



Ice was big business back in 1925.

50 YEARS Of People Serving People

Gulf States Utilities Company — now fifty years old — is one of this nation's leading investor-owned electric utility companies, serving over 400,000 customers within a 28,000 square mile area of southeast Texas — south Louisiana. And though we celebrate its fiftieth day in its present corporate form this year, the real birth of this company took place long before its incorporation in 1925.

GSU, as it is often referred to today, can trace its ancestry back to a small gas light company in Baton Rouge. There, in 1859, two years before Abraham Lincoln spoke to a troubled nation in his first inaugural address, this company set out to "light the capital as it ought to be." That, plus meeting the present and future needs of all customers, are still our goals today.

Actually, the electric industry as a whole is relatively young. It was only ninety-six years ago that Thomas Edison discovered how to harness this energy called electricity and invented the incandescent lamp that was to literally revolutionize the world. By that time our ancestor company was observing its twentieth anniversary of service.

It didn't take long for the value of Edison's invention to sweep the nation and the world. Numerous "electric" utilities began operations. Many of them



GSU linemen relied on muscle before the age of bucket trucks.

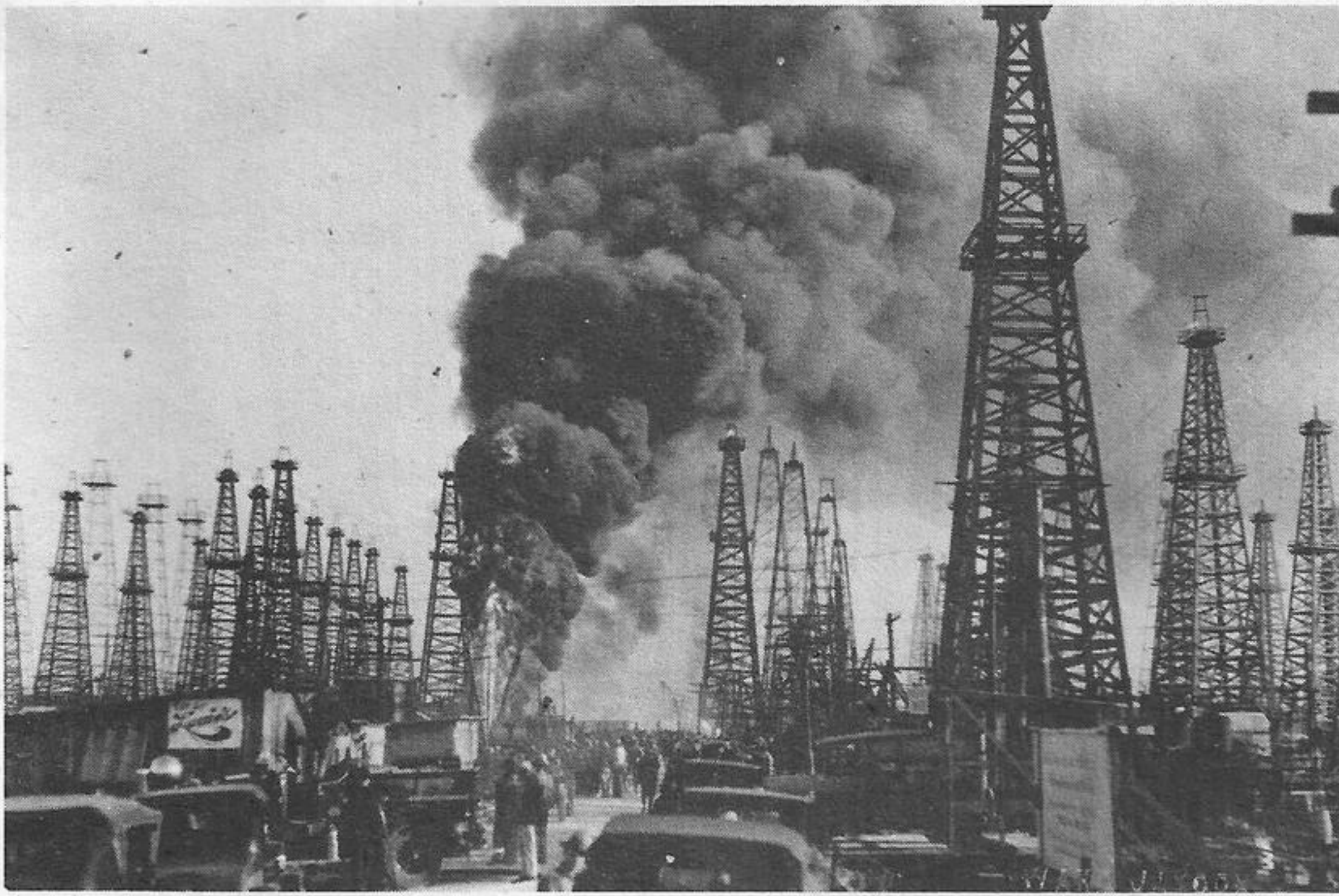
failed for one reason or another; others were merged into larger single units or protected within holding companies where strength lay in numbers. It was one of these holding companies, Eastern Texas Electric (under the ultimate control of Stone & Webster, an engineering consulting firm out of Boston), that eventually led to the creation of Gulf States. A series of complex mergers and acquisitions of various ice, water, gas, and transportation properties resulted on August 25, 1925, in the organization of a single company charged with the task of providing electric energy, gas, water, and ice to the public — Gulf States Utilities Company. Six days later, the new company purchased the Orange Ice, Light and Water Company, its first major acquisition. Gulf States came into being just forty-six years from the time Edison perfected his light bulb and the system necessary to keep it lighted, making this great American the real father of the electric utility industry.

