

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 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, [\$8,500,000] *\$8,594,000*, to remain available until expended; in addition, notwithstanding the provisions of 31 U.S.C. 3302, not to exceed \$28,000,000 in reimbursements, \$20,000,000 for transmission wheeling and ancillary services and \$8,000,000 for power purchases at the Richard B. Russell Project, to remain available until expended.]

Explanation of Change

Change in appropriation language reflects a budget authority derived from the carryover of FY 1999 funds. No appropriations or reimbursement authority are being requested for purchase power and wheeling activities. The customers of Southeastern will be required to fund their own purchase power and transmission wheeling agreements.

Southeastern Power Administration

Executive Budget Summary

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. 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, transmission functions are accomplished through arrangements between Southeastern's customers 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.

Beginning in FY 2000, the Southeastern Power Administration will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of the Southeastern Power Administration will make their own purchase and transmission arrangements directly with suppliers. Improved transmission access that results from restructuring of the electric industry allows most customers to continue obtaining these power purchases and wheeling services from other sources. Power receipt estimates have been reduced to reflect the reduced spending by the Southeastern Power Administration.

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.
- # 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 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 to the busbar, contract service, billing and collection functions and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
- # Southeastern continues 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 power system generation to maximize 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.

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 allocation are expected to intensify and 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 heard.

Major Changes

- # Beginning in FY 2000, the Southeastern Power Administration will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of the Southeastern Power Administration will make their own purchase and transmission arrangements directly with suppliers. Improved transmission access that results from restructuring of the electric industry allows most customers to continue obtaining these power purchases and wheeling services from other sources. Power receipt estimates have been reduced to reflect the reduced spending by the Southeastern Power Administration.
- # Southeastern continues to revise its Strategic Plan. The plan outlines the goals and objectives Southeastern anticipates implementing during the next five years.
- # Southeastern expanded its capability to schedule the hourly generation of the hydroelectric projects by improving communications with the individual projects in Southeastern's marketing area.
- # Southeastern's total quality process continues with associates receiving training in the areas of team building and process improvement techniques. Southeastern's efforts in Total Quality Management have improved customer service.
- # The Competitive Resource Strategies Program has begun to focus on competitiveness issues that have evolved over the past several years as well as new initiatives. The competitiveness issues resulted from the passage of the Energy Policy Act of 1992 and subsequent implementing orders, which directed Southeastern and its preference customers toward a competitive market. In cooperation with preference customers, state associations and Federal entities, Southeastern co-sponsors cost shared workshops to help its customers address issues surrounding the implementation of energy efficiency programs in a competitive market.
- # The FY 2000 budget request discontinues an approach of using customer reimbursements to pay for transmission wheeling and ancillary services needed to deliver power to some preference customers and to pay for power purchases.
- # 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. The estimated increase in receipts to the Treasury is \$3,000,000 annually.

Site Funding and Federal and Contractor Staffing Profiles

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Program Direction	4,463 ^a	4,370	4,727
Purchase Power & Wheeling	11,149 ^b	6,130	0
Subtotal, Southeastern	15,612	10,500	4,727
Use of prior year balances	-4,000	-3,000	-5,500
Total	11,612	7,500	-773 ^c
Full Time Equivalents	41	41	42
Contractor Staffing	0	0	0

^aReprogramming of \$150,000 from Purchase Power & Wheeling to Program Direction.

^bFunds of \$610,000 transferred to Southwestern for accounting system.

^cProposed appropriation transfer to Southwestern Power Administration.

**Operation and Maintenance,
Southeastern Power Administration**

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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 a Power Marketing Agency (PMA) receives, for each month of the fiscal year, a Control Compliance Rating of “Pass” using the North American 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, transmission functions are accomplished through arrangements between Southeastern's customers 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.

Beginning in FY 2000, the Southeastern Power Administration will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of the Southeastern Power Administration will make their own purchase and transmission arrangements directly with suppliers. Improved transmission access that results from restructuring of the electric industry allows most customers to continue obtaining these power purchases and wheeling services from other sources. Power receipt estimates have been reduced to reflect the reduced spending by the Southeastern Power Administration.

