SEPA

2009 ANNUAL REPORT

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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	292
Investor-Owned Utilities	1
TOTAL	491

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

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

Financial Data (2009): Total Revenues ..... $247 million
(includes Corps of Engineers' revenues)

Total Capital Investment ..... $2.4 billion

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

Investment Repaid ..... $1.6 million

Cumulative Investment Repaid ..... $748 million

Cumulative Interest Paid on Investment. ..... $1.6 billion

(Power sales repay an average of 68% 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) 2009 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, 2008 and ending September 31, 2009.

This past year Southeastern marketed approximately 6 billion kilowatt-hours of energy to 491 wholesale customers in ten southeastern states. Revenues from the sale of this power totaled approximately $240 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 this past year. This funding, which totaled more than $29 million, provided much needed repairs and maintenance for the aging facilities in Southeastern's marketing area.

Drought conditions continued in the southeastern region of the United States during FY 2009, particularly in the Savannah River Basin, placing strains on our natural and financial resources. Power purchases for this past year totaled almost $45 million. Approximately $17 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 anticipates continued cooperation and open communication with the Department of Energy (DOE), the Federal power customers, and the Corps this upcoming year. The main goal is to maximize the benefits of our region's water resources. Competing uses of water will present another challenging year for our agency. Southeastern's employees will meet these challenges and continue to provide reliable hydroelectric power to the people in the southeast.

Sincerely,

Kenneth E. Legg

Administrator

Customer Funding

Southeastern continues to seek ways to optimize the efficiency and energy production and to increase the capacity at the aging hydroelectric projects in the southeast. Non-routine maintenance and rehabilitation work has not been conducted because funding has not been available. Under Section 212 of the Water Resources 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 resources 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 anticipates funding in the Jim Woodruff System in the near future.

Georgia-Alabama-South Carolina System Funding

During FY 2009, the Project Review Committee (PRC) for the Georgia-Alabama-South Carolina System approved Work Item Number 7, alignment and repairs on Russell units 5 through 8. The total funding requirement for this work item was $750,000. This brings the total customer funding, from beginning to present, for the Georgia-Alabama-South Carolina System to over $20 million. There are currently 141 customers participating in customer funding in this System.

Kerr-Philpott System Funding

The PRC for the Kerr-Philpott System was elected in FY 2009 and approved Work Item Number 1, replacement of the high tension oil filled cable for the John Kerr Power Plant. The total funding for this work item is $4,394,000. The sub-agreement for this work item was executed and the monthly collection of funds continues until the entire amount is collected from the 48 participating customers.

Cumberland System Funding

During FY 2009, the Project Coordination Committee (PCC), the Corps, and Southeastern have continued to negotiate a multi-year Memorandum of Agreement (MOA). It is anticipated the final version will be signed in FY 2010. This MOA will provide funding for non-routine maintenance, rehabilitation and modernization activities for the Cumberland River hydroelectric facilities operated by the Corps. Funding for this System now totals over $45 million.

Cumberland System Dam Safety Issue

During FY 2009, Southeastern continued to work with the Corps on the Wolf Creek Dam and Center Hill safety issues. Cumberland River Basin operations were severely impacted by the restrictions necessary due to the dam safety concerns at both the Wolf Creek and Center Hill projects. Restricted operations are expected for several more years. Southeastern will continue an interim operations strategy until normal operations can resume.

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

Human Capital Audit Performed

A Human Capital Management Accountability Program Audit was performed by DOE headquarters during FY 2009. The objective of this audit was to ensure human resources programs and organizational performances at Southeastern are strategically aligned and that they support DOE's mission and goals. The areas that were reviewed included staffing and classification, plans and awards, training, and workforce planning. The close-out briefing held with the audit team provided favorable comments on Southeastern's program.

2009 Strategic Plan Developed

Southeastern held a 2009 Strategic Planning session with agency managers and employees. The planning session, lead by an outside facilitator, resulted in a finalized Strategic Plan for Southeastern that aligns with DOE's departmental goals and objectives.

Responding to Homeland Security Directives

During FY 2009, Southeastern's employees received new personal identification verification (PIV) badges in accordance with requirements set forth by the Homeland Security Presidential Directive 12. The badges are also used for building and computer access control.

Energy Efficiency and Renewable Energy Program Activities

In FY 2009, Southeastern's Energy Efficiency and Renewable Energy Program (EERE) continued to support the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007 by promoting energy efficiency and renewable energy education and training among preference customers in the southeast. Southeastern teamed up with utilities such as Electricities of North Carolina, Kenergy, South Mississippi Electric Power Association, Santee Cooper, and Chattanooga Electric Power Board to take advantage of the services EERE provides. In addition, Southeastern also sponsored the Bonbright Energy Conference with other utilities in the southeast.

The EERE Program continues to support efforts to reduce emissions by leveraging DOE's wind, solar, biomass, and geothermal initiatives. These initiatives encourage and promote educational opportunities that address technologies to slow CO_2 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.

