Southeastern Power Administration

2020 Annual Report

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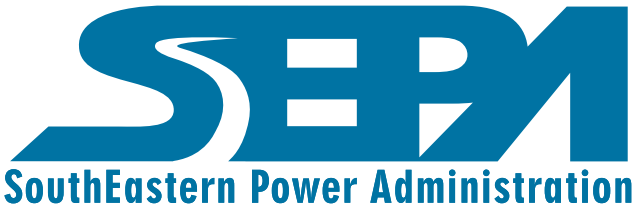

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Fast Facts

Administrator & Chief Executive:
Virgil G. Hobbs III

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

Website:
energy.gov/sepa/southeastern-power-administration

Number of Employees: 44

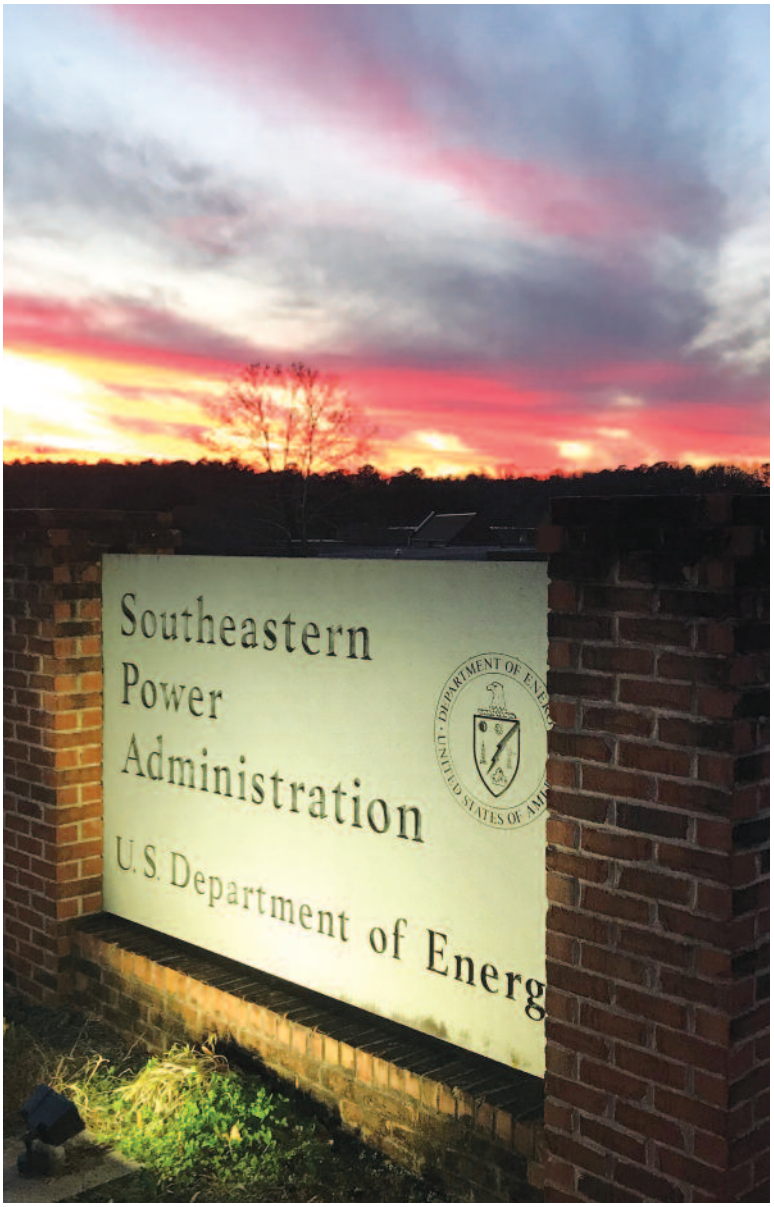
Marketing Area:
Alabama, Florida, Georgia, Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia

Customers:

Electric Cooperatives	192
Public Bodies	281
Investor-Owned Utilities	1
Total	474

Financial Data:

Power and Other Operating Revenues	$313 million
Total Capital Investment	$2.9 billion
Investment Remaining	$1.6 billion
Cumulative Investment Repaid	$1.2 billion
Cumulative Investment Interest Paid	$2.5 billion



December sunset on Southeastern Headquarters' locally crafted granite roadside sign. Elberton, Georgia, is proclaimed to be the "Granite Capital of the World."

ON THE COVER:
The morning sun lights the interior of the John H. Kerr seven generator powerhouse in Boydton, Virginia. With the full support of Federal hydropower customers, Southeastern facilitated the acquisition, distribution, and registration of Renewable Energy Certificates for energy recipients of the Kerr-Philpott System.

Administrator's Report

Secretary Granholm:

On behalf of Southeastern Power Administration (Southeastern), I am proud to present our Annual Report for Fiscal Year 2020. This report reflects the agency's programs, accomplishments, operational functions, and financial activities for the 12-month period beginning October 1, 2019, and ending September 30, 2020.

The year brought numerous changes and challenges to which Southeastern successfully responded throughout the year. From the COVID pandemic to numerous leadership position transitions, Southeastern staff proved flexible, resilient, and adaptive in continuing to carry out our mission and meeting the needs of our customers.

Southeastern marketed almost nine billion kilowatt-hours of Federal hydropower energy to 474 wholesale customers in ten southeastern states. Power revenues totaled nearly $303 million.

We continued to work closely with our generating partners at the U.S. Army Corps of Engineers (Corps) to improve the reliability and availability of the Federal hydropower assets in the Southeastern service area. Customers across all four marketing areas approved $64 million in FY 2020 for capitalized hydropower infrastructure improvements that would have otherwise required direct appropriations for the Federal assets. While we worked to execute new infrastructure investments, we also pursued operational efficiencies and improved product value in an effort to remain a competitive and beneficial component in our customers' energy portfolios. This is particularly important as new nuclear, natural gas and solar generation is introduced to the region under challenging economic circumstances.

As the energy needs and priorities of our preference utility customers change, Southeastern is evolving as well. In FY 2020, Southeastern developed a renewable energy certificate distribution program for the customers of the Kerr-Philpott System in North Carolina and Virginia. The public process was completed shortly after the fiscal year end, and certificate distribution has begun. We are exploring the benefits of similar programs in our other systems.

Southeastern also transitioned our Power System Dispatcher positions from a General Service to an Administratively Determined pay scale based on Division C, Title III, Public Law 116-94. This allows our Operations Center personnel to be compensated in accordance with industry standards, enhancing recruitment and retention of these vital positions.

I was honored to become Southeastern's Administrator in August of 2020, the tenth individual to hold the responsibility since establishment in 1950. I look forward to leading the agency into a new chapter of providing clean, renewable hydroelectric power to cities and cooperatives at the lowest possible cost consistent with sound business principles.

The accomplishments of 2020 and in the coming years would not be possible without the dedication and hard work of Southeastern's employees in rural Elberton, Georgia. I am committed to the safety and well-being of our valued staff and will strive to make Southeastern a great place to work.

Southeastern is well positioned to meet the challenges of the region's dynamic energy future. We will continue to build our strong generation, transmission and distribution partnerships to improve and sustain this clean, renewable, carbon-free resource. The twelve million energy consumers served by our Federal hydropower customers are depending on us!

Sincerely,

Virgil G. Hobbs III
Administrator & Chief Executive

Mission, Vision & Organization

Mission Statement

Southeastern will market and deliver federal hydroelectric power, at the lowest possible cost, to public bodies and cooperatives in the Southeastern United States.

