

A POWERFUL COMBINATION

ScottishPower and Manweb combine strength and efficiency



Mike Kinski



Murray Stuart

SCOTTISHPOWER Chairman Murray Stuart said the combination of ScottishPower and Manweb would create a powerful and broadly-based utility with a combined market of three million customers.

"The skills and expertise of the people within both businesses will form a strong and efficient force within a rapidly-changing UK utility sector," he added.

Manweb is joining forces with a fellow electricity distributor.

ScottishPower also specialises in the generation and transmission of electricity, combining the functions carried out in England and Wales by the generators, the National Grid Company and the Regional Electricity Companies.

A significant proportion of the electricity generated by ScottishPower is sold to the generating pool in England and Wales (from which RECs and large industrial customers buy their supplies) via a high voltage transmission link which joins the national grid at the Scotland-England border, near Carlisle.

The company also plans to build an under-sea power link with Northern Ireland which would be capable of supplying the Province with 250 megawatts (MW) of electricity from Scotland's power stations.

Utility Services

ScottishPower owns and operates coal-fired, gas-fired and hydro-electric power stations in Scotland, together with Europe's largest wind farm at Newtown in Wales, three smaller wind farms in Northern Ireland and a gas-fired power station at Knapton in Yorkshire.

The production and sale of power is an important part of ScottishPower's business, but it is by no means the only one.

Since privatisation of the electricity industry the company has been successful in extending its range of business activities and the area it serves.

The company has expertise in a number of utility services. It supplies gas, in addition to electricity, to



Chief Executive Mike Kinski meets Stores Manager Colin Smith during a tour of Manweb's Rhyll Depot.

customers throughout Britain and it has an expanding telecommunications subsidiary which serves business customers in Scotland via one of the most powerful networks in Europe.

ScottishPower also has a large retail business, with over 160 shops and superstores under the ScottishPower, Electricity Plus and Sound & Vision brands, stretching across Britain from Ipswich in the south,

to Elgin in the North.

ScottishPower has a turnover of £1.7 billion (94-95) and has more than 8,000 employees. Every year it invests more than £1 billion to operate its business.

NEW MAN AT THE TOP COMMITTED TO TRAINING

MIKE KINSKI, 43, was a key figure in the transformation of ScottishPower from a large, centrally organised organisation into a profitable and streamlined business with accountability devolved to individual business units.

He joined the company in 1992 as an Executive Director and has been responsible for managing a portfolio of ScottishPower's businesses as well as the company's Human Resources function.

Training Initiatives

Mike was in charge of ScottishPower's Electrical Contracting Division, its retail operation, with 160 stores and 2,100 employees, the company's specialist engineering group and its Information Systems Division.

He was also responsible for introducing a number of

major training initiatives designed to help employees further their careers.

These included an MBA run in partnership with a Scottish university as part of a high quality development programme for ScottishPower managers.

Mike is a firm believer in the benefits education and training can bring to the individual and the business. He himself spent a number of years gaining qualifications at night school and in the early part of his career was British Leyland's Senior Technical Training Adviser.

His commitment is reflected in the company's Open Learning scheme, a network of 21 specially-equipped study centres throughout the ScottishPower area offering the choice of around 500 business-related courses to BSc level.

A comprehensive and voluntary health programme available to all staff is an-

other of his initiatives.

Before joining ScottishPower he spent 12 years in senior management positions with Jaguar, where the major restructuring he helped to implement not only allowed the company to remain trading, but also paved the way for a successful partnership with Ford.

At Jaguar Mike served as Personnel Director and a director of the Main Board. He was also a board director of a Jaguar joint venture company set up to establish an automotive component manufacturing operation.

Fellow

Mike is a Fellow of the Institute of Personnel Management and a Member of the Institute of Management.

He is married and he and his wife, Julie, have two daughters. Mike's interests include sport and he was once on the books of Coventry FC.

'WE'LL KEEP YOU INFORMED' – NEW CHIEF EXECUTIVE PROMISES STAFF

Dear Colleague,

This edition of 'Contact' has been specially produced to provide you with a short introduction to ScottishPower, which I hope you find useful.

It contains information about the company's main business activities, its strategy and training and other staff initiatives.

A special edition of ScottishPower's in-house newspaper, 'Powerline', is also being published in response to employees' desire to know more about Manweb.

ScottishPower is committed to open and honest communication, to sharing our thoughts and plans with you and giving you ample opportunity to ask questions.

We already have had meetings and seminars with managers and intend to keep staff informed through existing means, including letters, 'Contact' and later in the year a series of roadshows.

A small transition team, pictured on page two, has started work alongside managers and staff at Manweb to find the most effective ways of integrating the businesses.

It will take some weeks to understand and assess the company and by the beginning of December we will share our findings and outline our plans to you.

I know that this is a worrying time and it is my intention to make sure that the transition of ownership is done carefully and is sensitive to personal and business needs.

The purchase of Manweb is an important strategic move by ScottishPower, which is committed to building strong, competitive, customer-focused businesses.

As you know, the electricity industry is going through a period of tremendous change. It is our belief that the only companies which will survive in the fierce competition to be introduced in 1998 will be companies of scale which are also highly efficient, cost-effective and provide the highest quality of customer service.

We want to build Manweb into a highly successful multi-utility business and I firmly believe that we can build significantly on what has been achieved over the past five years.



Assurance on pensions

THE 13th Annual General Meeting of the Electricity Supply Pension Scheme will be held on 8 November 1995, at 1.45pm, at the Bafta Centre, 195 Piccadilly, London W1. Copies of the minutes of the 12th AGM and the ESPS Annual Report and Accounts 1994-95 are available from the Pensions Section on 01244 652582 (int. ext. 2582)

● Manweb's Chief Executive Mike Kinski has confirmed that the pension rights of current employees, pensioners and former employees are fully safeguarded. He said: "These assurances are supported by the provision of The Electricity (Protected Person) (England and Wales) Pensions Regulations 1990."

Building the business

Large companies compete better

— Ian Robinson

SCOTTISHPOWER is building up its businesses under Chief Executive Ian Robinson to compete successfully in a rapidly changing world business environment.

Ian said that as the electricity industry went through a period of tremendous change it would be the largest, most efficient and most cost-effective which would succeed.

Ian, 53, joined ScottishPower in March this year from Trafalgar House, bringing with him experience gained all over the world during 30 years in the engineering and construction contracting industry, covering the management, design, construction and start-up of power, oil and other major engineering plant.

He was Chairman and Managing Director of Trafalgar House Engineering Division, which has a turnover of £2.5b and employs over 25,000 people. His outsider's view of ScottishPower as a business ready to begin the next stage of its development was confirmed, he said, shortly after his arrival at ScottishPower's headquarters in Glasgow. "ScottishPower had already done a lot of work and had built-up momentum. The employees were committed to change and there were opportunities to grow," he said.

After he had met with employees across the company and had reviewed the group's businesses, Ian delivered his vision to senior managers at a strategy seminar. He told them that his aim, supported by the board, was to develop the group by making continued improvements in core activities, by expanding selectively, by increasing electricity sales and by developing the new businesses.