Generally speaking, there were three major years in which acquisitions occurred to form the nucleus of GSU as it is today. The first was 1926, when Louisiana Electric Company and Eastern Texas were brought into Gulf States, and with them such properties as Jennings Utilities, Lake Charles Electric Company, the Jefferson Traction Company (street cars and buses), and ice, water, and light utilities of Beaumont, Port Arthur, and the Silsbee Ice, Light & Power Company,

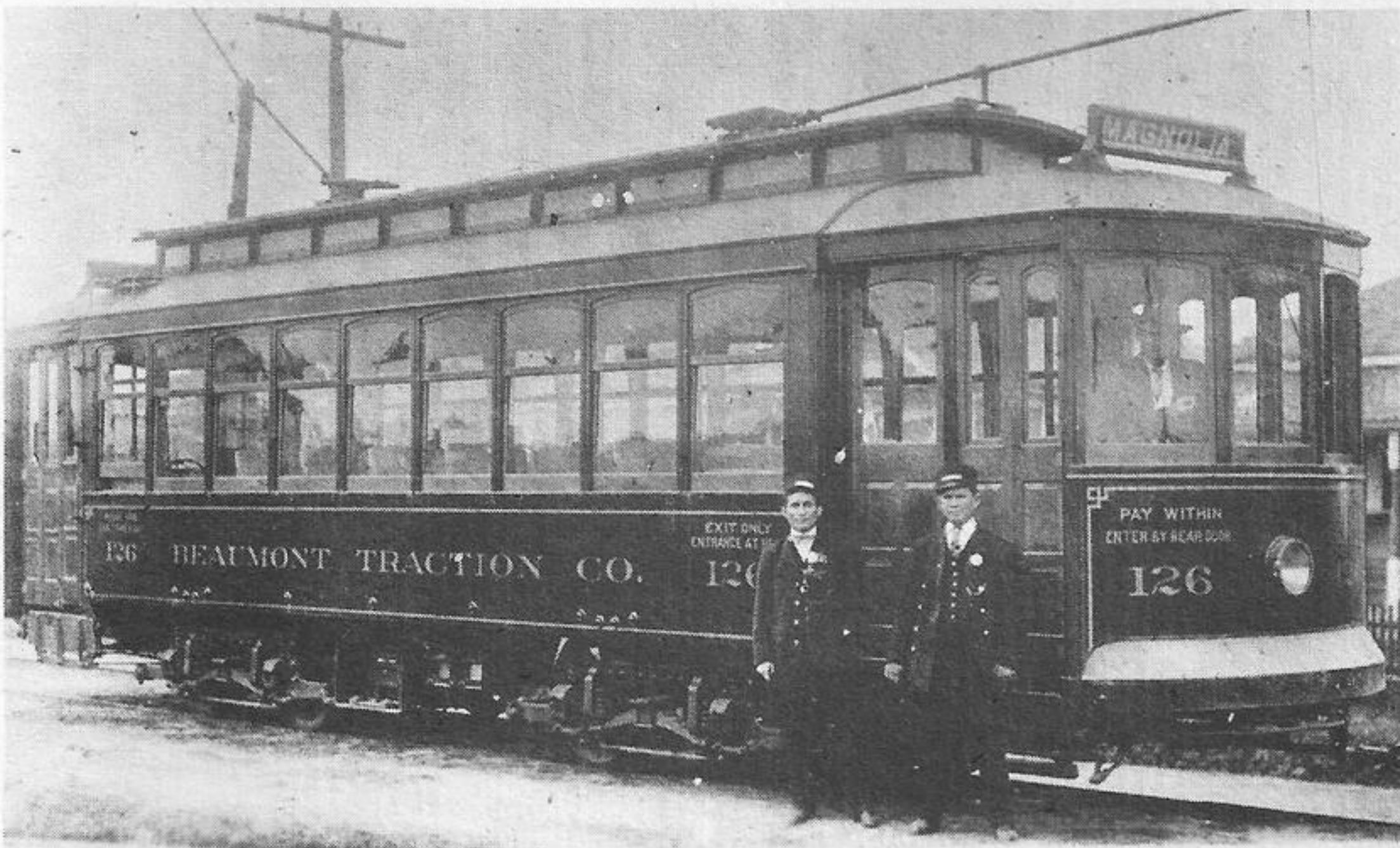
The next major expansion brought in Western Public Service in 1929, which included properties that now make up the bulk of the Western Division of GSU. Some of these cities included Conroe, Navasota, Cleveland, Huntsville, Liberty, and Dayton.