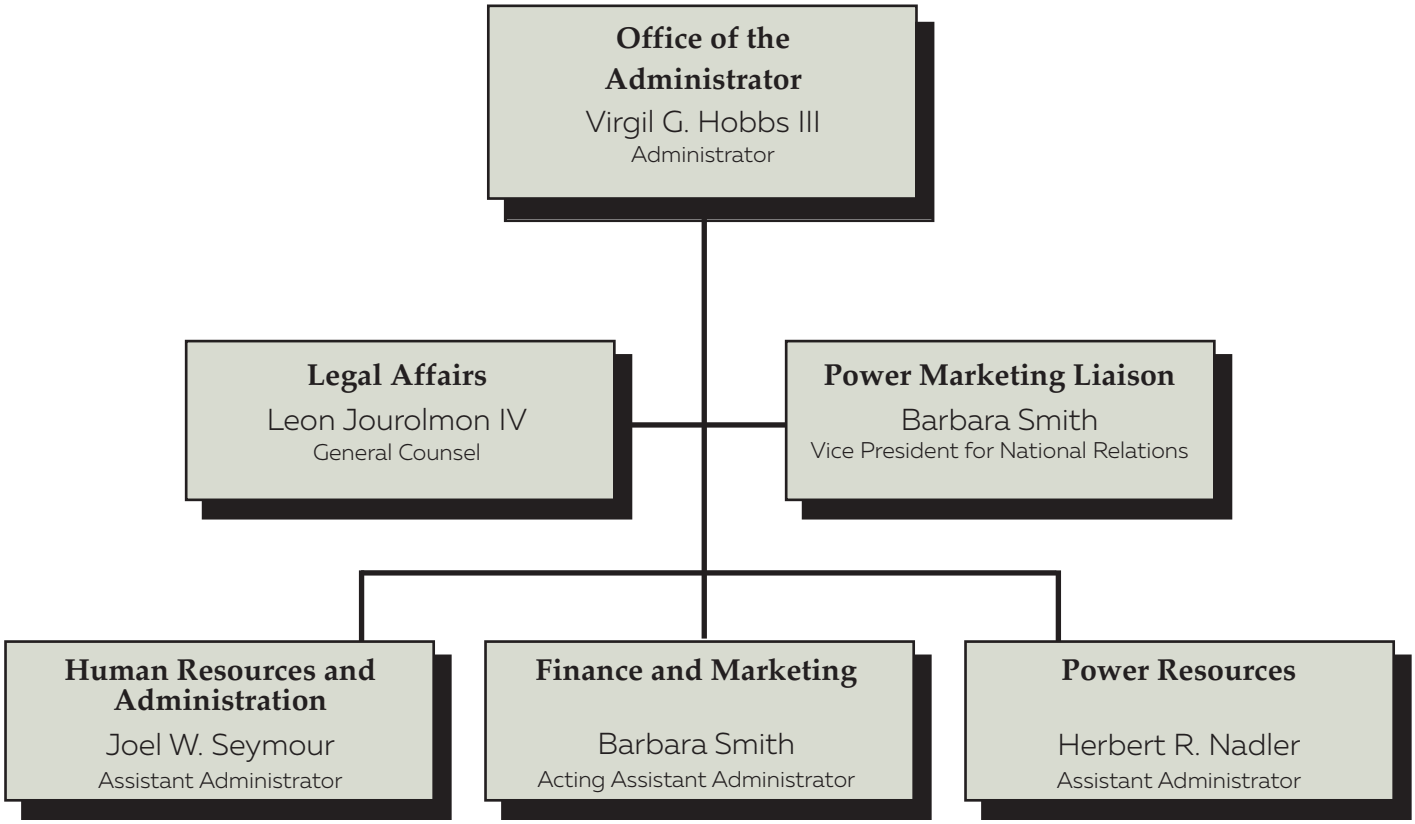
Vision Statement

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

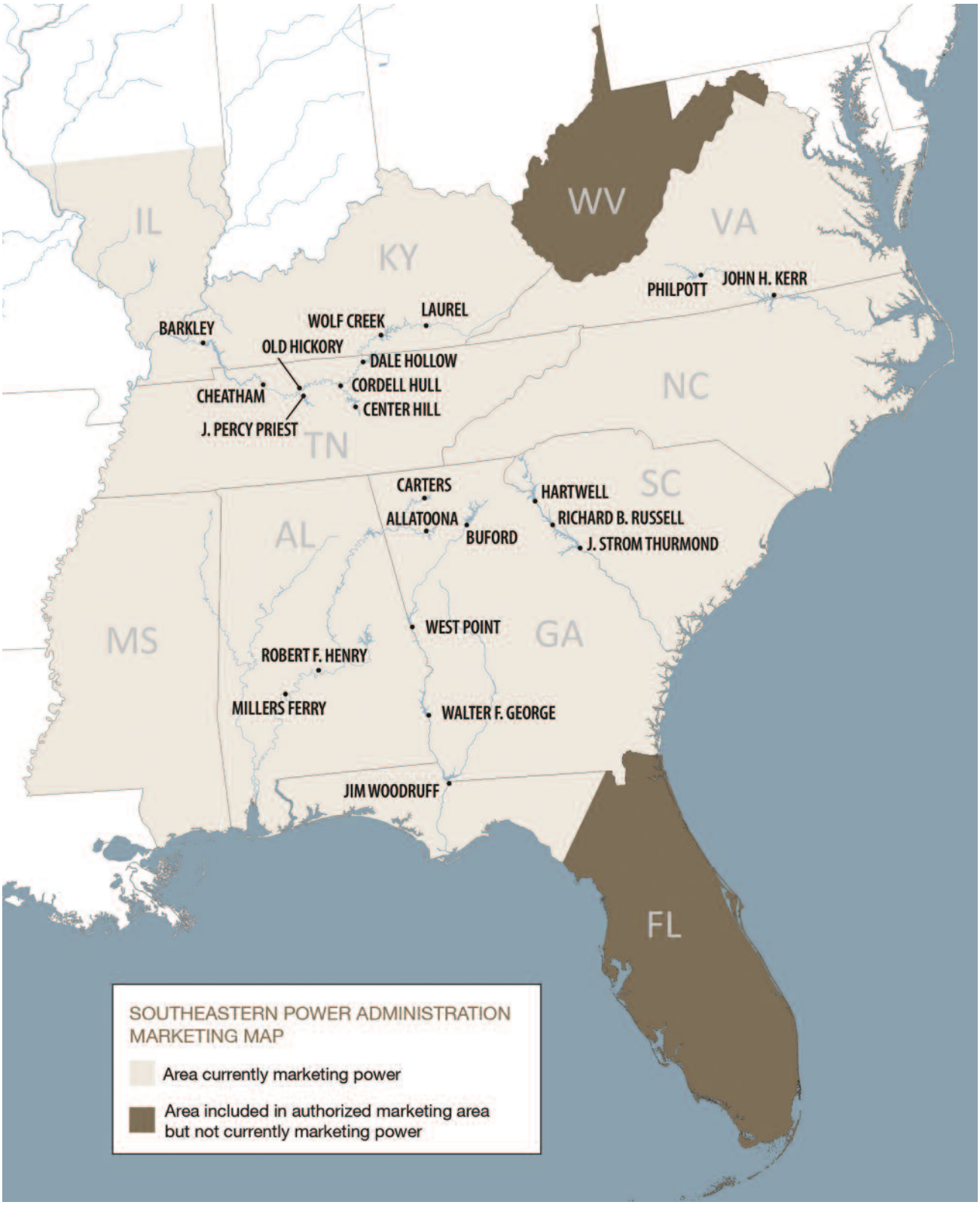
Southeastern Power Administration

U.S. Department of Energy

Organizational Chart



Marketing Map



Marketing Objectives

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

The objectives of Southeastern are to market the electric power and energy generated by the Federal reservoir projects and to encourage widespread use of the power at the lowest possible cost to consumers. Power rates are formulated based on sound financial principles. Preference in the sale of power is given to public bodies and cooperatives, referred to as preference customers. Southeastern does not own transmission lines and must contract with other utilities to provide transmission service for the delivery of Federal power.

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

Section 5 of the Flood Control Act of 1944

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

Cumberland

On August 18, 2020, the Administrator confirmed and approved new rate schedules on an interim basis effective October 1, 2020, and extending through September 30, 2025. The rate schedules were submitted to FERC on August 21, 2020, for confirmation and approval on a final basis. System rates for the period October 1, 2020, through March 31, 2021, for customers with Rate Schedules CBR-1-J, CSI-1-J, CM-1-J, CK-1-J, CTV-1-J, and CTVI-1-C:

Capacity: $3.43/kW/month
Energy: 12.835 mills/kWh

For Rate Schedule CEK-1-J:

Capacity: $1.826/kW/month
Energy: 12.835 mills/kWh

For Rate Schedule CC-1-K:

Capacity: $3.904/kW/month
Energy: 12.835 mills/kWh

Georgia-Alabama-South Carolina

Georgia-Alabama-South Carolina System rate schedules were effective on October 1, 2017, and approved on a final basis January 25, 2018, by FERC.

Jim Woodruff

Rates were effective on October 1, 2016, and approved on a final basis by FERC for the Jim Woodruff System on October 20, 2016.

Kerr-Philpott

On August 18, 2020, the Administrator confirmed and approved new rate schedules on an interim basis effective October 1, 2020, and extending through September 30, 2025.

The rate schedules were submitted to FERC on August 21, 2020, for confirmation and approval on a final basis. System rates for the period October 1, 2020, through March 31, 2021:

Capacity: $4.40/kW/month
Energy: 17.80 mills/kWh

Repayment Studies

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

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

Status of Repayment as of September 30, 2020 (in millions) - Table 1

System	Initial Year of Repayment Studies	Cumulative Revenue $	Cumulative Expenses and Interest $	Total Investment to be Repaid $	Investment Repaid to Date $	Unpaid Balance of Investment $
GA-AL-SC	1950	5,670	4,983	1,922	687	1,235
Jim Woodruff	1957	308	267	82	42	40
Cumberland	1949	1,966	1,560	633	406	227
Kerr-Philpott	1953	748	633	241	114	127
TOTAL		**8,692**	**7,443**	**2,878**	**1,249**	**1,629**

Program Direction

Program Direction

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

In FY 2020, Southeastern pursued workforce efficiencies and planning, improved Information Technology, and continued regional partnerships such as Team Cumberland and Team Alliance. In addition, Southeastern maintained active engagement in the Federal Hydropower Council, a coordinated effort to explore program improvements nationwide.

Human Capital Update

In FY 2020, the Novel Coronavirus (COVID-19) presented many workplace changes and challenges for employees. The utmost goal of management was to protect the health of employees while staying focused on Southeastern's mission. Through efforts by Southeastern's Information Technology team, the agency was able to quickly transition to maximum telework status for non-mission essential employees. While those in mission critical positions were required to physically report to the office as necessary, Southeastern remained diligent in following the guidance of the Centers for Disease Control (CDC) on preventive measures to protect employees.

Despite the challenges presented by COVID-19, Southeastern was able to create the framework for establishing and administering the inaugural rates of basic and premium pay pursuant to the provisions of the Further Consolidated Appropriations Act, 2020, Public Law (PL) 116-94, December 20, 2019, 133 Stat. 2534, 2675-6. The Act requires Southeastern compensate any Power System Dispatcher employed a rate of basic and premium pay based on those prevailing for similar occupations in the electric power industry, during fiscal year 2020 and each fiscal year thereafter. Southeastern's Power System Dispatchers were transitioned from the General Schedule (GS) pay plan to the Administratively Determined (AD) pay plan in May 2020. A salary survey will be conducted annually to ensure AD salary tables are in alignment with industry prevailing rates.

Management is committed to Southeastern's vision to excel in an evolving energy market by maintaining a well-trained, flexible workforce in an open, rewarding, and safe environment. Southeastern continues to focus on its workforce development and succession planning strategies to ensure adequate staffing levels and well-trained employees are in place to support the agency's mission and needs of the future. As a result, the agency is able to quickly fill vacated slots either through recruitment or temporary details. In FY 2020, Southeastern partnered with the Power Marketing Administration, Human Resources Shared Service Center, in order to create a yearlong leadership and employee development program in an effort to improve employee engagement and the workplace experience. The development program "Moving Forward, Together!" will begin in FY 2021 and will consist of various workshops to promote trust and transparency among staff.

Far left, Finance & Marketing Division members Alexa Webb, Cathy Stillson and Greg Hall experiment with virtual meeting platforms while teleworking.

Left, Information Technology Specialists Tony Moon and James Hall reestablish communications and install servers at Southeastern's Continuity of Operations alternative site.

Federal Hydropower Council

The Federal Hydropower Council brings together the Corps, US Bureau of Reclamation and Power Marketing Administration leadership to discuss the dynamic changes in energy and the status of the Federal hydropower program. Biannual meetings focus on improving existing Federal hydropower infrastructure, increasing price competiveness, exploring value and efficiencies, including project management and procurement processes. Working groups are actively pursuing four focus areas that include acquisition, charging practices, water storage reallocation and operation and maintenance improvements. Recommendations of the working group leadership may be addressed at the agency level, some may require further escalation. Some may ultimately require legislative authority. This effort will increase hydroelectric value and reliability, which supports the nation's economic and national security.

Renewable Energy Certificates

Southeastern began a new program to distribute renewable energy certificates in the Kerr-Philpott System. Southeastern published a Notice of Intent to Revise the Kerr-Philpott Marketing Policy to include a new provision to distribute the environmental attributes of the power produced to the Preference Customers. After a public process, the Southeastern power marketing policy for the Kerr-Philpott System was revised on October 14, 2020, to distribute the renewable energy certificates starting in FY 2021.

Both the John H Kerr and Philpott projects are physically located within the PJM regional transmission organization and potentially satisfy Renewable Portfolio Standards in a number of states. Southeastern subscribed to the Generation Attribute Tracking System (GATS) of PJM Environmental Information Services, Inc. The GATS is a trading platform designed to meet the needs of participants in the renewable energy certificate market. Certificates are created for every megawatt-hour of electric generation, and assigned a unique serial number. These certificates may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary "green" electricity markets.

Under the revised power marketing policy, Southeastern can distribute the GATS created certificates to current Preference Customers with allocations of power from the Kerr-Philpott System. Southeastern plans to expand this new customer valued program to the other marketed systems.

Power Contract Terminations

During FY 2018, eleven preference customers in the Georgia-Alabama-South Carolina System invoked the 25-month notice termination clause of their power sales contracts. All system customers were notified and 65 expressed interest in receiving a supplemental allocation available from the terminating contracts. Southeastern initiated and continues a process to expedite the transitions prior to the contract termination dates.

In FY 2019, Southeastern terminated five power sales contracts on December 31, 2018, and increased 35 allocations through amended power sales contracts beginning January 1, 2019. During the second phase, Southeastern terminated three power sales contracts on March 31, 2019, and increased three allocations through amended power sales contracts beginning April 1, 2019.

In May 2019, Southeastern received a twelfth termination notice and allocated additional supplemental capacity to eight customers who had previously expressed interest in the supplemental allocations.

In FY 2020, two of the remaining four contracts were terminated and power sales contract amendments executed for seven supplemental allocations effective January 1, 2020. One additional contract was terminated and four supplemental allocations to power sales contracts became effective August 1, 2020. The last remaining contract termination was to be done in phases. The first phase was accomplished as part of the August 1, 2020, contract changes. The final termination and power sales contract amendments for supplemental allocations will be effective January 1, 2021.

Customer Funding

Georgia-Alabama-South Carolina System:

In October 2019, Sub-Agreement 26 was signed to provide funds for the replacement of the 13.8 kV circuit breakers at Jones Bluff and Millers Ferry Powerhouses, both of which are over 45 years old. The cost for each replacement is $1,650,000 with the total funding requirement of $3,300,000. The funds available from closed-out Sub-Agreements 8 West Point Transformer, 9 Carters Reversing Switchgear Replacement and 20 Carters Governor Controller Replacement were $1,261,422 and the remaining amount collected from the participating customers was $2,038,578.

The Project Review Committee (PRC) agreed to amend Sub-Agreement 10 in November 2019 to include Generators 3 and 4 stator rewinds at the Hartwell Powerhouse. The total cost for Sub-Agreement 10, including this increase, is now $24,443,352.

In December 2019, Sub-Agreement 27 was signed and collected a total of $4,200,000. It will provide the Mobile and Savannah Districts $3,500,000 for the control system and protective relay replacement design and $700,000 for maintenance management efficiency improvements.

Sub-Agreement 28 provided $870,000 for Model Testing and Validation for the Mobile and Savannah Districts, and $500,000 for Circuit Breaker Hydraulic Operator Procurement and Installation, and $1,600,000 for Generator 5 Vibration Analysis and Repair at the Russell Powerhouse. Funds were available from closed-out Sub-Agreements 21, 22 and 17, totaling $55,117 leaving a net balance of $2,914,883 to be collected from the participating customers.

Sub-Agreement 23 Amendment 1 increased the funding by $800,000 to include the installation of interplant communication circuits for the Supervisory Control and Data Acquisition (SCADA) and security systems at the Allatoona, Buford, Carters, Millers Ferry and Jones Bluff Projects. The total cost for Sub-Agreement 23, including this increase, is now $3,000,000.

Kerr-Philpott System :

In May 2020, Amendment 1 to Sub-Agreement 4 was signed to provide an additional $5,325,400 for the turbine and generator replacement at the Philpott Powerhouse. The initial Sub-Agreement 4 was executed in 2017, and $20,000,000 was previously collected for this work item.

Sub-Agreement 5 was signed in April 2020 to provide $200,000 for testing of the generator excitation control systems and turbine/governor control systems and model parameter verification of the exciters and governors at the John H. Kerr Powerhouse. The funding for the design of a new digital control system and protective relay replacement in the amount of $955,000 and the design and installation of new hardware and software required to support the existing SCADA, for $2,000,000, are also included in Sub-Agreement 5. The total funding requirement for these three work items is $3,155,000.

Customer Funding

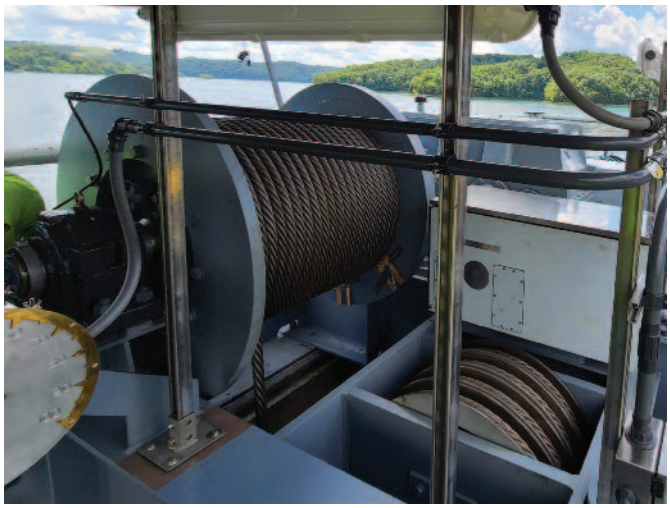
Cumberland System:

The Long-Term Memorandum of Agreement Program Coordination Committee members, representing 24 customers in Illinois, Kentucky, Mississippi, and North Carolina, signed Sub-Agreement 9 in March 2019, and collections continued through September 2020. No new Sub-Agreements were approved in FY 2020.

