

SOUTHEASTERN POWER ADMINISTRATION



2010 ANNUAL REPORT



CONTENTS

Fast Facts2

Letter to the Secretary3

Customer Funding.....4

Cumberland System Dam Safety Issues.....5

Human Capital Initiatives5

Contract Negotiations5

Energy Efficiency and Renewable Resources5

Marketing Objectives6

Marketing Area7

A Closer Look8

Rates & Repayments.....9

Georgia-Alabama-South Carolina System.....10

Kerr-Philpott System12

Cumberland System14

Jim Woodruff System16

Customer Sales18

Financial Overview, Financial Statements,
and Independent Auditors’ Report.....21

FAST FACTS

Administrator: Kenneth E. Legg
Headquarters: 1166 Athens Tech Road
Elberton, GA 30635-6711
Telephone: 706-213-3800
Fax: 706-213-3884

Website: <http://www.sepa.doe.gov>

Number of Employees: 44

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

Customers: Electric Cooperatives..... 198
Public Bodies..... 290
Investor-Owned Utilities 1
TOTAL..... 489

(Southeastern’s wholesale customers serve more than 12 million consumers.)

Nameplate Generating Capacity:.....3,392 MW

Financial Data (2010): Total Revenues\$255 million
(includes non-power revenues)

Total Capital Investment\$2.4 billion

(Term of repayment is 50 years from on-line date of each project.)

Investment Remaining..... \$1.6 billion
Cumulative Investment Repaid\$746 million
Cumulative Interest Paid on Investment.\$1.7 billion

(Power sales repay an average of 64% of the total cost of each multi-purpose project.)

LETTER TO THE SECRETARY

Dear Secretary Chu:

I am pleased to submit Southeastern Power Administration's (Southeastern's) fiscal year (FY) 2010 Annual Report for your review. The information included in this publication reflects our agency's programs, accomplishments, operational, and financial activities for the 12-month period beginning October 1, 2009, and ending September 31, 2010.



This past year, Southeastern marketed approximately 8 billion kilowatt-hours of energy to 489 wholesale customers in 10 southeastern states. Revenues from the sale of this power totaled approximately \$247 million.

With the financial assistance and support of the Federal power customers, funding for capitalized equipment purchases and replacements at hydroelectric facilities operated by the U.S. Army Corps of Engineers (Corps) continued in FY 2010. This funding, which totaled more than \$19 million, provided much needed repairs and maintenance for the aging facilities in Southeastern's marketing area. Currently, there are more than 219 customer funding participants in the Georgia-Alabama-South Carolina, Kerr-Philpott, and Cumberland Systems.

Drought conditions continued in the Southeastern region of the United States during FY 2010, particularly in the Savannah River Basin. These conditions placed strains on our natural and financial resources. Power purchases for this past year totaled approximately \$20 million. About \$4 million of this amount was for replacement power, which is paid only during adverse water conditions in order to meet our customers' contract requirements.

Southeastern celebrated its 60th anniversary this past year. The agency is eager to continue another 60 years of cooperation and communication with the Department of Energy (DOE), the Federal power customers, and Corps. Our goal is to maximize the benefits of the region's water resources. Competing uses of these resources will present yet another challenging year for our employees. I am certain that we are positioned to meet these challenges and continue to provide reliable hydroelectric power to the customers in the Southeast.

Sincerely,

A handwritten signature in cursive script that reads "Ken Legg".

Kenneth E. Legg

Customer Funding

Southeastern continued to seek ways to optimize the efficiency and energy production and to increase the capacity at aging hydroelectric projects in the Southeast. Non-routine maintenance and rehabilitation work has not been conducted over the years due to the lack of funding. Under Section 212 of the Water Resources and Development Act of 2000, the Corps has the authority to use funds provided by Southeastern's preference customers to carry out the operation, maintenance, rehabilitation, and modernization of hydroelectric power generating facilities at water resource projects under the jurisdiction of the Department of the Army. From this public law, support from preference customers, and coordination through the Corps and Southeastern, customer funding was initiated in the Georgia-Alabama-South Carolina, Kerr-Philpott, and Cumberland Systems. Southeastern continues to work diligently on customer funding in the Jim Woodruff System.

Georgia-Alabama-South Carolina System Funding

During FY 2010, the Project Review Committee (PRC) for the Georgia-Alabama-South Carolina System approved Work Item Number 8 – transformer supply installation at the West Point Powerhouse. The total funding requirement for this project was \$6,485,000. No collection of funds was necessary for this work item due to the amendment to the July 2008 sub-agreement which stated that the Corps received funding under the American Recovery and Reinvestment Act.

Work Item Number 9 for the Georgia-Alabama-South Carolina System was approved by the PRC in January 2010. This sub-agreement consisted of six items listed below. Total funding for Work Item Number 9 was \$13,595,000. The six work packages included in Work Item Number 9 are as follows:

Allatoona:	switchyard construction	\$ 5,250,000
Allatoona:	plant controls replacement	\$ 3,200,000
Carters:	230 kV reversing switch replacement	\$ 700,000
Carters:	units 3 and 4 rewind plans and specifications	\$ 600,000
Russell:	switchyard component replacement	\$ 3,600,000
Russell:	trash rack bar screen replacement	\$ 245,000
Maximum Total Funding Requirement		\$13,595,000

The PRC for the Georgia-Alabama-South Carolina System approved Work Item Number 10 – unit 3 stator repair for the Hartwell Project. The total funding requirement for this work item is \$1,750,000. With 141 customers participating, the total from beginning to present for customer funding in the Georgia-Alabama-South Carolina System is over \$36 million.

Kerr-Philpott System Funding

The PRC for the Kerr-Philpott System met and approved Work Item Number 2 – switch gear supply/relocation at Philpott; exciter automated voltage regulator replacement at Philpott; and governor replacement at Philpott. The total funding for this work item is \$3,535,000. With 52 customers participating, the total from beginning to present for customer funding in the Kerr-Philpott System is over \$7 million.

Cumberland System Funding

During FY 2010, the Project Coordination Committee (PCC), the Corps and Southeastern have continued to work on a multi-year Memorandum of Agreement (MOA) with anticipation that the final version would be signed in FY 2011. This MOA will provide funding for non-routine maintenance, rehabilitation, or modernization activities at the Cumberland River hydroelectric facilities operated by the Corps. The total funding for the system from beginning to present is \$45 million.

Cumberland System Dam Safety Issue

During FY 2010, Southeastern continued an interim operations strategy in the Cumberland System. Cumberland River Basin operations were severely impacted by restrictions necessary due to dam safety concerns at both the Wolf Creek and Center Hill projects. Restricted operations are anticipated for several more years.

In January 2007, the Corps elected to lower the elevation of the Wolf Creek and Center Hill projects in response to numerous studies conducted by dam safety experts which concluded that the dams were at high risk for failure. The Corps began a grouting program at the projects in an effort to fill the cavities and voids under the dams' foundations which are providing paths for seepage.

Human Capital Initiatives

To maintain Southeastern's organizational effectiveness and to accomplish its mission, Southeastern continued to utilize its allocation of full-time equivalents (FTEs). In FY 2010, the agency experienced selective turn-over among the professional staff; and, therefore, implemented the succession plan and employee development initiatives. Employees acquired all necessary security clearances and certifications for Federal employment.

Contract Negotiations

Two of the preference customers in the Tennessee Valley Authority (TVA) and Tennessee Valley Public Power Association (TVPPA) service area – the City of Paducah and the City of Princeton, Kentucky – requested a direct contract with Southeastern to allow them to claim their Federal allocations. Contracts were finalized and executed for the City of Paducah and the City of Princeton, and an amendment to the TVA/TVPPA/SEPA contract was executed in FY 2010.

Energy Efficiency and Renewable Energy Program Activities

In FY 2010, Southeastern's Energy Efficiency and Renewable Energy Program (EERE) continued to support the National Energy Policy by promoting energy efficiency and renewable energy education and training among preference customers in the Southeast. Southeastern sponsored the Bonbright Conference, one of the nation's premier energy conferences that promotes dialog among energy suppliers, regulators, and transmission providers. Southeastern also supported wind energy development efforts in the coastal and mountainous regions through its partnership with North Carolina Wind Working Group. In addition, Southeastern provided assistance to customers by facilitating the procurement of renewable energy and by co-sponsoring training to enhance marketing skills to more effectively serve large load customers. Southeastern also worked with Electricities of North Carolina, Kenergy, and South Mississippi Electric Power Association to co-sponsor workshops that promote energy and economic efficiency. In FY 2010, Southeastern's EERE program continued to support the President's Climate Change Technology Program by providing educational opportunities that address technologies which slow the growth of CO₂ emissions.

MARKETING OBJECTIVES

Southeastern Power Administration 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. Headquartered in Elberton, Georgia, Southeastern markets hydroelectric power and energy in the states of Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, and southern Illinois, from reservoir projects operated by the U.S. Army Corps of Engineers. Southeastern has the authority to market power in 11 states – the above ten plus West Virginia.

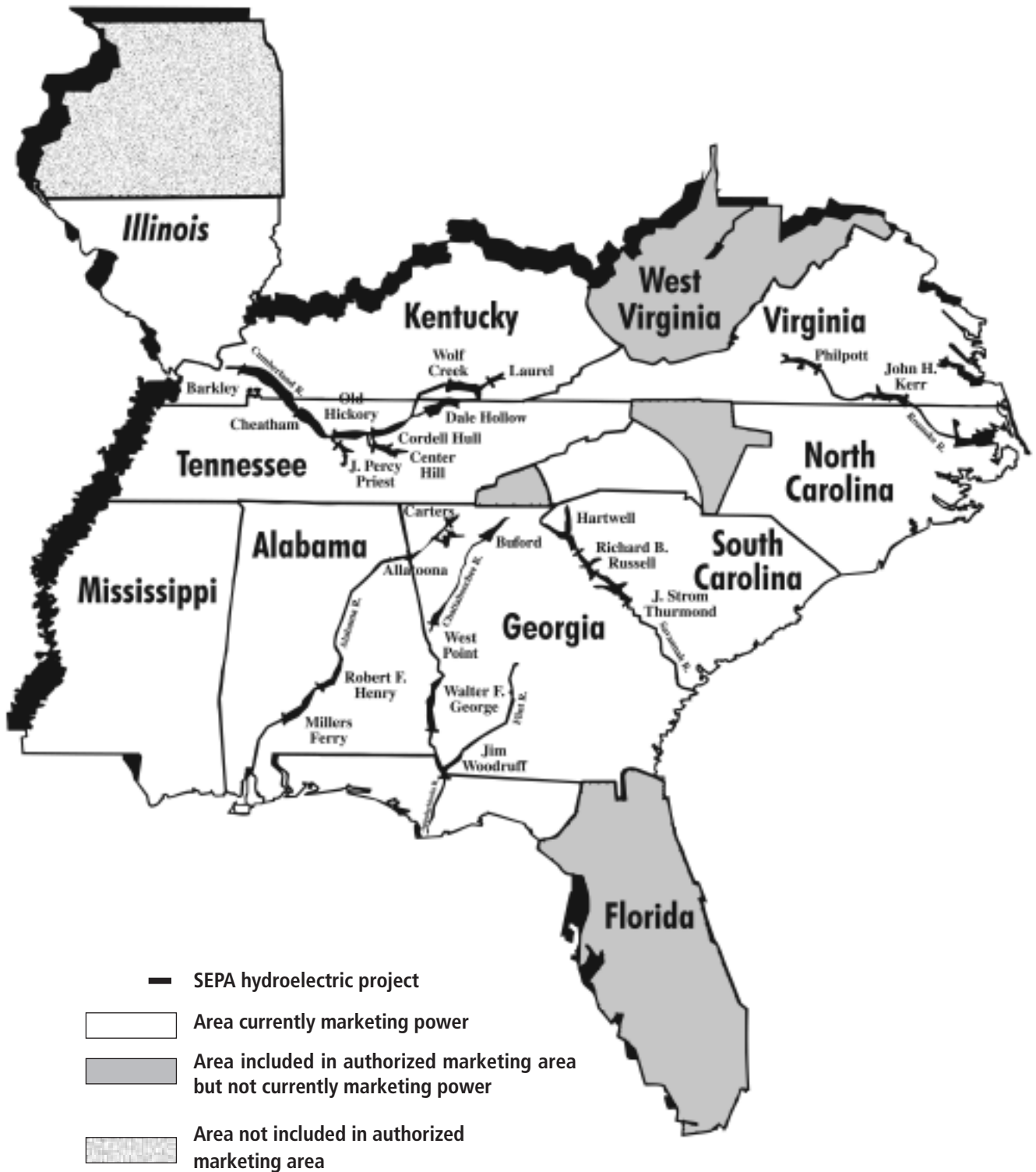
The objectives of Southeastern are to market the electric power and energy generated by the Federal reservoir projects and to encourage widespread use of the power at the lowest possible cost to consumers. Power rates are formulated based on sound financial principles. Preference in the sale of power 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 also prepares wholesale rates and repayment studies for the southeast's interconnected reservoir projects, supporting deliveries made to serve contractual loads. Southeastern is also 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.”

