

Operation and Maintenance, Southeastern Power Administration

Proposed Appropriation Language

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy, including transmission wheeling and ancillary services, pursuant to the provisions of section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southeastern power area, [\$11,594,000] \$3,900,000, *to remain available until expended*; in addition, notwithstanding the provisions of 31 U.S.C. 3302, [not to exceed \$28,000,000 in reimbursements for transmission wheeling and ancillary services and for power purchases, to be available until expended.] *amounts collected by the Southeastern Power Administration pursuant to the Flood Control Act 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 as follows: for fiscal year 2001, up to \$34,463,000; for fiscal year 2002, up to \$26,463,000; for fiscal year 2003, up to \$20,000,000; and for fiscal year 2004, up to \$15,000,000.*

[Rescission]

[Of the funds made available under this heading in Public Law 105-245 and prior Energy and Water Development Acts, \$3,000,000, are rescinded.]

Explanation of Change

New appropriation language adds new authority to use revenues to fund purchase power and wheeling activities through FY 2004.

Southeastern Power Administration

Executive Budget Summary

Mission

The mission of Southeastern Power Administration (Southeastern) is to market Federal hydroelectric power at the lowest possible cost to public bodies and cooperatives 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. The vision of Southeastern is to advance clean, responsible, reliable power.

Southeastern markets power produced at 23 Corps of Engineers constructed projects, to customers in 11 southeastern states giving preference in the sale of power to public bodies and cooperatives in accordance with the Flood Control Act of 1944.

Southeastern does not own or operate any transmission lines. In the absence of transmission lines of its own, Southeastern carries out its marketing program by utilizing the existing transmission systems of the power utilities in the area. This is accomplished through transmission arrangements between Southeastern and each of the area utilities with transmission lines connected to the projects under which the utility agrees to deliver specified amounts of Federal power to customers of the Government, and Southeastern agrees to compensate the utility for the wheeling services performed.

Program Goals

- # Encourage widespread use of available Federal power giving preference in the sale of power to public bodies and cooperatives.
- # Promote energy and economic efficiency among preference customers.
- # Make the power available at the lowest possible rates to consumers consistent with sound business principles while repaying the Federal investment in a timely manner.
- # Operate projects as an integrated system to provide maximum power contribution in meeting area power requirements.
- # Utilize existing area transmission systems to accomplish transmission of power to customers.
- # Expand training programs of associates that maximize their contribution to organization's vision and mission.
- # Make maximum use of available technology.
- # Enhance and increase organizational communications and quality.

Program Objectives

- # Actively participate in electric industry issues. Demonstrate a willingness to change policy, contracts, and operating procedures to be more responsive to our customers.
- # Accomplish timely repayment and collections for power delivered to customers. Work with customers and Corps of Engineers to monitor costs and to work toward cost containment.
- # Formulate power rates to recover all costs of producing and transmitting power, including amortization of capitalized power investments, over a 50-year period and replacements up to a maximum 50-year period.
- # Continue to administer approximately 300 contracts which benefit more than 500 customers in a fair and effective manner that carries out the intent of contract provisions. Contract administration includes power delivery, contract service, billing and collection, and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
- # Continue to promote effective methods for customers to implement energy and economically efficient strategies that take advantage of new marketing options in a deregulated environment through the Competitive Resource Strategies Program.
- # Continue coordination with Corps of Engineers, preference customers, and other interested parties in the rehabilitation and upgrade of existing and new projects and in competing uses of water.
- # Continue to coordinate, schedule and dispatch generation to maximize power benefits to preference customers through hourly communication and coordinated working relationships with various electric utilities.
- # Account for and provide summaries of power transactions for timely power billing.

Strategy

- # Southeastern continues to take the lead in fostering communications with its power sales customers and the Corps of Engineers through two previously established partnerships - the Southeastern Federal Power Alliance and Team Cumberland.
- # Competing demands for water use are expected to continue to be intense and to impact the power potential of projects for which Southeastern has marketing responsibility. Discussions, studies, and meetings with preference customers, Corps of Engineers, and other affected groups will continue as Southeastern carries out its responsibility to ensure that the power interest is addressed.

Major Changes

- # Southeastern continues to revise its Strategic Plan. The plan outlines the goals and objectives Southeastern expects to implement in five year increments.
- # Southeastern continues to schedule the hourly generation of the hydroelectric projects by improving communications with the individual projects in its marketing area.
- # Southeastern's total quality process continues to provide associates with training in the areas of team building and process improvement techniques. Southeastern's Total Quality Management initiatives continue to improve customer service.
- # The Competitive Resource Strategies Program continues to focus on competitiveness issues that have evolved over the past several years, and has begun to focus on distributed generation applications. Competitiveness issues resulted with the passage of the Energy Policy Act of 1992 and subsequent implementing orders, which directed Southeastern and its preference customers toward a competitive market. Several states in Southeastern's marketing area are introducing restructuring legislation. In order to address the implications of such legislation, Southeastern co-sponsors cost-shared workshops to help its customers address marketing and energy efficiency issues inherent to a restructured market.