In April 2020, the Short-Term Memorandum of Agreement Sub-Agreement 7 was signed on behalf of 154 Tennessee Valley Authority preference customers to begin an additional $25 million collection of customer funds for major rehabilitation of hydroelectric generation equipment at the Old Hickory powerhouse.

Customer Funding Approval Summary

Allatoona	$257,000	Old Hickory	$25,000,000
Buford	$424,000	Philpott	$6,114,400
Carters	$767,000	Russell	$2,934,000
Hartwell	$19,216,000	Thurmond	$785,000
Kerr	$2,366,000	Walter F George	$877,000
Millers Ferry/Jones	$4,502,000	West Point	$258,000



Intake gates, also called headgates, permit or restrict flow into the penstock which directs lake water through the concrete dam to the generator turbines. Cumberland System customers approved funding to replace the intake gate lifting equipment at Center Hill, Dale Hollow and Wolf Creek powerplants.

Circuit breakers provide the means for individual generators to connect and disconnect from the bulk power grid through a voltage step up transformer. Jeremy Jones, Richard B Russell Powerplant Senior Electrician, works under one of eight generator circuit breakers replacing the actuating mechanism in right foreground.

Georgia-Alabama-South Carolina

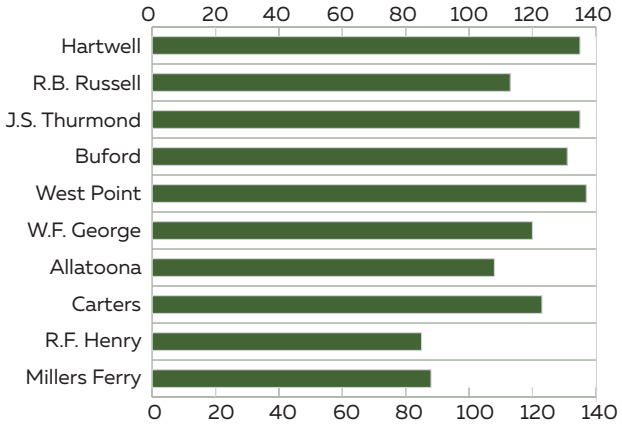
The Georgia-Alabama-South Carolina System consists of ten projects located in or on the border of Alabama, Georgia and South Carolina. The power generated at these projects is purchased by and benefits 192 preference customers in Alabama, Florida, Georgia, Mississippi, North Carolina and South Carolina.

Operational Performance

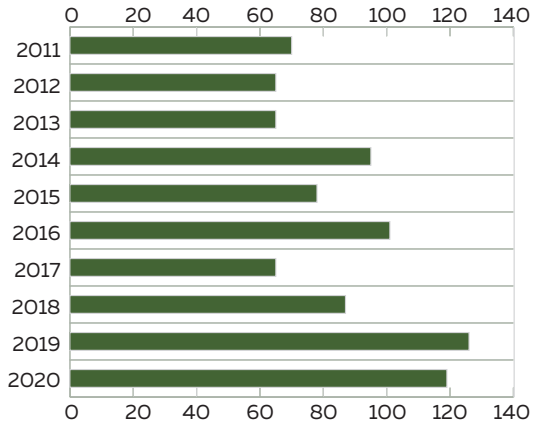
Generation from streamflow for FY 2020 was 119% of annual average. Figure A illustrates the percent of average generation by project. Figure B shows system generation for the years FY 2011 through FY 2020.

In August 2020, the Corps awarded a contract to rewind Hartwell Generator 3 and solve a long-standing vibration issue. A work schedule is pending from the contractor to determine the return to service date now estimated for FY 2022.

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



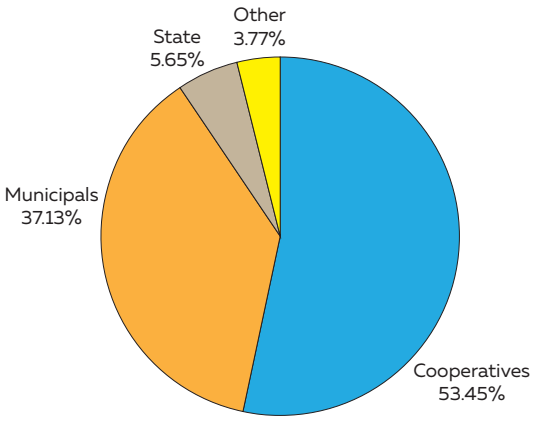
Actual Generation as a Percentage of Average System Generation - Figure B



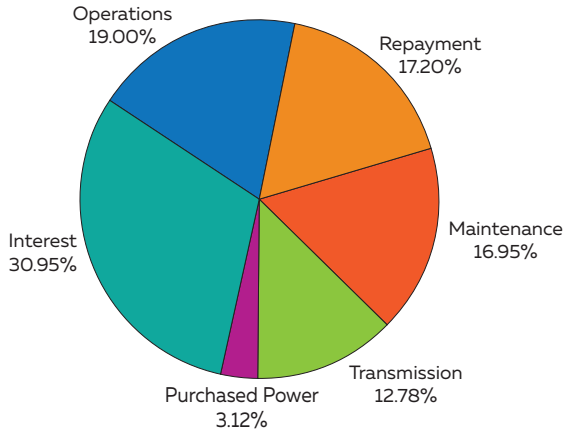
Doug Kennedy, Savannah District Hydropower Business Line Manager, describes the water passages in the J Strom Thurmond Penstock Gallery to Wayne Gordon, Adam DeDent, and Jose Figueroa. The three Department of Energy attorneys visited Savannah River Site and Southeastern reviewing ethics programs.

Marsha Cox, one of Southeastern's Power System Dispatchers, performs her generation scheduling duties from the Continuity of Operations alternative site.

FY 2020 Revenue by Source – Figure C



FY 2020 Application of Revenues – Figure D



Financial Performance

Total revenue for the Georgia-Alabama-South Carolina System in FY 2020 was $197.3 million. Of this amount, $189.9 million was derived from the sale of 4,246,463 megawatt-hours of energy and 2,184.3 megawatts of capacity. Total operating expenses, excluding depreciation, were $102.3 million. Interest charged to Federal investment was $61.1 million and repayment of the Federal investment was $33.9 million. Figure C shows the revenue by source for this system and Figure D shows the application of revenues.

Table 2 indicates the current rates. Current rates for the Georgia-Alabama-South Carolina System were approved on a final basis January 25, 2018, by FERC. The rate schedules are effective for the period October 1, 2017, through September 30, 2022.

Power Rates – Table 2

Product	Effective October 1, 2017
Capacity	4.09 $/kW/Month
Energy	12.33 mills/kWh
Generation Services	0.12 $/kW/Month

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

A mid March 2020 All Hands meeting to discuss pandemic reaction strategy Tony Moon, Sonya Hulme, Jenny Wilburn, Freddie Baker, Kimba Howard and Ann Craft socially distanced in the conference room with majority of Southeastern staff attending virtually. The following week, all whose duties permitted began teleworking from home.

Kerr-Philpott

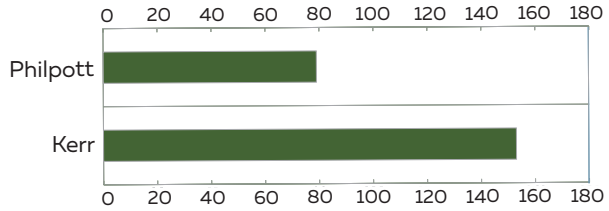
The Kerr-Philpott System consists of two projects – John H. Kerr on the Roanoke River and Philpott on the Smith River. Power generated at the projects is marketed to 75 preference customers in North Carolina and Virginia.

Operational Performance

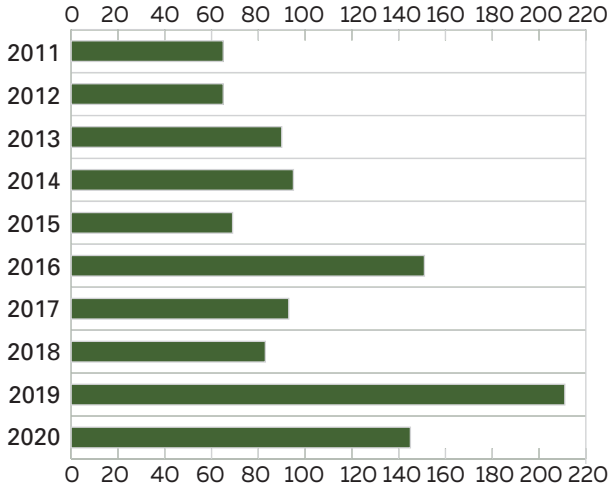
Generation for FY 2020 was 149% of annual average. Figure E illustrates the percent of average generation by project for the year. Figure F shows the system generation by year from FY 2011 through FY 2020.

Philpott Generator 2 has been out of service since a station fire in March of 2016 damaged several electrical and mechanical components. The Corps advertised a generator rehabilitation and turbine replacement contract in FY 2020. Contract award is anticipated in April of 2021. Record spring rainfall in the Philpott watershed resulted in the first historical flow over the 985 foot mean sea level spillway crest. The rainfall also triggered a landslide on May 24, 2020, which destroyed the switchgear building and rendered the entire plant inoperable until the hillside can be stablized which could take two years.

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

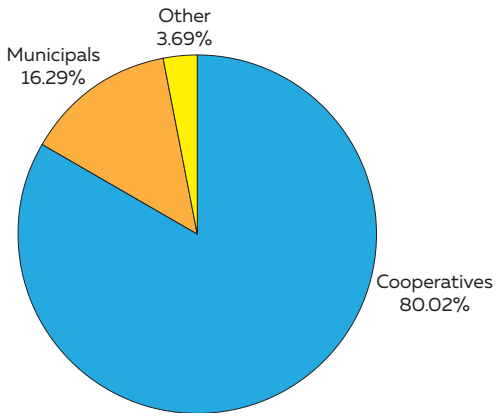


Actual Generation as a Percentage of Average System Generation - Figure F

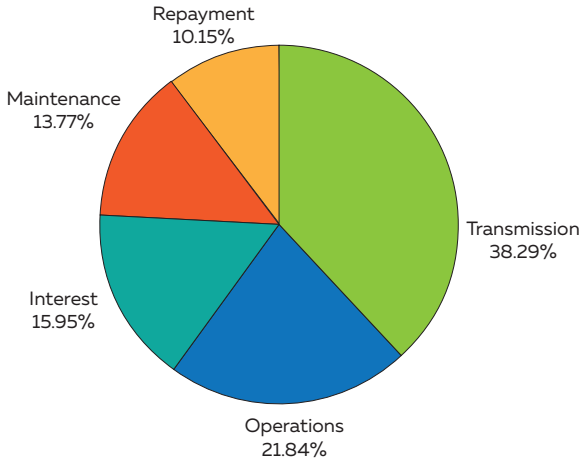


During a virtual public forum chaired by Leon Jourolmon, Alice Wolfe, General Manager for Blue Ridge Power Agency in Danville, Virginia, provides comments supporting Southeastern's proposed distribution of Renewable Energy Certificates associated with Kerr-Philpott System Federal hydropower.

FY 2020 Revenue by Source – Figure G



FY 2020 Application of Revenues – Figure H



Financial Performance

Total revenue for the Kerr-Philpott System in FY 2020 was $33.3 million. Of this amount, $32.1 million was derived from the sale of 637,161 megawatt-hours of energy and 196.5 megawatts of capacity.

Total operating expenses, excluding depreciation, were $24.6 million. Interest charged to Federal investment was $5.3 million and repayment of the Federal investment was $3.4 million in FY 2020. Figure G shows the revenue by source for the Kerr-Philpott System and Figure H shows the application of revenues.

Table 3 indicates the current rates. Current rates for the Kerr-Philpott System were approved by FERC on a final basis on February 24, 2016. The rate schedules are effective for the period October 1, through September 30, 2020.

Power Rates – Table 3

Product	Through September 30, 2020
Capacity	3.65 $/kW/Month
Energy	14.80 mills/kWh

Rate schedules also provide an adjustment to true-up energy and capacity rates based on the cumulative net revenue available for repayment. The rates for capacity and energy for the period April 1, 2021, through March 31, 2022, will be as follows:

Capacity	3.78 $/kW/Month
Energy	14.80 mills/kWh

A May 2020 landslide rendered Philpott's generation inoperable. The rain loosened earth missed the station transformer but destroyed the four year old switchgear building and filled the plant's interior with mud.

Cumberland

There are nine projects in the Cumberland System located in Kentucky and Tennessee. The power produced at these projects is delivered to 25 preference entities that serve 209 preference customers in Alabama, Georgia, Illinois, Kentucky, Mississippi, North Carolina, Tennessee and Virginia.