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.
- # 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.

**Operation and Maintenance,
Southeastern Power Administration**

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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 to the busbar, contract service, billing and collection functions and daily coordination of reservoir operations to maximize power output and meet firm power commitments.
- # Southeastern continues 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 power system generation to maximize 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 Power Marketing Agency (PMA) receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Reliability Council performance standard.

Significant Accomplishments and Program Shifts

- # Beginning in FY 2000, the Southeastern Power Administration will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of the Southeastern Power Administration will make their own purchase and transmission arrangements directly with suppliers. Improved transmission access that results from restructuring of the electric industry allows most customers to continue obtaining these power purchases and wheeling services from other sources. Power receipt estimates have been reduced to reflect the reduced spending by the Southeastern Power Administration. In addition, Southeastern discontinues the approach of using customer reimbursements and net billing to pay for transmission wheeling and ancillary services needed to deliver power to some preference customers and to pay for power purchases.
- # Southeastern continues to take the lead in fostering communications with our 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 enable the Agency to identify changing customer needs. Both partnerships meet periodically to exchange information and promote their visions.
- # Southeastern expanded its capability to schedule 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 energy efficiency and competitiveness 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 new training initiatives.

- # 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.
- # In FY 1998, Southeastern marketed 8,610 GWH of clean renewable hydroelectric energy for \$168,993,562 in revenues providing total proprietary receipts of \$141,107,963. Southeastern anticipates proprietary receipts of \$133,090,000 for FY 1999, and \$129,457,000 for FY 2000.
- # 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 increase in receipts to the Treasury is \$3,000,000 annually.

Funding Profile

(dollars in thousands)

	FY 1998 Current Appropriation	FY 1999 Original Appropriation	FY 1999 Adjustments	FY 1999 Current Appropriation	FY 2000 Request
Program Direction ^a	4,463	4,370	4,370	4,370	4,727
Purchase Power & Wheeling ^b	11,149	6,130	6,130	6,130	0
Subtotal, Southeastern Power Administration . . .	15,612	10,500	10,500	10,500	4,727
Use of prior year balances	-4,000	-3,000	-3,000	-3,000	-5,500
Total, Southeastern Power Administration	11,612	7,500	7,500	7,500	-773 ^c

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"

^aReprogramming of \$150,000 from Purchase Power & Wheeling to Program Direction in FY 1998.

^bFunds of \$610,000 transferred to Southwestern Power Administration for accounting system.

^cProposed Appropriation transfer to Southwestern Power Administration.

Funding by Site

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Southeastern Power Administration	15,612	10,500	4,727	-5,773	-55%
Use of prior year balances	-4,000	-3,000	-5,500	-2,500	83%
Transfer to Southwestern Power Administration	0	0	773	773	
Total, SEPA	11,612	7,500	0	-7,500	-100%

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. 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.

Purchase Power and Wheeling

Mission Supporting Goals and Objectives

Beginning in FY 2000, the Southeastern Power Administration will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of the Southeastern Power Administration will make their own purchase and transmission arrangements directly with suppliers. Improved transmission access that results from restructuring of the electric industry allows most customers to continue obtaining these power purchases and wheeling services from other sources. Power receipt estimates have been reduced to reflect the reduced spending by the Southeastern Power Administration.

Funding Schedule

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Purchase Power and Wheeling	11,149	6,130	0	-6,130	-100%

**Operation and Maintenance,
Southeastern Power Administration/
Purchase Power and Wheeling**

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Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000
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Purchase Power and Wheeling

#	Payment of transmission service charges for delivery of power over non-Federal Systems and ancillary services.	21,009	21,009	0
#	Purchase of energy to pump water into the Richard B. Russell Project for later release.. . . .	5,300	8,000	0
#	Purchase of energy to pump water into the Carters Project for later release.. . . .	3,240	3,521	0
#	Purchase of default energy.	1,000	1,000	0
#	Purchase support capacity and firming energy required to meet commitments for the Jim Woodruff project due to adverse water conditions. Adverse water conditions can occur in times of drought or flood.	600	600	0
#	Reimbursements are funds collected by Southeastern from its customers for transmission and ancillary services, and for purchase power	-20,000	-28,000	0
Total, Southeastern Power Administration - Purchase Power and Wheeling		11,149	6,130	0

