

# *Southeastern Power Administration*



2023 Annual Report

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# Fast Facts

## **Administrator & Chief Executive:**

Virgil G. Hobbs III

## **Headquarters:**

1166 Athens Tech Road  
Elberton, GA 30635-6711  
Telephone: 706-213-3800

## **Website:**

[energy.gov/sepa/southeastern-power-administration](http://energy.gov/sepa/southeastern-power-administration)

## **Marketing Area:**

Alabama, Florida, Georgia, Illinois, Kentucky,  
Mississippi, North Carolina, South Carolina,  
Tennessee, Virginia and West Virginia

## **Customers:**

Electric Cooperatives.....	191
Public Bodies.....	280
Investor-Owned Utilities.....	1
Total.....	472

## **Financial Data:**

Power and Other Operating Revenues.....	\$307 million
Total Capital Investment.....	\$3.0 billion
Investment Remaining.....	\$1.7 billion
Cumulative Investment Repaid.....	\$1.4 billion
Cumulative Investment Interest Paid.....	\$2.7 billion



Virgil Hobbs congratulates Freddie Baker retiring after serving ten years as Southeastern Power Administration's Supply Clerk. Freddie retired previously from the United States Postal Service.



Virgil Hobbs honors Alan Williford on his retirement at 2023 Alabama Municipal Electric Authority Power Supply Conference. Alan has always given his steadfast support to the Federal Hydropower Program and Southeastern.

# Administrator's Report

Secretary Granholm:

I proudly present the Southeastern Power Administration (Southeastern) Annual Report for Fiscal Year 2023. This report reflects the agency's programs, accomplishments, operational functions, and financial activities for the period beginning October 1, 2022, and ending September 30, 2023.

Southeastern sold nearly seven and a half billion kilowatt-hours of energy to 471 wholesale customers with revenue totaling \$307 million. The Federal hydropower extends to over 12 million residential and industrial consumers in an 11-state service territory.

The energy landscape continued to transform in 2023. The Southeast Energy Exchange Market was launched in November 2022 in an effort to lower energy costs to consumers. Winter Storm Elliot challenged all grid generation assets in December 2022 the days prior to and after Christmas. Southeastern's ability to consistently deliver energy during this critical, record cold time earned many accolades from our municipal and electric cooperative customers. One of Plant Vogtle's two new nuclear units was brought into commercial service in July 2023. Southeastern's Georgia and some Alabama customers are financially committed to these long awaited, greatly anticipated, and necessary clean generation resources. Carbon-free, cost-based hydroelectric power marketed by Southeastern remains an important, vital and competitive energy portfolio component to the public electric utilities we serve.

Resilient partnerships between Southeastern, the U.S. Army Corps of Engineers (Corps), and the Federal power customers enabled the approval of \$60 million this year for capitalized hydropower infrastructure improvement investment across all four marketing systems. This ongoing commitment not only allows for immediate power needs but also improves the steadfastness of the Federal hydropower assets and grid reliability in the Southeastern service area. In addition, Southeastern continued to work with Corps leadership on difficult policy concerns critical to the sustainability of our jointly managed Federal Hydroelectric Power Systems.

Renewable Energy Certificates (REC) distribution associated with Southeastern's Federal hydropower generation began in 2020 and revisions to the remaining three system's marketing policies were underway in 2023. Approximately six million REC could be created and transferred each year across all four of Southeastern's marketed systems. Southeastern's customers are extremely grateful to be accessing this intrinsic additional economic benefit linked to Federal hydropower.

I am extremely honored and fortunate to work with the dedicated Southeastern staff here in rural northeast Georgia fulfilling our mission. Southeastern's leadership team remains committed to employee wellbeing and professional development. Collectively in a facilitated workshop, the entire Southeastern work force created a new four-year Strategic Plan with targeted initiatives to improve the workplace through employee engagement, relationship enhancement and organizational modernization.

Sincerely,



Virgil G. Hobbs III  
Administrator & Chief Executive

# Mission, Vision & Organization

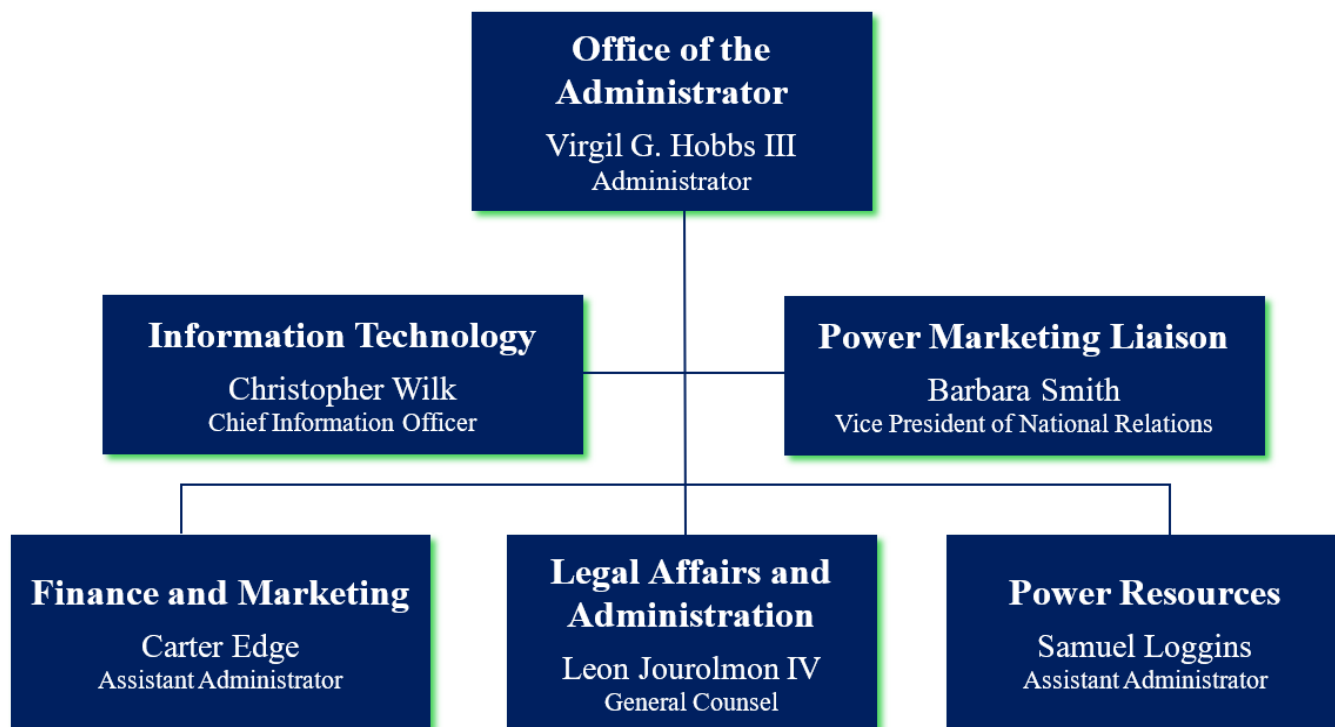
## Mission

Market and deliver Federal hydroelectric power, at the lowest possible cost, to public bodies and cooperatives in the Southeastern United States.

## Vision

Excel in an evolving energy market by maintaining a well-trained, flexible workforce in an open, rewarding and safe environment.

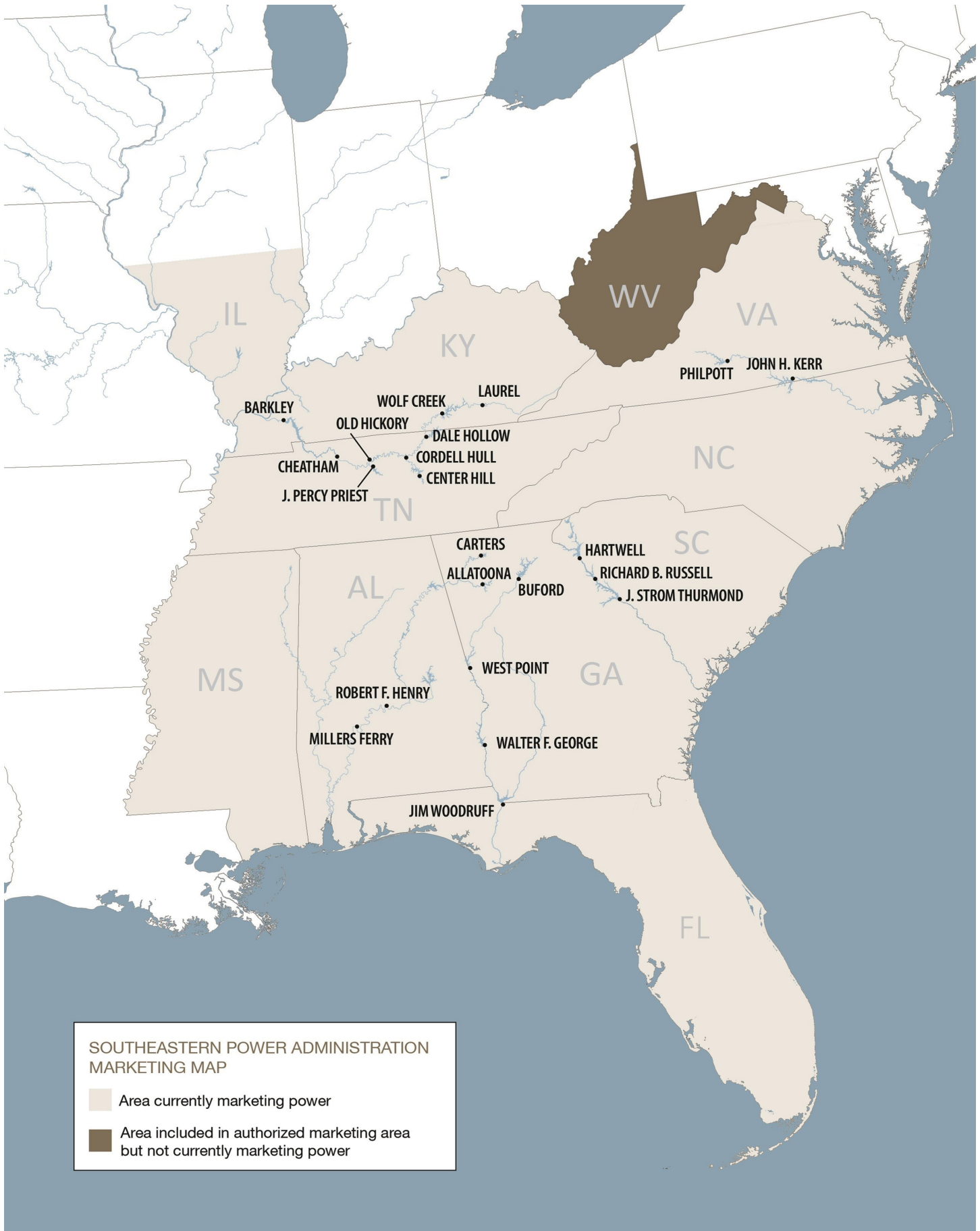
## Organizational Chart



Former and current employees of Southeastern gather to express their best wishes to Kimba Howard as she prepares to transition to another Federal agency. Kimba was Southeastern's Accountant and an integral part of our finance team.



# Marketing Map



# Marketing Objectives

Southeastern was created in 1950 by the Secretary of the Interior to carry out the functions assigned to the Secretary by the Flood Control Act of 1944. In 1977, Southeastern was transferred to the newly created Department of Energy (DOE). Headquartered in Elberton, Georgia, Southeastern has the authority to market hydroelectric power and energy from reservoir projects operated by the Corps in the states of Alabama, Florida, Georgia, Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

The objectives of Southeastern are to market the electric power and energy generated by the Federal reservoir projects and to encourage widespread use of the power at the lowest possible cost to consumers.

Power rates are formulated based on sound financial principles. Preference in the sale of power is given to public bodies and cooperatives. Southeastern does not own transmission lines and contracts with neighboring utilities to provide transmission service for the delivery of Federal power.

Southeastern's responsibilities include negotiating, preparing, executing and administering contracts for the sale of electric power. Southeastern prepares wholesale rates and repayment studies for the regional interconnected reservoir projects, supporting deliveries made to serve contractual loads. Southeastern is responsible for scheduling hydropower generation at the Corps' facilities within the marketing area to ensure continuity of electric service for our customers.

## **Flood Control Act of 1944, Section 5**

*"Electric power and energy generated at reservoir projects under the control of the Department of the Army not required in the operation of such projects shall be delivered to the Secretary of Energy, who shall transmit and dispose of such power and energy in such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles, the rate schedules to become effective upon confirmation and approval by the Secretary of Energy. Rate schedules shall be drawn having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) 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. Preference in the sale of such power and energy shall be given to public bodies and cooperatives. The Secretary of Energy is authorized, from funds to be appropriated by Congress, to construct or acquire, by purchase or other agreement, only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at said projects available in wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives and privately owned companies. All monies received from such sales shall be deposited in the Treasury of the United States as miscellaneous receipts."*

# *Rates & Repayment*

## **Cumberland**

Cumberland System rate schedules were effective on October 1, 2020, and approved by FERC on a final basis November 5, 2020.

## **Georgia-Alabama-South Carolina**

Georgia-Alabama-South Carolina System rate schedules were effective October 1, 2022, through September 30, 2027, and approved by FERC on a final basis on December 16, 2022.

## **Jim Woodruff**

Jim Woodruff System rate schedules were effective on October 1, 2021, and approved by FERC on a final basis on February 10, 2022.

## **Kerr-Philpott**

Kerr-Philpott System rate schedules were effective October 1, 2020, and approved by FERC on a final basis December 11, 2020.

## **Repayment Studies**

One of the major responsibilities of Southeastern is to design, formulate and justify rates. Repayment studies prepared by the agency determine revenue requirements and appropriate rate levels.

Repayment studies for each of Southeastern's four power marketing systems are updated annually and demonstrate the adequacy of the rates for each system. Rates are considered to be adequate when revenues are sufficient to repay all costs associated with power production and transmission costs. Power production and transmission costs include the amortization of Federal investment allocated to power. An outline of the status of repayment is included in Table 1.

**Status of Repayment as of September 30, 2023 (in millions) - Table 1**

System	Initial Year of Repayment Studies	Cumulative Revenue \$	Cumulative Expenses and Interest \$	Total Investment to be Repaid \$	Investment Repaid to Date \$	Unpaid Balance of Investment \$
Cumberland	1949	2,170	1,735	739	435	304
GA-AL-SC	1950	6,280	5,507	1,955	773	1,182
Kerr-Philpott	1953	848	735	241	113	128
Jim Woodruff	1957	336	293	86	43	43
<b>Total</b>		<b>9,634</b>	<b>8,270</b>	<b>3,021</b>	<b>1,364</b>	<b>1,657</b>



# Program Direction

## Program Direction

Southeastern is constantly evaluating and improving the management of our workforce, facilities, and the operating systems supporting our functions. We are very aware of the overhead expenses associated with executing our program and constantly strive to manage these expenses and their impact on power rates.

In FY 2023, Southeastern pursued workforce efficiencies, improved Information Technology, and regional partnerships such as through the Southeastern Federal Power Alliance and Team Cumberland biannual meetings. Southeastern engaged in the Federal Hydropower Council, a coordinated effort to explore nationwide program improvements.

## Federal Hydropower Council

In the Spring 2023 Federal Hydropower Council meeting, the Corps stated they lack authority and are unable to resolve the Joint Cost accounting issues without Congressional or other policy level direction. The four PMA Administrators cosigned a May 23, 2023, letter to the Assistant Secretary of the Army for Civil Works expressing concerns for longstanding unresolved Corps policy and process concerns such as Joint Cost accounting and Water Storage reallocations. These practices ultimately diminish hydropower capability and needlessly increase customer rates. Despite the letter's urgency for resolution of these issues which threaten Federal hydropower sustainability, energy affordability, grid reliability and meeting the Nation's clean energy goals, the letter was never acknowledged and essentially ignored.