Operational Performance

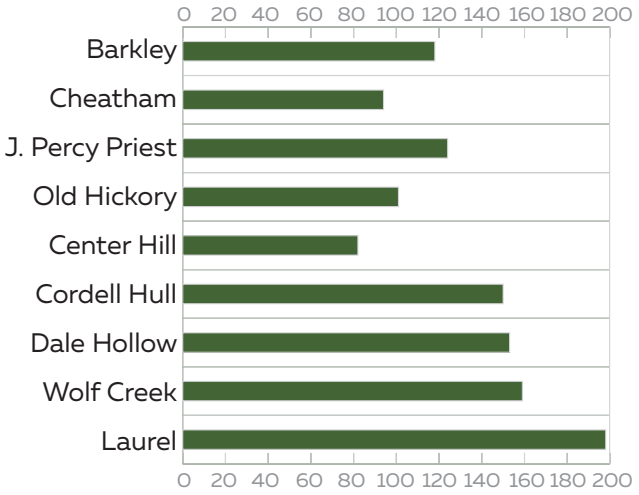
Generation for the system during FY 2020 was 129% of annual average. The percent of average generation by project is shown in Figure I. Figure J shows the system generation for the years FY 2011 through FY 2020.

Normal peaking operations resumed January 1, 2020. Center Hill Generator 1 returned to service in July 2020. Center Hill Generator 3 remains out of service undergoing major rehabilitation with a return to service date expected of March 2021. Old Hickory Generator 4 is also undergoing major rehabilitation and is expected to return to service in May 2021.

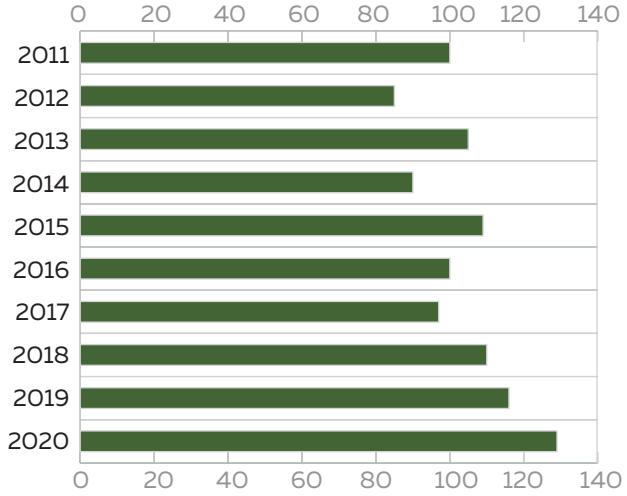
Center Hill Generator 1 returned to service in 2020. Center Hill Generator 3 is still out of service undergoing rehabilitation. The return to service date is expected in 2021.

Old Hickory Generator 4 is also undergoing major rehabilitation and is expected to return to service in 2021.

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

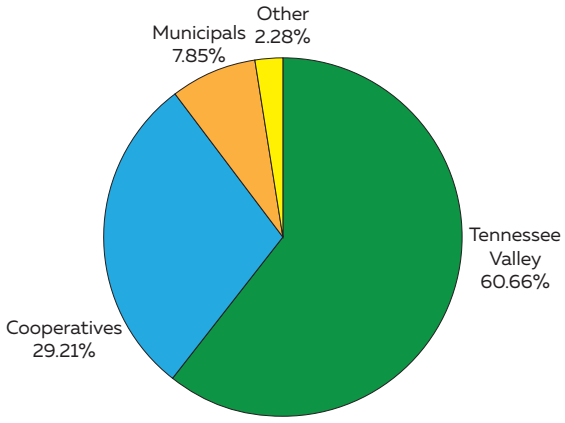


Actual Generation as a Percentage of Average System Generation - Figure J

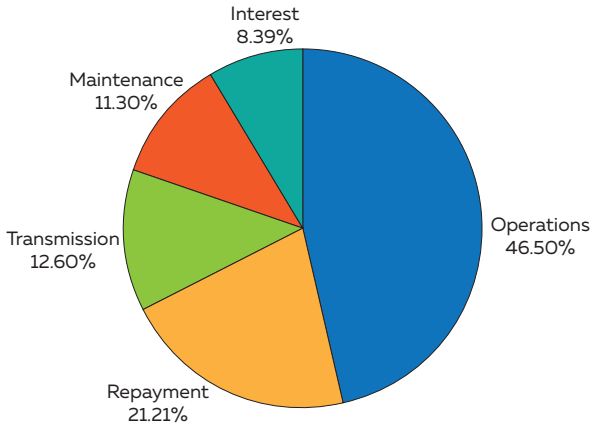


The Barkley Rehabilitation Program Management Plan was finalized and signed in September 2020 by Nashville District, Tennessee Valley Public Power Association, Tennessee Valley Authority, and Southeastern enabling the award of the turbine generator replacement contract.

FY 2020 Revenue by Source – Figure K



FY 2020 Application of Revenues – Figure L



Rehabilitation was completed on the second of three generators at Center Hill powerplant. Downstream dissolved oxygen testing of the two operational aerated turbines in September 2020 yielded a 5 milligrams/liter sustained environmental improvement.

Financial Performance

Total revenue for the Cumberland System in FY 2020 was $73.2 million. Of this amount, $71.5 million was derived from the sale of 3,798,262 megawatt-hours of energy and 948.3 megawatts of capacity. Total operating expenses, excluding depreciation, were $51.6 million. Interest charged to Federal investment was $6.1 million and repayment was $15.5 million. Figure K shows the revenue by source for the Cumberland System and Figure L shows the application of revenues.

Table 4 indicates the current rates. Current rates for the Cumberland System were approved by FERC on a final basis on May 6, 2016. The rate schedules are effective for the period October 1, 2015, through September 30, 2020.

Power Rates – Table 4

Product	Through September 30, 2020
Capacity	3.289 $/kW/Month
Energy	12.308 mills/kWh

Rate schedules provide for a monthly pass-through of actual purchase power, transmission and ancillary service expense. Rate schedules also provide an adjustment to true-up capacity and energy rates based on transfers of specific power investment to plant in service for the preceding fiscal year. The rates for capacity and energy for the period April 1, 2021, through March 31, 2022, will be as follows:

Capacity	3.523 $/kW/Month
Energy	13.238 mills/kWh

Jim Woodruff

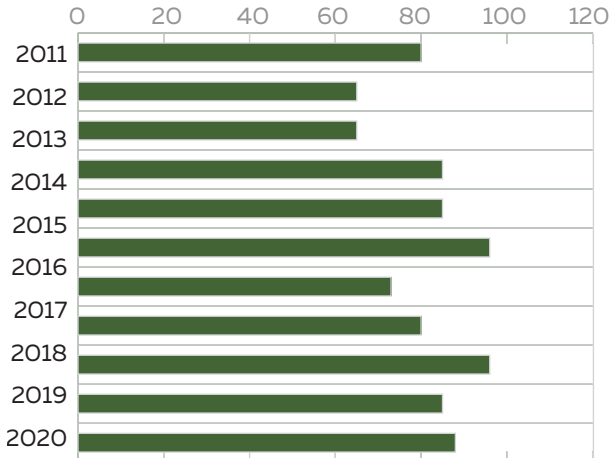
The Jim Woodruff System is a single-project system located on the border of Florida and Georgia. This system has six preference customers and one investor-owned utility located in the central panhandle of Florida.

Operational Performance

Generation during FY 2020 was 88% of annual average. Figure M illustrates the project's generation for the years FY 2011 through FY 2020.

There were no significant operational issues in the Woodruff system during FY 2020.

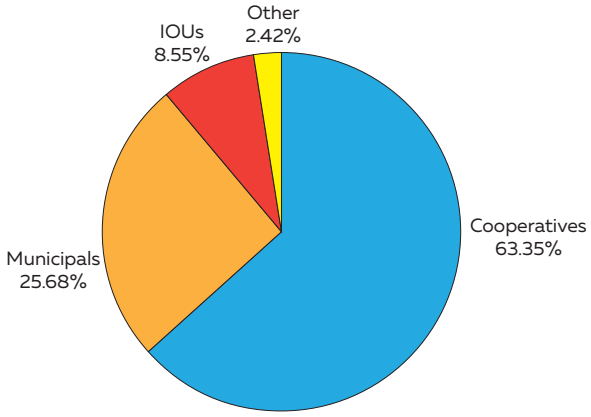
Actual Generation as a Percentage of Average System Generation - Figure M



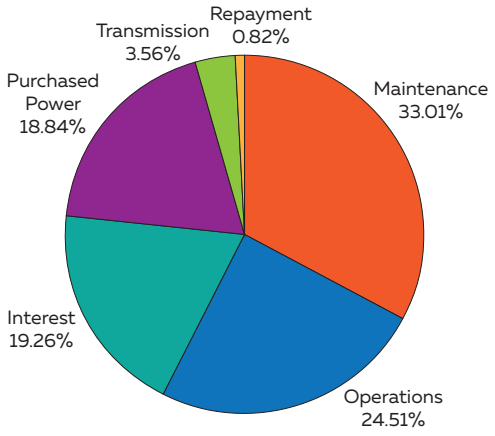
Jim Woodruff Powerplant's three 14 megawatt generators stand ready to serve electric cooperative and municipal customer power requirements.

Corps, Customer and Southeastern representatives enjoy fellowship on a December evening prior to a next morning Southeastern Federal Power Alliance partnership meeting.

FY 2020 Revenue by Source – Figure N



FY 2020 Application of Revenues – Figure O



Financial Performance

Total revenue from the Jim Woodruff System was $9.6 million in FY 2020. Of this amount, $9.4 million was derived from the sale of 226,561 megawatt-hours of energy and 36 megawatts of capacity.

Total operating expenses, excluding depreciation, were $7.7 million. Interest charged to the Federal investment was $1.8 million and repayment of the Federal investment was $0.1 million. Figure N shows the revenue by source for the System and Figure O shows the application of revenues.

Table 5 indicates the current rates. Current rates for the Jim Woodruff System were approved by FERC on a final basis October 20, 2016. The rate schedules were effective beginning October 1, 2016, and extend through September 30, 2021.

Power Rates – Table 5

Product	Through September 30, 2020
Capacity	7.74 $/kW/Month
Energy	20.44 mills/kWh

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

Daniel Rabon, US Army Corps of Engineers, Ron Klawitter, Bureau of Reclamation, Dan James, Bonneville Power Administration, Mark Gabriel, Western Area Power Administration and Virgil Hobbs discuss Federal Hydropower Program initiatives and challenges at the American Public Power Association Legislative Rally in February 2020.

