

Southeastern Power Administration

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
Gross	94,468	105,030	+10,562
Offsets	-94,468	-105,030	-10,562
Net BA	0	0	-

Proposed Appropriation Language

For expenses necessary for operation and maintenance of power transmission facilities and for marketing electric power and energy, including transmission wheeling and ancillary services, pursuant to section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southeastern power area, \$9,285,000, including official reception and representation expenses in an amount not to exceed \$1,500, to remain available until expended: Provided, That notwithstanding 31 U.S.C. 3302 and section 5 of the Flood Control Act of 1944, up to \$9,285,000, collected by the Southeastern Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended for the sole purpose of funding the annual expenses of the Southeastern Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year 2026 appropriation estimated at not more than \$0: Provided further, That, notwithstanding 31 U.S.C. 3302, up to \$81,819,000 collected by the Southeastern Power Administration pursuant to the Flood Control Act of 1944 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses).

Note.--This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119-4).

Mission

Southeastern Power Administration (Southeastern or SEPA) markets and delivers Federal hydroelectric power at the lowest possible cost, consistent with sound business principles, to public bodies and cooperatives in accordance with Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s).

Overview

Southeastern strives to carry out the functions assigned by the Flood Control Act of 1944 in the southeastern United States in a professional, innovative, customer-oriented manner, while continuing to meet the challenges of an ever-changing electric utility environment through continuous improvement. Southeastern provides 471 public power customers with 3,392 megawatts of hydroelectric capacity from 22 Federal multipurpose projects, operated by the U.S. Army Corps of Engineers (Corps) at cost-based rates.

Annually, Southeastern produces an average of 7,717 gigawatt-hours of clean renewable hydroelectric energy. Southeastern maintains and upgrades its energy infrastructure to ensure reliable and efficient delivery of Federal power. Southeastern promotes energy efficiency, renewable energy, and sound management of the dispatch and distribution of Federal hydroelectric power resources in the southeastern United States while also meeting national utility performance standards and balancing the diverse interests of other water resource stakeholders. Federal hydropower supports the Nation’s grid and complements other generation to create stability as the industry faces energy production changes, organized market evolution and increased threats to the grid. Hydroelectric power is a domestic energy source that helps America achieve energy dominance. This budget submission enables Southeastern to promote the effective management of hydroelectric resources through two budget control lines.

**Summary Funding Table by Budget Control
Southeastern Power Administration
(\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Purchase Power and Wheeling (PPW)	86,019	95,745	+9,726	+11%
Program Direction (PD)	8,449	9,285	+836	+10%
Subtotal, Southeastern Power Administration	94,468	105,030	+10,562	+11%
Offsetting Collections, PPW	-71,850	-81,819	-9,969	+14%
Alternative Financing, PPW	-14,169	-13,926	+243	-2%
Offsetting Collections, Annual Expenses, PD	-8,449	-9,285	-836	+10%
Alternative Financing, PD	0	0	0	0%
Total, Southeastern Power Administration	0	0	0	0%

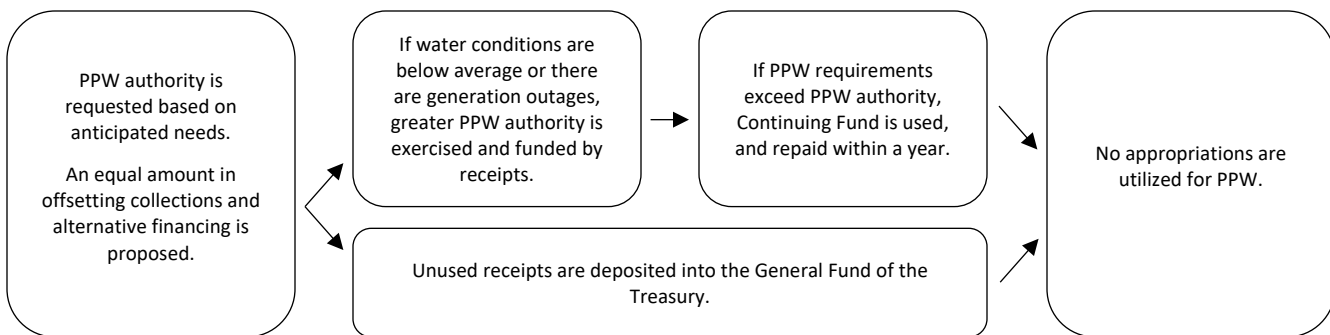
Purchase Power and Wheeling

Overview

The mission of Purchase Power and Wheeling (PPW) is to provide funding for acquisition of transmission services, ancillary services for the system, pumping energy for the Richard B. Russell and Carters Pumped Storage units, and support of the Jim Woodruff Project. Southeastern must purchase power on the open market when its Federal generating assets cannot provide enough power to fulfill its contracts with its customers.

Additionally, because Southeastern does not own or operate any transmission infrastructure, transmission expenses are based on contracts with area transmission providers to deliver specified amounts of Federal power from the hydropower projects to Federal power customers. Southeastern has access to a continuing fund for emergency expenses necessary to ensure continuity of service. Southeastern has implemented a plan to repay any Purchase Power and Wheeling expenditures made through the Continuing Fund within one year.

The FY 2026 request uses customer receipts and net billing to pay for purchase power and wheeling expenses at no cost to the Federal Treasury. Some customers, acting independently or in partnerships, acquire replacement power and transmission services directly from suppliers. Southeastern will continue to assist its customers by arranging funding for these activities through alternative financing instruments, as needed.



Highlights of the FY 2026 Budget Request

The PPW subprogram supports Southeastern's mission to market and deliver reliable, cost-based hydroelectric power and related services. PPW enables Southeastern to wheel Federal power to preference customers, purchase replacement power, and acquire pumping energy to maximize the efficiency and benefits of Southeastern's hydropower resources. Power and services are marketed at rates designed to provide recovery of expenses and Federal investment, as established by law. Compared to FY 2025 enacted levels, the FY 2026 request increases PPW (\$9.726M), reflecting changes in transmission and rainfall estimates.

**Purchase Power & Wheeling
Funding
(\$K)**

	FY 2025 Enacted	FY 2026 Request
Purchase Power		
Replacement Power	2,115	2,145
Russell Project pumping power	12,405	14,180
Carters Project pumping power	11,303	14,165
Jim Woodruff Project support	0	0
Total, Purchase Power	25,823	30,490
Wheeling		
Wheeling service charges	55,456	60,155
Ancillary Services	4,740	5,100
Total, Wheeling	60,196	65,255
Total, Purchase Power and Wheeling	86,019	95,745
Alternative Financing		
Net Billing	-14,169	-13,926
Subtotal, Purchase Power and Wheeling	71,850	81,819
Offsetting Collections Realized	-71,850	-81,819
Total, Purchase Power and Wheeling Budget Authority	0	0

Explanation of Changes for Purchase Power and Wheeling

The increase (\$4.667M) in Purchase Power budget request reflects anticipated needs for On-Peak replacement and Off-Peak pumping purchases based on projected market prices and rainfall estimates. On-Peak replacement power will be purchased to meet contract minimum service requirements and Off-Peak Pumping Power will be purchased to supplement stream flow energy demand.

The increase (\$5.059M) in Wheeling budget request reflects anticipated transmission expenses based on contracts with area transmission service providers and the trend of increased transmission rates. Continued funding will support SEPA's efforts to deliver specified amounts of Federal power from the hydropower projects to Federal power customers.

Program Direction

Overview

Program Direction (PD) provides the Federal staffing resources and associated costs required to provide overall direction and execution of Southeastern. Provision is made for negotiation and administration of transmission and power contracts, collections of revenues, accounting and budget activities, development of wholesale power rates, amortization of the Federal power investment, investigation and planning of proposed water resources projects, scheduling and dispatch of power generation, scheduling storage and release of water, administration of contractual operation requirements, and determination of methods of operating generating plants individually and in coordination with others to obtain maximum allowable utilization of resources.

Highlights of the FY 2026 Budget Request

The FY 2026 Budget Request provides for the continuation of Southeastern's activities related to PD at the level necessary to meet mission requirements. Compared to FY 2025 enacted levels, the FY 2026 increases PD (+\$0.836M) based on updated cost estimates.

Program Direction Funding (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Salaries and Benefits	6,075	6,390	+315	+5%
Travel	120	130	+10	+8%
Support Services	0	70	+70	+100%
Other Related Expenses	2,254	2,695	+441	+20%
Subtotal, Southeastern Power Administration	8,449	9,285	+836	+10%
Offsetting Collections (annual expenses)	-8,449	-9,285	-836	+10%
Alternative Financing, PD	0	0	0	0%
Total, Program Direction	0	0	0	0%
Management and Professional Support Services	0	70	+70	+100%
Total, Support Services	0	70	+70	0%
Training	40	40	0	0%
Communications, Utilities, Misc.	287	287	0	0%
Equipment	250	164	-86	-34%
Maintenance Agreements	540	764	+224	+41%
Tuition	80	77	-3	-4%
Contract Services	617	925	+308	+50%
Audit of Financial Statements	260	272	+12	+5%
Supplies and Materials	95	78	-17	-18%
Working Capital Fund	75	82	+7	+9%
Printing and Reproduction	10	6	-4	-40%
Total, Other Related Expenses	2,254	2,695	+441	+20%