MARKETING AREA



A CLOSER LOOK

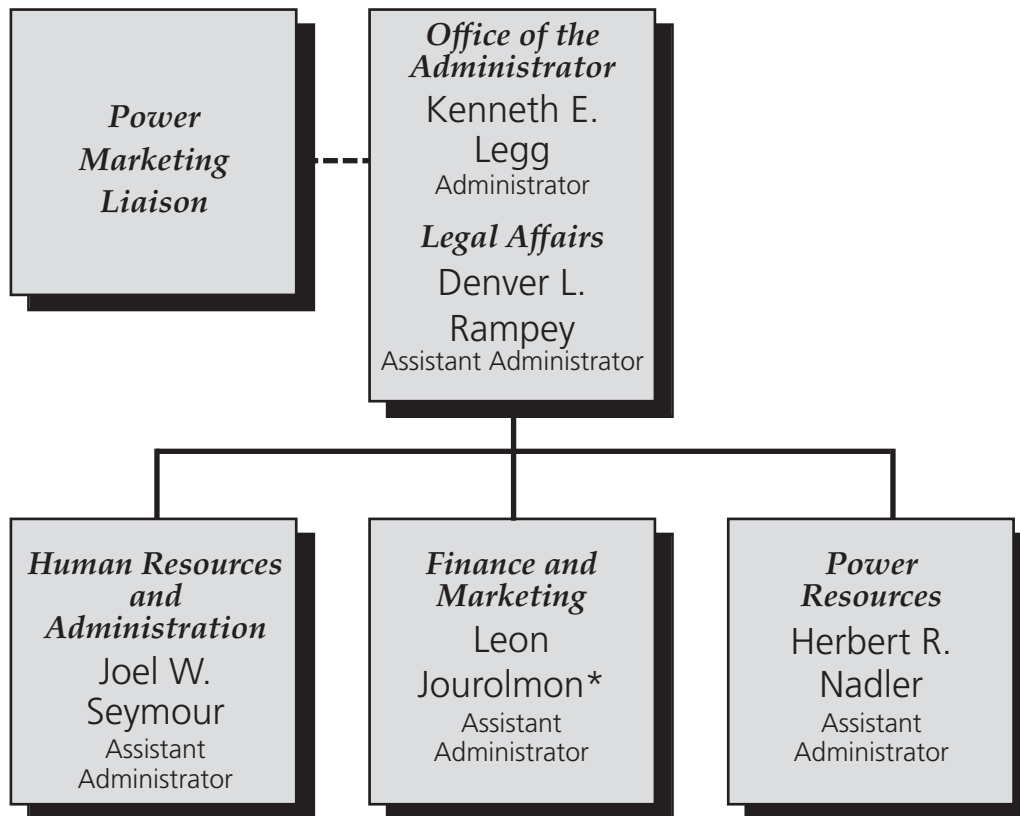
Mission Statement

Southeastern's mission is to market Federal hydroelectric power at the lowest possible cost to public bodies and cooperatives in the southeastern United States in a professional, innovative, customer-oriented manner, while continuing to meet the challenges of an ever-changing electric utility environment through continuous improvements.

Vision Statement

Southeastern Power Administration will foster a well-trained, flexible workforce in an open and rewarding workspace. Southeastern's employees will practice integrity and honesty with all partners, nurture creativity, and achieve results in a rapidly changing electric utility industry.

Organizational Chart



*Leon Jourolmon, Assistant Administrator, Finance and Marketing, retired effective January 1, 2011.

RATES AND REPAYMENTS

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 the table below.

Status of Repayment as of September 30, 2010 - 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 \$
Georgia- Alabama- S. Carolina	1950	3,629	3,282	1,720	347	1,373
Jim Woodruff	1957	195	175	71	20	51
Cumberland	1949	1,336	1,048	415	288	127
Kerr-Philpott	1953	497	406	186	91	95
TOTAL		5,657	4,911	2,392	746	1,646

(Dollars in Millions)

GEORGIA - ALABAMA - SOUTH CAROLINA SYSTEM

The Georgia-Alabama-South Carolina System consists of ten projects located in Georgia, Alabama, and South Carolina. The power generated at these projects is sold to 176 preference entities that serve 204 preference customers in Georgia, Alabama, South Carolina, North Carolina, Mississippi, and Florida.

Generation

Generation for FY 2010 was 111% of average. Figure A illustrates the percent of average generation by project, and Figure B shows system generation for the years 2001 through 2010.

Financial Performance

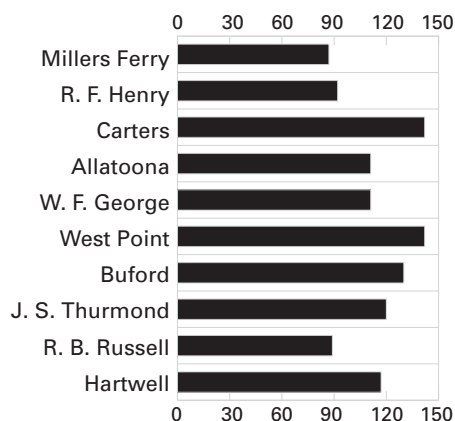
Total revenue for the Georgia-Alabama-South Carolina System in FY 2010 was \$175.6 million. Of this amount, \$170.5 million was derived from the sale of 4,169,029 megawatt-hours of energy and 2,184.2 megawatts of capacity. Total operating expenses, excluding depreciation, were \$107.9 million, interest charged to Federal investment was \$68.0 million. The Georgia-Alabama-South Carolina System incurred a deficit of \$.3 million in FY 2010. Figure C shows the revenue by source for this system, and Figure D shows the application of revenues.

Table 2 indicates the allocation of costs by project function for each project in the System, and Table 3 indicates the current rates. Current rates for the Georgia-Alabama-South Carolina System were approved on a final basis by FERC on April 8, 2008. In FY 2010, Southeastern filed a rate adjustment for the Georgia-Alabama-South Carolina System. The adjustment was an increase of 9.6%. The rate schedules were approved on an interim basis by the Deputy Secretary of Energy on September 28, 2010. The new rate schedules were effective October 1, 2010, and have been forwarded to FERC with a request for approval on a final basis.

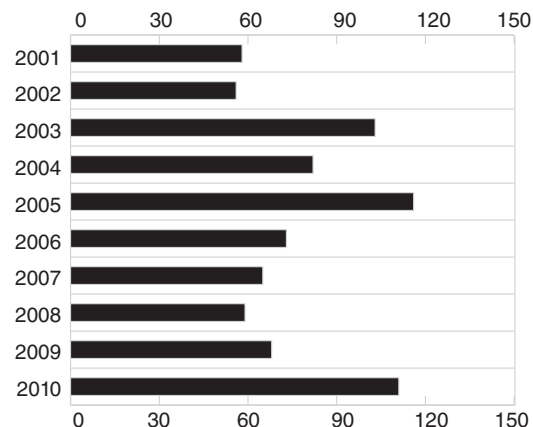
Project Rehabilitation

During FY 2010, major rehabilitation work continued at the Walter F. George Project.

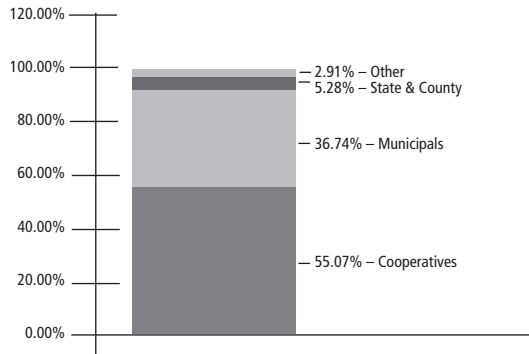
Actual Generation as a Percentage of Average Project Generation - Figure A



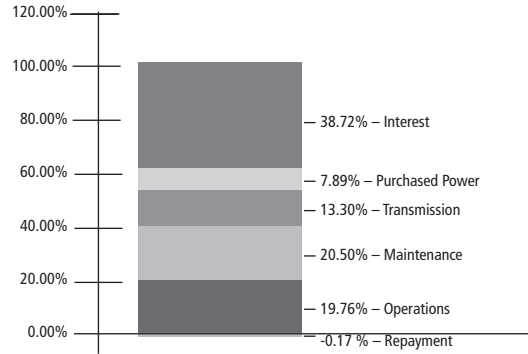
Actual Generation as a Percentage of Average System Generation - Figure B



FY 2010 Revenue by Source - Figure C



FY 2010 Application of Revenues - Figure D



Cost Allocation by Project Function as of September 30, 2010 - Table 2

Project	Total \$	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Allatoona	65,003,839	68.10	—	14.30	—	17.25	0.36(a)
Buford	97,702,550	81.26	2.15	4.76	—	11.82	—
Carters	168,237,542	83.21	—	12.00	—	4.79	—
J. Strom Thurmond	185,276,569	85.49	2.55	2.34	—	9.62	—
Walter F. George	263,426,510	64.09	31.18	—	0.13	4.60	—
Hartwell	196,975,293	90.07	1.94	2.46	—	5.53	—
Robert F. Henry/Millers Ferry	202,673,187	62.85	29.32	—	—	7.83	—
West Point	163,003,370	47.36	1.65	13.21	8.47	29.31	—
Richard B. Russell	1,107,281,986	69.36	—	0.21	—	30.43	—
TOTAL-GA-AL-SC	2,449,580,845	71.07	6.32	2.74	0.58	19.28	0.01

(a) water supply

Basic Power Rate Schedule as of September 30, 2010 - Table 3

Preference Customers	Capacity \$/kW/ Month	Energy Mills/ kWh	Trans. \$/kW/ Month	Ancillary & Generation Svcs. \$/kW/Month
Municipal Elec. Auth. of Georgia & City of Dalton	3.70	9.32	—	.25
Oglethorpe Power Corp. Area	3.70	9.32	—	.12
Southern Company	3.70	9.32	2.73	.36
PowerSouth Off System	3.70	9.32	2.73	.23
PowerSouth Energy Cooperative	3.70	9.32	—	.12
So. Mississippi Electric Power Assoc.	3.70	9.32	2.62	.12
So. Carolina Public Service Authority Area				
So. Carolina Public Service Authority	3.70	9.32	—	.12
Preference Customers -SCPSA	3.70	9.32	1.48	.12
Duke Power Area				
Bundled	3.70	9.32	.89	.12
Self Scheduling	3.70	9.32	.89	.12
Self Scheduling and Self Transmitting	3.70	9.32	—	.12
So. Carolina Electric & Gas Area	3.70	9.32	2.55	.12

KERR-PHILPOTT SYSTEM

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 76 preference customers in North Carolina and Virginia.

Generation

Generation for FY 2010 was 137% of average. Figure E illustrates the percent of average generation by project for the year. Figure F shows the system generation by year from 2001 through 2010.

Financial Performance

Total revenue for the Kerr-Philpott System in FY 2010 was \$20 million. Of this amount, \$19.0 million was derived from the sale of 615,814 megawatt-hours of energy and 196.5 megawatts of capacity.

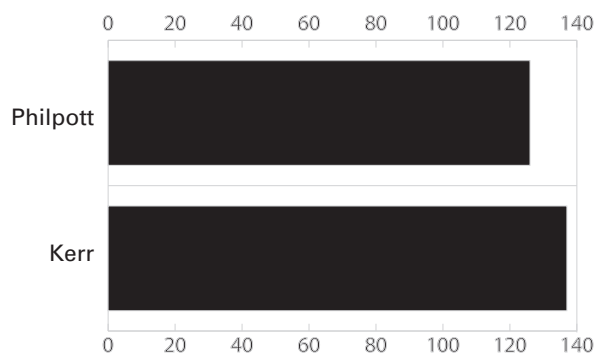
Total operating expenses, excluding depreciation, were \$15.6 million. Interest charged to Federal investment was \$4.1 million and repayment of the Federal investment was \$0.2 million. Figure G shows the revenue by source for the Kerr-Philpott System, and Figure H shows the application of revenues.

Table 4 indicates the allocation of costs by project function for each project in the System. Table 5 indicates the current rates. Current rates for the Kerr-Philpott System were approved on a final basis by FERC on December 8, 2006. Southeastern filed a rate adjustment for the Kerr-Philpott System in FY 2010. The rate adjustment was an increase of 15%. The rate schedules were approved on an interim basis by the Deputy Secretary of Energy on September 16, 2010. The new rate schedules are effective October 1, 2010, and have been forwarded to FERC with a request for approval on a final basis.

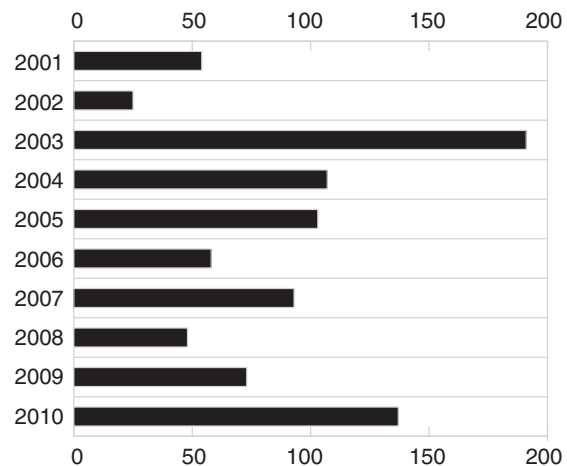
Rehabilitation

During FY 2010, major rehabilitation work was completed at the John H. Kerr Project.

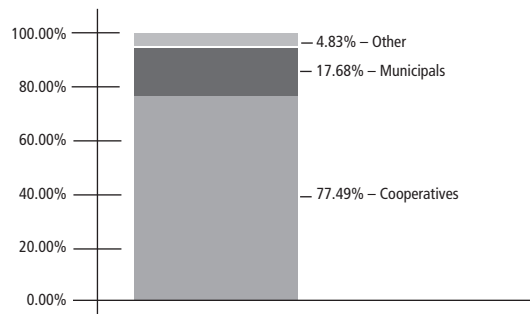
Actual Generation as a Percentage of Average Project Generation - Figure E



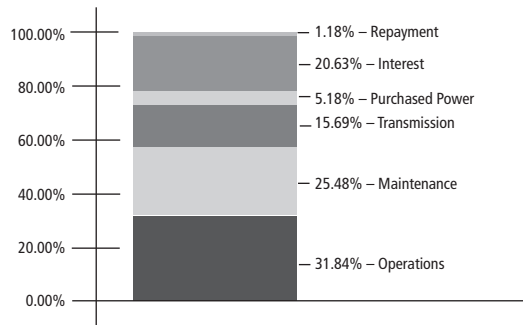
Actual Generation as a Percentage of Average System Generation - Figure F



FY 2010 Revenue by Source - Figure G



FY 2010 Application of Revenues - Figure H



Cost Allocation by Project Function as of September 30, 2010 - Table 4

Project	Total \$	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
John H. Kerr	212,899,636	84.33	—	11.95	—	3.55	0.17(a)
Philpott	26,562,497	49.87	—	35.15	—	14.98	—
TOTAL- Kerr-Philpott System	239,462,133	80.51	—	14.52	—	4.82	0.16

(a) water supply

Basic Power Rate Schedule as of September 30, 2010 - Table 5

Preference Customers	Capacity \$/kW/ Month	Energy Mills/ kWh	Trans. \$/kW/ Month	Ancillary Services Mills/kWh	Tandem Transmission \$/kW/Month
Virginia Power Co. Area					
Bundled	2.98	11.90	(1.51)	14.58	(1.23)
Self Scheduling	2.98	11.90	(1.51)	14.58	(1.23)
Self Scheduling and Self Transmitting	2.98	11.90	—	14.58	(1.23)
Scheduled by CP&L	2.98	11.90	(1.51)	14.58	(1.23)
American Electric Power Service Area	2.98	11.90	—	14.58	(1.23)
Carolina Power & Light Co. Area	2.98	11.90	1.2959	—	(1.23)

CUMBERLAND SYSTEM

There are nine projects in the Cumberland System located in Tennessee and Kentucky. The power produced at these projects is delivered to 25 preference entities that serve 213 preference customers in Tennessee, Kentucky, Mississippi, North Carolina, Alabama, Georgia, Virginia, and southern Illinois.

