Southeastern Power Administration

2021 Annual Report

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Fast Facts

Administrator & Chief Executive:
Virgil G. Hobbs III

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

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

Number of Employees: 44

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

Customers:

Electric Cooperatives	191
Public Bodies	281
Investor-Owned Utilities	1
Total	473

Financial Data:

Power and Other Operating Revenues	$310 million
Total Capital Investment	$2.9 billion
Investment Remaining	$1.6 billion
Cumulative Investment Repaid	$1.3 billion
Cumulative Investment Interest Paid	$2.5 billion

Southeastern welcomed two senior leaders to the management team in Fiscal Year 2021. Samuel Loggins (above) took his oath of office as Southeastern's Finance & Marketing Division Assistant Administrator in February and Chris Wilk (below) accepted the position of Chief Information Officer in July.

ON THE COVER:
A peek inside of Wolf Creek hydroelectric Generator 5 top dome reveals the bright brass electrical connections where spring backed stationary brushes are the transition mechanism between the rotating portion of the generator's magnetic field excitation system. The exciter creates adjacent direct current north and south magnetic poles on the outer rim of the generator rotor (see page 11). This magnetic field combined with the relative motion created by the falling water turning the turbine induces current to flow in the conductors of the generator stator winding.

Administrator's Report

Secretary Granholm:

I am proud to provide the Southeastern Power Administration (Southeastern) Annual Report for Fiscal Year 2021. This report reflects the agency's programs, accomplishments, operational functions, and financial activities for the 12-month period beginning October 1, 2020 and ending September 30, 2021.

Southeastern's employees are truly the stars of this agency, and I want to give particular focus to their efforts during this historic year of the extended COVID pandemic socially distant engagement. Without interruption or fail, a subset of employees continued to report to the worksite daily to accomplish mission essential roles while most employees remained in a maximum telework environment. From our Power Systems Dispatchers in the 24/7 Operations Center ensuring critical power delivery needs, to administrative staff completing power rates, billing, contracts, accounting, and important services such as acquisition, human capital and information technology support – Southeastern's staff continued to rise to the occasion. Throughout the year, in addition to carrying out our mission marketing Federal hydropower, employees engaged in new efforts for the betterment of hydropower value, improved internal processes, welcomed new management and met customer needs in an ever changing electricity sector environment.

Southeastern marketed over eight billion kilowatt-hours of Federal hydropower energy to 473 wholesale customers in ten southeastern states. Revenue from the sale of reliable renewable power totaled nearly $296 million which Southeastern continues to reimburse the Treasury for regional Federal hydropower investments.

I'd also like to acknowledge the staff and leadership of our generating partners at the U.S. Army Corps of Engineers (Corps) with whom we coordinated throughout the year, not only to meet immediate power needs but also to improve the reliability and availability of the Federal hydropower assets in the Southeastern service area. The strong partnerships between Southeastern, the Corps and the Federal power customers supported the approval of $65 million this year for capitalized hydropower infrastructure improvements across all four marketing areas.

The renewable energy certificate distribution program for the customers of the Kerr-Philpott System in North Carolina and Virginia was completed early in the fiscal year with positive feedback on the certificate distribution. We will be moving forward, as requested by our customers, with similar programs in our other systems over the next few years.

Carbon-free hydroelectric power marketed by Southeastern is important to the cities and cooperatives we serve. These customers in turn provide the Federal power benefits to twelve million consumers. As new nuclear, natural gas and solar generation is introduced to the region under challenging economic circumstances, it is so very important our clean energy is available and cost competitive. Southeastern will pursue operational efficiencies and value improvements for our cost-based power products. We will continue to build our strong generation, transmission and distribution partnerships to protect, improve and sustain this renewable energy resource.

I am honored to mark my first full year leading the organization. I appreciate the support from customers, the Corps, my Power Marketing Administration colleagues, and the Department of Energy. My utmost appreciation to the Southeastern employees in rural Elberton, Georgia, for their resiliency, professionalism, and hard work in meeting these important accomplishments of Fiscal Year 2021. I remain committed to the wellbeing of our valued staff and making Southeastern a great place to work as we move forward together.