**Joint Hydro** is a gathering of hydroelectric practitioners across the region to discuss common operational and maintenance issues and share best practices in producing clean, renewable and carbon free energy. The 44th annual workshop was hosted by Southeastern and is regularly attended by representatives from the Corps, Tennessee Valley Authority, Duke Energy, Crisp County Power Commission, Georgia Power, Alabama Power, and Southern Company.

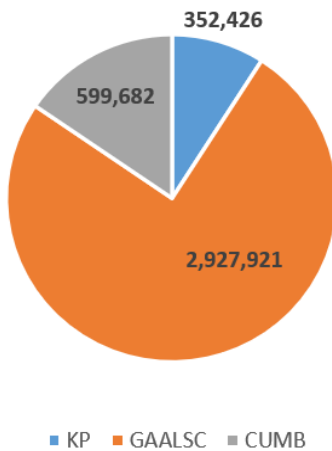


Southeastern's Federal Power customers and partners listen as Barbara Smith provides a Washington Update at the Fall Southeastern Federal Power Alliance meeting held at Southeastern Headquarters in Elberton.

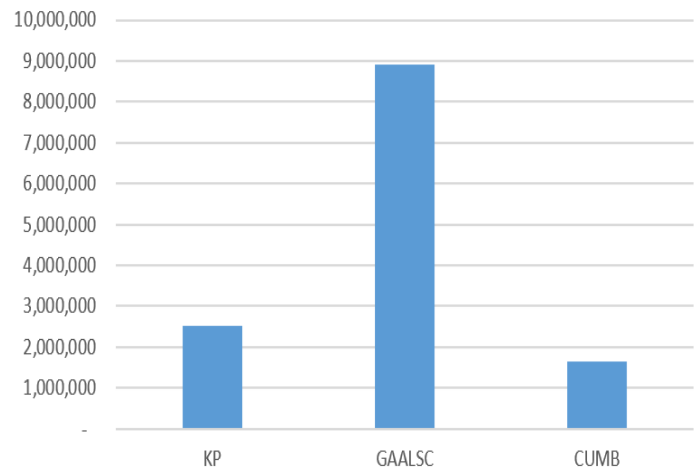
## Renewable Energy Certificates

Efforts to provide Renewable Energy Certificates (RECs) associated with Southeastern's Federal hydropower generation began in 2019 and RECs distributions are enthusiastically proceeding. The potential RECs volume is approximately six million per year across all four of Southeastern's marketed systems. Since program inception, over 25 million RECs have been verified as generated and 15 million RECs have been distributed to our Federal power customers purchasing the associated energy. Southeastern distributed 3.8 million RECs in 2023.

FY 23 REC Distributions



REC Cumulative Distributions



Congressman Mike Collins is the United States Representative for the 10th District of Georgia. Congressman Collins visited and toured Southeastern's facilities to learn how hydropower benefits the Federal power customers. Pictured from left are Dee Smith, Virgil Hobbs, Congressman Collins, Carter Edge, Samuel Loggins, Leon Jourolmon, Chris Wilk and Lucius Mapp, Southeastern's Human Resources Business Partner.



# Customer Funding

## Cumberland

The Long-Term Memorandum of Agreement Program Coordination Committee members, representing 24 customers in Illinois, Kentucky, Mississippi and North Carolina, signed Sub-Agreement 12 in August 2023. Power revenue collections continued through September 2023, providing \$15.3 million to fund the Cheatham intake gantry crane replacement, \$6 million for Laurel and J. Percy Priest excitation replacements, \$2.6 million for engineering and design for the Cordell Hull Powerhouse crane rehabilitation, J. Percy Priest DC and AC systems, Cheatham excitation replacement and Center Hill station service power systems.

The Short-Term Memorandum of Agreement Sub-Agreement 11 was signed in July 2023 on behalf of 153 Tennessee Valley Public Power Association member customers to collect \$25 million of customer funds to complete the total \$160 million needed for major rehabilitation of hydroelectric generation equipment at Wolf Creek in accordance with the scope of work outlined in the Wolf Creek Hydropower Rehabilitation Analysis Report.



The Corps does not generate hydroelectric power in the summer months at J. Percy Priest due to poor reservoir water quality. During the timeframe, a Howell-Bunger valve is opened to discharge water through the dam into the Stone River about 7 miles upstream of the Cumberland River confluence.

## Georgia-Alabama-South Carolina

On February 2, 2023, the Project Review Committee authorized Amendment 2 increasing Sub-Agreement 28 by \$8,500,000 for the rotor structural reinforcement of Richard B. Russell Generator 5. Sub-Agreement 28 Amendment 2 was executed on March 7, 2023. The total work item funding requirement is now \$10,100,000.

On December 18, 2019, Sub-Agreement 27 was signed to provide \$700,000 for maintenance management efficiency improvements for the Mobile and Savannah Districts. The Project Review Committee agreed on May 18, 2023 to amend Sub-Agreement 27 and increase funding by \$1,900,000 to complete the implementation of new maintenance standards, project maintenance management plans, development of a long-range investment plan, and two additional maintenance efficiency improvements efforts for the Mobile and Savannah Districts. The total funding requirement is \$2,600,000 with the funding increase.

On February 25, 2021, Sub-Agreement 29 was signed to provide \$1,550,000 for the centralized operations implementation for the Mobile and Savannah Districts. The Project Review Committee agreed on May 18, 2023 to expand the scope for Sub-Agreement 29 to include centralized operations procedure development and authorized funding to be increased by \$1,500,000. The funding increase includes \$800,000 for continuing contractor provided technical and administrative support and \$700,000 in additional Corps labor funding for centralized operations procedure development. The total funding requirement is \$3,050,000 with the funding increase.



# Customer Funding

## Customer Funding Approval Summary

Allatoona.....	\$181,000	Millers Ferry/Jones Bluff.....	\$1,131,000
Buford.....	\$185,000	J. Percy Priest.....	\$3,650,000
Carters.....	\$246,000	Richard B. Russell.....	\$8,990,000
Center Hill.....	\$650,000	J. Strom Thurmond.....	\$429,000
Cordell Hull.....	\$650,000	Walter F. George.....	\$246,000
Cheatham.....	\$15,950,000	West Point.....	\$185,000
Hartwell.....	\$307,000	Wolf Creek.....	\$25,000,000
Laurel.....	\$3,000,000	<b>Total Approved.....</b>	<b>\$60,800,000</b>



Department of Energy's four Power Marketing Administration Chief Executives, Virgil Hobbs, Mike Wech, Southwestern Power Administration, Tracey LeBeau, Western Area Power Administration, and John Hairston, Bonneville Power Administration, pose prior to giving Congressional testimony on May 23, 2023.

# Georgia-Alabama-South Carolina

The Georgia-Alabama-South Carolina System consists of ten projects located in or on the border of Alabama, Georgia and South Carolina. The power generated at these projects is purchased by and benefits 189 preference customers in Alabama, Florida, Georgia, Mississippi, North Carolina and South Carolina.

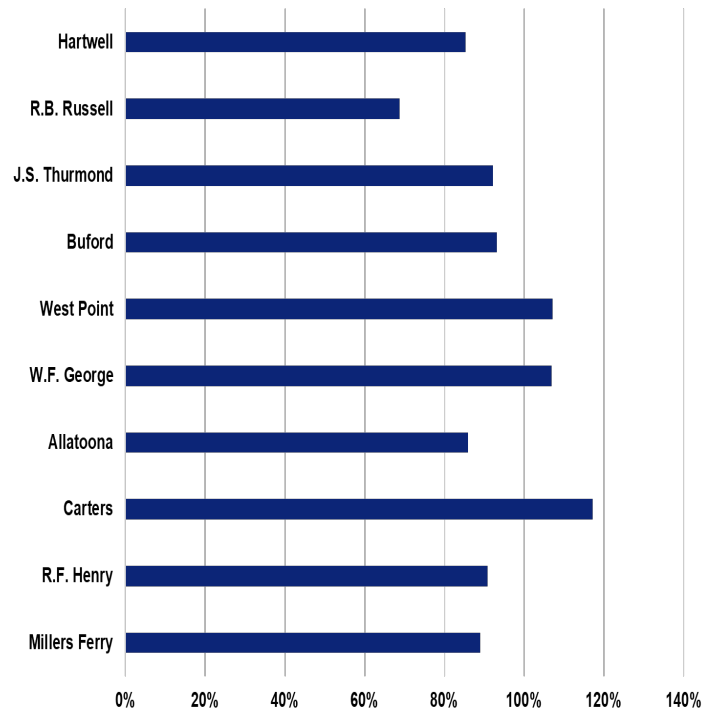
## Operational Performance

Generation from streamflow for FY 2023 was 92% of annual average. Figure A illustrates the percent of average generation by project. Figure B shows system generation for the years 2014 through 2023.

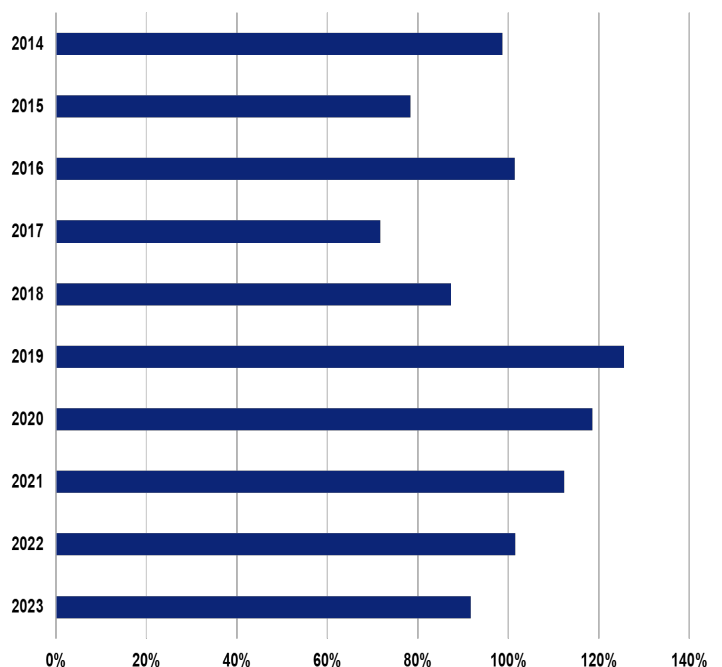
Hartwell Generator 3 remains out of service unfortunately for over a decade awaiting a stator rewind. Dismantling the generator was delayed due to rotor lifting beam defects but the contractor is on site and work is progressing. The estimated return to service for Hartwell Generator 3 is March 2025.

The contractor continued work on the initial vibration analysis and issued a report for their modeling work for Russell Generator 5. In this report, the contractor determined to achieve a maximum rim shrink, the rotor support spider will need to be strengthened and the rotor pole wedge will need to be lengthened. These enhancements are significant with the alternative being the replacement of a new rotor spider support. The estimated return to service for Russell Generator 5 is August 2025.

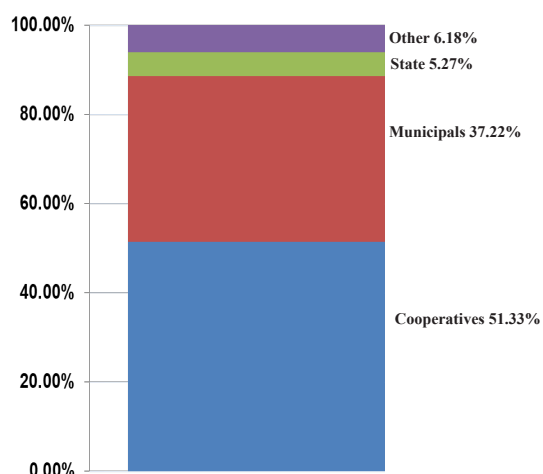
**Actual Generation as a Percentage of Average Project Generation - Figure A**



**Actual Generation as a Percentage of Average System Generation - Figure B**



**FY 2023 Revenue by Source -  
Figure C**

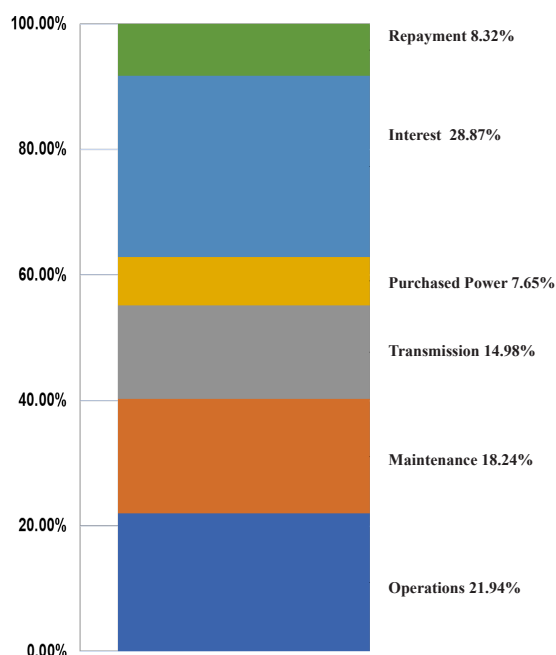


## Financial Performance

Total revenue for the Georgia-Alabama-South Carolina System in FY 2023 was \$204.7 million. Of this amount, \$192.1 million was derived from the sale of 3,315,913 megawatt-hours of energy and 2,184.3 megawatts of capacity. Total operating expenses, excluding depreciation, were \$128.6 million. Interest charged to Federal investment was \$59.1 million and repayment of the Federal investment was \$17.0 million. Figure C shows the revenue by source for this system and Figure D shows the application of revenues. Table 2 indicates the current rates.

On August 22, 2022, Southeastern's Administrator confirmed and approved, on an interim basis, new rate schedules for the sale of power from the Georgia-Alabama-South Carolina System of Projects. The rate schedules were approved by FERC on a final basis on December 16, 2022 for the period of October 1, 2022, through September 30, 2027.

**FY 2023 Application of Revenue -  
Figure D**



## Power Rates - Table 2

Product	Through September 30, 2027
Capacity	4.04 \$/kW/Month
Energy	12.80 mill/kWh
Generation Services	0.12 \$kW/Month

Rate schedules provide for a monthly pass-through of actual purchase power, transmission and ancillary service expense.



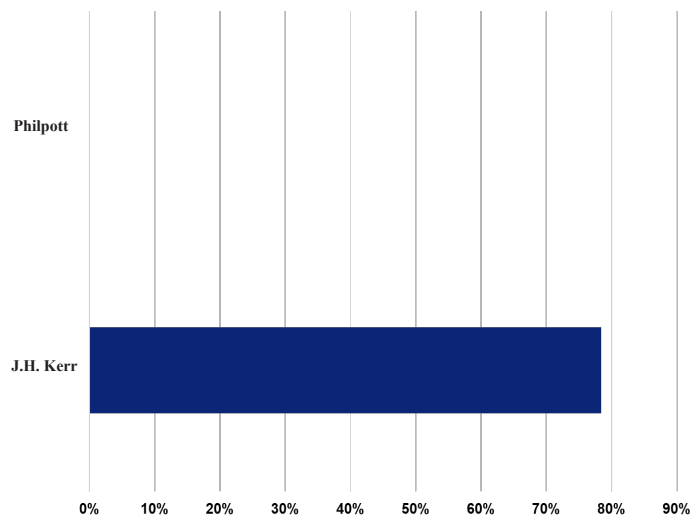
The Kerr-Philpott System consists of two projects in Virginia, John H. Kerr on the Roanoke River and Philpott on the Smith River. Power generated at the projects is marketed to 75 preference customers in North Carolina and Virginia.