Generation

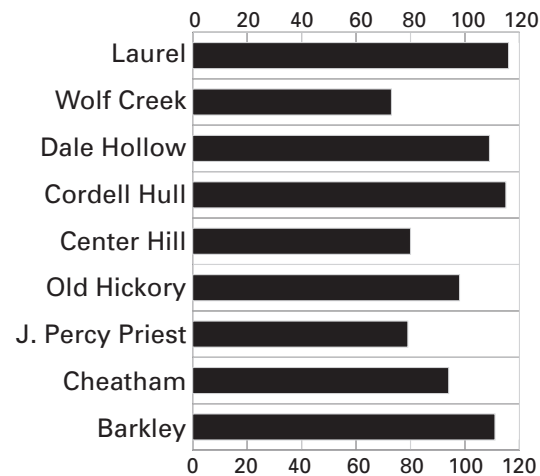
Generation for the system during FY 2010 was 93% of average. The percentage of average generation by project is shown in Figure I, and Figure J shows system generation for the years 2001 through 2010.

Financial Performance

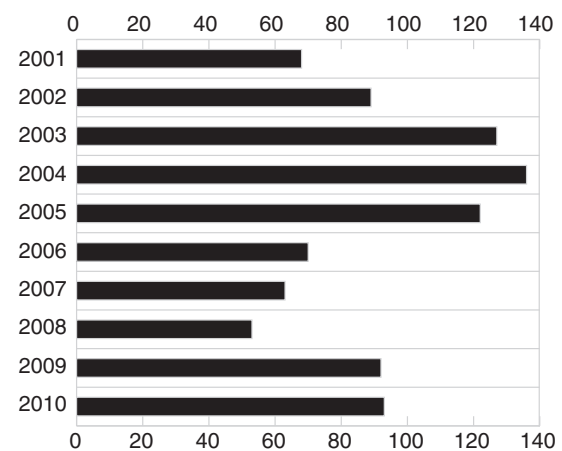
Total revenue for the Cumberland System in FY 2010 was \$45.7 million. Of this amount, \$44.1 million was derived from the sale of 2,706,215 megawatt-hours of energy. Total operating expenses, excluding depreciation, were \$44.5 million. Interest charged to Federal investment was \$3.6 million. The Cumberland System incurred a repayment deficit of \$2.3 million in FY 2010. Figure K shows the revenue by source for the Cumberland System, and Figure L shows the application of revenues for this System.

Table 6 indicates the allocation of costs by project function for each project in this System, and Table 7 indicates the current rates. Current rates for the Cumberland System were approved on a final basis by FERC on May 6, 2009.

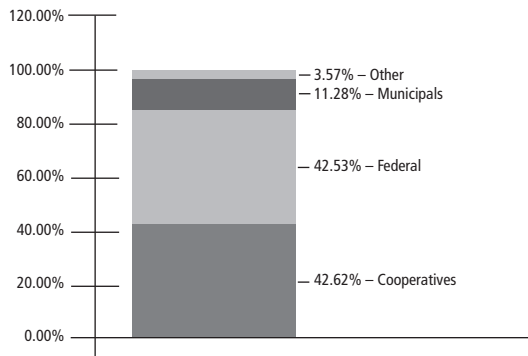
Actual Generation as a Percentage of Average Project Generation - Figure I



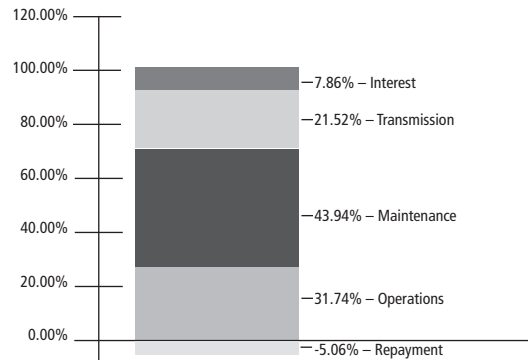
Actual Generation as a Percentage of Average System Generation - Figure J



FY 2010 Revenue by Source - Figure K



FY 2010 Application of Revenues - Figure L



Cost Allocation by Project Function as of September 30, 2010 - Table 6

Project	Total \$	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Barkley	201,376,164	26.34	57.99	11.51	—	4.16	—
J. Percy Priest	68,807,755	17.84	—	39.24	—	42.92	—
Cheatham	52,809,027	42.43	48.75	—	—	8.82	—
Cordell Hull	92,282,349	46.61	19.03	—	—	27.29	7.08 (a)
Old Hickory	74,233,716	55.61	38.18	—	—	6.21	—
Center Hill	195,754,683	48.02	—	47.53	—	4.10	0.36 (b)
Dale Hollow	38,297,781	62.69	—	32.08	—	5.23	—
Wolf Creek	495,041,260	56.92	—	39.12	—	3.91	0.05 (b)
Laurel	51,705,751	53.95	—	—	—	33.81	12.24 (a)
TOTAL- Cumberland System	1,270,308,486	47.21	14.83	27.49	—	9.38	1.09

(a) Area Development
(b) World War II Suspension Costs

Basic Power Rate Schedule as of September 30, 2010 - Table 7

Preference Customers	Capacity \$/kW/ Month	Energy Mills/ kWh	Trans. \$/kW/ Month
Tennessee Valley Authority	—	12.67	—
Former Tennessee Valley Authority Customers	—	12.67	—
Carolina Power & Light Co. Area	—	12.67	1.259
Kentucky Utility Area	—	12.67	—
East Kentucky Power Cooperative	—	12.67	—
Other Preference Customers	—	12.67	—

JIM WOODRUFF SYSTEM

The Jim Woodruff System is a one-project system located in the northern panhandle of Florida near the Georgia-Florida border. This system has six customers located in the northern part of Florida and one investor-owned utility.

Generation

Generation during FY 2010 was 68% of average. Figure M illustrates the project's generation for the years 2001 through 2010.

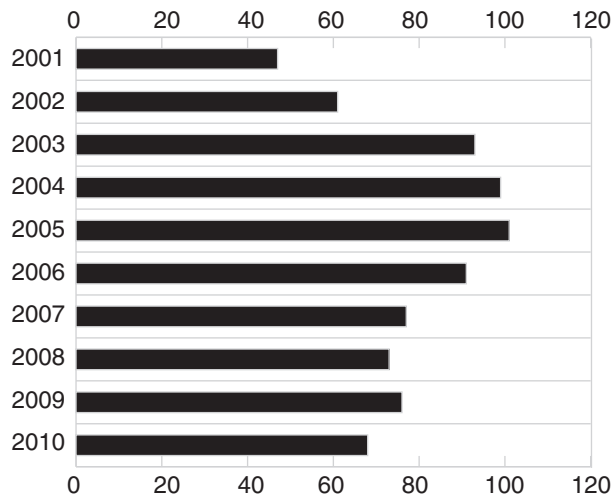
Financial Performance

Total revenue from the Jim Woodruff System was \$13.3 million in FY 2010. Of this amount, \$13.2 million was derived from the sale of 223,662 megawatt-hours of energy and 36 megawatts of capacity.

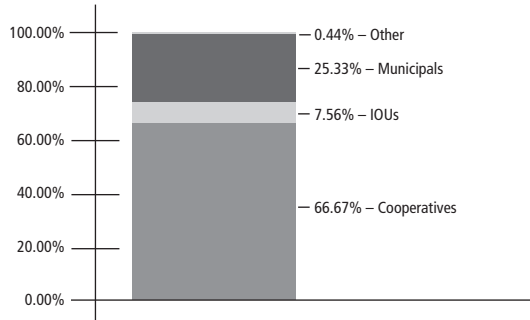
Total operating expenses, excluding depreciation, were \$10.2 million. Interest charged to the Federal investment was \$2.7 million and repayment of the Federal investment was \$0.4 million. Figure N shows the revenue by source for the System, and Figure O shows the application of revenues.

Table 8 indicates the allocation of costs by project function for the project in the System, and Table 9 indicates the current rates. Current rates for the Jim Woodruff System were approved on a final basis by FERC on April 15, 2010.

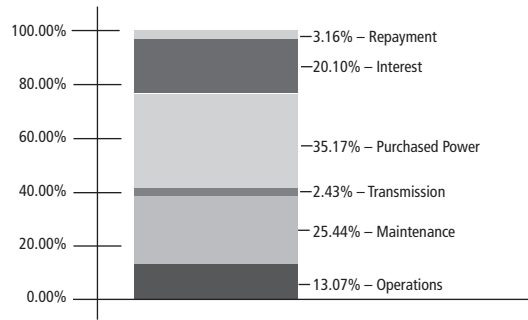
Actual Generation as a Percentage of Average System Generation - Figure M



FY 2010 Revenue by Source - Figure N



FY 2010 Application of Revenues - Figure O



Cost Allocation by Project Function as of September 30, 2010 - Table 8

Project	Total \$	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Jim Woodruff	108,214,080	61.85	30.99	–	–	7.16	–
TOTAL- Jim Woodruff System	108,214,080	61.85	30.99	–	–	7.16	–

Basic Power Rate Schedule as of September 30, 2010 - Table 9

Preference Customers	Capacity \$/kW/ Month	Energy Mills/ kWh
Preference Customers	13.06	32.07
Investor Owned Utility*	–	50.00

*Rate determined at 100% of Investor Owned Utility avoided cost

2010 SEPA ANNUAL REPORT

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)
South Carolina			
Central Electric Power Cooperative	180,700	399,787,119	\$ 16,218,898.78
Little River EC	522	851,473	46,444.79
City of Abbeville	2,959	5,050,654	189,777.90
City of Clinton	2,975	1,952,040	161,857.47
City of Easley	8,656	13,825,705	577,283.48
City of Gaffney	6,986	11,164,681	465,991.41
City of Georgetown	5,300	12,868,296	493,836.68
City of Greenwood	11,404	20,887,010	817,302.93
City of Greer	9,159	14,690,054	611,624.89
City of Laurens	5,891	9,438,560	393,262.38
City of Newberry	3,277	2,149,738	178,282.17
City of Orangeburg	13,779	22,550,745	1,225,605.08
City of Rock Hill	19,115	30,530,662	1,274,804.65
City of Seneca	2,688	1,417,170	146,086.39
City of Union	3,484	2,286,594	189,557.69
City of Westminster	678	444,392	36,880.97
Town of Bamberg	2,300	5,514,975	213,447.47
Town of Due West	285	298,725	20,073.62
Town of McCormick	522	832,400	46,295.03
Town of Prosperity	602	1,546,651	54,162.99
Town of Winnsboro	1,366	2,164,248	120,954.24
South Carolina PSA	135,000	250,002,860	9,262,506.13
South Carolina Total	417,648	810,254,752	\$32,744,937.14
Georgia-Alabama-South Carolina System Total			
	2,184,232	4,169,029,258	\$ 170,517,416.21
Kerr-Philpott System			
North Carolina			
Albemarle EMC	2,593	9,947,401	\$ 353,348.17
Brunswick EMC	3,515	14,029,945	412,675.70
Carteret-Craven EMC	2,735	10,735,536	318,718.02
Central EMC	1,239	4,945,406	145,463.81
Edgecombe-Martin County EMC	4,155	16,136,844	570,698.08
Four County EMC	4,198	16,756,105	492,862.72
Halifax EMC	2,606	10,175,204	346,069.64
Jones-Onslow EMC	5,184	20,691,675	608,623.13
Lumbee River EMC	3,729	14,884,117	437,800.18
Pee Dee EMC	2,968	11,846,624	348,455.63
Piedmont EMC	1,086	4,134,120	125,196.64
Pitt & Greene EMC	1,580	6,306,492	185,498.70
Randolph EMC	3,608	14,401,154	423,594.89
Roanoke EMC	5,528	21,330,228	756,114.45
South River EMC	6,119	24,423,681	718,396.10
Tideland EMC	3,098	12,093,917	411,699.33
Tri-County EMC	3,096	12,357,530	363,483.43
Wake EMC	2,164	8,637,497	254,062.53
City of Elizabeth City	2,073	1,551,070	98,315.97
City of Kinston	1,466	1,096,897	109,948.97
City of Laurinburg	415	310,514	31,124.70
City of Lumberton	895	669,660	67,124.30
City of New Bern	1,204	900,864	90,299.10
City of Rocky Mount	2,538	1,898,998	190,348.22
City of Washington	2,703	2,022,452	202,723.14
City of Wilson	2,950	2,207,264	221,248.01
Fayetteville Public Works Commission	5,431	4,063,610	407,321.14
Greenville Utilities Commission	7,534	5,637,126	565,044.71
Town of Apex	145	108,492	10,874.93
Town of Ayden	208	155,632	15,599.85
Town of Belhaven	182	136,176	8,631.69
Town of Benson	120	89,786	8,999.95
Town of Clayton	161	120,464	12,074.84
Town of Edenton	775	579,874	36,755.84
Town of Enfield	259	196,986	16,948.69
Town of Farmville	237	177,331	17,774.91
Town of Fremont	60	44,895	4,499.96
Town of Hamilton	40	29,929	1,897.07
Town of Hertford	203	151,889	9,627.64
Town of Hobgood	46	34,416	2,181.62
Town of Hookerton	30	22,446	2,249.99
Town of La Grange	93	69,584	6,974.92
Town of Louisburg	857	6,970,250	140,843.87
Town of Pikeville	40	29,929	2,999.99
Town of Red Springs	117	87,544	8,774.93
Town of Robersonville	232	173,587	11,003.03
Town of Scotland Neck	304	227,462	14,417.82
Town of Selma	183	136,925	13,724.85
Town of Smithfield	378	282,832	28,349.75
Town of Tarboro	2,145	1,604,941	101,730.71
Town of Wake Forest	149	111,484	11,174.92
Town of Windsor	331	251,773	15,863.72
North Carolina Total	93,705	265,986,558	\$ 9,760,234.90

