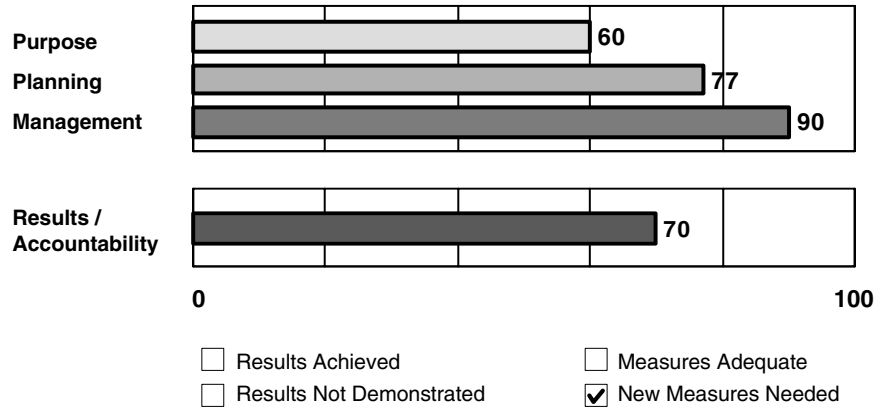


Program: *Southwestern Power Administration*

Agency: *Department of Energy*

Bureau: *Power Marketing Administration*



Key Performance Measures

Year Target Actual

| | Year | Target | Actual |
|--|------|----------|----------|
| Long-term Measures: Measures under development | | | |
| Annual Measures: Achieve high ratings for: Efficiency (actual generation output in cycles/second [cps] vs the 60 cps goal); and Reliability (% of operating time generation is within its electricity production tolerances) based on nat'l standards Adopt industry-wide measures of efficiency, such as the cost of generating and transmitting power per kilowatthour | 2001 | 100 | 192 |
| | 2001 | 90 | 100 |
| | 2003 | TBD | |
| Annual Measures: Make planned debt payments to the Treasury to repay the long-term cost of building hydropower facilities Recover subsidies identified by GAO incurred during construction of hydropower facilities | 2001 | \$22.8 M | \$19.9 M |
| | 2002 | \$25 M | |
| | | | |

Rating: *Moderately Effective*

Program Type: *Direct Federal*

Program Summary:

The Southwestern Power Administration markets hydropower generated at 24 Corps of Engineers dams located the southwestern United States. The program is designed to recover all costs of producing and transmitting power through the sales of electricity to customers.

The program assessment rating shows that Southwestern is effective in planning and managing its program. The program also meets national standards applied to all utilities across the country that measure generation and transmission efficiency, reliability and quality of service. Additional findings include:

1. Southwestern contracts for annual financial audits and conducts periodic managerial reviews.
2. Transmission line construction projects are adequately planned and reviewed. This element, and the previous two, give this activity a high score.
3. Southwestern's rating is reduced because the program makes no unique contribution to addressing a problem in the industry and it competes with other suppliers by buying power in the market to substitute for hydrogeneration when that product is unavailable because of drought or other conditions.
4. The marketing program, though largely in accordance with the law, is not optimally designed. Power sales contracts rely on a time consuming preference system that allocates power to special customers (rather than offering power to bidders) and is administratively burdensome (allocations sometimes take years to develop). In addition, according to the General Accounting Office (GAO), Southwestern, historically, has not recovered all its costs.
5. Southwestern has inadequate long and short term goals, measures and targets, particularly efficiency measures.

Based on these findings:

1. The Budget proposes to continue current operations and provide modest increases for maintenance and high cost electrical equipment identified in its replacement schedule.
2. The Administration will develop and collect data on efficiency measures comparable to those used by private industry.
3. Southwestern will develop long-term goals, targets and measures.
4. Southwestern will develop recommendations to improve its power marketing functions and meet all its financial obligations.

(For more information, see Department of Energy chapter in the Budget volume.)

Program Funding Level (in millions of dollars)

| <u>2002 Actual</u> | <u>2003 Estimate</u> | <u>2004 Estimate</u> |
|--------------------|----------------------|----------------------|
| 28 | 27 | 29 |