At the same time there would be major reviews of the organisation's structure and a strong emphasis on keeping the company fit through benchmarking and continued efficiencies. There would also be an emphasis, he said, on encouraging talent and industry and creating a 'can do' culture.



ScottishPower Chief Executive Ian Robinson presents the recently gained Investor in People Award to company staff.

ScottishPower on your doorstep . . .



Southport store manager Mike Rowbottom and assistant manager Helen Fieldsend.

FORMER Manweb colleagues now employed by ScottishPower in their superstores in the North West say they are impressed with the company.

ScottishPower acquired the five superstores in Liverpool, St Helens, Southport and Warrington from Manweb in April for around £3 million.

Mike Rowbottom, manager at Southport's Meols Cop Road retail park, says: "Business during the summer was brilliant. Customers just love the new-look store and the range of products we have - and the staff just cannot believe the money we have taken, which all helps our bonuses."

Mike says he is impressed with the management support he is getting. "ScottishPower might be a young company but we're learning from the mistakes other people in the industry have made and getting things right now. The future is looking good for us. We're all geared up for a bumper Christmas."

Wayne Gallacher, manager at Liverpool's Edge Lane retail park, says training and customer service are the plus factors behind the success of his store.

Phil Roberts, manager at Chester's Greyhound Park superstore has worked with both Manweb and the South Western Electricity Board. "ScottishPower is a well-organised company. The computerised stores system, for example, means that checking in new stock, which used to take a day, is done with just a few keystrokes."

Brian Winn, head of ScottishPower's North West retail operation, says the company has made a significant investment in training the former Manweb staff.



Front: Nagata-san, Andy Howie, Okamoto-san. Back: Heulwen Hulme, Paul Healy and Bernie Holst.

REAPING THE WIND

GLOBAL connections are generating commercial success as ScottishPower develops renewable energy systems.

Europe's largest windpower plant, near Newton, has achieved an output in excess of forecasts. That success has grown from close co-operation between ScottishPower, the company's partners the Tomen Corporation of Japan, technical specialists SeaWest of California, turbine manufacturers Mitsubishi and Windfarm Services Ltd, of Newtown, who operate and manage the windfarm.

A multinational team of a Scotsman, a Californian, an Englishman, a Japanese and a Welshman work together operating as smoothly as the pitch-regulated machines. The windfarm's 103 turbines produce enough energy, on average, to supply electricity to meet the needs of 21,600 homes - roughly the population of Montgomeryshire, where the plant is situated. ScottishPower has also opened a windfarm in Northern Ireland, operated on their behalf by a local company, and has plans to extend its renewable energy operation next year to Eire.



A business team from ScottishPower is based at Manweb HQ to plan the integration of the two companies. They will be out and about gathering information to help develop the strategy for the business. The team are pictured with their Manweb colleagues. (l-r) Corporate Communications Manager Lesley Thomson (ScP); Human Resources Manager John Illidge (Mw); Business Planning & Systems Manager Andy MacRitchie (ScP); Information Services Manager John Peaker and Financial Projects Manager Richard Peach (Mw); Customer Relations Manager Alan Beattie, General Manager, Metering Bob Mpir and Regional Manager, Power Systems, John Menzies (ScP); Head of Staff Development Mike Metcalfe and General Manager, PowerNet John Turner (Mw); Transition Team Manager Willie Gallagher and Finance Director Bob Green (ScP); General Manager, MPE, Mike Jones, General Manager, BSS, Geoff Abel, Divisional Accountant, Power Marketing Adrian Harling and Finance Manager, Distribution, Neil Tolson (Mw); IT Projects & Consultancy Manager Robert Kirkwood and Human Resources Manager Steve Dunn (ScP); Head of Customer Service Bob McMahon and Head of Marketing & Sales David Clarke (Mw) and Group Sales Manager David Titterton (ScP).

Investment in our people

Training is key to business success

TRAINING and development is playing a key role in ScottishPower's drive to become a world-class company.

The company runs an Open Learning scheme, through 21 specially-equipped centres, plus a mobile service which, between them, offer more than 500 different programmes, ranging from computer skills, accounting, managerial and technical subjects through to languages.

Open Learning offers employees the chance to study subjects of their own choice, in their own time, completely free of charge. The programme has now been running for over two years and offers all sorts of courses from modular vocational qualifications to Higher National Certificate and Diploma courses.

This year, for the first time, a B.Sc. in Electrical Engineering will be made available in conjunction with the Open University and several other degree courses are being evaluated. Nearly 3,000 staff have already completed one or more programmes and the same number again are

currently participating in the scheme. By the end of the year, it is hoped that half of all staff will be involved in personal development through Open Learning.

ScottishPower encourages its staff to obtain Scottish Vocational Qualifications (SVQs) and in England, National Vocational Qualifications (NVQs). Generation Wholesale and Retail Divisions are particularly active in this area.

The company also offers opportunities for young people through apprenticeships, technical traineeships and graduate training programmes, while on-going job-specific training and development is a constant feature throughout the company to improve skills amongst all staff.

At management level, tailored MBA and senior management development programmes aim to produce the senior management team of the future from within the business. To achieve this, the company is working towards developing world-class management development partnerships with the best business schools in the world.

Staff share in profits

STAFF at ScottishPower voted overwhelmingly in favour of adopting a Profit Related Pay Scheme.

The scheme, operated by the Inland Revenue, is similar to Manweb's. It links a proportion of employees' salaries to the anticipated profits of the company.