CUSTOMER	CAPACITY (kW)	ENERGY (kWh)	REVENUE (\$)
Virginia			
B-A-R-C EC	3,740	14,578,393	\$ 356,509.36
Central Virginia EC	7,956	30,822,907	760,213.06
Community EC	4,230	16,511,459	403,596.76
Craig-Botetourt EC	1,692	9,069,849	197,314.01
Mecklenburg EMC	11,344	44,640,500	1,088,280.11
Northern Neck EC	3,944	15,320,040	375,252.72
Northern Virginia EC	3,268	12,342,270	308,189.72
Prince George EC	2,530	9,827,506	240,603.79
Rappahannock EC	22,427	87,597,584	2,140,871.65
Shenandoah Valley EMC	9,938	39,043,221	952,337.95
Southside EC	14,575	57,066,117	1,393,498.29
City of Bedford	1,200	907,337	79,223.64
City of Danville	5,600	4,234,246	369,710.39
City of Franklin	1,003	762,921	48,070.36
City of Martinsville	1,600	1,209,785	105,631.55
City of Radford	1,300	978,345	85,605.19
City of Salem	2,200	1,655,663	144,870.29
Harrisonburg Electric Commission	2,691	2,073,637	129,555.53
Town of Blackstone	389	295,891	18,643.44
Town of Culpepper	391	301,300	18,824.35
Town of Elkton	171	130,070	8,195.46
Town of Richlands	500	378,060	33,009.90
Town of Wakefield	106	80,627	5,080.21
Virginia Total	102,795	349,827,728	\$ 9,263,087.73
Kerr-Philpott System Total	196,500	615,814,286	\$ 19,023,322.63
Jim Woodruff System			
Florida			
Central Florida EC	2,300	11,347,503	\$ 724,370.42
Suwannee Valley EC	4,800	22,131,943	1,462,027.42
Talquin EC	13,500	88,134,984	4,942,208.93
Tri-County EC	5,200	28,839,343	1,739,821.73
City of Chattahoochee	1,800	9,878,839	598,910.37
City of Quincy	8,400	45,334,782	2,770,334.46
Florida Power Corporation	-	17,995,104	1,005,797.94
Jim Woodruff System Total	36,000	223,662,498	\$ 13,243,491.27
Cumberland System			
Southern Illinois Power Cooperative	-	59,305,000	\$ 1,243,994.95
Kentucky			
Big Rivers Electric Corporation	-	381,690,000	\$ 7,967,257.14
East Kentucky Power Cooperative	-	342,825,000	7,334,094.51
City of Bourbonville	-	5,619,154	109,927.80
City of Bardstown	-	5,739,201	112,215.73
City of Bardwell	-	1,384,356	27,031.32
City of Benham	-	633,432	12,435.82
City of Corbin	-	6,635,711	129,806.35
City of Falmouth	-	1,506,956	29,447.57
City of Frankfort	-	39,898,555	780,289.60
City of Henderson	-	25,582,000	535,238.50
City of Madisonville	-	19,930,122	389,806.17
City of Nicholasville	-	6,528,436	127,680.24
City of Owensboro	-	63,854,027	1,248,804.61
City of Paris	-	3,483,876	68,109.14
City of Providence	-	3,144,174	61,504.24
City of Princeton	-	504,393	10,672.39
City of Paducah	-	3,519,607	74,470.92
Kentucky Total	-	912,479,000	\$ 19,018,792.05
Mississippi			
South Mississippi EPA	-	108,857,000	\$ 2,276,407.07
Mississippi Delta Energy Agency	-	23,755,000	498,284.53
Municipal Energy Agency of Mississippi	-	40,016,000	837,480.44
Mississippi Total	-	172,628,000	\$ 3,612,172.04
North Carolina			
French Broad EMC	-	17,408,800	\$ 520,338.70
Haywood EMC	-	5,095,259	152,259.19
Town of Waynesville	-	3,609,141	107,862.23
North Carolina Total	-	26,113,200	780,460.12
Tennessee Valley Authority	-	1,535,690,000	\$ 19,457,192.28
Cumberland System Total	-	2,706,215,200	\$ 44,112,611.44
Grand Total	2,416,732	7,714,721,242	\$ 246,896,821.55

(page intentionally left blank)

SOUTHEASTERN POWER ADMINISTRATION



2010 FINANCIAL OVERVIEW AND FINANCIAL STATEMENTS



(page intentionally left blank)

2010 Financial Overview & Financial Statements

Contents

Financial Overview and Program Performance.....	25
Report of Independent Auditors	34
Combined Financial Statements	
Statements of Assets, Federal Investment, and Liabilities.....	36
Statements of Revenues, Expenses, and Accumulated Net Revenues	37
Statements of Cash Flow	38
Notes to Financial Statements	39
Combined Supplementary Information	
Exhibit I – Georgia-Alabama-South Carolina System	
Assets, Federal Investment, and Liabilities.....	45
Revenues, Expenses and Accumulated Net Revenues	46
Cash Flows	47
Exhibit II – Jim Woodruff System	
Assets, Federal Investment, and Liabilities.....	48
Revenues, Expenses and Accumulated Net Revenues	49
Cash Flows	50
Exhibit III – Cumberland Basin System	
Assets, Federal Investment, and Liabilities.....	51
Revenues, Expenses and Accumulated Net Revenues	52
Cash Flows	53
Exhibit IV – Kerr-Philpott System	
Assets, Federal Investment, and Liabilities.....	54
Revenues, Expenses and Accumulated Net Revenues	55
Cash Flows	56
Exhibit V – Southeastern Federal Power Program	
Assets, Federal Investment, and Liabilities	57-58
Revenues, Expenses and Accumulated Net Revenues	59-60
Cash Flows.....	61-62
Exhibit VI – Amount and Allocation of Plant Investment (Unaudited).....	63

(page intentionally left blank)

Description

The Southeastern Federal Power Program (Power 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: Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, and southern Illinois. The Power 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 United States Army Corps of Engineers (Corps). 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, 2010, 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 Power 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-use costs allocated to power are included in the attached statements of assets, Federal investment, and liabilities, under utility plant and cash.

The accounts of the Power Program 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 Power 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 also receives 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 2010, Southeastern marketed 7.7 billion kilowatt-hours of energy to 489 wholesale customers. Southeastern’s revenues totaled \$255 million, which was \$8 million more than in FY 2009.

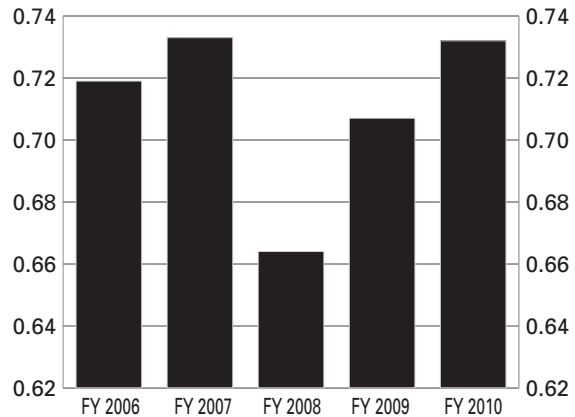
Financial Performance Debt Service Coverage Ratio

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.

Over the last five years, Southeastern’s debt service ratio has ranged from about 0.664 to 0.733. Southeastern’s debt service ratio for FY 2006 through FY 2009 was below normal due to adverse water conditions. FY 2010 was below normal due to higher than expected Corps’ operation and maintenance expenses. Southeastern’s debt service coverage ratio for fiscal years 2006-2010 is illustrated in Figure P.

***Debt Service Coverage Ratio -
Figure P***



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

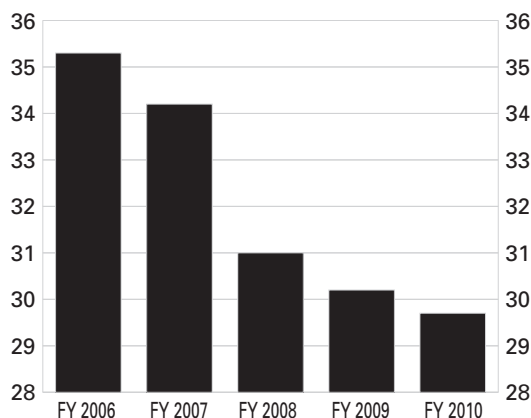
This indicator is a cumulative cash flow measure. It measures the cumulative principal payments made relative to the total Federal investment to date. During a period of capital expansion, this ratio would tend to decrease, whereas increases in cumulative payments over time would be expected for a mature 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 Southeastern, 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. Over the last five years, Southeastern's principal payments as a percentage of total investment have declined from 35.3% to 29.7%. This is due to an increase in the power investment and a lack of repayment due to drought conditions. Payments as a percent of total investment are illustrated in Figure Q.

Percent Variance of Actual from Planned Principal Payment

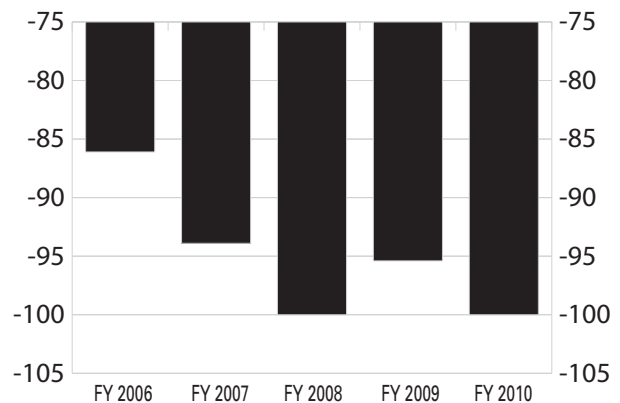
Each of the power marketing administrations shows relatively large fluctuations between actual and planned revenues due to the high variability of water over the years analyzed. A negative number means that actual repayment is not as large as expected. A positive number means that actual repayment is larger than expected.

Southeastern's -86.1% ratio in 2006, -93.9% ratio in 2007, -100% in 2008, and -95% in 2009 were the result of below average streamflow conditions, as illustrated in Figure R. The -100% ratio in 2010 was due to higher than expected Corps' operation and maintenance expenses.

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



Percent Variance of Actual From Planned Principal Payments - Figure R



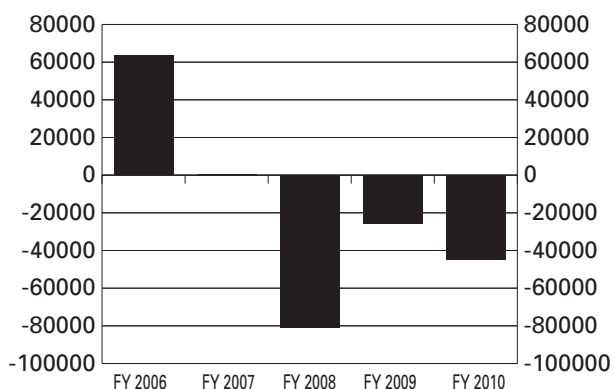
Net Cash to the Treasury

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. 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 Southeastern’s financial performance. Net Cash Flow to Treasury excluded revenue from and expenses paid to Federal entities, such as TVA. FY 2007 Net Cash Flow to the Treasury was \$195,000. Net cash flow to the U.S. Treasury is illustrated in Figure S.

Net Cash Flow to the Treasury – Figure S (in thousands)



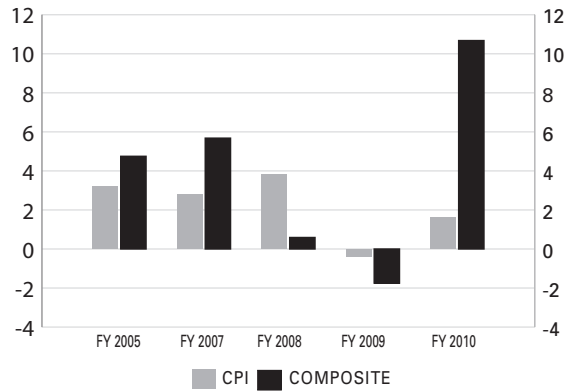
Rate Performance

Performance indicators were prepared separately for transmission costs and generation rates. Cumulative year-to-year percentage increases in costs and rates were compared to cumulative percentage increases in the Consumer Price Index starting with 2006 as the base year.

Transmission Performance Indicator – Composite Transmission Cost Indicator

The transmission cost indicator is a measure of the change in the capacity based on weighted average transmission rates paid by Southeastern from year to year. The FY 2006 increase was the result of increases in transmission rates in the Georgia-Alabama-South Carolina and Cumberland Systems. The FY 2007 increase was the result of increases in transmission rates in the Georgia-Alabama-South Carolina and Kerr-Philpott Systems. The FY 2008 increase was the result of increases in transmission rates at the Kerr-Philpott System. The FY 2009 decrease was the result of decreases in transmission rates in the Kerr-Philpott System. The FY 2010 increase was the result of transmission rate increases. Composite transmission indicators are illustrated in Figure T.