Major Issues

- # The FY 2001 budget request relies on power revenues in addition to net billing to pay for purchased power, transmission wheeling and ancillary services. No Federal appropriation will be required to fund purchase power and wheeling expenses in FY 2001 and subsequent years. It is Southeastern's policy to encourage customers to contract independently of Southeastern for transmission services. However, a blanket application of this policy could lead to less than efficient use of the Federal resource, thereby increasing per unit costs and negatively impacting repayment to the Treasury. Therefore, Southeastern will review each case to assure that there are no negative impacts on the marketability of the Federal resource.
- # Southeastern's rates recover the full cost of the Civil Service Retirement System and post-retirement health benefits for its employees and the U. S. Army Corps of Engineers power-related employees that Southeastern began to recover in 1998. The estimated revenue to the Treasury is \$3,000,000 annually.
- # The US Army Corps of Engineers has recently completed the Final Environmental Assessment report on the pump units at the Richard B. Russell project. The Corps concluded the report with a finding of no significant impact. The Corps has requested a summary judgement to lift the injunction which bans commercial operation of the project. A decision is not expected before May, 2000.

Site Funding and Federal and Contractor Staffing Profiles

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
Program Direction	4,370	0	5,000
Purchase Power & Wheeling	34,130	28000	34,463
Program Direction/O&M	0	11,579	0
Subtotal, Southeastern	<u>38,500</u>	<u>39,579</u>	<u>39,463</u>
Use of prior year balances	-3,000	-3000	-1,100
Use of reimbursable authority	-28,000	-28,000	0
Use of offsetting receipts	0	0	-34,463
Transfer to Southwestern Power Administration	0	-773	0
Total	<u>7,500</u>	<u>7,806</u>	<u>3,900</u>
Full Time Equivalentents	41	42	42
Contractor Staffing	0	0	3

Program Performance Measures

Performance measures indicate the financial, operating, and rate performance of Southeastern Power Administration when compared to other standards that serve as a proxy for normal performance.

Repayment of the Federal investment:

< Meet planned repayment of principal on power investment.

Measure the safety performance by measuring the safety record against the industry average.

< Achieve a safety performance of at most a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked, or the Bureau of Labor Statistics industry rate, whichever is lower.

Measure the control area performance.

< Ensure that each power system control area operated by Southeastern receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Electric Reliability Council performance standard.

Charles A. Borchardt
Administrator, Southeastern Power Administration

Date

Southeastern Power Administration

Program Mission

The mission of Southeastern Power Administration (Southeastern) is to market Federal hydroelectric power at the lowest possible cost to public bodies and cooperatives 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 markets hydroelectric power in the states of West Virginia, Virginia, North and South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Illinois, and Kentucky. Southeastern's vision is to advance clean, responsible, reliable power.

Southeastern markets power produced at 23 Corps of Engineers-constructed projects to customers in 11 southeastern states, giving preference in the sale of power to public bodies and cooperatives in accordance with the Flood Control Act of 1944.

Southeastern does not own or operate any transmission lines. In the absence of transmission lines of its own, Southeastern carries out its marketing program by utilizing the existing transmission systems of the power utilities in the area. This is accomplished through "transmission" arrangements between Southeastern and each of the area utilities with transmission lines connected to the projects, under which the utility agrees to deliver specified amounts of Federal power to customers of the Government, and Southeastern agrees to compensate the utility for the wheeling services performed.

Program Goals

- # Encourage widespread use of available Federal power giving preference in the sale of power to public bodies and cooperatives.
- # Promote energy and economic efficiency among preference customers.
- # Make the power available at the lowest possible rates to consumers consistent with sound business principles while repaying the Federal investment in a timely manner.
- # Operate projects as an integrated system to provide maximum power contribution in meeting area power requirements.
- # Utilize existing area transmission systems to accomplish transmission of power to customers.
- # Expand training programs of associates that maximize their contribution to organization's vision and mission
- # Make maximum use of available technology.
- # Enhance and increase organizational communications and quality.

Program Objectives

- # Actively participate in electric industry issues. Demonstrate a willingness to change policy, contracts, and operating procedures to be more responsive to our customers.
- # Accomplish timely repayment and collections for power delivered to customers. Work with customers and Corps of Engineers to monitor costs and to work toward cost containment.
- # Formulate power rates to recover all costs of producing and transmitting power, including amortization of capital investment allocated to power, over a 50-year period and replacements over the service lives up to a maximum of 50 years.
- # Continue to administer approximately 300 contracts which benefit more than 500 customers in a fair and effective manner that carries out the intent of contract provisions. This includes power delivery, contract service, billing and collection functions and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
- # Continue to promote effective methods for customers to implement energy and economically efficient strategies that take advantage of new marketing options in a deregulated environment through the Competitive Resources Strategies Program.
- # Continue coordination with Corps of Engineers, preference customers, and other interested parties in the rehabilitation and upgrade of existing and new projects and in competing uses of water.
- # Continue to coordinate, schedule and dispatch the power system generation to maximize the power benefits through improved technology to the electric grid and the preference customers through hourly communication and coordinated working relationships with various electric utilities. Continue to account and provide summaries of power transactions for the appropriate and timely power billing function of the Agency.

Performance Measures

Performance measures indicate the financial, operating, and rate performance of Southeastern Power Administration when compared to other standards that serve as a proxy for normal performance.

- # Repayment of the Federal investment:
 - < Meet planned repayment of principal on power investment.
- # Measure the safety performance by measuring the safety record against the industry average.
 - < Achieve a safety performance of at most a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked, or the Bureau of Labor Statistics industry rate, whichever is lower.
- # Measure the control area performance.
 - < Ensure that each power system control area operated by a Southeastern receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Electric Reliability Council performance standard.