## Operational Performance

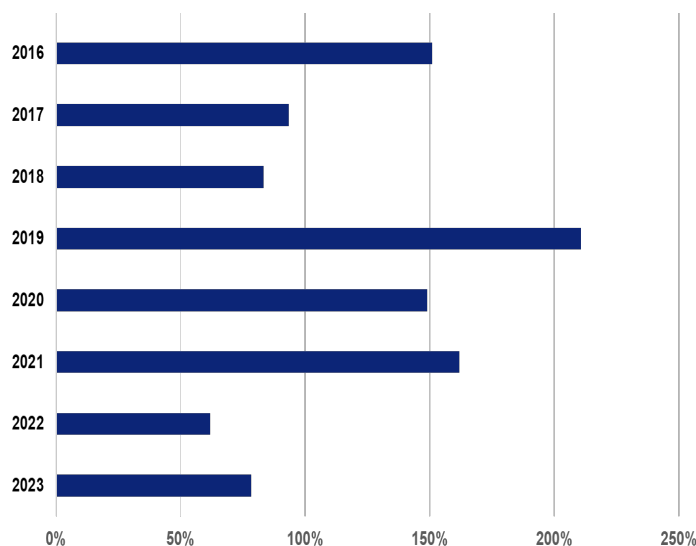
Generation for FY 2023 was 78% of annual average. Figure E illustrates the percent of average generation by project for the year. Figure F shows the system generation by year from 2014 through 2023.

The Philpott Project remediation efforts continue with a plant outage due to the May 2020 landslide. Construction work is ongoing at the dam, powerhouse and hillside. Philpott Generator 2 rehabilitation for turbine and generator replacement is ongoing and will be followed by Philpott Generator 1. Rehabilitations have a projected completion by May 2025. Following the completion of generator rehabilitation, landslide remediation efforts and switchgear building construction, Philpott Project is expected to return to service in 2026.

Actual Generation as a Percentage of Average Project Generation - Figure E

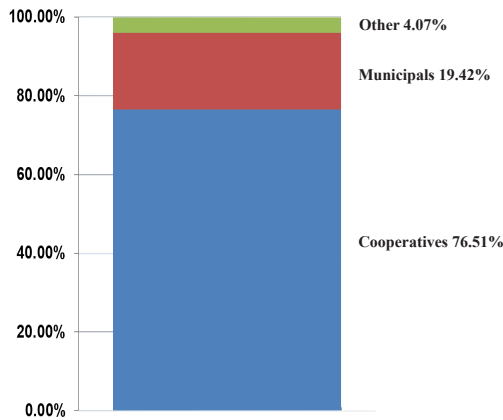


Actual Generation as a Percentage of Average System Generation - Figure F



Vinny Diblasi, Locke Williams, Steve Jones, Barbara Smith, Brian Sapp, Chris Ludwig and J. Palmer enjoy a meal in anticipation to the next day's Southeastern Federal Power Alliance Meeting.

## FY 2023 Revenue by Source - Figure G

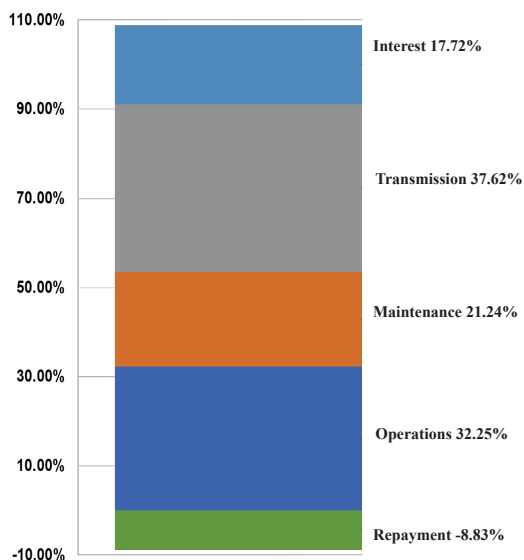


## Financial Performance

Total revenue for the Kerr-Philpott System in FY 2023 was \$28.3 million. Of this amount, \$27.2 million was derived from the sale of 352,673 megawatt-hours of energy and 196.5 megawatts of capacity. Total operating expenses, excluding depreciation, were \$25.8 million. Interest charged to Federal investment was \$5.0 million and a repayment deficit of \$2.5 million in FY 2023. Figure G shows the revenue by source for the Kerr-Philpott System and Figure H shows the application of revenues.

Table 3 indicates the current rates for the Kerr-Philpott System. Base rates were approved by FERC on a final basis on December 11, 2020. The rate schedules are effective for the period October 1, 2020, through September 30, 2025.

## FY 2023 Application of Revenue - Figure H



## Power Rates Table 3

Product	Through March 31, 2024
Capacity	4.84 \$/kW/Month
Energy	20.00 mills/kWh

Rate schedules also provide an adjustment to true-up energy and capacity rates based on the cumulative net revenue available for repayment. The rates for capacity and energy for the period April 1, 2024, through March 31, 2025, will be as follows:

Capacity	5.15 \$/kW/Month
Energy	20.80 mills/kWh

There are nine projects in the Cumberland System located in Kentucky and Tennessee. The power produced at these projects is delivered to 25 preference entities serving 208 preference customers in Alabama, Georgia, Illinois, Kentucky, Mississippi, North Carolina, Tennessee and Virginia.

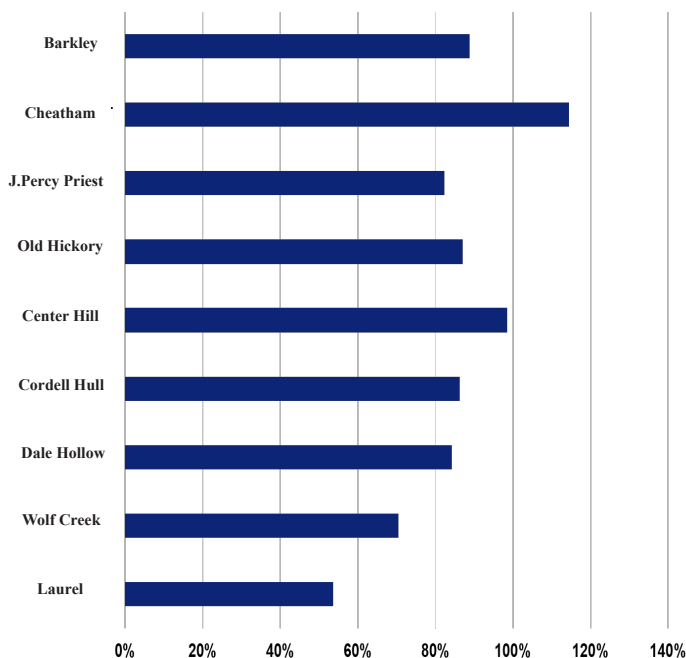
## Operational Performance

Generation for the system during FY2023 was 84% of annual average. The percent of average generation by project is shown in Figure I. Figure J shows the system generation for the years 2014 through 2023.

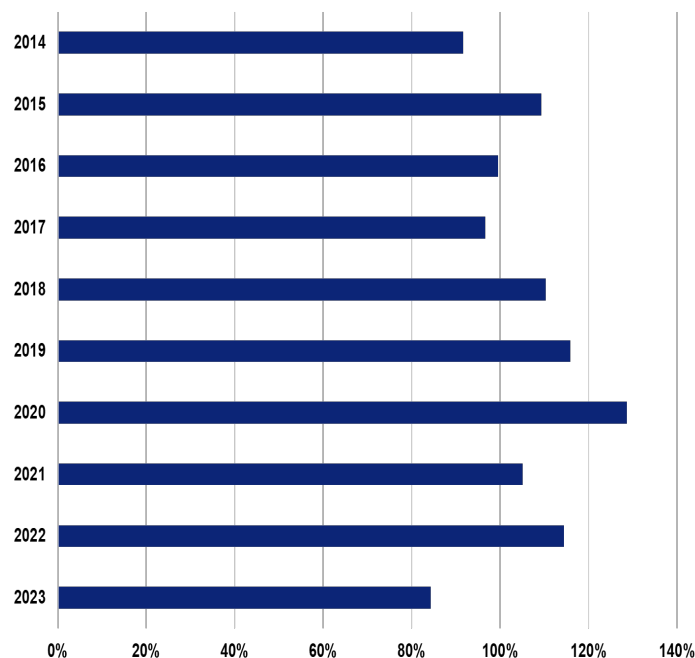
Barkley Generator 4 rehabilitation began in October. Excitation system replacements were completed for Cordell Hull Generators 1, 2 and 3 during January through June. The warranty work to address the governor oil system for Old Hickory Generator 4 continues. J Percy Priest is unavailable each year for generation during the months of May through November due to poor water quality.

The Nashville District continues with major maintenance, rehabilitation or modernization of the Cumberland System hydropower facilities as outlined in their Capital Improvement Plan. During this time as the units are unavailable for generation, the system capacity will be less than the marketed capacity for the Cumberland customer groups. Until generation resources are restored to marketed customer allocation levels, scheduling capacities are calculated based on available system capacity. Reductions to contract capacity are reconciled through the monthly delivered power invoicing process by providing customers capacity credits.

**Actual Generation as a Percentage of Average Project Generation - Figure I**

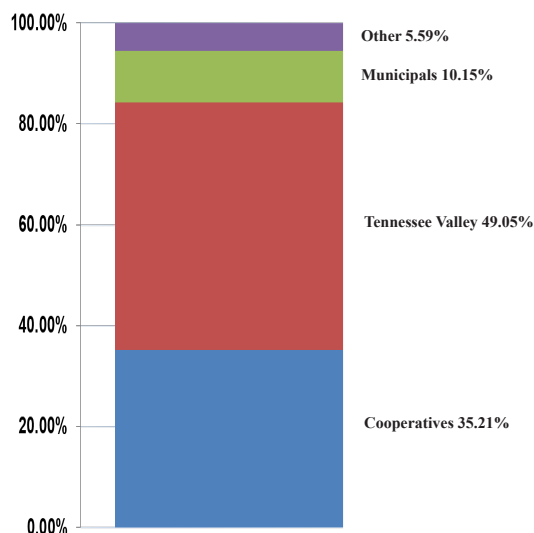


**Actual Generation as a Percentage of Average System Generation - Figure J**





**FY 2023 Revenue by Source - Figure K**

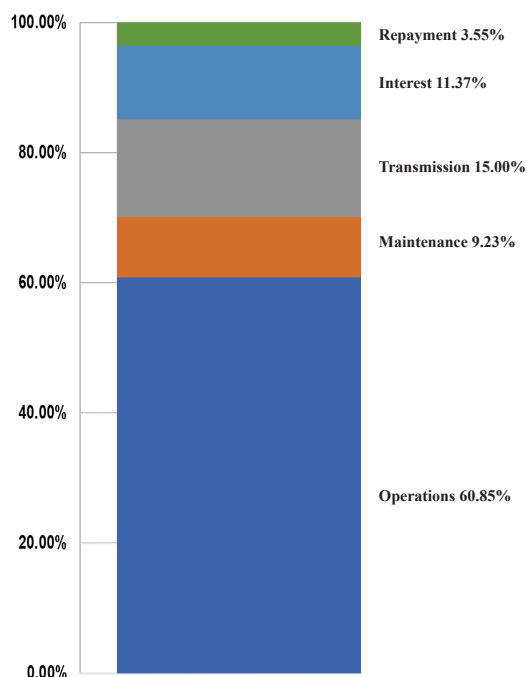


## Financial Performance

Total revenue for the Cumberland System in FY 2023 was \$64.1 million. Of this amount, \$60.5 million was derived from the sale of 2,431,583 megawatt-hours of energy and 948.3 megawatts of capacity. Total operating expenses, excluding depreciation, were \$54.6 million. Interest charged to Federal investment was \$7.3 million and repayment was \$2.2 million. Figure K shows the revenue by source for the Cumberland System and Figure L shows the application of revenues.

Table 4 indicates the current rates for the Cumberland System. Base rates were approved by FERC on a final basis on November 5, 2020. The rate schedules are effective for the period October 1, 2020, through September 30, 2025.

**FY 2023 Application of Revenue - Figure L**



## Power Rates - Table 4

Product	Through March 31, 2024
Capacity	3.793 \$/kW/Month
Energy	14.408 mills/kWh

Rate schedules provide for a monthly pass-through of actual purchase power, transmission and ancillary service expense. Rate schedules also provide an adjustment to true-up capacity and energy rates based on transfers of specific power investment to plant in service for the preceding fiscal year. The rates for capacity and energy for the period April 1, 2024, through March 31, 2025, will be as follows:

Capacity	3.826 \$/kW/Month
Energy	14.551 mills/kWh

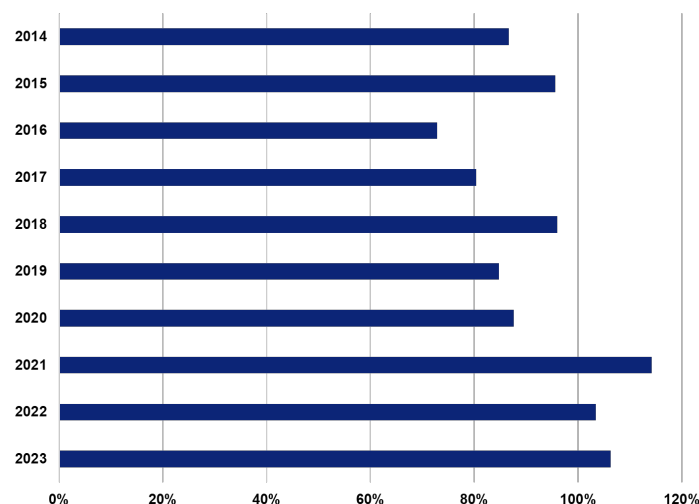
The Jim Woodruff System is a single project system located on the border of Florida and Georgia. This system has four cooperatives, two municipals and one investor owned utility customers located in the central panhandle of Florida.

## Operational Performance

Generation during FY 2023 was 106% of annual average. Figure M illustrates the project's generation for the years 2014 through 2023.

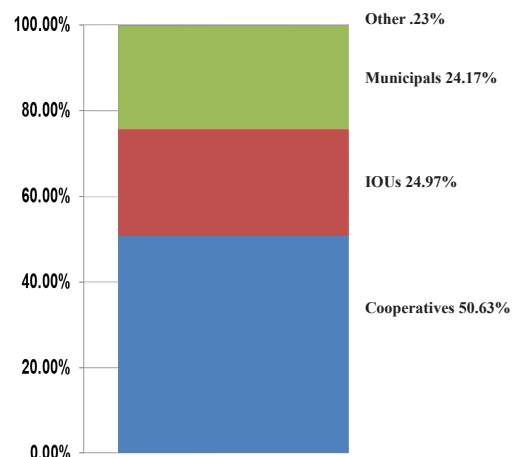
Southeastern continued formulation and coordination of a revised power marketing policy to address future generation capacity and energy delivery from Woodruff. The singular project system operates as a run of the river project. There are no anticipated changes in river operations or the amount and timing of energy produced. Duke Energy Florida provided termination notification of the 1957 transmission and energy service contract in April 2022 and the new power marketing policy will be in place beginning April 2024.