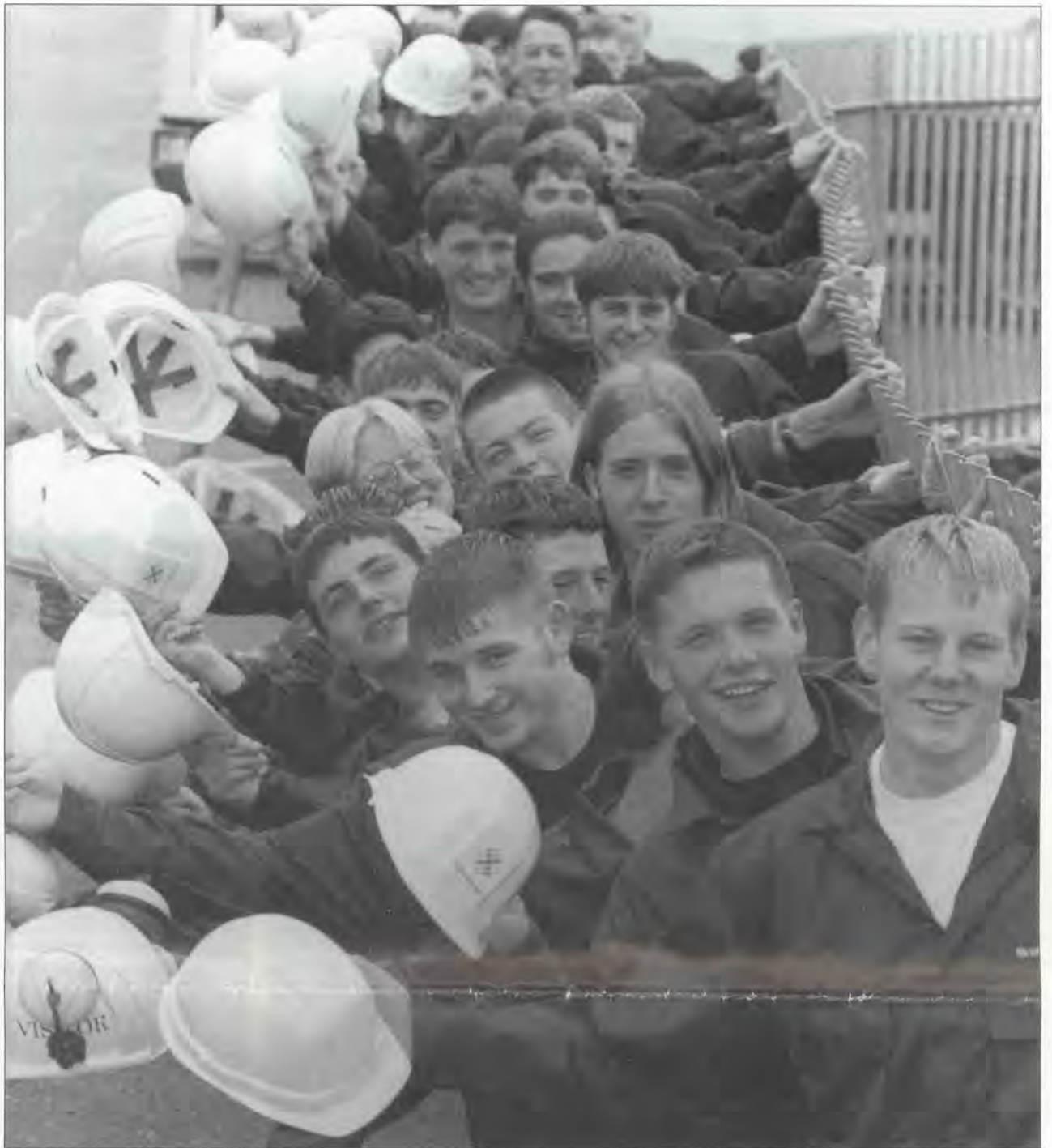
PRP is based on prudent profit forecasts for the year ahead, with payments made monthly and the balance paid as a lump sum once profits for the year have been calculated.

If profits at the year end are greater than forecast, the lump sum paid out will be bigger than that quoted, and if

profits are less, although the end of year lump sum will be reduced, no PRP paid out during the year has to be repaid.

The scheme works through tax efficiencies and although the benefits to individuals vary according to tax codes, typically someone earning £15,000 a year could expect to be around £570 a year better off on PRP.

Additional benefits were also added to the ScottishPower Pension Scheme this year which will result in higher pensions, improved life cover and enhanced allowances for dependants and other family members on death.



Apprentices from ScottishPower's Electrical Contracting business celebrate their exam successes at local colleges. The division has trained over 100 youngsters over the last three years.

Company and staff partners in progress

SCOTTISHPOWER's quest to be a "best in class" company is reflected in its human resources strategy, which has evolved considerably during the last two years.

A partnership approach to employee relations is the lynchpin of the strategy, which has seen the introduction of Open Learning, Wellscreen, Profit Related Pay and enhanced pension benefits since 1993.

These initiatives were driven by Mike Kinski, as ScottishPower's Executive Director, Corporate Resources, who said: "Being a best in class company also entails offering competitive terms and conditions for our employees."

"That includes being involved in the way the business is run through working in partnership with the management team and sharing in the success of the company through Profit Related Pay and Gains Sharing Schemes."

A ground-breaking Partnership Agreement was signed by management and staff representatives in the company's Generation business this year, marking a significant step forward in ScottishPower's industrial relations policies.

It has been fully endorsed by the trade unions and was supported by John Monks, General Secretary of the TUC.

The Agreement, which is one of just a handful throughout British industry, was developed by three working groups, comprising management and staff representatives, with support from the full-time officials of the relevant trade unions.

At its heart is a joint quest for continuous improvement, flexibility and efficiency, with

staff demonstrating a willingness to undertake any task they are able and qualified to do.

In return, all employees receive levels of pay and benefits - linked to their competence - and greater involvement in the management of the Division. Staff also have a stake in the success of the business through a gains sharing scheme.

The Agreement also provides for personal development opportunities for all staff through investment in training.

It underwrites the highest level of employment security possible, and where a reduction in the workforce is unavoidable, sets out a clear policy framework on how this will be achieved.

The Partnership will be managed by a Division-wide Partnership Council, which will be the focus for the negotiation of terms and conditions of employment. Local Partnership Councils are also being formed to replace the existing industrial relations machinery at individual locations, with the exception of Health & Safety Committees.

A streamlined pay structure has also evolved from the Partnership Agreement, making Generation Wholesale Division a 'single status' employer and removing barriers to career progression.

Existing pay scales have been replaced by a single pay spine incorporating six job groups, with 28 levels.

It follows previous industrial relations initiatives including the establishment of a team-based structure and a wide-ranging culture change programme.

Working for health

OCCUPATIONAL Health & Safety are given top priority at ScottishPower. The company introduced a Wellscreen Programme in 1993 which entitles all employees to a comprehensive health check and a number of safety initiatives have been established to continue the downward trend of accidents throughout the business.

Wellscreen is voluntary, completely free of charge and capable of detecting many conditions which may require medical attention.

The vast majority of people who are bouncing with health - give or take the odd bad habit - leave the medical centre with a personalised advice plan on measures they could take to further improve their health.

The Occupational Health team, which scooped a Wellness Forum 'Working for Health' Award last year, also offers advice on a host of medical matters from diet and stopping smoking, to foreign travel and stress management. They run regular events, the most recent of which is their 'Save a Life' campaign, offering instruction in basic life-saving resuscitation skills.

ScottishPower's First-Aiders have helped save a number of lives out of working hours and are regularly highly placed in the industry's First-Aid competition, taking top honours in both the men and



women's section on several occasions.

In safety, a number of initiatives, including training to National Examination Board Occupational Safety & Health (NEBOSH) certificate standard and incentive schemes, has helped several of ScottishPower's locations to remain accident-free for more than a year.

Significant improvements in accident statistics have been achieved for the company as a whole, with a 50 per cent drop in Lost Time Accidents achieved this year.

STEADY FINANCIAL GROWTH OVER THE LAST YEAR

SCOTTISHPOWER's financial performance showed steady growth in the last financial year with an increase in pre-tax profits of 6.9 per cent and turnover up by 9.4 per cent on the previous year to just over £1.7 billion.

Earnings per share grew by 6.2 per cent and dividends were up by 10.1 per cent on the previous year to 13.65p per share.

A drop in electricity sales in the company's home area, due to a mild winter, was offset by a 40 per cent increase in wholesale trading with

England and Wales and an 81.5 per cent increase in sales to second tier customers, generating income of £143 million and £49 million respectively.

Retail sales grew by £96 million on 1993/94 and Caledonian Gas also achieved a £10 million growth in sales.

Benchmarking

Benchmarking over the last few years has reduced operating costs by £69 million on 1992 figures and the company aims to be in the top 10 per cent of utilities

worldwide by 1998.

Major investments were made in the transmission and distribution infrastructures, where £100 million was spent on improving system performance.