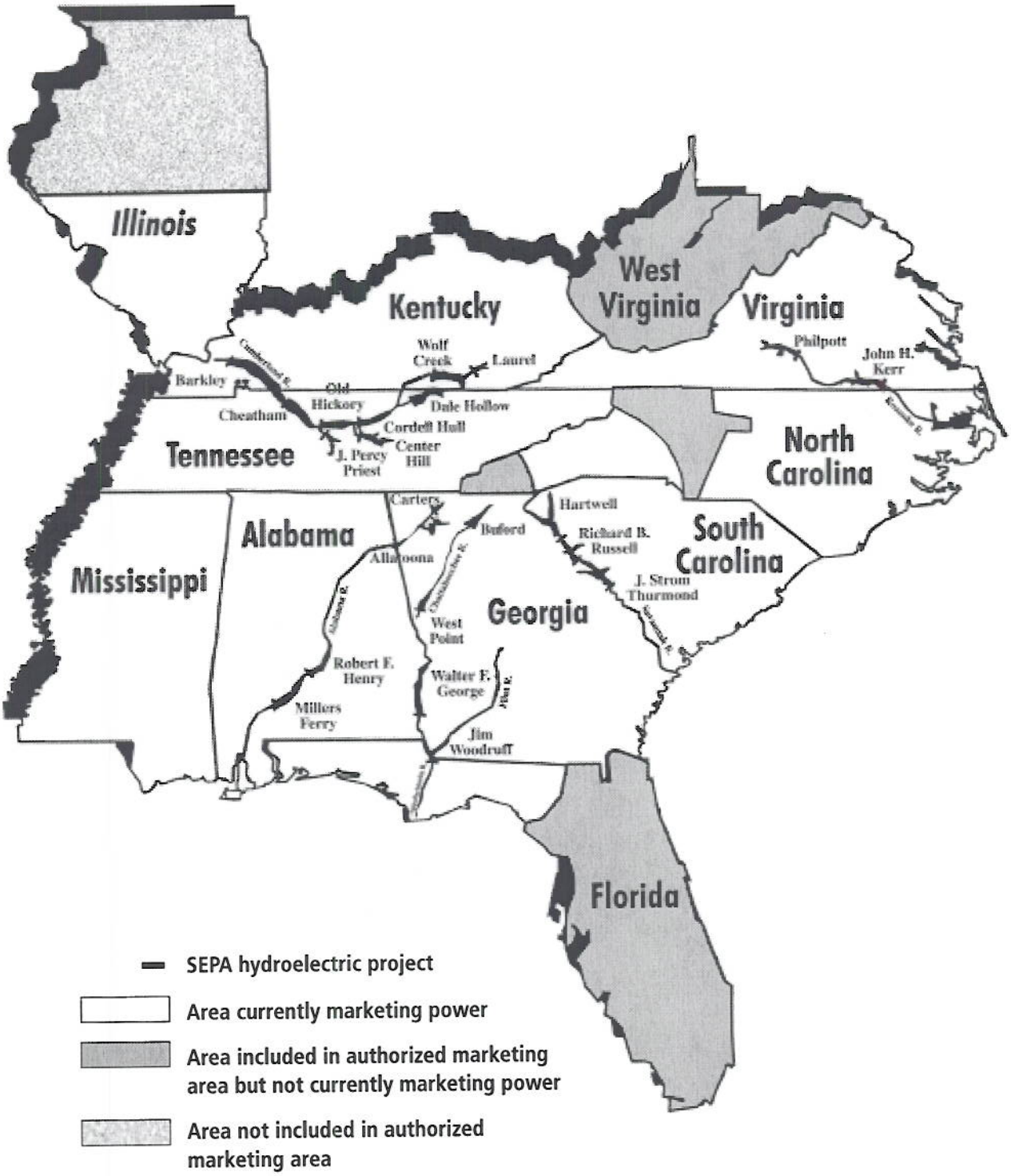
The objectives of Southeastern are to market the electric power and energy generated by the Federal reservoir projects and to encourage widespread use of the power at the lowest possible cost to consumers. Power rates are formulated based on sound financial principles. Preference in the sale of power 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 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

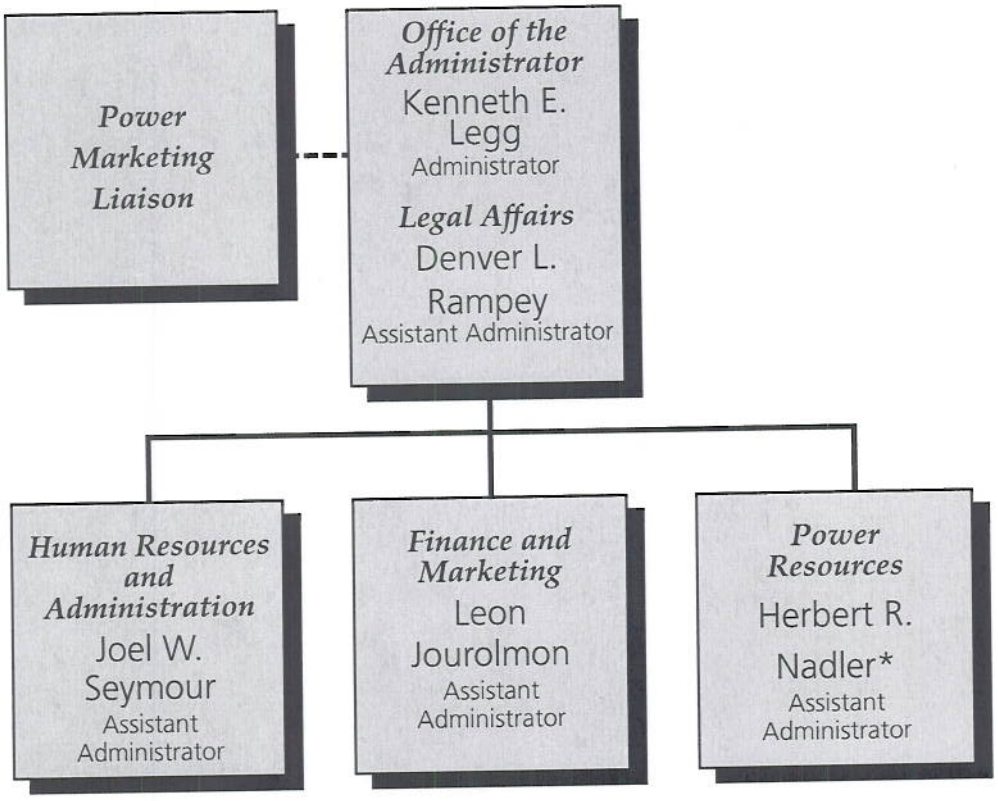
Mission Statement

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



*Herb Nadler was named Assistant Administrator, Power Resources, effective July 5, 2009.

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, 2009 - 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	3,454	3,106	1,719	348	1,371
Jim Woodruff	1957	181	162	68	19	49
Cumberland	1949	1,290	1,000	410	290	120
Kerr-Philpott	1953	477	386	173	91	82
TOTAL		**5,402**	**4,654**	**2,370**	**748**	**1,622**

(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 2009 was 68% of average. Figure A illustrates the percent of average generation by project, and Figure B shows system generation for the years 2000 through 2009.

Financial Performance

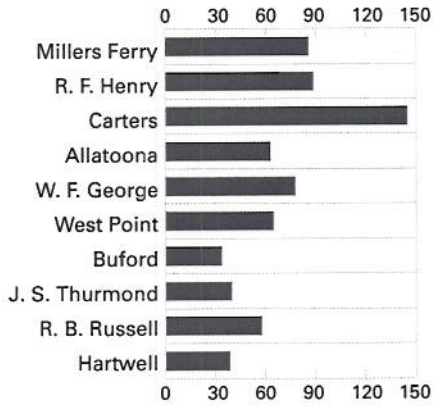
Total revenue for the Georgia-Alabama-South Carolina System in FY 2009 was $182.5 million. Of this amount, $177.6 million was derived from the sale of 2,800,242 megawatt-hours of energy and 2,184.2 megawatts of capacity. Total operating expenses, excluding depreciation, were $111.8 million, interest charged to Federal investment was $67.3 million, and repayment of the Federal investment was $3.4 million. 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.

