limits as its first priority, and further commits the Co-op to seek out projects that go beyond compliance and promote pollution prevention. As a result, emissions control and monitoring systems have been upgraded numerous times since the Seminole station went into commercial operation in 1984, at a cost of more than \$10 million.

While it was not Seminole's first environmental initiative and it will not be its last, the gypsum conversion project at Seminole Generating Station is particularly significant in the following ways:

- It will recycle approximately 750,000 tons per year of combustion waste previously treated and land filled.
- It required a new \$2.5 million water treatment plant for the gypsum waste stream, completed in the fall of 1999. (Total conversion costs are approximately \$15 million.)
- It has brought a clean new industry, 100 new jobs, and a \$90 million dollar investment, with associated tax revenues, to the local community.
- The new Lafarge Corp. wallboard plant is producing a needed commodity in consistently short supply in the southeastern U.S.
- Synthetic gypsum that cannot be used for wallboard product is finding a ready market as a component for agricultural uses and cement production.
- The station's toxic release inventory (TRI) reportables will be decreased by a projected 45 percent as a result of the conversion project. TRI reportable metals could be reduced by as much as 98 percent once gypsum production is fully underway.
- Fly ash recycling to the concrete industry is expected to significantly increase since this material is no longer needed to stabilize combustion waste for the landfill.

Environmental stewardship efforts at the Seminole station precede the gypsum initiative and include,

- Four voluntary, independent environmental audits have been performed over the last 10 years, resulting in improved procedures and technologies to further compliance with the station's permits and applicable state and federal regulations (e.g., improvements in air emissions monitoring equipment).
- A program of well water conservation has resulted in a voluntary decrease of 35 percent in the station's permitted capacity.

Another on-going initiative that is Cooperative-wide decreases waste materials and increases recycling. Recycling programs are in place and strongly supported for scrap metals, batteries, light bulbs, used oil, halogen lights, copier toner cartridges, and personal computers. Some materials are sold; others are donated when in suitable condition for less demanding uses. In December 2000 a group of "technically obsolete" personal computers (PCs) and laptops were donated to schools and non-profit organizations, including an innovative on-line program that allows homebound students to earn general education diplomas at home, and classrooms serving learning disabled and emotionally handicapped children. Nominations for this distribution were solicited from employees.

Wetlands protection is another area of environmental stewardship where Seminole has worked to improve conservation efforts. In 1993, Seminole funded the purchase of 250 acres of watershed for Black Creek, to the St. Johns River Water Management District as wetlands mitigation. Seminole also manages a successful 125-acre wetlands mitigation site at the Fred C. Babcock/Cecil M. Webb Wildlife Management Area, on land owned by the Florida Fish & Wildlife Conservation Commission. The mitigation includes the creation of 20 acres of forest and marsh, as well as restoration of natural wetlands.

Seminole was the first utility plant developer in Florida to demonstrate the beneficial use of mined out phosphate land as sites for electric generation. In 1989, the Co-op initiated an agreement with Agrico (now IMC-Agrico) to reclaim mined-out land for a power plant cooling water reservoir in Hardee County. The reservoir serves as both a cooling pond and a bird and fish habitat. It will continue to function as a natural lake when the useful life of the power plant is over.

SECI voluntarily signed the Climate Challenge Participation Accord with the U.S. Dept. of Energy in May 1995. As one of 99 utility participants Seminole annually reports its efforts to reduce greenhouse gas emissions. In 1999, these efforts reduced Seminole's CO<sub>2</sub> emissions by 400,484 tons. (Annual reports are due by June 1; the 2000 report currently is being developed.) Related initiatives include:

- Fly ash and bottom ash reuse: avoiding distillate fuel consumption in cement production reduces carbon dioxide (CO<sub>2</sub>).
- Transmission Conductor Optimization: We have minimized line losses from the Hardee to Lee, and the SECI to JEA Firestone 230 kV lines.
- Heat Rate Improvements at the Seminole Generating Station: Since 1990.
- Lighting Replacements: Corporate office lighting replacements/improvements.

At its headquarters, Seminole supports Bay Area Commuter Services as a site distributor for its *Tampa Bay Commuter*, which publicizes car pooling opportunities and other ways to cut vehicle emissions.

#### **4. Meet People's Needs**

Seminole is an Equal Opportunity Employer. Total payroll (about \$23 million in 2000) covers skilled craftspeople, degreed professionals, support staff, and management. Compensation programs are periodically reviewed and revised with the help of external consultants. The Co-op also participates in numerous national surveys to ensure competitive ranges and actual compensation.