Customer Sales

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE ($)
GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM			
Alabama			
Baldwin County EMC	17,284	33,078,729	2,073,069.56
Black Warrior EMC	18,494	35,092,454	2,207,778.22
Central Alabama EC	18,660	40,098,661	2,236,320.34
Clarke-Washington EMC	6,678	11,570,744	797,683.05
Coosa Valley EC	5,728	9,789,599	685,609.35
Dixie EC	7,273	26,286,948	872,164.95
Pea River EC	3,422	12,696,066	408,691.98
Pioneer EC	10,056	17,224,630	1,205,206.12
Tallapoosa River EC	11,494	24,227,163	1,374,932.90
Tombigbee EC	8,038	14,158,474	889,031.05
Wiregrass EC	8,467	14,170,699	1,013,258.35
PowerSouth Energy Cooperative	100,000	197,893,994	8,212,585.17
City of Alexander City	7,846	15,085,387	938,803.40
City of Dothan	59,590	112,056,768	6,920,656.86
City of Evergreen	-	1,452,060	119,257.59
City of Fairhope	7,273	13,616,438	840,044.63
City of Foley	24,679	46,190,707	2,850,270.69
City of Hartford	3,050	5,704,918	363,087.58
City of LaFayette	2,358	4,531,011	282,107.45
City of Lanett	5,321	10,230,736	636,679.45
City of Luverne	3,158	6,071,315	377,859.57
City of Opelika	20,809	40,018,758	2,490,014.21
City of Piedmont	4,504	8,261,864	518,329.17
City of Robertsdale	3,372	6,476,869	403,386.04
City of Sylacauga	19,202	35,199,502	2,209,467.65
City of Troy	10,079	23,746,818	1,244,298.26
City of Tuskegee	11,689	22,247,441	1,396,126.05
Alabama Total	**398,524**	**787,178,753**	**43,566,719.64**
Florida			
Choctawhatchee EC	1,231	3,819,065	147,611.88
West Florida EC	8,402	14,972,524	1,008,124.35
Florida Total	**9,633**	**18,791,589**	**1,155,736.23**
Georgia			
Altamaha EMC	10,956	17,829,976	797,503.37
Amicalola EMC	11,513	18,729,644	837,955.29
Canoochee EMC	9,392	15,287,651	683,698.02
Carroll EMC	17,032	27,711,181	1,239,689.04
Central Georgia EMC	-	3,538,948	228,436.99
Coastal EMC	3,157	5,141,932	229,859.93
Cobb EMC	42,613	69,411,049	3,102,711.23
Colquitt EMC	38,410	62,479,882	2,795,521.48
Coweta-Fayette EMC	5,837	20,049,587	885,713.16
Diverse Power, Inc.	12,050	17,094,574	877,281.39
Flint EMC	55,744	119,024,113	4,406,379.01
Grady EMC	10,439	16,980,846	759,764.20
Greystone Power Corporation	43,317	54,075,362	2,434,204.44
Habersham EMC	10,176	16,554,600	740,644.11
Hart EMC	18,630	30,295,625	1,355,788.58
Irwin EMC	8,246	13,410,811	600,117.26
Jackson EMC	48,415	78,800,300	3,524,321.86
Jefferson EMC	14,188	23,103,319	1,032,950.81
Little Ocmulgee EMC	7,754	12,607,171	564,263.47
Middle Georgia EMC	6,028	9,805,391	438,723.06
Mitchell EMC	18,023	29,318,458	1,311,750.22
Ocmulgee EMC	8,188	13,316,463	595,895.96
Oconee EMC	8,018	13,048,581	583,641.53
Okefenoke Rural EMC	9,487	15,435,911	690,526.42
Planters EMC	10,258	16,686,014	746,585.25
Rayle EMC	10,350	15,671,035	753,261.98
Satilla Rural EMC	30,374	45,766,146	2,210,647.85
Sawnee EMC	19,423	29,851,701	1,413,881.17
Slash Pine EMC	4,785	14,321,549	348,258.98
Southern Rivers Energy	6,842	11,136,365	498,060.96
Sumter EMC	11,437	18,278,573	832,524.85
Three Notch EMC	12,194	19,839,912	887,553.59
Tri-County EMC	6,416	16,449,676	467,132.42
Walton EMC	31,322	49,448,585	2,280,836.39
Washington EMC	14,249	43,876,156	1,037,139.22
City of Acworth	2,303	4,371,762	178,896.37
City of Adel	-	11,225,914	450,004.38
City of Albany	60,831	115,484,981	4,725,469.52
City of Barnesville	2,635	5,001,082	204,673.70
City of Brinson	156	296,956	12,129.16
City of Buford	2,356	4,472,065	183,009.11
City of Cairo	6,253	11,874,364	485,789.87
City of Calhoun	7,660	14,552,876	595,187.96
City of Camilla	6,072	11,518,407	471,562.98
City of Cartersville	17,152	32,555,190	1,332,304.15
City of College Park	15,559	29,552,187	1,208,843.57
City of Commerce	4,456	8,450,506	346,029.08
City of Covington	9,382	17,813,508	728,841.44
City of Dalton	45,822	90,417,824	3,597,335.89
City of Doerun	629	1,193,730	48,856.57
City of Douglas	10,180	19,319,932	790,716.44
City of East Point	33,488	63,546,925	2,601,026.95
City of Elberton	11,447	21,711,326	888,951.19
City of Ellaville	936	1,777,812	72,721.87
City of Fairburn	1,799	3,417,961	139,785.42
City of Forsyth	3,720	7,060,116	288,947.95
City of Fort Valley	9,417	17,874,478	731,486.44
City of Grantville	470	890,869	36,491.51
City of Griffin	18,157	34,464,765	1,410,396.59
City of Hampton	832	1,309,068	94,720.06
City of Jackson	2,067	3,923,378	160,558.73
City of LaFayette	6,607	12,539,077	513,190.23
City of Lagrange	17,096	32,462,762	1,328,141.40
City of Lawrenceville	4,795	9,113,252	372,621.91
City of Marietta	37,172	70,605,077	2,888,074.13
City of Monroe	8,408	16,095,163	664,271.51
City of Monticello	1,836	3,482,857	142,587.45
City of Moultrie	15,480	29,379,116	1,202,395.14
City of Newnan	6,893	13,083,830	535,431.54
City of Norcross	1,736	3,297,999	134,886.58
City of Oxford	458	871,207	35,601.48
City of Palmetto	923	1,752,251	71,700.21
City of Quitman	4,428	8,399,374	343,881.31
City of Sandersville	4,997	9,481,007	388,101.31
City of Sylvester	3,952	7,504,567	307,024.17
City of Thomaston	7,687	14,598,113	597,204.23
City of Thomasville	25,053	47,554,483	1,946,063.53
City of West Point	4,683	8,879,226	363,632.76
City of Whigham	319	605,716	24,782.04
Crisp County Power Commission	18,068	34,291,704	1,403,427.62
Town of Mansfield	379	717,813	29,418.44
Georgia Total	**1,020,012**	**1,843,169,663**	**77,270,397.38**
Mississippi			
Coast EPA	26,863	51,721,049	3,215,227.07
East Mississippi EPA	13,758	24,837,835	1,535,360.86
Singing River EPA	33,684	64,868,579	4,031,828.12
Cooperative Energy	68,000	127,180,921	5,535,751.45
Mississippi Total	**142,305**	**268,608,384**	**14,318,167.50**
North Carolina			
Blue Ridge EMC	7,311	21,470,816	658,261.50
EnergyUnited EMC	18,210	46,929,271	1,473,223.72
Haywood EMC	926	2,957,278	86,269.59
Pee Dee EMC	455	1,345,148	41,054.32
Rutherford EMC	26,829	77,054,673	2,390,711.76
Union EMC	11,633	34,780,822	1,054,867.93
City of Cherryville	1,651	2,287,851	114,005.46
City of Concord	9,179	21,119,810	733,089.92
City of Gastonia	17,840	24,713,784	1,231,790.38
City of Kings Mountain	3,320	7,110,100	258,674.24
City of Lincolnton	1,762	2,440,763	121,658.18
City of Monroe	8,593	11,905,836	593,342.92
City of Morganton	10,651	32,486,499	972,551.71
City of Newton	2,309	3,197,458	159,412.38
City of Shelby	6,582	9,116,899	454,448.91
City of Statesville	10,841	15,017,587	748,527.32
Town of Bostic	512	1,524,880	46,259.42
Town of Cornelius	461	682,251	32,413.91
Town of Dallas	1,299	3,342,983	128,527.35
Town of Drexel	982	3,000,972	89,744.65
Town of Forest City	2,721	7,009,458	269,314.34
Town of Granite Falls	928	1,287,320	64,098.74
Town of Huntersville	590	848,487	41,154.16
Town of Landis	1,227	1,698,926	84,708.88
Town of Maiden	1,380	1,911,062	95,275.49
Town of Pineville	590	848,487	41,154.16
North Carolina Total	**148,782**	**336,089,421**	**11,984,541.34**

Customer Sales

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE ($)
South Carolina			
Central Electric Power Cooperative	201,852	461,739,472	20,026,385.12
Little River EC	572	1,884,743	82,759.90
City of Abbeville	3,305	8,294,761	264,987.50
City of Clinton	3,323	3,556,418	216,542.11
City of Easley	9,669	22,813,880	800,651.01
City of Gaffney	7,804	18,422,862	646,346.81
City of Georgetown	5,300	11,735,447	556,435.32
City of Greenwood	12,739	38,669,907	1,161,146.15
City of Greer	10,231	24,233,063	848,462.58
City of Laurens	6,581	15,572,076	545,552.21
City of Newberry	3,661	3,917,841	238,563.39
City of Orangeburg	15,090	49,423,046	2,179,357.36
City of Rock Hill	21,352	50,378,897	1,768,061.32
City of Seneca	2,688	6,215,359	216,094.02
City of Union	3,892	4,166,529	253,636.43
City of Westminster	778	843,628	50,848.31
Town of Bamberg	2,569	5,499,816	267,144.71
Town of Due West	285	733,595	28,200.73
Town of McCormick	522	2,362,895	83,494.12
Town of Prosperity	620	1,681,495	56,236.13
Town of Winnsboro	1,366	4,291,355	195,154.45
South Carolina PSA	150,802	256,187,644	11,148,530.96
South Carolina Total	**465,001**	**992,624,729**	**41,634,590.64**
Georgia-Alabama-South Carolina System Total	**2,184,257**	**4,246,462,539**	**189,930,152.73**
KERR-PHILPOTT SYSTEM			
North Carolina			
Albemarle EMC	2,593	9,517,019	317,649.93
Brunswick EMC	3,515	16,901,105	540,405.79
Carteret-Craven EMC	2,735	12,924,162	416,968.64
Central EMC	1,239	5,957,461	190,487.42
Edgecombe-Martin County EMC	4,155	15,449,319	512,378.80
Four County EMC	4,198	20,185,159	645,412.06
Halifax EMC	2,606	10,313,833	338,931.18
Jones-Onslow EMC	5,184	24,926,122	797,002.30
Lumbee River EMC	3,729	17,930,075	573,306.72
Pee Dee EMC	2,968	14,270,977	456,308.58
Piedmont EMC	1,086	4,046,700	148,854.43
Pitt & Greene EMC	1,580	7,597,085	242,913.57
Randolph EMC	3,608	17,348,277	554,703.94
Roanoke EMC	5,528	20,407,361	679,197.90
South River EMC	6,119	29,421,865	940,751.90
Tideland EMC	3,098	12,243,547	402,438.72
Tri-County EMC	3,096	14,886,437	475,987.52
Wake EMC	2,164	10,405,118	332,699.33
City of Elizabeth City	2,073	1,583,418	332,967.54
City of Kinston	1,466	1,119,772	133,294.15
City of Laurinburg	415	316,989	37,733.33
City of Lumberton	895	683,627	81,376.68
City of New Bern	1,204	919,650	109,472.13
City of Rocky Mount	2,538	1,938,599	230,764.37
City of Washington	2,703	2,064,634	245,766.83
City of Wilson	2,950	2,253,298	268,225.02
Fayetteville Public Works Commission	5,431	4,148,357	493,806.68
Greenville Utilities Commission	7,534	5,754,693	685,019.25
Town of Apex	145	110,756	13,183.98
Town of Ayden	208	158,876	18,912.11
Town of Belhaven	182	139,019	29,233.09
Town of Benson	120	91,659	10,910.84
Town of Clayton	161	122,977	14,638.72
Town of Edenton	775	591,967	124,481.35
Town of Enfield	259	195,003	18,990.32
Town of Farmville	237	181,027	21,548.92
Town of Fremont	60	45,827	5,455.37
Town of Hamilton	40	30,554	6,424.85
Town of Hertford	203	155,058	32,606.09
Town of Hobgood	46	35,136	7,388.57
Town of Hookerton	30	22,915	2,727.70
Town of La Grange	93	71,036	8,455.89
Town of Louisburg	857	11,579,281	253,595.96
Town of Pikeville	40	30,554	3,636.97
Town of Red Springs	117	89,369	10,638.09
Town of Robersonville	232	177,209	37,264.12
Town of Scotland Neck	304	232,205	48,828.84
Town of Selma	183	139,781	16,639.03
Town of Smithfield	378	288,728	34,369.18
Town of Tarboro	2,145	1,638,415	344,532.34
Town of Wake Forest	149	113,811	13,547.64
Town of Windsor	331	249,419	53,083.34
North Carolina Total	**93,705**	**302,005,240**	**12,315,918.02**

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE ($)
Virginia			
B-A-R-C EC	3,740	13,828,364	785,602.80
Central Virginia EC	7,956	29,472,978	1,671,940.91
Community EC	4,230	15,661,973	888,900.39
Craig-Botetourt EC	1,692	11,654,350	446,625.90
Mecklenburg EMC	11,344	42,343,833	2,389,643.28
Northern Neck EC	3,944	14,531,855	827,592.68
Northern Virginia EC	3,268	11,706,503	680,088.15
Prince George EC	2,530	9,321,909	530,884.80
Rappahannock EC	22,427	82,633,360	4,705,989.40
Shenandoah Valley EMC	9,938	37,034,528	2,092,429.25
Southside EC	14,575	53,884,089	3,061,441.13
City of Bedford	1,200	916,714	88,167.53
City of Danville	5,600	4,278,002	411,448.45
City of Franklin	1,003	755,786	160,853.67
City of Martinsville	1,600	1,222,287	117,556.73
City of Radford	1,300	992,695	95,509.18
City of Salem	2,200	1,679,950	161,631.02
Harrisonburg Electric Commission	2,691	2,054,240	432,020.54
Town of Blackstone	389	293,121	62,384.92
Town of Culpepper	391	298,480	62,772.23
Town of Elkton	171	128,854	27,423.72
Town of Richlands	500	381,966	36,736.49
Town of Wakefield	106	79,875	16,999.53
Virginia Total	**102,795**	**335,155,712**	**19,754,642.70**
Kerr-Philpott System Total	**196,500**	**637,160,952**	**32,070,560.72**
JIM WOODRUFF SYSTEM			
Florida			
Central Florida EC	2,300	11,322,634	478,544.85
Suwannee Valley EC	4,800	23,496,178	965,218.01
Talquin EC	13,500	77,778,137	3,417,334.16
Tri-County EC	5,200	27,790,573	1,211,171.56
City of Chattahoochee	1,800	10,397,754	468,436.11
City of Quincy	8,400	45,869,081	1,992,592.67
Duke Energy Florida	-	29,907,114	819,832.38
Jim Woodruff System Total	**36,000**	**226,561,471**	**9,353,129.74**
CUMBERLAND SYSTEM			
Illinois			
Southern Illinois Power Cooperative	28,000	38,540,000	1,185,310.96
Kentucky			
Big Rivers Electric Corporation	178,000	252,900,000	7,602,131.92
East Kentucky Power Cooperative	170,000	316,552,000	9,762,906.89
City of Barbourville	2,200	3,399,865	121,877.83
City of Bardstown	2,247	3,615,000	123,984.74
City of Bardwell	542	837,603	29,977.63
City of Benham	248	383,257	13,780.85
City of Corbin	2,598	4,014,930	143,920.83
City of Falmouth	590	911,782	32,654.84
City of Frankfort	15,621	24,140,571	863,739.20
City of Henderson	12,000	18,070,000	512,625.09
City of Madisonville	7,803	12,058,698	432,196.67
City of Nicholasville	2,556	4,169,000	140,440.17
City of Owensboro	25,000	43,867,000	1,410,373.89
City of Paris	1,364	2,107,915	75,520.94
City of Providence	1,231	1,902,379	68,190.56
City of Princeton	362	495,166	48,941.15
City of Paducah	2,526	16,473,899	341,484.42
Kentucky Total	**424,888**	**705,899,065**	**21,724,747.62**
Mississippi			
Cooperative Energy	51,000	75,383,000	2,175,539.28
Mississippi Delta Energy Agency	11,000	16,142,000	481,797.73
Municipal Energy Agency of Mississippi	19,000	28,342,000	797,938.07
Mississippi Total	**81,000**	**119,867,000**	**3,455,275.08**
North Carolina			
French Broad EMC	8,200	14,087,045	514,674.08
Haywood EMC	2,400	4,123,039	150,634.53
Town of Waynesville	1,700	2,799,818	106,802.71
North Carolina Total	**12,300**	**21,009,902**	**772,111.32**
Tennessee Valley Region			
TVA Acquisition for 154 TVPPA Members	402,112	2,912,946,000	44,407,368.19
Cumberland System Total	**948,300**	**3,798,261,967**	**71,544,813.17**
Grand Total	**3,365,057**	**8,908,446,929**	**302,898,656.36**

Ken Legg retired as Southeastern's Administrator in February after a career of 46 years of service, which included positions at Southwestern Power Administration and the Corps' Tulsa District. Joel Seymour, Assistant Administrator of Human Resources & Administration Division, retired in August as Southeastern's longest serving employee with 62 dedicated years.