Sincerely,

Virgil G. Hobbs III
Administrator & Chief Executive

Mission, Vision & Organization

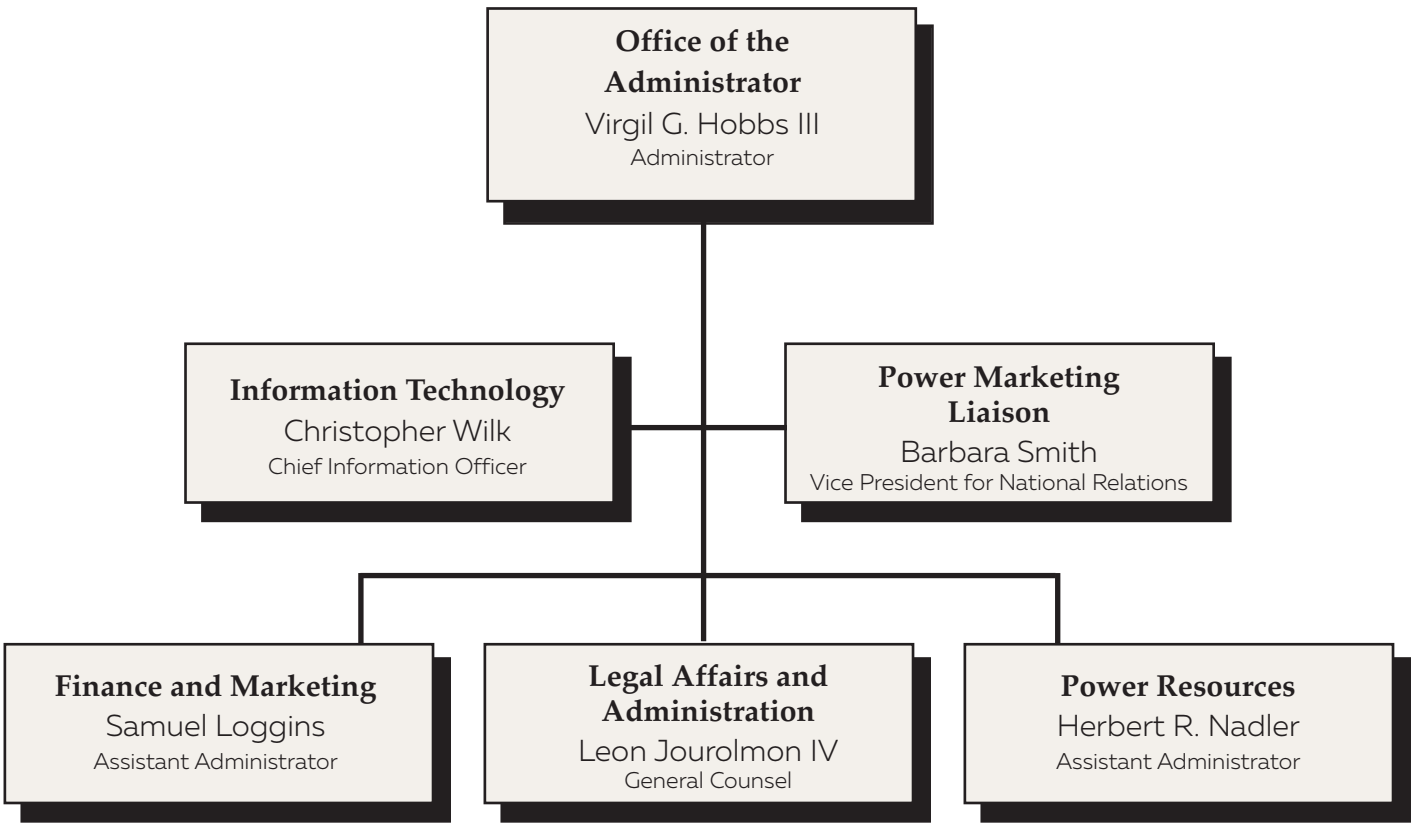
Mission Statement

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

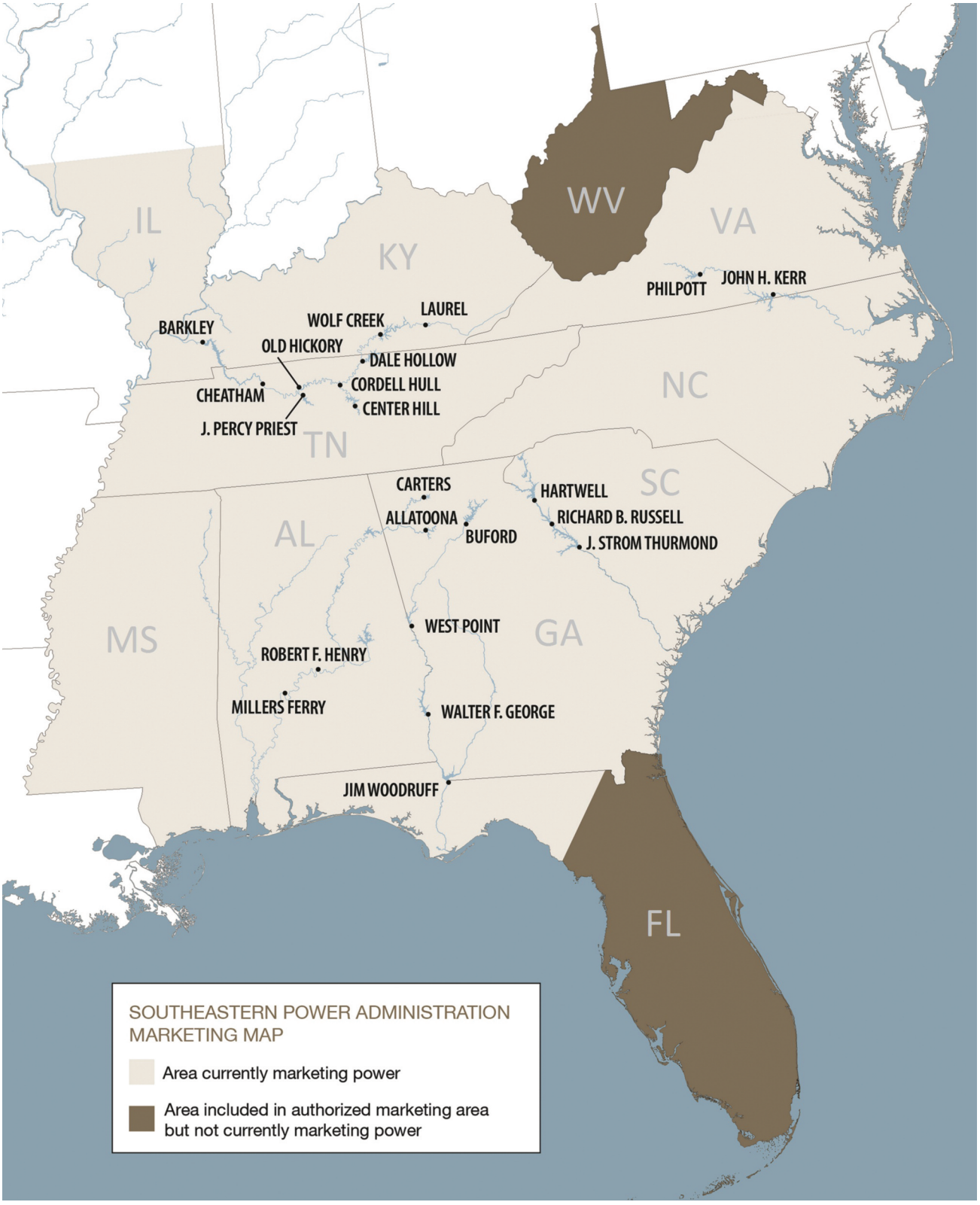
Vision Statement

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

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

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

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

On August 19, 2021,The Administrator confirmed and approved, on an interim basis, new rate schedules for the sale of power from the Jim Woodruff Project. The rate schedules are approved on an interim basis through September 30, 2026, and are subject to confirmation and approval by FERC on a final basis.

Kerr-Philpott

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

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, 2021 (in millions) - Table 1

System	Initial Year of Repayment Studies	Cumulative Revenue $	Cumulative Expenses and Interest $	Total Investment to be Repaid $	Investment Repaid to Date $	Unpaid Balance of Investment $
Cumberland	1949	2,032	1,612	667	420	246
GA-AL-SC	1950	5,864	5,140	1,932	724	1,209
Kerr-Philpott	1953	788	669	242	120	122
Jim Woodruff	1957	317	275	84	42	41
TOTAL		**9,001**	**7,696**	**2,925**	**1,306**	**1,618**

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

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. Recognizing the need to address the ever-changing technology requirements of Southeastern, management authorized a reorganization to create a new Information Technology Division led by a newly added Chief Information Officer (CIO) position. Additionally, Legal Affairs and Human Resources and Administration Divisions were merged to form the Legal Affairs and Administration Division. This allows Southeastern to gain efficiencies and advancements in the Information Technology field while also preparing for future staffing needs in support of Southeastern's planned purchase of the current office building in September 2022.

Southeastern continues to focus on 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 future needs. Management and Southeastern's Human Resources Business Partner created an annual staffing plan to account for known and potential upcoming vacancies. As a result, the agency is quickly able to fill vacated slots either through recruitment or temporary details. The staffing plan will be reviewed and updated each fiscal year.

In 2021, Southeastern's staff continued participation in a yearlong development program to improve employee engagement and the workplace experience. The development program entitled "Moving Forward, Together!" began in late 2020 and consisted of various workshops to promote trust and transparency among Southeastern's staff.

Efforts will continue in 2022 to foster a positive environment to balance the work/life needs of Southeastern's most valued assets, our employees.

Federal Hydropower Council

This year marked the 5th anniversary of the Federal Hydropower Council which brings the Corps, US Bureau of Reclamation and Power Marketing Administration leadership together biannually to explore ways to improve existing Federal hydropower. Personnel from across agencies, disciplines and the country are members of working groups meeting throughout the year pursuing improvements in various focus areas which include acquisition, accounting practices, water storage reallocation, communication, operation and maintenance improvements. Contract support was introduced to provide additional resources for several focus areas exploring complex and time intensive efforts.

Highlights of recent accomplishments and current efforts include:

- New and sustained focus on hydropower specific acquisition training and a Corps board dedicated to implementing and measuring improvements to time, cost, and quality of acquisition, including the project management of major infrastructure rehabilitations.
- Updating current procedures to ensure transparency and consistency in dam and reservoir costs assigned to hydropower for repayment.
- Exploring changes in processes to ensure the hydropower purpose is made whole when water storage available for hydropower use is impacted by changes in dam and reservoir use.
- Reassessing prioritization of hydropower maintenance investments to better support asset value and availability impact.
- A joint agency video titled "Hydropower: The Bedrock Foundation of a Clean Energy Future" which is available on the Southeastern website.

We look forward to the continued interagency Federal Hydropower Council leadership engagement and support as new and creative solutions are pursued to ensure Federal hydropower delivers when called upon. This is increasingly important as the Nation and those we serve transition to cleaner generation resources, safely and securely reaching a carbon-free electricity sector.

Renewable Energy Certificates

Southeastern began a new program to distribute renewable energy certificates in the Kerr-Philpott System in FY 2020. Southeastern distributed 713,000 renewable energy certificates in FY 2021. One certificate is 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.

Southeastern began the process of updating the Cumberland System Marketing Policy in FY 2021. The public process began with a Notice of Intent to Revise the Policy on October 2021, with the intent to distribute the renewable energy certificates starting in FY 2022 to customers in the Cumberland System. Southeastern is considering using the M-RETS renewable energy tracking platform for the projects physically located in Tennessee and Kentucky. The M-RETS is a trading platform designed to meet the needs of participants in the renewable energy certificate market from generation located anywhere within North America. The M-RETS platform may be useful in other areas not currently covered by a regional transmission organization.

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.

Hartwell Powerplant is the most upstream of three Federal hydroelectric stations on the Savannah River.

Customer Funding

Cumberland

The Long-Term Memorandum of Agreement Program Coordination Committee members, representing 24 customers in Illinois, Kentucky, Mississippi, and North Carolina, signed Sub-Agreement 10 in October 2020. Power revenue collections continued through September 2021, providing $16.2 million to fund the main power transformer acquisition and excitation replacement engineering and design at Wolf Creek and $7.7 million for medium voltage cables and buss acquisition at Center Hill and Cheatham.

The Short-Term Memorandum of Agreement Sub-Agreements 8 and 9 were signed in November 2020 and July 2021 on behalf of 153 Tennessee Valley Public Power Association member customers to begin the collection of sequential $25 million Sub-Agreements until the total fund requirement $125 million is attained to replace the Old Hickory generators and turbines.

Georgia-Alabama-South Carolina

In February 2021 Sub-Agreement 29 was signed to provide an additional $1,550,000 for the centralized Operations Implementation of the Mobile and Savannah Districts. The South Atlantic Division is taking decisive action to reduce the cost of hydropower by overhauling and streamlining hydropower operations throughout the region. Customer funding through Sub-Agreements 17, 18, 23, 25 and 27 totaling approximately $30 million, have been provided to perform operations infrastructure upgrades and replacements necessary to support centralized hydropower operations for all facilities in the GA-AL-SC System.

Sub-Agreement 30 was signed in May 2021 to provide funds for the procurement, installation, and engineering during construction support for the plant control system and protective relays replacement for the Hartwell, Richard B. Russell and Walter F. George Powerhouses. The existing plant controls have exceeded their life expectancy, spare parts are no longer readily available and the control cabling has exceeded the service life. Protective relays are nearing the end of their service life. Plant control system and protective relay replacement is a key component of the Corps effort to centralized hydropower operations. Total funding requirement for Sub-Agreement 30 is $11,445,281. Total funds available from closed-out Sub-Agreements 24 and 25 are $259,917. Sub-Agreement 24, Richard B. Russell Static Frequency Convertor Repair and Disconnect Replacement Work Item amount is $ 177,517. Sub-Agreement 25, Richard B. Russell Wicket Gate Bushing, Retainer and Gland Procurement Work Item amount is $82,399. The remaining amount collected from the participating customers was $11,185,364.

Jim Woodruff

Sub-Agreement 1, executed on August 12, 2019, included funding for the Supervisory Control System Upgrade in the amount of $1,100,000. On January 21, 2021, the Project Review Committee agreed to amend the Sub-Agreement and increase funding by $350,000 to include installation costs of interplant communication circuits, amended funding requirement is now $1,450,000.

Kerr-Philpott

During FY 2021 the collection for Amendment 1 to Sub-Agreement 4 was completed, which provided 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, which updates the total funding requirement to $25,325,400.

Customer Funding

Customer Funding Approval Summary

Allatoona	$97,000	Old Hickory	$50,000,000
Buford	$129,000	Philpott	$2,906,322
Carters	$179,000	Richard B. Russell	$4,673,047
Center Hill	$6,700,000	J. Strom Thurmond	$225,000
Cheatham	$1,000,000	Walter F. George	$3,824,484
Hartwell	$3,284,833	West Point	$97,000
Jones Bluff	$129,000	Wolf Creek	$16,200,000
Millers Ferry	$97,000	Jim Woodruff	$350,000

One of Center Hill's generator rotors is being guided to the rotor pedestal. There is only one location in the plant, other than the operating position from whence it came, structurally designed to support the weight of the heaviest of rotating generator components. Center Hill's fully assembled rotors weigh in at a modest 242 tons.

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.

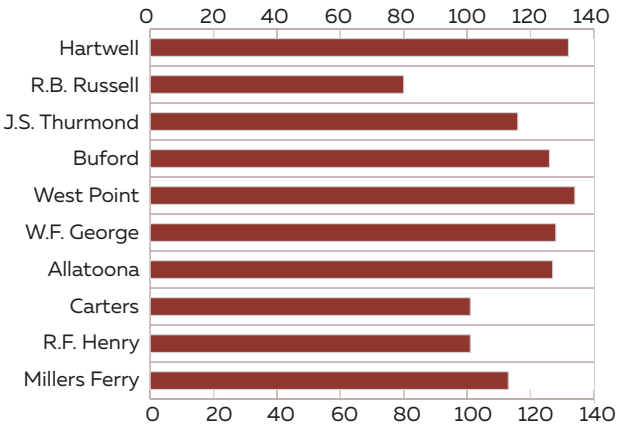
Operational Performance

Generation from streamflow for FY 2021 was 112% of annual average. Figure A illustrates the percent of average generation by project. Figure B shows system generation for the years 2012 through 2021.