Seminole offers a *comprehensive benefits package with an average value of approximately 46% of compensation*. This includes,

- *100 percent employer-paid medical and dental insurance* coverage for eligible employees. (The Co-op also covers 50 percent of the cost of optional dependent medical coverage.)
- *Employer-paid paid basic life insurance (2x salary), short- and long-term disability insurance, and business travel insurance*. (Employees may purchase optional supplemental insurance plans at negotiated group rates.)
- *Employer-funded defined benefit pension plan* for all eligible employees, in addition to an *employer matched 401(k) retirement savings* (current max. match is 3.4% of salary).
- *Paid leaves*: 8 hours of sick leave per month (unlimited accumulation), 11 paid holidays a year, and paid vacation leave (accrual increases with tenure).
- *Training and professional development opportunities* supporting needed skill areas and corporate competencies, *coverage of professional organization dues*, and *educational assistance* (covers 100 percent of tuition at most schools and other associated costs).
- *Employer-supported employee activities committees* providing social and recreational activities for employees and their family members, to promote group cohesion and positive working relationships.
- *Service recognition awards* at 5-year increments.
- *Management and peer recognition awards for outstanding performance*. In 2000, 67 employees were recognized through this program for above and beyond contributions toward a more positive and productive workplace.

*Annual performance reviews* are linked to key corporate competency factors and MVV support.

An *employee suggestion program* solicits and reviews suggestions involving operational improvements, safety, and Cooperative policies and procedures, including Human Resources programs. In 2000, more than 40 suggestions were received and reviewed through this program, with employees earning \$2800 in awards for implemented ideas. (One hundred and thirty awards since 1990 total more than \$16,000.)

Seminole facilities have *active safety programs*. Seminole Generating Station received a SHARPS (safety and health achievement recognition program) designation in 1997 from the Florida Dept. of Labor. Employees coordinate the station's behavior-based safety education/observation program, train employee observers, and publish a newsletter (*POWER – Positive Observations with Employee Responsibility*).

Seminole's *business process improvement program* established in 1998 solicits involvement at every level. Currently 75 employees participate on seven teams. One significant result: Planned acquisition of a \$2 million software package that will enable real time managing of materials and inventory, and automate other supply management/purchasing functions. Team actions are reported to employees in a regular news memo appropriately titled, *BPI Progress*.

At Seminole Generating Station, approximately 170 employees belong to a union local that was established in 1985. In 1998, Seminole made a commitment to change the fundamental relationship between Co-op management and its union local, to one of partnership and mutual support. Training in "*mutual needs (interest-based)*" bargaining was provided to union leaders and key managers to help them learn how to identify real interests, instead of staking out positions, toward more meaningful discussions. The first contract negotiations using this process (1999) resulted in a 4-year contract achieved in record time without attorneys or national union representatives. Recently, a mediator was retained through the Federal Mediation and Conciliation Service to further better relations through a labor/management committee. This group meets bi-weekly to explore/resolve issues that hinder a collaborative relationship.

*Employee survey projects* were completed in 1997 and 1999. Survey results are used to help guide action plans to address employee needs, concerns, and gaps between reported and targeted behaviors and work relationships. Seminole is committed to progressive, participative management practices. As one indicator of employee satisfaction, over the past 5-years, turnover has averaged 7.2% a year.

Seminole also works to improve the quality of life for residents in its local communities. In addition to participating in community development groups, local United Ways, and civic associations, Seminole actively supports community volunteerism. For example, Seminole supports *employee teams in special charitable events* including the American Cancer Society's Relay for Life and the All-American Soap Box Derby. More than 50 employees invested more than 300 personal hours supporting *Putnam County's "Project PLAY,"* which brought more than 500 community volunteers together to build a playground in a week - from the ground up. (The Co-op donated a major piece of playground equipment, to recognize its volunteers' service.) Seminole also is a corporate sponsor of *Hands on Tampa (HOT)*. Its HOT team has provided to date in excess of 700 service hours to Hillsborough County charities and non-profit organizations. The team boasts members from every level of the Co-op including Seminole's two top executives. On a less formal basis, Seminole *provides employees to participate* in school career days and Teach-In events, and to serve as science fair judges, on company time.

The Cooperative proudly *brands its community volunteers* with complimentary shirts they can wear on the (volunteer) job. The shirts proclaim (from the Co-op's values statement), "Seminole volunteer: Improving the quality of life in our communities." More than 200 of these shirts were distributed to employee volunteers in 2000, and we hope to beat that number this year.