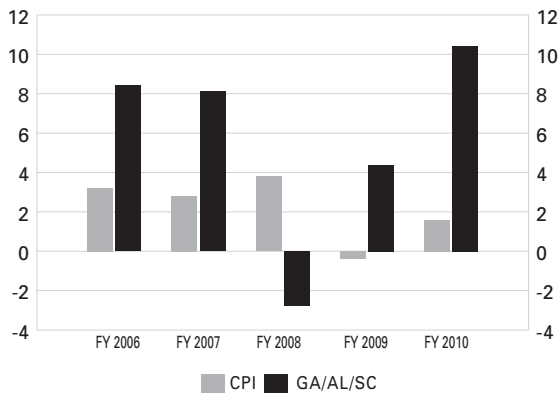
Composite Transmission Cost Indicator - Figure T



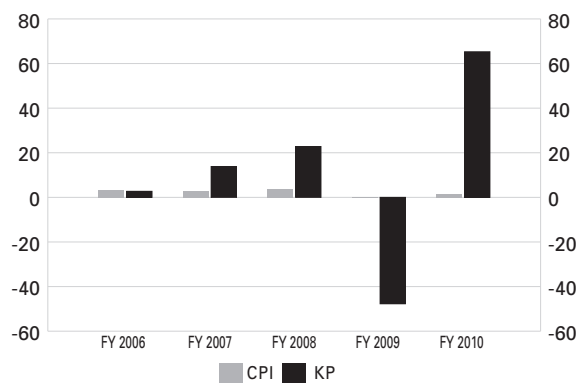
System Transmission Cost Indicator

The FY 2006 8.41% increase in the Georgia-Alabama-South Carolina System was the result of an increase in transmission rates. FY 2007 8.11% increase in the Georgia-Alabama-South Carolina System was the result of an increase in transmission rates. The FY 2008 increase of 22.80% in the Kerr-Philpott System was the result of an increase in transmission rates. The FY 2009 decrease of 47.71% in the Kerr-Philpott System was the result of decreases in transmission rates. The FY 2010 increase in the Georgia-Alabama-South Carolina and Kerr-Philpott systems were due to transmission rate increases. System transmission indicators are illustrated in Figures U, V, W, and X.

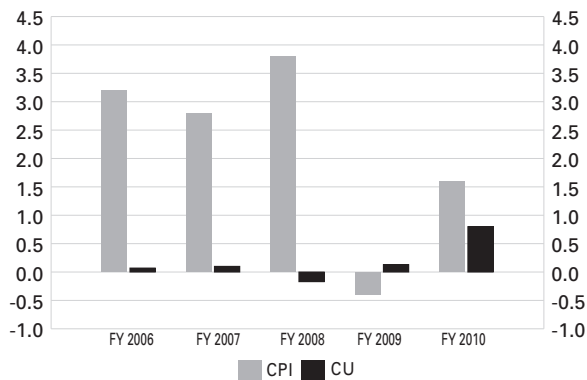
Georgia-Alabama-South Carolina Transmission Cost Indicator - Figure U



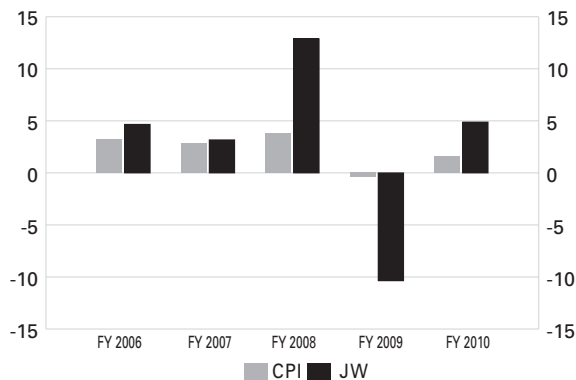
Kerr-Philpott Transmission Cost Indicator - Figure V



Cumberland Transmission Cost Indicator - Figure W



Jim Woodruff Transmission Cost Indicator - Figure X

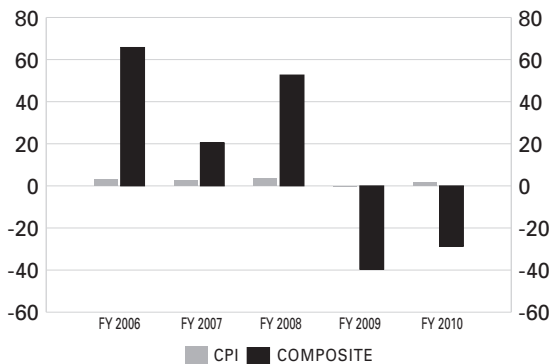


Generation Performance Indicator - Composite Generation Rate Indicator

The composite generation indicator is a measure of the annual change in the average costs of energy charged by Southeastern from year to year.

The FY 2007 and FY 2008 increases were the result of below normal water conditions. The FY 2009 and FY 2010 decreases were the result of increases in energy produced in the Georgia-Alabama-South Carolina and Kerr-Philpott Systems. Composite generation rate indicator is illustrated in Figure Y.

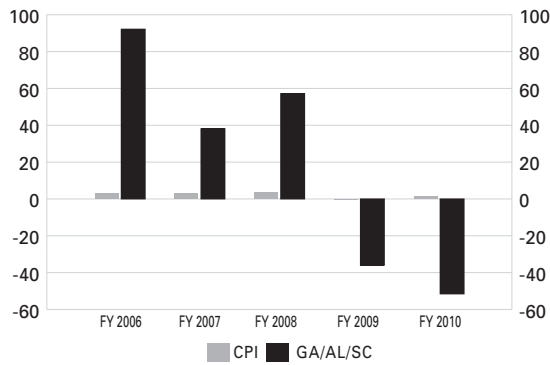
Composite Generation Cost Indicator - Figure Y



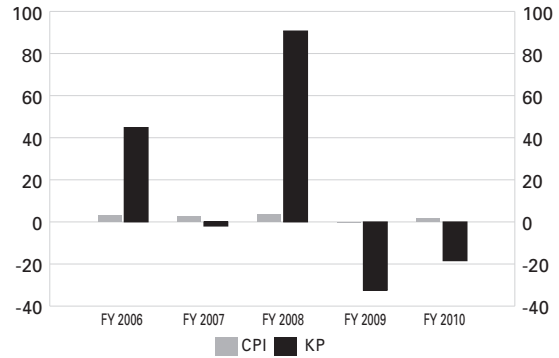
System Generation Rate Indicator

The FY 2006 increases in the Cumberland, Georgia-Alabama-South Carolina, and Kerr-Philpott Systems were the results of below average streamflow conditions. The FY 2007 increase in the Georgia-Alabama-South Carolina System was the result of below average streamflow conditions. The FY 2008 increase in the Kerr-Philpott System was the result of below normal water conditions. The FY 2009 increase in the Cumberland System and the FY 2010 increase in the Jim Woodruff System was the result of a rate increase. The FY 2010 decreases in the Georgia-Alabama-South Carolina and Kerr-Philpott Systems were due to the increase in energy produced. System generation rate indicators are illustrated in Figures Z, AA, BB, and CC.

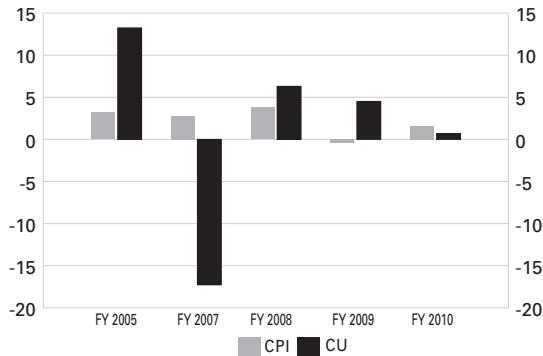
Georgia-Alabama-South Carolina Generation Cost Indicator - Figure Z



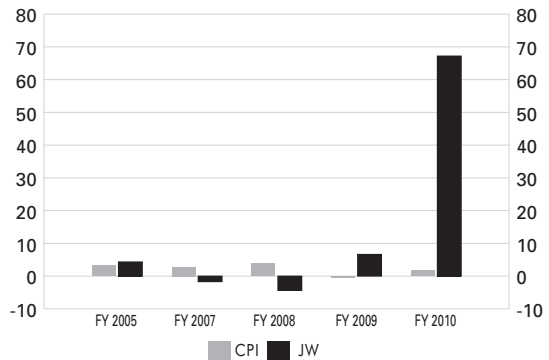
Kerr-Philpott Generation Cost Indicator - Figure AA



Cumberland Generation Cost Indicator - Figure BB



Jim Woodruff Generation Cost Indicator - Figure CC



(page intentionally left blank)

2010 Financial Statements

**Southeastern
Federal Power
Program**

Combined Financial Statements and Supplementary Information

September 30, 2010, and 2009

2010 SEPA ANNUAL REPORT

Report of Independent Auditors

To the Administrator of
Southeastern Power Administration
United States Department of Energy

We have audited the accompanying combined statements of assets, federal investment, and liabilities of Southeastern Federal Power Program ("the Program") as of September 30, 2010 and 2009, and the related combined statements of revenues, expenses, and accumulated net deficit and of cash flows for the years then ended. These combined financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program at September 30, 2010 and 2009, and the results of its operations and changes in accumulated net revenues and its cash flow for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information presented in management's financial overview and program performance is not a required part of the basic combined financial statements. This information is the responsibility of the Program's management. We did not audit or apply limited procedures to such information, and accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements of the Program taken as a whole. The accompanying supplementary information, contained in Exhibit I through VI is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The information is the responsibility of the Program's management. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the combined financial statements taken as a whole. The information contained in Exhibit VI has not been subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

January 28, 2011

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Combined Statements of Assets, Federal Investment, and Liabilities September 30, 2010 and 2009

<i>(in thousands of dollars)</i>	2010	2009
Assets		
Utility plant (Notes 2 and 6)		
Plant in service	\$ 2,342,980	\$ 2,322,965
Less: Accumulated depreciation	<u>(878,546)</u>	<u>(841,799)</u>
Plant in service - net	1,464,434	1,481,166
Construction work in progress	<u>258,890</u>	<u>167,227</u>
Net utility plant	<u>1,723,324</u>	<u>1,648,393</u>
Current assets		
Cash/unexpended appropriations (Note 2)	215,809	238,671
Accounts receivable	26,242	27,926
Other	<u>585</u>	<u>4,771</u>
Total current assets	<u>242,636</u>	<u>271,368</u>
Deferred workers' compensation (Note 5)	<u>13,456</u>	<u>10,913</u>
Total assets	<u>\$ 1,979,416</u>	<u>\$ 1,930,674</u>
Federal Investment and Liabilities		
Federal investment (Note 3)		
Congressional appropriations (Note 2)	\$ 4,532,415	\$ 4,358,143
U.S. Treasury transfers to continuing fund	156,375	156,375
Transfers from other federal agencies	48,853	53,694
Accumulated interest on federal investment (Notes 3 and 6)	2,064,656	1,976,773
Funds returned to U.S. Treasury (Note 2)	<u>(4,681,019)</u>	<u>(4,498,665)</u>
Investment of U.S. government	2,121,280	2,046,320
Accumulated net deficit	<u>(181,683)</u>	<u>(140,753)</u>
Total federal investment	<u>1,939,597</u>	<u>1,905,567</u>
Current liabilities		
Accounts payable	25,809	13,613
Accrued liabilities	<u>554</u>	<u>581</u>
Total current liabilities	<u>26,363</u>	<u>14,194</u>
Accrued workers' compensation (Note 5)	<u>13,456</u>	<u>10,913</u>
Commitments and contingencies (Note 6)		
Total federal investment and liabilities	<u>\$ 1,979,416</u>	<u>\$ 1,930,674</u>

The accompanying notes are an integral part of the financial statements.

**Southeastern Federal Power Program
Combined Statements of Revenues, Expenses, and Accumulated Net Deficit
Years Ended September 30, 2010 and 2009**

<i>(in thousands of dollars)</i>	2010	2009
Operating revenues		
Sales of electric power (Notes 2 and 4)	\$ 246,897	\$ 239,830
Other operating revenues	7,777	7,120
Total operating revenues	<u>254,674</u>	<u>246,950</u>
Operating expenses		
Operations	57,410	49,999
Maintenance	64,579	40,998
Transmission services charged by others	36,665	33,127
Purchase power	19,565	44,991
Total operating expenses - excluding depreciation	<u>178,219</u>	<u>169,115</u>
Depreciation (Note 2)	38,981	42,003
Total operating expenses	<u>217,200</u>	<u>211,118</u>
Net operating revenues	<u>37,474</u>	<u>35,832</u>
Interest expense		
Interest on federal investment (Note 3)	87,883	83,652
Less: Interest charged to construction (Note 2)	(9,479)	(7,203)
Net interest expense	<u>78,404</u>	<u>76,449</u>
Net deficit	<u>(40,930)</u>	<u>(40,617)</u>
Accumulated net deficit (Note 2)		
Beginning of year	<u>(140,753)</u>	<u>(100,136)</u>
End of year	<u>\$ (181,683)</u>	<u>\$ (140,753)</u>

The accompanying notes are an integral part of these financial statements.

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Combined Statements of Cash Flows Years Ended September 30, 2010 and 2009

<i>(in thousands of dollars)</i>	2010	2009
Cash flows from operating activities		
Net deficit	\$ (40,930)	\$ (40,617)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	38,981	42,003
Net interest on federal investment	78,404	76,449
Changes in certain assets and liabilities		
Accounts receivable	1,684	10,668
Other assets	4,186	40
Accounts payable	12,196	(5,965)
Accrued liabilities	(27)	57
Net cash provided by operating activities	<u>94,494</u>	<u>82,635</u>
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	<u>(104,434)</u>	<u>(91,252)</u>
Cash flows from financing activities		
Congressional appropriations	174,274	296,742
U.S. Treasury Transfers to Continuing Fund	-	9,789
Transfers (to) from other federal agencies	(4,841)	1,826
Funds returned to U.S. Treasury	<u>(182,354)</u>	<u>(161,995)</u>
Net cash (used in) provided by financing activities	<u>(12,921)</u>	<u>146,362</u>
Net increase (decrease) in cash	(22,861)	137,745
Cash and cash equivalent		
Beginning of year	<u>238,671</u>	<u>100,926</u>
End of year	<u>\$ 215,810</u>	<u>\$ 238,671</u>
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	\$ 9,479	\$ 7,203
Cash repaid during the period for interest	78,404	76,449

The accompanying notes are an integral part of these financial statements.