Southeastern Power Administration

2020 Financial Overview and Financial Statements

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Description

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

The Corps operates 22 Federal hydroelectric generating projects in commercial service as of September 30, 2020, for which Southeastern is the power marketing agency. The Corps and Southeastern are separately managed and financed; however, the financial statements are combined under the Program title.

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

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

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

Program Performance

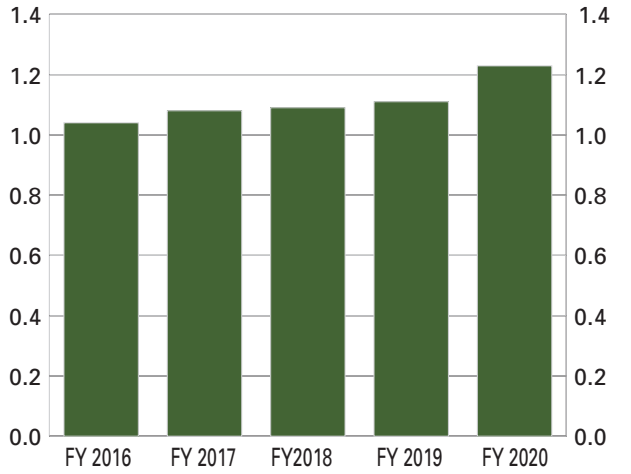
During FY 2020, Southeastern marketed 8.9 billion kilowatt-hours of energy to 474 wholesale customers. The Program's revenues totaled $313.5 million, $2.0 million less than in FY 2019.

Financial Performance
Debt Service Coverage Ratio

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

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

Debt Service Coverage Ratio – Figure P

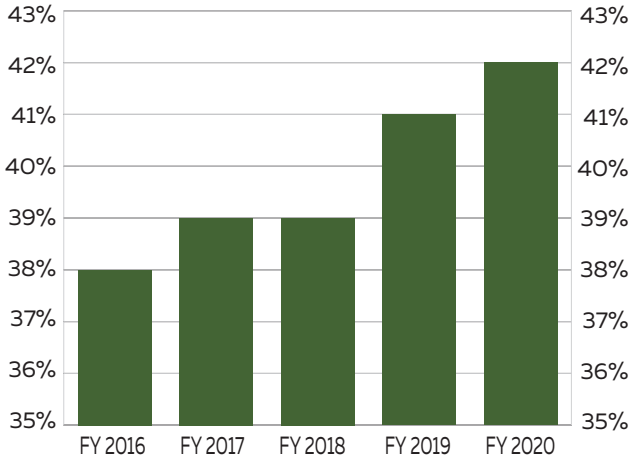


Over the last five years, the Program's debt service ratio has ranged from about 1.041 to 1.229. The Program's debt service ratio for FY 2016 was slightly above normal due to improved streamflow conditions and lower than expected operating expenses. FY 2017 actual generation was better than planned. FY 2018 actual generation was slightly less than estimates. For FY 2019 and FY 2020 actual generation was higher than average. The Program's debt service coverage ratio for fiscal years 2016-2020 is illustrated in Figure P.

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

This indicator is a cumulative cash flow measure. It measures the cumulative principal payments made relative to the total Federal investment to date. During a period of capital expansion, this ratio would tend to decrease, whereas increases in cumulative payments over time would be expected for a mature system. Thus, a system with little time remaining in its repayment period would be expected to have a ratio of cumulative principal payments relative to total Federal investment that approaches 100%. This indicator provides useful information by showing the relationship between the cumulative amount of principal paid to date by the Program, as well as the progress made over the period studied. While analysis of this indicator does not necessarily provide conclusive information without further analysis of additional factors, such as the average age of the system, the measure nevertheless provides valuable information on the status of repayment. The Program's principal payments as a percentage of total investment is now 42.0%. Payments as a percent of total investment are illustrated in Figure Q.

Cumulative Principal Payments as a Percentage of Total Investment - Figure Q

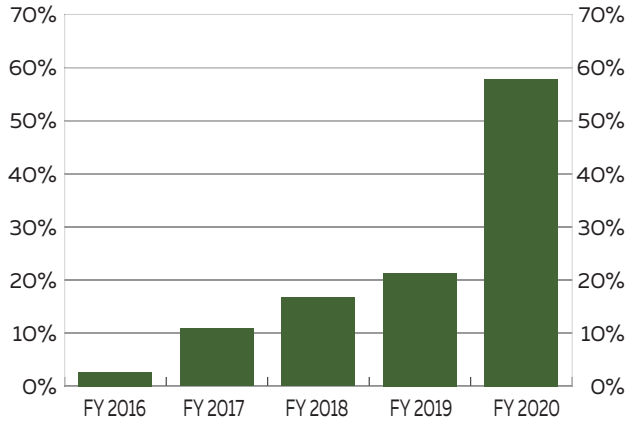


Variance of Actual from Planned Principal Payment

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

The FY 2016 ratio of 2.7% is due to improved streamflow conditions and lower than expected operating expenses. The FY 2017 ratio of 10.9% reflects a higher amount for repayment than planned. The FY 2018 ratio of 16.7% shows repayment greater than planned. The FY 2019 ratio of 21.3% reflects higher repayment than planned. The FY 2020 ratio of 57.9% reflects a higher than planned repayment. The variance of actual from planned payment is found in Figure R.

Percent Variance of Actual From Planned Principal Payments – Figure R



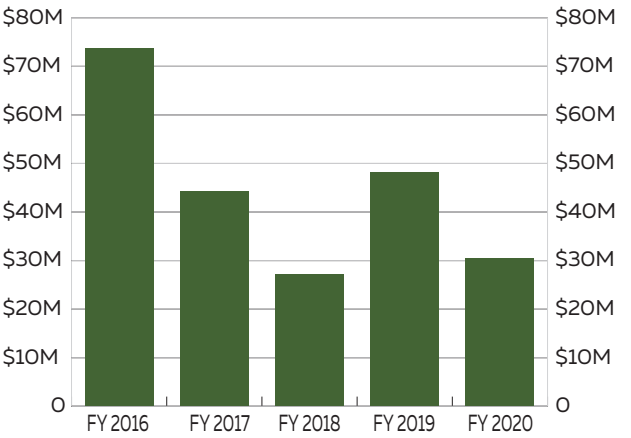
Net Cash to the Treasury

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

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

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

Net Cash Flow to the Treasury – Figure S



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Denver, CO 80202-5598

Independent Auditors' Report

The Administrator of Southeastern Power Administration and the
U.S. Department of Energy Inspector General:

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Southeastern Federal Power Program (the Program), which comprise the combined balance sheets as of September 30, 2020 and 2019, and the related combined statements of revenues and expenses, changes in capitalization, and cash flows for the years then ended, and the related notes to the combined financial statements. The combined financial statements include the Southeastern Power Administration (SEPA), a component of the U.S. Department of Energy, and the hydroelectric power generating function of the U.S. Department of Defense, Army Corps of Engineers (the generating agency) for which SEPA markets the related power.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the Southeastern Federal Power Program as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the Program's basic combined financial statements as a whole. The supplementary information in schedules 1 through 3 is presented for purposes of additional analysis and are not a required part of the basic combined financial statements.

The supplementary information in schedules 1 and 2 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in schedules 1 and 2 is fairly stated, in all material respects, in relation to the basic combined financial statements as a whole.

The supplementary information in schedule 3 has not been subjected to the auditing procedures applied in the audits of the basic combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Denver, Colorado
February 22, 2021

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Balance Sheets

September 30, 2020 and 2019

(In thousands)

Assets		2020	2019
Utility plant in service (note 4)	$	2,810,737	2,769,602
Accumulated depreciation		(1,225,891)	(1,185,650)
Net completed plant		1,584,846	1,583,952
Construction work-in-progress		97,422	108,266
Net utility plant		1,682,268	1,692,218
Cash		464,125	413,559
Accounts receivable, net		22,574	24,680
Regulatory assets		16,344	7,289
Other assets		213	198
Total assets	$	2,185,524	2,137,944
Total Liabilities and Capitalization			
Liabilities:			
Accounts payable and accrued liabilities	$	18,012	15,253
Workers' compensation actuarial liability		16,344	7,289
Total liabilities		34,356	22,542
Capitalization:			
Payable to U.S. Treasury (notes 3 and 4(a))		2,195,305	2,170,438
Accumulated net deficit		(44,137)	(55,036)
Total capitalization		2,151,168	2,115,402
Commitments and contingencies (note 5)		—	—
Total liabilities and capitalization	$	2,185,524	2,137,944

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Revenues and Expenses

Years ended September 30, 2020 and 2019

(In thousands)

		2020	2019
Operating revenues:			
Sales of electric power	$	302,899	304,474
Other operating revenues		10,558	11,060
Total operating revenues		313,457	315,534
Operating expenses, excluding depreciation expense:			
Operations		81,164	83,047
Maintenance		49,478	50,481
Purchased power		7,956	9,058
Purchased transmission services		47,548	43,608
Total operating expenses, excluding depreciation expense		186,146	186,194
Depreciation expense		42,026	45,259
Total operating expenses		228,172	231,453
Net operating revenues		85,285	84,081
Interest expenses:			
Interest on payable to U.S. Treasury		78,059	78,052
Interest charged to construction		(3,673)	(3,178)
Net interest expenses		74,386	74,874
Net revenues	$	10,899	9,207

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Changes in Capitalization

Years ended September 30, 2020 and 2019

(In thousands)

	Payable to U.S. Treasury	Accumulated net deficit	Total capitalization
Total capitalization as of September 30, 2018	$ 2,161,810	(64,243)	2,097,567
Additions:			
Congressional appropriations	115,443	—	115,443
Interest	78,052	—	78,052
Transfers of property and services, net	10,081	—	10,081
Total additions to capitalization	203,576	—	203,576
Deductions:			
Payments to U.S. Treasury	(193,897)	—	(193,897)
Rate adjustments to congressional appropriations (note 4(a))	(1,051)	—	(1,051)
Total deductions to capitalization	(194,948)	—	(194,948)
Net deficit for the year ended September 30, 2019	—	9,207	9,207
Total capitalization as of September 30, 2019	$ 2,170,438	(55,036)	2,115,402
Additions:			
Congressional appropriations	120,156	—	120,156
Interest	78,059	—	78,059
Transfers of property and services, net	10,917	—	10,917
Total additions to capitalization	209,132	—	209,132
Deductions:			
Payments to U.S. Treasury	(152,982)	—	(152,982)
Rate adjustments to congressional appropriations (note 4(a))	(31,283)	—	(31,283)
Total deductions to capitalization	(184,265)	—	(184,265)
Net revenues for the year ended September 30, 2020		10,899	10,899
Total capitalization as of September 30, 2020	$ 2,195,305	(44,137)	2,151,168

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Cash Flows

Years ended September 30, 2020 and 2019

(In thousands)

		2020	2019
Cash flows from operating activities:			
Net revenues	$	10,899	9,207
Adjustments to reconcile net revenues to net cash provided by operating activities:			
Depreciation expense		42,026	45,259
Interest on payable to U.S. Treasury, net		74,386	74,874
Unfunded retirement benefits		8,157	6,694
(Increase) decrease in assets:			
Accounts receivable, net		2,106	2,644
Other assets		(15)	105
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities		2,759	2,605
Net cash provided by operating activities		140,318	141,388
Cash flows used in investing activities:			
Investment in utility plant		(59,686)	(47,553)
Cash flows used in financing activities:			
Congressional appropriations		120,156	115,443
Payments to U.S. Treasury		(152,982)	(193,897)
Transfers from other federal agencies, net		2,760	3,388
Net cash used in financing activities		(30,066)	(75,066)
Net increase in cash		50,566	18,769
Cash, beginning of year		413,559	394,790
Cash, end of year	$	464,125	413,559
Supplemental disclosures:			
Cash paid for interest	$	74,386	74,874
Interest charged to construction		3,673	3,178
Adjustments to power allocations impacting (note 4(a)):			
Congressional appropriations		31,283	1,051
Investment in utility plant		31,283	1,051

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Notes to Combined Financial Statements

September 30, 2020 and 2019

(1) Organization and Basis of Presentation

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

Southeastern purchases, transmits, and markets power within four separate power systems: Georgia-Alabama-South Carolina; Jim Woodruff; Cumberland; and Kerr-Philpott. As of September 30, 2020, the four power systems include 22 hydroelectric generating projects owned and operated by the Corps of Engineers. The projects serve multiple purposes, including power, recreation, navigation, and flood control. The costs of multipurpose generating agency projects are assigned to specific hydroelectric power functions through a cost allocation process administratively developed pursuant to relevant law. These combined financial statements include only those expenses and net assets of the Corps that are expected to be recovered through sales of power and other related revenues. Costs of multipurpose Corps projects are allocated to power and non-power purposes. The portion of total project costs allocated to power is included in the accompanying combined financial statements.