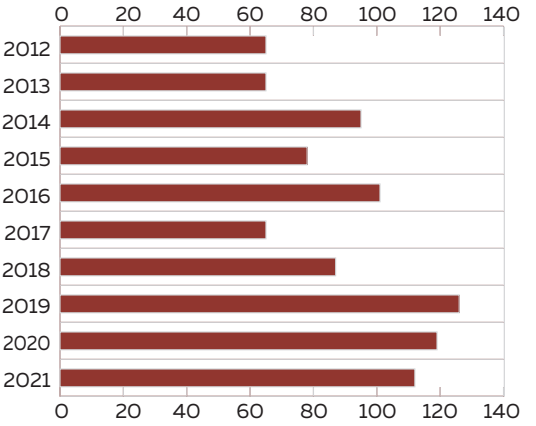
Hartwell Generator 3 is out of service awaiting stator rewind. The lifting beam failed certification testing and the contractor was tasked with repairing the beam to meet standards. However, the repair effort led to the discovery of additional deficiencies with the beam and main hook that could not be repaired. A new lifting beam is required and the Corps is working through the process of procuring a replacement lifting beam. The estimated fabrication time from award is approximately nine months to one year. In the interim, the Corps is working with the rewind contractor to identify a temporary solution to allow the rotor removal and rewind work to proceed. The Corps is reviewing the contractor's proposal to clarify the impacts to the rewind schedule. Estimated return to service is yet to be determined dependent on the lifting beam resolution.

Excessive vibration on Russell Generator 5 was determined to be most likely the result of the rotor rim shrink being out of tolerance. The contractor recommended additional data collection and analysis to determine the correct rotor rim shrink prior to making adjustments to the rotor rim. The Corps internal team has agreed on the path forward including clarification of the analysis scope to be performed prior to the rotor rim reshrink. Repairs are expected to resume in January 2022. Russell and Hartwell share the same lifting beam for disassembling the units so neither plant is able to accomplish work requiring generator disassembly.

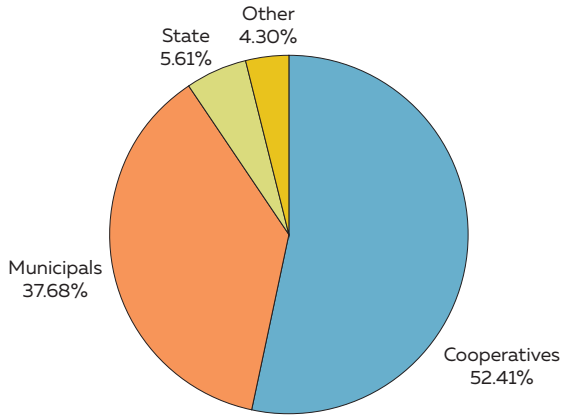
Actual Generation as a Percentage of Average Project Generation – Figure A



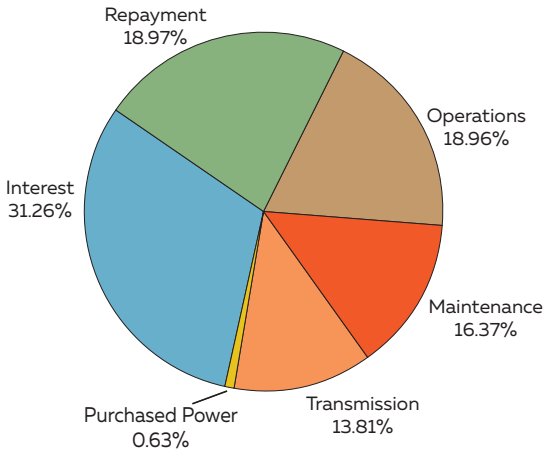
Actual Generation as a Percentage of Average System Generation – Figure B



FY 2021 Revenue by Source – Figure C



FY 2021 Application of Revenues – Figure D



Financial Performance

Total revenue for the Georgia-Alabama-South Carolina System in FY 2021 was $194.3 million. Of this amount, $185.9 million was derived from the sale of 4,091,681 megawatt-hours of energy and 2,184.3 megawatts of capacity. Total operating expenses, excluding depreciation, were $96.8 million. Interest charged to Federal investment was $60.7 million and repayment of the Federal investment was $36.7 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.

Carters Powerplant houses two conventional hydropower generators and two reversible pump turbine generators which together combine for a total of 600 megawatts of capacity. Technicians are stationed around the circumference of the Pump Generator 3 to ensure the bridge crane operator lifts vertically as there is only a half inch between rotating and stationary generator components. Two 200 ton crane hooks are combined using a lifting beam with a rating of 400 tons, generator rotors weigh typically 95% of their corresponding bridge crane, Carters conventional generator rotors tip the scale at 377 tons!

Kerr-Philpott

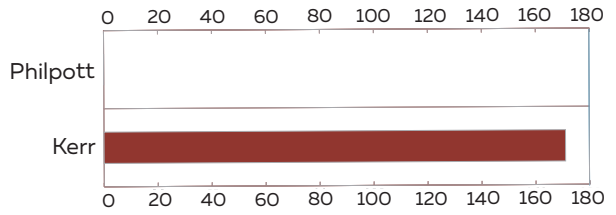
The Kerr-Philpott System consists of two projects – John H. Kerr on the Roanoke River and Philpott on the Smith River. Power generated at the projects is marketed to 75 preference customers in North Carolina and Virginia.

Operational Performance

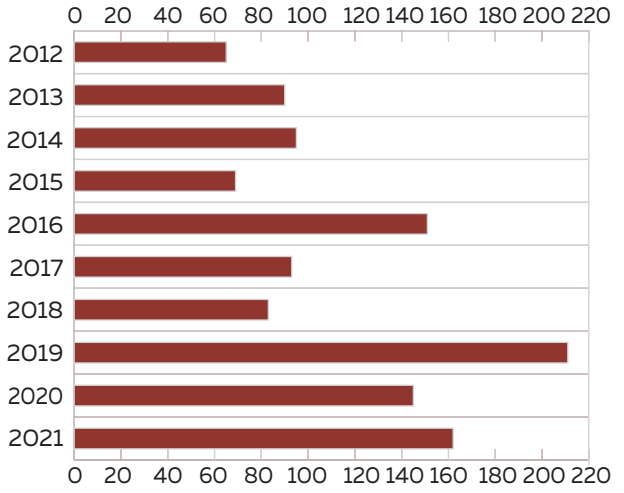
Generation for FY 2021 was 162% of annual average. Figure E illustrates the percent of average generation by project for the year. Figure F shows the system generation by year from 2012 through 2021.

The Philpott plant remains out of service due to the May 2020 landslide. Wilmington District's Engineering Division is performing a value engineering study on the bank stabilization to determine if there is a more efficient (time and cost) means of stabilizing the bank above the powerplant. The turbine replacement and generator rewind contractor proceeded with work performed off site. The Corps has contracted with the original switchgear manufacturer to test the equipment from the switchgear building and recommend replacement or refurbishment for each piece of switchgear. Philpott is expected to return to service in 2024.

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

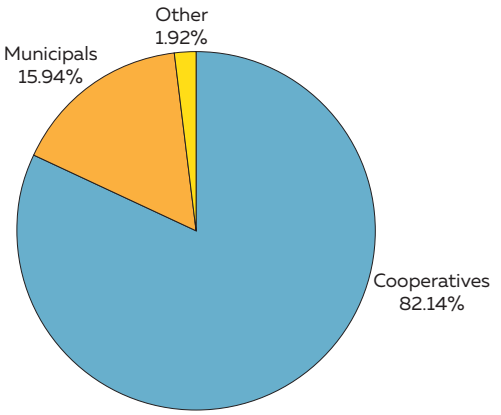


Actual Generation as a Percentage of Average System Generation - Figure F

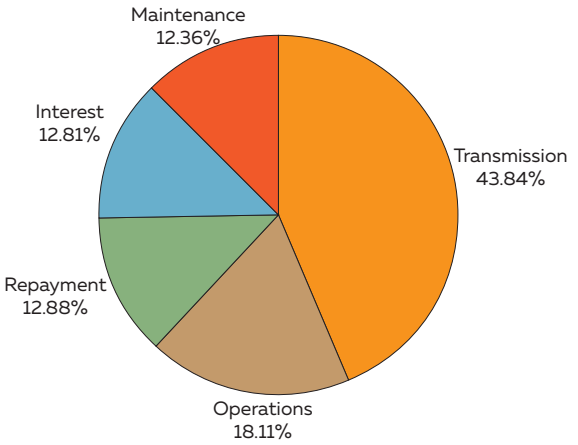


George Taylor with Oglethorpe Power Corporation is recognized for his exemplary service and unwavering support of Southeastern's mission beginning in the early 1990's through his retirement in July 2021.

FY 2021 Revenue by Source – Figure G



FY 2021 Application of Revenues – Figure H



Financial Performance

Total revenue for the Kerr-Philpott System in FY 2021 was $40.7 million. Of this amount, $39.9 million was derived from the sale of 713,017 megawatt-hours of energy and 196.5 megawatts of capacity.

Total operating expenses, excluding depreciation, were $30.2 million. Interest charged to Federal investment was $5.2 million and repayment of the Federal investment was $5.2 million in FY 2021. Figure G shows the revenue by source for the Kerr-Philpott System and Figure H shows the application of revenues.

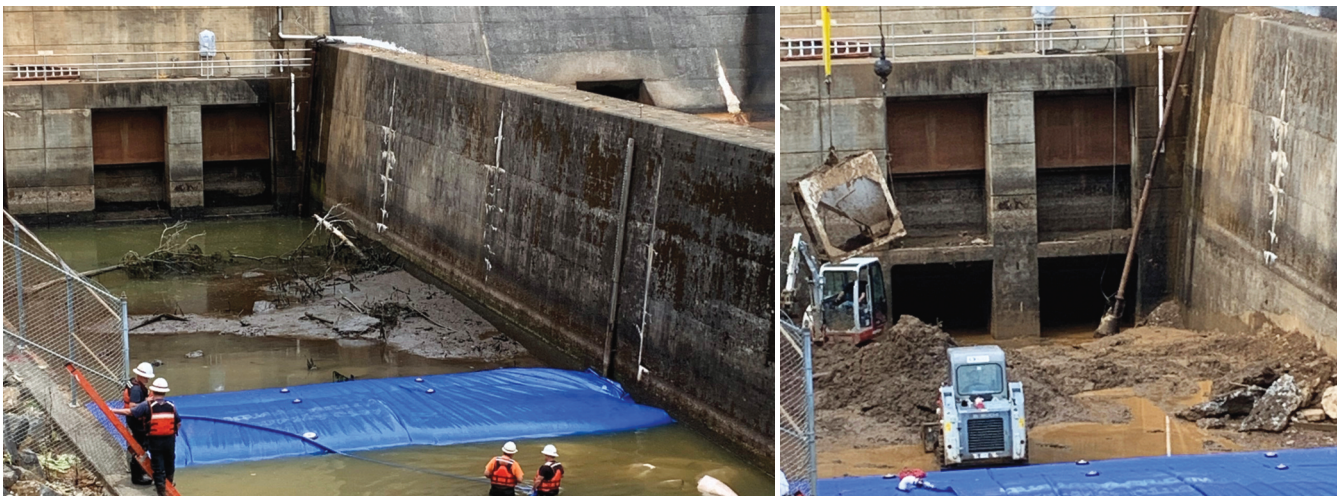
Table 3 indicates the current rates. Current rates for the Kerr-Philpott System were approved by FERC on a final basis on December 11, 2020. The rate schedules are effective for the period October 1, 2020, through September 30, 2025.