**Operation and Maintenance,
Southeastern Power Administration/
Purchase Power and Wheeling**

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Explanation of Funding Changes from FY 1999 to FY 2000

FY 2000 vs.
FY 1999
(\$000)

Purchase Power and Wheeling

#	Purchase Power and Wheeling Program discontinued due to policy change. Beginning in FY 2000, Southeastern will no longer seek appropriations for purchase power and wheeling activities. Instead, the customers of Southeastern will be required to fund their own power purchases and transmission agreements. Power receipt estimates have been reduced to reflect the reduced spending by Southeastern.	-6,130
	Total Funding Change, Purchase Power and Wheeling	-6,130

**Operation and Maintenance,
Southeastern Power Administration/
Purchase Power and Wheeling**

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Southeastern Power Administration Program Direction

Mission Supporting Goals and Objectives

Program direction provides for: (1) scheduling the generation of power and supervision of power deliveries; (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 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 administrative and management activities of Southeastern. It includes activities to support mission accomplishment, information management (IM) (formerly ADP) and telecommunication services, public information program, personnel, contracts and procurement, supply, security, technical library, facilities, and strategic planning.
- 34% The Power Resources Division monitors and forecasts power production to determine the amounts of available power and energy and evaluates 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.

As of September 30, 1997, the projects represent a cumulative Federal investment, including replacements of \$1,494,838,297. Through FY 1997, \$581,856,629 has been repaid in addition to \$932,562,269 in interest. In FY 1998, 8,610 GWH of hydroelectric energy were marketed for \$168,993,562 in revenues providing total proprietary receipts of \$141,107,963. Receipts are expected to be \$133,090,000 in FY 1999, and \$129,457,000 in FY 2000.

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 Power Marketing Agency (PMA) receives, for each month of the fiscal year, a Control Compliance Rating of "Pass" using the North American Reliability Council performance standard.

Funding Schedule

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Salary and Benefits	2,669	2,693	2,863	+170	+6.3%
Travel	200	195	220	+25	+12.8%
Support Services	258 ^a	75	125	+50	+40.0%
Other Related Expenses	1,336 ^b	1,407	1,519	+112	+8.3%
Total	4,463	4,370	4,727	+357	+8.2%
Full Time Equivalents	41	41	42	1	2.0%

^aThis amount includes \$83,000 reprogrammed for consulting services for the new accounting system.

^bThis amount includes \$67,000 reprogrammed for computer equipment necessary to support the new accounting system.

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000
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Salaries and Benefits

Negotiation, preparation, execution, and administration of all contracts for the disposition of electric power and to insure 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. 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, and monitor testing of pump-back units at the Richard B. Russell Project until the units are declared commercially operable. Beginning in FY2000 customers will arrange for their own purchase power and transmission requirements.

Power billing, collection, and payment functions for approximately 300 contracts which benefits 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.

Salaries and benefits are determined based on the amount of money needed to pay employees based on the GS pay schedule.	2,669	2,693	2,863
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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,

(dollars in thousands)

FY 1998	FY 1999	FY 2000
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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, and transportation of things.

	200	195	220
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Support Services

Continue Southeastern’s Competitive Resource Strategies Program to provide energy efficiency and competitiveness training for its preference customers.

	175	75	125
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Consulting Services for Information Management support for new accounting system

	83	0	0
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Other Related Expenses

Provide administrative support for the office, rent, communications, maintenance, contract services (janitor services, library services, support for DOE Power Marketing Liaison Office, Information Management (IM), audit of financial statements, supplies and materials, equipment. Also provides for installation of various electronic equipment and data and communication lines for interconnection and interface between the projects SCADA system and Southeastern.