**Program Direction
Activities, Milestones, and Explanation of Changes
(\$K)**

FY 2025 Enacted	FY 2026 Request	Explanation of Changes FY 2026 Request vs FY 2025 Enacted
Program Direction		
\$8,449	\$9,285	+\$836
<i>Salaries and Benefits</i>		
\$6,075	\$6,390	+\$315
The funding supports Federal salaries and benefits for 44 FTEs who market Federal hydropower, administrative support, and workloads in cyber-security and operational reliability. These estimates are derived from the current year budgeted salaries, plus cost-of-living adjustments, promotions, within-grade increases, overtime, DOE-cascading performance awards, retirement payouts for unused leave, and newly hired FTEs.	The funding supports Federal salaries and benefits for 44 FTEs who market Federal hydropower, administrative support, and workloads in cyber-security and operational reliability. These estimates are derived from the current year budgeted salaries, plus cost-of-living adjustments, promotions, within-grade increases, overtime, DOE-cascading performance awards, retirement payouts for unused leave, and newly hired FTEs.	The increase is due to retirement payouts and salary increases.
<i>Travel</i>		
\$120	\$130	+\$10
Funding supports transportation and per diem expenses incurred for preference customer meetings, relocation expenses for new FTEs, contract negotiations, rate forums, Congressional hearings, site visits, and operations meetings with industry organizations.	Funding supports transportation and per diem expenses incurred for preference customer meetings, relocation expenses for new FTEs, contract negotiations, rate forums, Congressional hearings, site visits, and operations meetings with industry organizations.	The increase is due to increased cost of travel.
<i>Support Services</i>		
\$0	\$70	+\$70
No funding enacted.	Funding supports preference customers' efforts in support of the Energy Policy Act of 2005.	The increase is due to new advisory and assistance services contract to support SEPA market operations.
<i>Other Related Expenses</i>		
\$2,254	\$2,695	+\$441
Funding provides administrative support for headquarters office, emergency control center, communications, maintenance, utilities, contract services, supplies, materials, training, equipment and support for cyber and physical security. Training expenses for power operator certification and support for installation of electronic hardware and software for the operations center which provides maintenance to integrate real-time data from the control area and provides	Funding provides administrative support for headquarters office, emergency control center, communications, maintenance, utilities, contract services, supplies, materials, training, equipment and support for cyber and physical security. Training expenses for power operator certification and support for installation of electronic hardware and software for the operations center which provides maintenance to integrate real-	The increase is due to required hardware lifecycle purchases and software service agreements and updates along with increased cost of training, tuition, and communications costs.

the data to other transmission operators and NERC.

time data from the control area and provides the data to other transmission operators and NERC.

Southwestern Power Administration (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
Gross	189,737	201,887	+12,150
Offsets	-178,297	-191,487	-13,190
Net Budget Authority	11,440	10,400	-1,040

Proposed Appropriation Language

For expenses necessary for operation and maintenance of power transmission facilities and for marketing electric power and energy, for construction and acquisition of transmission lines, substations and appurtenant facilities, and for administrative expenses, including official reception and representation expenses in an amount not to exceed \$1,500 in carrying out section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the Southwestern Power Administration, \$59,766,000 to remain available until expended: Provided, That notwithstanding 31 U.S.C. 3302 and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), up to \$49,366,000 collected by the Southwestern Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended, for the sole purpose of funding the annual expenses of the Southwestern Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year 2026 appropriation estimated at not more than \$10,400,000: Provided further, That, notwithstanding 31 U.S.C. 3302, up to \$80,000,000 collected by the Southwestern Power Administration pursuant to the Flood Control Act of 1944 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses).

Note.--This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119-4).

Mission

Southwestern Power Administration’s (Southwestern) mission is to market and reliably deliver Federal hydroelectric power, with preference to public bodies and cooperatives. This is accomplished by maximizing the use of Federal assets to repay the Federal investment, participating with other water resource users to balance diverse interests with power needs within broad parameters set by the U.S. Army Corps of Engineers (Corps), and implementing public policy.

Overview

Southwestern markets and delivers power at wholesale rates to 78 municipal utilities, 33 rural electric cooperatives, and 3 military installations in the six states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas. In turn, these customers distribute that power to approximately 10 million end users in the six-state area. To integrate the operation of the Federal hydroelectric generating plants and to transmit power from 24 multi-purpose Corps dams to customers, Southwestern operates and maintains 1,381 miles of high-voltage transmission lines, 26 substations/switchyards, and 51 microwave and very high frequency (VHF) radio sites. Southwestern is headquartered in Tulsa, Oklahoma, and has maintenance facilities in Gore, Oklahoma; Jonesboro, Arkansas; and Springfield, Missouri. In addition, around-the-clock power scheduling and dispatching are conducted by staff in Southwestern’s Operations Centers located in southwest Missouri.

- Southwestern markets Federal hydropower to customers at-cost and provides full repayment of the taxpayer investment. Southwestern’s marketing services and delivery capability provide for recovery of all annual operating costs, including the Corps’ hydropower related costs, and for repayment of taxpayer investment in all assets and facilities that support the Federal hydropower program. Hydropower is an important part of the Nation’s domestic energy portfolio, providing capacity, energy, and critical ancillary services. Federal hydropower supports the Nation’s grid and complements other generation to create stability as the industry faces energy production changes, organized market evolution and increased threats to the grid. Southwestern markets an average of 5,570 gigawatt-hours of hydroelectric energy annually.

- Southwestern delivers Federal hydropower safely and securely. Southwestern’s construction and operations & maintenance programs ensure ongoing maintenance and replacement of aging transmission infrastructure while balancing changing and increasing demands for availability. The potential for malicious physical and cyber-attacks on Southwestern’s assets remains a primary concern. These attacks on a utility’s operation would threaten electric system reliability and potentially result in large scale power outages. Southwestern bolsters grid resilience and its cyber and physical security postures using best-available technologies, in cooperation with Department of Energy (DOE) and industry partners, to protect the Federal transmission system and the Nation’s power grid. Ongoing assessments, investments in the cyber and physical security programs, and infrastructure protection improvements enable Southwestern to continue to provide a safe and reliable product. Southwestern will continue to emphasize security, both cyber and physical, as an agency priority.
- Southwestern provides stability and reliability of the Nation’s electric grid. Southwestern participates in the Southwest Power Pool (SPP) Regional Transmission Organization (RTO) and the Midcontinent Independent System Operator (MISO) RTO, which reinforces Southwestern’s role as part of the Nation’s interconnected generation and transmission system. In participation with the RTOs, Southwestern works on regional and interregional transmission initiatives in response to the evolution of the electric utility industry. Furthermore, Southwestern coordinates its varied utility activities in conjunction with a broader group of stakeholders. As the demand for energy capacity and the transmission of power increases across regional and interregional footprints, maintaining and improving the Nation’s energy infrastructure through improvements, replacements, interconnections, and coordination with the RTOs in Southwestern’s marketing area has become more critical than ever. Southwestern assures the efficient and reliable delivery of Federal hydropower, thus serving a critical role in fulfilling the Nation’s energy security for the present as well as for future generations.
- Southwestern ensures preparedness for challenges. Southwestern is increasingly challenged by a changing and complex transmission and energy industry, and the additional requirements those changes bring to its workforce. Southwestern must compete with the rest of the electric utility industry to attract and retain the quality workforce needed to provide a reliable power supply and transmission service. The Corps water resources projects from which Southwestern markets the hydropower are all multi-purpose. As the demand for water for other purposes increases, energy generation and operating capacity of the hydropower units can be impacted by loss of water storage and availability as well as required operational changes. Additionally, extreme regional weather events have demonstrated increased price volatility for potential replacement energy purchases necessary to meet contractual power delivery obligations. Southwestern utilizes forecasting, modeling, and other resource management tools, as well as employes purchase power strategies daily and long-term, to ensure optimized use of resources and funds to fulfill the Federal hydropower contractual obligations.

Southwestern Power Administration
(\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Operation and Maintenance (O&M)	16,759	19,590	+2,831	+17%
Construction (CN)	8,048	14,879	+6,831	+85%
Purchase Power and Wheeling (PPW)	120,000	120,000	0	0%
Program Direction (PD)	44,930	47,418	+2,488	+6%
Subtotal, Operation and Maintenance	189,737	201,887	+12,150	+6%
Offsetting Collections (Annual Expenses), O&M	-8,884	-10,373	-1,489	+17%
Offsetting Collections (Annual Expenses), PD	-32,002	-38,993	-6,991	+22%
Offsetting Collections "up to", PPW	-80,000	-80,000	0	0%
Alternative Financing, O&M	-4,388	-6,103	-1,715	+39%
Alternative Financing, CN	-8,048	-10,953	-2,905	+36%
Alternative Financing, PPW	-40,000	-40,000	0	0%
Alternative Financing, PD	-4,975	-5,065	-90	+2%
Net Budget Authority, Operation and Maintenance	11,440	10,400	-1,040	-9%

Operations and Maintenance

Overview

The activities of the Operations and Maintenance (O&M) subprogram are critical components in maintaining the reliability of the Federal power system, which is part of the Nation's interconnected generation and transmission system. By marketing and delivering hydroelectric energy, Southwestern makes a meaningful contribution of reliable and secure energy to our Nation. Given Southwestern's important role in meeting electricity demand by supplying hydroelectric energy to its customers, there is a critical need to repair, maintain, and improve transmission and generation facilities to ensure safety, security, resilience, and reliability of the Nation's energy infrastructure. Southwestern must maintain constant preparedness to ensure response and recovery from natural disasters and extreme weather events. Southwestern's planned O&M projects are subject to change due to unanticipated equipment failure, customer needs, and weather conditions. The realities of maintaining a complex interconnected electric power system periodically require unforeseen reprioritizations of planned projects. All projects share the commonality of maintaining, repairing, and improving the aging infrastructure to ensure the resilience and reliability of the Federal power system.

