



## SEPA Rate Determination

## Topics to be covered

- Corps Capital Costs
- Corps O&M Expense
- Joint Costs
- Spilling of Water
- Drought/Wet Years
- Completion delays
- M&I Water Use

## Flood Control Act

- “. . . lowest possible rates to consumers consistent with sound business principles, . . .”
- “. . . recovery . . . of the cost of producing and transmitting such electric energy, including the amortization of the capital investment allocated to power over a reasonable period of years.”

# Repayment of the Federal Investment:

- Pay annual costs first:
  - Operations and Maintenance Expense
  - Transmission Expense
  - Purchase Power Expense
  - SEPA Marketing Expense
  - Interest on the Federal Investment
- Pay investment costs over a reasonable number of years:
  - 50 years on original project
  - Service life up to 50 years on replacements
- Highest interest-bearing investment is paid first to the extent possible.

## Capitalized vs. Expensed

- Capital costs recovered over “reasonable” period of years. (lesser of 50 years or service life.)
- Repay highest interest bearing first.
- Power customers repay expensed items in the year reported.
- Power customers repay 100 percent of specific power costs (purpose code 11).
- An allocated portion of Joint costs (purpose code 99).

# Joint Cost Allocation

Project	System	District	O&M Allocation	Capital Allocation
ALABAMA RIVER	GA	SAM	57.2200%	47.4500%
ALLATOONA	GA	SAM	78.1900%	68.9000%
BUFORD	GA	SAM	75.1400%	82.0900%
CARTERS	GA	SAM	64.6000%	75.0000%
HARTWELL	GA	SAS	89.5400%	89.4800%
J. STROM THURMOND	GA	SAS	84.6500%	84.3500%
MILLERS FERRY	GA	SAM	59.2700%	44.2900%
RICHARD B. RUSSELL	GA	SAS	73.6300%	71.8200%
ROBERT F. HENRY	GA	SAM	54.8000%	50.6000%
WALTER F. GEORGE	GA	SAM	53.8600%	55.7400%
WEST POINT	GA	SAM	45.1000%	29.7000%
JIM WOODRUFF	JW	SAM	34.9800%	29.2900%
JOHN H. KERR	KP	SAW	80.8250%	67.9750%
PHILPOTT	KP	SAW	44.7100%	35.8500%

# Revenue Requirement

- Repayment study establishes revenue requirement

Kerr-Philpott System	\$	21,700,000
Georgia-Alabama-South Carolina System	\$	234,200,000
Jim Woodruff System	\$	13,250,000

## Rate Design

- Repayment study establishes revenue requirement
- Rate design establishes how this revenue requirement is recovered.
- A portion of the required annual revenue is expected to be recovered from energy and a portion from capacity.
- SEPA assumes average energy. Anything that changes average energy leads to future rate adjustments.

## Average energy

- Spill
- Drought/Wet years
- Unit outages due to work delays
- M&I Water

## Current Power Rates:

- GA-AL-SC
  - Capacity: \$4.81 /kW/Month
  - Energy: 12.33 mills/kWh
  - Generation Services: \$0.12/kW/Month
  - Customers pay pass-through for transmission and purchased power.
  - Effective weighted-average rate of 50.22 mills/kWh at bus-bar.

## Current Power Rates:

- Kerr-Philpott (As of April 1, 2015)
  - Capacity: \$4.18 /kW/Month
  - Energy: 16.63 mills/kWh
  - Customers pay pass-through for transmission and purchased power.
  - Effective weighted-average rate of 37 mills/kWh at bus-bar.

## Current Power Rates:

- Jim Woodruff
  - Capacity: \$10.29 /kW/Month
  - Energy: 26.51 mills/kWh
  - Transmission is rolled-in to the capacity and energy charges.
  - Customers pay rolling 11-month average net purchased power costs.
  - Effective weighted-average rate of 39.69 mills/kWh at bus-bar.

# Questions

