

Alabama Outdoors
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Alabama's 100 Year Old Powerhouse

While history is on the minds of company leaders, the focus is clearly on the future as Alabama Power celebrates 100 years of progress

A century ago, Alabama was essentially an agricultural state where houses were dimly lit by candles or kerosene lanterns and most folks went to bed when the sun went down. But a few dreamers envisioned a better Alabama, powered by the miracle of electricity.

A lot has changed in Alabama over the last 100 years, and a sizable portion of the state's industrial growth and development can be connected in some way to the efforts of the state's largest electricity provider, Alabama Power Co.

This year, Alabama Power is commemorating a century of service to the state. And while history is on the minds of company leaders, the focus is clearly on the future.

Charles McCrary, president and CEO of Alabama Power, is bullish on what the coming years may bring for the company, and for Alabama – a state that has seen a transformation in its manufacturing sector, thanks to a dramatic expansion in the automotive sector. But McCrary says that's not the only way that Alabama is moving forward.



Q. You're an Alabama native and have spent more than 30 years working primarily in Alabama. How has the state changed during the course of your career?

A. It's almost hard to put into words how much the state has changed. Our economy has gone through a metamorphosis that reflects the changes we've seen in the global economy. Thirty years ago, we were heavy on items such as textiles and traditional Southern agricultural crops. In Birmingham, iron and steel were the mainstays. And while these industries are still very important to us, we've diversified dramatically. With Mercedes and Honda, Toyota and now Hyundai building cars or engines here, we've become a center for a new generation of automobiles, automobile parts and supplies. But that's just part of the picture. In Birmingham, banking and medical research are big. In Huntsville, we've got aerospace and computers. In Mobile, we've gone from traditional chemicals and fishing to international trade and, now, aviation.

Q. But Alabama is still largely a rural state, is it not?





The powerhouse crew at Lay Dam, circa 1920. The first major hydroelectric project constructed by Alabama Power, Lay Dam began producing electricity in 1914. The dam, on the Coosa River

A. Absolutely. And that's another thing that's incredible about this state. We have tremendous natural resources. We have some of the most beautiful mountains and beaches in the country. We have large, navigable rivers and lakes, so we have an abundance of water. We have more forests in Alabama now than we did 50 years ago, which means this is a terrific place for producing wood and paper products. In fact, forest products are still our No. 1 industry. And we have great workers here, as world-class companies like Louisiana-Pacific and Kronospan and other wood-products companies can attest.

Q. Let's talk about Mercedes. That company's decision to build their first North American plant in Alabama was a defining moment for the state's industrial evolution, and Alabama Power was a player in making it happen. How important do you think that project has been to the state?

A. It was extremely important on two levels. Of course, it was very important simply because of the number of jobs it brought, and the dollar investment, the automotive suppliers that came with it. But the impact it had as far as the state's image – that's hard to overstate. The arrival of Mercedes sent a message to business across the globe. It put us on the map. It said, Alabama is a place you have to look at for major projects. And I think Mercedes' experience – they recently doubled the size of their plant here – proves it was the right decision for them.

Q. Actually, we asked Bill Taylor, president of Mercedes-Benz U.S.



An Alabama Power crew works to repair lines following Hurricane Katrina. Nearly 637,000 Alabama Power customers lost power during the massive storm. Within nine days, with assistance from out-of-state crews, the company was able to restore power to 99 percent of customers.

work for them. That was an important message. And I think Bill would also tell you we've been there for him throughout their journey here.

Q. Who are some of those partners you work with?

A. Well, every project is different. We often work with the Alabama Development Office, the Economic Development Partnership of

International, about Alabama Power's role in their choosing the state. He said Alabama Power representatives were intimately involved in recruiting Mercedes from the earliest days, when the project was only a vision, and played a major role throughout the process. He said one of the things that impressed Mercedes was the strong, working partnership they found among businesses, organizations and agencies in the state, and how they were ready to help the company. He said Alabama Power was a strong element in that partnership.

A. Well, Bill is very gracious. There's no question Mercedes took a risk when they decided to come to Alabama. Of course, I was convinced they would be successful here. But they didn't know, and trust is an emotion that has to be earned. I think we – that is, all the players who are involved in economic development here – were able to show Mercedes that we would work together to make it

Alabama and with local or regional economic development organizations. We work with the Alabama Electric Cooperative, with the Tennessee Valley Authority, with Alagasco, and with the Retirement Systems of Alabama. We work very closely with Alabama Industrial Development Training (AIDT), the state's work force training program. By the way, AIDT has been consistently ranked as one of the nation's top work force training programs in a survey of site-selection consultants conducted by *Expansion Management* magazine. Basically, we'll work with everyone to help bring a project to Alabama. Naturally, it would be nice if a project locates in my service territory. But that's secondary. We want them in Alabama. I think our ability to work together in Alabama to get an industry to come here is tremendously important.

Q. So, Alabama Power has been closely involved in some of the state's major economic development projects. Has that been the case throughout your history?



Alabama Power workers remove trash during a recent Renew Our Rivers cleanup. The largest volunteer river cleanup campaign in the Southeast, Renew Our Rivers is spearheaded by Alabama Power and its sister companies in cooperation with numerous partner organizations.