Highlights of the FY 2026 Budget Request

- **Power Marketing.** The Power Marketing activity funds technical and economic studies to support Southwestern's transmission planning, water resources management, and communication functions. Technical and economic studies provide data to analyze and evaluate the impacts of proposed operational changes and decision-making based on cost-benefit analysis. Funding is also required for Southwestern's coordination with the RTOs and to provide regional power restoration assistance to other non-hydropower generation sources during electric power grid emergencies. Studies to identify any constraints on Southwestern's system will continue to be conducted. These studies show how the marketing and delivery of power is operationally impacted. The funding level for this activity is derived from Southwestern's engineering plan and the number of studies required per year.
- **Operations.** The Operations activity funds communication functions associated with the dispatch and delivery of power; environmental, safety, and health activities; and other transmission activity costs such as physical security, cybersecurity, and day-to-day power dispatch functions. The Operations activity includes three subactivities:
 - Communications. This subactivity funds telemetering improvements, technical support to protect cyber infrastructure, an e-tagging system that electronically schedules power for customers, load forecasting, digital test equipment, the radio frequency spectrum fee, and supplies and materials. The telemetering improvements include replacement of obsolete power and energy accounting equipment and modification of existing remote terminal units that improve the reliability of the power system, specifically in the areas of monitoring and control. Funding is required for upgrades that enable Southwestern to meet the goals of the Energy Policy Act (EPACT) and North American Energy Reliability Corporation (NERC) by replacing aging infrastructure while assuring reliability and continuing to coordinate with the RTOs in its marketing area. Southwestern will continue to strengthen cyber and physical security postures using strong and proven technologies that are part of the Continuous Diagnostics and Mitigation (CDM) program. In addition to CDM, Southwestern continues to look for other technologies that can be leveraged to ensure compliance with applicable laws and standards to protect the Federal transmission system and the Nation's power grid.
 - Environmental, Safety, and Health. This subactivity funds environmental activities including waste disposal and clean-up of transformers, grounding and drainage, cultural resource reviews, and environmental assessments for threatened and endangered species such as the American Burying Beetle, various endangered bats, and the Leopard Darter. Additionally, Southwestern may have environmental activities it performs as a Consulting Agency or participating agency resulting from a Biological Opinion or Biological Assessment, or as a participant on an interagency committee or working group. This subactivity also funds property transfers, wetland assessments, environmental library access, Toxic Substance Control Act and Resource Conservation Recovery Act compliance, contractor services, and requirements of the Environmental Protection Program as identified in DOE Order 450.1. The Safety and Health Program activities require funding for aviation safety, industrial hygiene, medical examinations, medical officer, wellness program, safety equipment, and first aid equipment and supplies.

- Other Transmission. This subactivity funds physical security, field utility costs, and day-to-day power expenses of the two operations and dispatch centers.
- **Maintenance**. The Maintenance activity funds routine repair, maintenance, and improvement of Southwestern’s substations/switchyards and high-voltage transmission lines and ensures delivery of reliable, efficient, and clean power to its customers. Southwestern’s initial facilities, which were built approximately 60 years ago, are constantly evaluated. Internal and external factors that impact Southwestern’s maintenance activities and the asset replacement plan include obsolescence of technology and unavailability of replacement parts. By replacing aging equipment and removing constraints that impede power flows, Southwestern ensures the provision of a reliable Federal transmission system. The maintenance activity includes two subactivities:
 - Substation Maintenance. This subactivity funds power circuit breakers, disconnect switches, instrument transformers, protective relays and related equipment, computer aided drafting and design, revenue meters, vehicle maintenance, fuel, and other equipment to reliably perform general maintenance projects.
 - Transmission Line Maintenance. This subactivity funds the purchase and maintenance of wood and steel structures, crossarms and braces, right-of-way (ROW) clearing, herbicide application, aerial patrol of the transmission system to identify maintenance needs, routine vehicle repair and maintenance, tractors, equipment, and fuel. The number of steel or wood poles and crossarms and high-voltage insulators replaced is derived from internal maintenance information system criteria. Emphasis has been placed on ROW clearing since NERC identified improper/insufficient ROW clearing as a major factor in potential blackouts. The funding level is appropriate for the number of structures and components to be replaced and the miles of ROW to be cleared as set forth by Southwestern’s maintenance plan for meeting the goals of the EPACT and NERC to maintain a reliable transmission system.
- **Capitalized Moveable Equipment**. This activity funds the replacement of vehicles, tractor-trailers, and heavy equipment used for the maintenance and repair of the transmission system and facilities. These vehicles and equipment have exceeded their useful lives and require high levels of maintenance. The vehicle cost estimates are derived from General Services Administration (GSA) pricing schedules.

**Operation and Maintenance
Funding (\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Power Marketing	200	200	0	0%
Operations	9,215	11,016	+1,801	+20%
Maintenance	5,294	5,529	+235	+4%
Capitalized Moveable Equipment	2,050	2,845	+795	+39%
Subtotal, Operations and Maintenance	16,759	19,590	+2,831	+17%
Offsetting Collections (Annual Expenses)	-8,884	-10,373	-1,489	+17%
Alternative Financing	-4,388	-6,103	-1,715	+39%
Total, Operations and Maintenance	3,487	3,114	-373	-11%

Explanation of Change for Operation and Maintenance

The increase in the Operations subactivity is due to an increase in cost for required hardware and software related to communications and operations, as well as anticipated replacement of a cooling tower facility and the addition of a storm shelter. The increase in the Maintenance subactivity reflects increasing cost of materials. The increase in the Capitalized Moveable Equipment subactivity is due to an increase in cost of replacement vehicles and equipment.

Construction

Overview

The activities of the Construction subprogram enable Southwestern to market and deliver Federal hydropower in the most reliable, safe, efficient, and cost-effective manner to meet the operational criteria required by NERC while avoiding transmission infrastructure deterioration. Southwestern's planned construction projects are subject to change based on unanticipated equipment failure, customer needs, and weather conditions. The realities of maintaining a complex interconnected power system include unforeseen priority projects which arise periodically, causing a reprioritization of planned projects. All projects share the commonality of replacing aging infrastructure necessary to maintain the resilience and reliability of the Federal power system. Southwestern supports grid reliability and resilience through improved response and recovery controls aimed to reduce the impact of various potential natural disaster risks to the transmission system.

Highlights of the FY 2026 Budget Request

- **Transmission System.** This activity funds current construction projects that require expansion of, or additions to, existing facilities. Southwestern ensures system reliability and resiliency by replacing aging equipment and removing constraints that limit power flows. The projects outlined below address Southwestern's efforts to reduce the risk of extended service outages, avoid more costly replacements in the future, and support the increased transmission system usage. The funding level for this activity is derived from internal and external management decisions and field crew observations. System age, risk of equipment failure, life-cycles, obsolescence of technology and unavailability of spare parts, cost, and demand for more capacity are also considered in these budgeting decisions. These variables are assessed and incorporated into Southwestern's ten-year construction plan. The transmission activity includes three subactivities:
 - Substation Upgrades. This subactivity funds the construction and upgrade of the substations and the components necessary to provide improved system reliability and reduce future maintenance and equipment costs. Southwestern owns and operates 26 substation/switching stations. Many of these facilities were designed and constructed over 60 years ago. The equipment which will be replaced or upgraded includes power transformers, circuit breakers, and control equipment, as well as the structural components necessary to sustain reliable power delivery and support a stable, flexible interconnected power grid.
 - Communication Upgrades. This subactivity funds all communication equipment planned to provide improved system reliability and reduce future maintenance and equipment costs. This subactivity also provides funding for microwave radios and microwave tower additions, replacements, and modifications that will increase the reliability of communications with generating plants and substations. The communication system provides for the transfer of voice and data traffic to allow monitoring and control of power system generation and transmission assets.
 - Transmission Upgrades. This subactivity funds transmission system upgrades. Much of the conductor, optical ground wire (OPGW), and static wire on Southwestern's transmission lines has reached the end of its original assumed service life. With this assumed service life, approximately 20 to 30 miles of transmission line, including the conductor, OPGW, static wire, and structures, will need to be replaced each year. As Southwestern replaces the conductor, Southwestern will use the opportunity to increase line capacity where practical to accommodate increased loads in the region.
- **Spectrum Relocation.** The Commercial Spectrum Enhancement Act of 2004 (CSEA, Title II of P.L. 108-494) created the Spectrum Relocation Fund (SRF) to streamline the relocation of Federal systems from existing spectrum bands and accommodate commercial use by facilitating reimbursement of relocation costs to affected agencies. Southwestern has received \$46.8 million in spectrum relocation funds, as approved by the Office of Management and Budget, and as reported to Congress. Southwestern has completed 100 percent of the tower installation project and anticipates completing antenna and radio installation and obtaining comparable capability within FY 2026. These mandatory funds will remain available until expended, and Southwestern will return any amounts received in excess of actual relocation costs to the SRF. Spectrum relocation activities were funded from spectrum auction proceeds; thus, no funding is requested in this subactivity.

**Construction
Funding (\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Transmission System				
Substation Upgrades	701	722	+21	+3%
Communication Upgrades	2,980	2,800	-180	-6%
Transmission Upgrades	4,367	11,357	+6,990	+160%
Subtotal, Construction	8,048	14,879	+6,831	+85%
Alternative Financing	-8,048	-10,953	-2,905	+36%
Total, Construction	0	3,926	+3,926	+100%

Explanation of Change for Construction

The Substation Upgrades subactivity increase reflects an increase in the cost of equipment and materials. The Communication Upgrades subactivity decrease reflects use of prior year funds for fiber terminal equipment replacements due to longer lead time of equipment procurement. The Transmission Upgrades subactivity increase reflects the FY 2025 decrease that allowed for utilization of prior year funds due to previous delays in contract awards for transmission line replacements.

Purchase Power and Wheeling

Overview

The Purchase Power and Wheeling (PPW) subprogram provides for the purchase of capacity and energy to meet peaking power contractual obligations and the delivery of Federal power, as well as provides for the purchase of transmission to integrate marketed hydropower resources. Except for contractual arrangements pertaining to a few electrically-isolated hydropower projects, Southwestern's power sales contracts provide for 1200-hours of peaking power per year delivered from its interconnected system of hydropower projects. At times, due to below average water conditions or hydropower unit outages, Southwestern must purchase power when the hydropower projects cannot produce enough to fulfill its 1200-hour contract obligations. Blending purchased power with the Federal hydropower provides a reliable product while ensuring contract fulfillment occurs. Extreme regional weather events in recent years have demonstrated increased price volatility for potential replacement energy purchases. Availability of requested PPW funding levels supports rate stability. Rate stability is increasingly important as regional utility customers face challenges with their evolving energy portfolios.

Southwestern assesses its purchase power needs based on hydrologic conditions and anticipated hydropower unit outages. Hydrologic conditions can vary widely and change rapidly, such that purchase power needs are assessed at least seasonally and can change daily. Unit outages for major rehab and replacement work are known years in advance so that purchase power needs can be planned; however, forced outages or delays in units returning to service can cause sudden changes to anticipated purchase power needs. Power purchases are typically made through contractual arrangements but may also be made on the spot market when conditions are more severe than anticipated or otherwise unexpected. Delivery of purchase power to Southwestern's system is made via the SPP RTO, MISO RTO, or Southwestern's own transmission system.