FY 1998 includes reprogramming of \$150,000 for accounting that is standardized with other Power Marketing Agencies and “year 2000” compliant.

	1,336	1,407	1,519
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Total, Program Direction

	4,205	4,295	4,727
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**Operation and Maintenance,
Southeastern Power Administration/
Program Direction**

**FY 2000 Congressional
Budget**

Explanation of Funding Changes FY 1999 to FY 2000

FY 2000 vs. FY 1999 (\$000)

Salaries and Benefits

Increases in salaries and benefits are due to promotions, pay increases and within grade increases and one additional FTE to work in Information Management (IM). +170,000

Travel

Increases in travel expenses are due to general increases associated with transportation, per diem rates, and higher volume of travel for supplemental operations training and licensing. Southeastern's remote location requires extensive travel. +25,000

Support Services

Support services partially restores funding for competitiveness and energy efficiency workshops to help customers address issues surrounding the implementation of energy efficiency programs in a competitive market. Cost sharing of this program with customers allows the FY 2000 budget be slightly less than the FY 1998 level. +50,000

Other Related Expenses

Other Related Expenses. IM support and installation of equipment and communications lines for interconnection and interface between the projects SCADA systems and Southeastern. Increase due to general inflation in the cost of related services, supplies, materials and other communication equipment. +112,000

Total Funding Change, Program Direction +357,000

Support Services

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Competitive Resource Strategies	175	75	125	+50	+67%
Information Management support and accounting system support	83	0	0	0	0%
Total Support Services	258	75	125	+50	+67%
Use of Prior Year Balances	0	0	0	0	0%
Total Support Services	258	75	125	+50	+67%

Other Related Expenses

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Audit of Financial Statements	95	96	99	+3	+3.1%
Communications	236	237	256	+19	+8.0%
Rental Space	111	150	200	+50	+33.3%
Maintenance Agreements	84	99	120	+21	+21.2%
Tuition	50	75	80	+5	+6.7%
Printing & Reproduction	11	11	12	+1	+09.1%
Supplies & Materials	168	170	196	+26	+15.3%
Contract Services	285	284	307	+23	+8.1%
Equipment, (General and IM)	296	235	99	-136	-42.1%
IM, electronic equipment, and data communication lines for control center interconnection and interfaces between projects SCADA systems and Southeastern.			100	+100	+100.0%
Total Obligation Authority	1,336	1,357	1,469	+112	+8.2%
Use of Prior -Year Balances	0	0	0	0	0%
Total Budget Authority	1,336	1,357	1,469	+112	+8.2%