Power Rates – Table 3

Product	Through September 30, 2021
Capacity	3.78 $/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, 2022, through March 31, 2023, will be as follows:

Capacity	3.65 $/kW/Month
Energy	14.80 mills/kWh



Landslide cleanup continued through 2021 at Philpott. In these photos, the powerhouse tailrace is unwatered to remove debris and excavate mud from the generator draft tubes (square openings lower right). The draft tube is the final water passage through the dam below the generator turbines.

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.

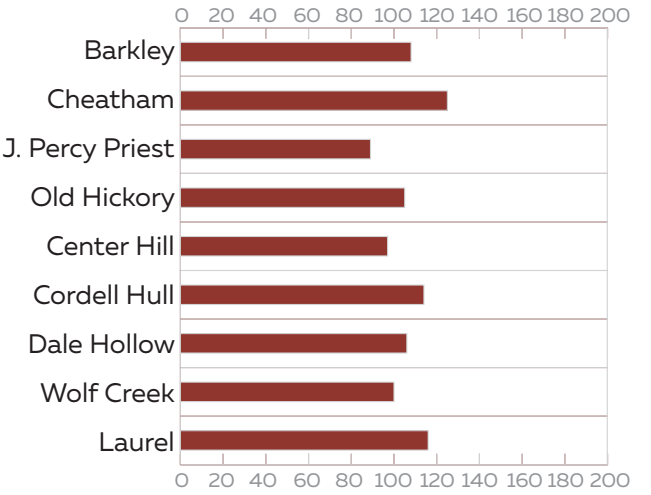
Operational Performance

Generation for the system during FY 2021 was 105% of annual average. The percent of average generation by project is shown in Figure I. Figure J shows the system generation for the years 2012 through 2021.

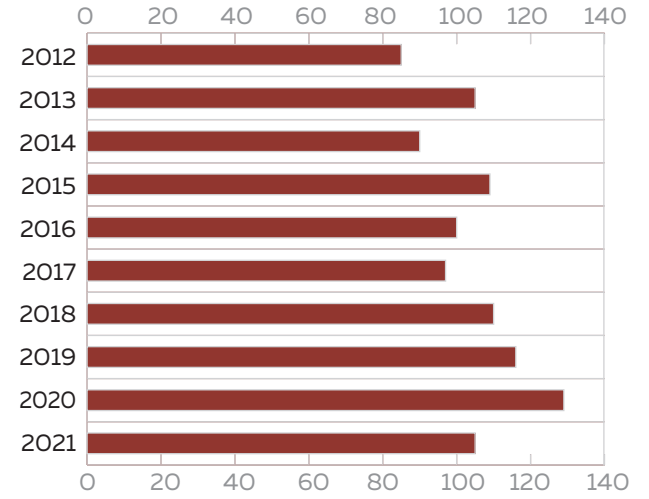
Main transformers were installed for Barkley Generators 1 & 2 starting in January through June and for Generators 3 & 4 from June through September. The turbine rehabilitation for Center Hill Generator 1 was completed in March. Exciter repairs were performed on Cheatham Generator 2 from August through October. Maintenance and repairs on the thrust bearing runner for Cordell Hull Generator 3 occurred from May through August. The completion of the generator rehabilitation and turbine repairs for Old Hickory Generator 4 returned the unit to service in September. Excitation system repairs and headgate lifting mechanism replacement were completed on Wolf Creek Generator 5 in May. The main exciter repairs for Wolf Creek Generator 3 began in March 2021, with an expected completion in March 2022. J. Percy Priest Generator 1 is unavailable each year for generation during the months of May through the end of the fiscal year due to water quality limitations. Limiting generation for downstream low dissolved oxygen levels continues to reduce the capacity and energy output at multiple projects. Southeastern and the Corps are discussing various operational changes to better balance fish habitat concerns and hydroelectric production.

The Nashville District developed a Capital Improvement Plan detailing non-routine maintenance, rehabilitation or modernization of the Cumberland System hydropower facilities for the next 20 years. During this time as the units are unavailable for generation, the system capacity will be less than the marketed capacity for the Cumberland customer groups. Reductions to contract capacity are reconciled through the monthly delivered power invoicing process by providing customers capacity credits. Until generation resources are restored to marketed customer allocation levels, scheduling capacities are reduced weekly according to the available system capacity.

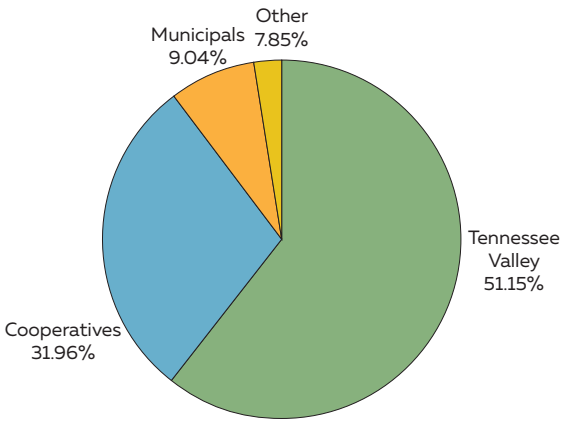
Actual Generation as a Percentage of Average Project Generation – Figure I



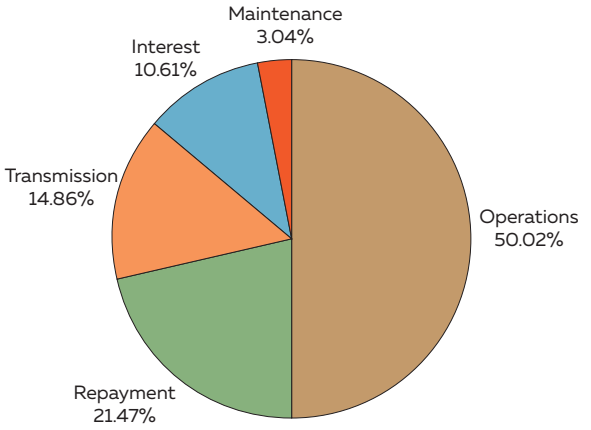
Actual Generation as a Percentage of Average System Generation – Figure J



FY 2021 Revenue by Source – Figure K



FY 2021 Application of Revenues – Figure L



Financial Performance

Total revenue for the Cumberland System in FY 2021 was $66.3 million. Of this amount, $61.1 million was derived from the sale of 3,069,581 megawatt-hours of energy and 948.3 megawatts of capacity. Total operating expenses, excluding depreciation, were $45.1 million. Interest charged to Federal investment was $7.0 million and repayment was $14.2 million. Figure K shows the revenue by source for the Cumberland System and Figure L shows the application of revenues.

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

Power Rates – Table 4

Product	Through September 30, 2021
Capacity	3.523 $/kW/Month
Energy	13.238 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, 2022, through March 31, 2023, will be as follows:

Capacity	3.763 $/kW/Month
Energy	14.278 mills/kWh

Old Hickory Generator 4 returned to service following a multiyear outage in September 2021. The contractor successfully relocated the centerline of stationary turbine water passages to enable the rotating components to be properly aligned for operation. Old Hickory will be the third Cumberland System plant to undergo complete rehabilitation.

Jim Woodruff

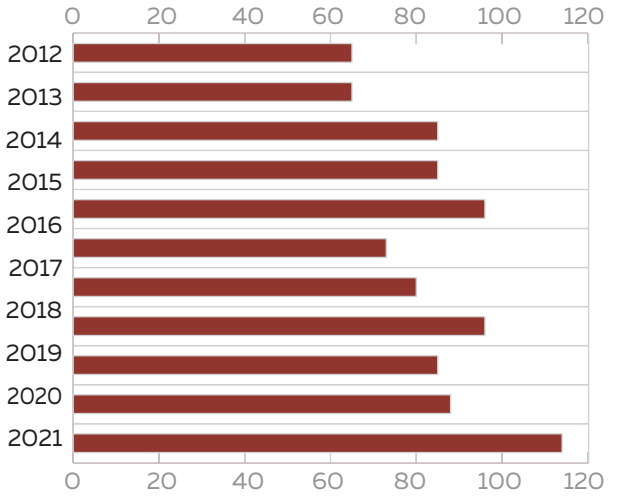
The Jim Woodruff System is a single-project system located on the border of Florida and Georgia. This system has six preference customers and one investor-owned utility located in the central panhandle of Florida.

Operational Performance

Generation during FY 2021 was 114% of annual average. Figure M illustrates the project's generation for the years 2012 through 2021.

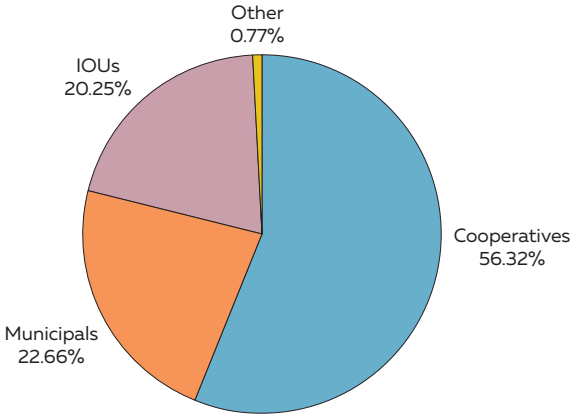
There were no significant operational issues in the Woodruff System during FY 2021.