Significant Accomplishments and Program Shifts

- # Southeastern continues to take the lead in fostering communications with its customers and the Corps of Engineers through two previously-established partnerships - the Southeastern Federal Power Alliance and Team Cumberland. The Southeastern Federal Power Alliance provides suggestions which help the operations center identify customers' changing needs. Both partnerships meet periodically to exchange information and promote their visions.
- # Southeastern expanded its capability to schedule the hourly generation of the hydroelectric projects in Southeastern's marketing area.
- # Southeastern's efforts in Total Quality Management continue to lead us in improved processes and customer service.
- # Southeastern's Competitive Resource Strategies Program provides education and training opportunities to preference customers. Southeastern also maintains close contact with generation and transmission cooperatives, joint action agencies, and customer associations across the Southeast to assess the need and scope of training initiatives that will address competitiveness issues.
- # Southeastern continues to revise its Strategic Plan. The plan outlines the requirements under GPRA and DOE's plan that Southeastern anticipates implementing during the next five years.
- # The FY 2001 budget request relies on customer receipts and net billing to pay for purchased power, transmission wheeling and ancillary services. No Federal appropriation will be required to fund purchase power and wheeling expenses in FY 2001 and subsequent years. It is Southeastern's policy to encourage customers to contract independently of Southeastern for transmission services. However, a blanket application of this policy could lead to less than efficient use of the Federal resource, thereby increasing per unit costs and negatively impacting repayment to the Treasury. Therefore, Southeastern will review each case to assure that there are no negative impacts on the marketability of the Federal resource.
- # In FY 1999, Southeastern marketed 5,708 GWH of clean renewable hydroelectric energy for \$147,920,567 in revenues, providing total proprietary receipts of \$115,775,262. Southeastern anticipates receipts of \$139,261,000 for FY 2000, and \$172,110,000 for FY 2001.
- # Based on Administration policy, Southeastern has set rates to recover the full cost of the Civil Service Retirement System and post-retirement health benefits for its employees and the U. S. Army Corps of Engineers power-related employees that Southeastern began to recover in 1998. The estimated revenue to the Treasury is \$3,000,000 annually.
- # The Administration submitted draft legislation to significantly restructure the electric utility industry. If enacted, the proposed legislation will affect the PMAs by:
 - < subjecting the power marketing administrations that own transmission to relevant provisions of the Federal Power Act for purposes of open access and transmission rate making, but would provide that any determination of the Federal Energy Regulatory Commission (FERC) would be subject to a list of conditions, including a requirement that the rates and charges are sufficient to recover existing and future Federal investment in the transmission systems;

- < authorizing the PMAs to voluntarily join an independent regional system organization; and
- < authorizing FERC to order a transmission-owning PMA to place some or all of its transmission facilities under the control of an independent regional system operator.

Funding Profile

(dollars in thousands)

	FY 1999 Current Appropriation	FY 2000 Original Appropriation	FY 2000 Adjustments	FY 2000 Current Appropriation	FY 2001 Request
Program Direction	4,370	0	0	0	5,000
Purchase Power & Wheeling . .	6,130	0	0	0	34,463
Program Direction/O&M	0	11,594	-15 ^a	11,579	0
Subtotal, Southeastern	10,500	11,594	0	11,579	39,463
Use of prior year balances	-3,000	-3,000	0	-3,000	-1,100
Offsetting collections realized . .	0	0	0	0	-34,463
Transfer to Southwestern Power Administration	0	-773	0	-773	0
TOTAL	7,500	7,821	0	7,806	3,900

Public Law Authorizations:

- Pub. Law 78-534, Flood Control Act of 1944
- Pub. Law 95-91, DOE Organization Act of 1977, Section 302
- Pub. Law 102-485, Energy Policy Act of 1992

^aReflect rescission pursuant to Public Law 106-113, FY2000 the Consolidated Appropriation Act.

Funding by Site

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Southeastern Power Administration	10,500	11,579	39,463	+27,884	241%
Use of prior year balances	-3,000	-3,000	-1,100	+1,900	-63%
Offsetting collections realized	0	0	-34,463	-34,463	>999%
Transfer to Southwestern Power Administration	0	-773	0	+773	-100%
Total SEPA	7,500	7,806	3,900	-3,906	-50%

Site Description

Southeastern is one of the Department of Energy's Power Marketing Administrations. Southeastern is located in Elberton, Georgia, and has no field offices.

Program Direction

Mission Supporting Goals and Objectives

Program direction provides for: (1) scheduling the generation of power and supervision of power delivery, (2) negotiation and administration of contracts for the sale of power and energy and establishment of rates to assure repayment of power costs, (3) general administration and support of Southeastern's power marketing program, and (4) Competitive Resource Strategies Program. We coordinate and cooperate with our partners to operate projects in a manner that enhances the value and reliability of hydropower. Priority is given to integrating environmental concerns and determinations into program actions. Emerging energy efficiency technologies are integrated with marketing strategies and programs.

Southeastern's FTE activities and percentages are provided as follows:

- 7% The Office of the Administrator is responsible for marketing hydroelectric power and energy and includes the Office of Legal Affairs.
- 27% The Finance and Marketing Division negotiates, prepares and administers contracts for the sale, purchase/interchange, and wheeling of power, formulates rates to meet repayment requirements, is responsible for budget, accounting and financial management activities, customer service, and the Competitive Resource Strategies Program.
- 32% The Human Resource and Administration Division plans, develops, coordinates and administers administrative and management activities of Southeastern. It includes activities to support mission accomplishment, automated date processing (ADP) and telecommunications services, public information program, personnel, contracts and procurement, supply, security, technical library, facilities, and strategic planning.
- 34% The Power Resources Division studies power production to determine the amounts of available power and energy and studies methods of coordinating operation of present and proposed generating plants to obtain maximum utilization of water and power resources. This division coordinates, schedules, and dispatches system power generation on an hourly basis and is responsible for administering contractual operation requirements and performs billing operations for power sold by Southeastern.