Another £19 million was spent on the gas-fired power station in Yorkshire and £16 million on three wind farms in Northern Ireland.

Around £15 million was invested in the refurbishment of retail stores, while a further £18 million was invested in developing Scottish Telecom's fibre optic network in central Scotland.



Regulator Stephen Littlechild (left) officially opens ScottishPower's upgraded transmission link with England and Wales. He is pictured with Manweb Executive Director Duncan Whyte (centre) and industry colleague Arnold Read.

NEW WIRES BUSINESS EXPANDS ITS HORIZONS

THE new 'wires' business is the vital link between the power station and the plug - over 30,000 circuit kilometres of overhead lines and 60,000 km of underground cables, together with more than 3,800 substations.

The business, Power Systems, controls assets worth around £4.5 billion and invests over £100 million each year on the supply system, which is more secure now than at any time over the past 40 years.

Power Systems aims to be the leading UK wires business and to achieve world-class operating standards. To this end extensive benchmarking exercises have been carried out, comparing the wires business with that of leading overseas utilities.

An initial fact-finding visit to the Kyushu Electric Power Company (KEPCO) of Japan led to a Friendship Agreement which provides for an ongoing exchange of managerial, technical and operational information.

Today, a wide-ranging investment programme - Asset Management 2000 - is under way, harnessing new technology for the benefit of the business.

Advanced protection

In line with Manweb's experience this includes live line technology allowing customers to remain on supply when work is being carried out on the overhead 11 kV system. There is also a move towards condition-based rather than time-based maintenance.

One area in which ScottishPower is leading the field is in the use of advanced protection systems including Travelling Wave Fault Locators, which help to pinpoint faults to within 300 metres in milliseconds.

Key projects currently being carried out by Power Systems Division include a second upgrading of the high voltage transmission link between Scotland and England to 2200 MW and a £12 million refurbishment of the transmission system in Fife.



A decision by the Secretary of State for Scotland on consent to build a new link with Northern Ireland is expected between now and next spring.

If the link with the Province gets the go-ahead, ScottishPower will be the only utility capable of supplying the whole of the UK with electricity.

High quality in Technology

THE company's specialist technology business, Technology Division, has just been awarded a new three-year contract worth £1 million a year to provide services to the nuclear generation industry in Scotland.

The division offers clients a broad spectrum of expertise, including civil, mechanical, electrical and control and instrumentation engineering, together with laboratory facilities.

Engineering consultancy is provided by a group of around 100 engineers, scientists and project management specialists who aim to find engineering solutions to business problems on behalf of ScottishPower and other major companies.

With quality certification covering most of its

functions, including ISO 9001 for engineering, Tickit in respect of software development and NAMAS for its testing and calibration laboratories, the Division's range of customers has extended to include many major companies.

Technology Division carries out a wide range of activities from the design and construction of buildings, plant and components, to the development of sophisticated control systems and all types of monitoring, testing and analysis.

It conducts feasibility studies and environmental impact assessments for major projects and assesses different technologies.

Finding a solution to a corrosion problem enabled the Division to save a major oil and gas company around £1 million a day.

SCOTTISHPOWER is an expanding utility group with commercial interests throughout the UK. It generates, distributes and supplies electricity to 1,700,000 homes, mainly in the south of Scotland, but also in England and Wales.

The company is investing to make ongoing improvements in the quality and reliability of its electricity network and power stations.

It is also building up its businesses, for example by selling more electricity in England and Wales and is diversifying into other utility-related areas.

ScottishPower supplies gas to industrial and commercial customers across the UK, is a significant electrical retailer and has growing telecommunications, contracting and specialist engineering businesses.

ScottishPower's aim is to become a strong, diverse utility company with national and international ambitions.

MORE NEW STORES TO OPEN IN ENGLAND

SCOTTISHPOWER's Retail Division will reach a major milestone over the next few weeks, with the launch of its 50th superstore in England and Wales.

Retail Division now has 160 stores stretching from East Anglia to Elgin in the north of Scotland, operating under the ScottishPower, Electricity Plus and Sound & Vision brands.

The business has concentrated on out-of-town retailing. In 1992 it acquired Thorn EMI's Atlantis and Rumbelows stores in Scotland and 50 former Clydesdale stores the following year.

At the end of March this year, five former Manweb stores in Chester, Southport, Liverpool, Warrington and St Helens were bought.

More than half of all ScottishPower's sales space is now located south of the border, where sales are up by 60 per cent on last year. Several stores on new retail parks in England are expected to open between now and next spring.

In Scotland, almost one in every two cookers sold comes from a ScottishPower store.

Members of staff are able to study for National Vocational Qualifications (NVQs) and a pilot programme to offer managers a degree in electrical retailing is expected to be up and running towards the end of the year.

The Division's Headquarters for the whole of Britain is based at Cumbernauld, near Glasgow, from where close links are maintained with a Regional Office in Castleford, near Leeds, which also serves as a warehousing and distribution centre for the English stores.



Retail MD Alan Jefferson

Gearing up

A NEW business, Energy Supply, was formed as a leading player in the gas and electricity market, opened up to competition in 1998.

Customer service operations have been based in Glasgow, where around 500 staff are employed to answer three million telephone enquiries and billing enquiries.

The business has created a 'one-stop' service which is backed up by local offices throughout the country. The service is flexible and can be extended to new areas.

For the last few years, ScottishPower and Caledonian Gas, have been supplying gas to homes in Britain, competing with other UK suppliers.

In the competitive market ScottishPower has a number of customers in its traditional authorised supply areas.

Offices have been set up in Dundee, Birmingham and London. Today, ScottishPower supplies gas to homes north and south of the border.

Caledonian Gas has 6,000 sites throughout England and Wales, including Anfield football stadium. Energy Supply also deals with customer enquiries and improvements in service.

ScottishPower has built on its success in the UK market for service excellence by, for example, achieving a 27 per cent increase in sales during 1994/95 - and is achieving guaranteed standards.

New technology has revolutionised the way we work in the last few years, with successful trials in many areas.



Electrical Contracting set off to work at a light



Longannet Power Station.



Penrhyddlan and Llidiartywaun wind farm.

businesses

for 1998

ned this year to position ScottishPower electricity marketplace, which will be fully

integrated at the company's business if have the latest technology at their fin-calls each year on energy supply, cus-

shop' for electricity and gas services, out the company supply area. The ser- areas of business if required.

ver and its gas supply subsidiary, ectricity and gas to customers all over on price and service packages.

has been successful in retaining cus- rea and winning others outside it. ningham and London to support the ex- lectricity to 1.7 million customers both

out Britain – with around half of them in all stadium in Liverpool.

service functions, and again there have

in gaining the Government's Charter e, reducing disconnections to a handful 99.9 per cent success rate in meeting

er reading and income collection during remote metering and bill pre-payment



CONTRACTING GROWS TO EMPLOY 600

ELECTRICAL Contracting has increased its work-force from 230 to around 600 since it was formed nearly four years ago.

It specialises in the design, installation, repair and maintenance of electrical plant ranging from power station transformers to air conditioning systems.

The Division's customers include major electronics and pharmaceuticals companies, universities, hospitals and local authorities. They recently completed a contract at the Atomic Energy Authority's Downreay installation, to strip out electrical plant as part of the decommissioning process.