Southwestern's budget request for the PPW subprogram reflects the maximum anticipated need to ensure adequate funding to fulfill its 1,200-hour peaking power contractual obligations considering volatile market prices, unknown forced generation outages, and all but the most severe hydrological conditions. Southwestern will continue to use offsetting collections and alternative financing arrangements, which include net billing and/or reimbursable authority (customer advances), to fund this subprogram. When hydropower generation falls significantly below normal due to severe drought conditions or major outages, Southwestern will consider the need to utilize the Continuing Fund for emergency PPW expenses.

Southwestern employs a risk mitigation strategy to ensure continuous operations during periods of significant drought. The strategy involves maintaining an unobligated reserve balance of funds from receipts credited as offsetting collection for PPW, in order to respond to rapid-developing severe drought conditions. Any receipts retained are available until expended and are available only for PPW expenses. As of the end of FY 2024, Southwestern's PPW reserve balance was \$120 million.

Highlights of the FY 2026 Budget Request

- **System Support.** This activity funds Southwestern's purchase power requirements needed to fulfill all 1200-hour contractual peaking power obligations with customers. System support requirements depend on the conditions of the interconnected system of hydropower projects which is affected by weather, unit operational condition, power market prices (which can be volatile), and limited availability of energy banks. Since the rates Southwestern charges its customers are based on full cost recovery, Southwestern has a built-in incentive to minimize expenditures for purchase power:
- **Other Contractual Services.** This activity funds other contractual services that provide for wheeling associated with the purchase of transmission service to meet limited peaking power obligations and for the integration of projects for the delivery of Federal power. Wheeling services help to optimize the operation of the hydropower facilities marketed by Southwestern. The funding level is derived from contractual wheeling requirements. The FY 2026 funding request reflects the projected cost for wheeling services based on contractual pricing and delivery terms.

**Purchase Power and Wheeling
Funding (\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
System Support	111,800	111,800	0	0%
Other Contractual Services	8,200	8,200	0	0%
Subtotal, Purchase Power and Wheeling	120,000	120,000	0	0%
Offsetting Collections (PPW)	-80,000	-80,000	0	0%
Alternative Financing	-40,000	-40,000	0	0%
Total, Purchase Power and Wheeling	0	0	0	0%

Explanation of Change for Purchase Power and Wheeling

There is no change.

Program Direction

Overview

Southwestern's Program Direction subprogram ensures continued reliability of the Federal power system by utilizing Federal staffing resources and associated funds required to provide overall direction and execution of Southwestern's Operation and Maintenance Program.

The Program Direction subprogram supports DOE's and Southwestern's missions by providing compensation and all related expenses for its workforce, including those employees that operate and maintain Southwestern's high-voltage interconnected transmission system and associated facilities; those that plan, design, and supervise the construction of replacements, upgrades, and additions (capital investments) to the transmission facilities; those that market the power and energy produced to repay annual expenses and capital investment; those that perform cyber and physical security roles; and those that administratively support these functions.

Southwestern will use available programs and develop new strategies to ensure it maintains a highly skilled workforce of engineers, cyber and physical security specialists, power system dispatchers, high voltage electricians, and linemen. These initiatives will ensure the resiliency of these valuable resources through the ever-expanding demands on the electric utility industry, such as compliance with NERC and Federal Information Security Management Act (FISMA) standards.

Southwestern trains all employees on a continuing basis in occupational safety and health regulations, policies, and procedures to keep the safety culture strong. Accidents are always reviewed to ensure lessons are learned and proper work protocol is in place.

Program Direction is mainly funded from offsetting collections. Other funding utilized for Program Direction is appropriations and if necessary alternative financing arrangements.

**Program Direction
Funding (\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Salaries and Benefits	34,537	33,887	-650	-2%
Travel	1,988	2,095	+107	+5%
Support Services	4,058	5,362	+1,304	+32%
Other Related Expenses	4,347	6,074	+1,727	+40%
Subtotal, Program Direction	44,930	47,418	+2,488	+6%
Offsetting Collections (Annual Expenses)	-32,002	-38,993	-6,991	+22%
Alternative Financing	-4,975	-5,065	-90	+2%
Total, Program Direction	7,953	3,360	-4,593	-58%
Federal FTEs	194	194	0	0%
Management Support				
Engineering and Technical Services	0	0	0	0%
Technical Support				
Management and Professional Support Services	4,058	5,362	+1,304	+32%
Total Support Services	4,058	5,362	+1,304	+32%
Total, Support Services	4,058	5,362	+1,304	+32%
Communication, Utilities, Misc.	908	883	-25	-3%
EITS	40	35	-5	-13%
Printing and Reproduction	45	45	0	0%
Other Services	1,080	2,141	+1,061	+98%
Training	368	390	+22	+6%
Power Marketing Liaison	358	145	-213	-59%
Financial Audit	526	625	+99	+19%
Supplies and Materials	138	133	-5	-4%
Equipment	513	917	+404	+79%
Working Capital Fund	371	760	+389	+105%
Total, Other Related Expenses	4,347	6,074	+1,727	+40%

**Program Direction
Activities and Explanation of Changes
(\$K)**

FY 2025 Enacted	FY 2026 Request	Explanation of Changes FY 2026 Request vs FY 2025 Enacted
Program Direction		
\$44,930	\$47,418	+ \$2,488
<i>Salaries and Benefits</i>		
<i>\$34,537</i>	<i>\$33,887</i>	<i>- \$650</i>
The FY 2025 level supports 194 Federal employees: 54 percent of the employees are GS; salaries of the remaining 46 percent (craft workers and power system dispatchers) are determined through union negotiations and wage surveys. This activity also includes overtime, awards, relocation, workers' compensation, recruitment bonuses, retention pay, and advanced in-hire rates. Southwestern will continue to invest in its employees, emphasizing strong development programs and completing skills gap analyses, and ensure needed workforce resources are in place.	The FY 2026 level supports 194 Federal employees: 54 percent of the employees are GS; salaries of the remaining 46 percent (craft workers and power system dispatchers) are determined through union negotiations and wage surveys. This activity also includes overtime, awards, relocation, workers' compensation, recruitment bonuses, retention pay, and advanced in-hire rates. Southwestern will continue to invest in its employees, emphasizing strong development programs and completing skills gap analyses, and ensure needed workforce resources are in place.	The decrease is reflective of previous aggressive recruiting to fill several technical hard to fill positions and back-filling retirees, which has shifted the workforce to on-average slightly lower graded employees.
<i>Travel</i>		
<i>\$1,988</i>	<i>\$2,095</i>	<i>+ \$107</i>
This activity funds all related travel and per diem expenses for mission-related travel to maintain the integrity and reliability of Southwestern's geographically dispersed power system. The funding level for this activity is primarily derived from the daily requirement of the field maintenance personnel to maintain 1,381 miles of transmission lines, 26 substations/switchyards, 51 microwave/radio sites, communication equipment, and the Supervisory Control and Data Acquisition network. Travel for the performance of general and administrative functions is also included.	This activity funds all related travel and per diem expenses for mission-related travel to maintain the integrity and reliability of Southwestern's geographically dispersed power system. The funding level for this activity is primarily derived from the daily requirement of the field maintenance personnel to maintain 1,381 miles of transmission lines, 26 substations/switchyards, 51 microwave/radio sites, communication equipment, and the Supervisory Control and Data Acquisition network. Travel for the performance of general and administrative functions is also included.	The increase is due to inflation.
<i>Support Services</i>		
<i>\$4,058</i>	<i>\$5,362</i>	<i>+ \$1,304</i>
This activity funds contracted management support services including information technology, E-Government, and administrative/records management support. The funding level for this activity is derived from the most	This activity funds contracted management support services including information technology, E-Government, and administrative/records management support. The funding level for this activity is derived from the most	The increase is due to the recently negotiated contract for support services for information technology and administrative management support services to achieve Southwestern's mission.

recent negotiated contract for support services essential to achieve Southwestern's mission.

recent negotiated contract for support services essential to achieve Southwestern's mission.

Other Related Expenses

\$4,347

\$6,074

+ \$1,727

This activity funds facility security, the financial audit, services of the Power Marketing Liaison Office, the Human Resources Shared Service Center (HRSSC), the working capital fund, technology refresh in the areas of personal computers, hardware and software, printing and reproduction, and training and tuition fees in support of workforce planning and required training to meet the NERC emergency operations requirement. Costs are based on the historical usage and actual cost of similar items.

This activity funds facility security, the financial audit, services of the Power Marketing Liaison Office, the Human Resources Shared Service Center (HRSSC), the working capital fund, technology refresh in the areas of personal computers, hardware and software, printing and reproduction, and training and tuition fees in support of workforce planning and required training to meet the NERC emergency operations requirement. Costs are based on the historical usage and actual cost of similar items.

The increase is due to facility security, Working Capital Fund, EITS, and technology refresh of hardware and software associated with Federal workforce.

**Southwestern Power Administration
Revenues and Receipts
Funding (\$K)**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Gross Revenues								
Sale and Transmission of Electric Energy	204,802	195,367	203,000	245,000	245,000	245,000	245,000	245,000
Alternative Financing Credited as an Offsetting Receipt (O&M, CN, PD, PPW), Net Billing	-33,911	-57,411	-33,487	-62,121	-65,826	-64,116	-65,693	-62,104
Alternative Financing Credited as an Offsetting Receipt (Section 212), Net Billing ¹	-78,431	-58,473	-81,602	-52,000	-48,000	-49,000	-44,000	-48,000
Offsetting Collections, Annual Expenses (Net Zero)	-42,880	-40,886	-40,886	-49,366	-49,465	-50,640	-53,512	-53,144
Offsetting Collections, Purchase Power and Wheeling ('up to' ceiling) ²	-21,000	-38,585	-46,000	-80,000	-80,000	-80,000	-80,000	-80,000
Total Proprietary Receipts	28,580	12	1,025	1,513	1,709	1,244	1,795	1,752
Percent of Sales to Preference Customers	100%	100%	100%	100%	100%	100%	100%	100%
Energy Sales from Power Marketed (billions of kilowatt hours)	4.2	4.1	4.1	5.3	5.3	5.3	5.3	5.3

¹ Actual Alternative Financing in estimated years may be more than estimated to provide funding to the WRDA 2000 Section 212 Customer Funding Program, as authorized, dependent upon available receipts based on actual revenues from the sale and transmission of electric energy and utilization of PPW offsetting collections and/or Alternative Financing for PPW in each FY.