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

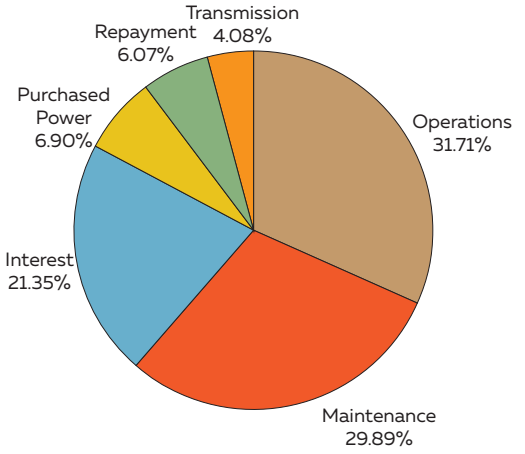


The pandemic forced another year of virtual public forums. Pictured at right are Leon Jourolmon, General Counsel, and Greg Hall, Public Utility Specialist, sit in Southeastern's conference room hosting the rate adjustment forum for the Jim Woodruff System. Attending the forum clockwise from top left above are Samuel Loggins, Assistant Administrator for Finance & Marketing, Cathy Stillson, Power Marketing Advisor, David Fitzgerald, Southeastern Federal Power Customer Attorney, Barbara Smith, Southeastern & Southwestern Power Administration's Vice President for National Relations, Julius Hackett, Tri-County Electric Cooperative Chief Executive Officer, and Alexa Webb, Public Utility Specialist.

FY 2021 Revenue by Source – Figure N



FY 2021 Application of Revenues – Figure O



Financial Performance

Total revenue from the Jim Woodruff System was $8.9 million in FY 2021. Of this amount, $8.8 million was derived from the sale of 254,558 megawatt-hours of energy and 36 megawatts of capacity.

Total operating expenses, excluding depreciation, were $6.5 million. Interest charged to the Federal investment was $1.9 million and repayment of the Federal investment was $0.5 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. On August 19, 2021, the Administrator confirmed and approved, on an interim basis, new rate schedules for the sale of power from the Jim Woodruff Project. The rate schedules are approved on an interim basis through September 30, 2026, and are subject to confirmation and approval by the FERC on a final basis.

Power Rates – Table 5

Product	Through September 30, 2021
Capacity	7.74 $/kW/Month
Energy	20.44 mills/kWh

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

Customer Sales

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE ($)
GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM			
Alabama			
Baldwin County EMC	17,284	34,834,228	2,122,153.00
Black Warrior EMC	18,494	37,165,217	2,295,841.11
Central Alabama EC	18,660	37,461,421	2,289,362.87
Clarke-Washington EMC	6,678	13,176,256	816,569.95
Coosa Valley EC	5,728	11,419,416	701,819.78
Dixie EC	7,273	14,640,568	892,793.12
Pea River EC	3,422	6,747,258	418,375.13
Pioneer EC	10,056	20,190,178	1,233,765.32
Tallapoosa River EC	11,494	22,866,248	1,407,704.13
Tombigbee EC	8,038	16,048,148	996,599.13
Wiregrass EC	8,467	16,882,917	1,037,454.16
PowerSouth Energy Cooperative	100,000	232,605,000	8,004,968.06
City of Alexander City	7,846	15,976,413	976,470.64
City of Dothan	61,759	124,584,161	7,618,374.19
City of Fairhope	7,686	15,419,441	943,544.69
City of Foley	27,407	54,278,796	3,324,940.12
City of Hartford	3,050	6,041,884	377,553.13
City of LaFayette	2,358	4,798,635	293,427.88
City of Lanett	5,321	10,835,018	662,224.61
City of Luverne	3,158	6,429,919	393,020.60
City of Opelika	20,809	42,382,487	2,589,910.13
City of Piedmont	4,609	9,138,570	568,082.49
City of Robertsdale	3,372	6,859,429	419,574.55
City of Sylacauga	19,624	38,895,948	2,419,192.11
City of Troy	10,079	16,746,294	1,193,496.24
City of Tuskegee	11,689	23,561,493	1,451,905.40
Alabama Total	**404,361**	**839,985,343**	**45,449,122.54**
Florida			
Choctawhatchee EC	1,231	2,478,777	151,114.03
West Florida ECA	8,402	16,963,768	1,031,978.78
Florida Total	**9,633**	**19,442,545**	**1,183,092.81**
Georgia			
Altamaha EMC	10,956	16,888,732	769,106.86
Amicalola EMC	11,513	17,740,908	808,125.78
Canoochee EMC	9,392	14,480,617	659,350.38
Carroll EMC	17,032	26,248,312	1,195,555.35
Coastal EMC	3,157	4,870,489	221,670.62
Cobb EMC	42,613	65,746,849	2,992,164.80
Colquitt EMC	38,410	59,181,580	2,696,013.92
Coweta-Fayette EMC	-	2,385,272	103,626.06
Diverse Power, Inc.	12,050	18,585,104	846,032.49
Flint EMC	55,744	78,305,489	3,819,186.46
Grady EMC	10,439	16,084,430	732,719.96
Greystone Power Corporation	43,317	66,824,538	3,041,489.21
Habersham EMC	10,176	15,680,684	714,278.72
Hart EMC	18,630	28,696,320	1,307,538.61
Irwin EMC	8,246	12,702,853	578,758.64
Jackson EMC	48,415	74,640,443	3,398,821.88
Jefferson EMC	14,188	21,883,699	996,155.65
Little Ocmulgee EMC	7,754	11,941,640	544,184.85
Middle Georgia EMC	6,028	9,287,767	423,106.69
Mitchell EMC	18,023	27,770,739	1,265,056.70
Ocmulgee EMC	8,188	12,613,489	574,687.74
Oconee EMC	8,018	12,359,751	562,859.99
Okefenoke Rural EMC	9,487	14,621,050	665,942.70
Planters EMC	10,258	15,805,162	720,010.50
Rayle EMC	10,350	15,945,594	726,451.11
Satilla Rural EMC	30,374	46,799,488	2,131,959.37
Sawnee EMC	19,423	29,944,267	1,363,532.91
Slash Pine EMC	4,785	7,372,765	335,862.48
Southern Rivers Energy	6,842	10,548,475	480,324.76
Sumter EMC	11,437	17,630,797	802,880.53
Three Notch EMC	12,194	18,792,565	855,955.88
Tri-County EMC	6,416	9,897,374	450,491.00
Walton EMC	31,322	48,342,661	2,199,553.24
Washington EMC	14,249	21,960,300	1,000,215.36
City of Acworth	2,303	4,629,988	178,699.88
City of Albany	60,831	122,306,157	4,720,276.03
City of Barnesville	2,635	5,296,472	204,448.76
City of Brinson	156	314,495	12,115.76
City of Buford	2,356	4,736,204	182,807.89
City of Cairo	6,253	12,575,730	485,255.80
City of Calhoun	7,660	15,412,456	594,533.58
City of Camilla	6,072	12,198,749	471,045.06
City of Cartersville	17,152	34,478,080	1,330,840.10
City of College Park	15,559	31,297,692	1,207,514.42
City of Commerce	4,456	8,949,641	345,649.04
City of Covington	9,382	18,865,675	728,040.45
City of Dalton	45,822	95,758,399	3,598,594.24
City of Doerun	629	1,264,235	48,802.82
City of Douglas	10,180	20,461,072	789,847.54
City of East Point	33,488	67,300,359	2,598,169.16
City of Elberton	11,447	22,993,714	887,974.70
City of Ellaville	936	1,882,817	72,641.84
City of Fairburn	1,799	3,619,846	139,631.70
City of Forsyth	3,720	7,477,121	288,630.37
City of Fort Valley	9,417	18,930,243	730,682.57
City of Grantville	470	943,490	36,451.47
City of Griffin	18,157	36,500,435	1,408,846.57
City of Hampton	832	1,239,963	96,729.55
City of Jackson	2,067	4,155,116	160,382.37
City of LaFayette	6,607	13,279,708	512,626.41
City of Lagrange	17,096	34,380,186	1,326,681.37
City of Lawrenceville	4,795	9,651,531	372,212.11
City of Marietta	37,172	74,775,399	2,884,898.97
City of Monroe	8,408	16,770,636	650,725.24
City of Monticello	1,836	3,688,578	142,430.93
City of Moultrie	15,480	31,114,415	1,201,074.11
City of Newnan	6,893	13,856,626	534,843.04
City of Norcross	1,736	3,492,794	134,738.23
City of Oxford	458	922,660	35,562.15
City of Palmetto	923	1,855,739	71,621.20
City of Quitman	4,428	8,895,486	343,503.57
City of Sandersville	4,997	10,041,013	387,675.07
City of Sylvester	3,952	7,947,831	306,686.69
City of Thomaston	7,687	15,460,353	596,547.70
City of Thomasville	25,053	50,363,325	1,943,925.25
City of West Point	4,683	9,403,681	363,233.46
City of Whigham	319	641,491	24,754.77
Crisp County Power Commission	18,068	36,317,154	1,401,885.36
Town of Mansfield	379	760,202	29,385.96
Georgia Total	**1,014,175**	**1,769,787,160**	**74,567,294.46**
Mississippi			
Coast EPA	26,863	54,775,990	3,344,190.54
East Mississippi EPA	13,758	27,987,116	1,711,955.39
Singing River EPA	33,684	68,700,077	4,193,537.40
Cooperative Energy	68,000	108,641,000	4,819,438.57
Mississippi Total	**142,305**	**260,104,183**	**14,069,121.90**
North Carolina			
Blue Ridge EMC	7,311	18,815,421	609,234.48
EnergyUnited EMC	18,210	43,263,642	1,470,732.04
Haywood EMC	926	2,545,122	79,130.45
Pee Dee EMC	455	1,229,145	38,627.02
Rutherford EMC	26,829	65,948,041	2,196,479.16
Union EMC	11,633	31,781,389	992,104.96
City of Cherryville	1,651	1,779,903	106,137.19
City of Concord	9,179	13,954,420	640,067.86
City of Gastonia	17,840	19,226,848	1,146,796.33
City of Kings Mountain	3,320	5,526,090	237,403.71
City of Lincolnton	1,762	1,898,865	113,264.00
City of Monroe	8,593	9,262,510	552,397.12
City of Morganton	10,651	25,273,862	860,826.14
City of Newton	2,309	2,487,557	148,415.80
City of Shelby	6,582	7,092,767	423,094.59
City of Statesville	10,841	11,683,391	696,879.77
Town of Bostic	512	1,186,328	41,015.22
Town of Cornelius	461	530,779	30,067.57
Town of Dallas	1,299	2,613,513	120,863.76
Town of Drexel	982	2,334,698	79,423.89
Town of Forest City	2,721	5,479,922	253,239.88
Town of Granite Falls	928	1,001,508	59,671.41
Town of Huntersville	590	660,107	38,236.08
Town of Landis	1,227	1,321,731	78,866.02
Town of Maiden	1,380	1,486,769	88,703.04
Town of Pineville	590	660,107	38,236.08
North Carolina Total	**148,782**	**279,044,435**	**11,139,913.57**