One of their most unusual contracts to date involved carrying out maintenance work at all the lighthouses dotted round the Scottish coastline.

Since 1992 the division has trained – or is in the process of training – 100 apprentices and it is now offering semi-skilled adults the chance to work towards a City & Guilds qualification in Electrical Installation.

Work for external clients today accounts for around 60 per cent of the Division's turnover – a 12-fold increase from when the business was founded.

What was once a non profit-making arms of distribution, concentrating entirely on domestic heater installations, has grown to become one of the top 20 UK electrical contractors, with an order book for some 600 live contracts worth £40 million.

Telecoms business takes off

SCOTTISHPOWER's telecommunications business, ScottishTelecom, is founded on 60 years' experience of designing and operating one of the UK's most advanced private telecommunications networks.

So far £40m has been invested in constructing an advanced fibre optic network for commercial traffic. Transmission towers are used in some areas to carry the fibre optic cable.

ScottishTelecom's customers include clearing banks, a distillery group, Scottish Mutual, Abbey National Life and the BBC. Its network at the moment covers Scotland's Central Belt, and there are partnerships in place with other service providers extending connections throughout the UK and beyond. ScottishTelecom recently won a contract to link Scottish universities and colleges along an information superhighway. The company has also undertaken the delivery of all BBC signals north of the border.

GENERATING POWER FOR SCOTLAND AND BEYOND

ELECTRICITY generated at the company's power stations is consumed largely in Scotland, but an increasing amount is being sold south of the border through the Anglo Scottish transmission link.

The capacity of the link, currently 1600 megawatts (MW), is set to rise again, to 2200 MW from 1997.

The generation business, which operates the company's power stations, is preparing now for the increased potential for sales by continuing to focus on reducing costs, working in partnership with its staff and with its key supplier, Scottish Coal, to ensure that ScottishPower is able to produce electricity at competitive prices.

Substantial investment has also been made within the power stations to enable them to cope with the increasing demand for their generation.

In addition, state-of-the-art environmental technology, including special burners, is being installed enabling the company to keep within emission constraints while increasing coal burning at its two key power stations, Longannet – the second largest in Europe – and Cockerzie, both near Edinburgh.

Longannet, with its four 600 MW generating sets, is ScottishPower's flagship power station – the QE2 could fit into the turbine hall. Cockerzie is half its size, with four 300 MW generators. Other fossil fuel power stations in Scotland include Methil, which has a capacity of 60 MW and for 30 years has been generating electricity from coal slurry – a by-

product from colliery wash-eries.

Much of Scotland's electricity needs are met by nuclear power generated at Scottish Nuclear Ltd's stations at Hunterston in Ayrshire and Torness in East Lothian.

Nuclear agreement

ScottishPower buys almost 75 per cent of the output of these stations, under a 'must take' agreement set up at privatisation.

This agreement will continue, following formation of the British Energy Company, into the next century, but with a gradually reducing commitment.

The nation's electricity needs are also served by ScottishPower's hydro electric plant, which has a quick start facility allowing it to help meet demand peaks.

The largest is Cruachan, one of only two pumped storage power stations in the

UK. It has four 100 MW units, set in a massive underground cave carved from solid marble, and works like a large battery, using cheap night time electricity to pump water from its lower reservoir, Loch Awe, uphill to another reservoir high on Ben Cruachan.

Generation Wholesale Division has not confined its operations to Scotland. During the last few years it has established Europe's largest (31 MW) wind farm at Penrhyddlan and Llidiartywaun in Wales, in conjunction with the Tomen Corporation of Japan, together with three smaller wind farms at Rigged Hill, Corkey and Elliots in Northern Ireland.

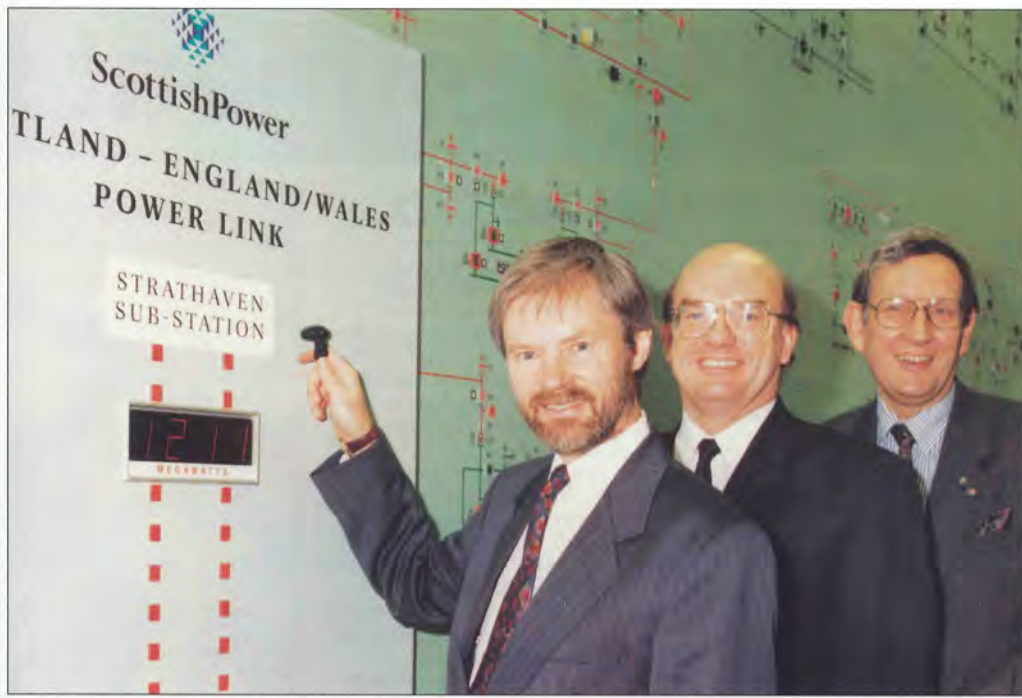
It also owns and operates a 40 MW power station at Knapton in Yorkshire, which is fuelled by the UK's largest on-shore gas field. Knapton, the company's newest power station, was commissioned in 1994 and officially opened in May this year.



Cruachan Power Station.



use.



Regulator Stephen Littlechild (left) officially opens ScottishPower's upgraded transmission link with England and Wales. He is pictured with Manweb Executive Director Duncan Whyte (centre) and industry colleague Arnold Read.



Longannet Power Station.

Around the businesses

SCOTTISHPOWER is an expanding utility group with commercial interests throughout the UK. It generates, distributes and supplies electricity to 1,700,000 homes, mainly in the south of Scotland, but also in England and Wales.

The company is investing to make ongoing improvements in the quality and reliability of its electricity network and power stations.

It is also building up its businesses, for example by selling more electricity in England and Wales and is diversifying into other utility-related areas.

ScottishPower supplies gas to industrial and commercial customers across the UK, is a significant electrical retailer and has growing telecommunications, contracting and specialist engineering businesses.

ScottishPower's aim is to become a strong, diverse utility company with national and international ambitions.

Gearing up for 1998

A NEW business, Energy Supply, was formed this year to position ScottishPower as a leading player in the gas and electricity marketplace, which will be fully opened up to competition in 1998.

