

“Safety is Everybody’s Business”

**Southwest Electrical Safety Exchange
Semi-Annual Meeting**

**Welcome Address
by
Georgianna Nichols**

**President & COO
CenterPoint Energy
Houston Electric**

**Galveston, TX
Thursday, September 14, 2006**

Thank you, Levi.

And welcome, all of you, to the fall meeting of the Southwest Electrical Safety Exchange. I'm so glad to be here. It's always good to get down from the 47th floor and see the guys and gals who do the hard work on the front lines.

Unfortunately, I can't stay long. Right after speaking with you this morning, I have to rush to the airport. But that's good news for you: I won't speak too long.

So welcome to Galveston. It's our good fortune that we've had an uneventful hurricane season so far, or else a lot of you might be off restoring power somewhere else.

Just two weeks ago, seventy-five CenterPoint Energy linemen and support personnel headed to Florida to help Florida Power & Light with anticipated power outages. When Hurricane Ernesto was downgraded to a tropical storm, they turned around and headed back home.

Over the last several years, CenterPoint Energy has responded to many such mutual assistance calls from ice storms in Arkansas and Kansas, to storms in Illinois and Virginia, to seven hurricanes slamming the Gulf Coast from Louisiana to Mississippi to Alabama to Florida.

As the SWESE motto says, we are indeed "our brother's keeper." We depend on each other not just for mutual assistance but for mutual reinforcement of best practices to protect the safety of our employees. SWESE provides the forum for us to share knowledge that can save lives.

AMERICA'S WORST NATURAL DISASTER

Of course, where hurricanes are concerned we haven't always been so lucky. We remember a Gulf Coast city with a carefree Mardi Gras spirit was nearly destroyed by wind and water.

It's not New Orleans I'm speaking of . . . it's right here in Galveston. The hurricane that hit this city on September 8, 1900, was the worst natural disaster in U.S. History. More lives were lost – over 8,000 – in that unnamed hurricane than in the San Francisco earthquake, the Chicago fire, and Hurricane Katrina . . . combined.

Winds approaching 150 miles an hour along with a 15 to 20 foot storm surge destroyed almost four thousand buildings – one third of the city. One out of every six Galvestonians perished.

As after Katrina, thousands of survivors fled the city, never to return, while others stayed to rebuild. They worked for eight years to jack up thousands of structures over 500 city blocks and pump in sand and silt to raise the city 12 feet higher. They built a seawall 17 feet high and seven miles long which watches over swimmers to this day.

ONCE A GREAT BEACON

Before the Great Storm, Galveston was the largest, richest city in Texas. Founded by a Canadian, named for the Spanish general Bernardo de Galvez , once home base for the French pirate Jean Lafitte, this “Ellis Island of the West” welcomed many old world refugees and settlers to the new world.

In the late 1800s, cotton was king in Texas, and its throne was in Galveston, the world’s largest cotton port, shipping over a million bales per year around the globe. Galveston’s commercial center on the Strand was called “The Wall Street of the Southwest.”

One who got rich on the cotton trade was Colonel W.L. Moody, a Virginian who served in the Texas infantry during the Civil War. In 1866, he moved to Galveston and established a cotton brokerage to buy cotton from farmers and sell it to wholesalers who then sold it to textile mills. In 1873, he organized the Galveston Cotton Exchange to enforce standards on an industry that had none.

W.L. Moody Junior maintained the family fortune and established the Moody Foundation which has built health, education and cultural facilities – like Moody Gardens – across Texas.

Then came the hurricane and the discovery of oil at Spindletop near Houston. The “black gold” of oil supplanted the “white gold” of cotton, and Houston surpassed Galveston as the leading city in Texas.

But during the good times, Galvestonians had learned to throw a party – for 140 years Mardi Gras celebrations here have been recognized as second only to those in New Orleans. The city turned to gambling and tourism. You won't find a casino today, but they say Jean Lafitte buried treasure which has never been found

Meanwhile down the road, the Houston Gas Light Company was organized in 1866 (the same year W.L. Moody came to Galveston) to supply gas for streetlights. Soon electric lights began to replace gas lights.

In 1882, the Houston City Council granted a franchise to Houston Electric Light & Power, and on December 13th of that year, customers of the New Capitol Hotel bar crowded beneath a pair of electric arc lights thinking they cured disease. What a sight that must have been!

These two companies – one gas, one electric – operated separately for the next 115 years until they merged in 1997 to become what is now CenterPoint Energy.