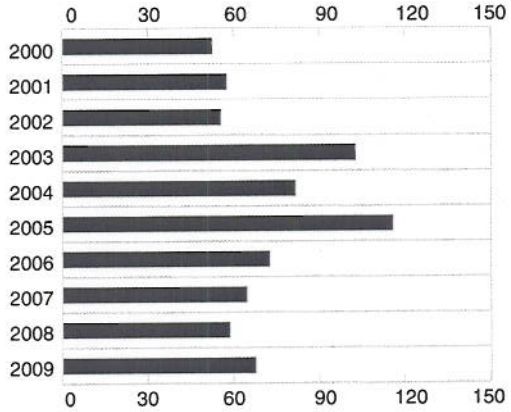
Project Rehabilitation

During FY 2009, major rehabilitation work continued at the Walter F. George Project.

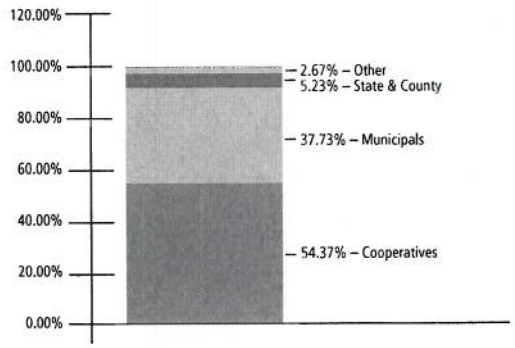
Actual Generation as a Percentage of Average Project Generation - Figure A



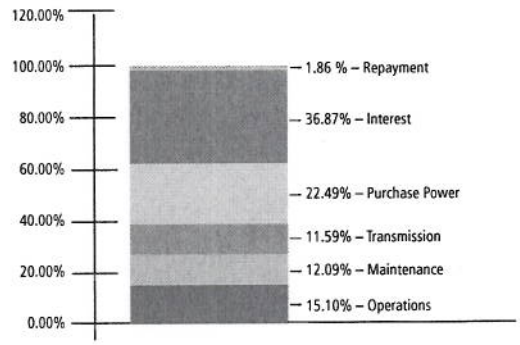
Actual Generation as a Percentage of Average System Generation - Figure B



FY 2009 Revenue by Source - Figure C



FY 2009 Application of Revenues - Figure D



Cost Allocation by Project Function as of September 30, 2009 - Table 2

Project	Total $	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Allatoona	61,141,620	70.34	–	14.94	–	14.35	0.37(a)
Buford	97,143,114	81.53	2.15	4.77	–	11.55	–
Carters	166,854,563	83.67	–	12.08	–	4.25	–
J. Strom Thurmond	172,106,953	88.13	2.68	2.47	–	6.72	–
Walter F. George	255,473,418	64.31	32.12	–	0.14	3.43	–
Hartwell	200,920,716	90.33	2.09	2.65	–	4.92	–
Robert F. Henry/Millers Ferry	198,611,198	63.37	29.56	–	–	7.08	–
West Point	161,447,816	47.62	1.66	13.31	8.54	28.86	–
Richard B. Russell	878,715,528	86.83	–	0.10	–	12.97	–
TOTAL-GA-AL-SC	**2,193,414,926**	**78.72**	**7.04**	**3.01**	**0.64**	**10.58**	**0.01**

(a) water supply

Basic Power Rate Schedule as of September 30, 2009 - Table 3

Preference Customers	Capacity $/KW/ Month	Energy Mills/ KWh	Trans. $/KW/ Month	Ancillary & Generation Svs. $/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	2.54	.36
PowerSouth Off System	3.70	9.32	2.54	.23
PowerSouth Energy Cooperative	3.70	9.32	–	.12
So. Mississippi Electric Power Assoc.	3.70	9.32	2.58	.12
So. Carolina Public Service Authority Area				
So. Carolina Public Service Authority	3.70	9.32	–	.12
Preference Customers -SCPSA	3.70	9.32	1.32	.12
Duke Power Area				
Bundled	3.70	9.32	.91	.12
Self Scheduling and Self Transmitting	3.70	9.32	–	.12
So. Carolina Electric & Gas Area	3.70	9.32	.96	.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 2009 was 73% of average. Figure E illustrates the percent of average generation by project for the year. Figure F shows the system generation by year from 2000 through 2009.

Financial Performance

Total revenue for the Kerr-Philpott System in FY 2009 was $12.2 million. Of this amount, $11.4 million was derived from the sale of 295,100 megawatt-hours of energy and 196.5 megawatts of capacity.

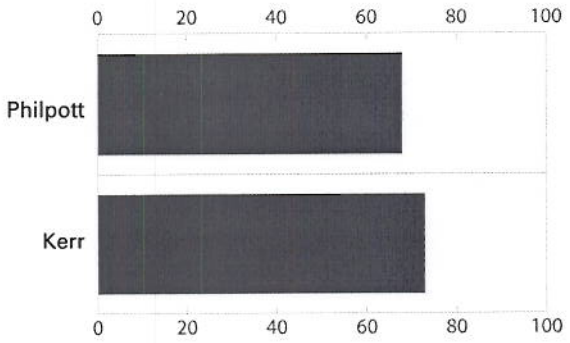
Total operating expenses, excluding depreciation, were $12.2 million. Interest charged to Federal investment was $3.3 million. The Kerr-Philpott System incurred a repayment deficit of $3.3 million in FY 2009. Figure G shows the revenue by source for the Kerr-Philpott System, and Figure H shows the application 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.

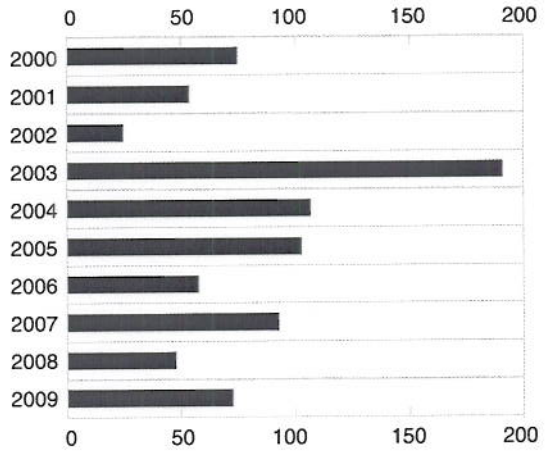
Rehabilitation

During FY 2009, major rehabilitation work continued at the John H. Kerr Project.