Customer service operations have been integrated at the company's business centre in Glasgow, where around 500 staff have the latest technology at their fingertips to answer three million telephone calls each year on energy supply, customer services and billing enquiries.

The business has created a 'one-stop shop' for electricity and gas services, which is backed up by local offices throughout the company supply area. The service is flexible and can be extended to new areas of business if required.

For the last few years, ScottishPower and its gas supply subsidiary, Caledonian Gas, have been supplying electricity and gas to customers all over Britain, competing with other UK suppliers on price and service packages.

In the competitive market ScottishPower has been successful in retaining customers in its traditional authorised supply area and winning others outside it.

Offices have been set up in Dundee, Birmingham and London to support the expansion. Today, ScottishPower supplies electricity to 1.7 million customers both north and south of the border.

Caledonian Gas has 6,000 sites throughout Britain - with around half of them in England and Wales, including Anfield football stadium in Liverpool.

Energy Supply also deals with customer service functions, and again there have been improvements in service.

ScottishPower has built on its success in gaining the Government's Charter Mark for service excellence by, for example, reducing disconnections to a handful - 27 during 1994/95 - and is achieving a 99.9 per cent success rate in meeting guaranteed standards.

New technology has revolutionised meter reading and income collection during the last few years, with successful trials in remote metering and bill pre-payment systems.



CONTRACTING GROWS TO EMPLOY 600

ELECTRICAL Contracting has increased its workforce from 230 to around 600 since it was formed nearly four years ago.

It specialises in the design, installation, repair and maintenance of electrical plant ranging from power station transformers to air conditioning systems.

The Division's customers include major electronics and pharmaceuticals companies, universities, hospitals and local authorities. They recently completed a contract at the Atomic Energy Authority's Dounreay installation, to strip out electrical plant as part of the decommissioning process.

One of their most unusual contracts to date involved carrying out maintenance work at all the lighthouses dotted round the Scottish coastline.

Since 1992 the division has trained - or is in the process of training - 100 apprentices and it is now offering semi-skilled adults the chance to work towards a City & Guilds qualification in Electrical Installation.

Work for external clients today accounts for around 60 per cent of the Division's turnover - a 12-fold increase from when the business was founded.

What was once a non profit-making arms of distribution, concentrating entirely on domestic heater installations, has grown to become one of the top 20 UK electrical contractors, with an order book for some 600 live contracts worth £40 million.

Telecoms business

SCOTTISHPOWER's telecommunications business, ScottishTelecom, is designing and operating one of the UK's most advanced private telecomm

So far £40m has been invested in constructing an advanced fibre optic

Transmission towers are used in some areas to carry the fibre optic cables. ScottishTelecom's customers include clearing banks, a distillery group, Life and the BBC. Its network at the moment covers Scotland's Central Belt place with other service providers extending connections throughout the country. The company recently won a contract to link Scottish universities and colleges along a company has also undertaken the delivery of all BBC signals north of the

MORE NEW STORES TO OPEN IN ENGLAND

SCOTTISHPOWER's Retail Division will reach a major milestone over the next few weeks, with the launch of its 50th superstore in England and Wales.

Retail Division now has 160 stores stretching from East Anglia to Elgin in the north of Scotland, operating under the ScottishPower, Electricity Plus and Sound & Vision brands.

The business has concentrated on out-of-town retailing. In



Retail MD Alan Jefferson

1992 it acquired Thorn EMI's Atlantis and Rumbelows stores in Scotland and 50 former Clydesdale stores the following year.

At the end of March this year, five former Manweb stores in Chester, Southport, Liverpool, Warrington and St Helens were bought.

More than half of all ScottishPower's sales space is now located south of the border, where sales are up by 60 per cent on last year. Several stores on new retail parks in England are expected to open between now and next spring.

In Scotland, almost one in every two cookers sold comes from a ScottishPower store.

Members of staff are able to study for National Vocational Qualifications (NVQs) and a pilot programme to offer managers a degree in electrical retailing is expected to be up and running towards the end of the year.

The Division's Headquarters for the whole of Britain is based at Cumbernauld, near Glasgow, from where close links are maintained with a Regional Office in Castleford, near Leeds, which also serves as a warehousing and distribution centre for the English stores.



Electrical Contracting set off to work at a lighthouse.

Technology

Following ISO 9001 for engineering, development of software development and testing and calibration laboratories' range of customers has expanded to many major companies.

Electricity Plus carries out a wide range of the design and construction of electrical components, to the development of control systems and all testing, testing and analysis.

Electricity Plus also carries out feasibility studies and environmental assessments for major projects and assessments.

Electricity Plus has also been successful in solving a corrosion problem on a major oil and gas pipeline to save a major oil and gas £1 million a day.

CARING FOR THE ENVIRONMENT

Our commitment to being a 'good neighbour'

AS responsible members of the community, industrial companies have a duty to keep the environmental impact of their operations to a minimum.

Accidental pollution or failing to keep up with tightening standards is not only bad for the environment, it can be bad for the business as well.

ScottishPower takes its obligations to the environment very seriously. For example, Longannet Power Station is pioneering technology with its European partners to reduce emissions of nitrous oxides (NOx) – a cause of acid rain – by introducing gas overfiring to the combustion process.

The £21 million project involves using natural gas to convert NOx produced from burning coal into harmless elemental nitrogen and

water. It has been demonstrated previously in a small power station in the US, but not in one the size of Longannet.

If the technology is proven during the one-year trial period, ScottishPower will be able to claim a world first.

The company has already taken steps to reduce emissions of NOx with the installation of special low-NOx burners on each of the four units at Longannet, and has announced a £10m programme to carry out similar work at Cockenzie, its other coal-fired station.

Such investments will allow ScottishPower to increase generation output and, at the same time, to keep within emission constraints. Tests have also been carried out on equipment to reduce emissions of sulphur dioxide (SO2) from the company's power stations.

Although ScottishPower produces relatively small amounts of SO2 compared with other generators in the UK, due to the use of low-sulphur coal and a diverse generation mix which includes nuclear, coal, gas and hydro, the company is preparing now for the possible need to install Flue Gas Desulphurisation equipment in the future.

A pilot project, using seawater to remove SO2 from flue gases at Longannet, is showing promising results.

At Methil Power Station, work is under way on a £1.25 million project to install a new bag filtration system which acts like a giant vacuum cleaner to remove dust from flue gases before it reaches the station chimney.



WATCHING OVER THE LANDSCAPE

A WHOLE range of interested parties are consulted whenever a new line is being planned or modified.

Before a route is planned, detailed environmental impact studies are carried out before route planning begins to assess the likely impact on people and property, flora and fauna, heritage, leisure, recreation and commercial activity.

Possible routes are drawn up using sophisticated computer visualisation techniques, which show how the line will look against the contours of the landscape.

After consent is granted and work begins, practical environmental measures are taken to protect the land.

Components are often flown in by helicopter to minimise possible damage to the ground caused by trucks and afterwards the land is reinstated to its original condition.

Today's environmentally friendly construction techniques makes it appear as if the line had been dropped in from the air.

Attention is also being paid to electricity substations in sensitive areas such as commercial centres or areas of historic significance.