The final major year of expansion occurred in 1938, when the eastern part of the Louisiana Division was formed by a formal merger of GSU with its sister companies, the Baton Rouge Electric Company and the Louisiana Steam Generating Corporation.

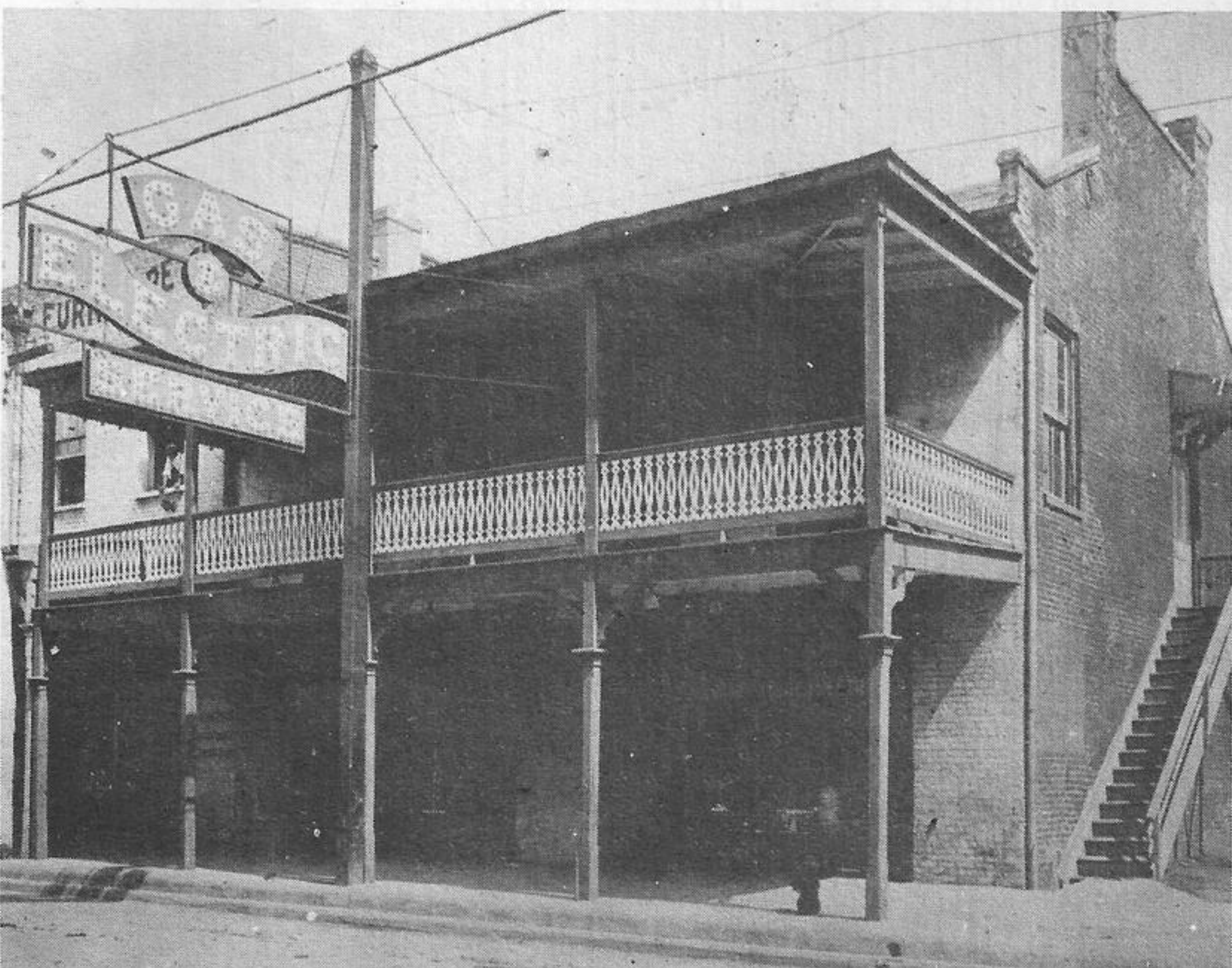
Other isolated acquisitions throughout a period ranging from 1925-1938 added impetus to the fast growing GSU system. Plant and facility investments grew steadily with the increased demand for utility services by this growing geographic area. The petroleum-related industries of the region — along with firms that depended on the timber, cotton, sugar cane, salt and sulphur resources of the area, and the transportation needs of various ship building complexes and other industries — created a ready and increasing market for electric energy.