In FY 1999, Southeastern marketed 5,708 GWH of clean renewable hydroelectric energy for \$147,920,567 in revenues, providing total proprietary receipts of \$115,775,262. Southeastern anticipates receipts of \$139,261,000 for FY 2000, and \$172,110,000 for FY 2001.

Performance Measures

Performance measures indicate the financial, operating, and rate performance of Southeastern Power Administration when compared to other standards that serve as a proxy for normal performance.

- # Repayment of the Federal investment:
 - < Meet planned repayment of principal on power investment.
- # Measure the safety performance by measuring the safety record against the industry average.
 - < Achieve a safety performance of at most a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked, or the Bureau of Labor Statistics industry rate, whichever is lower.
- # Measure the control area performance.
 - < Ensure that each power system control area operated by Southeastern receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Electric Reliability Council performance standard.

Funding Schedule

(dollars in thousands, whole FTEs)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Salary and Benefits	2,693	0	3,057	+3,057	>999%
Travel	195	0	220	+220	>999%
Support Services	75	0	100	+100	>999%
Other Related Expenses	1,407	0	1,623	+1,623	>999%
Total, Program Direction	4,370	0	5,000	+5,000	>999%
Full Time Equivalents	41	0	42	+42	

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001
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Salaries and Benefits

Negotiations, preparation, execution, and administration of all contracts for the disposition of electric power and to ensure and maintain continuity of electric service to customers.

Scheduling of pumping energy and coordination between the providers of the pumping energy and the project and accounting of all transactions relative to pumping operations of the Carters Project and Richard B. Russell Project. Perform control area services for the three Savannah River Projects-Hartwell, Russell and Thurmond. Coordinate power operations of 23 projects with all parties making determinations of capacity and energy availability weekly.

Power billing, collection, and payment functions for approximately 300 contracts which benefit more than 500 preference customers. Execution of budget, accounting and financial management activities for the office.

Perform continuing engineering studies and review of actual project operations. Evaluate any impacts of proposed or actual changes to project operations. Prepare repayment analyses of each system to determine rates and issue a formal rate presentation as needed

	2,693	0	3,057
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Travel

Contract negotiations, preference customer meetings (SeFPC, Team Cumberland, Alliance) rates (forums, hearings, meetings), Congressional hearings, site visits of existing and new projects, Competitive Resource Strategy meetings, operations meetings with industry self-regulating groups (SERC, VACAR, FRCC & NERC), hydropower task force meetings, C2SWG (COE, customer, & SEPA Working Group), NEPA activities, training, Power Marketing Policy Forums, national & state customer meetings (NRECA & APPA), SeFPC O&M Subcommittee meetings, Interagency Task Force on Finance, Technical Advisory Group meetings, FERC pre-filings and hearings, carrying out headquarters responsibilities

	195	0	220
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(dollars in thousands)

FY 1999	FY 2000	FY 2001
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Support Services

Continue Southeastern’s Competitive Resource Strategies Program which helps customers address issues surrounding the implementation of energy efficiency and competitiveness in a restructured electricity market 75 0 100

Other Related Expenses

Provide administrative support for the agency, rent, communications, maintenance, contract services (janitor services, library services, support for DOE Power Marketing Liaison Office, audit of the Southeastern Federal Power Program financial statements), supplies and materials, equipment. Contract audit expenses include the power portion of the U. S. Army Corps of Engineers. Also provides for installation of various electronic equipment and maintenance of interconnected fiber optic communication lines for the SCADA system. GSA has determined that Southeastern’s present office environment does not meet basic standards. GSA estimates the improved space to cost a minimum of \$300,000 annually. At this time it is not known if the upgrade will be in the form of renovations or a new building. In any case, all estimates indicate that the amount of Southeastern’s rent will increase significantly 1,407 0 1,623

Total, Program Direction 4,370 0 5,000

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001 vs FY 2000 (\$000)

Salaries and Benefits

Increase in salaries & benefits is a result of the cost-of-living raise and within-grade increases. Benefit costs to SEPA account for 21 percent of the total 194

Increase of \$2,863,000 is a result of FY2000 appropriation for this line item being included in Program Direction/O&M activity 2,863

Travel

No increase 0

FY 2001 vs FY 2000 (\$000)

# Increase of \$220,000 is a result of FY2000 appropriation for this line item being included in Program Direction/O&M activity	+220
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Support Services

# Increase of \$100,000 is a result of FY 2000 appropriation for this line item being included in Program Direction/O&M activity. The FY 2001 level reflects a \$25,000 decrease compared to FY 2000	+100
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Other Related Expenses

# Higher costs are due to unexpected delays in receiving financial information required for the audit of the Southeastern Federal Power Program, and inflation.	+11
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# The communications cost estimate decrease is due to a change in vendors, and greater use of FTS 2000 telecommunications	-25
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# Increase will exceed normal inflation as the result of capital improvements associated with upgrading the office environment.	100
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# Decrease in maintenance expenses associated with communications equipment is expected due to expected change in vendors	-4
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# Increase is primarily associated with upgrade and replacement of computer hardware, software, and supplies and general inflation	+40
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# Equipment increase is for new systems furniture to accommodate changes in office space, copy machine replacement, and law books on CD-ROM	+82
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# Decrease in costs associated with implementation of SCADA system, which should be in place and operable in FY 2000	-100
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# Increase of \$1,519,000 is a result of FY2000 appropriation for this line item being included in Program Direction/O&M activity	+1,519
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Total, Program Direction	5,000
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Support Services