Careful use of material, bright paint and even computer-controlled colour lighting effects can be used to create a more sympathetic feel.

New focus on ash sales

WITH the amount of coal burned at the company's power stations set to rise to between five and six million tonnes over the next few years, the disposal of ash is an environmental issue which is receiving renewed focus.

As electricity production increases in line with upgraded and new transmission links to other parts of the UK, the level of ash to be disposed of could top one million tonnes a year.

Until now, the bulk of ScottishPower's ash has been pumped to lagoons and used to reclaim land from the sea, which is then landscaped and handed over to local communities.

But pressure of space in

the lagoons areas, coupled with Government proposals for a landfill tax, makes increasing sales of ash the preferred option.

ScottishPower, in common with other generators throughout Europe, has been selling ash from its power stations for many years, mainly for use by the construction products industry.

What makes ScottishPower unique though, is that it produces its own blended cement. Selling under the brand name Trojan, the ScottishPower cement is becoming increasingly popular.

A 10,000 tonne load was recently delivered to AMEC Marine for a refurbishment project at Jersey harbour. The company carrying out the work needed cement which was capable of withstanding a chloride-rich ma-

rine environment.

Improvements to ash facilities at Longannet and Cockenzie Power Stations should help to double sales of ash over the next few years.

The ash is used in cement, block-making, grout and as an in-fill material in the construction of roads and the foundations of buildings.

Another by-product from ash, cenospheres, small silica spheres, are used to make tough, waterproof coatings for boat hulls.

ScottishPower's Ash Sales business continues to work alongside the University of Dundee's Concrete Technology Unit to evaluate the use of ash in different products, hoping to discover new, environmentally-friendly ways of using what has proved to be a very useful by-product.



Testing ash for quality.



A HAVEN FOR WILDLIFE

YOU might not see a Phoenix rising from the ashes at power station lagoons – but it's just possible to catch site of some rare breed feeding at the specially-created ponds.

Ash from ScottishPower's coal-fired stations has been used to reclaim nearly 300 acres of land from the sea near Edinburgh, providing the local community with a football pitch, an open recreational space, a boating pond and a wildlife reserve, which is home to more than 130 species of birds at different times of the year.

To date, 130 acres of land have been handed over and another 44 acres will be gifted this year.

ScottishPower and East Lothian District Council jointly fund a full-time ranger to manage the lagoons and organise educational field trips for schoolchildren, students and other groups.

A few miles away work is progressing to provide a park and nature walk around the central feature of ancient lime workings, which has been preserved from destruction by ash from Longannet Power Station.



Wildlife Ranger Dave Allen at work in East Lothian and, above left, Preston Island, being preserved by ScottishPower ash.

SETTING HIGHER STANDARDS FOR CUSTOMER SERVICE

ELECTRICITY companies are committed to their customers to an extent seldom witnessed in other industries. Few other businesses can share the length of our service – which goes back to the days of the first electric light – or the size of our market – more than three million customers for ScottishPower and Manweb combined. Even though we are good at what we do, in a heavily regulated environment where meeting guaranteed standards is a condition of licence, improving on them must remain a priority. Here we try to give a flavour of ScottishPower's own customer service operation – and of the staff at the sharp end.

SCOTTISHPOWER shares with Manweb great pride in having won the Government Charter Mark in recognition of exceptional service to customers.

The award underlines the attention staff pay to performance standards, openness, choice, courtesy, redress and efficiency. High standards are a feature of the electricity supply industry, whose employees are quite prepared to go that extra mile for the customer.

Like the meter operative who was not content simply to leave a calling card when he received no reply at the door of an elderly customer. Returning afterwards he sensed something was wrong, called the police . . . and saved her life.

In severe snow storms, a female employee drove for miles on treacherous roads to provide hot food and blankets to an elderly woman in a remote farmhouse who was without supply and very afraid. She then kept in touch by phone, calling every hour until supplies had been restored. There are other many other instances, filling our staff newspapers in a way few other industries can match.

ScottishPower's newspaper, Powerline, has featured other stories too about outstanding service.

When open cast mining led to the collapse of a transmission tower and the loss of supply to 21,000 customers, superb teamwork between transmission, distribution and grid control staff played a major part in restoring most customers within a few hours.

In the severe floods which devastated parts of the west coast last year staff used boats to rescue customers in distress.

And the power of love shone when distribution staff in the south of Scotland gave up their weekends to lay new supplies to a remote cottage so a young girl could have the air conditioning she needed to help cure a rare skin condition.



Catering for special needs

CUSTOMERS with a major physical disability, or who are simply frail and elderly, receive a special service from ScottishPower.

A confidential Carefree Register alerts staff to the particular requirements of more than 60,000 customers. The caring agencies help staff to promote and expand the service.

And integral part of it is a Password Scheme, whereby a special code word agreed with the customer is quoted to confirm the identity of ScottishPower staff on home visits.

A newspaper (also available in Braille and on cassette) is produced for Carefree customers, offering advice on a wide range of topics from adapting electrical appliances to energy efficiency measures to reduce fuel bills.

In addition to the Carefree Register, staff in many of ScottishPower's offices and shops have been trained in skills such as manoeuvring wheelchairs and signing for the deaf.

Free Advice

AN Energy Advice Line established by ScottishPower two years ago continues to help customers reduce their winter fuel bills.

Anyone who telephones is entitled to receive a free energy advice pack, full of handy tips on cutting electricity consumption.

Since the scheme was launched, hundreds of thousands of callers have been given advice.

The scheme runs hand in hand with the promotion of flexible payment methods, to help customers spread the cost of their bills over the year.

Activities have now been extended to include provision of a free, compact fluorescent energy efficient light bulb to all customers who receive advice under the Home Energy Efficiency Scheme.

ADVANCES IN METERING

A NEW metering system is under trial to simplify electricity purchases for the customer and income collection for the company.

It is one of a number of metering initiatives the company is pioneering.

Unlike pre-payment meters, the Powertrack system automatically receives credit payments, without the need for tokens.

It also allows meter readings to be fed directly into the customer service network doing away with the need to visit the customer's home for a reading.

Customers are able to see their credit on the meter in pounds and pence. To top up their credit, they simply use

a 'Smartcard', a personalised ID card, when they make payments at any one of a selected number of outlets. Payments are credited to the customer's meter almost immediately.

The system has other special features, including keeping the power supply on until morning, should the customer run out of credit during the night when retail outlets are closed. It also allows early detection of faults or tampering.

ScottishPower has been preparing for the fully competitive electricity market by conducting trials in remote metering.

Trials with Southern Electric have shown that electricity meters can be adapted to send electronic

signal readings along the mains, up to every half-hour, day or night. Readings then reach the appropriate supply company via satellite and telephone links.

The technology may prove exceptionally valuable in oiling the wheels of the competitive energy market by allowing readings to be transferred across the country and between companies.

Remote meter reading also eliminates the problem associated with gaining access to customers' homes and improves the information available about customers' electricity consumption. A total of 1,000 customers, 500 each from southern Scotland and southern England, took part in the trial.



Company confirms policy on Welsh

SCOTTISHPOWER has confirmed its commitment to Manweb's Welsh language policy, following discussions with the Welsh Language Board.