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

(2) Summary of Significant Accounting Policies

(a) General

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

(b) Congressional Authority and Financing

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

(Continued)

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

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

(c) Operating Revenues

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires a company to recognize revenue when the company transfers control of promised goods and services to the customer. Operating revenues are recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to be received. ASU No. 2014-09 also revises the disclosure requirements regarding revenue and requires that revenue from contracts with customers be reported separately from other revenues. ASU No. 2014-09 provides that it could be applied retrospectively to each prior period presented or on a modified retrospective basis with a cumulative effect adjustment to retained earnings on the date of adoption.

The Program implemented ASU No. 2014-09 effective October 1, 2019 using the modified retrospective method of adoption. This adoption of ASU No. 2014-09 did not result in changes to the nature, amount, and timing of the Program's existing revenue recognition processes or information technology infrastructure. Therefore, the adoption of ASU No. 2014-09 had no effect on the amount of revenue recorded in 2020 compared to the amount that would have been recorded under prior U.S. GAAP, no effect on total operating revenues or any other caption within the Program's combined financial statements, and no cumulative effect adjustment was recorded..

Upon the adoption of ASU No. 2014-09, management elected the following practical expedients:

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

Southeastern markets federal power and provides services necessary to market power on behalf of nonfederal entities. These transactions are evaluated under the provisions of FASB ASC Subtopic 606-10-55-36, *Revenue from Contracts with Customers – Principal versus Agent Consideration*, to determine whether the transactions should be reported at the gross or net value. Generally, the Program's policy is to record agent activity at the gross value when the product or serve is controlled by the Program before that good or service is transferred to the customer.

(Continued)

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

Accounts receivable, net represents amounts billed to customers but not collected, net of the allowance of $0 as of September 30, 2020 and 2019. The estimate of the allowance is based on past experience in the collection of receivables and an analysis of the outstanding balances. Interest may be charged on the principal portion of delinquent receivables based on rates published by the U.S. Treasury for the period in which the debt became delinquent. Delinquent receivables are charged off against the allowance once they are deemed uncollectible.

(d) Confirmation and Approval of Rates

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

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

The Secretary of Energy (the "Secretary") has delegated authority to the Administrator of Southeastern to develop power and transmission rates for the power projects. The Administrator, Southeastern Power Administration has the authority to confirm, approve, and place such rates in effect on an interim basis, effective July 8, 2020, through Redelegation Order No. 00-002.10-03 by the Assistant Secretary for Electricity. Projects under construction are included in the combined financial statements at the multi-purpose allocation rate specific to the related project. Any adjustments to the multi-purpose allocation rate, as determined necessary by Southeastern's Administrator, are recorded at the time the asset is placed into service and subjected to repayment (note 4(a)).

The Secretary has delegated to FERC the authority to confirm, approve, and place such rates in effect on a final basis and to remand or to disapprove such rates. FERC's review is limited to (1) whether the rates are the lowest possible consistent with sound business principles; (2) whether the revenue levels generated are sufficient to recover the costs of producing and transmitting electric energy including

(Continued)

repayment within the period permitted by law; and (3) the assumptions and projections used in developing the rates. FERC shall reject decisions of Southeastern's Administrator only if it finds them to be arbitrary, capricious, or in violation of the law. Refunds with interest, as determined by FERC, are authorized if final approved rates are lower than rates approved on an interim basis. However, if at any time FERC determines that the administrative cost of a refund would exceed the amount to be refunded, no refunds will be required. As of September 30, 2020, rates for the Georgia-Alabama-South Carolina and Jim Woodruff Systems were approved on a final basis by FERC. The rates for the Cumberland and Kerr-Philpott Systems were approved on an interim basis by the Administrator, Southeastern Power Administration. There were no revenues subject to refund.

The Program's combined financial statements are presented in accordance with the provisions of ASC Topic 980, *Regulated Operations*. The provisions of ASC Topic 980 require, among other things, regulated enterprises to reflect rate actions of the regulator in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise.

(e) Cash

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

(f) Utility Plant

Utility plant in service and construction work-in-progress consist principally of generating facilities and are stated at cost, net of contributions by entities outside the Program. Cost includes direct labor and materials; payments to contractors; indirect charges for engineering, supervision, and similar overhead items; and interest on federal funds used during construction. The costs of additions, replacements, and betterments are capitalized, while repairs and minor replacement costs are charged to operation and maintenance expenses. The cost of utility plant retired, together with removal costs less salvage, is charged against accumulated depreciation when the property is removed from service. There were no material asset retirements or asset retirement obligations as of September 30, 2020 and 2019.

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

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

The Program is subject to ASC Topic 980. Most completed utility plant, as required by law, is recovered through the rates, regardless of whether an asset is abandoned, loses value, is disposed of significantly before the end of its estimated useful life, or is destroyed. Consequently, the cash flow is not impaired, regardless of the condition of the asset.

(Continued)

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

Interest, a component of total capitalization, is accrued annually on the outstanding payable to the U.S. Treasury based on federal statutes and power system legislation. Such interest is reflected as an expense in the combined financial statements. Interest rates on unpaid balances ranged from 2.375% to 6.125% for the years ended September 30, 2020 and 2019.

Interest charged to construction represents interest on federal funds used during utility plant construction and is included in the cost of completed projects. Applicable interest rates ranged from 2.375% to 4.125% for the years ended September 30, 2020 and 2019, depending on the year in which construction of the transmission and generation facilities was initiated and requirements of the authorizing legislation.

(h) Transfer of Property and Services, Net

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

(i) Retirement Benefits

Substantially all employees engaged in Program activities participate in either the Civil Service Retirement System (“CSRS”) or the Federal Employees Retirement System (“FERS”). Both are contributory defined benefit pension plans and are not covered under the Employee Retirement Income Security Act of 1974. Pension benefit expense under CSRS and FERS is equivalent to 7.0% and up to 16.0%, respectively, of eligible employee compensation. Program contributions to these plans are submitted to benefit program trust funds administered by the Office of Personnel Management (OPM), and totaled $17.7 million and $14.7 million for the years ended September 30, 2020 and 2019, respectively. The contribution levels, as legislatively mandated, do not reflect the total current cost/full cost requirements to fund the pension plans. Additional sources of funding for CSRS and FERS benefits include direct appropriations to the OPM, not Southeastern or the Corps, and is approximately 38.5% and 16.7% of base salary, respectively. In addition to the amounts contributed to the CSRS and FERS, the Program has recorded $8 million and $6.9 million of annual pension and retirement benefits expense for the years ended September 30, 2020 and 2019, respectively. This amount reflects the contribution made on behalf of Southeastern and the Corps by OPM to benefit program trust funds. This expense will be recovered from power customers through the future sale of power. Costs incurred by OPM on behalf of the Program are included as transfers of property and services, net within the payable to U.S. Treasury on the combined balance sheets.

Other retirement benefits administered by the OPM include the Federal Employees Health Benefits Program (“FEHB”) and the Federal Employee Group Life Insurance Program (“FEGLI”). FEHB is calculated at $8,038 and $7,268 per employee in fiscal years 2020 and 2019, respectively, and FEGLI is based on 0.02% of base salary for each employee enrolled in these programs.

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

(Continued)

(j) Derivative and Hedging Activities

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

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

The Program's policy is to fulfill all derivative and hedging contracts by either providing power to a third party or by taking delivery of power from a third party as provided for in each contract. The Program's policy does not authorize the use of derivative or hedging instruments for speculative purposes such as hedging electricity pricing fluctuations beyond the Program's estimated capacity to deliver or receive power. Accordingly, the Program evaluates all of its contracts to determine if they are derivatives and, if applicable, to ensure that they qualify and meet the normal purchases and normal sales designation requirements under ASC Topic 815. Normal purchases and normal sales contracts are accounted for as executory contracts as required under accounting principles generally accepted in the United States. As of September 30, 2020 and 2019, the Program has no contracts accounted for as derivatives.

(k) Concentrations of Credit Risk

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

(l) Regulatory Assets

Regulatory assets are assets that result from rate actions of Southeastern's Administrator and other regulatory agencies. These assets arise from specific costs that would have been included in the determination of net revenue or deficit in one period, but are deferred until a different period for purposes of developing rates to charge for services, per the requirements of ASC Topic 980. The Program defers costs as regulatory assets so that the costs will be recovered through the rates during the periods when

(Continued)

the costs are scheduled to be repaid. This ensures the matching of revenues and expenses. The Program does not earn a rate of return on its regulatory assets. The asset listed below is regulatory in nature:

Workers' Compensation Actuarial Cost

Workers' compensation consists of two elements: (i) the actuarial liability associated with workers' compensation cases incurred for which additional claims may still be made in the future ("future claims"); and (ii) a liability for expenses associated with actual claims incurred and paid by the U.S. Department of Labor ("DOL"), the program administrator, to whom Southeastern and the Corps must reimburse. The DOL, the DOE, and the DOD determine the Program's actuarial liability associated with workers' compensation cases. The actuarial liability for future claims was determined using historical benefit payment patterns and the U.S. Treasury discount rates.

The recovery of these future claims will be deferred for purposes of the rate-making process until such time the future claims are actually submitted and paid by the DOL. Therefore, the recognition of the expense associated with this actuarially determined liability has been recorded as a regulatory asset in the combined balance sheets to reflect the effects of the rate-making process. The Program's cumulative unpaid expenses associated with estimated future claims are approximately $16.3 million and $7.3 million, as of September 30, 2020 and 2019, respectively.

(m) Fair Value of Financial Instruments

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

(n) Use of Estimates

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

(o) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. ASU No. 2016-02 is effective for the Program for periods beginning after December 15, 2021 and early adoption is permitted. The Program is evaluating the effect that ASU No. 2016-02 will have on the Program's combined financial statements and related disclosures.

(Continued)

(3) Operating Revenues

(a) Disaggregated Revenues

Disaggregated revenues as of September 30, 2020 and 2019 consist of the following (in thousands):

	2020	2019
Sales:		
Power	$ 302,899	304,474
Revenue from contracts with customers	302,899	304,474
Non-contract revenues	10,558	11,060
Total operating revenues	$ 313,457	315,534

(b) Revenue from Contracts with Customers

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

(c) Non-contract Revenues

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

(d) Contract Balances

All accounts receivable is billed as of September 30, 2020 and 2019. As of September 30, 2020 and 2019, there are no contract advances representing the Program's unsatisfied performance obligation to transfer goods or service to a customer from which the Program has received consideration.

(4) Payable to U.S. Treasury

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

Southeastern follows the provisions of DOE Order RA 6120.2 in setting priorities for repayment. Order RA 6120.2 requires that annual revenues be first applied to current-year operating expenses, excluding depreciation, and interest, net of interest charged to construction and interest credited on operating revenues deposited with the U.S. Treasury. All annual amounts for such expenses have been paid through fiscal year 2020. Remaining revenues are to be first applied to repayment of operating deficits, if any, and then to

(Continued)

repayment of the outstanding principal. Annual net revenues available for repayment are generally applied first against investments in projects bearing the highest interest rates.

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

(5) Utility Plant

Utility plant as of September 30, 2020 and 2019 consists of the following (in thousands):

		2020	2019
Utility plant:			
Structures and facilities	$	2,377,680	2,336,364
Buildings		48,237	48,237
Land		361,670	361,670
Movable equipment		23,150	23,331
Gross completed plant		2,810,737	2,769,602
Accumulated depreciation		(1,225,891)	(1,185,650)
Net completed plant		1,584,846	1,583,952
Construction work-in-progress		97,422	108,266
Net utility plant	$	1,682,268	1,692,218

In accordance with FERC guidelines, the Program excludes contributed plant within the combined balance sheets to eliminate the impact on power rates. As of September 30, 2020 and 2019, contributed plant, net, used in the Program's operations totaled approximately $586,000.