A. First of all, it's not just the major projects. We're involved on all levels, recruiting small companies and huge companies. And we spend a lot of time and energy helping existing businesses stay competitive – so that they'll be successful and expand. Actually, our involvement in economic development goes back to the very early years of the company. In 1913 we hired our first employees whose job was specifically to recruit industry. In 1920 we were the first utility in the nation to create an entire New Industries Department. We didn't do it because we were smarter than anyone else. We did it because we had to. At that time, the company was building huge hydroelectric projects, and we were going to have more power to sell than we had customers to sell to. We needed new industry to survive. That New Industries Department was the predecessor to what we now call our Economic and Community Development department. Today, we're not only involved in economic

development and industry recruitment and retention. We're also on the ground, working closely with local leaders to help their cities and towns and counties do what they need to do to compete for business. So you see, economic development is really part of the fabric of our company. And we've been successful, I believe, because of two reasons: First, we view economic development as an entire community function and not just a company or department function. And second, the strong public and private partnerships that I mentioned earlier.

Q. What are some of the things you can offer those communities, and to businesses that may be considering a particu-

lar community?

A. For communities, it can be anything from strategic planning to updating infrastructure, to assistance in developing an effective marketing and promotion program. We've partnered with local indus-

trial development boards on building industrial parks and constructing spec buildings. Sometimes, it's just a matter of putting leaders in touch with the right people. As for the business side, one of our most important jobs is providing timely, unbiased and accurate information. But just as important, we will be with those businesses after the sale. We have 94 local business offices across the state. The managers and employees who work there are the face of our company, and when a new business locates somewhere in our territory, the local business manager is there – and will be there – to assist that company in any way we can to make sure that business is successful.

Q. What is the greatest misconception about economic development, in your opinion?

A: Well, a lot of people overlook that there is a lot of 'heavy lifting' that goes into closing the deal. The stereotype is that it's a glamorous profession where jet-setting around the world, wining and dining executives and playing 18 holes of golf fill up the day. But that's simply not the case. As I mentioned, a lot of it is research. It's providing timely and accurate information. It's being

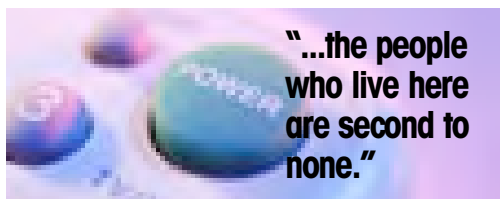
Alabama Power by the numbers (2005)

Customers:	1.4 million
Employees:	6,621
Total kilowatt-hour sales:	76.9 billion
Operating revenue:	\$4.6 billion
Net income:	\$508 million*

*After dividends on preferred stock

100 Year Old Powerhouse

honest, and not making promises you can't keep. Sometimes we'll work with a site selection team for months, gathering and supplying data to them, and we don't have a clue who they represent. Other times, someone needs a ton of information in 24 hours, and our folks will jump on it and get it done. Over the years, we've developed a tremendous storehouse of information, and we're happy to provide it. Recently we put a lot of that information on a new Web site, www.amazingalabama.com. It has information about available buildings and sites, demographic information, labor force data. And you can use it to compare sites in Alabama with communities in other states. I think our ability and desire to go the extra mile with business prospects is one reason why *Site Selection* magazine named our Economic and Community Development department as one of the top 10 programs in the country. We've put all this information on the Web site, and made it easily



accessible, because we're not afraid for people to compare Alabama with communities in other states. Another great source for information is the Economic Development Partnership of Alabama. Seventy leading companies in Alabama, representing a wide range of important industries, support EDPA, which is a private, nonprofit organization dedicated to marketing and promoting Alabama as a great place to do business. EDPA has a warehouse of data, and a great Web site, www.edpa.org. EDPA is yet another indication of the strong partnerships



Alabama Power President and CEO Charles McCrary at company headquarters in Birmingham

we've created in Alabama that are committed to working together to advance economic development in the state. The bottom line is, we welcome the chance to show people what Alabama offers.

Q. You've touted the natural resources in Alabama. What about quality of life issues?

A. I'm glad you asked. Where do I begin? How about cost of living? We have one of the lowest costs-of-living in the country. Our housing costs are 37 percent below the national average. And if you get your electricity from Alabama Power, your electricity costs will be at least 15 percent below the national average. How about health-care? UAB Hospital's heart program is one of the best in the nation, according to *U.S. News and World Report*. The magazine also put UAB's Medical School in the top quartile of all medical schools in the country. UAB has also become an important center for medical research, and a major recipient of federal research dollars from the National Institutes of Health. What about education? I already mentioned AIDT's reputation for training workers. In addition to our fine public and private universities, we also have an extensive two-year college system. And two public high schools in Birmingham, the Alabama School of Fine Arts, and the Jefferson County International Baccalaureate School, are ranked

among the best in the nation by *Newsweek* magazine. We also have wonderful recreation, from the Talladega Superspeedway, to the Barber Motorsports Park in Birmingham, to the Robert Trent Jones Golf Trail. We have great hunting and fishing and hiking, and our Gulf Coast beaches are truly splendid.

Q. Speaking of the Gulf Coast, Alabama was hit hard by hurricanes over the past couple of years. Has the Gulf Coast region of Alabama recovered?

A. No question, the last two years have been unusual. We had three storms – Ivan, Dennis and Katrina – hit our territory, and we had some of the worst damage to our system in our history. Fortunately for us, we did not suffer the kind of catastrophic damage that people in Mississippi and Louisiana had to endure. The Alabama Gulf Coast is recovering, and is very much open for business.

Q. Obviously, you're a proud booster for your home state. If you had one thing you'd want people to know about Alabama, what would it be?

A. I hate to invoke a cliché, but the people who live here are second to none. There is an incredible work ethic and deep pride that is inherent in the state's culture. You don't have to take my word for it. I've heard time and time again from executives whose companies located here say how Alabama is a jewel, that it's a best-kept secret. Of course, we hope the secret is getting out. This is, truly, a wonderful place to live and work. ■