Welcoming the announcement, the Welsh Language Board's Chairman, Lord Elis-Thomas, said: "I am delighted by ScottishPower's decision to continue developing the company's use of Welsh. Manweb's commitment to supporting the cultural background of its customers in North Wales remains in safe hands – and I look forward to working in partnership with the company over the years to come."

Manweb's Chief Executive Mike Kinski said: "We are fully committed to carrying on the bilingual policy introduced by Manweb in June this year. I know there are around 250,000 Welsh speaking customers in the region and I want to ensure that they not only continue to have the option of communicating with us in their native tongue, but that the company provides a quality service to all its customers across the Manweb region."



Moira Renwick (left) with Sybil Law.

SYBIL WAGES WAR ON GOBBLEDEGOOK

THE war against 'gobbledegook' was rejoined in summer when customer service employee Sybil Law became the first person in Scotland to be awarded a diploma in Plain English.

Sybil has been heading a crusade against official-speak, techno-jargon and pomposity for the last two years.

She vets all customer leaflets to ensure they are up to the Crystal Mark for clarity.

Sybil has organised courses and seminars to help managers and staff spread the word correctly.

The Plain English Campaign originated in Liverpool, the brain-child of Chrissie Maher, who didn't learn to read or write properly until she was in her teens.

At an international Plain English Campaign conference in Miami Sybil met Moira Renwick, from Manweb, a friend of Chrissie's.

Sybil returned from the conference with a new mission – to persuade the Plain English Campaign to produce a computer-based learning package, which she would like to test in ScottishPower's Open Learning Centres.

A little help for our friends

SCOTTISHPOWER contributes to the cultural life of Scotland through a wide-ranging sponsorship programme, covering education, the arts, sport and also a number of charities.

Over the last few years, organisations and events as diversified as Childline Scotland and the Edinburgh International Festival have benefited.

Sponsorships range from the Scottish National Orchestra, Scottish Ballet and the Royal Scottish National Orchestra to the company's own ScottishPower Pipe Band and the Edinburgh Festival Theatre.

The company has supported the Mark Morris dance group, enabling them bring dance to the community as part of the Edinburgh Festival.

This summer the Princes Trust made good use of a donation from ScottishPower to set up a summer school for disadvantaged secondary school children.

Childline Scotland was provided with £20,000-worth of free heating and lighting at their new Glasgow Headquarters, while £4,500 went to Children in Need. The company also helped to raise £13,000 for Disability Scotland.

Another £20,000 went to Glasgow Works to help fund a training-for-jobs project in one of Glasgow's most impoverished areas.

The project is currently training previously unemployed people in lay community health worker posts, creating jobs and helping to improve the area's poor health record.

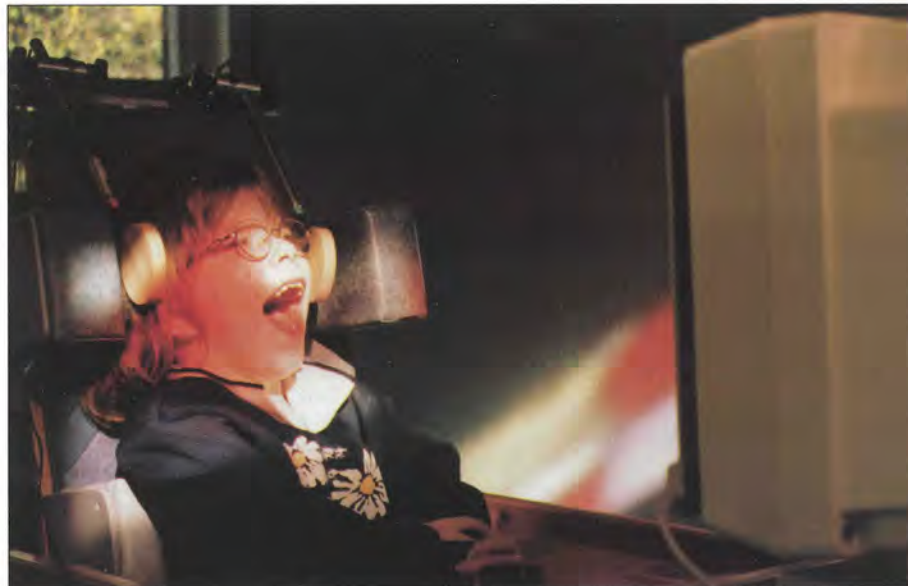
Sports sponsorships included continued assistance for the Scottish Bowling Association's Annual Championships and a three-year sponsorship of a gymnastics

Photo feature on ScottishPower in the community

development programme for youngsters.

Community initiatives have included replacing a school library destroyed by fire and helping young people refurbish an old locomotive donated to the community by Longannet Power Station.

And around £600,000 in interest generated from people who prepaid to avoid VAT was spread among organisations devoted to tackling fuel poverty or helping elderly and disabled people.



Power of Enterprise



NINE-year-old Leanne Forshaw of Edinburgh beams with delight at her special interactive computer, donated thanks to ScottishPower.

Leanne, who attends a special school for spastics run by 'capability', can control the computer through the small panels at the side of her head. It is one of a number of learning aids the company has provided to local schools - including one which lost its library because of arson.

On the left the former station locomotive, painted in the ScottishPower livery, is a testament to the power of enterprise. It was refurbished by young formerly unemployed people with help from power station staff.

The locomotive has since been donated to a railway preservation society for use on their private line at Aviemore.

Years after it hauled its last load of coal, the Power of Enterprise is now pulling in visitors from all over the world to the Scottish Highlands.



Kilt converts in China

COMPANY sponsorship is helping to maintain high standards in one of Scotland's best-loved musical traditions. Since 1989 the company has sponsored a pipe band, comprising some of the best pipers and drummers in Scotland, who travel all over the world as ambassadors for ScottishPower. The band and individuals within it have won some of the top accolades in the business with the drum corps having held the World Championship title. This year the ScottishPower Pipe Band, resplendent in the new ScottishPower tartan, were heard by their biggest-ever audience. They travelled to the first international Band Festival in China, as guests of the Chinese government and, in addition to playing on the Great Wall, performed to a television audience of some 500 million people. Another claim to fame was playing on Paul McCartney's hit 'Mull of Kintyre'.

Jolly good sports!



THE company and its staff joined forces in one of ScottishPower's most successful charity initiatives, which raised £178,000 towards the cost of Scotland's first children's hospices.

ScottishPower's charities committee made a donation of £100,000 to kick off the appeal which aimed to raise over a million pounds.

The company then matched money raised by staff, pound for pound, and the joint effort resulted in a boost to the Appeal total of another £78,000.

Staff from throughout the company rose to the challenge, with numerous fund-raising events including parachute jumps. In their spare time staff are also active in supporting other good causes. Sandy McIntosh, Cockenzie Power Station, is a guide for blind golfers, while ScottishPower colleague and rugby internationalist Craig Chalmers is involved in the company's sponsorship of 'New Age' rugby.



Friendly rivalry

MANWEB will be at home to soccer rivals ScottishPower on 4 November, for a challenge match both teams hope will become an annual fixture. There are also talks about extending the competition to include others in the supply industry, such as Norweb, who last year staged a friendly against the ScottishPower side.