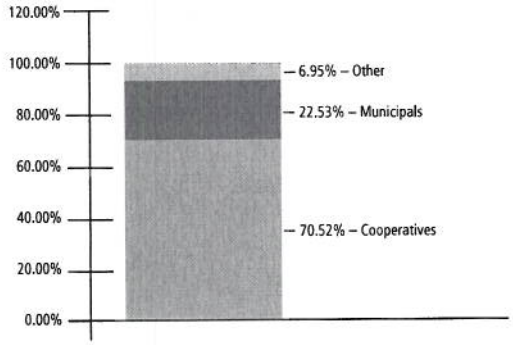
Actual Generation as a Percentage of Average Project Generation - Figure E



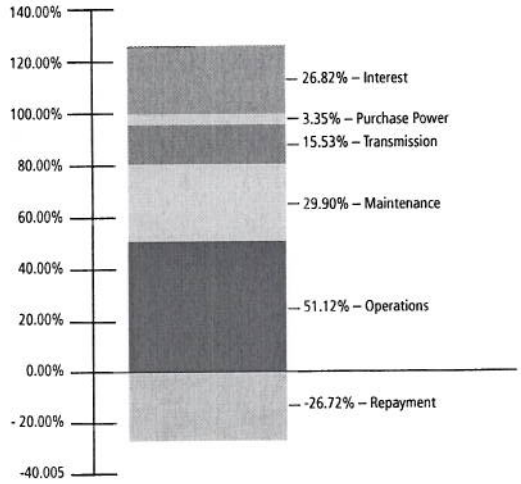
Actual Generation as a Percentage of Average System Generation - Figure F



FY 2009 Revenue by Source - Figure G



FY 2009 Application of Revenues - Figure H



Cost Allocation by Project Function as of September 30, 2009 - Table 4

Project	Total $	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
John H. Kerr	192,751,161	83.65	–	13.20	–	2.96	0.19(a)
Philpott	24,174,489	49.34	–	35.43	–	15.23	–
TOTAL-							
Kerr-Philpott System	**216,925,650**	**79.82**	**–**	**15.67**	**–**	**4.33**	**0.17**

(a) water supply

Basic Power Rate Schedule as of September 30, 2009 - 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	2.74	10.94	0.06	5.09	1.13
Self Scheduling	2.74	10.94	0.06	5.09	1.13
Self Scheduling and Self Transmitting	2.74	10.94	–	5.09	1.13
Scheduled by CP&L	2.74	10.94	0.06	5.09	1.13
American Electric Power Service Area	2.74	10.94	–	5.09	1.13
Carolina Power & Light Co. Area	2.74	10.94	1.1453	–	1.13

CUMBERLAND SYSTEM

There are nine projects in the Cumberland System located in Tennessee and Kentucky. The power produced at these projects is delivered to 23 preference entities that serve 215 preference customers in Tennessee, Kentucky, Mississippi, North Carolina, Alabama, Georgia, Virginia, and southern Illinois.

Generation

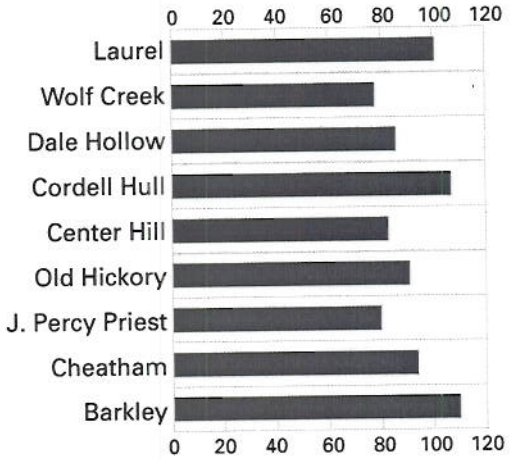
Generation for the system during FY 2009 was 92% of average. The percentage of average generation by project is shown in Figure I, and Figure J shows system generation for the years 2000 through 2009.

Financial Performance

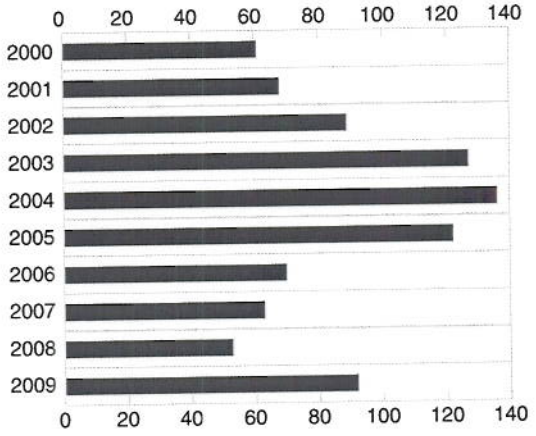
Total revenue for the Cumberland System in FY 2009 was $44.4 million. Of this amount, $43.1 million was derived from the sale of 2,654,349 megawatt-hours of energy. Total operating expenses, excluding depreciation, were $36.5 million. Interest charged to Federal investment was $3.3 million, and repayment of the Federal investment was $4.6 million. 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.

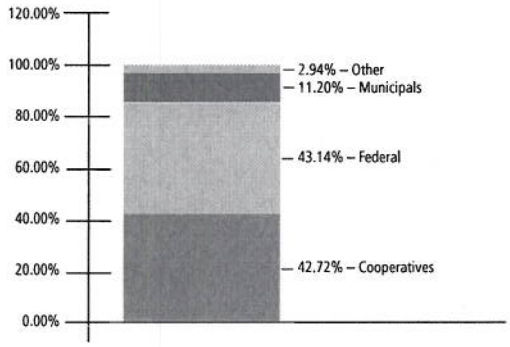
Actual Generation as a Percentage of Average Project Generation - Figure I



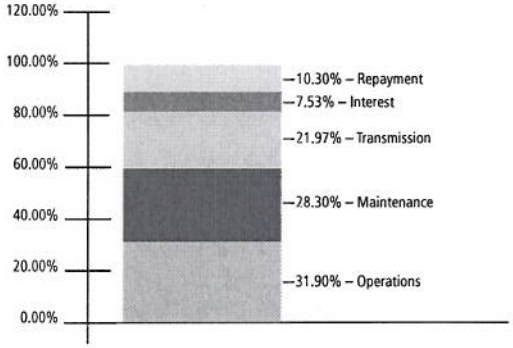
Actual Generation as a Percentage of Average System Generation - Figure J