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$Change	%Change
Energy Efficiency and Competitiveness Workshops	75	0	100	+100	>999%
Total, Support Services	75	0	100	+100	>999%

Other Related Expenses

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$Change	%Change
Audit of Financial Statements	96	0	110	+110	>999%
Communications	237	0	231	+231	>999%
Rental Space	150	0	300	+300	>999%
Maintenance Agreements	99	0	116	+116	>999%
Printing & Reproduction	11	0	12	+12	>999%
Tuition	75	0	80	+80	>999%
Supplies & Materials	170	0	236	+236	>999%
Contract Services	334	0	357	+357	>999%
Equipment (General and ADP)	235	0	181	+181	>999%
Total Other Related Services	1,407	0	1,623	+1623	>999%

Purchase Power and Wheeling

Mission Supporting Goals and Objectives

For FY 2001, this activity provides for the payment of amounts charged the Government under contractual arrangements for: (1) delivery of power over non-Federal systems to load centers of preference customers for the account of the Government, (2) purchase of energy to firm-up Federally generated power during adverse water periods, including purchases of power at the Carters Project and Richard B. Russell Project and purchases of default power, and (3) support capacity required to meet commitments for the Jim Woodruff project under adverse water conditions. Priority is given to meeting contractual commitments and being the lead in arranging transmission of power and assisting others in planning and constructing facilities where necessary.

Funds requested for transmission expenses are based on contracts we have with area utilities with transmission lines connected to the projects. These utilities agree to deliver specified amounts of Federal power to customers of the government, and Southeastern agrees to compensate the utility for the transmission services performed. Purchase power costs are estimated based on expected costs. Factors which are beyond the control of Southeastern (too much rain, too little rain, increased summer heat, severe cold winters, and other acts of God), all determine how much power would need to be purchased to meet contractual commitments.

Funding Schedule

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Purchase Power and Wheeling . . .	6,130	0	34,463	34,463	>999%
Offsetting collections realized	0	0	-34,463	-34,463	>999%
Use of prior year balances	-3,000	0	0	0	0%
Total, Purchase Power and Wheeling	3,130	0	0	0	0%

Detailed Program Justification

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
Payment of transmission service charges for delivery of power over non-Federal Systems and ancillary services	21,009	0	20,863
Purchase of energy to pump water into the Richard B. Russell Project for later release	8,000	0	8,000
Purchases of energy at the Carters Project to pump water from storage downstream up into the main storage reservoir to have this water for release to generate electricity during the more costly "peak" period. This pumped water enables the generating equipment to be used more hours during the "peak" than would be possible without the pumped water.	3,521	0	4,000
Purchase of default power	1,000	0	1,000
Provide support to the Jim Woodruff Project under adverse water conditions through purchases of energy necessary to provide support capacity	600	0	600
Reimbursements	-28,000	0	0
Total, Purchase Power and Wheeling	6,130	0	34,463

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001 vs FY 2000 (\$000)

Purchase Power and Wheeling

# Increase of \$34,463,000 is a result of FY 2000 appropriation for this line item being included in Program Direction/O&M activity. The FY 2001 budget reflects a \$389,000 decrease compared to FY 2000 due to changes in wheeling expenses	34,463
Total Purchase Power and Wheeling	34,463

Breakdown of Total Needs

(dollars in thousands)

Transmission	28,936	
Southern Company ancillary charges	4,428	
Subtotal Transmission	33,364	
Purchase Power	13,800	
Subtotal Transmission & Purchase Power		47,164
Less Net Billing	-12,701	
Less Offsetting collections	-34,463	
Subtotal Net Billing and Offsetting Collections		-47,164
Total Appropriated Funds		0

Program Direction/O&M

Mission Supporting Goals and Objectives

The Program Direction/O&M activity is unique to FY 2000. In most years Southeastern's appropriation is allocated to two activities: Purchase Power and Wheeling, and Program Direction. However in the conference report for the FY 2000 Energy and Water Development Appropriations Act, Congress combined these two activities into one. The funding will be applied to the following program areas: (1) scheduling the generation of power and supervision of power delivery, (2) negotiation and administration of contracts for the sale of power and energy and establishment of rates to assure repayment of power costs, (3) general administration and support of Southeastern's power marketing program, (4) Competitive Resource Strategies Program, (5) delivery of power over non-Federal systems to load centers of preference customers for the account of the Government, (6) purchase of energy to firm-up Federally generated power during adverse water periods, including purchases of power at the Carters Project and Richard B. Russell Project and purchases of default power, and (7) support capacity required to meet commitments for the Jim Woodruff project under adverse water conditions. Priority is given to meeting contractual commitments, arranging transmission of power and assisting others in planning transmission facilities where necessary.

We coordinate and cooperate with our partners to operate projects in a manner that enhances the value and reliability of hydropower. Priority is given to integrating environmental concerns and determinations into program actions. Emerging energy efficiency technologies are integrated with marketing strategies and programs.

Funds requested for transmission expenses are based on contracts we have with area utilities with transmission lines connected to the projects. These utilities agree to deliver specified amounts of Federal power to customers of the government, and Southeastern agrees to compensate the utility for the transmission services performed. Purchase power costs are estimated based on expected costs. Factors which are beyond the control of Southeastern (too much rain, too little rain, increased summer heat, severe cold winters, and other acts of God), all determine how much power would need to be purchased to meet contractual commitments.