Customer Sales

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE ($)
South Carolina			
Central Electric Power Cooperative	201,852	435,511,066	18,908,248.44
Little River EC	572	1,495,482	79,078.58
City of Abbeville	3,305	7,045,766	242,134.05
City of Clinton	3,323	3,020,905	206,557.32
City of Easley	9,669	19,378,654	736,600.15
City of Gaffney	7,804	15,648,815	594,623.86
City of Georgetown	5,300	11,840,849	532,378.44
City of Greenwood	12,739	29,984,113	1,026,663.54
City of Greer	10,231	20,584,138	780,427.25
City of Laurens	6,581	13,227,294	501,833.01
City of Newberry	3,661	3,327,908	227,563.93
City of Orangeburg	15,090	39,215,475	2,083,176.51
City of Rock Hill	21,352	42,793,032	1,626,620.55
City of Seneca	2,688	4,912,566	197,514.55
City of Union	3,892	3,539,148	241,938.73
City of Westminster	778	716,599	48,479.83
Town of Bamberg	2,569	5,549,215	255,627.79
Town of Due West	285	573,516	26,518.84
Town of McCormick	522	1,696,342	76,255.92
Town of Prosperity	620	1,362,934	48,811.88
Town of Winnsboro	1,366	3,405,046	186,837.72
South Carolina PSA	150,802	258,488,663	10,908,262.66
South Carolina Total	**465,001**	**923,317,526**	**39,536,153.55**
Georgia-Alabama-South Carolina System Total	**2,184,257**	**4,091,681,192**	**185,944,698.83**
KERR-PHILPOTT SYSTEM			
North Carolina			
Albemarle EMC	2,593	10,933,762	435,638.20
Brunswick EMC	3,515	18,738,427	676,126.78
Carteret-Craven EMC	2,735	14,324,230	521,657.90
Central EMC	1,239	6,605,095	238,327.47
Edgecombe-Martin County EMC	4,155	17,749,173	703,062.43
Four County EMC	4,198	22,379,490	807,505.08
Halifax EMC	2,606	11,736,244	454,157.48
Jones-Onslow EMC	5,184	27,635,844	997,166.64
Lumbee River EMC	3,729	19,879,257	717,290.82
Pee Dee EMC	2,968	15,822,375	570,908.82
Piedmont EMC	1,086	4,725,380	190,044.55
Pitt & Greene EMC	1,580	8,422,965	303,920.49
Randolph EMC	3,608	19,234,210	694,015.77
Roanoke EMC	5,528	23,445,269	931,695.88
South River EMC	6,119	32,620,322	1,177,018.49
Tideland EMC	3,098	13,934,873	539,526.19
Tri-County EMC	3,096	16,504,744	595,530.15
Wake EMC	2,164	11,536,261	416,255.60
City of Elizabeth City	2,073	1,573,419	378,177.86
City of Kinston	1,466	1,112,705	165,961.25
City of Laurinburg	415	314,987	46,980.85
City of Lumberton	895	679,311	101,320.13
City of New Bern	1,204	913,844	136,301.14
City of Rocky Mount	2,538	1,926,360	287,318.97
City of Washington	2,703	2,051,598	305,998.16
City of Wilson	2,950	2,239,072	333,960.27
Fayetteville Public Works Commission	5,431	4,122,166	614,826.33
Greenville Utilities Commission	7,534	5,718,358	852,900.45
Town of Apex	145	110,056	16,414.94
Town of Ayden	208	157,874	23,547.02
Town of Belhaven	182	138,141	33,202.35
Town of Benson	120	91,081	13,584.83
Town of Clayton	161	122,201	18,226.30
Town of Edenton	775	588,231	141,383.44
Town of Enfield	259	194,385	23,570.55
Town of Farmville	237	179,883	26,830.04
Town of Fremont	60	45,540	6,792.38
Town of Hamilton	40	30,361	7,297.22
Town of Hertford	203	154,080	37,033.35
Town of Hobgood	46	34,915	8,391.82
Town of Hookerton	30	22,770	3,396.19
Town of La Grange	93	70,588	10,528.22
Town of Louisburg	857	9,083,209	242,888.23
Town of Pikeville	40	30,361	4,528.32
Town of Red Springs	117	88,805	13,245.21
Town of Robersonville	232	176,090	42,323.84
Town of Scotland Neck	304	230,740	55,458.84
Town of Selma	183	138,898	20,716.91
Town of Smithfield	378	286,905	42,792.20
Town of Tarboro	2,145	1,628,071	391,312.91
Town of Wake Forest	149	113,092	16,867.80
Town of Windsor	331	252,761	60,418.69
North Carolina Total	**93,705**	**330,848,779**	**15,454,345.75**
Virginia			
B-A-R-C EC	3,740	15,920,507	974,721.91
Central Virginia EC	7,956	33,409,262	2,062,914.03
Community EC	4,230	18,031,522	1,102,978.56
Craig-Botetourt EC	1,692	12,554,650	565,460.41
Mecklenburg EMC	11,344	48,750,162	2,966,596.29
Northern Neck EC	3,944	16,730,426	1,026,605.15
Northern Virginia EC	3,268	13,390,163	838,841.80
Prince George EC	2,530	10,732,245	658,547.40
Rappahannock EC	22,427	95,135,218	5,837,645.63
Shenandoah Valley EMC	9,938	42,637,601	2,597,365.70
Southside EC	14,575	61,827,076	3,793,805.97
City of Bedford	1,200	907,859	109,189.34
City of Danville	5,600	4,236,674	509,550.20
City of Franklin	1,003	765,917	183,081.33
City of Martinsville	1,600	1,210,477	145,585.73
City of Radford	1,300	986,956	118,371.56
City of Salem	2,200	1,670,236	200,321.17
Harrisonburg Electric Commission	2,691	2,081,786	491,738.16
Town of Blackstone	389	297,052	71,005.67
Town of Culpepper	391	302,482	71,449.14
Town of Elkton	171	130,579	31,213.24
Town of Richlands	500	378,276	45,495.59
Town of Wakefield	106	80,944	19,348.56
Virginia Total	**102,795**	**382,168,070**	**24,421,832.54**
Kerr-Philpott System Total	**196,500**	**713,016,849**	**39,876,178.29**
JIM WOODRUFF SYSTEM			
Florida			
Central Florida EC	2,300	12,357,247	419,222.72
Suwannee Valley EC	4,800	23,990,572	778,722.64
Talquin EC	13,500	78,661,404	2,844,850.97
Tri-County EC	5,200	27,875,519	958,607.94
City of Chattahoochee	1,800	10,262,178	368,205.90
City of Quincy	8,400	47,010,241	1,643,892.09
Duke Energy Florida	-	54,400,758	1,798,483.35
Jim Woodruff System Total	**36,000**	**254,557,919**	**8,811,985.61**
CUMBERLAND SYSTEM			
Illinois			
Southern Illinois Power Cooperative	28,000	42,000,000	1,208,326.08
Kentucky			
Big Rivers Electric Corporation	178,000	298,832,000	7,681,853.54
East Kentucky Power Cooperative	170,000	262,400,000	9,378,244.72
City of Barbourville	2,200	4,401,436	130,861.24
City of Bardstown	2,247	4,042,000	133,652.18
City of Bardwell	542	1,084,353	32,235.42
City of Benham	248	496,161	14,755.09
City of Corbin	2,598	5,197,695	154,534.52
City of Falmouth	590	1,180,385	35,092.02
City of Frankfort	15,621	31,252,188	929,154.86
City of Henderson	12,000	18,000,000	519,962.82
City of Madisonville	7,803	15,611,088	464,134.18
City of Nicholasville	2,556	4,597,000	152,034.15
City of Owensboro	25,000	48,866,000	1,487,030.28
City of Paris	1,364	2,728,890	81,130.31
City of Providence	1,231	2,462,804	73,222.43
City of Princeton	362	26,168	47,525.74
City of Paducah	2,526	14,024,198	331,653.20
Kentucky Total	**424,888**	**715,202,366**	**21,647,076.70**
Mississippi			
Cooperative Energy	51,000	83,144,000	2,198,009.32
Mississippi Delta Energy Agency	11,000	16,824,000	478,038.71
Municipal Energy Agency of Mississippi	19,000	28,084,000	810,856.50
Mississippi Total	**81,000**	**128,052,000**	**3,486,904.53**
North Carolina			
French Broad EMC	8,200	13,654,471	554,520.66
Haywood EMC	2,400	3,996,432	162,298.65
Town of Waynesville	1,700	2,829,198	114,961.62
North Carolina Total	**12,300**	**20,480,101**	**831,780.93**
Tennessee Valley Region			
TVA Acquisition for 154 TVPPA Members	402,112	2,163,847,000	33,898,323.06
Cumberland System Total	**948,300**	**3,069,581,467**	**61,072,411.30**
Grand Total	**3,365,057**	**8,128,837,427**	**295,705,274.03**

A new transformer, which steps up the generator voltage to transmission voltage, is installed in the Barkley switchyard.

New arc flash maintenance personnel safety compliant station service switchgear breakers are installed at Wolf Creek to distribute power throughout the facility.

A generator intake gate lifting mechanism is being replaced at Center Hill. These devices were also replaced at Dale Hollow and Wolf Creek.

Southeastern Power Administration

2021 Financial Overview and Financial Statements

Contents

2021 Financial Overview & Financial Statements

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, 2021, 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

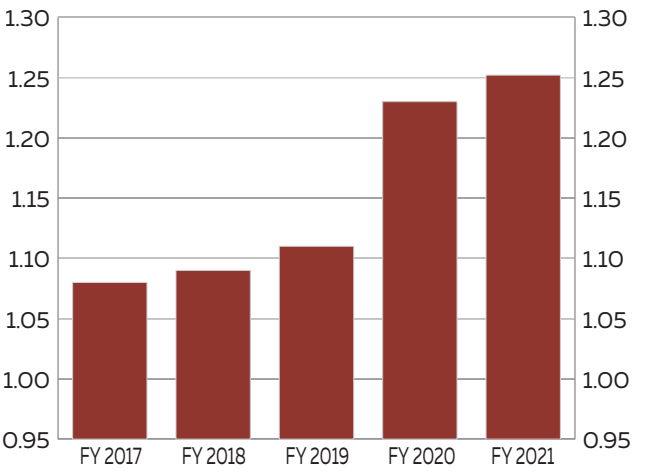
During FY 2021, Southeastern marketed 8.1 billion kilowatt-hours of energy to 473 wholesale customers. The Program's revenues totaled $310 million, $3.5 million less than in FY 2020.

