

DEPARTMENTAL FOCUS: Legal

South Mississippi Electric's (SME) need for legal representation has increased through the years as the organization has grown. SME employs an internal legal group that consists of three attorneys—Jeff Bowman, chief legal and communications officer, Christa Bishop, director of legal affairs, and Nathan Bellville, regulatory affairs specialist. In addition, General Manager Jim Compton served as SME's board attorney for 12 years before assuming his current role.

"The electric industry is becoming more regulated and more complex," said Compton. "A decade ago we had a good bit of legal work dealing with contracts, eminent domain and traditional lawsuits. Today, we have even more of that, plus thousands of pages of regulations to understand and with which to comply. Outside attorneys were sufficient at one time, but today it is more cost effective to do much of the legal work in house with salaried attorneys. It is also cost effective for us to have a few good outside attorneys in specialized fields who understand our business and needs."

JEFF BOWMAN - CHIEF LEGAL AND COMMUNICATIONS OFFICER



Bowman joined the SME staff full time on Dec. 31, 2012, to oversee all of SME's legal affairs and serve as board attorney. Bowman first became associated with SME in July 2004 when he was selected as the Association's special counsel and board attorney.

Much of Bowman's legal focus is on the acquisition of land used for rights of way in the construction, maintenance and operation of transmission lines and other facilities that are vital to SME's operation. Bowman backs SME's land group in efforts to survey and appraise land needed for rights of way. When a land owner refuses to allow the property to be surveyed or cannot agree with SME on fair compensation for the property, Bowman represents SME in eminent domain litigation. Eminent domain, the authority by which land may be acquired from a private owner in order to permit use in the best interest of the public, is granted to SME by the Mississippi Public Service Commission (PSC). Bowman represents SME in state court to acquire the property interests necessary for SME to maintain reliable operations.

Bowman also serves as the primary clearinghouse for other legal matters in which SME may be involved or when it is necessary to hire special counsel.

"We have many specialized legal issues that arise in the electric utility industry," said Bowman. "For example, when issues arise with our railroad contracts, we have special counsel to assist us whose primary practice area is litigating against railroads. We also have FERC (Federal Energy Regulatory Commission) attorneys that represent us in all matters before FERC, and Christine Ryan supports us through larger transactional matters as well as many of our dealings with the Rural Utilities Service."

CHRISTA BISHOP - DIRECTOR OF LEGAL AFFAIRS



Reporting directly to Bowman is Bishop whose responsibilities include contracts, state regulatory issues, Associational policies and other legal affairs that impact SME. In addition, she oversees SME's supply chain and corporate communication groups.

All contracts entered into by SME must first be approved by Bishop. This includes the negotiation of the terms and conditions of all contracts and other agreements that impact SME's day-to-day operations.

An important aspect of Bishop's job is to serve as liaison with the PSC. As a not-for-profit electric cooperative, SME's rates are not regulated by the PSC, unlike investor-owned utilities; however, SME must petition the PSC for Certificates of Public Convenience and Necessity that are required for the construction of new transmission projects. Bishop is responsible for filing these petitions with the PSC and representing SME in hearings to prove that such projects are necessary for the reliable delivery of electricity. She attends all the PSC's docket calls and any special meetings that may affect SME, such as Entergy's efforts to join the Midcontinent Independent System Operator (MISO) or Mississippi Power Company's (MPC) ongoing construction of Plant Ratcliffe in Kemper County, Miss.

"We maintain a good relationship with the Mississippi Public Service Commission and the Mississippi Public Utilities Staff," commented Bishop. "Often, they request our opinion on issues before the commission because we are not-for-profit, and not rate regulated, so they trust us to give an unbiased opinion."



Christa Bishop and Steve McElhaney, chief compliance officer, review the ACES contract.

Drafting new board and administrative policies, updating old policies and making sure polices are followed also falls under Bishop's job responsibilities. In addition, she serves as the gatekeeper of the record storage vault, which includes making sure that SME and its employees abide by the time constraints set out in the document retention policy.

"Different policies and documents are required to be retained for different amounts of time," said Bishop. "We make sure that the vault has the most up-to-date policy and that it is held in the vault for the correct amount of time."

NATHAN BELLVILLE- REGULATORY AFFAIRS SPECIALIST



SME considers the reliable delivery of energy to each Member system a top priority. System reliability is not only vital to SME's system, but also to the nation's electric grid. For this reason, SME and other utilities are regulated on a national level by FERC.

As the industry advances and changes, so do FERC regulations. As regulatory affairs specialist, Bellville's responsibility is to stay abreast of regulatory and compliance activities related to the operation of SME's generation and transmission facilities.

FERC often publishes notices of proposed rulemaking (NPRs). Bellville reviews each NPR and summarizes the potential affects to SME.

"FERC publishes NPRs when they are contemplating issuing a new rule or making changes to an existing rule and they are looking for input from the industry," said Bellville. "At that point, SME may elect to file comments or just review what the other utilities are filing."

Once FERC issues a NPR and reviews all comments filed regarding the potential changes, FERC will either develop the NPR into a final order or discontinue any potential changes. After a final order is issued, Bellville develops a summary of the order and informs members of SME's bulk power operations management of the changes that affect SME's operations.

Bellville also reviews rate cases and tariff changes that may affect SME, such as when MPC filed a rate increase due to the costs of Plant Ratcliffe. In this situation, Bellville worked with special counsel to file a motion to intervene on behalf of SME. Bellville's review of rate cases and tariff changes will dramatically increase as a result of SME joining MISO, which files tariff changes with FERC daily.

Nathan Bellville checks for FERC NPR updates.

Despite employing a robust legal team, there are times when it is necessary for SME to hire outside counsel who have expertise in a specific area of the electric utility industry. Two attorneys who support SME on a regular basis are Christine Ryan with Brickfield, Burchette, Ritts and Stone, P.C. and Bob Weinberg with Duncan, Weinberg, Genzer and Pembroke, P.C. both located in Washington D.C. Ryan specializes in negotiations with larger projects and transactions, like the joint operating and ownership agreements and the asset purchase agreements for Plant Ratcliffe and the Batesville Generating Station. Ryan also serves as Special Counsel to SME's board. Weinberg assists SME in areas regarding FERC.



Jeff Bowman works with Larry Griffin, land manager, discussing right-of-way acquisitions.