**Operation and Maintenance,
Southeastern Power Administration/
Program Direction**

**FY 2000 Congressional
Budget**

DEPARTMENT OF ENERGY
FY 2000 CONGRESSIONAL BUDGET REQUEST

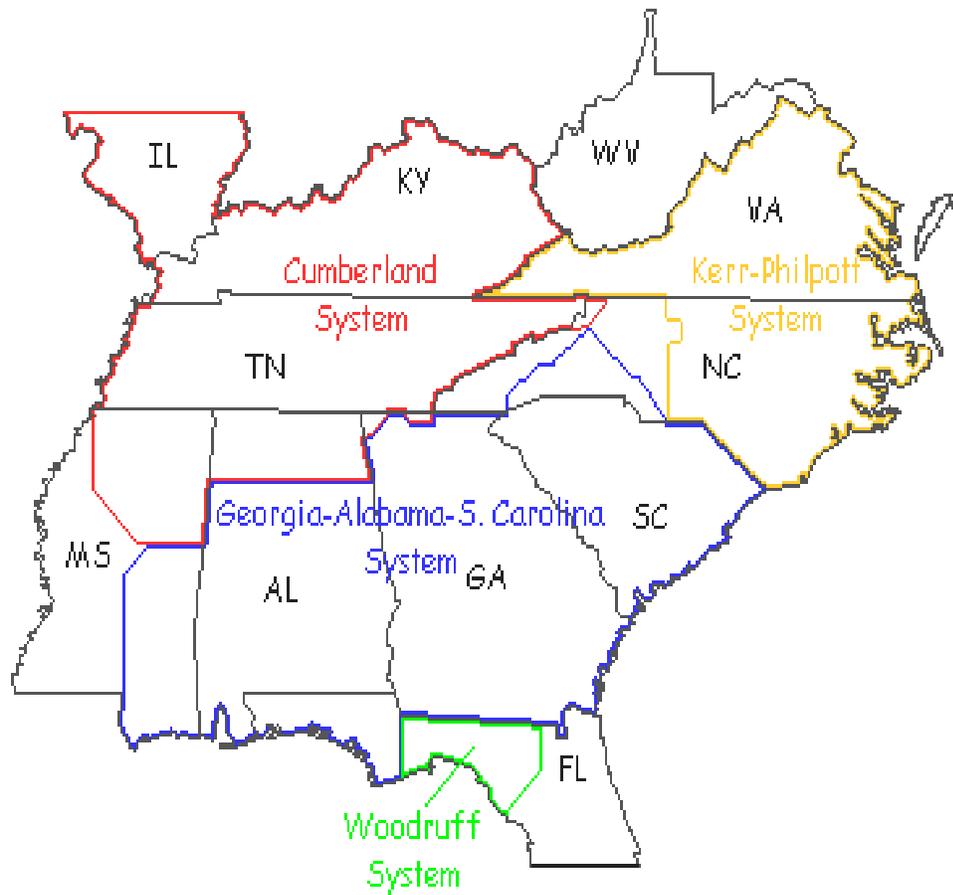
MARKETING AREA MAP

**Operation and Maintenance,
Southeastern Power Administration**

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**SOUTHEASTERN POWER ADMINISTRATION
DEPARTMENT OF ENERGY
FY 2000 CONGRESSIONAL BUDGET REQUEST**

SOUTHEASTERN POWER ADMINISTRATION



ALTERNATIVE FINANCING

(dollars in thousands)

FY 1998	Transmission	Purchase Power	Reimbursements	Net Bill	Appropriated Funds
Jim Woodruff System	0	800	0	-200	600
Kerr-Philpott System	4,159	0	0	0	4,159
GA-AL-SC System	21,203	9,540	-20,000	-4,553	6,190
Cumberland System	7,200	0	0	-7,000	200
Total:	32,562	10,340	-20,000	-11,753	11,149
FY 1999					
Jim Woodruff System	0	800	0	-200	600
Kerr-Philpott System	4,356	0	0	0	4,356
GA-AL-SC System	21,078	12,521	-28,000	-4,631	968
Cumberland System	7,206	0	0	-7,000	206
Total:	32,640	13,321	-28,000	-11,831	6,130
FY 2000					
Jim Woodruff System	0	0	0	0	0
Kerr-Philpott System	0	0	0	0	0
GA-AL-SC System	0	0	0	0	0
Cumberland System	0	0	0	0	0
Total:	0	0	0	0	0

**Operation and Maintenance,
Southeastern Power Administration**

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DEPARTMENT OF ENERGY
FY 2000 CONGRESSIONAL BUDGET REQUEST

SOUTHEASTERN POWER ADMINISTRATION

REVENUES AND RECEIPTS

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Southeastern Power Administration							
Gross Revenues:							
Sale & transmission							
of electric energy	152,192	143,665	129,457	169,385	169,774	169,774	169,774
Revenue from							
Reimbursements ^a	16,802	28,000	0	0	0	0	0
Subtotal	168,994	171,665	129,457	169,385	169,774	169,774	169,774
Less:							
Reimbursements	-16,802	-28,000	0	0	0	0	0
Net billing amount credited as an offsetting receipt	-10,840	-10,575	0	0	0	0	0
Total Proprietary Receipts ^{bc}	141,108	133,090	129,457	169,385	169,774	169,774	169,774
Percent of sales to preference customers ^d	99%	99%	99%	99%	99%	99%	99%
Energy sales and Power Marketed (in billions of kilowatt hours)	8	8	8	8	8	8	8

^aAlthough \$8 million for Russell pumping was added to revenues, the project is not expected to be declared commercially operable during FY 1999.