Today CenterPoint Energy is:

- One of the nation's largest natural gas and electric delivery companies, with almost 5 million metered customers.
- We're the third largest publicly traded natural gas delivery company in the U.S. with nearly 3 million natural gas customers in six states.
- We're an electric Transmission and Distribution utility delivering more than 20 percent of the electricity consumed in Texas to customers in a 5,000 square-mile service territory from Galveston to Houston and beyond.
- We're a pipeline company that owns and operates two interstate pipelines, gathers natural gas, and provides pipeline services.
- With over 5,000 local employees, we're the third largest energy company employer in Houston – the so-called “energy capital of the world.”
- And we're number 209 in Fortune's 500 with about \$16 billion in assets, \$8 billion in annual revenue, and 9,000 employees in 11 states.

A FOUNDING MEMBER OF SWESE

Like you all, we are proud of our company's long history and our commitment to safety. In fact, we were one of the utilities that met down the road in Beaumont, Texas, back in the summer of 1950 to found the Southwest Electrical Safety Exchange.

We're also proud to have received SWESE's prestigious Tom Hughston Stop Shock award for the third time in the past four years for going a year with no lost time incidents from electric shock or burn. You know this is not an easy achievement. It took us forty years to achieve such a level of safety, and now we've done it seven of the last ten years.

It's important for us to recognize our safety achievements. Whenever our electric unit is recognized with an industry award, we provide each employee with a memento of the achievement. Our safety team presents an Annual Team Award with cash rewards to the work group with the fewest recordable injuries, lost time injuries and vehicle collisions. This year's race will be close: two of our service centers have amassed over a million safe hours, with a third close behind. And our safest veteran workers love to show off their thirty-five year ring for thirty-five years without a lost time injury. Now that's something to feel good about!

But we can always be safer. That's why we spent the better part of a year developing a new safety program, which we just rolled out last month.

The program is managed by frontline employees, who proactively keep each other safe by identifying behaviors that could result in accidents and then recommending changes to those behaviors. Employees have been trained through videotaped work samples to observe unsafe behaviors and follow checklists and procedures to ensure their mutual safety. Our safety program is based on observation, feedback, analysis and action.

Our program is a positive process that empowers employees to increase safe conditions and decrease injuries. The short-term goal of our safety program is to reduce injuries by 20 percent in the next two years. But we will never be satisfied with anything less than a perfect safety record. Our ultimate goal is for every employee, every day, to go home safe.

We all take safety seriously. You know there is no such thing as a non-catastrophic electric flash or contact incident. We all walk the same road.

And we've come a long way in the last 56 years. When Houston Lighting & Power's safety representative Heinie Couch sat down in Beaumont on that steamy August day in 1950, he and SWESE's other founders were losing four or five of their buddies a year to electric accidents.

They founded SWESE to develop safety rules and guidelines and work procedures to lower the accident rate and eliminate serious injuries and fatalities. They were saving their friends' lives – and their own.

A HALF A CENTURY OF SAFETY IMPROVEMENTS

For over half a century now, members of the Exchange have shared information to investigate on-the-job accidents and recommend measures to improve safety.

With SWESE's help, we've made great improvements in safety throughout the industry, especially in the last two decades. These improvements didn't happen overnight. They evolved over decades of focus on safety on the part of Exchange members and others throughout the industry. Together, we've made great advances and innovations in personal protection equipment. Today's gloves, glasses, face shields, jackets, boots and tools are more dependable than ever.

These semi-annual meetings allow Exchange members to share a wealth of new training aids and programs to take back to our co-workers. You'll learn from dozens of your peers this week through a wide variety of safety presentations.

We've also seen changes in system design and construction that provide a greater margin of safety when working around power lines. We know the importance of integrating safety with design and operations. Safety is not the business of a "safety team." Safety is everybody's business.

We've seen changes in attitudes toward safety. Expectations are higher. Electrical contacts and flashes are now down from four or five per company fifty years ago to that many across the whole fifteen-member exchange.

That's still four or five too many.

SAFETY IS EVERYBODY'S BUSINESS

We know that the commitment to safety of managers, supervisors and job leaders is crucial to the success of any safety program. We will succeed when everyone assumes responsibility for every unsafe act.

We all have the Southwest Electrical Safety Exchange to thank for directly and indirectly making possible the safety improvements of the last five decades. SWESE has brought commitment and consistency to a broad group of utilities. Because of SWESE, what we all do to protect ourselves is not radically different from one company to another. As separate companies, we do of course have procedural differences, and we respect those differences. But more importantly, we share a philosophy that values and expects safety.

We are indeed our brother's keeper. In winter and summer storms and in the quieter dangers you face every day. So while you're here this week away from your daily work routine, soak up the Galveston sun and soak up the safety presentations. Take the lessons you learn back to your buddies.

It could save their life – or yours.

Thank you.