² For FY 2026 through FY 2029, the estimated amount of offsetting collections for PPW is equivalent to the "up to" amount requested or anticipated to be requested in the budget. The PPW offsetting collections limit requested (when matched with PPW receipts), along with alternative financing used for PPW, could potentially fund a drought for one year or replenish unobligated balances after a drought has occurred. This will also allow funding to be collected in case the drought persists for more than a year.

Southwestern Power Administration
Estimate of Offsetting Collections for Reimbursable Work and Work for Others¹
(\$K)

	FY 2025	FY 2026
Offsetting Collections for Reimbursable Work ²		
Alternative Financing		
Operations and Maintenance	4,388	6,103
Construction	8,048	10,953
Purchase Power and Wheeling	40,000	40,000
Program Direction	4,975	5,065
Subtotal, Alternative Financing	57,411	62,121
Offsetting Collections not anticipated for obligation in budget year	0	0
Subtotal, Offsetting Collections for Reimbursable Work	57,411	62,121
Offsetting Collections for Reimbursable Work-for-Others ³		
Non-Federal	12,589	12,879
Federal	6,000	6,000
Total, Offsetting Collections for Reimbursable	76,000	81,000

¹ Southwestern received permanent non-Federal reimbursable authority pursuant to 16 USC 825s-4. Table is shown for transparency purposes.

² Southwestern relies significantly on alternative financing arrangements with customers to finance much of its direct mission work on a reimbursable basis.

³ Southwestern utilizes various forms of Federal and non-Federal reimbursable agreements. Work-for-Others agreements include interconnection requests, system upgrades for reliability, relocation of structures for State and Federal highways and work for other Federal agencies.

**Southwestern Power Administration
System Statistics**

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
Generating Capacity (kilowatts)								
Installed Capacity	2,242,500	2,242,500	2,242,500	2,242,500	2,242,500	2,242,500	2,242,500	2,242,500
Marketed Capacity	2,068,338	2,068,538	2,068,538	2,068,538	2,068,538	2,068,538	2,068,538	2,068,538
Generating Station Projects (Number)	24	24	24	24	24	24	24	24
Substations/Switchyards (Number)	26	27	27	27	27	27	27	27
Substations/Switchyards (kVA Capacity)	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900	1,026,900
Available Energy ¹ (megawatt-hours)								
Energy Generated	3,904,621	3,777,321	3,812,700	5,014,300	5,027,900	5,022,900	5,022,900	5,022,900
Energy Received	341,379	341,379	254,300	255,600	250,600	255,600	255,600	255,600
Total, Energy Available for Marketing	<u>4,246,000</u>	<u>4,118,700</u>	<u>4,067,000</u>	<u>5,269,900</u>	<u>5,278,500</u>	<u>5,278,500</u>	<u>5,278,500</u>	<u>5,278,500</u>
Transmission Lines (circuit miles)								
161-KV	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118
138-KV	164	164	164	164	164	164	164	164
69-KV	99	99	99	99	99	99	99	99
Total, Transmission Lines	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>	<u>1,381</u>

¹ Available Energy: actual available energy data is net of losses and other non-marketed energy; estimate data comes from Southwestern's 2023 power repayment studies.

**Southwestern Power Administration
Power Marketed, Wheeled, or Exchanged by Project**

State	No. of Plants	Installed Capacity (kW)	Marketed Capacity (kW)	FY 2023 Actual Energy (GWh)	FY 2024 Actual Energy (GWh)	FY 2025 Estimate Energy (GWh)	FY 2026 Estimate Energy (GWh)	FY 2027 Estimate Energy (GWh)	FY 2028 Estimate Energy (GWh)	FY 2029 Estimate Energy (GWh)	FY 2030 Estimate Energy (GWh)
Power Marketed											
<u>Integrated System:</u>											
Missouri	4	470,000	675,700	1,438	1,411	1,402	1,853	1,856	1,856	1,856	1,856
Arkansas	9	1,058,050	376,000	801	800	795	1,050	1,052	1,052	1,052	1,052
Oklahoma	7	514,100	408,488	874	807	802	1,060	1,062	1,062	1,062	1,062
Texas	2	141,000	251,000	398	396	394	520	521	521	521	521
Louisiana	0	0	144,000	288	211	210	277	278	278	278	278
Kansas	0	0	154,000	332	300	298	394	395	395	395	395
Subtotals	22	2,183,150	2,009,188	4,131	3,925	3,901	5,156	5,164	5,164	5,164	5,164
<u>Isolated:</u>											
(Sam Rayburn and Robert D. Willis Projects)											
Texas	2	59,350	56,660	106	186	159	110	110	110	110	110
Louisiana	0	0	2,690	9	7	6	4	4	4	4	4
Subtotals	2	59,350	59,350	115	194	166	114	114	114	114	114
Total, Power Marketed¹	24	2,242,500	2,068,338	4,246	4,119	4,067	5,270	5,279	5,279	5,279	5,279
Power Wheeled (MW)²				717	760	788	788	788	788	788	788

¹ Total, Power Marketed: Actual energy data is the energy delivered and therefore net of losses and other non-marketed energy; estimate data comes from Southwestern's 2023 power repayment studies.

² Power Wheeled (MW): Actual power wheeled is the non-coincidental peak or contractual value of non-Federal transmission service across Southwestern's system; estimate data comes from Southwestern's 2023 power repayment studies.

**Western Area Power Administration
Construction, Rehabilitation, Operation and Maintenance
(\$K)**

FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
99,872	63,372	-36,500

Proposed Appropriation Language

For carrying out the functions authorized by title III, section 302(a)(1)(E) of the Act of August 4, 1977 (42 U.S.C. 7152), and other related activities including conservation and renewable resources programs as authorized, \$311,035,000, including official reception and representation expenses in an amount not to exceed \$1,500, to remain available until expended, of which \$311,035,000 shall be derived from the Department of the Interior Reclamation Fund: Provided, That notwithstanding 31 U.S.C. 3302, section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), and section 1 of the Interior Department Appropriation Act, 1939 (43 U.S.C. 392a), up to \$247,663,000 collected by the Western Area Power Administration from the sale of power and related services shall be credited to this account as discretionary offsetting collections, to remain available until expended, for the sole purpose of funding the annual expenses of the Western Area Power Administration: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year 2026 appropriation estimated at not more than \$63,372,000 of which \$63,372,000 is derived from the Reclamation Fund: Provided further, That notwithstanding 31 U.S.C. 3302, up to \$475,000,000 collected by the Western Area Power Administration pursuant to the Flood Control Act of 1944 and the Reclamation Project Act of 1939 to recover purchase power and wheeling expenses shall be credited to this account as offsetting collections, to remain available until expended for the sole purpose of making purchase power and wheeling expenditures: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred (excluding purchase power and wheeling expenses).

Mission

WAPA’s mission is to market and reliably deliver cost-based Federal hydroelectric power. WAPA markets power in 15 central and western states from Federally owned power plants operated primarily by the U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and the Department of State’s International Boundary and Water Commission. WAPA operates and maintains a high-voltage, integrated transmission system, including approximately 17,000 circuit-miles of high-voltage transmission lines, more than 300 substations/switchyards and associated power system controls, and communication and electrical facilities.

Overview

WAPA markets and delivers reliable, cost-based Federal hydroelectric power and related services. WAPA's marketing efforts and delivery capability provide for recovery of annual operational costs, including the generating agencies' hydropower related costs, and repayment of taxpayer investment in the Federal hydropower program. WAPA repays the Federal investment for which it is responsible within the timeframes established by law and regulations.

WAPA's Construction, Rehabilitation, Operation and Maintenance Account (CROM) is comprised of four subprograms:

- Operation and Maintenance (O&M)
- Construction and Rehabilitation (C&R)
- Purchase Power and Wheeling (PPW)
- Program Direction (PD)

WAPA's subprograms are funded using a variety of financing methods including appropriations, alternative financing (primarily customer advances), and use of receipt authorities.

Summary Funding Table by Budget Control Construction, Rehabilitation, Operation and Maintenance (CROM) (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Operation and Maintenance	42,076	22,830	-19,246	-46%
Construction and Rehabilitation	0	0	0	0%
Purchase Power and Wheeling (net)	0	0	0	0%
Program Direction	57,796	40,542	-17,254	-30%
Total, CROM	99,872	63,372	-36,500	-37%

Operations and Maintenance

Overview

The Operation and Maintenance (O&M) subprogram provides the supplies, materials, equipment, and infrastructure necessary for WAPA to continue to deliver on its mission of providing reliable, resilient domestic energy to 40 million Americans across its 15-state footprint.

Operations and Maintenance (\$22.8 million)

Regular Operation and Maintenance Supplies and materials necessary to respond to routine and emergency situations across WAPA’s 17,000 miles of high voltage interconnected transmission system will be purchased. This includes miscellaneous equipment and software used for power billing, transmission planning, e-tagging, and energy scheduling, as well as supplies and materials such as wood poles (individual pole replacement only; excludes whole line replacements), instrument transformers, meters, relays, etc. Additionally, cyber and physical security audits and monitoring as well as grid operations and monitoring are provided through this activity, funded primarily through offsetting collections and alternative customer financing.

Replacements, Additions & Upgrades Equipment and infrastructure investments necessary to maintain required service levels across WAPA’s footprint. Planned replacements, additions & upgrades activity is based on cyber and physical security audits, assessments of condition and criticality of equipment, maintenance, and frequency of problems on individual items of equipment, availability of replacement parts, safety of the public and WAPA’s personnel, environmental concerns, and an orderly work plan. Cost estimates are based on analysis of system operation and maintenance requirements, customer-coordinated work plans, actual costs of recent similar projects, and bottom-up budgeting techniques. Planned activity is detailed by category below.

Operations and Maintenance (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Regular Operation and Maintenance	76,763	42,412	-34,351	-45%
Replacements, Additions & Upgrades	76,366	76,387	+21	0%
Subtotal	153,129	118,799	-34,330	-22%
Alternative Financing	-79,848	-59,732	+20,116	-25%
Colorado River Dam Fund	-1,756	-2,592	-836	+48%
Offsetting Collections	-29,449	-33,645	-4,196	+14%
Use of Prior Year Balances	0	0	0	0%
Total Operations and Maintenance	42,076	22,830	-19,246	-46%

Explanation of Changes for Operations and Maintenance

Changes in O&M funding were made to meet overall funding targets.

