12.0 Obsolete Materials

Obsolete materials are items that have lost their intrinsic value and must be removed for disposition. Items identified and verified as obsolete materials MUST be removed from stock within 90 days of identification and adjusted from inventory on the company's books.

Identification and Approval

Obsolete materials cannot be identified and approved by the same employee. Plant obsolete material may be identified by the system owner (engineer). T & D obsolete material may be identified by a staff engineer. Plant management and T & D management must have documentation of appropriate review of obsolete material.

Items become obsolete in one of two ways:

1. Technology

Changes in technology render an item unusable.

• Parts support an asset that is no longer used.

• The part is no longer used when it has been replaced by a different part.

2. Shelf-Life Expirations

• Items lose quality over time.

• Items are deemed obsolete if they exceed established life standards.

A report of slow-moving material should be reviewed annually. It is the responsibility of Supply Chain Management (Transmission, Distribution, Substation) and system owners (Plants) to insure the evaluation every item on the report as soon as practicable. System upgrades and changeouts should include a review of potential stranded material. Guidelines for plant obsolescence review and material disposition are detailed in the Southern Company Generation Playbook Chapter XIII.

For items stocked at the MDC, the MDC will notify region locations of pending obsolete material items. The locations will be allowed four weeks to return any items to the MDC. After the four week period, the region supervisor will work with the storekeeper to insure appropriate disposition of obsolete items.

Inventory adjustments entered in Maximo must include “obsolete” as the adjustment reason. Any other information necessary to explain the adjustment is also included in the “comments” field. Documentation must be retained locally for one year for audit purposes. Contact the appropriate financial analyst for appropriate obsolete materials project and task.

Fleet obsolete material adjustments must be approved by the System Administrator and the Fleet Financial Analyst.

Surplus Material

Upon conclusion of a project, surplus standard approved materials should immediately be taken into stock.

Materials which are non-standard, or which are known to be slow moving or obsolete, should not be placed in stock. The Supply Chain Management Supervisor should contact the Investment Recovery Manager (or designee) to determine the disposition of the materials.