Actual Generation as a Percentage of Average System Generation - Figure M



Department of Energy's Chief Information Officer, Ann Dunkin, and members from her staff visited Southeastern in August 2023. John "JR" Ruffin, Savannah District's Hydropower Operations Manager, gave the group an excellent tour of the Richard B. Russell Pump Storage Project. Pictured atop the dam from left to right are Virgil Hobbs, Todd Brinson, Evelyn Prestosh, Ann Dunkin, Chris Wilk, Sam Loggins, Carter Edge, Maria Levesque, Edwin Villacorte, and John Ruffin.

**FY 2023 Revenue by Source - Figure N**



## Financial Performance

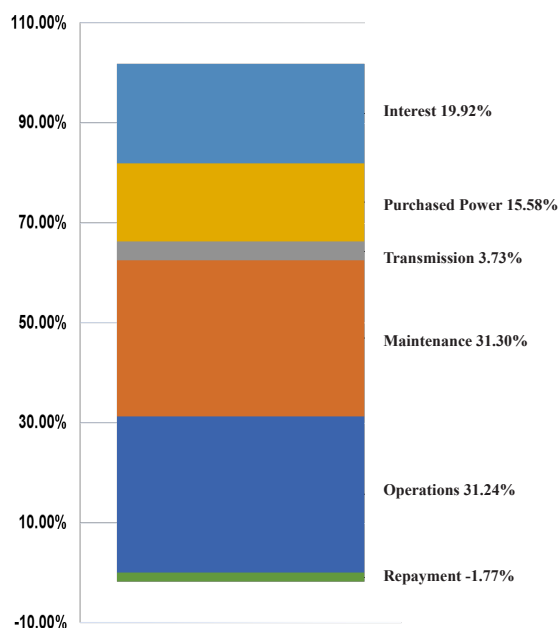
Total revenue from the Jim Woodruff System was \$9.5 million in FY 2023. Of this amount, \$9.5 million was derived from the sale of 237,947 megawatt-hours of energy and 36 megawatts of capacity.

Total operating expenses, excluding depreciation, were \$7.8 million. Interest charged to the Federal investment was \$1.9 million and a repayment deficit of \$0.2 million.

Figure N shows the revenue by source for the System and Figure O shows the application of revenues.

Table 5 indicates the current rates for the Jim Woodruff System were approved by FERC on a final basis on February 10, 2022. The rate schedules are effective for the period October 1, 2021, through September 30, 2026.

**FY 2023 Application of Revenue - Figure O**



## Power Rates - Table 5

Product	Through September 30, 2026
Capacity	8.46 \$kW/Month
Energy	22.32 mills/kWh

Rate schedules provide for a monthly pass-through of actual purchased power.



Virgil Hobbs and DOE CIO Ann Dunkin take a selfie with Richard B Russell's eight generators.



# Customer Sales

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)	CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)
<b>GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM</b>							
<b>ALABAMA</b>				City of Cairo	6,253	10,362,422	497,361.52
Baldwin County EMC	17,284	28,979,436	2,313,454.30	City of Calhoun	7,660	12,699,888	609,372.05
Black Warrior EMC	18,494	30,624,201	2,471,102.51	City of Camilla	6,072	10,051,789	482,784.00
Central Alabama EC	18,660	31,205,615	2,496,674.28	City of Cartersville	17,152	28,409,990	1,364,024.26
Clarke-Washington EMC	6,678	10,961,641	891,085.82	City of College Park	15,559	25,789,346	1,237,643.98
Coosa Valley EC	5,728	9,510,287	765,649.06	City of Commerce	4,456	7,374,517	354,260.55
Dixie EC	7,273	12,179,860	973,389.01	City of Covington	9,382	15,545,346	746,200.12
Pea River EC	3,422	5,613,204	456,552.52	City of Dalton	45,822	78,905,052	3,678,156.14
Pioneer EC	10,056	16,796,706	1,345,183.83	City of Doerun	629	1,041,736	50,019.75
Tallapoosa River EC	11,494	19,022,975	1,535,610.71	City of Douglas	10,180	16,859,958	809,540.17
Tombigbee EC	8,038	13,223,687	1,073,061.97	City of East Point	33,488	55,455,586	2,662,939.10
Wiregrass EC	8,467	14,046,930	1,131,677.68	City of Elberton	11,447	18,946,851	910,100.40
PowerSouth Energy Cooperative	100,000	195,705,000	8,330,646.16	City of Ellaville	936	1,551,445	74,454.43
City of Alexander City	7,846	13,164,589	1,050,268.30	City of Fairburn	1,799	2,982,751	143,116.48
City of Dothan	61,759	103,663,232	8,267,746.62	City of Forsyth	3,720	6,161,159	295,826.61
City of Fairhope	7,686	12,897,101	1,028,867.06	City of Fort Valley	9,417	15,598,548	748,902.51
City of Foley	27,407	45,990,670	3,668,798.54	City of Grantville	470	777,440	37,359.36
City of Hartford	3,050	4,978,527	406,506.31	City of Griffin	18,157	30,076,413	1,443,977.64
City of LaFayette	2,358	3,954,084	315,603.25	City of Hampton	832	1,038,647	103,027.74
City of Lanett	5,321	8,928,070	712,272.72	City of Jackson	2,067	3,423,820	164,381.51
City of Luverne	3,158	5,298,266	422,723.41	City of LaFayette	6,607	10,942,493	525,407.11
City of Opelika	20,809	34,923,228	2,785,688.12	City of LaGrange	17,096	28,329,323	1,359,775.57
City of Piedmont	4,609	7,578,078	615,220.50	City of Lawrenceville	4,795	7,952,870	381,505.12
City of Robertsdale	3,372	5,652,180	451,282.62	City of Marietta	37,172	61,615,037	2,956,883.71
City of Sylacauga	19,624	32,241,857	2,619,056.20	City of Monroe	8,408	13,819,028	666,827.52
City of Troy	10,079	13,603,002	1,289,386.77	City of Monticello	1,836	3,039,392	145,980.48
City of Tuskegee	11,689	19,414,703	1,562,453.30	City of Moultrie	15,480	25,638,323	1,231,019.88
<b>ALABAMA TOTAL</b>	<b>404,361</b>	<b>700,157,129</b>	<b>48,979,961.57</b>	City of Newnan	6,893	11,417,882	548,179.91
				City of Norcross	1,736	2,878,070	138,100.87
				City of Oxford	458	760,278	36,451.09
<b>FLORIDA</b>				City of Palmetto	923	1,529,131	73,407.38
Choctawhatchee EC	1,231	2,062,146	164,726.09	City of Quitman	4,428	7,329,893	352,063.48
West Florida ECA	8,402	14,112,575	1,124,948.92	City of Sandersville	4,997	8,273,803	397,338.05
<b>FLORIDA TOTAL</b>	<b>9,633</b>	<b>16,174,721</b>	<b>1,289,675.01</b>	City of Sylvester	3,952	6,549,021	314,337.24
				City of Thomaston	7,687	12,739,363	611,430.31
<b>GEORGIA</b>				City of Thomasville	25,053	41,499,439	1,992,398.69
Altamaha EMC	10,956	14,146,735	770,140.79	City of West Point	4,683	7,748,646	372,281.35
Amicalola EMC	11,513	14,860,555	809,209.42	City of Whigam	319	528,590	25,372.21
Canoochee EMC	9,392	12,129,591	660,237.95	Crisp County Power Commission	18,068	29,925,387	1,436,838.81
Carroll EMC	17,032	21,986,726	1,197,159.85	Town of Mansfield	379	626,414	30,117.25
Coastal EMC	3,157	4,079,736	221,970.48	<b>GEORGIA TOTAL</b>	<b>376,468</b>	<b>626,195,087</b>	<b>30,009,164.35</b>
Cobb EMC	42,613	55,072,411	2,996,212.78				
Colquitt EMC	38,410	49,573,056	2,699,626.32	<b>MISSISSIPPI</b>			
Diverse Power, Inc.	12,050	15,567,694	847,174.13	Coast EPA	26,863	45,135,491	3,596,948.10
Flint EMC	55,744	67,508,481	3,861,169.72	East Mississippi EPA	13,758	23,061,421	1,841,586.36
Grady EMC	10,439	13,473,017	733,701.70	Singing River EPA	33,684	56,608,960	4,510,493.93
Greystone Power Corporation	43,317	55,975,130	3,045,600.09	Cooperative Energy	68,000	91,929,000	4,835,281.53
Habersham EMC	10,176	13,134,823	715,236.53	<b>MISSISSIPPI TOTAL</b>	<b>142,305</b>	<b>216,734,872</b>	<b>14,784,309.92</b>
Hart EMC	18,630	24,037,284	1,309,286.91				
Irwin EMC	8,246	10,640,462	579,533.09	<b>NORTH CAROLINA</b>			
Jackson EMC	48,415	62,522,070	3,403,394.52	Blue Ridge EMC	7,311	14,494,821	624,006.58
Jefferson EMC	14,188	18,330,736	997,500.36	EnergyUnited EMC	18,210	35,507,855	1,466,176.44
Little Ocmulgee EMC	7,754	10,002,839	544,911.67	Haywood EMC	926	1,887,820	79,606.91
Middle Georgia EMC	6,028	7,779,835	423,673.55	Pee Dee EMC	455	962,680	39,545.88
Mitchell EMC	18,023	23,261,974	1,266,752.07	Rutherford EMC	26,829	50,910,248	2,250,438.84
Ocmulgee EMC	8,188	10,565,602	575,456.58	Union EMC	11,633	24,891,570	1,015,944.65
Oconee EMC	8,018	10,353,063	563,616.61	City of Cherryville	1,651	1,309,742	106,453.30
Okefenoke Rural EMC	9,487	12,247,226	666,836.53	City of Concord	9,179	9,471,080	629,851.50
Planters EMC	10,258	13,239,086	720,975.09	City of Gastonia	17,840	14,148,067	1,150,206.83
Rayle EMC	10,350	13,356,721	727,423.82	City of Kings Mountain	3,320	3,388,210	227,145.69
Satilla Rural EMC	30,374	39,201,284	2,134,815.78	City of Lincolnnton	1,762	1,397,280	113,600.85
Sawnee EMC	19,423	25,082,618	1,365,367.55	City of Monroe	8,593	6,815,812	554,040.95
Slash Pine EMC	4,785	6,175,745	336,312.57	City of Morganton	10,651	18,597,763	872,989.25
Southern Rivers Energy	6,842	8,835,861	480,971.16	City of Newton	2,309	1,830,470	148,856.65
Sumter EMC	11,437	14,768,321	803,960.02	City of Shelby	6,582	5,219,214	424,352.31
Three Notch EMC	12,194	15,741,466	857,104.51	City of Statesville	10,841	8,597,219	698,952.05
Tri-County EMC	6,416	8,290,471	451,099.64	Town of Bostic	512	872,960	41,578.99
Walton EMC	31,322	40,493,911	2,202,535.90	Town of Cornelius	461	390,572	30,180.61
Washington EMC	14,249	18,394,898	1,001,557.85	Town of Dallas	1,299	1,472,460	111,570.17
City of Acworth	2,303	3,815,115	183,156.28	Town of Drexel	982	1,717,989	80,548.63
City of Albany	60,831	100,780,445	4,837,999.70	Town of Forest City	2,721	3,087,403	233,755.32
City of Barnesville	2,635	4,364,297	209,546.22	Town of Granite Falls	928	736,959	59,849.92
City of Brinson	156	259,149	12,418.99	Town of Huntersville	590	485,739	38,366.78
City of Buford	2,356	3,902,639	187,366.52	Town of Landis	1,227	972,595	79,100.20
				Town of Maiden	1,380	1,094,039	88,966.55
				Town of Pineville	590	485,739	38,366.78
				<b>NORTH CAROLINA TOTAL</b>	<b>148,782</b>	<b>210,746,306</b>	<b>11,204,452.63</b>