Construction and Rehabilitation

Overview

The Construction and Rehabilitation (C&R) subprogram supports WAPA’s mission to deliver reliable, clean Federal hydroelectric power by emphasizing the construction of new facilities that provide service to new customers, expand service to existing customers, or provide cost-effective benefits across the customer base intended to provide continued reliability, improved connectivity, and increased resilience, flexibility and capability to the power grid; or major rehabilitation of existing infrastructure intended to restore assets to acceptable operating or environmental conditions.

The C&R program will consist of only projects exceeding \$34M that represent a change in mission or new business line. Financing of the C&R subprogram is expected to rely primarily on voluntary stakeholder participation in alternative methods for capital financing except where specific infrastructure appropriations are made available. Stakeholder financing may be provided as either advances that are re-paid to the stakeholder through bill credits or as direct work for others financing resulting in contributed assets to WAPA without repayment to the stakeholder.

Construction and Rehabilitation (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Construction and Rehabilitation	0	0	0	0%
Nogales to Saguaro Transmission Line	0	0	0	0%
Transmission Lines and Terminal Facilities	0	0	0	0%
Substations	0	0	0	0%
Other	0	0	0	0%
Subtotal, Construction and Rehabilitation	0	0	0	0%
Alternative Financing	0	0	0	0%
Total, Construction and Rehabilitation (Budget Authority)	0	0	0	0%

Explanation of Changes for Construction and Rehabilitation

WAPA does not currently have any planned C&R projects.

Purchase Power and Wheeling

Overview

The Purchase Power and Wheeling (PPW) subprogram continues to support WAPA’s marketing efforts and delivery capability which spans a 1.3 million square mile area serving a diverse group of several hundred wholesale customers, including municipalities, cooperatives, public utility and irrigation districts, Federal and state agencies, and Native American tribes. No appropriated budget authority is necessary.

For a historical perspective, WAPAs PPW subprogram is highly variable; it is affected by reservoir storage levels, annual and long-term drought conditions, downstream flow concerns due to icing, flooding, environmental, health and safety, recreation, irrigation, and navigation requirements. WAPA’s budget request reflects anticipated requirements utilizing current information on hydro conditions, generation, contractual commitments, and power pricing.

Purchase Power and Wheeling (\$475 million)

- Central Valley Project** WAPA continues to deliver on its contractual power commitments to customers under the Central Valley Project’s Post 2004 Marketing Plan. The budget request assumes current full load service customers will continue to choose service from WAPA through “Custom Product” contractual agreements. WAPA also purchases power to support variable resource customers on a pass-thru basis. If project net generation is not sufficient, WAPA may also purchase to support project use load, First Preference Customer load, and sub-control area reserve requirements. As part of the Order 741, FERC promulgated guidance requiring RTO/ISOs to take physical title/ownership to the energy bought/sold in their respective markets, making it necessary for WAPA to acknowledge that customers receive the financial, and not the physical benefit of their federal power allocations. In order to provide service in the state, WAPA is voluntarily participating in the California greenhouse gas cap-and-trade program which became effective January 1, 2013.
- Pick-Sloan Missouri Basin and Other Programs** The budget request continues to support long-term firm power commitments to customers of the eastern and western divisions of the Pick-Sloan Missouri Basin Program, the Fryingpan-Arkansas Project, and the Parker-Davis Project commensurate with the levels of average firm hydroelectric energy marketed by WAPA. The request also provides transmission support for the Pacific Northwest-Southwest Intertie Project. The total program estimates shown are based primarily on market pricing of short-term firm energy, negotiated transmission rates, and WAPA and generating agency’s forecasts.

Purchase Power and Wheeling (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Central Valley	257,035	365,567	+108,532	+42%
Pick-Sloan Missouri Basin and other Programs	381,310	379,604	-1,706	0%
Subtotal, Purchase Power and Wheeling	638,345	745,171	+106,826	+17%
Alternative Financing Needed	-163,345	-270,171	-106,826	+65%
Offsetting Collections	-475,000	-475,000	0	0%
Total	0	0	0	0%

Explanation of Changes for Purchase Power and Wheeling

Program amounts are financed through offsetting collections (from WAPA receipts) and alternative financing (to include net billing, bill crediting, energy exchanges and direct customer funding); no direct appropriations are requested for this activity. There is no change to the Net BA.

Program Direction

Overview

WAPA's Program Direction subprogram provides compensation and all related expenses for its workforce, including those employees that operate and maintain WAPA's high-voltage interconnected transmission system and associated facilities; those that plan, design, and supervise the construction of replacements, upgrades and additions (capital investments) to the transmission facilities; those that market the power and energy produced to repay annual expenses and capital investment; and those that administratively support these functions.

Program Direction (\$40.5 million)

The Program Direction subprogram supports DOE's and WAPA's mission of operating and maintaining a resilient and secure energy grid by attaining and developing a critical highly skilled workforce of engineers, dispatchers, linemen, power system operators, and high voltage electricians. The Program Direction subprogram also includes the administrative staff, including those positions that monitor, detect, and deter physical and cyber-attacks on WAPA's infrastructure.

WAPA trains its employees on a continuing basis in occupational safety and health regulations, policies, and procedures, and conducts safety meetings at employee, supervisory and management levels to keep the safety culture strong. Accidents are reviewed to ensure lessons are learned and proper work protocol is in place.

In consultation with its customers, WAPA reviews required replacements and upgrades to its existing infrastructure to sustain reliable power delivery to its customers and to contain annual maintenance expenses. The timing and scope of these replacements and upgrades are critical to ensure that WAPA's facilities remain a reliable and resilient component of the nation's interconnected power grid. WAPA pursues opportunities to join with neighboring utilities to jointly finance activities, which avoid redundant facilities and result in realized cost savings and/or increased efficiencies for all participants.

Program Direction (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Construction, Rehabilitation, Operation and Maintenance/Program Direction				
Salaries and Benefits	219,572	232,959	+13,387	+6%
Travel	10,336	8,965	-1,371	-13%
Support Services	35,737	34,951	-786	-2%
Other Related Expenses	43,095	41,862	-1,233	-3%
Total, Program Direction	308,740	318,737	+9,997	+3%
Use of Alternative Financing	-57,657	-54,476	+3,181	-6%
Use of Receipts from Colorado River Dam Fund	-9,319	-9,701	-382	+4%
Offsetting Collections, Other Expenses	-183,968	-214,018	-30,050	+16%
Use of Prior Year Balances	0	0	0	0%
Total, Program Direction (Budget Authority)	57,796	40,542	-17,254	-30%
Federal FTEs	1,215	1,208	-7	-1%
Economic and Environmental Analysis	15,777	14,731	-1,046	-7%
Total, Technical Support	15,777	14,731	-1,046	-7%
Management Support	0	0		
Automated Data Processing	11,525	12,009	+484	+4%
Training and Education	3,000	2,614	-386	-13%
Reports and Analysis, Mgmt and General Administrative Support	5,435	5,597	+162	+3%
Total, Management Support	19,960	20,220	+260	+1%
Total, Support Services	35,737	34,951	-786	-2%
Other Related Expenses				
Rent to GSA	2,423	2,524	+101	+4%
Communication, Utilities, Misc.	7,140	5,712	-1,428	-20%
Printing and Reproduction	65	69	+4	+6%
Other Services	17,874	16,750	-1,124	-6%
Training	0	0	0	0%
Purchases from Gov. Accounts	924	996	+72	+8%
Operation and Maintenance of Equipment	7,273	7,650	+377	+5%
Supplies and Materials	2,076	2,369	+293	+14%
Equipment	2,603	2,875	+272	+10%
Working Capital Fund	2,717	2,917	+200	+7%
Total, Other Related Expenses	43,095	41,862	-1,233	-3%

**Program Direction
Activities and Explanation of Changes
(\$K)**

FY 2025 Enacted	FY 2026 Request	Explanation of Changes FY 2026 vs FY 2025
Program Direction		
\$308,740	\$318,737	+\$9,997
<i>Salaries and Benefits</i>		
\$219,572	\$232,959	+\$13,387
Salary and benefits provide for Federal employees who construct and replace, operate, and maintain and secure, on a continuing basis, WAPA's high voltage interconnected transmission system. Salary and benefits fund those FTEs assigned to this account, including those salaries determined through negotiations.	Salary and benefits provide for Federal employees who construct and replace, operate, and maintain and secure, on a continuing basis, WAPA's high voltage interconnected transmission system. Salary and benefits fund those FTEs assigned to this account, including those salaries determined through negotiations.	The salary and benefits reflect known and anticipated increases for Within Grade Increases, Wage Board and Administratively Determined employees.
<i>Travel</i>		
\$10,336	\$8,965	-\$1,371
This activity funds all travel, and related expenses associated with WAPA's mission-related operation and maintenance activities, and those functions that support them.	Request funds all travel, and related expenses associated with WAPA's mission-related operation and maintenance activities, and those functions that support them.	Request reflects variabilities in scope and location associated with mission related operation and maintenance travel, and travel for cross-functional collaboration among various internal and external programs.
<i>Support Services</i>		
\$35,737	\$34,951	-\$786
Support Services funded in this category include information technology, job related training and education, engineering, miscellaneous advisory and reporting services, and general administrative support.	Request funds information technology, job related training and education, engineering, miscellaneous advisory and reporting services, and general administrative support services.	Request reflects slight decrease in overall engineering and general administrative support, and training, offset by slight increase for information technology services.
<i>Other Related Expenses</i>		
\$43,095	\$41,862	-\$1,233
Other related expenses include rental space, utilities, supplies and materials, telecommunications, information technology modernization (data/network), printing and reproduction, training tuition, and DOE's Working Capital Fund distribution. Rental space costs assume the General Services Administration's (GSA) inflation factor. Other costs are based on historical usage and actual cost of similar items.	Request funds rental space, utilities, supplies and materials, telecommunications, information technology modernization (data/network), printing and reproduction, training tuition, and DOE's Working Capital Fund distribution. Rental space costs assume the General Services Administration's (GSA) inflation factor. Other costs are based on historical usage and actual cost of similar items.	The primary decrease is attributable to a reduction in A&E service contracts and telecommunications costs.