FY 2009 Revenue by Source - Figure K



FY 2009 Application of Revenues - Figure L



Cost Allocation by Project Function as of September 30, 2009 - Table 6

Project	Total $	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Barkley	197,513,231	25.38	59.03	11.71	–	3.89	–
J. Percy Priest	66,771,086	17.56	–	39.23	–	43.21	–
Cheatham	52,511,026	42.05	49.52	–	–	8.43	–
Cordell Hull	89,417,869	47.89	19.64	–	–	25.17	7.31 (a)
Old Hickory	73,485,435	55.63	38.40	–	–	5.97	–
Center Hill	131,758,367	48.59	–	45.23	–	5,65	0.53 (b)
Dale Hollow	37,545,692	62.02	–	32.64	–	5.34	–
Wolf Creek	423,205,622	56.91	–	38.46	–	4.57	0.06 (b)
Laurel	51,349,512	53.63	–	–	–	34.05	12.33 (a)
TOTAL- Cumberland System	**1,123,530,840**	**46.58**	**16.76**	**25.27**	**–**	**10.16**	**1.23**

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

Basic Power Rate Schedule as of September 30, 2009 - Table 7

Preference Customers	Capacity $/KW/ Month	Energy Mills/ KWh	Trans. $/KW/ Month
Tennessee Valley Authority	–	12.67	–
Carolina Power & Light Co. Area	–	12.67	1.1453
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 2009 was 76% of average. Figure M illustrates the project's generation for the years 2000 through 2009.

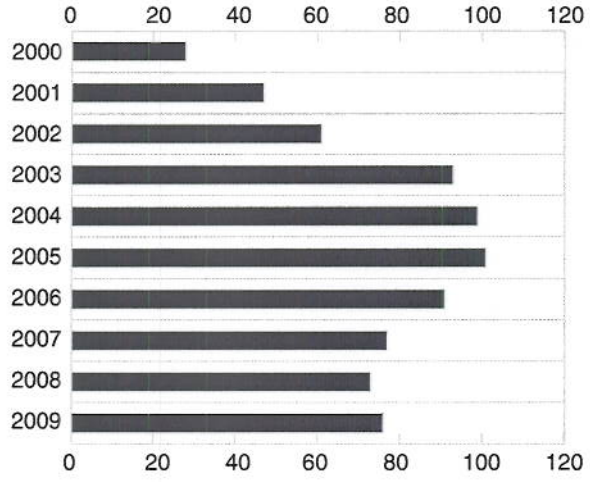
Financial Performance

Total revenue from the Jim Woodruff System was $7.8 million in FY 2009. Of this amount, $7.7 million was derived from the sale of 213,290 megawatt-hours of energy and 36 megawatts of capacity.

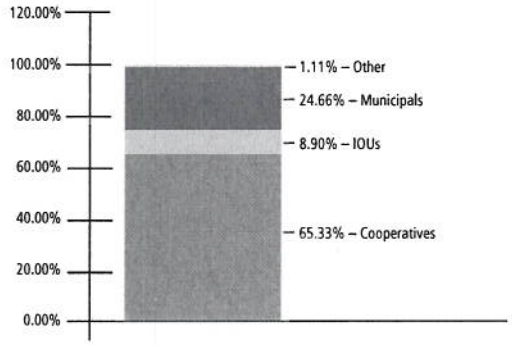
Total operating expenses, excluding depreciation, were $8.6 million. Interest charged to the Federal investment was $2.5 million. The Jim Woodruff Project incurred a repayment deficit of $3.3 million. Figure N shows the revenue by source for the System, and Figure O shows the application of revenues.

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 an interim basis by the Deputy Secretary of Energy on September 18, 2009. The rate schedules were forwarded to FERC with a request for approval on a final basis.

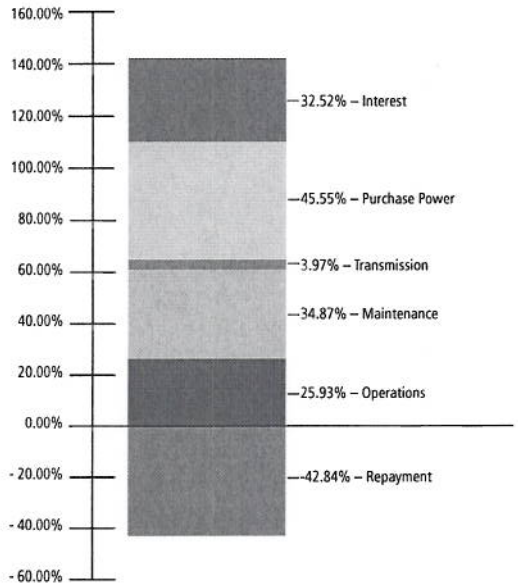
Actual Generation as a Percentage of Average System Generation - Figure M



FY 2009 Revenue by Source - Figure N



FY 2009 Application of Revenues - Figure O



Cost Allocation by Project Function as of September 30, 2009 - Table 8

Project	Total $	Power %	Navigation %	Flood Control %	Fish and Wildlife %	Recreation %	Other %
Jim Woodruff	103,951,199	63.38	31.52	–	–	5.11	–
TOTAL- Jim Woodruff System	**103,951,199**	**63.38**	**31.52**	**–**	**–**	**5.11**	**–**

Basic Power Rate Schedule as of September 30, 2009 - Table 9

Preference Customers	Capacity $/KW/ Month	Energy Mills/ KWh
Preference Customers	6.95	19.95
Investor Owned Utility*	–	42.72