# Customer Sales

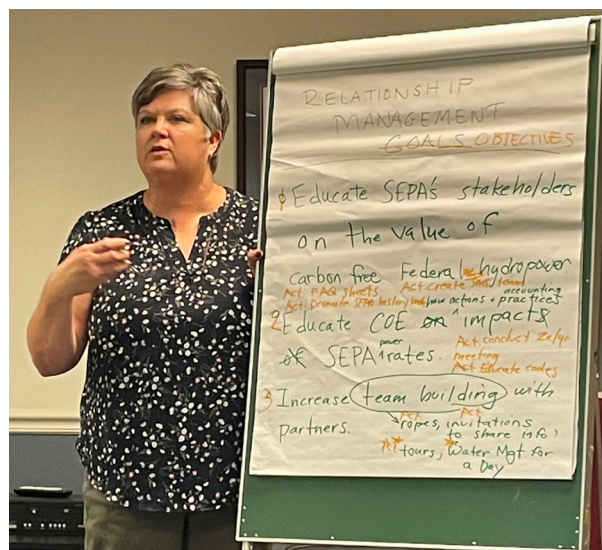
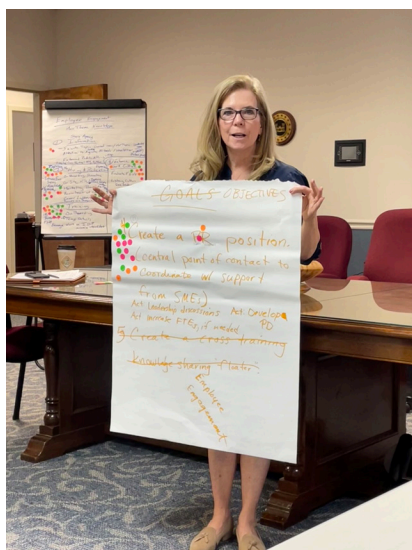
CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)	CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)
<b>SOUTH CAROLINA</b>				<b>VIRGINIA</b>			
Central Electric Power Cooperative	201,852	330,639,265	19,711,192.75	B-A-R-C EC	3,740	7,843,718	630,033.63
Little River EC	572	1,066,026	83,103.59	Central Virginia EC	7,956	16,800,537	1,343,106.82
City of Abbeville	3,305	5,668,892	243,630.59	Community EC	4,230	8,883,778	712,831.22
City of Clinton	3,323	2,430,564	205,477.22	Craig-Botetourt EC	1,692	3,568,771	285,466.64
City of Easley	9,669	15,591,702	736,660.04	Mecklenburg EMC	11,344	24,018,247	1,915,620.58
City of Gaffney	7,804	12,590,747	594,674.67	Northern Neck EC	3,944	8,242,753	663,811.58
City of Georgetown	5,300	8,813,889	554,185.06	Northern Virginia EC	3,268	6,887,961	551,421.63
City of Greenwood	12,739	24,635,686	1,075,473.19	Prince George EC	2,530	5,287,566	425,822.35
City of Greer	10,231	16,561,614	780,514.62	Rappahannock EC	22,427	46,871,255	3,774,671.13
City of Laurens	6,581	10,642,435	501,885.13	Shenandoah Valley EC	9,938	21,006,704	1,677,487.25
City of Newberry	3,661	2,677,573	226,373.89	Southside EC	14,575	30,460,994	2,453,107.15
City of Orangeburg	15,090	27,954,053	2,189,406.05	City of Bedford	1,200	905,645	79,608.53
City of Rock Hill	21,352	34,430,477	1,626,752.57	City of Danville	5,600	4,226,342	371,506.40
City of Seneca	2,688	3,342,510	188,185.19	City of Franklin	1,003	749,506	141,870.51
City of Union	3,892	2,847,533	240,674.00	City of Martinsville	1,600	1,207,526	106,144.66
City of Westminster	778	576,563	48,229.80	City of Radford	1,300	977,269	109,880.02
Town of Bamberg	2,569	4,130,630	266,064.60	City of Salem	2,200	1,653,841	185,950.85
Town of Due West	285	323,122	24,479.56	Harrisonburg Electric Commission	2,691	2,037,170	381,186.22
Town of McCormick	522	1,106,554	77,554.24	Town of Blackstone	389	290,686	55,022.57
Town of Prosperity	620	1,087,847	51,174.94	Town of Culpeper	391	296,000	55,386.05
Town of Winnsboro	1,366	2,427,223	196,934.97	Town of Elkton	171	127,783	24,187.32
South Carolina PSA	150,802	192,409,338	10,783,385.65	Town of Richlands	500	377,352	33,170.23
<b>SOUTH CAROLINA TOTAL</b>	<b>465,001</b>	<b>701,954,243</b>	<b>40,406,012.32</b>	Town of Wakefield	106	79,210	14,993.30
<b>GEORGIA-ALABAMA-</b>				<b>VIRGINIA TOTAL</b>	<b>102,795</b>	<b>192,800,614</b>	<b>15,992,286.64</b>
<b>SOUTH CAROLINA SYSTEM TOTAL</b>				<b>KERR-PHILPOTT SYSTEM TOTAL</b>	<b>196,500</b>	<b>352,672,630</b>	<b>27,165,586.89</b>
<b>2,184,257 3,315,913,431 192,074,589.05</b>				<b>JIM WOODRUFF SYSTEM</b>			
<b>KERR-PHILPOTT SYSTEM</b>				<b>FLORIDA</b>			
<b>NORTH CAROLINA</b>				Central Florida EC	2,300	11,577,010	394,861.61
Albemarle EMC	2,593	5,415,976	241,390.84	Suwannee Valley EC	4,800	24,023,114	833,860.76
Brunswick EMC	3,515	8,071,991	469,366.83	Talquin EC	13,500	68,210,872	2,542,661.89
Carteret-Craven EMC	2,735	6,194,145	363,763.02	Tri-County EC	5,200	27,471,019	1,049,556.35
Central EMC	1,239	2,845,291	165,446.79	City of Chattahoochee	1,800	10,724,821	462,257.00
Edgecombe-Martin County EMC	4,155	8,791,937	389,121.48	City of Quincy	8,400	46,284,006	1,839,129.84
Four County EMC	4,198	9,640,461	560,569.66	Duke Energy Florida	-	49,655,853	2,378,157.36
Halifax EMC	2,606	5,612,095	267,227.80	<b>JIM WOODRUFF SYSTEM TOTAL</b>	<b>36,000</b>	<b>237,946,695</b>	<b>9,500,484.81</b>
Jones-Onslow EMC	5,184	11,904,754	692,232.72	<b>CUMBERLAND SYSTEM</b>			
Lumbree River EMC	3,729	8,563,430	497,942.92	<b>ILLINOIS</b>			
Pee Dee EMC	2,968	6,815,838	396,324.59	Southern Illinois Power Cooperative	28,000	42,168,000	1,313,726.55
Piedmont EMC	1,086	2,502,280	145,158.03	<b>KENTUCKY</b>			
Pitt & Greene EMC	1,580	3,628,379	210,981.50	Big Rivers Electric Corporation	178,000	280,087,000	8,344,621.89
Randolph EMC	3,608	8,285,563	481,785.45	East Kentucky Power Cooperative	170,000	228,408,000	9,752,419.14
Roanoke EMC	5,528	11,613,471	515,993.19	City of Barbourville	2,200	4,200,477	147,489.13
South River EMC	6,119	14,051,923	817,085.48	City of Bardstown	2,247	4,043,000	146,468.06
Tideland EMC	3,098	6,668,479	317,055.65	City of Bardwell	542	1,034,846	36,335.96
Tri-County EMC	3,096	7,109,783	413,416.73	City of Benham	248	473,508	16,626.04
Wake EMC	2,164	4,969,500	288,964.46	City of Corbin	2,598	4,960,383	174,171.25
City of Elizabeth City	2,073	1,553,827	292,981.51	City of Falmouth	590	1,126,492	39,553.86
City of Kinston	1,466	1,098,850	157,837.30	City of Frankfort	15,621	29,825,307	1,047,239.88
City of Laurinburg	415	311,065	44,681.07	City of Henderson	12,000	17,515,000	565,929.21
City of Lumberton	895	670,851	96,360.40	City of Madisonville	7,803	14,898,333	523,117.22
City of New Bern	1,204	902,465	129,629.01	City of Nicholasville	2,556	4,601,000	171,359.18
City of Rocky Mount	2,538	1,902,372	273,254.43	City of Owensboro	25,000	47,665,000	1,676,019.60
City of Washington	2,703	2,026,051	291,019.25	City of Paris	1,364	2,604,296	91,443.27
City of Wilson	2,950	2,211,189	317,612.51	City of Providence	1,231	2,350,358	82,526.81
Fayetteville Public Works Commission	5,431	4,070,834	584,730.01	City of Princeton	362	401,383	32,446.22
Greenville Utilities Commission	7,534	5,647,150	811,150.08	City of Paducah	2,526	10,530,830	226,417.75
Town of Apex	145	108,686	15,611.45	<b>KENTUCKY TOTAL</b>	<b>424,888</b>	<b>654,725,213</b>	<b>23,074,184.47</b>
Town of Ayden	208	155,907	22,394.37	<b>MISSISSIPPI</b>			
Town of Belhaven	182	136,420	25,722.46	Cooperative Energy	51,000	74,563,000	2,392,387.97
Town of Benson	120	89,948	12,919.83	Mississippi Delta Energy Agency	11,000	15,618,000	519,965.24
Town of Clayton	161	120,677	17,334.11	Municipal Energy Agency of Mississippi	19,000	28,177,000	886,903.02
Town of Edenton	775	580,907	109,532.45	<b>MISSISSIPPI TOTAL</b>	<b>81,000</b>	<b>118,358,000</b>	<b>3,799,256.23</b>
Town of Enfield	259	193,546	17,125.93	<b>NORTH CAROLINA</b>			
Town of Farmville	237	177,643	25,516.65	French Broad EMC	8,200	13,450,687	580,632.48
Town of Fremont	60	44,972	6,459.88	Haywood EMC	2,400	3,936,786	169,941.24
Town of Hamilton	40	29,983	5,653.31	Town of Waynesville	1,700	2,785,128	120,375.00
Town of Hertford	203	152,160	28,690.44	<b>NORTH CAROLINA TOTAL</b>	<b>12,300</b>	<b>20,172,601</b>	<b>870,948.72</b>
Town of Hobgood	46	34,480	6,501.29	<b>TENNESSEE VALLEY REGION</b>			
Town of Hookerton	30	22,488	3,229.98	TVA Acquisition for			
Town of La Grange	93	69,712	10,012.91	153 TVPPA Members	402,112	1,596,159,000	31,426,602.10
Town of Louisburg	857	1,967,769	114,436.55	<b>CUMBERLAND SYSTEM TOTAL</b>	<b>948,300</b>	<b>2,431,582,814</b>	<b>60,484,718.07</b>
Town of Pikeville	40	29,983	4,306.64	<b>GRAND TOTAL</b>			
Town of Red Springs	117	87,700	12,596.84		<b>3,365,057</b>	<b>6,338,115,570</b>	<b>289,225,378.83</b>
Town of Robersonville	232	173,895	32,789.02				
Town of Scotland Neck	304	227,866	42,965.01				
Town of Selma	183	137,169	19,702.75				
Town of Smithfield	378	283,332	40,697.47				
Town of Tarboro	2,145	1,607,797	303,157.46				
Town of Wake Forest	149	111,684	16,042.09				
Town of Windsor	331	247,343	46,818.65				
<b>NORTH CAROLINA TOTAL</b>	<b>93,705</b>	<b>159,872,016</b>	<b>11,173,300.25</b>				



# Strategic Planning Session



In August of 2023, all employees took active roles in a brainstorming session to formulate the 2024-2029 Southeastern Strategic Plan. Dr. Julie Olson, Workplace Advancement Strategies (pictured lower left), served as our facilitator. Three focus areas and associated milestones were identified to better Southeastern, Employee Engagement, Relationship Enhancements, and Organizational Modernizations.







# **Southeastern Power Administration**

## **2023 Financial Overview and Financial Statements**

# Contents

## **2023 Financial Overview**

### **& Financial Statements**

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The Southeastern Federal Power Program (the Program) consists of all activities associated with the production, transmission and disposition of Federal power marketed under Section 5 of the Flood Control Act of 1944 in 11 states. These states are: Alabama, Florida, Georgia, Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. The Program includes the accounts of two separate Federal government agencies — the Southeastern Power Administration (Southeastern), an agency of the United States Department of Energy, and the hydroelectric generating plants and power operations of the United States Army Corps of Engineers (Corps), an agency of the United States Department of Defense for which Southeastern markets the power. Southeastern purchases, transmits, and markets power within four separate power systems (each including one or more Corps generating projects for which rates are set). These systems are: Georgia-Alabama-South Carolina System; Jim Woodruff System; Cumberland System; and Kerr-Philpott System.

The Corps operates 22 Federal hydroelectric generating projects in commercial service as of September 30, 2023, for which Southeastern is the power marketing agency. The Corps and Southeastern are separately managed and financed; however, the financial statements are combined under the Program title.

Costs of multiple-purpose Corps projects are allocated to individual purposes (e.g., power, recreation, navigation and flood control) through a cost allocation process. Specific and joint-function costs allocated to power are included in the attached combined balance sheets.

The Program accounts are maintained in conformity with accounting principles generally accepted in the United States and with the Uniform System of Accounts prescribed for electric utilities by the Federal Energy Regulatory Commission. The Program's accounting policies also reflect requirements of specific legislation and executive directives issued by the applicable government agencies.

Southeastern and the Corps receive Congressional appropriations through the Department of Energy and the Department of Defense to finance their operations. The Corps has also received Congressional appropriations to finance construction of its hydroelectric projects. In accordance with the Flood Control Act of 1944, Southeastern is responsible for repayment, with interest, of its appropriations, as well as Corps construction and operation appropriations allocated to power.

## Program Performance

During FY 2023, Southeastern marketed 6.3 billion kilowatt-hours of energy to 472 wholesale customers. The Program's revenues totaled \$307 million, \$18.8 million less than in FY 2022.

## Financial Performance

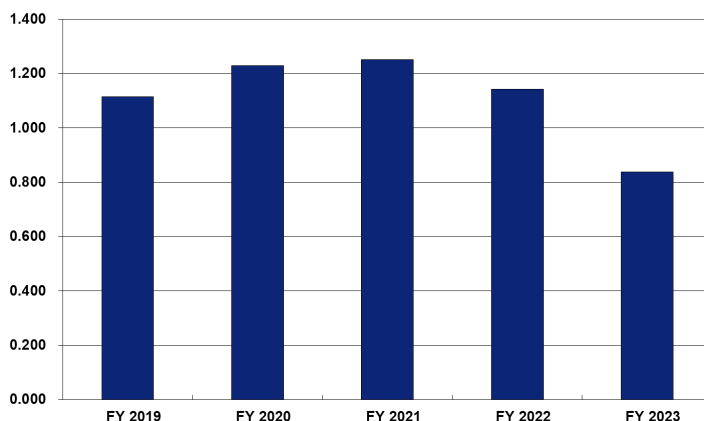
### Debt Service Coverage Ratio

The debt service coverage ratio measures the adequacy of a utility's cash flow to cover debt service cash, both principal and interest.

Specifically, the debt service coverage ratio measures revenues in excess of operating expenses requiring cash, or cash flow from operations available to make debt service payments of principal and interest. A ratio of 1.0 would generally indicate just enough cash flow to make principal and interest payments on outstanding debt, in addition to meeting all other cash expenses. A ratio of 1.5 would indicate sufficient cash flow to pay 1.5 times the amount of debt service actually due. Debt service coverage is an important measure of financial health, particularly for public power systems with no significant surplus or equity as a cushion. Since the revenues of a power marketing administration are applied to operating expenses and debt service requirements with typically no return built into rates, the level of debt service coverage is viewed as an important means of determining the revenue shortfalls that could be sustained before debt service payments were adversely affected. A balance exists between maintaining a sound financial condition and maintaining the lowest rates consistent with the not-for-profit orientation of power marketing agencies.

Over the last five years, the Program's debt service ratio has ranged from about 0.838 to 1.252. For FY 2019 through FY 2022 generation was slightly higher than average, while generation was below average in FY 2023. The Program's debt service coverage ratio for fiscal years 2019-2023 is illustrated in Figure P.

**Debt Service Coverage Ratio -  
Figure P**

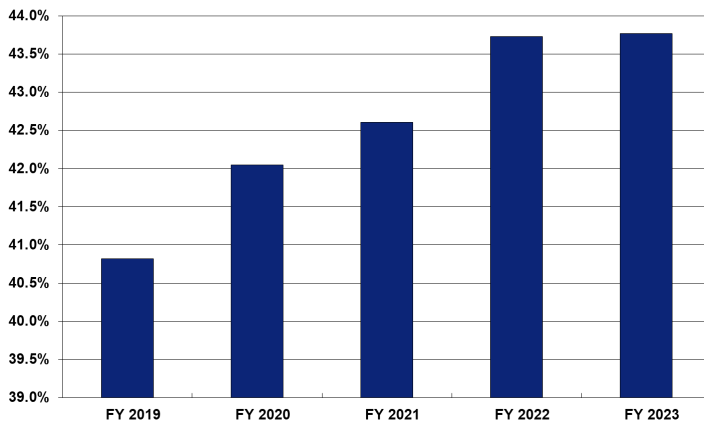




## Cumulative Principal as a Percentage of Total Federal Investment (Plant-in-Service)

This indicator is a cumulative cash flow measure. It measures the cumulative principal payments made relative to the total Federal investment to date. During a period of capital expansion, this ratio would tend to decrease, whereas increases in cumulative payments over time would be expected for a mature system. Thus, a system with little time remaining in its repayment period would be expected to have a ratio of cumulative principal payments relative to total Federal investment that approaches 100%. This indicator provides useful information by showing the relationship between the cumulative amount of principal paid to date by the Program, as well as the progress made over the period studied. While analysis of this indicator does not necessarily provide conclusive information without further analysis of additional factors, such as the average age of the system, the measure nevertheless provides valuable information on the status of repayment. The Program's principal payments as a percentage of total investment is now 43.8%. Payments as a percent of total investment are illustrated in Figure Q.

**Cumulative Principal as a Percentage of Total Federal Investment**  
**Figure Q**

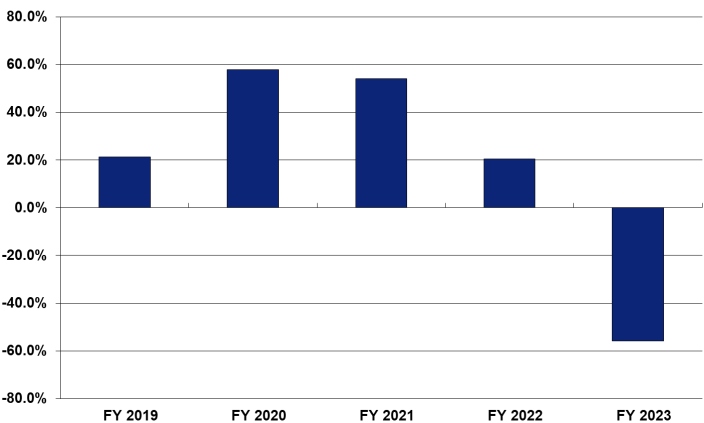


## Variance of Actual from Planned Principal Payment

The Power Marketing Administrations show relatively large fluctuations between actual and planned revenues due to the high variability of water over the years analyzed. A negative number means that actual repayment is not as large as expected. A positive number means that actual repayment is larger than expected.