Southeastern's FTE activities and percentages are provided as follows:

- 7% The Office of the Administrator is responsible for marketing hydroelectric power and energy and includes the Office of Legal Affairs.
- 27% The Finance and Marketing Division negotiates, prepares and administers contracts for the sale, purchase/interchange, and wheeling of power, formulates rates to meet repayment requirements, is responsible for budget, accounting and financial management activities, customer service, and the Competitive Resource Strategies Program.
- 32% The Human Resource and Administration Division plans, develops, coordinates and administers administrative and management activities of Southeastern. It includes activities to support mission accomplishment, automated date processing (ADP) and telecommunications services, public information program, personnel, contracts and procurement, supply, security, technical library, facilities, and strategic planning.

34% The Power Resources Division studies power production to determine the amounts of available power and energy and studies methods of coordinating operation of present and proposed generating plants to obtain maximum utilization of water and power resources. This division coordinates, schedules, and dispatches system power generation on an hourly basis and is responsible for administering contractual operation requirements and performs billing operations for power sold by Southeastern.

In FY 1999, Southeastern marketed 5,708 GWH of clean renewable hydroelectric energy for \$147,920,567 in revenues, providing total proprietary receipts of \$115,775,262. Southeastern anticipates receipts of \$139,261,000 for FY 2000, and \$172,110,000 for FY 2001.

Performance Measures

Performance measures indicate the financial, operating, and rate performance of Southeastern Power Administration when compared to other standards that serve as a proxy for normal performance.

Repayment of the Federal investment:

< Meet planned repayment of principal on power investment.

Measure the safety performance by measuring the safety record against the industry average.

< Achieve a safety performance of at most a 3.3 recordable accident frequency rate for recordable injuries per 200,000 hours worked, or the Bureau of Labor Statistics industry rate, whichever is lower.

Measure the control area performance.

< Ensure that each power system control area operated by Southeastern receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Electric Reliability Council performance standard.

Funding Schedule

(dollars in thousands, whole FTEs)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Salary and Benefits	0	2,863	0	-2,863	-100%
Travel	0	220	0	-220	-100%
Support Services	0	125	0	-125	-100%
Other Related Expenses	0	1,519	0	-1,519	-100%
Purchase Power and Wheeling	0	6,852	0	-6,852	-100%
Total Program Direction/O&M	0	11,594	0	-11,594	-100%
Full Time Equivalents	0	42	0		-100%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001
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Salaries and Benefits

Negotiations, preparation, execution, and administration of all contracts for the disposition of electric power and to ensure and maintain continuity of electric service to customers.

Scheduling of pumping energy and coordination between the providers of the pumping energy and the project and accounting of all transactions relative to pumping operations of the Carters Project and Richard B. Russell Project. Perform control area services for the three Savannah River Projects-Hartwell, Russell and Thurmond. Coordinate power operations of 23 projects with all parties making determinations of capacity and energy availability weekly.

Power billing, collection, and payment functions for approximately 300 contracts which benefit more than 500 preference customers. Execution of budget, accounting and financial management activities for the office.

Perform continuing engineering studies and review of actual project operations. Evaluate any impacts of proposed or actual changes to project operations. Prepare repayment analyses of each system to determine rates and issue a formal rate presentation as needed

	0	2,863	0
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Travel

Contract negotiations, preference customer meetings (SeFPC, Team Cumberland, Alliance) rates (forums, hearings, meetings), Congressional hearings, site visits of existing and new projects, Competitive Resource Strategy meetings, operations meetings with industry self-regulating groups (SERC, VACAR, FRCC & NERC), hydropower task force meetings, C2SWG (COE, customer, & SEPA Working Group), NEPA activities, training, Power Marketing Policy Forums, national & state customer meetings (NRECA & APPA), SeFPC O&M Subcommittee meetings, Interagency Task Force on Finance, Technical Advisory Group meetings, FERC pre-filings and hearings, carrying out headquarters responsibilities

	0	220	0
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(dollars in thousands)

FY 1999	FY 2000	FY 2001
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Support Services

Continue Southeastern’s Competitive Resource Strategies Program which helps customers address issues surrounding the implementation of energy efficiency and competitiveness in a restructured electricity market 0 125 0

Other Related Expenses

Provide administrative support for the agency, rent, communications, maintenance, contract services (janitor services, library services, support for DOE Power Marketing Liaison Office, audit of the Southeastern Federal Power Program financial statements), supplies and materials, equipment. Contract audit expenses include the power portion of the U. S. Army Corps of Engineers. Also provides for installation of various electronic equipment and maintenance of interconnected fiber optic communication lines for the SCADA system. GSA has determined that Southeastern’s present office environment does not meet basic standards. GSA estimates the improved space to cost a minimum of \$300,000 annually. At this time it is not known if the upgrade will be in the form of renovations or a new building. In any case, all estimates indicate that the amount of Southeastern’s rent will increase significantly 0 1,519 0

Purchase Power and Wheeling

Payment of transmission service charges for delivery of power over non-Federal Systems and ancillary services 0 21,252 0

Purchase of energy to pump water into the Richard B. Russell Project for later release 0 8,000 0

Purchases of energy at the Carters Project to pump water from storage downstream up into the main storage reservoir to have this water for release to generate electricity during the more costly “peak” period. This pumped water enables the generating equipment to be used more hours during the “peak” than would be possible without the pumped water. 0 4,000 0

Purchase of default power 0 1,000 0

(dollars in thousands)