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

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 10 states of Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, and Kentucky. The accompanying combined financial statements of the Program include the accounts of two separate federal government agencies - the Southeastern Power Administration ("Southeastern"), an agency of the United States Department of Energy ("DOE"), and the accounts of Southeastern marketed hydroelectric generating plants and power operations of the United States Army Corps of Engineers (the "Corps of Engineers" or the "Corps"), an agency of the United States Department of Defense ("DOD"). 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 Corps are combined as the Program. U.S. government properties and income are tax-exempt.

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, 2010, 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. However, these combined financial statements include only those expenses and net assets that are expected to be recovered through sales of power and other related revenues.

Costs of multi-purpose 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 statements of assets, federal investment, and liabilities as utility plant and federal investment. An amount covering Corps employees' salaries, pensions, and other benefits allocated to power is included in operation and maintenance expenses.

Over the life of the combined hydroelectric power systems, accumulated net deficit represents timing differences between the recognition of expenses and related revenues. Southeastern and the generating agencies are nonprofit Federal agencies; therefore, ultimately the agencies will have to repay all amounts as discussed in Congressional Appropriations of Note 2. Thus, the Program may at any point in time have an accumulated deficit, but there are no operating implications because of the federal government backing through DOE and DOD.

2. Summary of Significant Accounting Policies

General

The accompanying combined financial statements are prepared in accordance with accounting principles and standards prescribed by the DOE, including the Uniform System of Accounts prescribed for electric utilities by the Federal Energy Regulatory Commission ("FERC"). These practices integrate accounting principles generally accepted in the United States of America as established by the Financial Accounting Standards Board and Federal Accounting Standards Advisory Board, with the accounting principles and standards prescribed by the Office of Management and Budget, except where deviations there from are specifically authorized by federal statute or allowed by federal regulation. The Program's combined financial statements are presented in accordance with the provisions of ASC 980, Accounting for the Effects of Certain

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

Types of Regulation. The provisions of ASC 980 require, among other things, that regulated enterprises 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.

Congressional Appropriations/Financing

Southeastern and the Corps of Engineers receive congressional appropriations through the DOE and the DOD, respectively, to finance their operations. The Corps also receives appropriations to finance construction of its hydroelectric projects. 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 which are not specific to a project purpose are distributed between power and non-power purposes based on project cost allocation.

Operating Revenues

Operating revenues are recorded on an accrual basis as services are rendered.

Cash received is directly deposited with the U.S. Treasury and is reflected as "funds returned to U.S. Treasury" in the accompanying combined statements of assets, federal investment, and liabilities.

From 2006-2009, the majority of the southeastern United States has experienced much lower than average rainfall amounts. Over time, the conditions grew progressively worse with respect to the levels of rainfall and corresponding hydrologic flows. These adverse hydrological conditions have impacted hydropower, as the U.S. Army Corps of Engineers has implemented its drought operational plans for the river basins. The system has experienced improved water conditions in FY 2010, and as a result replacement energy purchases have decreased to meet contract requirement

Other operating revenue consists principally of various ancillary lake and dam usage related activities.

Confirmation and Approval of Rates

The Flood Control Act of 1944 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, and payment to the U.S. Treasury for the federal 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.

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

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 on federal investment are intended to be recovered annually. As discussed below, assets are being depreciated on the straight-line method over their estimated service lives, which currently average approximately 60 years for generating plant components. Because the Program is a not-for-profit federal power marketing agency, accumulated net revenues are committed to repayment of the federal investment.

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 Deputy Secretary has the authority to confirm, approve, and place such rates in effect on an interim basis.

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. 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. At September 30, 2010, there were no revenues subject to refund.

Cash/Unexpended Appropriations

Cash consists of customer funding 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. For purposes of the statements of cash flows, unexpended appropriations are considered to be cash.

Utility Plant

Plant-in-service and construction work in progress consist principally of generating facilities and is stated at cost, excluding contributions in aid of construction by entities outside the Program. Cost includes direct labor and materials, payments to contractor, indirect charge 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 included in accumulated depreciation when the property is removed from service. No material asset retirement obligations are noted.

Construction appropriations for power generating facilities have been authorized by Congress through fiscal year 2010. Delays or cancellations of these projects could result from congressional suspension or termination of appropriations.

Interest Charged to Construction

Interest on federal funds used during utility plant construction is included in the cost of completed projects.

Depreciation

Pursuant to executive directives of the Corps of Engineers, depreciation of utility plant is computed based on the estimated service lives of the various classes of property using the straight-line method. Service lives currently average approximately 60 years for utility plant components.

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

Depreciation expense amounted to 1.6% and 1.8% of the original cost of generating plant-in-service during each of the years ended September 30, 2010 and 2009, respectively.

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 is equivalent to 7.0% of eligible employee compensation. Contributions to these plans are submitted to benefit program trust funds administered by the Office of Personnel Management (the "OPM"). 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 include direct appropriations to the OPM, not Southeastern or the Corps. Other retirement benefits administered by the OPM include the Federal Employees Health Benefits Program and the Federal Employee Group Life Insurance Program.

Statement of Federal Financial Accounting Standards ("SFFAS") No. 5, *Accounting for Liabilities of the Federal Government*, requires the federal employer entity to recognize pension expense and other retirement benefit expense in its financial report equal to the service cost for its employees for the accounting period, less the amount contributed by the employees, if any. In accordance with SFFAS No. 5, Southeastern has recorded \$438 and \$336 of annual pension and retirement benefits expense for the years ended September 30, 2010 and 2009, respectively. The Corps has recorded \$4,174 and \$3,230 of annual pension and retirement benefits expense for 2010 and 2009, respectively.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of Southeastern and the Corps to make estimates and assumptions that affect the reported amounts of assets and liabilities. The statements must include disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Federal Investment

The federal investment 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 including expensed interest on federal investment, 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 2010, except for \$10,625 at the Jim Woodruff System, \$4,301 at the Kerr-Philpott System and \$2,349 in the Cumberland System. In the Georgia-Alabama-South Carolina System, there are unpaid expenses of \$37,376. This is primarily a result of adjustments made for the final cost allocation on the Richard B. Russell Project. Remaining revenues are to be first applied to repayment of operating deficits (which include all expenses except depreciation), if any, and then to repayment of the

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

federal investment. Annual net revenues available for repayment are generally applied first against investments in projects bearing the highest interest rates. To the extent that funds are not available for payment of such operating expenses and interest, such amounts become payable from the subsequent year's revenue prior to any repayment of the federal investment.

Interest is accrued annually on the unpaid balance of the federal investment. Such interest is reflected as an expense in the accompanying statements of revenues, expenses, and accumulated net revenues, with a corresponding increase in federal investment in the accompanying statements of assets, federal investment, and liabilities. Interest rates applied to the net outstanding federal investment range from 2.5% to 6.25%. The average interest rate was approximately 4.8% in fiscal year 2010 and 4.7% in fiscal year 2009. The rates have been set either by law, by administrative order pursuant to law, or by administrative policies and have not necessarily been established to recover the interest costs to the U.S. Treasury to finance the investment.

4. Major Customers

Revenues from one customer were approximately \$19,457 and \$19,177 which represents 8% of the total operating revenues for the years ended September 30, 2010 and 2009 respectively. There was \$7,131 and \$7,996 in accounts receivable from this customer as of September 30, 2010 and 2009, respectively.

5. Workers' Compensation

Workers' compensation consist 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. In conjunction with the adoption of SFFAS No.4, *Management Cost Accounting Concepts and Standards for the Federal Government*, and SFFAS No. 5, the DOL, the DOE, and the DOD determined 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 deferred workers' compensation in the combined power systems statements of assets, federal investment, and liabilities in accordance with ASC 980 to reflect the effects of the rate-making process. The Program's cumulative unpaid expenses associated with estimated future claims are approximately \$13,456 and \$10,913 as of September 30, 2010 and 2009, respectively.

6. Commitments and Contingencies

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 opinion of management, such claims and actions will not have a material adverse impact on the Program's financial position, results of operations, or cash flows.

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Notes to Combined Financial Statements September 30, 2010 and 2009

(In thousands)

Program management has determined it improbable that interest capitalized during construction from 1993 through 2002 related to the Richard B. Russell Project will be recovered through future rates. Capitalized interest in the amount of \$335 million was written off in fiscal year 2002. Due to the adoption of the final cost allocation study in 2008, the write-off of interest during construction has been adjusted to \$224 million. This treatment is subject to Administrative affirmation that is in process. The ultimate Administrative action could differ from this treatment.

Southeastern has entered into agreements for power and transmission purchases that vary in length. Southeastern's long-term commitments for these power and transmission contracts are subject to the availability of federal funds and contingent upon annual appropriations from Congress. They are based on budgeted amounts and are as follows:

Years ending September 30	Purchased		
	Power	Transmission	Total
2011	\$ 1,000	\$ 37,668	\$ 38,668
2012	1,000	38,500	39,500
2013	1,000	39,700	40,700
2014	1,000	40,950	41,950
2015	1,000	42,270	43,270

In addition to these contracts, Southeastern maintains other long-term contracts which provide the ability to purchase unspecified quantities of transmission services within a contractually determined range and rate. To fulfill its contract 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 anticipates it will be necessary to acquire resources under these contracts.

**Southeastern Federal Power Program
Georgia Alabama South Carolina System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2010 and 2009**

Exhibit I

<i>(in thousands of dollars)</i>	2010	2009
Assets		
Utility plant		
Plant in service	\$ 1,702,622	\$ 1,701,262
Less: Accumulated depreciation	<u>(566,304)</u>	<u>(536,920)</u>
Plant in service - net	1,136,318	1,164,342
Construction work in progress	<u>39,646</u>	<u>26,501</u>
Net utility plant	<u>1,175,964</u>	<u>1,190,843</u>
Current assets		
Cash/unexpended appropriations	95,387	126,474
Accounts receivable	15,329	16,076
Other	<u>197</u>	<u>4,541</u>
Total current assets	110,913	147,091
Deferred workers' compensation	<u>3,839</u>	<u>3,609</u>
Total assets	<u>\$ 1,290,716</u>	<u>\$ 1,341,543</u>
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	\$ 2,743,011	\$ 2,669,204
U.S. Treasury transfers to continuing fund	142,235	142,235
Transfers from other federal agencies	14,457	23,668
Accumulated interest on federal investment	1,635,927	1,566,820
Funds returned to U.S. Treasury	<u>(3,025,002)</u>	<u>(2,865,355)</u>
Investment of U.S. government	1,510,628	1,536,572
Accumulated net deficit	<u>(236,625)</u>	<u>(206,815)</u>
Total federal investment	<u>1,274,003</u>	<u>1,329,757</u>
Current liabilities		
Accounts payable	12,520	7,805
Accrued liabilities	<u>354</u>	<u>372</u>
Total current liabilities	12,874	8,177
Accrued workers' compensation	<u>3,839</u>	<u>3,609</u>
Total federal investment and liabilities	<u>\$ 1,290,716</u>	<u>\$ 1,341,543</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Georgia Alabama South Carolina System Supplemental Revenues, Expenses, and Accumulated Net Deficit Information Years Ended September 30, 2010 and 2009 Exhibit I

<i>(in thousands of dollars)</i>	2010	2009
Operating revenues		
Sales of electric power	\$ 170,517	\$ 177,649
Other operating revenues	5,118	4,878
Total operating revenues	<u>175,635</u>	<u>182,527</u>
Operating expenses		
Operations	34,702	27,565
Maintenance	36,001	22,060
Transmission services charged by others	23,361	21,155
Purchase power	13,846	41,049
Total operating expenses - excluding depreciation	107,910	111,829
Depreciation	29,522	33,113
Total operating expenses	<u>137,432</u>	<u>144,942</u>
Net operating revenues	<u>38,203</u>	<u>37,585</u>
Interest expense		
Interest on federal investment	69,107	69,865
Less: Interest charged to construction	(1,094)	(2,562)
Net interest expense	<u>68,013</u>	<u>67,303</u>
Net deficit	(29,810)	(29,718)
Accumulated net deficit		
Beginning of year	<u>(206,815)</u>	<u>(177,097)</u>
End of year	<u>\$ (236,625)</u>	<u>\$ (206,815)</u>

See accompanying independent auditors' report

**Southeastern Federal Power Program
Georgia Alabama South Carolina System
Supplemental Cash Flows Information
Years Ended September 30, 2010 and 2009**

Exhibit I

<i>(in thousands of dollars)</i>	2010	2009
Cash flows from operating activities		
Net deficit	\$ (29,810)	\$ (29,718)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	29,522	33,113
Net interest on federal investment	68,013	67,303
Changes in certain assets and liabilities		
Accounts receivable	747	17,382
Other assets	4,344	48
Accounts payable	4,715	(4,369)
Accrued liabilities	(18)	37
Net cash provided by operating activities	<u>77,513</u>	<u>83,796</u>
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	<u>(13,549)</u>	<u>(11,465)</u>
Cash flows from financing activities		
Congressional appropriations	73,807	108,878
U.S. Treasury Transfers to Continuing Fund	-	9,698
Transfers (to) from other federal agencies	(9,211)	1,090
Funds returned to U.S. Treasury	<u>(159,647)</u>	<u>(116,114)</u>
Net cash (used in) provided by financing activities	<u>(95,051)</u>	<u>3,552</u>
Net (decrease) increase in cash	(31,087)	75,883
Cash and cash equivalent		
Beginning of year	<u>126,474</u>	<u>50,591</u>
End of year	<u>\$ 95,387</u>	<u>\$ 126,474</u>
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	\$ 1,094	\$ 2,562

