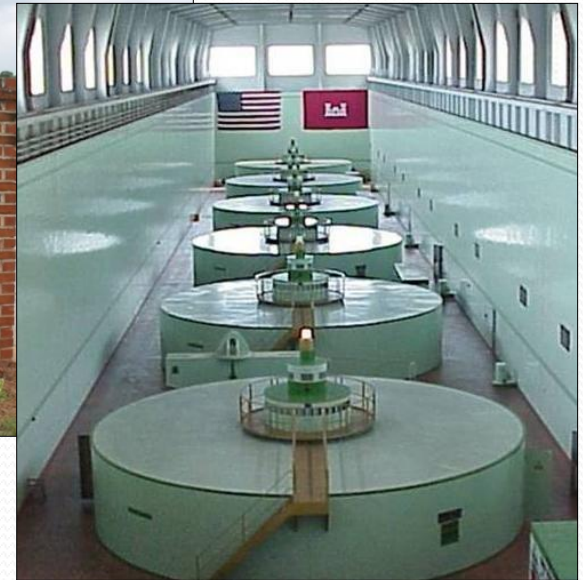
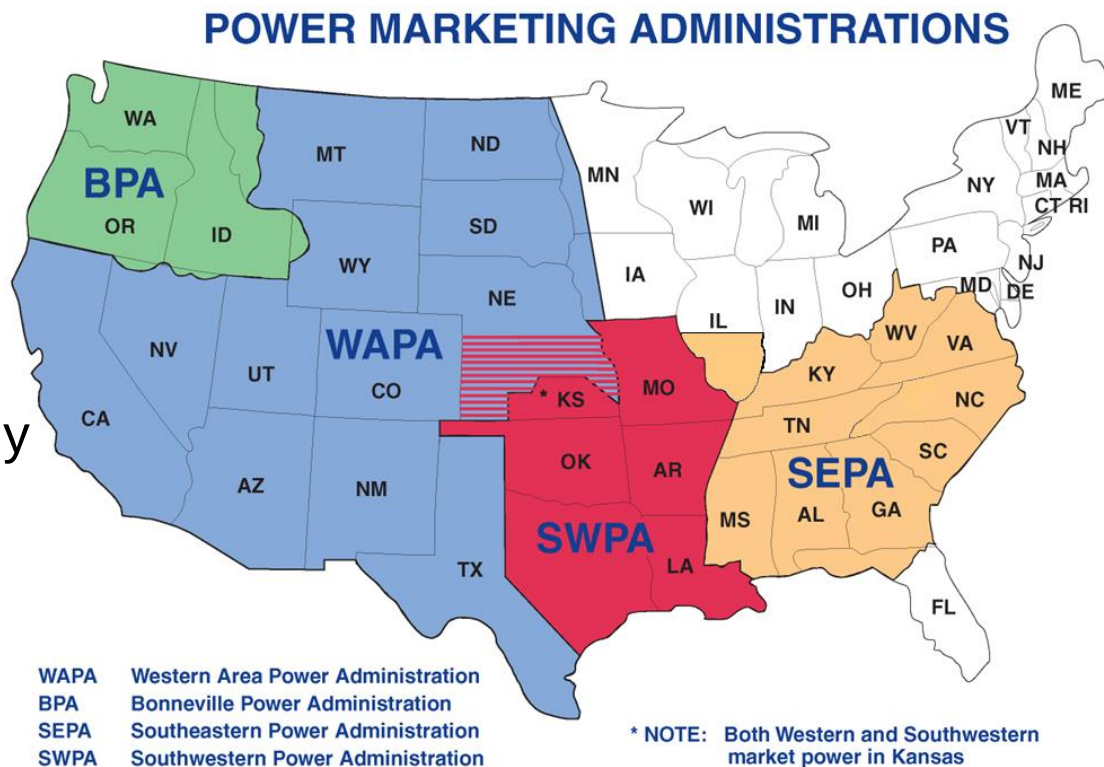




Federal Power Program

About SEPA:

- SEPA is one of four Power Marketing Administrations
 - Created in 1950
 - Under the U.S. Department of Energy since 1977
 - Headquartered in Elberton, GA
 - 44 employees



Preference Customers: (Special legal standing allowing first option to purchase federal power. Customers distribute to end users. Small but significant portion of total customer need.)

Electric Cooperatives.....	192
Public Bodies.....	282
Investor Owned Utility (Duke Energy Florida).....	1
TOTAL.....	475

Southeastern's wholesale customers serve more than 12 million consumers

Financial Data (2019):

Revenues	\$316 Million
Total Capital Investment.....	\$ 2.8 Billion
Cumulative Investment Repaid.....	\$ 1.2 Billion
Cumulative Interest Paid on Investment.....	\$ 2.4 Billion
Power sales repay an average of 67% of the total cost of 22 multi-purpose Projects	

About SEPA:

- Flood Control Act of 1944

“...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...”