The FY 2019 - FY 2023 ratios reflect a higher amount for repayment than planned while the FY 2023 ratio was less than planned due to lower streamflow conditions and higher than expected operating expenses. The variance of actual from planned payment ratios range from -55.9% to 57.9% as found in Figure R.

Percent Variance of Actual From Planned Principal Payments - Figure R



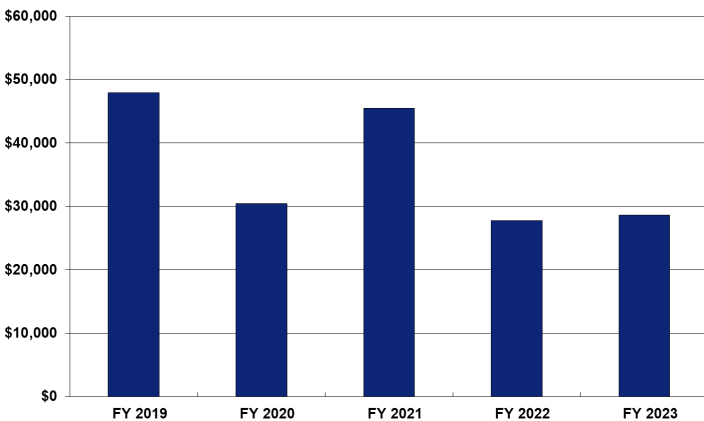
## Net Cash to the Treasury

Net cash flow to the Treasury measures the actual net cash flow, both inflows and outflows, to the U.S. Treasury, excluding revenue from the Tennessee Valley Authority (TVA). This indicator focuses on cash flows as opposed to accrual accounting results.

Because of its cash nature, this indicator is negatively influenced during years of large capital expenditures. Even in years of favorable financial performance, small or negative cash flow to the U.S. Treasury may result. In addition, the variability of water levels explains some of the fluctuation of this measure.

This indicator provides valuable financial information related to the annual effect of the power marketing administrations on the cash position of the U.S. Treasury. The measure should be used only in combination with other financial indicators to assess the Program's financial performance. Net cash flow to the U.S. Treasury is illustrated in Figure S.

Net Cash Flow to the Treasury - Figure S





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## Independent Auditors' Report

Administrator, Southeastern Power Administration:

### Report on the Audit of the Combined Financial Statements

#### *Opinion*

We have audited the combined financial statements of the Southeastern Federal Power Program (the Program), which comprise the combined balance sheets as of September 30, 2023 and 2022, and the related combined statements of revenues and expenses, changes in capitalization, and cash flows for the years then ended, and the related notes to the combined financial statements. The combined financial statements include the Southeastern Power Administration (SEPA), a component of the U.S. Department of Energy, and the hydroelectric power generating function of the U.S. Department of Defense, Army Corps of Engineers (the generating agency) for which SEPA markets the related power.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Program as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in note 2(o) to the combined financial statements, in 2023, the Program adopted new accounting guidance related to leases. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

#### *Auditors' Responsibilities for the Audit of the Combined Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a





guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

#### *Other Information*

Management is responsible for the other information included in the 2023 Annual Report. The other information comprises all sections within the 2023 Annual Report and schedule 3 but does not include the combined financial statements and our auditors' report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed,



we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements as of and for the year ended September 30, 2023, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Program's combined financial statements as of and for the year ended September 30, 2023 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of the Reporting Required by *Government Auditing Standards***

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Denver, Colorado  
February 29, 2024

# SOUTHEASTERN FEDERAL POWER PROGRAM

## Combined Balance Sheets

September 30, 2023 and 2022

(In thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Utility plant in service (note 5)	\$ 2,951,321	2,919,287
Accumulated depreciation	<u>(1,363,596)</u>	<u>(1,316,662)</u>
Net completed plant	1,587,725	1,602,625
Construction work-in-progress	<u>111,684</u>	<u>104,787</u>
Net utility plant	1,699,409	1,707,412
Cash	801,388	717,292
Accounts receivable, net	28,862	33,650
Regulatory assets	16,186	16,190
Other assets	<u>483</u>	<u>145</u>
Total assets	<u><u>\$ 2,546,328</u></u>	<u><u>2,474,689</u></u>
<b>Total Liabilities and Capitalization</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 21,038	25,725
Workers' compensation actuarial liability	<u>16,186</u>	<u>16,190</u>
Total liabilities	<u>37,224</u>	<u>41,915</u>
Capitalization:		
Payable to U.S. Treasury (notes 4 and 5(a))	2,581,062	2,472,955
Accumulated net deficit	<u>(71,958)</u>	<u>(40,181)</u>
Total capitalization	2,509,104	2,432,774
Commitments and contingencies (note 6)	<u>—</u>	<u>—</u>
Total liabilities and capitalization	<u><u>\$ 2,546,328</u></u>	<u><u>2,474,689</u></u>

See accompanying notes to combined financial statements.



**SOUTHEASTERN FEDERAL POWER PROGRAM**

## Combined Statements of Revenues and Expenses

Years ended September 30, 2023 and 2022

(In thousands)

	<b>2023</b>	<b>2022</b>
Operating revenues:		
Sales of electric power	\$ 289,225	306,606
Other operating revenues	17,408	18,826
Total operating revenues	306,633	325,432
Operating expenses, excluding depreciation expense:		
Operations	96,001	89,873
Maintenance	52,250	46,479
Purchased power	17,141	19,069
Purchased transmission services	51,293	55,277
Total operating expenses, excluding depreciation expense	216,685	210,698
Depreciation expense	48,412	47,693
Total operating expenses	265,097	258,391
Net operating revenues	41,536	67,041
Interest expenses:		
Interest on payable to U.S. Treasury	75,905	76,190
Interest charged to construction	(2,592)	(2,045)
Net interest expenses	73,313	74,145
Net revenues	\$ (31,777)	(7,104)

See accompanying notes to combined financial statements.

# **SOUTHEASTERN FEDERAL POWER PROGRAM**

## Combined Statements of Changes in Capitalization

Years ended September 30, 2023 and 2022

(In thousands)

	<b>Payable to U.S. Treasury</b>	<b>Accumulated net deficit</b>	<b>Total capitalization</b>
Total capitalization as of September 30, 2021	\$ 2,233,689	(33,077)	2,200,612
Additions:			
Congressional appropriations	344,589	—	344,589
Interest	76,190	—	76,190
Transfers of property and services, net	13,063	—	13,063
Total additions to capitalization	433,842	—	433,842
Deductions:			
Payments to U.S. Treasury	(194,220)	—	(194,220)
Rate adjustments to congressional appropriations (note 5(a))	(356)	—	(356)
Total deductions to capitalization	(194,576)	—	(194,576)
Net revenues for the year ended September 30, 2022	—	(7,104)	(7,104)
Total capitalization as of September 30, 2022	2,472,955	(40,181)	2,432,774
Additions:			
Congressional appropriations	163,202	—	163,202
Interest	75,905	—	75,905
Transfers of property and services, net	23,523	—	23,523
Total additions to capitalization	262,630	—	262,630
Deductions:			
Payments to U.S. Treasury	(154,138)	—	(154,138)
Rate adjustments to congressional appropriations (note 5(a))	(385)	—	(385)
Total deductions to capitalization	(154,523)	—	(154,523)
Net revenues for the year ended September 30, 2023	—	(31,777)	(31,777)
Total capitalization as of September 30, 2023	\$ 2,581,062	(71,958)	2,509,104

See accompanying notes to combined financial statements.

# SOUTHEASTERN FEDERAL POWER PROGRAM

## Combined Statements of Cash Flows

Years ended September 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net revenues	\$ (31,777)	(7,104)
Adjustments to reconcile net revenues to net cash provided by operating activities:		
Depreciation expense	48,412	47,693
Interest on payable to U.S. Treasury, net	73,313	74,145
Unfunded retirement benefits	16,552	10,640
(Increase) decrease in assets:		
Accounts receivable, net	4,788	(6,865)
Other assets	(338)	(10)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(4,687)	12,078
Net cash provided by operating activities	<u>106,263</u>	<u>130,577</u>
Cash flows used in investing activities:		
Investment in utility plant	<u>(38,202)</u>	<u>(54,205)</u>
Cash flows used in financing activities:		
Congressional appropriations	163,202	344,589
Payments to U.S. Treasury	(154,138)	(194,220)
Transfers from other federal agencies, net	6,971	2,424
Net cash provided by financing activities	<u>16,035</u>	<u>152,793</u>
Net increase in cash	84,096	229,165
Cash, beginning of year	<u>717,292</u>	<u>488,127</u>
Cash, end of year	<u>\$ 801,388</u>	<u>717,292</u>
Supplemental disclosures:		
Cash paid for interest	\$ 73,313	74,145
Interest charged to construction	2,592	2,045
Adjustments to power allocations impacting (note 5(a)):		
Congressional appropriations	385	356
Investment in utility plant	385	356

See accompanying notes to combined financial statements.

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

Combined Financial Statements

September 30, 2023 and 2022

### **(1) Organization and Basis of Presentation**

The Southeastern Federal Power Program (the "Program") consists of all activities associated with the production, transmission, and disposition of all federal power marketed under Section 5 of the Flood Control Act of 1944 (the "Flood Control Act") in the 11 states of Alabama, Florida, Georgia, Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. The accompanying combined financial statements of the Program include the accounts of two separate federal government agencies—the Southeastern Power Administration ("Southeastern"), a component of the United States Department of Energy ("DOE"), and the hydroelectric generating plants and power operations of the United States Army Corps of Engineers (the "Corps of Engineers", the "Corps", or the "generating agency"), an agency of the United States Department of Defense ("DOD"), for which Southeastern markets the related power. Southeastern and the Corps are separately managed and financed, and each maintains its own accounting records. For purposes of financial and operational reporting, the facilities and related operations of Southeastern and the respective hydroelectric generating activity of the Corps are combined as the Program. U.S. government agencies are exempt from all income taxes imposed by any governing body, whether it is a federal, state, or commonwealth of the United States, or a local government.

Southeastern purchases, transmits, and markets power within four separate power systems: Georgia-Alabama-South Carolina; Jim Woodruff; Cumberland; and Kerr-Philpott. As of September 30, 2023, the four power systems include 22 hydroelectric generating projects owned and operated by the Corps of Engineers. The projects serve multiple purposes, including power, recreation, navigation, and flood control. The costs of multipurpose generating agency projects are assigned to specific hydroelectric power functions through a cost allocation process administratively developed pursuant to relevant law. These combined financial statements include only those expenses and net assets of the Corps that are expected to be recovered through sales of power and other related revenues. Costs of multipurpose Corps projects are allocated to power and non-power purposes. The portion of total project costs allocated to power is included in the accompanying combined financial statements.

Over the life of the combined hydroelectric power systems, the accumulated net deficit represents timing differences between the recognition of expenses and related revenues. Southeastern and the generating agency are nonprofit federal agencies; therefore, ultimately the agencies will collect funds through power rates to repay all congressional appropriations amounts as discussed in note 2(b). Thus, the individual power systems may at any point in time have an accumulated deficit, but there are no operating or going-concern implications because of the federal government's backing of the DOE and DOD and the liquidity and positive cash flows from operations of the Program.

### **(2) Summary of Significant Accounting Policies**

#### **(a) General**

The combined financial statements are prepared following accounting principles generally accepted in the United States of America ("U.S. GAAP"). The combined financial statements also reflect Federal Energy Regulatory Commission ("FERC") regulations, FERC's prescribed uniform system of accounts for electric utilities and DOE's accounting practices.

(Continued)



## **SOUTHEASTERN FEDERAL POWER PROGRAM**

Combined Financial Statements

September 30, 2023 and 2022

### **(b) Congressional Authority and Financing**

Southeastern and the Corps of Engineers receive congressional appropriations through the Energy and Water Development and Related Agencies Appropriations Bill to finance their operations.

Southeastern's appropriations are fully offset by the use of receipts collected from the sale of Federal hydroelectric power, resulting in a net zero appropriation. The Corps also receives appropriations to finance construction of its hydroelectric projects; however, the Corps' operations are not fully offset by the use of receipts. In accordance with the Flood Control Act, Southeastern is responsible for repayment to the federal government, with interest, of its appropriations and the portion of Corps appropriations allocated for construction and operation of the power projects.

Congressional appropriations received by the Corps are authorized and allocated to individual projects. It is the intent of the Corps' project management to distribute congressional appropriations in amounts approximating estimated current year expenses and to adjust the distribution as necessary within the limits of the Corps' transfer authority. Project costs that are not specific to a project purpose are distributed between power and non-power purposes based on project cost allocations.

### **(c) Operating Revenues**

The Program recognizes operating revenues in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606). The core principle of ASC Topic 606 is for the entity to recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which an entity expects to be entitled in exchange for those goods or services.

Under the provisions of ASC Topic 606, the Program has elected the following practical expedients:

- Recognize revenue in the amount the Program has the right to invoice a customer.
- Apply the standard to a portfolio of contracts with similar characteristics, as the effects of applying the guidance to the portfolio would not differ materially from applying this guidance to the individual contracts.

Cash received from sales, less amounts legislatively authorized for use in operations, is deposited directly with the U.S. Treasury and is reflected as repayments to the U.S. Treasury, which is included in the payable to U.S. Treasury in the combined balance sheets. Southeastern markets federal power and provides services necessary to market power on behalf of nonfederal entities under long-term contracts. Electric power revenues are billed monthly based on meter readings or estimates. Revenues can vary from period to period as a result of weather and hydrological conditions.

Accounts receivable, net represents amounts billed to customers but not collected, net of the allowance of \$0 as of September 30, 2023 and 2022. The estimate of the allowance is based on past experience in the collection of receivables and an analysis of the outstanding balances. Interest may be charged on the principal portion of delinquent receivables based on rates published by the U.S. Treasury for the period in which the debt became delinquent. Delinquent receivables are charged off against the allowance once they are deemed uncollectible.

(Continued)

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

Combined Financial Statements

September 30, 2023 and 2022

### **(d) Confirmation and Approval of Rates**

The Flood Control Act requires rates to be set to encourage widespread use of electricity at the lowest possible cost, consistent with sound business principles, to preference customers (i.e., public bodies and cooperatives). Rates are established under the requirements of the Flood Control Act, related legislation, and executive departmental directives, and are intended to provide sufficient revenues to meet all required payments of Program costs. Such Program costs include operation and maintenance expenses, wheeling fees to connecting utilities for transmission of power to customers, purchased power costs to meet firm power sale requirements, and payment to the U.S. Treasury for the investment in utility plant and interest thereon. Southeastern has established rate schedules for each of the four power systems. These rates generally are adjusted at five-year intervals, or less, under the terms of Southeastern's current power sales contracts and DOE Order RA 6120.2.

The rates required under present DOE policy make provision for recovery of the federal investment in generating facilities within the service lives of the assets, not to exceed 50 years from the date placed in service. Operation and maintenance expenses and expensed interest are intended to be recovered annually. Utility plant assets are depreciated on a straight-line basis over their estimated service lives, which differ from the established repayment period. Accordingly, there are differences in the amortization of utility plant for financial reporting and for rate-setting purposes.

The Program's combined financial statements are presented in accordance with the provisions of ASC Topic 980, *Regulated Operations*. The provisions of ASC Topic 980 require, among other things, regulated enterprises to reflect rate actions of the regulator in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. Rate actions received after the balance sheet date but prior to the completion of the combined financial statements are considered conditions that existed at the balance sheet date unless the rate action addressed a specific event that occurred after the balance sheet date.