**Falcon and Amistad
(\$K)**

FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
228,000	228,000	-

Proposed Appropriation Language

For operation, maintenance, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams, \$6,510,000 to remain available until expended, and to be derived from the Falcon and Amistad Operating and Maintenance Fund of the Western Area Power Administration, as provided in section 2 of the Act of June 18, 1954 (68 Stat. 255): Provided, That notwithstanding the provisions of that Act and of 31 U.S.C. 3302, up to \$6,282,000 collected by the Western Area Power Administration from the sale of power and related services from the Falcon and Amistad Dams shall be credited to this account as discretionary offsetting collections, to remain available until expended for the sole purpose of funding the annual expenses of the hydroelectric facilities of these Dams and associated Western Area Power Administration activities: Provided further, That the sum herein appropriated for annual expenses shall be reduced as collections are received during the fiscal year so as to result in a final fiscal year 2026 appropriation estimated at not more than \$228,000: Provided further, That for purposes of this appropriation, annual expenses means expenditures that are generally recovered in the same year that they are incurred: Provided further, That for fiscal year 2026, the Administrator of the Western Area Power Administration may accept up to \$1,072,000 in funds contributed by United States power customers of the Falcon and Amistad Dams for deposit into the Falcon and Amistad Operating and Maintenance Fund, and such funds shall be available for the purpose for which contributed in like manner as if said sums had been specifically appropriated for such purpose: Provided further, That any such funds shall be available without further appropriation and without fiscal year limitation for use by the Commissioner of the United States Section of the International Boundary and Water Commission for the sole purpose of operating, maintaining, repairing, rehabilitating, replacing, or upgrading the hydroelectric facilities at these Dams in accordance with agreements reached between the Administrator, Commissioner, and the power customers.

Mission

WAPA's mission is to market and reliably deliver cost-based Federal hydroelectric power. WAPA markets power in 15 central and western states from Federally owned power plants operated primarily by the U.S. Army Corps of Engineers, U.S. Bureau of Reclamation and the Department of State's International Boundary and Water Commission. WAPA operates and maintains a high-voltage, integrated transmission system, including approximately 17,000 circuit-miles of high-voltage transmission lines, more than 300 substations/switchyards and associated power system controls, and communication and electrical facilities.

Overview

The Falcon and Amistad Operating and Maintenance fund (Maintenance Fund) was established in the Treasury of the United States as directed by the Foreign Relations Authorization Act, FYs 1994 and 1995. The Maintenance Fund is administered by WAPA's Administrator for use by the Commissioner of the U. S. Section of the International Boundary and Water Commission (IBWC) to defray administrative, O&M, replacement, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams. IBWC owns and operates the U.S. portion of the projects, and Federal staff funded under this program continues to be allocated to the U.S. Section of IBWC by the Department of State. The Falcon and Amistad project supports WAPA's program goals by providing power to rural electric cooperatives through WAPA. With the exception of monies received from the Government of Mexico, all revenues collected from the sale of electric power generated at the Falcon and Amistad Dams are credited to the Maintenance Fund. Monies received from the Government of Mexico are credited to the General Fund of the U.S. Treasury. Revenues collected in excess of operating expenses are used to repay, with interest, the cost of replacements and original investments. Full funding will support 24-hour/day operation and maintenance of the two power plants to ensure response to ever-changing water conditions, customer demand, and continual coordination with operating personnel of the Government of Mexico.

Highlights of the FY 2026 Budget Request

WAPA's request has been formulated to meet its power marketing and contractual power delivery obligations. Revenue collected from customers to recover the costs of the Federal Power Program will be sufficient to provide for planned expenses for the facilities operated by the IBWC. Also included is the continuation of WAPA's request to allow for U.S. customer(s) of the Falcon and Amistad Dams to contribute funds for use by the IBWC in fulfilling their duties in accordance with agreements between WAPA, IBWC, and the power customers. The contributed funds are planned to predominantly assist in capitalized replacement projects.

Falcon and Amistad (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Falcon & Amistad Operating & Maintenance				
IBWC O&M	6,147	9,221	+3,074	+50%
IBWC Capital Investment	1,913	1,300	-613	-32%
WAPA Marketing, Contracts, Repayment	50	61	+11	+22%
Subtotal, Falcon & Amistad Operating and Maintenance Fund	8,110	10,582	+2,472	+30%
Offsetting Collections	-3,197	-6,282	-3,085	+96%
Use of Prior Year Balances	-3,000	-3,000	0	0%
Alternative Financing	-1,685	-1,072	+613	-36%
Total, Falcon and Amistad Operating and Maintenance Fund	228	228	0	0%

Explanation of Changes for Falcon and Amistad

The request reflects projects in the 10-year work plan that was developed to address recommendations from the U.S. Army Corps of Engineers (USACE).

Colorado River Basin Power Marketing Fund

FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
0	0	0

Mission

WAPA’s request has been formulated to meet its power marketing and contractual power delivery obligations. Revenues collected from customers to recover the costs of the Federal Power Program will be sufficient to provide for WAPA’s planned expenses for the power systems in the CRBPMF. The budget assumes continued severe drought conditions persist, impacting hydropower generation capability and significantly increasing purchase power and wheeling requirements.

Overview

WAPA operates and maintains the transmission system for the projects funded in this account to ensure an adequate supply of reliable electric power in a clean and environmentally safe, cost-effective manner. The Colorado River Basins Power Marketing Fund Program (CRBPMF) is comprised of the Colorado River Storage Project, including the Dolores, Seedskaadee, and Olmsted Projects, and the Fort Peck Project. WAPA is responsible for operation and maintenance, including purchase power and wheeling and capital replacement, additions, and upgrades of facilities for transmitting and marketing the electrical energy generated in these power systems.

Colorado River Basin Power Marketing (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Equipment, Contracts and Related Expenses	500,538	362,477	-138,061	-28%
Program Direction	83,693	89,204	+5,511	+7%
Subtotal, CRBPMF Program	584,231	451,681	-132,550	-23%
Offsetting Collections	-584,231	-451,681	+132,550	-23%
Total, CRBPMF	0	0	0	0%

Explanation of Changes for Colorado River Basin Power Marketing

WAPA’s equipment, contracts and related expenses are necessary to operate and maintain this activity. Revenues from the sale of electric energy, capacity and transmission services replenish the fund and are available for expenditure for operation, maintenance, power billing and collection, purchase power and wheeling, interest, emergencies, and other power marketing expenses. Estimates are based on recent actual costs.

Equipment, Contracts and Related Expenses (\$362.5 million)

Equipment including circuit breakers, transformers, relays, switches, transmission line equipment, microwave, SCADA, and other communication and control equipment to assure reliable service to WAPA’s customers. Provides capitalized Supplies materials, and services necessary to respond to routine and emergency situations in the transmission system. Planned substation estimates include upgrades, replacement of breakers and circuit switches, and replacement of transformers, test equipment, as well as other aged equipment at various substations. WAPA cyclically replaces older electro-mechanical relays with microprocessor relays. The microprocessor relays assist in finding faults faster in order to restore service more efficiently to customers. Other miscellaneous items required for substation replacements include surge arrestors, batteries and chargers, and monitoring equipment.

Purchase power costs for procurement of electrical power, transmission capacity and wheeling services on the open market. The request anticipates persisting drought conditions, and the results of continued low-steady-flow tests conducted at Glen Canyon Dam, as required by the Glen Canyon Dam Environmental Impact Statement Record of Decision. Additionally, the request includes obligation authority to accommodate replacement power purchases for customers served by the Colorado River Storage Project. The replacement power purchases, a provision of the Salt Lake

City Area Integrated Projects electric power contracts, are made at the request of power customers at times when WAPA lacks sufficient generation to meet its full contract commitment. The funds for the replacement power purchases are advanced by the requesting customers prior to the purchase.

Generating Agency Activities This activity direct funds the U.S. Army Corps of Engineers for operation and maintenance and procurement of capitalized equipment for the Fort Peck Power Plant. Estimates are based on recent actual costs for supplies needed to maintain generating system reliability.

Program Direction

Overview

Program Direction provides compensation and all related expenses for its workforce, including those employees that operate and maintain WAPA's high-voltage interconnected transmission system and associated facilities; those that plan, design, and supervise the construction of replacements, upgrades and additions (capital investments) to the transmission facilities; those that market the power and energy produced to repay annual expenses and capital investment; and those that administratively support these functions.

The Program Direction subprogram supports DOE's and WAPA's mission of operating and maintaining a resilient and secure energy grid by attaining and developing a critical highly skilled workforce of engineers, dispatchers, linemen, power system operators, and high voltage electricians. The Program Direction subprogram also includes the administrative staff, including those positions that monitor, detect, and deter physical and cyber-attacks on WAPA's infrastructure.

WAPA trains its employees on a continuing basis in occupational safety and health regulations, policies, and procedures, and conducts safety meetings at employee, supervisory and management levels to keep the safety culture strong. Accidents are reviewed to ensure lessons are learned and proper work protocol is in place.

Highlights of the FY 2026 Budget Request

WAPA's request provides for the continuation of WAPA's revolving fund activities related to Program Direction at the level necessary to meet mission requirements.