	FY 1999	FY 2000	FY 2001
Provide support to the Jim Woodruff Project under adverse water conditions through purchases of energy necessary to provide support capacity	0	600	0
Less			
Reimbursements	0	-28,000	0
Total, Program Direction/O&M	0	11,579	0

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001 vs. FY 2000 (\$000)

Program Direction/O&M

# Decrease of \$11,579,000 is a result of FY2000 appropriation for this line item being included in Program Direction/O&M activity and FY 2001 appropriation being included in the Purchase Power and Wheeling activity	-11,579
Total Program Direction/O&M	-11,579

Support Services

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$Change	%Change
Energy Efficiency and Competitiveness Workshops	0	125	0	-125	100%
Total, Support Services	0	125	0	-125	100%

Other Related Expenses

(dollars in thousands)

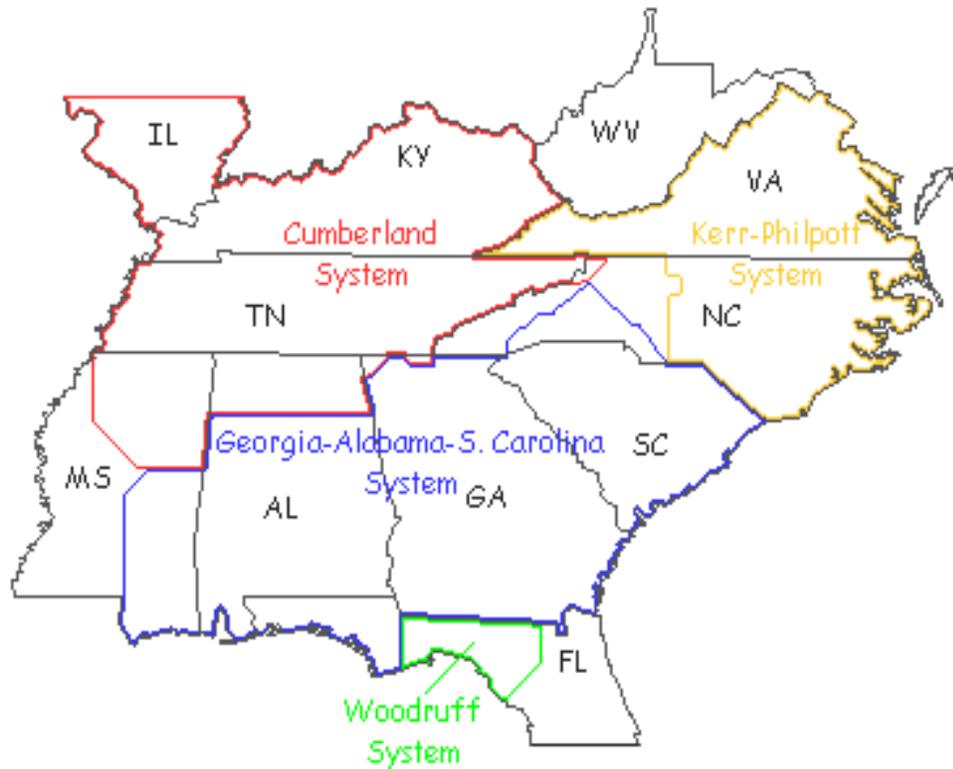
	FY 1999	FY 2000	FY 2001	\$Change	%Change
Audit of Financial Statements	0	99	0	99	100%
Communications	0	256	0	256	100%
Rental Space	0	200	0	200	100%
Maintenance Agreements	0	120	0	120	100%
Printing & Reproduction	0	12	0	12	100%
Tuition	0	80	0	80	100%
Supplies & Materials	0	196	0	196	100%
Contract Services	0	357	0	357	100%
Equipment (General and ADP)	0	99	0	99	100%
ADP, electronic equipment, and data and communication lines for control center interconnection and interfaces between projects SCADA systems and Southeastern	0	100	0	100	100%
Total Other Related Services	0	1,519	0	1,519	100%

Purchase Power and Wheeling

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Transmission Service	0	21,252	0	-21,252	-100%
Purchase Russell pumping energy	0	8,000	0	-8,000	-100%
Purchase Carters pumping energy	0	4,000	0	-4,000	-100%
Purchase default power	0	1,000	0	-1,000	-100%
Purchase of energy to support for Woodruff project	0	600	0	-600	-100%
Reimbursements	0	-28,000	0	28,000	-100%
Total Purchase Power and Wheeling	0	6,852	0	-6,852	-100%

DEPARTMENT OF ENERGY
FY 2001 CONGRESSIONAL BUDGET REQUEST
MARKETING AREA MAP
SOUTHEASTERN POWER ADMINISTRATION



**DEPARTMENT OF ENERGY
FY 2001 CONGRESSIONAL BUDGET REQUEST
SOUTHEASTERN POWER ADMINISTRATION**

REVENUE AND RECEIPTS
(Dollars in Thousands)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Southeastern Power Administration</u>							
Gross revenues	147,921	178,838	219,274	212,638	207,202	203,279	190,958
Less:							
Reimbursements ^a	-18,792	-28,000	0	0	0	0	0
Continuing Fund	-2,431	0	0	0	0	0	0
Accounts Receivable Difference	-143	0	0	0	0	0	0
Use of revenue to fund purchase power and wheeling credited as offsetting receipts	0	0	-34,463	-26,463	-20,000	-15,000	0
Net billing	-10,780	-11,577	-12,701	-14,082	-14,329	-14,589	-14,862
Total Proprietary Receipts ^b	115,775	139,261	172,110	172,093	172,873	173,690	176,096
Percent of sales to preference customers ^c	99%	99%	99%	99%	99%	99%	99%
Energy sales and Power Marketed (in billions of kilowatt hours)	8	8	8	8	8	8	8

^aReimbursements of \$28,000,000 authorized, however \$8,000,000 not expected to be applied until mid-FY 2000 when Richard B. Russell project pump back units are expected to be declared commercially operable.