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Jim Woodruff System Supplemental Assets, Federal Investment, and Liabilities Information September 30, 2010 and 2009

Exhibit II

<i>(in thousands of dollars)</i>	2010	2009
Assets		
Utility plant		
Plant in service	\$ 66,532	\$ 63,458
Less: Accumulated depreciation	<u>(22,451)</u>	<u>(21,190)</u>
Plant in service - net	44,081	42,268
Construction work in progress	<u>438</u>	<u>2,458</u>
Net utility plant	<u>44,519</u>	<u>44,726</u>
Current assets		
Cash/unexpended appropriations	6,013	10,247
Accounts receivable	1,802	1,271
Other	<u>7</u>	<u>91</u>
Total current assets	7,822	11,609
Deferred workers' compensation	<u>2,723</u>	<u>1,700</u>
Total assets	<u>\$ 55,064</u>	<u>\$ 58,035</u>
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	\$ 166,020	\$ 165,398
U.S. Treasury transfers to continuing fund	2,642	2,643
Transfers from other federal agencies	3,607	3,395
Accumulated interest on federal investment	43,435	40,467
Funds returned to U.S. Treasury	<u>(157,734)</u>	<u>(150,001)</u>
Investment of U.S. government	57,970	61,902
Accumulated net deficit	<u>(6,685)</u>	<u>(5,844)</u>
Total federal investment	<u>51,285</u>	<u>56,058</u>
Current liabilities		
Accounts payable	1,045	265
Accrued liabilities	<u>11</u>	<u>12</u>
Total current liabilities	1,056	277
Accrued workers' compensation	<u>2,723</u>	<u>1,700</u>
Total federal investment and liabilities	<u>\$ 55,064</u>	<u>\$ 58,035</u>

See accompanying independent auditors' report

**Southeastern Federal Power Program
 Jim Woodruff System
 Supplemental Revenues, Expenses, and Accumulated Net Deficit Information
 Years Ended September 30, 2010 and 2009** **Exhibit II**

<i>(in thousands of dollars)</i>	2010	2009
Operating revenues		
Sales of electric power	\$ 13,244	\$ 7,677
Other operating revenues	<u>59</u>	<u>86</u>
Total operating revenues	<u>13,303</u>	<u>7,763</u>
Operating expenses		
Operations	1,822	2,013
Maintenance	3,384	2,707
Transmission services charged by others	323	308
Purchase power	<u>4,679</u>	<u>3,536</u>
Total operating expenses - excluding depreciation	10,208	8,564
Depreciation	<u>1,262</u>	<u>1,154</u>
Total operating expenses	<u>11,470</u>	<u>9,718</u>
Net operating revenues (deficit)	<u>1,833</u>	<u>(1,955)</u>
Interest expense		
Interest on federal investment	2,968	2,643
Less: Interest charged to construction	<u>(294)</u>	<u>(118)</u>
Net interest expense	<u>2,674</u>	<u>2,525</u>
Net deficit	(841)	(4,480)
Accumulated net deficit		
Beginning of year	<u>(5,844)</u>	<u>(1,364)</u>
End of year	<u>\$ (6,685)</u>	<u>\$ (5,844)</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

**Southeastern Federal Power Program
Jim Woodruff System
Supplemental Cash Flows Information
Years Ended September 30, 2010 and 2009**

Exhibit II

(in thousands of dollars)

	2010	2009
Cash flows from operating activities		
Net deficit	\$ (841)	\$ (4,480)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	1,262	1,154
Net interest on federal investment	2,674	2,525
Changes in certain assets and liabilities		
Accounts receivable	(531)	(113)
Other assets	84	(1)
Accounts payable	780	(310)
Accrued liabilities	(1)	1
Net cash provided by (used in) operating activities	<u>3,427</u>	<u>(1,224)</u>
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	<u>(761)</u>	<u>(365)</u>
Cash flows from financing activities		
Congressional appropriations	622	14,079
U.S. Treasury Transfers to Continuing Fund	(1)	-
Transfers from other federal agencies	212	161
Funds returned to U.S. Treasury	<u>(7,733)</u>	<u>(3,784)</u>
Net cash (used in) provided by financing activities	<u>(6,900)</u>	<u>10,456</u>
Net (decrease) increase in cash	(4,234)	8,867
Cash and cash equivalent		
Beginning of year	10,247	1,380
End of year	<u>\$ 6,013</u>	<u>\$ 10,247</u>
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	\$ 294	\$ 118

See accompanying independent auditors' report

**Southeastern Federal Power Program
Cumberland Basin System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2010 and 2009**

Exhibit III

<i>(in thousands of dollars)</i>	2010	2009
Assets		
Utility plant		
Plant in service	\$ 405,192	\$ 400,622
Less: Accumulated depreciation	<u>(239,520)</u>	<u>(234,577)</u>
Plant in service - net	165,672	166,045
Construction work in progress	<u>194,400</u>	<u>122,514</u>
Net utility plant	<u>360,072</u>	<u>288,559</u>
Current assets		
Cash/unexpended appropriations	98,254	84,389
Accounts receivable	8,485	1,502
Other	<u>99</u>	<u>68</u>
Total current assets	106,838	85,959
Deferred workers' compensation	<u>4,739</u>	<u>4,483</u>
Total assets	<u>\$ 471,649</u>	<u>\$ 379,001</u>
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	\$ 1,173,081	\$ 1,084,450
U.S. Treasury transfers to continuing fund	4,657	4,657
Transfers from other federal agencies	25,752	21,909
Accumulated interest on federal investment	303,264	292,776
Funds returned to U.S. Treasury	<u>(1,084,388)</u>	<u>(1,079,315)</u>
Investment of U.S. government	422,366	324,477
Accumulated net revenues	<u>38,270</u>	<u>45,777</u>
Total federal investment	<u>460,636</u>	<u>370,254</u>
Current liabilities		
Accounts payable	6,152	4,137
Accrued liabilities	<u>122</u>	<u>127</u>
Total current liabilities	6,274	4,264
Accrued workers' compensation	<u>4,739</u>	<u>4,483</u>
Total federal investment and liabilities	<u>\$ 471,649</u>	<u>\$ 379,001</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Cumberland Basin System Supplemental Revenues, Expenses, and Accumulated Net Revenue Information Years Ended September 30, 2010 and 2009 Exhibit III

(in thousands of dollars)

	2010	2009
Operating revenues		
Sales of electric power	\$ 44,113	\$ 43,141
Other operating revenues	1,633	1,308
Total operating revenues	<u>45,746</u>	<u>44,449</u>
Operating expenses		
Operations	14,521	14,179
Maintenance	20,100	12,579
Transmission services charged by others	9,848	9,767
Purchase power	-	-
Total operating expenses - excluding depreciation	<u>44,469</u>	<u>36,525</u>
Depreciation	5,191	5,147
Total operating expenses	<u>49,660</u>	<u>41,672</u>
Net operating (deficit) revenues	<u>(3,914)</u>	<u>2,777</u>
Interest expense		
Interest on federal investment	10,487	7,584
Less: Interest charged to construction	(6,894)	(4,238)
Net interest expense	<u>3,593</u>	<u>3,346</u>
Net deficit	<u>(7,507)</u>	<u>(569)</u>
Accumulated net revenue		
Beginning of year	<u>45,777</u>	<u>46,346</u>
End of year	<u>\$ 38,270</u>	<u>\$ 45,777</u>

See accompanying Independent auditors' report

**Southeastern Federal Power Program
Cumberland Basin System
Supplemental Cash Flows Information
Years Ended September 30, 2010 and 2009**

Exhibit III

<i>(in thousands of dollars)</i>	2010	2009
Cash flows from operating activities		
Net deficit	\$ (7,507)	\$ (569)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	5,191	5,147
Net interest on federal investment	3,593	3,346
Changes in certain assets and liabilities		
Accounts receivable	(6,963)	1,525
Other assets	(31)	(4)
Accounts payable	2,015	(998)
Accrued liabilities	(5)	12
Net cash (used in) provided by operating activities	<u>(3,727)</u>	<u>8,459</u>
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	<u>(69,810)</u>	<u>(63,680)</u>
Cash flows from financing activities		
Congressional appropriations	88,632	131,806
U.S. Treasury Transfers to Continuing Fund	-	14
Transfers from other federal agencies	3,843	192
Funds returned to U.S. Treasury	<u>(5,073)</u>	<u>(33,001)</u>
Net cash (used in) provided by financing activities	<u>87,402</u>	<u>99,011</u>
Net increase in cash	13,865	43,790
Cash and cash equivalent		
Beginning of year	<u>84,389</u>	<u>40,599</u>
End of year	<u>\$ 98,254</u>	<u>\$ 84,389</u>
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	\$ 6,894	\$ 4,238

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

**Southeastern Federal Power Program
Kerr-Philpott System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2010 and 2009**

Exhibit IV

<i>(in thousands of dollars)</i>	2010	2009
Assets		
Utility plant		
Plant in service	\$ 168,634	\$ 157,623
Less: Accumulated depreciation	<u>(50,271)</u>	<u>(49,112)</u>
Plant in service - net	118,363	108,511
Construction work in progress	<u>24,406</u>	<u>15,754</u>
Net utility plant	<u>142,769</u>	<u>124,265</u>
Current assets		
Cash/unexpended appropriations	16,155	17,561
Accounts receivable	626	9,077
Other	<u>282</u>	<u>71</u>
Total current assets	17,063	26,709
Deferred workers' compensation	<u>2,155</u>	<u>1,121</u>
Total assets	<u>\$ 161,987</u>	<u>\$ 152,095</u>
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	\$ 450,303	\$ 439,091
U.S. Treasury transfers to continuing fund	6,841	6,840
Transfers from other federal agencies	5,037	4,722
Accumulated interest on federal investment	82,030	76,710
Funds returned to U.S. Treasury	<u>(413,895)</u>	<u>(403,994)</u>
Investment of U.S. government	130,316	123,369
Accumulated net revenues	<u>23,357</u>	<u>26,129</u>
Total federal investment	<u>153,673</u>	<u>149,498</u>
Current liabilities		
Accounts payable	6,092	1,406
Accrued liabilities	<u>67</u>	<u>70</u>
Total current liabilities	6,159	1,476
Accrued workers' compensation	<u>2,155</u>	<u>1,121</u>
Total federal investment and liabilities	<u>\$ 161,987</u>	<u>\$ 152,095</u>

See accompanying independent auditors' report

**Southeastern Federal Power Program
Kerr-Philpott System
Supplemental Revenues, Expenses, and Accumulated Net Revenue Information
Years Ended September 30, 2010 and 2009** **Exhibit IV**

<i>(in thousands of dollars)</i>	2010	2009
Operating revenues		
Sales of electric power	\$ 19,023	\$ 11,363
Other operating revenues	967	848
Total operating revenues	<u>19,990</u>	<u>12,211</u>
Operating expenses		
Operations	6,365	6,242
Maintenance	5,094	3,652
Transmission services charged by others	3,133	1,897
Purchase power	1,040	406
Total operating expenses - excluding depreciation	<u>15,632</u>	<u>12,197</u>
Depreciation	<u>3,006</u>	<u>2,589</u>
Total operating expenses	<u>18,638</u>	<u>14,786</u>
Net operating revenues (deficit)	<u>1,352</u>	<u>(2,575)</u>
Interest expense		
Interest on federal investment	5,321	3,560
Less: Interest charged to construction	<u>(1,197)</u>	<u>(285)</u>
Net interest expense	<u>4,124</u>	<u>3,275</u>
Net deficit	<u>(2,772)</u>	<u>(5,850)</u>
Accumulated net revenue		
Beginning of year	<u>26,129</u>	<u>31,979</u>
End of year	<u>\$ 23,357</u>	<u>\$ 26,129</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Kerr-Philpott System Supplemental Cash Flows Information Years Ended September 30, 2010 and 2009

Exhibit IV

(in thousands of dollars)

	2010	2009
Cash flows from operating activities		
Net deficit	\$ (2,772)	\$ (5,850)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	3,006	2,589
Net interest on federal investment	4,124	3,275
Changes in certain assets and liabilities		
Accounts receivable	8,451	(8,126)
Other assets	(211)	(3)
Accounts payable	4,686	(288)
Accrued liabilities	(3)	7
Net cash provided by (used in) operating activities	<u>17,281</u>	<u>(8,396)</u>
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	<u>(20,314)</u>	<u>(15,742)</u>
Cash flows from financing activities		
Congressional appropriations	11,212	41,979
U.S. Treasury Transfers to Continuing Fund	1	77
Transfers from other federal agencies	315	383
Funds returned to U.S. Treasury	<u>(9,901)</u>	<u>(9,096)</u>
Net cash provided by financing activities	<u>1,627</u>	<u>33,343</u>
Net (decrease) increase in cash	(1,406)	9,205
Cash and cash equivalent		
Beginning of year	<u>17,561</u>	<u>8,356</u>
End of year	<u>\$ 16,155</u>	<u>\$ 17,561</u>
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	\$ 1,197	\$ 286

See accompanying independent auditors' report

**Southeastern Federal Power Program
Combining Assets, Federal Investment, and Liabilities Information
September 30, 2010**