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

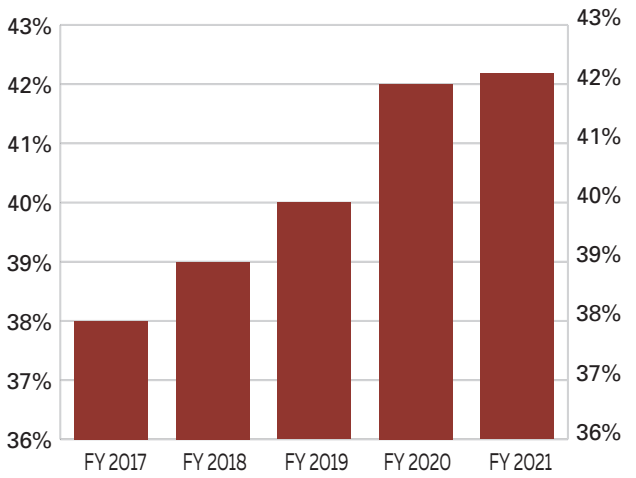


Over the last five years, the Program's debt service ratio has ranged from about 1.081 to 1.252. The Program's debt service ratio for FY 2017 actual generation was better than planned. FY 2018 actual generation was slightly less than estimates. For FY 2019, FY 2020 and FY 2021 generation was slightly higher than average. The Program's debt service coverage ratio for fiscal years 2017-2021 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 42.6%. Payments as a percent of total investment are illustrated in Figure Q.

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

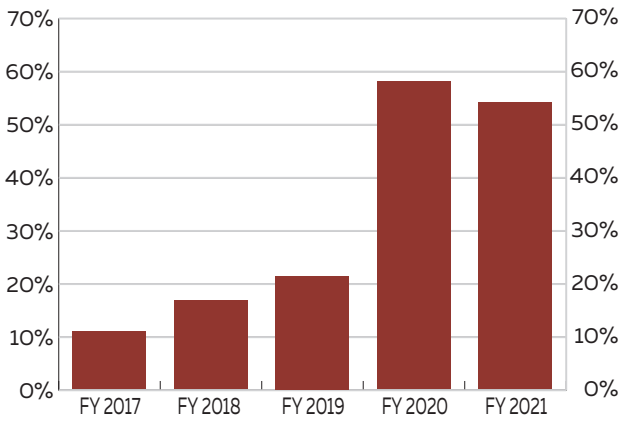


Variance of Actual from Planned Principal Payment

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 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% and FY 2021 ration of 54.0% 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



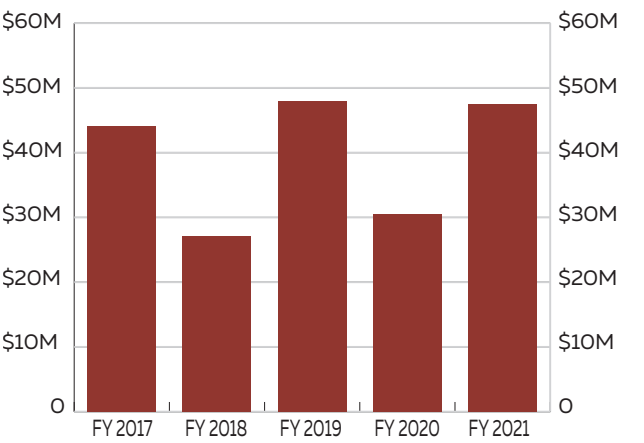
Net Cash to the Treasury

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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1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Administrator of Southeastern Power Administration

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, 2021 and 2020, 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 combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 financial position of the Southeastern Federal Power Program as of September 30, 2021 and 2020, 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 Matter

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the Program's 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 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with 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 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 combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Denver, Colorado
February 16, 2022

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Balance Sheets

September 30, 2021 and 2020

(In thousands)

Assets		2021	2020
Utility plant in service (note 5)	$	2,902,979	2,810,737
Accumulated depreciation		(1,269,948)	(1,225,891)
Net completed plant		1,633,031	1,584,846
Construction work-in-progress		66,181	97,422
Net utility plant		1,699,212	1,682,268
Cash		488,127	464,125
Accounts receivable, net		26,785	22,574
Regulatory assets		15,380	16,344
Other assets		135	213
Total assets	$	2,229,639	2,185,524
Total Liabilities and Capitalization			
Liabilities:			
Accounts payable and accrued liabilities	$	13,647	18,012
Workers' compensation actuarial liability		15,380	16,344
Total liabilities		29,027	34,356
Capitalization:			
Payable to U.S. Treasury (notes 4 and 5(a))		2,233,689	2,195,305
Accumulated net deficit		(33,077)	(44,137)
Total capitalization		2,200,612	2,151,168
Commitments and contingencies (note 6)		—	—
Total liabilities and capitalization	$	2,229,639	2,185,524

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Revenues and Expenses

Years ended September 30, 2021 and 2020

(In thousands)

	2021	2020
Operating revenues:		
Sales of electric power	$ 295,705	302,899
Other operating revenues	14,412	10,558
Total operating revenues	310,117	313,457
Operating expenses, excluding depreciation expense:		
Operations	80,171	81,164
Maintenance	41,505	49,478
Purchased power	1,839	7,956
Purchased transmission services	54,864	47,548
Total operating expenses, excluding depreciation expense	178,379	186,146
Depreciation expense	45,805	42,026
Total operating expenses	224,184	228,172
Net operating revenues	85,933	85,285
Interest expenses:		
Interest on payable to U.S. Treasury	77,379	78,059
Interest charged to construction	(2,506)	(3,673)
Net interest expenses	74,873	74,386
Net revenues	$ 11,060	10,899

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Changes in Capitalization

Years ended September 30, 2021 and 2020

(In thousands)

	Payable to U.S. Treasury	Accumulated net deficit	Total capitalization
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 5(a))	(31,283)	—	(31,283)
Total deductions to capitalization	(184,265)	—	(184,265)
Net deficit 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
Additions:			
Congressional appropriations	112,531	—	112,531
Interest	77,379	—	77,379
Transfers of property and services, net	12,511	—	12,511
Total additions to capitalization	202,421	—	202,421
Deductions:			
Payments to U.S. Treasury	(163,016)	—	(163,016)
Rate adjustments to congressional appropriations (note 5(a))	(1,021)	—	(1,021)
Total deductions to capitalization	(164,037)	—	(164,037)
Net revenues for the year ended September 30, 2021	—	11,060	11,060
Total capitalization as of September 30, 2021	$ 2,233,689	(33,077)	2,200,612

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Cash Flows

Years ended September 30, 2021 and 2020

(In thousands)

		2021	2020
Cash flows from operating activities:			
Net revenues	$	11,060	10,899
Adjustments to reconcile net revenues to net cash provided by operating activities:			
Depreciation expense		45,805	42,026
Interest on payable to U.S. Treasury, net		74,873	74,386
Unfunded retirement benefits		9,617	8,157
(Increase) decrease in assets:			
Accounts receivable, net		(4,211)	2,106
Other assets		78	(15)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities		(4,365)	2,759
Net cash provided by operating activities		132,857	140,318
Cash flows used in investing activities:			
Investment in utility plant		(61,262)	(59,686)
Cash flows used in financing activities:			
Congressional appropriations		112,531	120,156
Payments to U.S. Treasury		(163,016)	(152,982)
Transfers from other federal agencies, net		2,892	2,760
Net cash used in financing activities		(47,593)	(30,066)
Net increase in cash		24,002	50,566
Cash, beginning of year		464,125	413,559
Cash, end of year	$	488,127	464,125
Supplemental disclosures:			
Cash paid for interest	$	74,873	74,386
Interest charged to construction		2,506	3,673
Adjustments to power allocations impacting (note 5(a)):			
Congressional appropriations		1,021	31,283
Investment in utility plant		1,021	31,283

See accompanying notes to combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Notes to Combined Financial Statements

September 30, 2021 and 2020

(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, 2021, 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 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 2014-9 also revises the disclosure requirements regarding revenue and requires that revenue from contracts with customers be reported separately from other revenues. ASU 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 ASC 2014-09 effective October 1, 2019 using the modified retrospective method of adoption. This adoption of ASC 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 2014-09 had no effect on the amount of revenue recorded in 2021 compared to the amount that would have been recorded under prior 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 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.

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, 2021 and 2020. 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 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, 2021, rates for the Georgia-Alabama-South Carolina, Cumberland, and Kerr-Philpott Systems were approved on a final basis by FERC. The rates for the Jim Woodruff System 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. Rate actions received after the balance sheet date but prior to the completion of the combined financial statements are considered conditions that existed at the balance sheet date unless the rate action address a specific event that occurred after the balance sheet date.

(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, 2021 and 2020.

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.

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

Interest, a component of total capitalization, is accrued annually on the outstanding payable to the U.S. Treasury based on federal statutes and power system legislation. Such interest is reflected as an expense in the combined financial statements. Interest rates on unpaid balances ranged from 1.625% to 6.125% for the years ended September 30, 2021 and 2020.

Interest charged to construction represents interest on federal funds used during utility plant construction and is included in the cost of completed projects. Applicable interest rates ranged from 1.625% to 4.125% for the years ended September 30, 2021 and 2020, 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 17.3%, 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 $20.9 million and $17.7 million for the years ended September 30, 2021 and 2020, 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 42.1% and 18.5% of base salary, respectively. In addition to the amounts contributed to the CSRS and FERS, the Program has recorded $9.5 million and $8.0 million of annual pension and retirement benefits expense for the years ended September 30, 2021 and 2020, 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 $8,476 and $8,038 per employee in fiscal years 2021 and 2020, respectively, and FEGLI is based on 0.02% of base salary for each employee enrolled in these programs.