*Rate determined at 90% of Investor Owned Utility avoided cost

CUSTOMER SALES

Customer	KW	ENERGY	REVENUE
Georgia-Alabama-South Carolina System			
Alabama			
Baldwin County EMC	17,284	24,081,933	$1,832,918.06
Black Warrior EMC	18,494	27,476,068	2,007,231.33
Central Alabama EC	18,660	25,748,090	1,977,112.04
Clarke-Washington EMC	6,678	9,109,140	706,654.49
Coosa Valley EC	5,728	7,891,673	606,906.25
Dixie EC	7,273	10,110,160	771,267.07
Pea River EC	3,422	4,664,583	362,041.74
Pioneer EC	10,056	13,924,739	1,065,665.13
Tallapoosa River EC	11,494	15,741,805	1,217,003.96
Tombigbee EC	6,578	9,765,174	714,054.06
Wiregrass EC	8,467	11,628,833	896,918.56
PowerSouth Energy Cooperative	100,000	148,472,000	7,660,946.72
City of Alexander City	7,846	11,875,749	853,089.08
City of Dothan	52,461	79,456,300	5,705,070.68
City of Evergreen	4,047	6,119,524	440,585.14
City of Fairhope	6,248	9,460,017	679,400.65
City of Foley	21,199	32,046,920	2,304,807.44
City of Hartford	3,050	4,491,111	330,332.40
City of LaFayette	2,358	3,566,968	256,340.79
City of Lanett	5,321	8,053,990	578,549.86
City of Luverne	3,158	4,779,552	343,358.54
City of Opelika	20,809	31,509,809	2,262,811.88
City of Piedmont	3,869	5,739,495	419,902.99
City of Robertsdale	3,372	4,996,631	365,848.76
City of Sylacauga	16,494	24,449,899	1,789,721.13
City of Troy	10,079	15,253,986	1,095,848.09
City of Tuskegee	11,689	17,453,643	1,269,280.35
Alabama Total	386,134	567,867,792	$38,513,667.19
Florida			
Choctawhatchee EC	1,231	1,713,648	$130,487.89
West Florida ECA	8,402	11,707,679	891,158.95
Florida Total	9,633	13,421,327	$1,021,646.84
Georgia			
Altamaha EMC	10,956	11,548,608	$731,532.95
Amicalola EMC	11,513	12,131,332	768,636.61
Canoochee EMC	9,392	9,901,923	627,142.49
Carroll EMC	17,032	17,826,302	1,129,007.17
Central Georgia EMC	13,381	13,483,333	856,277.80
Coastal EMC	3,157	3,330,468	210,846.85
Cobb EMC	39,369	39,699,137	2,519,826.95
Colquitt EMC	38,410	42,031,326	2,634,501.09
Coweta-Fayette EMC	13,378	14,015,671	887,062.33
Diverse Power, Inc.	12,050	12,145,328	771,161.54
Excelsior EMC	8,914	8,979,156	570,370.88
Flint EMC	55,744	52,229,975	3,717,412.87
Grady EMC	10,439	10,998,621	696,913.18
Greystone Power Corporation	31,540	33,265,401	2,106,313.66
Habersham EMC	10,176	10,722,536	679,375.22
Hart EMC	18,630	19,622,700	1,243,628.93
Irwin EMC	8,246	8,627,025	546,537.04
Jackson EMC	48,415	53,010,358	3,321,372.94
Jefferson EMC	14,188	14,964,193	947,507.98
Little Ocmulgee EMC	7,754	8,165,759	517,583.22
Middle Georgia EMC	6,028	6,307,701	399,552.86
Mitchell EMC	18,023	18,989,780	1,203,236.71
Ocmulgee EMC	8,188	8,566,338	542,692.78
Oconee EMC	8,018	8,394,013	531,533.31
Okefenoke Rural EMC	9,487	9,929,751	628,874.91
Pataula EMC	3,244	3,266,289	207,544.95
Planters EMC	10,258	10,807,656	684,824.21
Rayle EMC	10,350	11,324,714	709,872.81
Satilla Rural EMC	30,374	33,237,446	2,083,315.54
Sawnee EMC	19,423	20,336,375	1,287,648.39
Slash Pine EMC	4,785	5,041,535	319,449.39
Snapping Shoals EMC	20,119	20,283,925	1,287,655.51
Southern Rivers Energy	6,842	7,163,901	453,593.57
Sumter EMC	11,437	12,056,034	763,657.44
Three Notch EMC	12,194	12,850,458	814,132.61
Tri-County EMC	6,416	6,721,710	425,426.93
Upson EMC	4,581	4,613,682	293,105.24
Walton EMC	31,322	34,333,424	2,149,556.17
Washington EMC	14,249	14,351,007	911,697.53
City of Acworth	2,303	3,441,604	179,337.79
City of Adel	6,902	10,307,783	537,334.17
City of Albany	60,831	90,913,800	4,737,153.80
City of Barnesville	2,635	3,937,019	205,176.26
City of Blakely	5,412	8,084,600	421,376.52
City of Brinson	156	233,779	12,161.31
City of Buford	2,356	3,520,558	183,459.64
City of Cairo	6,253	9,347,911	$486,999.29
City of Calhoun	7,660	11,456,534	596,686.75
City of Camilla	6,072	9,067,695	472,706.31
City of Cartersville	17,152	25,628,581	1,335,581.08
City of College Park	15,559	23,264,512	1,211,868.40
City of Commerce	4,456	6,652,534	346,861.95
City of Covington	9,382	14,023,420	730,649.22
City of Dalton	45,822	71,180,067	3,586,996.02
City of Doerun	629	939,745	48,976.26
City of Douglas	10,180	15,209,325	792,655.65
City of East Point	33,488	50,026,355	2,607,386.28
City of Elberton	11,447	17,091,915	891,097.81
City of Ellaville	936	1,399,551	72,903.72
City of Fairburn	1,799	2,690,731	140,137.51
City of Fitzgerald	9,720	14,523,485	756,866.91
City of Forsyth	3,720	5,557,967	289,656.98
City of Fort Valley	9,417	14,071,411	733,286.78
City of Grantville	470	701,327	36,578.31
City of Griffin	18,157	27,131,865	1,413,870.30
City of Hampton	832	1,170,069	89,170.99
City of Hogansville	1,531	2,286,663	119,195.42
City of Jackson	2,067	3,088,621	160,953.83
City of LaFayette	6,607	9,871,196	514,448.75
City of Lagrange	17,096	25,555,820	1,331,442.69
City of Lawrenceville	4,795	7,174,271	373,569.17
City of Marietta	37,172	55,582,771	2,895,305.47
City of Monroe	7,223	10,789,271	562,367.29
City of Monticello	1,836	2,741,830	142,933.37
City of Moultrie	15,480	23,128,266	1,205,345.81
City of Newnan	6,893	10,300,044	536,749.83
City of Norcross	1,736	2,596,300	135,225.79
City of Oxford	458	685,843	35,693.88
City of Palmetto	923	1,379,431	71,877.29
City of Quitman	4,428	6,612,277	344,713.86
City of Sandersville	4,997	7,463,780	389,046.80
City of Sylvania	5,436	8,127,949	423,398.24
City of Sylvester	3,952	5,907,859	307,787.86
City of Thomaston	7,687	11,492,145	598,692.86
City of Thomasville	25,053	37,436,558	1,950,856.56
City of Washington	5,068	7,570,598	394,590.34
City of West Point	4,683	6,990,038	364,503.62
City of Whigham	319	476,844	24,843.73
Crisp County Power Commission	18,068	26,995,627	1,406,873.64
Town of Mansfield	379	565,083	29,486.97
Georgia Total	1,095,655	1,361,668,119	$78,417,221.64
Mississippi			
Coast EPA	26,863	40,716,619	$2,921,934.44
East Mississippi EPA	11,336	17,151,441	1,232,982.66
Singing River EPA	33,684	51,066,799	3,664,099.31
South Mississippi EPA	68,000	96,816,670	7,248,207.12
Mississippi Total	139,883	205,751,529	$15,067,223.53
North Carolina			
Blue Ridge EMC	7,311	11,039,570	$622,483.91
EnergyUnited EMC	16,302	23,126,740	1,271,185.01
Haywood EMC	926	1,407,877	78,680.30
Pee Dee EMC	455	677,194	38,541.96
Rutherford EMC	24,018	36,127,650	2,041,296.89
Union EMC	11,633	17,509,898	990,522.26
City of Cherryville	1,478	907,479	91,496.28
City of Concord	8,007	5,126,420	586,655.30
City of Gastonia	15,971	9,802,518	988,599.51
City of Kings Mountain	2,896	1,853,577	212,168.92
City of Lincolnton	1,577	967,688	97,609.86
City of Monroe	7,693	4,722,743	476,220.65
City of Morganton	9,535	14,239,404	809,667.40
City of Newton	2,067	1,268,052	127,930.64
City of Shelby	5,892	3,615,611	364,694.03
City of Statesville	9,705	5,956,314	600,727.78
Town of Bostic	412	620,300	35,116.71
Town of Cornelius	361	221,730	22,349.99
Town of Dallas	1,299	830,950	95,155.99
Town of Drexel	879	1,315,471	74,713.39
Town of Forest City	2,721	1,742,306	199,366.93
Town of Granite Falls	828	507,934	51,245.99
Town of Huntersville	490	300,366	30,320.84
Town of Landis	1,098	673,342	67,950.75
Town of Maiden	1,235	757,524	76,433.51
Town of Pineville	490	300,366	30,320.84
North Carolina Total	135,279	145,619,024	$10,081,455.64