The Secretary of Energy (the "Secretary") has delegated authority to the Administrator of Southeastern to develop power and transmission rates for the power projects. The Administrator, Southeastern Power Administration, has the authority to confirm, approve, and place such rates in effect on an interim basis, effective June 13, 2022, through Redelegation Order No. S3-DEL-SEPA1-2022 by the Under Secretary (for Infrastructure). Projects under construction are included in the combined financial statements at the multi-purpose allocation rate specific to the related project. Any adjustments to the multi-purpose allocation rate, as determined necessary by Southeastern's Administrator, are recorded at the time the asset is placed into service and subjected to repayment (note 4(a)).

The Secretary has delegated to FERC the authority to confirm, approve, and place such rates in effect on a final basis and to remand or to disapprove such rates. FERC's review is limited to (1) whether the rates are the lowest possible consistent with sound business principles; (2) whether the revenue levels generated are sufficient to recover the costs of producing and transmitting electric energy including repayment within the period permitted by law; and (3) the assumptions and projections used in developing the rates. FERC shall reject decisions of Southeastern's Administrator only if it finds them to be arbitrary, capricious, or in violation of the law. Refunds with interest, as determined by FERC, are authorized if final approved rates are lower than rates approved on an interim basis. However, if at any time FERC determines that the administrative cost of a refund would exceed the amount to be

(Continued)

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

### **Combined Financial Statements**

**September 30, 2023 and 2022**

refunded, no refunds will be required. As of September 30, 2023, rates for the Cumberland, Jim Woodruff, Kerr-Philpott, and the Georgia-Alabama-South Carolina Systems were approved on a final basis by FERC. There were no revenues subject to refund.

#### **(e) Cash**

Cash consists of power receipts authorized by Congress for use in operations and the unexpended balance of funds appropriated by Congress for the Program-related activities of Southeastern and the Corps of Engineers, and is maintained by the U.S. Treasury.

#### **(f) Utility Plant**

Utility plant in service and construction work-in-progress consist principally of generating facilities and are stated at cost, net of contributions by entities outside the Program. Cost includes direct labor and materials; payments to contractors; indirect charges for engineering, supervision, and similar overhead items; and interest on federal funds used during construction. The costs of additions, replacements, and betterments are capitalized, while repairs and minor replacement costs are charged to operation and maintenance expenses. The cost of utility plant retired, together with removal costs less salvage, is charged against accumulated depreciation when the property is removed from service. There were no material asset retirements or asset retirement obligations as of September 30, 2023 and 2022.

The policy of the Program is to move capitalized costs into completed utility plant at the time a project or feature of a project is deemed to be substantially complete. A project is substantially complete when it is providing benefits and services for the intended purpose, and is generating project purpose revenue, where applicable.

Plant assets of the Program are currently depreciated using the straight line method over the estimated service lives ranging from 5 to 100 years for transmission and generation assets. Moveable equipment includes computers, copiers, mobile cranes, energy testing equipment, trucks, and wood chippers. Moveable equipment is currently depreciated using the straight line method over the estimated service lives ranging from 5 to 50 years.

Most completed utility plant, as required by law, is recovered through the rates, regardless of whether an asset is abandoned, loses value, is disposed of significantly before the end of its estimated useful life, or is destroyed. Consequently, the cash flow is not impaired, regardless of the condition of the asset.

#### **(g) Interest on the Payable to U.S. Treasury**

Interest, a component of total capitalization, is accrued annually on the outstanding payable to the U.S. Treasury based on federal statutes and power system legislation. Such interest is reflected as an expense in the combined financial statements. Interest rates on unpaid balances ranged from 1.625% to 6.125% for the years ended September 30, 2023 and 2022.

Interest charged to construction represents interest on federal funds used during utility plant construction and is included in the cost of completed projects. Applicable interest rates ranged from 1.625% to 4.125% for the years ended September 30, 2023 and 2022, depending on the year in which construction of the transmission and generation facilities was initiated and requirements of the authorizing legislation.

(Continued)

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

Combined Financial Statements

September 30, 2023 and 2022

### **(h) Transfer of Property and Services, Net**

Transfer of property and services, net is a component of total capitalization that represents the cumulative receipt of transfers of assets or costs offset by the cumulative disbursement of transfers of revenues. Transfers are recognized upon physical delivery of the asset or performance of the service. Transfers occur between projects, project types, and other federal entities. Transfers between Southeastern and the generating agency eliminate upon combination.

### **(i) Retirement Benefits**

Substantially all employees engaged in Program activities participate in either the Civil Service Retirement System ("CSRS") or the Federal Employees Retirement System ("FERS"). Both are contributory defined benefit pension plans and are not covered under the Employee Retirement Income Security Act of 1974. Pension benefit expense under CSRS and FERS is equivalent to 7.0% and up to 18.2%, respectively, of eligible employee compensation. Program contributions to these plans are submitted to benefit program trust funds administered by the Office of Personnel Management (OPM) and totaled \$26.7 million and \$23.6 million for the years ended September 30, 2023 and 2022, respectively. The contribution levels, as legislatively mandated, do not reflect the total current cost/full cost requirements to fund the pension plans. Additional sources of funding for CSRS and FERS benefits include direct appropriations to the OPM, not Southeastern or the Corps, and is approximately 50.4% and 23.2% of base salary, respectively. In addition to the amounts contributed to the CSRS and FERS, the Program has recorded \$16.5 million and \$10.6 million of annual pension and retirement benefits expense for the years ended September 30, 2023 and 2022, respectively. This amount reflects the contribution made on behalf of Southeastern and the Corps by OPM to benefit program trust funds. This expense will be recovered from power customers through the future sale of power. Costs incurred by OPM on behalf of the Program are included as transfers of property and services, net within the payable to U.S. Treasury on the combined balance sheets.

Other retirement benefits administered by the OPM include the Federal Employees Health Benefits Program ("FEHB") and the Federal Employee Group Life Insurance Program ("FEGLI"). FEHB is calculated at \$9,640 and \$8,775 per employee in fiscal years 2023 and 2022, respectively, and FEGLI is based on 0.02% of base salary for each employee enrolled in these programs.

As a federal agency, all postretirement activity is managed by OPM; therefore, neither the assets of the plans nor the actuarial data with respect to the accumulated plan benefits relative to Program employees are included in the Program's combined financial statements.

### **(j) Derivative and Hedging Activities**

The Program analyzes derivative financial instruments under ASC Topic 815, *Derivatives and Hedging*, subsequently updated by ASU No. 2010-11, Scope Exception Related to Embedded Credit Derivatives. This standard requires that all derivative instruments, as defined by ASC Topic 815, be recorded on the combined balance sheets at fair value, unless exempted. Changes in a derivative instrument's fair value must be recognized currently in the combined statements of revenues and expenses unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument's gains and losses to offset related results of the hedged item in the combined statements of revenues and expenses to the extent effective. ASC Topic 815 requires

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## **SOUTHEASTERN FEDERAL POWER PROGRAM**

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that the hedging relationship be highly effective and that an organization formally designate a hedging relationship at the inception of the contract to apply hedge accounting.

The Program enters into contracts for the purchase and sale of electricity for use in its business operations. ASC Topic 815 requires the Program to evaluate these contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted from ASC Topic 815 as normal purchases or normal sales. Normal purchases and sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal purchases or sales are documented and exempted from the accounting and reporting requirements of ASC Topic 815.

The Program's policy is to fulfill all derivative and hedging contracts by either providing power to a third party or by taking delivery of power from a third party as provided for in each contract. The Program's policy does not authorize the use of derivative or hedging instruments for speculative purposes, such as hedging electricity pricing fluctuations beyond the Program's estimated capacity to deliver or receive power. Accordingly, the Program evaluates all of its contracts to determine if they are derivatives and, if applicable, to ensure that they qualify and meet the normal purchases and normal sales designation requirements under ASC Topic 815. Normal purchases and normal sales contracts are accounted for as executory contracts as required under accounting principles generally accepted in the United States. As of September 30, 2023 and 2022, the Program has no contracts accounted for as derivatives.

### **(k) Concentrations of Credit Risk**

Financial instruments, which potentially subject the Program to credit risk, include accounts receivable for customer purchases of power, transmission, or other products and services. These receivables are primarily held with a group of diverse customers that are generally large, stable, and established organizations, which do not represent a significant credit risk. Although the Program is affected by the business environment of the utility industry, management does not believe a significant risk of loss from a concentration of credit exists.

### **(l) Regulatory Assets**

Regulatory assets are assets that result from rate actions of Southeastern's Administrator and other regulatory agencies. These assets arise from specific costs that would have been included in the determination of net revenue or deficit in one period but are deferred until a different period for purposes of developing rates to charge for services, per the requirements of ASC Topic 980. The Program defers costs as regulatory assets so that the costs will be recovered through the rates during the periods when the costs are scheduled to be repaid. This ensures the matching of revenues and expenses. The Program does not earn a rate of return on its regulatory assets. The asset listed below is regulatory in nature:

#### ***Workers' Compensation Actuarial Cost***

Workers' compensation consists of two elements: (i) the actuarial liability associated with workers' compensation cases incurred for which additional claims may still be made in the future ("future claims"); and (ii) a liability for expenses associated with actual claims incurred and paid by the U.S. Department of Labor ("DOL"), the program administrator, to whom Southeastern and the Corps must

(Continued)

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

### **Combined Financial Statements**

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reimburse. The DOL, the DOE, and the DOD determine the Program's actuarial liability associated with workers' compensation cases. The actuarial liability for future claims was determined using historical benefit payment patterns and the U.S. Treasury discount rates.

The recovery of these future claims will be deferred for purposes of the rate-making process until such time the future claims are actually submitted and paid by the DOL. Therefore, the recognition of the expense associated with this actuarially determined liability has been recorded as a regulatory asset in the combined balance sheets to reflect the effects of the rate-making process. The Program's cumulative unpaid expenses associated with estimated future claims are approximately \$16.2 million as of September 30, 2023 and 2022, respectively.

#### **(m) Fair Value of Financial Instruments**

ASC Topic 825, *Financial Instruments*, requires disclosure of the fair value of financial instruments. The carrying (recorded) value of short-term financial instruments, including cash, accounts receivable, accounts payable, accrued liabilities, and other assets, approximates the fair value of these instruments because of the short maturity of these instruments. The fair value of the payable to U.S. Treasury and of certain unfunded and actuarially based liabilities cannot be determined as the future payout dates have yet to be determined.

#### **(n) Use of Estimates**

The preparation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America requires Program management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Items subject to such estimates and assumptions include the useful lives of completed utility plant; allowance for doubtful accounts; employee benefit obligations; and other contingencies. Actual results could differ from those estimates.

#### **(o) Recently Adopted Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The Program adopted Topic 842 as of October 1, 2022, using the non-comparative transition option pursuant to ASU 2018-11.

The Program elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, (i) allowed the Program to carry forward the historical lease classification; (ii) did not require the Program to reassess whether any expired or existing contracts are or contain leases under the new definition of a lease; and (iii) did not require the Program to reassess whether previously capitalized initial direct costs for any existing leases would qualify for capitalization under Topic 842. The Program also elected the practical expedients related to (i) use of risk-free discount rate for the entire population of their leases when an incremental borrowing rate is not readily available; (ii) short-term lease exemption, which allows the Program to not recognize leases with the total lease term of 12 months or less on the balance sheet; and (iii) non-separation of lease and non-lease components (such a common area maintenance) and treating them as a single lease component.

(Continued)

## SOUTHEASTERN FEDERAL POWER PROGRAM

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Adoption of the new standard did not result in the recording of operating lease right-of-use assets or operating lease liabilities, or finance lease assets and finance lease liabilities, as of October 1, 2022. Further, no cumulative adjustment to accumulated net deficit was required as of October 1, 2022, for the impact of the new accounting standard. The Program's financial position for reporting periods beginning on or after October 1, 2022, is presented under the new guidance, as discussed above. The standards did not materially impact the combined balance sheets, statement of revenues and expenses, or cash flows as of and for the year ended September 30, 2023.

### (3) Operating Revenues

#### (a) *Disaggregated Revenues*

Disaggregated revenues as of September 30, 2023 and 2022 consist of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Sales:		
Power	\$ 289,225	306,606
Revenue from contracts with customers	289,225	306,606
Non-contract revenues	17,408	18,826
Total operating revenues	\$ <u>306,633</u>	<u>325,432</u>

#### (b) *Revenue from Contracts with Customers*

The majority of the Program's revenue is derived from the sale of power through power sales contracts with customers. The Program provides wholesale electric energy and capacity to preference power customers under long-term and non-firm contracts. The Program establishes rates for power in a formal rate proceeding. Rate schedules establish rates that provide sufficient revenues to meet all program costs. Electric power revenues are billed monthly based on usage and rates specified in rate schedules. Revenues can vary from period to period due to weather, hydrological conditions, and customer usage requirements.

Non-reimbursable revenue is money received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to offset power-related expenses incurred that are excluded for rate-making purposes. Revenues are recognized as expenditures are incurred.

#### (c) *Non-contract Revenues*

Non-contract revenues consist primarily of headwater benefits and water revenues at the Corps of Engineers attributable to the power function, timber sales, and miscellaneous fees. Revenues are recognized upon receipt.

(Continued)

## SOUTHEASTERN FEDERAL POWER PROGRAM

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### (d) Contract Balances

All accounts receivable is billed as of September 30, 2023 and 2022. Contract advances represent the Program's unsatisfied performance obligation to transfer goods or service to a customer from which the Program has received consideration. As of September 30, 2023 and 2022, the Program has no contract advances.

### (4) Payable to U.S. Treasury

The payable to U.S. Treasury in each of the generating projects is to be repaid to the U.S. Treasury within the service lives of the assets, not to exceed 50 years from the time the facility is placed in service. There is no requirement for repayment of a specific amount on an annual basis.

Southeastern follows the provisions of DOE Order RA 6120.2 in setting priorities for repayment. Order RA 6120.2 requires that annual revenues be first applied to current year operating expenses, excluding depreciation, and interest, net of interest charged to construction, and interest credited on operating revenues deposited with the U.S. Treasury. All annual amounts for such expenses have been paid through fiscal year 2022. Remaining revenues are to be first applied to repayment of operating deficits, if any, and then to repayment of the outstanding principal. Annual net revenues available for repayment are generally applied first against investments in projects bearing the highest interest rates.

Capitalization in certain multipurpose facilities, primarily dams and structures integral to hydroelectric power generation required to be repaid from the power revenues, has been determined from final cost allocation studies based on project evaluation standards approved by Congress.

### (5) Utility Plant

Utility plant as of September 30, 2023 and 2022 consists of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Utility plant:		
Structures and facilities	\$ 2,511,416	2,479,361
Buildings	52,691	52,739
Land	364,080	364,040
Movable equipment	<u>23,134</u>	<u>23,147</u>
Gross completed plant	2,951,321	2,919,287
Accumulated depreciation	<u>(1,363,596)</u>	<u>(1,316,662)</u>
Net completed plant	1,587,725	1,602,625
Construction work-in-progress	<u>111,684</u>	<u>104,787</u>
Net utility plant	<u>\$ 1,699,409</u>	<u>1,707,412</u>

(Continued)



## **SOUTHEASTERN FEDERAL POWER PROGRAM**

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In accordance with FERC guidelines, the Program excludes contributed plant within the combined balance sheets to eliminate the impact on power rates. As of September 30, 2023 and 2022, contributed plant, net, used in the Program's operations totaled approximately \$586,000.

As of September 30, 2023, major projects included in construction work-in-progress included an Island Creek transformer replacement, General Data Acquisition and Control Systems (GDACS) upgrades, replacing a power plant control system, a landslide stabilization system, and turbines and generator upgrades in the Kerr-Philpott power system; GDACS improvements, security system upgrades, fish deterrent system installation, powerhouse rock fall prevention, switchgear replacements, turbine runner upgrades, and an oxygen diffuser line replacement in the Georgia-Alabama-South Carolina power system; GDACS upgrades and circuit switch upgrades in the Jim Woodruff System; and hydropower trash screens, turbine and generator upgrades and rehabilitations, security system upgrades, generator stator winding, medium voltage cables and busses upgrades, spillway gate upgrades, replacement of powerhouse generator roof and transformer replacements in the Cumberland power system.