Exhibit V

<i>(in thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Assets			
Utility plant			
Plant in service	\$ 2,340,842	\$ 2,138	\$ 2,342,980
Less: Accumulated depreciation	(877,025)	(1,521)	(878,546)
Plant in service - net	1,463,817	617	1,464,434
Construction work in progress	258,890	-	258,890
Net utility plant	1,722,707	617	1,723,324
Current assets			
Cash/unexpended appropriations	204,784	11,025	215,809
Accounts receivable	124	26,118	26,242
Other	19	566	585
Total current assets	\$ 204,927	\$ 37,709	\$ 242,636
Deferred workers' compensation	13,456	-	13,456
Total assets	<u>\$ 1,941,090</u>	<u>\$ 38,326</u>	<u>\$ 1,979,416</u>
Federal Investment and Liabilities			
Federal investment			
Congressional appropriations	\$ 4,131,127	\$ 401,288	\$ 4,532,415
U.S. Treasury transfers to continuing fund	-	156,375	156,375
Transfers from other federal agencies	130,783	(81,930)	48,853
Accumulated interest on federal investment	2,063,756	900	2,064,656
Funds returned to U.S. Treasury	(4,235,249)	(445,770)	(4,681,019)
Investment of U.S. government	2,090,417	30,863	2,121,280
Accumulated net deficit	(181,683)	-	(181,683)
Total federal investment	<u>1,908,734</u>	<u>30,863</u>	<u>1,939,597</u>
Current liabilities			
Accounts payable	18,900	6,909	25,809
Accrued liabilities	-	554	554
Total current liabilities	\$ 18,900	\$ 7,463	\$ 26,363
Accrued workers' compensation	13,456	-	13,456
Total federal investment and liabilities	<u>\$ 1,941,090</u>	<u>\$ 38,326</u>	<u>\$ 1,979,416</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Combining Assets, Federal Investment, and Liabilities Information Year Ended September 30, 2009

Exhibit V

<i>(in thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Assets			
Utility plant			
Plant in service	\$ 2,321,141	\$ 1,824	\$ 2,322,965
Less: Accumulated depreciation	(840,432)	(1,367)	(841,799)
Plant in service - net	1,480,709	457	1,481,166
Construction work in progress	167,227	-	167,227
Net utility plant	1,647,936	457	1,648,393
Current assets			
Cash/unexpended appropriations	225,208	13,463	238,671
Accounts receivable	443	27,483	27,926
Other	4,581	190	4,771
Total current assets	230,232	41,136	271,368
Deferred workers' compensation	10,913	-	10,913
Total assets	<u>\$ 1,889,081</u>	<u>\$ 41,593</u>	<u>\$ 1,930,674</u>
Federal Investment and Liabilities			
Federal investment			
Congressional appropriations	\$ 3,957,354	\$ 400,789	\$ 4,358,143
U.S. Treasury transfers to continuing fund	-	156,375	156,375
Transfers from other federal agencies	120,087	(66,393)	53,694
Accumulated interest on federal investment	1,975,895	878	1,976,773
Funds returned to U.S. Treasury	(4,043,597)	(455,068)	(4,498,665)
Investment of U.S. government	2,009,739	36,581	2,046,320
Accumulated net deficit	(140,753)	-	(140,753)
Total federal investment	1,868,966	36,581	1,905,567
Current liabilities			
Accounts payable	9,182	4,431	13,613
Accrued liabilities	-	581	581
Total current liabilities	9,182	5,012	14,194
Accrued workers' compensation	10,913	-	10,913
Total federal investment and liabilities	<u>\$ 1,889,081</u>	<u>\$ 41,593</u>	<u>\$ 1,930,674</u>

See accompanying independent auditors' report

Southeastern Federal Power Program
Combining Revenues, Expenses, and Accumulated Net Deficit Information
Year Ended September 30, 2010 **Exhibit V**

<i>(in thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Operating revenues			
Sales of electric power	\$ 183,700	\$ 63,197	\$ 246,897
Other operating revenues	7,767	10	7,777
Total operating revenues	<u>191,467</u>	<u>63,207</u>	<u>254,674</u>
Operating expenses			
Operations	50,710	6,700	57,410
Maintenance	64,478	101	64,579
Transmission services charged by others	-	36,665	36,665
Purchase power	-	19,565	19,565
Total operating expenses - excluding depreciation	<u>115,188</u>	<u>63,031</u>	<u>178,219</u>
Depreciation	<u>38,827</u>	<u>154</u>	<u>38,981</u>
Total operating expenses	<u>154,015</u>	<u>63,185</u>	<u>217,200</u>
Net operating revenues	<u>37,452</u>	<u>22</u>	<u>37,474</u>
Interest expense			
Interest on federal investment	87,861	22	87,883
Less: Interest charged to construction	<u>(9,479)</u>	<u>-</u>	<u>(9,479)</u>
Net interest expense	<u>78,382</u>	<u>22</u>	<u>78,404</u>
Net deficit	<u>(40,930)</u>	<u>-</u>	<u>(40,930)</u>
Accumulated net deficit			
Beginning of year	<u>(140,753)</u>	<u>-</u>	<u>(140,753)</u>
End of year	<u>\$ (181,683)</u>	<u>\$ -</u>	<u>\$ (181,683)</u>

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program

Combining Revenues, Expenses, and Accumulated Net Deficit Information

Year Ended September 30, 2009

Exhibit V

<i>(in thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Operating revenues			
Sales of electric power	\$ 154,988	\$ 84,842	\$ 239,830
Other operating revenues	7,093	27	7,120
Total operating revenues	<u>162,081</u>	<u>84,869</u>	<u>246,950</u>
Operating expenses			
Operations	43,456	6,543	49,999
Maintenance	40,935	63	40,998
Transmission services charged by others	-	33,127	33,127
Purchase power	-	44,991	44,991
Total operating expenses - excluding depreciation	<u>84,391</u>	<u>84,724</u>	<u>169,115</u>
Depreciation	41,876	127	42,003
Total operating expenses	<u>126,267</u>	<u>84,851</u>	<u>211,118</u>
Net operating revenues	<u>35,814</u>	<u>18</u>	<u>35,832</u>
Interest expense			
Interest on federal investment	83,634	18	83,652
Less: Interest charged to construction	(7,203)	-	(7,203)
Net interest expense	<u>76,431</u>	<u>18</u>	<u>76,449</u>
Net deficit	<u>(40,617)</u>	<u>-</u>	<u>(40,617)</u>
Accumulated net deficit			
Beginning of year	<u>(100,136)</u>	<u>-</u>	<u>(100,136)</u>
End of year	<u>\$ (140,753)</u>	<u>\$ -</u>	<u>\$ (140,753)</u>

See accompanying independent auditors' report

Southeastern Federal Power Program
Combining Cash Flows Information
September 30, 2010

Exhibit V

<i>(In thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Cash flows from operating activities			
Net revenue (deficit)	\$ (40,930)	\$ -	\$ (40,930)
Adjustments to reconcile net deficit to net cash provided by operating activities			
Depreciation	38,827	154	38,981
Net interest on federal investment	78,382	22	78,404
Changes in certain assets and liabilities			
Accounts receivable	320	1,364	1,684
Other assets	4,562	(376)	4,186
Accounts payable	9,718	2,478	12,196
Accrued liabilities	-	(27)	(27)
Net cash provided by operating activities	<u>90,879</u>	<u>3,615</u>	<u>94,494</u>
Cash flows from investing activities			
Cash used in investing activities - investment in utility plant	<u>(104,120)</u>	<u>(314)</u>	<u>(104,434)</u>
Cash flows from financing activities			
Congressional appropriations	173,774	499	174,273
U.S. Treasury Transfers to Continuing Fund	-	-	-
Transfers from (to) other federal agencies	10,696	(15,537)	(4,841)
Funds returned to U.S. Treasury	<u>(191,653)</u>	<u>9,299</u>	<u>(182,354)</u>
Net cash used in financing activities	<u>(7,183)</u>	<u>(5,739)</u>	<u>(12,922)</u>
Net decrease in cash	(20,424)	(2,438)	(22,862)
Cash and cash equivalent			
Beginning of year	<u>225,206</u>	<u>13,463</u>	<u>238,671</u>
End of year	<u>\$ 204,784</u>	<u>\$ 11,025</u>	<u>215,809</u>
Supplemental disclosure of noncash investing and financing activities			
Interest charged to construction	\$ 9,479	\$ -	9,479

See accompanying independent auditors' report

2010 SEPA ANNUAL REPORT

Southeastern Federal Power Program Combining Cash Flows Information September 30, 2009

Exhibit V

<i>(in thousands of dollars)</i>	Corps of Engineers	Southeastern Power Administration	Total
Cash flows from operating activities			
Net revenue (deficit)	\$ (40,617)	\$ -	\$ (40,617)
Adjustments to reconcile net deficit to net cash provided by operating activities			
Depreciation	41,876	127	42,003
Net interest on federal investment	76,431	18	76,449
Changes in certain assets and liabilities			
Accounts receivable	71	10,597	10,668
Other assets	64	(24)	40
Accounts payable	(678)	(5,287)	(5,965)
Accrued liabilities	-	57	57
Net cash provided by operating activities	<u>77,147</u>	<u>5,488</u>	<u>82,635</u>
Cash flows from investing activities			
Cash used in investing activities - investment in utility plant	<u>(91,014)</u>	<u>(238)</u>	<u>(91,252)</u>
Cash flows from financing activities			
Congressional appropriations	290,130	6,612	296,742
U.S. Treasury Transfers to Continuing Fund	-	9,789	9,789
Transfers from other federal agencies	31,461	(29,635)	1,826
Funds returned to U.S. Treasury	<u>(161,995)</u>	<u>-</u>	<u>(161,995)</u>
Net cash provided by (used in) financing activities	<u>159,596</u>	<u>(13,234)</u>	<u>146,362</u>
Net increase (decrease) in cash	145,729	(7,984)	137,745
Cash and cash equivalent			
Beginning of year	<u>79,479</u>	<u>21,447</u>	<u>100,926</u>
End of year	<u>\$ 225,208</u>	<u>\$ 13,463</u>	<u>238,671</u>
Supplemental disclosure of noncash investing and financing activities			
Interest charged to construction	\$ 7,203	\$ -	7,203

See accompanying independent auditors' report

**Southeastern Federal Power Program
Amount and Allocation of Plant Investment
September 30, 2010**

Exhibit VI

Projects in Service & Other	SCHEDULE A						Percent of Total Plant Investment Reimbursable From Power Revenues	
	Total	Reimbursable Power	Navigation	Flood Control	Allocated to Nonreimbursable Fish and Wildlife	Recreation		Other
Alabama	\$ 65,023,839	\$ 44,267,423	\$ -	\$ 9,353,936	\$ -	\$ 11,210,475	\$ 232,010 (a)	68.1%
Bufores	97,732,650	79,595,694	2,101,241	4,855,172	-	11,850,653	-	81.3%
Canons	198,237,542	139,890,315	-	25,164,883	-	8,054,344	-	69.3%
J. Strom Thurmond	195,276,589	158,369,343	4,719,932	4,343,993	-	17,823,307	-	80.5%
Water F. George	293,426,610	168,821,828	82,139,588	-	368,012	12,117,661	-	64.1%
Hawell	192,375,235	177,414,044	3,627,891	4,846,070	-	10,887,378	-	90.1%
Robert F. Henry	-	-	-	-	-	-	-	0.0%
Milars Ferry/Henry	202,873,187	127,370,014	59,430,072	-	-	15,895,102	-	62.8%
West Point	163,003,370	77,190,153	2,691,264	21,829,632	13,813,625	47,709,281	-	47.4%
Ronald S. Russell	1,107,281,086	788,030,009	-	2,336,124	-	339,919,853	-	69.4%
Marketing facilities	1,268,283	1,268,203	-	-	-	-	-	100.0%
Contributions in aid of construction	-	-	-	-	-	-	-	0.0%
Total GA-ALA-BC System	2,469,949,228	1,742,266,107	164,609,838	67,183,723	14,161,639	472,193,796	232,010	71.1%
Jim Woodruff Marketing facilities	100,214,085	66,927,515	33,539,102	-	-	7,747,463	-	61.8%
Marketing facilities	42,782	42,782	-	-	-	-	-	100.0%
Total Jim Woodruff System	100,256,867	66,970,297	33,539,102	-	-	7,747,463	-	61.8%
Barkley	201,375,164	53,048,514	116,770,372	23,177,880	-	8,370,992	-	26.3%
J. Percy Priest	68,817,765	52,276,629	-	27,000,865	-	29,650,341	-	17.3%
Chickamauga	52,808,027	22,405,640	25,745,561	-	-	4,657,926	-	42.4%
Cordell Hull	92,282,349	43,016,446	17,657,897	-	-	35,160,191	6,535,826 (a)	46.5%
Old Hickory	74,233,718	41,278,246	28,343,695	-	-	4,611,585	-	55.2%
Cramer III	193,754,653	93,392,204	-	60,040,759	-	6,010,170	-	48.3%
Dave Hollow	38,297,781	34,006,171	-	12,286,335	-	2,605,275	-	62.7%
Wolf Creek	492,041,200	281,754,805	-	153,649,300	-	19,261,025	245,700 (b)	56.9%
Lewis	51,705,791	27,882,726	-	-	-	17,483,098	6,329,860 (c)	53.2%
Stonewall Jackson Marketing facilities	479,262	479,262	-	-	-	-	-	100.0%
Marketing facilities	(985,162)	(985,162)	-	-	-	-	-	100.0%
Contributions in aid of construction	-	-	-	-	-	-	-	0.0%
Total Cumberland Basin System	1,270,392,705	699,591,310	185,417,706	348,160,888	-	119,216,788	15,895,834	47.2%
John H. Kerr	212,899,638	179,638,666	-	26,432,617	-	7,666,326	372,285 (a)	84.3%
Philpott	28,592,497	13,246,236	-	6,335,995	-	3,886,073	-	49.9%
Marketing facilities	298,572	298,572	-	-	-	-	-	100.0%
Total Kerr-Philpott System	239,790,707	193,183,474	-	34,794,612	-	11,558,399	372,285	80.9%
Total	\$ 4,098,117,480	\$ 2,601,889,292	\$ 375,966,644	\$ 451,112,934	\$ 14,161,639	\$ 619,566,357	\$ 14,432,315	63.9%

(a) Water Supply
 (b) World War II Suspension Costs
 (c) Area Redevelopment

See accompanying independent auditors' report

Notes



1166 ATHENS TECH ROAD
ELBERTON, GA 30635-6711
706.213.3800
FAX: 706.213.3884
WWW.SEPA.DOE.GOV