Customer	KW	ENERGY	REVENUE
South Carolina			
Central Electric Power Cooperative	180,700	243,391,415	$17,058,854.65
Little River EC	522	599,169	45,472.48
City of Abbeville	2,959	4,442,688	218,746.59
City of Clinton	2,975	1,717,062	172,754.37
City of Easley	8,656	12,161,444	654,462.21
City of Gaffney	6,986	9,820,742	528,315.70
City of Georgetown	5,300	6,870,477	499,456.64
City of Greenwood	11,404	17,388,220	973,748.26
City of Greer	9,159	12,921,750	693,628.90
City of Laurens	5,891	8,302,400	445,950.93
City of Newberry	3,277	1,890,966	190,282.76
City of Orangeburg	13,779	15,868,708	1,198,159.10
City of Rock Hill	19,115	26,855,556	1,445,235.01
City of Seneca	2,688	1,622,810	166,188.27
City of Union	3,484	2,011,346	202,322.07
City of Westminster	678	390,900	39,361.76
Town of Bamberg	2,300	2,944,488	215,798.76
Town of Due West	285	182,345	20,878.14
Town of McCormick	522	585,754	45,400.90
Town of Prosperity	602	944,096	58,633.91
Town of Winnsboro	1,366	1,522,956	118,544.61
South Carolina PSA	135,000	133,478,450	9,554,373.19
South Carolina Total	417,648	505,913,742	$34,546,569.21
Georgia-Alabama-South Carolina System Total	**2,184,232**	**2,800,241,533**	**$177,647,784.05**
Kerr-Philpott System			
North Carolina			
Albemarle EMC	2,593	1,959,047	$136,328.45
Brunswick EMC	3,515	6,891,960	268,842.69
Carteret-Craven EMC	2,735	5,295,387	208,340.35
Central EMC	1,239	2,429,341	94,764.21
Edgecombe-Martin County EMC	4,155	3,178,000	219,152.92
Four County EMC	4,198	8,231,137	321,081.59
Halifax EMC	2,606	2,691,086	151,308.61
Jones-Onslow EMC	5,184	10,164,418	396,495.29
Lumbee River EMC	3,729	7,311,559	285,210.60
Pee Dee EMC	2,968	5,819,445	227,005.89
Piedmont EMC	1,086	2,105,600	82,793.34
Pitt & Greene EMC	1,580	3,097,950	120,845.45
Randolph EMC	3,608	7,074,309	275,956.09
Roanoke EMC	5,528	4,200,782	291,076.71
South River EMC	6,119	11,997,697	468,008.25
Tideland EMC	3,098	3,180,552	179,505.92
Tri-County EMC	3,096	6,070,415	236,795.74
Wake EMC	2,164	4,243,018	165,512.35
City of Elizabeth City	2,073	1,571,755	69,693.17
City of Kinston	1,466	1,111,524	89,995.36
City of Laurinburg	415	314,654	25,476.16
City of Lumberton	895	678,590	54,942.55
City of New Bern	1,204	912,875	73,911.58
City of Rocky Mount	2,538	1,924,318	155,803.63
City of Washington	2,703	2,049,424	165,932.77
City of Wilson	2,950	2,236,698	181,095.65
Fayetteville Public Works Commission	5,431	4,117,800	333,400.15
Greenville Utilities Commission	7,534	5,712,301	462,499.84
Town of Apex	145	109,938	8,901.32
Town of Ayden	208	157,706	12,768.78
Town of Belhaven	182	137,993	6,118.75
Town of Benson	120	90,986	7,366.60
Town of Clayton	161	122,072	9,883.50
Town of Edenton	775	587,609	26,055.10
Town of Enfield	259	195,678	13,148.26
Town of Farmville	237	179,694	14,549.05
Town of Fremont	60	45,492	3,683.29
Town of Hamilton	40	30,331	1,344.79
Town of Hertford	203	153,915	6,824.75
Town of Hobgood	46	34,877	1,546.47
Town of Hookerton	30	22,745	1,841.67
Town of La Grange	93	70,513	5,709.07
Town of Louisburg	857	2,162,239	70,909.52
Town of Pikeville	40	30,331	2,455.54
Town of Red Springs	117	88,711	7,182.46
Town of Robersonville	232	175,901	7,799.69
Town of Scotland Neck	304	230,494	10,220.33
Town of Selma	183	138,751	11,234.06
Town of Smithfield	378	286,601	23,204.77
Town of Tarboro	2,145	1,626,346	72,113.74
Town of Wake Forest	149	112,974	9,146.92
Town of Windsor	331	250,125	11,158.12
North Carolina Total	93,705	123,613,664	$6,086,941.86