Spindletop "boom days" ushered in the oil industry to this area.



Much of GSU's revenue in the early days came from transportation.



The Baton Rouge Electric Company was headquartered here.

Neches Station near Beaumont was constructed soon after incorporation to serve as a major generation source at one end of the system. Louisiana Station was acquired with the 1938 acquisitions and was followed by the construction of additional generating plants in load centers of the system: Roy S. Nelson Station near Lake Charles, Sabine Station near Port Arthur, Willow Glen Station south of Baton Rouge, and Lewis Creek Station near the Western Division headquarters city of Conroe.

Throughout its history GSU has been a company of growth and of aggressive leadership. This characteristic has become a trademark within the industry and has helped the company cope with such frequent natural disasters as floods and hurricanes, as well as economic troubles brought on by depressions, recessions and several wars. Today the leadership is facing problems of fuel shortages and rising inflation. It's a never ending story of being able to adapt to a given situation, and doing it successfully.

The capability of the company to profitably meet the demands of its residential, commercial, and industrial customers has become well known. One extreme example of this adaptability came during the World War II years when a customer "insisted" that his home be connected to existing lines at a time when there was a waiting list due to a shortage of needed wire. GSU responded by stringing ordinary barbed wire. The voltage drop was considerable, but the customer got the service he demanded.

GSU is still adapting today, only with more sophistication than the above case. It continues to meet all challenges head on. In 1925 there was no question that natural gas would suffice as boiler fuel for the generating plants for the foreseeable future. But that "future" came to an abrupt end in the 1960's. Supplies of natural gas and oil are diminishing, and as a result, nuclear power and coal are going to play leading roles in the company's fuel story in the years ahead. Sometime early in the 1980's, River Bend Station near St. Francisville, Louisiana, will go on line as GSU's first nuclear-fueled generating plant. River Bend will be followed by another nuclear-fueled plant in northeast Newton County, Texas, Blue Hills Station. These plants will represent an investment of over \$1 billion each, and each will be capable of generating nearly two million kilowatts, a far cry from a total plant investment of just \$2.5 million back in 1925; and a 1926 rating of 21,000 kilowatts for



Early day company picnics such as this helped build a spirit of togetherness.

Neches Station No. 1, the first unit constructed by GSU after incorporation.

GSU's first coal unit was announced in 1974 and is expected to be operating by 1980. Other energy possibilities being closely studied by Gulf States, along with the rest of the industry and government, include breeder reactors which manufacture fuel even as they use it, fusion power, geothermal and solar energy.

Entering its fiftieth year, GSU faces more challenges than ever before. The company has had to diversify into endeavors which were unimaginable back in 1925. It is involved in oil and gas exploration, shipping, worldwide oil purchases, and research and development projects that were strictly science fiction fifty years ago. The company has expanded to the extent that five divisions comprise its complex operations. Division headquarters in Beaumont, Conroe, and Port Arthur, Texas; and Baton Rouge and Lake Charles, Louisiana, maintain a constant vigil on the socioeconomic pulse of its geographic area. Electricity is no longer just another energy — it is the energy of the future.

There have been many changes over the past fifty years, some good, some bad; but GSU's corporate philosophy then, as now, is that service begins — not ends — with the delivery of our product to our customers.

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