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

(j) Derivative and Hedging Activities

The Program analyzes derivative financial instruments under ASC Topic 815, *Derivatives and Hedging*, subsequently updated by ASU No. 2010-11, *Scope Exception Related to Embedded Credit Derivatives*. This standard requires that all derivative instruments, as defined by ASC Topic 815, be recorded on the combined balance sheets at fair value, unless exempted. Changes in a derivative instrument's fair value must be recognized currently in the combined statements of revenues and expenses, unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument's gains and losses to offset related results of the hedged item in the combined statements of revenues and expenses to the extent effective. ASC Topic 815 requires 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, 2021 and 2020, the Program has no contracts accounted for as derivatives.

(k) Concentrations of Credit Risk

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

(l) Regulatory Assets

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

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

Workers' Compensation Actuarial Cost

Workers' compensation consists of two elements: (i) the actuarial liability associated with workers' compensation cases incurred for which additional claims may still be made in the future ("future claims"); and (ii) a liability for expenses associated with actual claims incurred and paid by the U.S. Department of Labor ("DOL"), the program administrator, to whom Southeastern and the Corps must 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 $15.4 million and $16.3 million, as of September 30, 2021 and 2020, 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 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.

(3) Operating Revenues

(a) Disaggregated Revenues

Disaggregated revenues as of September 30, 2021 and 2020 consist of the following (in thousands):

		2021	2020
Sales:			
Power	$	295,705	302,899
Non-reimbursable revenue		16	34
Revenue from contracts with customers		295,722	302,933
Non-contract revenues		14,396	10,524
Total operating revenues	$	310,117	313,457

(b) Revenue from Contracts with Customers

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

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

(c) Non-contract Revenues

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

(d) Contract Balances

All accounts receivable is billed as of September 30, 2021 and 2020. Contract advances represent the Program's unsatisfied performance obligation to transfer goods or service to a customer from which the Program has received consideration. As of September 30, 2021 and 2020, outstanding contract advances were $0 and $16 thousand, respectively. These contract advances have no variable consideration and require little or no significant judgment in revenue recognition.

(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 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, 2021 and 2020 consists of the following (in thousands):

	2021	2020
Utility plant:		
Structures and facilities	$ 2,467,380	2,377,680
Buildings	49,968	48,237
Land	364,244	361,670
Movable equipment	21,388	23,150
Gross completed plant	2,902,980	2,810,737
Accumulated depreciation	(1,269,948)	(1,225,891)
Net completed plant	1,633,031	1,584,846
Construction work-in-progress	66,181	97,422
Net utility plant	$ 1,699,212	1,682,268

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, 2021 and 2020, contributed plant, net, used in the Program's operations totaled approximately $586,000.

As of September 30, 2021, major projects included in construction work-in-progress included an Island Creek transformer replacement, a replacement power plant control system, and upgrade design for turbines and generators in the Kerr-Philpott power system; General Data Acquisition and Control Systems (GDACS) improvements, crane replacement, Unit 3 Static Excitation System (SES), turbine upgrades, fire support system upgrades, induction welder upgrades, switchgear replacements, upstream bulkhead upgrades, and security system updates in the Georgia-Alabama-South Carolina power system; GDACS upgrades and HVAC system replacement in the Jim Woodruff System; and turbine upgrades, design and purchase hydropower trash screens, spillway gate machinery upgrade, security system upgrades, GDACS upgrades, stator upgrades, major hydro rehabilitation, and ventilation upgrades in the Cumberland power system.

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.

(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
2021		92	51	43	8
Total	$	8,897	4,904	4,168	736

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

Since fiscal year 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
2021		2,705	1,151	978	173
Total	$	108,906	46,334	39,384	6,950

As of September 30, 2021, 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. This claim was not accrued in the combined financial statements, but it is reasonably possible the claim will result in an unfavorable outcome to the Program that would not be paid by the U.S. Treasury Judgment Fund.

(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,	
2022	$ 47,289
2023	48,946
2024	50,686
2025	52,513
2026	54,433
	$ 253,867

(7) Subsequent Events

The Program has evaluated subsequent events as of September 30, 2021 through the date the combined financial statements were available to be issued on February 16, 2022, and identified no subsequent events requiring disclosure.

Schedule 1

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2021

(In thousands)

Assets	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	$ 1,898,924	79,342	222,509	702,204	2,902,979
Accumulated depreciation	(823,912)	(38,840)	(96,906)	(310,290)	(1,269,948)
Net completed plant	1,075,012	40,502	125,603	391,914	1,633,031
Construction work-in-progress	31,040	516	2,011	32,614	66,181
Net utility plant	1,106,052	41,018	127,614	424,528	1,699,212
Cash	108,189	6,575	38,186	335,177	488,127
Accounts receivable, net	19,690	1,047	3,245	2,803	26,785
Regulatory assets	13,337	2	—	2,041	15,380
Other assets	68	3	15	49	135
Total assets	$ 1,247,336	48,645	169,060	764,598	2,229,639
Total Liabilities and Capitalization					
Liabilities:					
Accounts payable and accrued liabilities	$ 5,543	147	1,586	6,371	13,647
Workers' compensation actuarial liability	13,337	2	—	2,041	15,380
Total liabilities	18,880	149	1,586	8,412	29,027
Capitalization:					
Payable to U.S. Treasury	1,362,263	49,076	164,095	658,255	2,233,689
Accumulated net revenues (deficit)	(133,807)	(580)	3,379	97,931	(33,077)
Total capitalization	1,228,456	48,496	167,474	756,186	2,200,612
Commitments and contingencies	—	—	—	—	—
Total liabilities and capitalization	$ 1,247,336	48,645	169,060	764,598	2,229,639

See accompanying independent auditors' report.

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.

Schedule 2

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2021

(In thousands)

	GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:					
Sales of electric power	$ 185,945	8,812	39,876	61,072	295,705
Other operating revenues	8,362	69	782	5,199	14,412
Total operating revenues	194,307	8,881	40,658	66,271	310,117
Operating expenses, excluding depreciation expense:					
Operations	36,841	2,816	7,363	33,151	80,171
Maintenance	31,809	2,655	5,029	2,012	41,505
Purchased power	1,226	613	—	—	1,839
Purchased transmission services	26,827	362	17,824	9,851	54,864
Total operating expenses, excluding depreciation expense	96,703	6,446	30,216	45,014	178,379
Depreciation expense	30,646	1,606	4,707	8,846	45,805
Total operating expenses	127,349	8,052	34,923	53,860	224,184
Net operating revenues	66,958	829	5,735	12,411	85,933
Interest expenses:					
Interest on payable to U.S. Treasury	61,274	1,943	5,253	8,909	77,379
Interest charged to construction	(537)	(47)	(47)	(1,875)	(2,506)
Net interest expenses	60,737	1,896	5,206	7,034	74,873
Net revenues	$ 6,221	(1,067)	529	5,377	11,060

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	30,65	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.

SOUTHEASTERN FEDERAL POWER PROGRAM

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

As of September 30, 2021

(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	$ 89,802,440	67,021,459	—	10,454,354	—	12,094,611	—	232,016	(a)	74.6%
Buford	105,443,364	85,933,841	2,188,462	4,848,407	—	12,472,653	—	—		81.5%
Carters	207,451,090	176,013,950	—	19,844,328	—	11,592,812	—	—		84.8%
J. Strom Thurmond	197,500,979	171,450,770	4,506,595	4,243,804	—	17,299,810	—	—		86.8%
Walter F. George	313,841,343	207,179,211	93,083,516	—	348,012	13,230,604	—	—		66.0%
Hartwell	213,257,643	180,108,832	3,997,294	16,172,489	—	12,979,028	—	—		84.5%
Millers Ferry/Henry	259,432,647	150,734,771	87,131,244	—	—	21,566,632	—	—		58.1%
West Point	184,247,436	94,939,284	2,816,944	22,921,087	14,434,907	49,135,214	—	—		51.5%
Richard B. Russell	908,137,491	794,394,041	—	873,424	—	112,870,026	—	—		87.5%
Marketing facilities	2,188,277	2,188,277	—	—	—	—	—	—		100.0%
Total GA-AL-SC System	2,481,302,710	1,929,964,437	193,724,056	79,357,892	14,782,918	263,241,390	—	232,016		77.8%
Jim Woodruff	131,512,988	79,789,473	43,451,654	—	—	8,271,861	—	—		60.7%
Marketing facilities	68,387	68,387	—	—	—	—	—	—		100.0%
Total Jim Woodruff System	131,581,375	79,857,860	43,451,654	—	—	8,271,861	—	—		60.7%
Barkley	266,266,151	98,046,488	132,970,554	26,299,242	—	8,949,867	—	—		36.8%
J. Percy Priest	74,871,392	17,020,089	—	27,653,609	—	30,197,695	—	—		22.7%
Cheatham	93,013,346	28,857,295	59,346,202	—	—	4,809,848	—	—		31.0%
Cordell Hull	101,133,936	48,243,643	17,738,413	—	—	28,432,907	—	6,718,972	(b)	47.7%
Old Hickory	122,369,156	83,363,986	32,747,809	—	—	6,257,361	—	—		68.1%
Center Hill	578,376,848	160,905,032	—	70,777,402	—	14,849,409	331,148,455	696,550	(c)	27.8%
Dale Hollow	55,974,961	38,148,515	—	14,459,427	—	3,367,019	—	—		68.2%
Wolf Creek	947,369,546	230,348,832	—	130,370,803	—	20,488,844	565,915,367	245,700	(c)	24.3%
Laurel	53,784,281	29,718,057	—	—	—	17,700,434	—	6,365,790	(b)	55.3%
Marketing facilities	752,254	752,254	—	—	—	—	—	—		100.0%
Contributions in aid of construction	(586,162)	(586,162)	—	—	—	—	—	—		100.0%
Total Cumberland Basin System	2,293,325,708	734,818,029	242,802,978	269,560,483	—	135,053,384	897,063,822	14,027,012		32.0%
John H. Kerr	232,645,188	196,474,946	—	27,026,506	—	9,143,736	—	—		84.5%
Philpott	42,569,889	27,634,446	—	9,455,818	—	5,479,625	—	—		64.9%
Marketing facilities	410,321	410,321	—	—	—	—	—	—		100.0%
Total Kerr-Philpott System	275,625,398	224,519,713	—	36,482,324	—	14,623,361	—	—		81.5%
Total	$ 5,181,835,191	2,969,160,039	479,978,688	385,400,699	14,782,918	421,189,996	897,063,822	14,259,028		57.3%

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

See accompanying independent auditors' report.

SouthEastern Power Administration

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