^bReceipts in FY1998 and out years have been increased \$3 million to reflect the recovery of the unfunded portion of the Civil Service Retirement System and Post Retirement Benefits for Southeastern and the U.S. Army Corps of Engineers power related employees.

^cRevenue increase in FY 2001 anticipated when the Richard B. Russell Project pump-back units are declared commercially operable. Revenue increase in FY 2000 due to rate increase.

^dIncludes TVA.

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SYSTEM STATISTICS

SOUTHEASTERN POWER ADMINISTRATION

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Estimate
<u>Generating Capacity:</u>			
Installed Capacity (KW)	3,092,675 ^a	3,092,675 ^a	3,092,675 ^a
Peak Capacity (KW)	3,690,000 ^b	3,690,000	3,690,000
<u>Generating Stations:</u>			
Generating Projects (No.)	23	23	23
<u>Available energy:</u>			
Energy from Streamflow	9,065,493	7,700,000	7,700,000
Energy from Pumping	124,289	630,000	630,000
Energy Purchased (MWH)	39,088 ^c	75,000 ^c	0 ^c
<hr/>			
Energy Available for Marketing (MWH)	9,228,870 ^d	8,405,000 ^d	8,330,000 ^d

^aIf four pump-generators at the Richard B. Russell Project go into commercial operation in late FY 2000, the installed capacity would be increased by 300,000 kw.

^bContracted capacity included reserves and losses.

^cJim Woodruff firming (36,968 mwh) and GA-AL-SC deficiency power (2,120 mwh).

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

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POWER MARKETED, WHEELED, OR EXCHANGED BY PROJECT

SOUTHEASTERN POWER ADMINISTRATION

Project	State	Plants	Installed Capacity (KW)	Estimated Power (GWH)		
				FY 1998	FY 1999	FY 2000
John H. Kerr	^a VA-NC	1	204,000			
Philpott	^a VA	1	14,000	622	475	475
Allatoona	^b GA	1	74,000			
Buford	^b GA	1	86,000			
Carters	^b GA	1	500,000			
J. Strom Thurmond	^b GA-SC	1	280,000			
Walter F. George	^b GA-AL	1	130,000			
Hartwell	^b GA-SC	1	344,000			
R. F. Henry	^b AL	1	68,000			
Millers Ferry	^b AL	1	75,000			
West Point	^b GA-AL	1	73,375			
Richard B. Russell	^b GA-SC	1	300,000	4,531	4,096	4,096
Jim Woodruff	FL-GA	1	30,000	201	230	230
Barkley	^c KY	1	130,000			
Center Hill	^c TN	1	135,000			
Cheatham	^c TN	1	36,000			
Cordell Hull	^c TN	1	100,000			
Dale Hollow	^c TN	1	54,000			
Old Hickory	^c TN	1	100,000			
J. Percy Priest	^c TN	1	28,000			
Wolf Creek	^c TN	1	270,000			
Laurel	^c TN	1	61,000	3,255	3,260	3,260
Stonewall Jackson	WV	1	300	1	1	1
Total Power Marketed:		23	3,092,675	8,610	8,062	8,062

^{a,b,c} Projects are integrated hydraulically, electrically, and financially for marketing purposes.

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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.

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CROSSCUTS

SOUTHEASTERN POWER ADMINISTRATION

Environment, Safety and Health

Southeastern is located in a field office and is not involved in any environmentally hazardous activities.

Safeguards and Security

In terms of national security Southeastern does not handle any politically or militarily sensitive information.

Information Management

Southeastern carries out all of its data processing and typing via use of easily attainable hardware and software. In some cases the communications software is customized for power delivery and tracking. Information management is not a proportionally large part of Southeastern's total budget.

EE and ER Solar and Renewables

We participate as appropriate through the Competitive Resource Strategies Program.