**Program Direction
(\$K)**

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Colorado River Basin Power Marketing Fund				
Salaries and Benefits	61,586	66,426	+4,840	+8%
Travel	2,966	2,690	-276	-9%
Support Services	7,940	7,872	-68	-1%
Other Related Expenses	11,201	12,216	+1,015	+9%
Total, Program Direction	83,693	89,204	+5,511	+7%
Federal FTEs	302	309	+7	+2%
Engineering and Technical Services	2,411	2,268	-143	-6%
Total, Technical Support	2,411	2,268	-143	-6%
Automated Data Processing	3,063	3,141	+78	+3%
Training and Education	744	726	-18	-2%
Reports and Analyses Mgmt and General Administrative Support	1,722	1,737	+15	+1%
Total, Management Support	5,529	5,604	+75	+1%
Total, Support Services	7,940	7,872	-68	-1%
Rent to GSA	187	696	+509	+272%
Communication, Utilities, Misc.	1,941	1,804	-137	-7%
Printing and Reproduction	15	19	+4	+27%
Other Services	3,894	3,649	-245	-6%
Training	0	0	0	0
Purchases from Gov. Accounts	249	280	+31	+12%
Operation and Maintenance of Equipment	2,573	3,105	+532	+21%
Supplies and Materials	670	691	+21	+3%
Equipment	907	838	-69	-8%
Working Capital Fund	765	1,134	+369	+48%
Total, Other Related Expenses	11,201	12,216	+1,015	+9%

**Program Direction
Activities and Explanation of Changes
(\$K)**

FY 2025 Enacted	FY 2026 Request	Explanation of Changes FY 2026 vs FY 2025
Program Direction		
\$83,693	\$89,204	+\$5,511
<i>Salaries and Benefits</i>		
\$61,586	\$66,426	+\$4,840
Salary and benefits support General Schedule employees, as well as those salaries determined through negotiations. This activity provides for Federal employees who operate and maintain the Program's high-voltage integrated transmission system and associated facilities; plan, design, and supervise the replacement (capital investments) to the transmission facilities; and market the power and energy produced to repay annual expenses and capital investment.	Salary and benefits support General Schedule employees, as well as those salaries determined through negotiations. This activity provides for Federal employees who operate and maintain the Program's high-voltage integrated transmission system and associated facilities; plan, design, and supervise the replacement (capital investments) to the transmission facilities; and market the power and energy produced to repay annual expenses and capital investment.	The increase is for maintenance and capital activities as well as known and anticipated increases for Within Grade Increases, Wage Board and Administratively Determined employees.
<i>Travel</i>		
\$2,966	\$2,690	-\$276
This activity funds personnel travel and per diem expenses for essential mission-related activities, including the maintenance of transmission facilities. The request includes estimates for the rent/lease of GSA vehicles and other transportation.	This activity funds personnel travel and per diem expenses for essential mission-related activities, including the maintenance of transmission facilities. The request includes estimates for the rent/lease of GSA vehicles and other transportation.	The decrease in travel reflects continued effort to use technological capabilities to decrease travel requirements.
<i>Support Services</i>		
\$7,940	\$7,872	-\$68
Support services funded in this category include information technology support, warehousing, computer-aided drafting/engineering, job related training and education, and general administrative support.	Support services funded in this category include information technology support, warehousing, computer-aided drafting/engineering, job related training and education, and general administrative support.	The decrease is primarily due to services that support technical engineering and advisory activities.
<i>Other Related Expenses</i>		
\$11,201	\$12,216	+\$1,015
Other related expenses include, but are not limited to, DOE's working capital fund distribution, space, utilities and miscellaneous charges, printing and reproduction, training tuition, maintenance of office equipment, supplies and materials, telecommunications, and office equipment to include computers.	Other related expenses include, but are not limited to, DOE's working capital fund distribution, space, utilities and miscellaneous charges, printing and reproduction, training tuition, maintenance of office equipment, supplies and materials, telecommunications, and office equipment to include computers.	The increase to this activity is primarily driven by cyclic requirements for transmission, substation, communication and operation and maintenance services.

Transmission Infrastructure Program (\$K)

FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted
0	0	0

Overview

As mandated, the TIP program is separate and distinct from WAPA's power marketing program. TIP has one project currently using the borrowing authority for a total of \$91 million in loan authority obligated. All other prior project borrowings have been fully repaid with interest.

WAPA established the Transmission Infrastructure Program (TIP) and Office to implement Title III, Section 301 of the Hoover Power Plant Act of 1984 as amended by the American Recovery and Reinvestment Act of 2009 (Recovery Act), which provided WAPA borrowing authority of up to \$3.25 billion for the purposes of: (1) constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by WAPA; and (2) delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed after the Recovery Act's date of enactment.

Highlights of the FY 2026 Budget Request

Borrowing authority and interest assumptions are only included for projects that have an active loan and/or loan application. While there are numerous other ongoing projects at various stages of development at any given time, the decision and timing for loan applications is dependent on the project sponsors. Advance funding (non-Federal project sponsors) and reimbursable funding (Federal project sponsors) provide authority for development assistance activities prior to loan issuance.

The WAPA Construction, Rehabilitation, Operation and Maintenance account includes non-reimbursable appropriated funding to supplement other resources available for TIP programmatic staffing and other administrative expenses to ensure continuation of this program.

Transmission Infrastructure Program
(\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
New Borrowing Authority	0	0	0	0%
Repayment of Borrowing Authority	0	0	0	0%
Net, Borrowing Authority	0	0	0	0%
Operating Expenses	5,930	4,702	-1,228	-21%
Interest Payments to Treasury	2,311	3,800	+1,489	+64%
Other Uses	1,489	1,489	0	0%
Gross, Operating & Debt Service	9,730	9,991	+261	+3%
Collections from Projects	-9,730	-9,991	-261	+3%
Net, Operating & Debt Service	0	0	0	0%
Total Mandatory	0	0	0	0%
Federal FTEs (Mandatory)	1	1	0	0%
Discretionary, Reimbursable Budget Authority				
Program Direction	6,624	6,386	-238	-4%
Equipment, Contracts and Related Expenses	74	87	+13	+18%
Gross, Discretionary	6,698	6,473	-225	-3%
Advance Funding (Non-Federal)	-5,002	-5,000	+2	0%
Reimbursable Funding (Federal)	-1,250	-1,000	+250	-20%
Offsetting Collections	-446	-473	-27	+6%
Net, Discretionary	0	0	0	0%
Federal FTEs (Discretionary)	3	3	0	0%

Explanation of Changes for Transmission Infrastructure Program

Borrowing authority, interest assumptions, and program administration are only included for projects that have an active loan and/or loan application.

Program Direction

Overview

WAPA's TIP Program Direction subprogram provides compensation and all related expenses for its workforce, including those employees that are directly assigned to the program as project management, technical experts, finance and administration; those that provide expertise in land acquisition, engineering and environmental compliance; those that provide legal counsel; and those that administratively support these functions.

Unless otherwise provided by law, TIP program direction costs are expected to be offset by customers over time, either through advanced funding agreements or offsetting collections. Advanced funding is provided to TIP from project applicants who use TIP's expertise in the development of their project. The advanced funding agreements fund federal and/or contract staff working on the development of a specific project. Other sources of funds include the overhead rate applied to each active project; service charges; interest rate differentials; and the advance collection of Project Proposal and Business Plan Proposal evaluation expenses. These collections offset the costs of administering the TIP program and provide a risk mitigation reserve.

Program Direction Funding (\$K)

	FY 2025 Enacted	FY 2026 Request	FY 2026 Request vs FY 2025 Enacted	
			\$	%
Transmission Infrastructure Project				
Salaries and Benefits	312	375	+63	+20%
Travel	39	29	-10	-26%
Support Services	1,917	1,882	-35	-2%
Other Related Expenses	4,356	4,100	-256	-6%
Subtotal, Program Direction	6,624	6,386	-238	-4%
Use of Offsetting Collections	-6,624	-6,386	+238	-4%
Total, Program Direction	0	0	0	0%
Federal FTEs (Mandatory)	1	1	0	0%
Federal FTEs (Discretionary)	3	3	0	0%
Federal FTEs (Total TIP)	4	4	0	0%
Engineering and Technical Services	1,913	1,881	-32	-2%
Automated Data Processing	0	0	0	0%
Training and Education	4	1	-3	-75%
Reports and Analyses, Mgmt and General Administrative Support	0	0	0	0%
Total, Support Services	1,917	1,882	-35	-2%
Other Related Expenses				
Communication, Utilities, Misc.	6	0	-6	-100%
Other Services	4,350	4,100	-250	-6%
Working Capital Fund	0	0	0	0%
Total, Other Related Expenses	4,356	4,100	-256	-6%

**Program Direction
Activities and Explanation of Changes
(\$K)**

FY 2025 Enacted	FY 2026 Request	Explanation of Changes FY 2026 vs FY 2025
Program Direction		
\$6,624	\$6,386	-\$238
<i>Salaries and Benefits</i>		
\$312	\$375	+\$63
Salary and benefits provide for Federal employees that are directly assigned to the TIP program as project management, technical experts, finance and administration; those that provide expertise in land acquisition, engineering and environmental compliance; those that provide legal counsel; and those that administratively support these functions.	Salary and benefits provide for Federal employees that are directly assigned to the TIP program as project management, technical experts, finance and administration; those that provide expertise in land acquisition, engineering and environmental compliance; those that provide legal counsel; and those that administratively support these functions.	The increase is due to known and anticipated increases for Within Grade Increases, Wage Board and Administratively Determined employees.
<i>Travel</i>		
\$39	\$29,000	-\$10,000
Planned essential travel supports TIP's mission related activities. TIP supports efficient spending initiatives and is cognizant of travel costs associated with general program operations. TIP focuses on using alternative means to conduct meetings and training sessions where appropriate.	Planned essential travel supports TIP's mission related activities. TIP supports efficient spending initiatives and is cognizant of travel costs associated with general program operations. TIP focuses on using alternative means to conduct meetings and training sessions where appropriate.	The decrease can be attributed to a greater use of available technology to facilitate TIP activities as well as a reduction in FTEs.
<i>Support Services</i>		
\$1,917	\$1,882,000	-\$35,000
Support services funded in this category include technical support costs directly associated with TIP projects including environmental, lands, engineering, and project management activities; and management support costs including information technology, job related training and education, and general administrative support.	Support services funded in this category include technical support costs directly associated with TIP projects including environmental, lands, engineering, and project management activities; and management support costs to include information technology, job related training and education, and general administrative support.	The decrease is due to a reduction in technical support associated with project management and stage of development of projects given revised work scope demands.
<i>Other Related Expenses</i>		
\$4,356	\$4,100,000	-\$256,000
Other related expenses include communications, utilities, other services such as outside financial support and legal counsel, and DOE's working capital fund.	Other related expenses include communications, utilities, other services such as outside financial support and legal counsel, and DOE's working capital fund.	The decrease is due to lower anticipated outside financial support and legal counsel.