## **5. Manage for Sustainability**

Seminole was the *first generating electric utility in Florida to solicit competitive requests for proposals (RFPs)*, instead of simply building plants to meet forecasted need.

Seminole employees actively work with the Florida Dept. of Environmental Protection (FDEP) and water management districts on new rules and initiatives, to provide for continued dialogue and understanding.

Seminole's *Integrated Contingency Plan (ICP)* was created in 1999 as a reference for Seminole Generating Station employees, to protect the environment. The plan provides step-by-step procedures to be followed in the event of environmentally problematic spills. The station also operates *environmentally progressive*

*control systems* to prevent air and water pollutants from entering the environment. Many of the controls involve continuous monitors connected to shutoff valves, to prevent accidental releases.

Seminole requires *on-going environmental training programs* for employees to increase awareness of environmental concerns, reporting procedures and proper responsive actions. An *on-line searchable Material Safety Data Sheet (MSDS) database* was acquired in 1999. We are very proud of the fact that Seminole Generating Station has had *no fines for state or federal violations of water or air quality standards over the last 10 years*.

Seminole also is active in *land management*. Forest management principles are used to maintain the 1966 acres that provide a home for Seminole Generating Station, to protect the environment and wildlife. An additional 1334 acres are owned in Hardee, Polk and Hillsborough counties. Portions of this acreage are set aside for wildlife and conservation.

Proactive communications are initiated with regulatory agencies when potential problems are identified to seek collaborative input. In 1998 Seminole embarked on a \$1 million project to reline six landfill ponds at Seminole Generating Station, to prevent leakage, in cooperation with the FDEP. The new high-density linings were designed to better prevent damage by wildlife. The Co-op continues to work with consultants and the FDEP to resolve a problem with forest stress that appears to stem from prior landfill runoff.

## **6. Generate a Fair Return**

Seminole is a non-profit organization. Its by-laws commit the Co-op to operating “for the mutual benefit of its members” (Chapter 12). Seminole’s financial practices are designed to maximize member return on investment. Expenditures must provide payback in the form of reduced costs and/or desired qualitative benefits in keeping with Cooperative ownership and principles and Seminole’s Board approved mission, vision, and values.

Seminole Generating Station’s gypsum conversion project provides both quantitative and qualitative benefits. While it required a significant up-front investment in equipment and technologies, prospective benefits include a projected reduction in the net cost of member service by an estimated \$5-6 million per year over the 20 year life of this project (gypsum sale revenues, reduced costs for landfill operations); a reduction in Seminole Generating Station’s environmental impact; and significant new investment and 100 new jobs for the local community through Lafarge Corp.

Seminole’s financial practices call for conservative stewardship of member revenues. Higher rates would negatively impact our members’ consumer owners, with a ripple effect on the area economies. Seminole does not take that responsibility lightly. Over the last 17 years, Seminole has worked to reduce its wholesale member rate while increasing the value of its employee compensation package and community support activities. Rate reductions have been accomplished in a number of ways. For example,

- Seminole pursues a policy of diversifying supply and risk in its power supply arrangements.
- It has structured financial agreements designed to reduce net costs, including the sale of pollution control bonds, and facility and equipment lease-leaseback arrangements.
- Annual internal and external audits of both operations and contracts help safeguard member investment.
- In 1998 Seminole significantly reduced long-term costs by switching to an all-rail delivery system for Seminole Generating Station’s coal supply, after an extensive cost and benefits analysis. The final buyout of all associated contracts was accomplished in early 2001. Net long-term savings are estimated in excess of \$40 million.

- Seminole recently obtained a favorable rating from Standard & Poors, which will help the Co-op obtain more attractive financing as needed to support new facilities. Seminole's "A" rating is based on its stable management and its "strong capacity to meet financial obligations created through debt instruments and contracts."

Through its suggestion program, strategic planning process, and business process improvement efforts, Seminole strives toward continuous improvement in its operations and practices. Through literal and symbolic communications, Seminole works to help employees understand the importance and impact of their individual decisions and actions. The Co-op values its reputation of excellent service to its members, its communities, and Florida's future. Seminole is committed to be its members' preferred provider, a leading competitor, building trust, improving customer service, providing a challenging work environment, promoting employee pride, upholding high ethical and professional standards, protecting the environment, and improving the quality of life in its communities (Mission, Vision, Values, 2001).