As of September 30, 2020, major projects included in construction work-in-progress included an Island Creek transformer replacement and upgrade design for turbines and generators in the Kerr-Philpott power system; General Data Acquisition and Control Systems (GDACS) improvements, motor control centers, security system upgrades, emergency generator installation, heating and ventilation replacement, crane replacement, Unit 3 Static Excitation System (SES), and, upstream bulkhead upgrades in the Georgia-Alabama-South Carolina power system; repair to the powerhouse roof in the Jim Woodruff System; and turbine and generator upgrades, security system upgrades, GDACS upgrades, and standby emergency generator installation in the Cumberland power system.

As of September 30, 2019, major projects included in construction work-in-progress included an Island Creek transformer replacement and upgrade design for turbines and generators in the Kerr-Philpott power system; GDACS improvements, station service switchboard, switchgear, motor control center, buss work, station battery charger replacements, security system upgrade, circuit breaker test equipment procurement, 20-ton crane, draft tube crane, turbine refurbishments, and microwave system upgrades in the Georgia-Alabama-South Carolina power system; draft tube crane refurbishment in the Jim Woodruff power system; and dam

(Continued)

safety repairs, excitation system, station service switchboard, acquisition cables, buss work, turbine replacements, security system improvements, GDACS system replacement, elevator rehabilitation, arc flash protection, generator protective relay replacement, and penstock coating in the Cumberland power system.

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

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

In evaluating the impact of the construction remediation efforts on the Program's rates, Southeastern's Administrator determined the costs represented dam safety remediation costs under the Dam Safety Act (Section 1203 of the Water Resources Development Act of 1986) rather than major rehabilitation costs. Further, Southeastern's Administrator determined that including the remediation costs at the typical multi-purpose allocation rate would not provide for the lowest possible rate consistent with sound business principles, as required under the Secretary's delegation order (note 2(d)). Accordingly, effective September 30, 2014, Southeastern's Administrator recommended a rate action to the Deputy Secretary, U.S. Department of Energy. The Deputy Secretary approved the rate order. The rate action was to cap repayment of the remediation costs at 15% under the Dam Safety Act. These costs were then allocated at the project's multi-purpose allocation rate of 55.113%. Consequently, Program management recorded a rate action adjustment to the Wolf Creek project of $260.1 million to utility plant in service and $47.6 million to accumulated interest payable, resulting in a reduction of $307.7 million in the payable to U.S. Treasury.

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

		Total project costs	Multi-purpose allocation	Dam Safety Act adjustment	Allocated to power
2015	$	2,759	1,521	1,293	228
2016		3,721	2,051	1,743	308
2017		1,211	667	567	100
2018		132	73	62	11
2019		494	272	231	41
2020		488	269	229	40
Total	$	8,805	4,853	4,125	728

As of September 30, 2015, scheduled remediation efforts to the Center Hill project within the Cumberland system were completed and placed into service. Total project costs of $280.7 million included $236.9 million in construction remediation and $43.8 million in interest during construction. Typically, multipurpose rehabilitation costs are allocated to the power function based on established cost studies at 42.545%. Southeastern's Administrator imposed a rate action to cap repayment at 15% under the Dam

(Continued)

Safety Act. Consequently, Program management recorded a rate action adjustment to the Center Hill project of $85.7 million to utility plant in service and $15.8 million to accumulated interest payable, resulting in a reduction of $101.5 million in payable to U.S. Treasury.

Since fiscal year 2015, additional remediation efforts to the Center Hill project were completed and placed into service as follows (in thousands):

		Total project costs	Multi-purpose allocation	Dam Safety Act adjustment	Allocated to power
2016	$	13,812	5,876	4,995	881
2017		2,119	902	767	135
2018		2,130	906	770	136
2019		2,268	965	820	145
2020		85,872	36,534	31,054	5,480
Total	$	106,201	45,183	38,406	6,777

As of September 30, 2020, remediation efforts remain underway in both the Wolf Creek and Center Hill projects.

(6) Commitments and Contingencies

(a) General

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

As of September 30, 2020, a $3.8 million claim was filed with the Armed Services Board of Contract Appeals relating to the remediation of the Allatoona Powerhouse fire. It is reasonably possible this claim will result in an unfavorable outcome to the Program that would not be paid by the U.S. Treasury Judgment Fund.

(Continued)

(b) Transmission Contract Commitments

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

	Commitments for transmission services
Fiscal year ending September 30,	
2021	$ 47,496
2022	49,128
2023	50,844
2024	52,645
2025	54,537
	$ 254,650

(7) Subsequent Events

The Program has evaluated subsequent events as of September 30, 2020 through the date the combined financial statements were available to be issued on February 22, 2021, and identified no subsequent events requiring disclosure.

Schedule 1

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2020

(In thousands)

Assets	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	$ 1,890,295	77,655	221,869	620,918	2,810,737
Accumulated depreciation	(794,755)	(37,413)	(92,201)	(301,522)	(1,225,891)
Net completed plant	1,095,540	40,242	129,668	319,396	1,584,846
Construction work-in-progress	20,570	709	1,622	74,521	97,422
Net utility plant	1,116,110	40,951	131,290	393,917	1,682,268
Cash	115,287	5,558	33,622	309,658	464,125
Accounts receivable, net	15,756	953	2,942	2,923	22,574
Regulatory assets	13,802	—	16	2,526	16,344
Other assets	114	4	24	71	213
Total assets	$ 1,261,069	47,466	167,894	709,095	2,185,524
Total Liabilities and Capitalization					
Liabilities:					
Accounts payable and accrued liabilities	$ 7,603	206	1,067	9,136	18,012
Workers' compensation actuarial liability	13,802	—	16	2,526	16,344
Total liabilities	21,405	206	1,083	11,662	34,356
Capitalization:					
Payable to U.S. Treasury	1,379,692	46,773	163,961	604,879	2,195,305
Accumulated net revenues (deficit)	(140,031)	488	2,851	92,555	(44,137)
Total capitalization	1,239,661	47,261	166,812	697,434	2,151,168
Commitments and contingencies	—	—	—	—	—
Total liabilities and capitalization	$ 1,261,066	47,467	167,895	709,096	2,185,524

See accompanying independent auditors' report.

(Continued)

Schedule 1

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2019

(In thousands)

Assets	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	$ 1,889,451	75,379	220,379	584,393	2,769,602
Accumulated depreciation	(764,910)	(35,795)	(87,503)	(297,442)	(1,185,650)
Net completed plant	1,124,541	39,584	132,876	286,951	1,583,952
Construction work-in-progress	16,690	1,879	970	88,727	108,266
Net utility plant	1,141,231	41,463	133,846	375,678	1,692,218
Cash	78,586	5,090	30,520	299,363	413,559
Accounts receivable, net	18,902	750	2,192	2,836	24,680
Regulatory assets	5,438	—	10	1,841	7,289
Other assets	105	4	22	67	198
Total assets	$ 1,244,262	47,307	166,590	679,785	2,137,944
Total Liabilities and Capitalization					
Liabilities:					
Accounts payable and accrued liabilities	$ 7,509	945	761	6,038	15,253
Workers' compensation actuarial liability	5,438	—	10	1,841	7,289
Total liabilities	12,947	945	771	7,879	22,542
Capitalization:					
Payable to U.S. Treasury	1,374,627	44,334	161,643	589,834	2,170,438
Accumulated net revenues (deficit)	(143,312)	2,028	4,175	82,073	(55,036)
Total capitalization	1,231,315	46,362	165,818	671,907	2,115,402
Commitments and contingencies	—	—	—	—	—
Total liabilities and capitalization	$ 1,244,262	47,307	166,589	679,786	2,137,944

See accompanying independent auditors' report.

Schedule 2

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2020

(In thousands)

	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:					
Sales of electric power	$ 189,930	9,353	32,071	71,545	302,899
Other operating revenues	7,432	232	1,228	1,666	10,558
Total operating revenues	197,362	9,585	33,299	73,211	313,457
Operating expenses, excluding depreciation expense:					
Operations	37,496	2,350	7,273	34,045	81,164
Maintenance	33,454	3,164	4,585	8,275	49,478
Purchased power	6,150	1,806	—	—	7,956
Purchased transmission services	25,231	341	12,749	9,227	47,548
Total operating expenses, excluding depreciation expense	102,331	7,661	24,607	51,547	186,146
Depreciation expense	30,655	1,619	4,706	5,046	42,026
Total operating expenses	132,986	9,280	29,313	56,593	228,172
Net operating revenues	64,376	305	3,986	16,618	85,285
Interest expenses:					
Interest on payable to U.S. Treasury	61,549	1,996	5,342	9,172	78,059
Interest charged to construction	(454)	(151)	(32)	(3,036)	(3,673)
Net interest expenses	61,095	1,845	5,310	6,136	74,386
Net revenues	$ 3,281	(1,540)	(1,324)	10,482	10,899

See accompanying independent auditors' report.

(Continued)

Schedule 2

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2019

(In thousands)

	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:					
Sales of electric power	$ 193,383	9,014	32,721	69,356	304,474
Other operating revenues	8,023	146	1,003	1,888	11,060
Total operating revenues	201,406	9,160	33,724	71,244	315,534
Operating expenses, excluding depreciation expense:					
Operations	38,090	2,311	6,457	36,189	83,047
Maintenance	34,431	2,520	5,479	8,051	50,481
Purchased power	7,041	2,013	4	—	9,058
Purchased transmission services	24,486	310	9,054	9,758	43,608
Total operating expenses, excluding depreciation expense	104,048	7,154	20,994	53,998	186,194
Depreciation expense	31,355	1,529	4,614	7,761	45,259
Total operating expenses	135,403	8,683	25,608	61,759	231,453
Net operating revenues	66,003	477	8,116	9,485	84,081
Interest expenses:					
Interest on payable to U.S. Treasury	62,303	1,800	5,556	8,393	78,052
Interest charged to construction	(545)	(21)	(27)	(2,585)	(3,178)
Net interest expenses	61,758	1,779	5,529	5,808	74,874
Net revenues	$ 4,245	(1,302)	2,587	3,677	9,207

See accompanying independent auditors' report.

SOUTHEASTERN FEDERAL POWER PROGRAM

Schedule of Amount and Allocation of Gross Utility Plant Investment (unaudited)

As of September 30, 2020

(In thousands)

Projects in service and other	Total	Allocated to: Power	Navigation	Flood risk management	Fish and wildlife	Recreation	Dam Safety	Other		Percent of total plant investment returnable from power revenue
Allatoona	$ 88,995	66,222	—	10,446	—	12,095	—	232	(a)	74.4%
Buford	104,906	85,417	2,192	4,855	—	12,442	—	—		81.4%
Carters	206,400	174,967	—	19,842	—	11,591	—	—		84.8%
J. Strom Thurmond	196,535	170,727	4,382	4,126	—	17,300	—	—		86.9%
Walter F. George	290,270	193,880	82,811	—	348	13,231	—	—		66.8%
Hartwell	213,116	179,956	4,009	16,172	—	12,979	—	—		84.4%
Millers Ferry/Henry	257,729	149,031	87,131	—	—	21,567	—	—		57.8%
West Point	182,783	94,463	2,771	22,550	14,206	48,793	—	—		51.7%
Richard B. Russell	907,786	794,043	—	873	—	112,870	—	—		87.5%
Marketing facilities	2,159	2,159	—	—	—	—	—	—		100.0%
Total GA-AL-SC System	2,450,679	1,910,865	183,296	78,864	14,554	262,868	—	232		78.0%
Jim Woodruff	129,784	78,297	43,220	—	—	8,267	—	—		60.3%
Marketing facilities	67	67	—	—	—	—	—	—		100.0%
Total Jim Woodruff System	129,851	78,364	43,220	—	—	8,267	—	—		60.3%
Barkley	259,715	90,739	134,263	26,028	—	8,685	—	—		34.9%
J. Percy Priest	74,530	16,899	—	27,556	—	30,075	—	—		22.7%
Cheatham	88,513	27,763	56,075	—	—	4,675	—	—		31.4%
Cordell Hull	100,822	47,955	17,736	—	—	28,418	—	6,713	(c)	47.6%
Old Hickory	113,227	75,282	31,833	—	—	6,112	—	—		66.5%
Center Hill	560,348	148,609	—	67,416	—	14,777	328,849	697	(b)	26.5%
Dale Hollow	55,057	37,622	—	14,450	—	2,985	—	—		68.3%
Wolf Creek	937,269	220,668	—	130,030	—	20,488	565,837	246	(b)	23.5%
Laurel	53,771	29,746	—	—	—	17,659	—	6,366	(c)	55.3%
Marketing facilities	742	742	—	—	—	—	—			100.0%
Contributions in aid of construction	(586)	(586)	—	—	—	—	—			100.0%
Total Cumberland Basin System	2,243,408	695,439	239,907	265,480	—	133,874	894,686	14,022		31.0%
John H. Kerr	232,405	196,203	—	27,023	—	9,179				84.4%
Philpott	41,819	26,883	—	9,456	—	5,480				64.3%
Marketing facilities	405	405	—	—	—	—				100.0%
Total Kerr-Philpott System	274,629	223,491	—	36,479	—	14,659	—	—		81.4%
Total	$ 5,098,567	2,908,159	466,423	380,823	14,554	419,668	894,686	14,254		57.0%

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

See accompanying independent auditors' report.

SouthEastern Power Administration

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