^bRevenue increase in FY 2001 anticipates that the Richard B. Russell Project pump-back units are commercially operable, plus a rate increase in the Jim Woodruff System. Rate increase for Kerr-Philpott System in FY 2002.

^cIncludes TVA.

**DEPARTMENT OF ENERGY
FY 2001 CONGRESSIONAL BUDGET REQUEST
SYSTEM STATISTICS**

**SOUTHEASTERN POWER ADMINISTRATION
(Dollars in thousands)**

	FY 1999	FY 2000	FY 2001
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Generating Capacity:</u>			
Installed Capacity (KW) ^a	3,092,675	3,092,675	3,092,675
Peak Capacity (KW) ^b	3,690,000	3,690,000	3,690,000
<u>Generating Stations:</u>			
Generating Projects (No.)	23	23	23
<u>Available energy:</u>			
Energy from Streamflow	5,686,150	7,700,000	7,700,000
Energy from Pumping	243,232	630,000	630,000
Energy Purchased (MWH) ^c	50,517	75,000	75,000
Energy Available for Marketing (MWH) ^d	5,979,899	8,405,000	8,405,000

^aWhen four pump-generators are declared commercially operable installed capacity at the Richard B. Russell Project will increase by 300,000 kw.

^bContracted capacity includes reserves and losses.

^cJim Woodruff firming (20,331 mwh) and GA-AL-SC deficiency power (30,186 mwh).

^dGross amount; transmission losses of approximately 250,000 mwh must be deducted from this quantity to get net energy marketed to customers.

**DEPARTMENT OF ENERGY
FY 2001 CONGRESSIONAL BUDGET REQUEST**

POWER MARKETED, WHEELED, OR EXCHANGED BY PROJECT

SOUTHEASTERN POWER ADMINISTRATION

<u>Project</u>	<u>State</u>	<u>No. of Plants</u>	<u>Installed Capacity (KW)</u>	<u>FY 1999 Actual Power (GWH)</u>	<u>FY 2000 Estimated Power (GWH)</u>	<u>FY 2001 Estimated Power (GWH)</u>
<u>Power Marketed</u>						
John H. Kerr	VA-NC	1	204,000			
Philpott	VA	1	14,000	220*	498*	498*
Allatoona	GA	1	74,000)			
Buford	GA	1	86,000)			
Carters	GA	1	500,000)			
J. Strom Thurmond	GA-SC	1	280,000)			
Walter F. George	GA-AL	1	130,000)	2,629*	4,120*	4,120*
Hartwell	GA-SC	1	344,000)			
R. F. Henry	AL	1	68,000)			
Millers Ferry	AL	1	75,000)			
West Point	GA-AL	1	73,375)			
Richard B. Russell	GA-SC	1	300,000 ^a)			
Jim Woodruff	FL-GA	1	30,000	205	253	253
Barkley	KY	1	130,000 }			
Center Hill	TN	1	135,000 }			
Cheatham	TN	1	36,000 }			
Cordell Hull	TN	1	100,000 }	2,653*	3,283*	3,283*
Dale Hollow	TN	1	54,000 }			
Old Hickory	TN	1	100,000 }			

^aFour pump-generators at the Richard B. Russell Project are scheduled to go into commercial operation in FY 1999, to give a total installed capacity of 600,000 KW.

<u>Project</u>	<u>State</u>	<u>No. of Plants</u>	<u>Installed Capacity (KW)</u>	<u>FY 1999 Actual Power (GWH)</u>	<u>FY 2000 Estimated Power (GWH)</u>	<u>FY 2001 Estimated Power (GWH)</u>
J. Percy Priest	TN	1	28,000 }			
Wolf Creek	TN	1	270,000 }			
Laurel	TN	1	61,000 }			
Stonewall Jackson	WV	1	300	1	1	1
<u>Total Power Marketed</u>		23	3,092,675	5,708	8,155	8,155

* Projects are integrated hydraulically, electrically, and financially for marketing purposes.

**DEPARTMENT OF ENERGY
FY 2001 CONGRESSIONAL BUDGET REQUEST**

PENDING LITIGATION

SOUTHEASTERN POWER ADMINISTRATION

In *Central Electric Power Cooperative, Inc., et al. vs. Southeastern Power Administration, et al.*, No. 3-91-2449-0 (D.C.S.C.; filed August 15, 1991), six customers in South Carolina filed suit against Southeastern in U. S. District Court requesting the court to declare illegal Southeastern's energy surcharge contained in its 1990 approved rates for the Georgia-Alabama-South Carolina System, as applied to these customers. These six customers (five cooperatives and South Carolina Public Service Authority) had declined to participate in a voluntary, short-term rate increase during 1989, while 168 other customers in the system participated in the voluntary rate increase earlier than allowed by their contracts. The short-term rate change was required to offset the effects of extensive droughts in the southeast and escalating Corps of Engineers operation and maintenance costs. The energy surcharge contained in those rates was to collect the portion of the costs not recovered from these six customers, and the costs were fully collected by September 1993. The parties have filed Motions for Summary Judgment which were argued in October 1992, and a ruling by the District Court is expected at any time.