As of September 30, 2022, major projects included in construction work-in-progress included an Island Creek transformer replacement, GDACS upgrades, replacing a power plant control system, a security camera system upgrade, and turbines and generator upgrades in the Kerr-Philpott power system; GDACS improvements, security system upgrades, fire suppressant system upgrades, powerhouse rock fall prevention, switchgear replacements, turbine runner upgrades, raw water system upgrades, and a bank fish deterrent system in the Georgia-Alabama-South Carolina power system; GDACS upgrades, heating and ventilation replacements, and upgrades of the circuit switches in the Jim Woodruff System; and hydropower trash screens, an intake and spillway crane, powerhouse generator roof replacement, turbine and generator upgrades and rehabilitations, generator stator winding, medium voltage cables and busses upgrades, spillway gate upgrades, and transformer replacements in the Cumberland power system.

### ***(a) Adjustments to Multi-Purpose Utility Plant Allocation Rates***

In fiscal year 2014, scheduled remediation efforts to the Wolf Creek project within the Cumberland power system were completed and placed into service. The remediation efforts addressed problems with karst foundation seepage. Total project costs of \$656.9 million included \$555.3 million in construction remediation costs and \$101.6 million in interest during construction. Typically, multi-purpose rehabilitation costs are allocated to the power function based on established cost studies at 55.113%.

In evaluating the impact of the construction remediation efforts on the Program's rates, Southeastern's Administrator determined the costs represented dam safety remediation costs under the Dam Safety Act (Section 1203 of the Water Resources Development Act of 1986) rather than major rehabilitation costs. Further, Southeastern's Administrator determined that including the remediation costs at the typical multi-purpose allocation rate would not provide for the lowest possible rate consistent with sound business principles, as required under the Secretary's delegation order (note 2(d)). Accordingly, effective September 30, 2014, Southeastern's Administrator recommended a rate action to the Deputy Secretary, U.S. Department of Energy. The Deputy Secretary approved the rate order. The rate action was to cap repayment of the remediation costs at 15% under the Dam Safety Act. These costs were then allocated at the project's multi-purpose allocation rate of 55.113%. Consequently, Program management recorded a rate action adjustment to the Wolf Creek project of \$260.1 million to utility

(Continued)

## SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Financial Statements

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plant in service and \$47.6 million to accumulated interest payable, resulting in a reduction of \$307.7 million in the payable to U.S. Treasury.

Since fiscal year 2014, additional remediation efforts to the Wolf Creek project were completed and placed into service as follows (in thousands):

	<b>Total project costs</b>	<b>Multi-purpose allocation</b>	<b>Dam Safety Act adjustment</b>	<b>Allocated to power</b>
2015	\$ 2,759	1,521	1,293	228
2016	3,721	2,051	1,743	308
2017	1,211	667	567	100
2018	132	73	62	11
2019	494	272	231	41
2020	488	269	229	40
2021	92	51	43	8
<b>Total</b>	<b>\$ 8,897</b>	<b>4,904</b>	<b>4,168</b>	<b>736</b>

As of September 30, 2015, scheduled remediation efforts to the Center Hill project within the Cumberland system were completed and placed into service. Total project costs of \$280.7 million included \$236.9 million in construction remediation and \$43.8 million in interest during construction. Typically, multipurpose rehabilitation costs are allocated to the power function based on established cost studies at 42.545%. Southeastern's Administrator imposed a rate action to cap repayment at 15% under the Dam Safety Act. Consequently, Program management recorded a rate action adjustment to the Center Hill project of \$85.7 million to utility plant in service and \$15.8 million to accumulated interest payable, resulting in a reduction of \$101.5 million in payable to U.S. Treasury.

Since fiscal year 2016, additional remediation efforts to the Center Hill project were completed and placed into service as follows (in thousands):

	<b>Total project costs</b>	<b>Multi-purpose allocation</b>	<b>Dam Safety Act adjustment</b>	<b>Allocated to power</b>
2016	\$ 13,812	5,876	4,995	881
2017	2,119	902	767	135
2018	2,130	906	770	136
2019	2,268	965	820	145
2020	85,872	36,534	31,054	5,480
2021	2,705	1,151	978	173
2022	986	419	356	63
2023	1,067	454	385	68
<b>Total</b>	<b>\$ 110,959</b>	<b>47,207</b>	<b>40,125</b>	<b>7,081</b>

(Continued)

## **SOUTHEASTERN FEDERAL POWER PROGRAM**

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As of September 30, 2023, remediation efforts are substantially complete in both the Wolf Creek and Center Hill projects.

### **(6) Commitments and Contingencies**

#### **(a) General**

Southeastern and the Corps of Engineers are presently parties to certain claims and legal actions arising in the ordinary course of Program activities. However, in the opinions of management, the claims and actions will not have a material adverse impact on the Program's financial position, results of operations, or cash flows. Power-related claims against the Corps of Engineers, whose ultimate disposition will be paid by the U.S. Treasury Judgment Fund and are not subject to reimbursement from power revenues, are excluded from the combined financial statements and notes thereto.

#### **(b) Transmission Contract Commitments**

Southeastern has entered into agreements for transmission services that vary in length. Southeastern's long-term commitments for these transmission contracts are subject to the availability of federal funds and contingent upon authority from Congress. To fulfill its contractual obligations to deliver power, Southeastern has historically had to purchase a certain level of transmission services under these arrangements. The budgeted amounts are as follows (in thousands):

		<b>Commitments for transmission services</b>
<b>Fiscal year ending September 30,</b>		
2024	\$	60,135
2025		62,401
2026		64,779
2027		67,278
2028		69,901
	\$	<u>324,494</u>

### **(7) Subsequent Events**

The Program has evaluated subsequent events as of September 30, 2023, through the date the combined financial statements were available to be issued on February 29, 2024 and identified no subsequent events requiring disclosure.

## Schedule 1

## SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2023

(In thousands)

Assets	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	\$ 1,921,963	82,383	220,680	726,295	2,951,321
Accumulated depreciation	(884,780)	(42,663)	(104,957)	(331,196)	(1,363,596)
Net completed plant	1,037,183	39,720	115,723	395,099	1,587,725
Construction work-in-progress	22,840	461	15,635	72,748	111,684
Net utility plant	1,060,023	40,181	131,358	467,847	1,699,409
Cash	140,735	3,591	70,111	586,951	801,388
Accounts receivable, net	22,653	957	2,872	2,380	28,862
Regulatory assets	13,771	232	—	2,183	16,186
Other assets	288	9	57	129	483
Total assets	\$ 1,237,470	44,970	204,398	1,059,490	2,546,328
<b>Total Liabilities and Capitalization</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 9,132	217	2,401	9,288	21,038
Workers' compensation actuarial liability	13,771	232	—	2,183	16,186
Total liabilities	22,903	449	2,401	11,471	37,224
Capitalization:					
Payable to U.S. Treasury	1,360,991	48,669	215,312	956,090	2,581,062
Accumulated net revenues (deficit)	(146,424)	(4,148)	(13,315)	91,929	(71,958)
Total capitalization	1,214,567	44,521	201,997	1,048,019	2,509,104
Commitments and contingencies	—	—	—	—	—
Total liabilities and capitalization	\$ 1,237,470	44,970	204,398	1,059,490	2,546,328

See accompanying independent auditors' report.

(Continued)



**SOUTHEASTERN FEDERAL POWER PROGRAM**

Combining Schedule of Balance Sheet Data

September 30, 2022

(In thousands)

<b>Assets</b>	<b>GA-AL-SC</b>	<b>Jim Woodruff</b>	<b>Kerr-Philpott</b>	<b>Cumberland</b>	<b>Total</b>
Utility plant in service	\$ 1,903,069	79,458	220,399	716,361	2,919,287
Accumulated depreciation	(853,401)	(40,790)	(101,274)	(321,197)	(1,316,662)
Net completed plant	1,049,668	38,668	119,125	395,164	1,602,625
Construction work-in-progress	36,522	3,173	7,381	57,711	104,787
Net utility plant	1,086,190	41,841	126,506	452,875	1,707,412
Cash	113,864	4,825	60,040	538,563	717,292
Accounts receivable, net	26,885	598	2,669	3,498	33,650
Regulatory assets	13,547	533	—	2,110	16,190
Other assets	71	3	16	55	145
Total assets	\$ 1,240,557	47,800	189,231	997,101	2,474,689
<b>Total Liabilities and Capitalization</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 10,827	537	2,409	11,952	25,725
Workers' compensation actuarial liability	13,547	533	—	2,110	16,190
Total liabilities	24,374	1,070	2,409	14,062	41,915
Capitalization:					
Payable to U.S. Treasury	1,348,591	48,836	193,165	882,363	2,472,955
Accumulated net revenues (deficit)	(132,408)	(2,106)	(6,343)	100,676	(40,181)
Total capitalization	1,216,183	46,730	186,822	983,039	2,432,774
Commitments and contingencies	—	—	—	—	—
Total liabilities and capitalization	\$ 1,240,557	47,800	189,231	997,101	2,474,689

See accompanying independent auditors' report.

## Schedule 2

## SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2023

(In thousands)

	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:					
Sales of electric power	\$ 192,075	9,500	27,166	60,484	289,225
Other operating revenues	12,656	22	1,151	3,579	17,408
Total operating revenues	204,731	9,522	28,317	64,063	306,633
Operating expenses, excluding depreciation expense:					
Operations	44,908	2,975	9,134	38,984	96,001
Maintenance	37,346	2,980	6,014	5,910	52,250
Purchased power	15,658	1,483	—	—	17,141
Purchased transmission services	30,675	354	10,652	9,612	51,293
Total operating expenses, excluding depreciation expense	128,587	7,792	25,800	54,506	216,685
Depreciation expense	31,049	1,873	4,470	11,020	48,412
Total operating expenses	159,636	9,665	30,270	65,526	265,097
Net operating revenues	45,095	(143)	(1,953)	(1,463)	41,536
Interest expenses:					
Interest on payable to U.S. Treasury	59,907	1,921	5,235	8,842	75,905
Interest charged to construction	(796)	(23)	(216)	(1,557)	(2,592)
Net interest expenses	59,111	1,898	5,019	7,285	73,313
Net revenues	<u>\$ (14,016)</u>	<u>(2,041)</u>	<u>(6,972)</u>	<u>(8,748)</u>	<u>(31,777)</u>

See accompanying independent auditors' report.

(Continued)

**SOUTHEASTERN FEDERAL POWER PROGRAM**

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2022

(In thousands)

	<b>GA-AL-SC</b>	<b>Jim Woodruff</b>	<b>Kerr-Philpott</b>	<b>Cumberland</b>	<b>Total</b>
Operating revenues:					
Sales of electric power	\$ 195,941	9,060	29,920	71,685	306,606
Other operating revenues	14,822	29	1,024	2,951	18,826
Total operating revenues	<u>210,763</u>	<u>9,089</u>	<u>30,944</u>	<u>74,636</u>	<u>325,432</u>
Operating expenses, excluding depreciation expense:					
Operations	40,898	2,840	9,367	36,768	89,873
Maintenance	31,891	2,605	5,036	6,947	46,479
Purchased power	17,928	1,141	—	—	19,069
Purchased transmission services	28,523	377	16,526	9,851	55,277
Total operating expenses, excluding depreciation expense	<u>119,240</u>	<u>6,963</u>	<u>30,929</u>	<u>53,566</u>	<u>210,698</u>
Depreciation expense	<u>30,291</u>	<u>1,771</u>	<u>4,711</u>	<u>10,920</u>	<u>47,693</u>
Total operating expenses	<u>149,531</u>	<u>8,734</u>	<u>35,640</u>	<u>64,486</u>	<u>258,391</u>
Net operating revenues	<u>61,232</u>	<u>355</u>	<u>(4,696)</u>	<u>10,150</u>	<u>67,041</u>
Interest expenses:					
Interest on payable to U.S. Treasury	60,668	1,855	5,120	8,547	76,190
Interest charged to construction	(835)	26	(94)	(1,142)	(2,045)
Net interest expenses	<u>59,833</u>	<u>1,881</u>	<u>5,026</u>	<u>7,405</u>	<u>74,145</u>
Net revenues	<u>\$ 1,399</u>	<u>(1,526)</u>	<u>(9,722)</u>	<u>2,745</u>	<u>(7,104)</u>

See accompanying independent auditors' report.

(Continued)

**SOUTHEASTERN FEDERAL POWER PROGRAM**  
Schedule of Amount and Allocation of Gross Utility Plant Investment (unaudited)

As of September 30, 2023  
(In thousands)

Projects in service and other	Total	Allocated to:						Percent of total plant investment returnable from power revenue
		Power	Navigation	Flood Risk Management	Fish and Wildlife	Recreation	Dam Safety	Other
Allapaha	\$ 89,748	67,116	—	10,305	—	12,095	—	232 (a)
Buford	106,979	86,510	2,160	4,786	—	13,523	—	—
Carters	209,155	176,506	—	19,891	—	12,786	—	—
J. Strom Thurmond	197,464	171,530	4,475	4,214	—	17,245	—	—
Walter F. George	322,213	212,583	95,469	—	348	13,813	—	—
Hartwell	215,871	181,981	3,997	16,981	—	12,911	—	1
Millers Ferry/Henry	262,528	153,858	86,945	—	—	21,725	—	—
West Point	184,574	95,266	2,817	22,921	14,435	48,135	—	—
Richard B. Russell	909,422	795,662	—	874	—	112,886	—	—
Marketing facilities	3,791	—	—	—	—	—	—	—
Total GA-AL-SC System	2,501,745	1,944,803	195,863	79,972	14,783	266,091	—	233
Jim Woodruff	134,788	82,725	43,609	—	—	8,454	—	—
Marketing facilities	119	—	—	—	—	—	—	—
Total Jim Woodruff System	134,907	82,844	43,609	—	—	8,454	—	—
Barkley	297,248	113,771	144,895	29,569	—	9,013	—	—
J. Percy Priest	76,467	17,826	—	27,703	—	30,938	—	—
Cheatham	97,542	32,314	60,418	—	—	4,810	—	—
Cordell Hull	105,612	51,928	17,759	—	—	29,154	—	6,771 (b)
Old Hickory	141,888	101,116	34,731	—	—	6,041	—	—
Center Hill	594,732	172,611	—	73,679	—	14,848	332,897	697 (c)
Dale Hollow	58,575	38,760	—	14,676	—	5,139	—	—
Wolf Creek	958,439	239,354	—	132,234	—	20,689	565,916	246 (c)
Laurel	54,785	30,646	—	—	—	17,753	—	6,386 (b)
Marketing facilities	1,303	—	—	—	—	—	—	—
Contributions in aid of construction	(586)	(586)	—	—	—	—	—	—
Total Cumberland Basin System	2,386,005	799,043	257,803	277,861	—	138,385	898,813	14,100
John H. Kerr	234,726	198,384	—	27,198	—	9,144	—	—
Philpott	54,053	37,220	—	11,354	—	5,479	—	—
Marketing facilities	711	—	—	—	—	—	—	—
Total Kerr-Philpott System	289,490	236,315	—	38,552	—	14,623	—	—
Total	\$ 5,312,147	3,063,005	497,275	396,385	14,783	427,553	898,813	14,333

(a) Water supply  
(b) Area redevelopment  
(c) World War II suspension costs

See accompanying independent auditors' report.



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