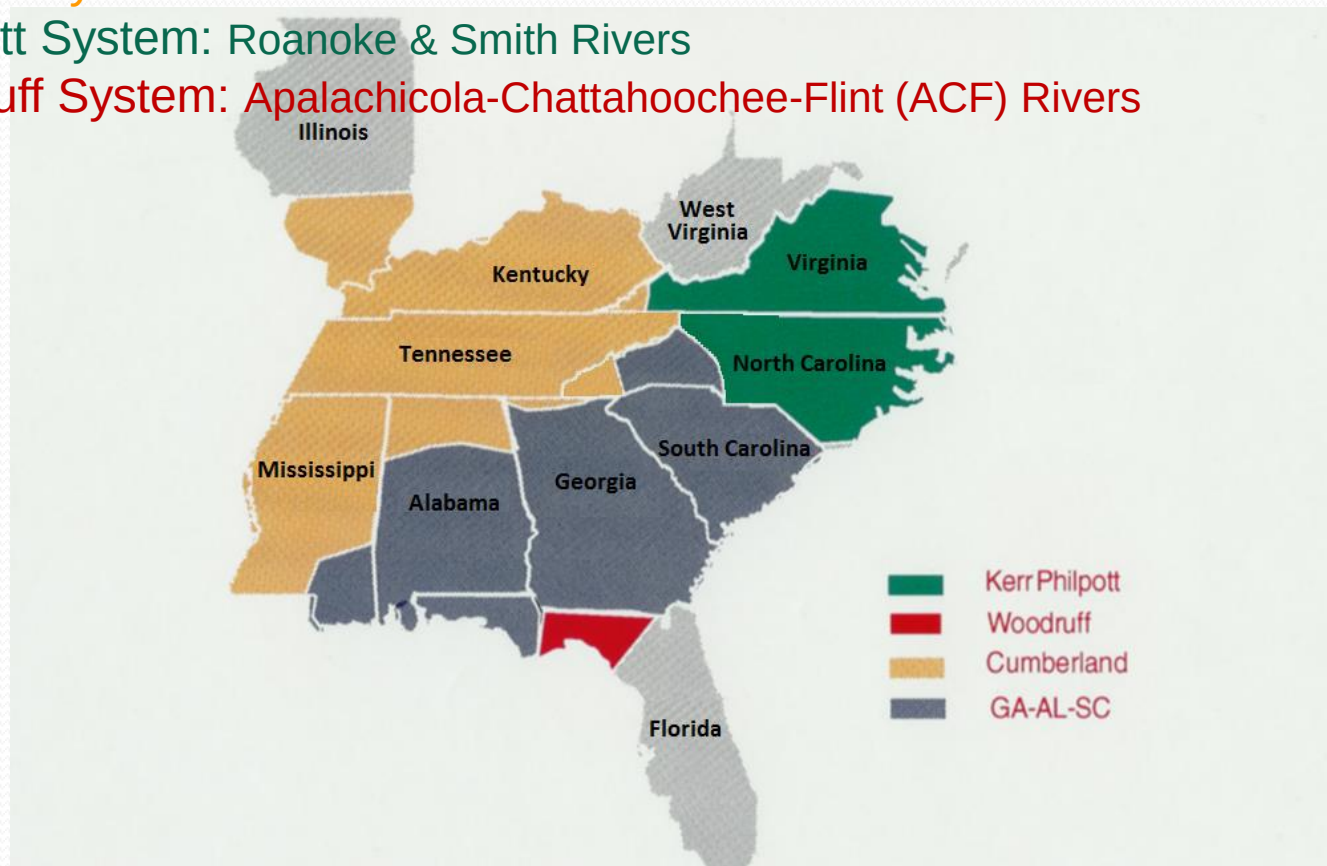


About SEPA:

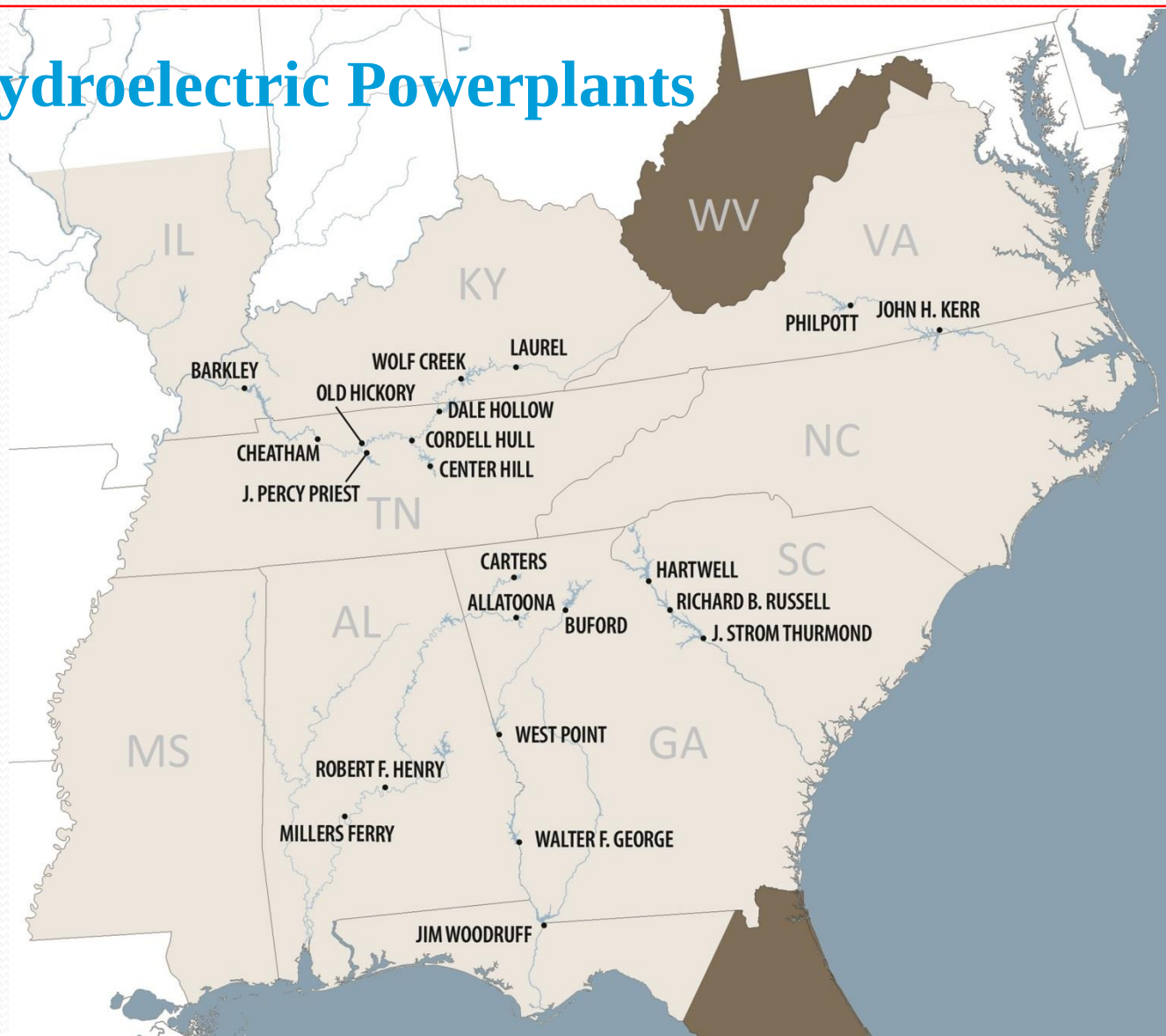
- Markets power generated at U.S. Army Corps of Engineers (USACE) multi-purpose projects:
 - Negotiate, prepare, execute and administer contracts involved in the delivery and sale of power
 - Perform balancing authority functions, water management interface, compile customer schedules and dispatch
 - Project purposes include Navigation, Flood Control, Hydropower, Recreation, Water Supply, Fish & Wildlife
- Markets power to public bodies and cooperatives in 10 States
- Owns no transmission assets

Four Marketing Systems:

- ✓ Georgia-Alabama-South Carolina System: Savannah River, Alabama-Coosa-Tallapoosa (ACT) & Apalachicola-Chattahoochee-Flint (ACF) Rivers
- ✓ **Cumberland System: Cumberland River**
- ✓ **Kerr Philpott System: Roanoke & Smith Rivers**
- ✓ **Jim Woodruff System: Apalachicola-Chattahoochee-Flint (ACF) Rivers**



22 Hydroelectric Powerplants



Water Conditions and Energy Purchases:

- Contract provisions require SEPA to provide minimum energy to support capacity
- When stream flow conditions prevent SEPA from generating minimum energy, we purchase off system power
- Approved rate schedules allow SEPA to pass through the purchase power cost in the month incurred
- Southeastern U.S. suffered drought of record during 2006 – 2009

Water Conditions and Energy Purchases:

- SEPA purchased \$9.2 million in replacement energy in FY 2011
 - Average rate \$66.25 per MWH
- SEPA purchased \$4.4 million in replacement energy in FY 2016
 - Average rate \$49.64 per MWH
- SEPA purchased \$26.1 million in replacement energy in FY 2018
 - Average rate \$185.15 per MWH (Jan 5, 2018 – \$1,375 / MWH)
- Purchases during record drought FY 2006 – 2009
 - \$80.4 million replacement energy (\$108/MWH)
 - \$99.6 million pump energy (\$37/MWH)
 - Pump generation offset \$291 million of additional replacement

Future Forecast:

- Competitiveness Challenge
 - Federal cost based rates nearing natural gas lowered market
 - USACE Operations & Maintenance cost accounting reform
 - Twelve power contract terminations totaling 100 megawatts
- Transmission Challenge
 - Reliant on interconnected utility capability to deliver
- Reliability Challenge
 - Customers funding hydro renewals & replacements – \$638 Million
- Agility Challenge
 - Renewable Energy Credits for customer hydro allocations
 - Boost scheduling flexibility to support other renewable energy

Questions