Customer	KW	ENERGY	REVENUE
Virginia			
B-A-R-C EC	3,740	6,883,845	$195,112.65
Central Virginia EC	7,956	14,582,132	414,944.43
Community EC	4,230	7,796,640	220,854.75
Craig-Botetourt EC	1,692	3,420,693	93,333.58
Mecklenburg EMC	11,344	21,079,035	595,081.92
Northern Neck EC	3,944	7,234,048	205,409.59
Northern Virginia EC	3,268	6,076,687	171,823.16
Prince George EC	2,530	4,640,502	131,721.47
Rappahannock EC	22,427	41,364,306	1,171,446.08
Shenandoah Valley EMC	9,938	18,436,020	520,826.19
Southside EC	14,575	26,946,336	762,331.15
City of Bedford	1,200	910,332	61,180.32
City of Danville	5,600	4,248,226	285,508.29
City of Franklin	1,003	757,930	33,811.46
City of Martinsville	1,600	1,213,779	81,573.79
City of Radford	1,300	985,882	66,295.91
City of Salem	2,200	1,668,412	112,193.04
Harrisonburg Electric Commission	2,691	2,060,059	91,129.17
Town of Blackstone	389	293,954	13,113.34
Town of Culpepper	391	299,325	13,241.00
Town of Elkton	171	129,217	5,764.46
Town of Richlands	500	379,309	25,491.84
Town of Wakefield	106	80,099	3,573.30
Virginia Total	102,795	171,486,768	$5,275,760.89
Kerr-Philpott System Total	**196,500**	**295,100,432**	**$11,362,702.75**
Jim Woodruff System			
Florida			
Central Florida EC	2,300	10,830,682	$407,892.11
Suwannee Valley EC	4,800	21,278,609	824,828.25
Talquin EC	13,500	86,336,250	2,848,308.18
Tri-County EC	5,200	27,909,614	990,476.78
City of Chattahoochee	1,800	10,000,361	349,627.20
City of Quincy	8,400	43,310,869	1,564,611.85
Florida Power Corporation	-	13,623,674	691,054.15
Jim Woodruff System Total	**36,000**	**213,290,059**	**$7,676,798.52**
Cumberland System			
Southern Illinois Power Cooperative	-	58,737,000	$1,225,003.34
Kentucky			
Big Rivers Electric Corporation	-	375,333,000	$7,808,791.23
East Kentucky Power Cooperative	-	327,943,000	7,080,228.12
City of Barbourville	-	5,563,020	108,224.67
City of Bardstown	-	5,681,865	110,476.14
City of Bardwell	-	1,370,526	26,611.72
City of Benham	-	627,104	12,243.84
City of Corbin	-	6,569,421	127,795.04
City of Falmouth	-	1,491,900	28,990.79
City of Frankfort	-	39,499,968	768,196.44
City of Henderson	-	24,980,000	522,596.12
City of Madisonville	-	19,731,019	383,765.38
City of Nicholasville	-	6,463,217	125,701.46
City of Owensboro	-	63,216,125	1,229,450.53
City of Paris	-	3,449,072	67,053.21
City of Providence	-	3,112,763	60,551.24
Kentucky Total	-	885,032,000	$18,460,675.94
Mississippi			
South Mississippi EPA	-	107,363,000	$2,235,223.35
Mississippi Delta Energy Agency	-	23,181,000	486,319.23
Municipal Energy Agency of Mississippi	-	39,127,000	818,180.41
Mississippi Total	-	169,671,000	$3,539,722.99
North Carolina			
French Broad EMC	-	18,197,775	$493,564.53
Haywood EMC	-	5,326,176	144,422.85
Town of Waynesville	-	3,772,709	102,063.23
North Carolina Total	-	27,296,660	$740,050.61
Tennessee Valley Authority	-	1,513,612,000	$19,177,464.05
Cumberland System Total	**-**	**2,654,348,660**	**$43,142,916.93**
Grand Total	**2,416,732**	**5,962,980,684**	**$239,830,202.25**

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SEPA

2009 ANNUAL REPORT

2009 Financial Overview and Financial Statements

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2009 Financial Overview & Financial Statements

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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, 2009, 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 2009, Southeastern marketed 6.0 billion kilowatt-hours of energy to 491 wholesale customers. Southeastern's revenues totaled $247 million, which was $30 million less than in FY 2008.

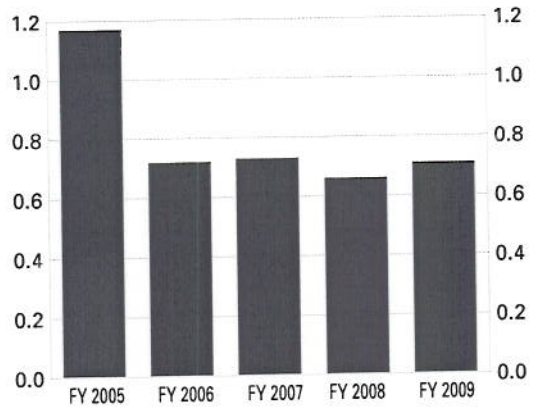
Financial Performance Debt Service Coverage Ratio

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 1.166. Southeastern's debt service ratio for FY 2006, FY 2007, FY 2008, and FY 2009 was below normal due to adverse water conditions. Southeastern's debt service coverage ratio for fiscal years 2005-2009 is illustrated in Figure P.

Debt Service Coverage Ratio - Figure P



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

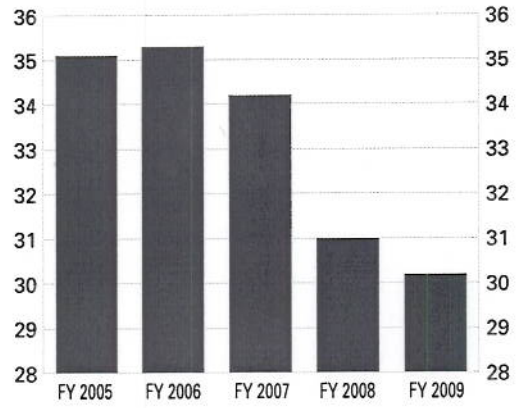
This indicator is a cumulative cash flow measure. It measures the cumulative principal payments made relative to the total Federal investment to date. During a period of capital expansion, this ratio would tend to decrease, whereas increases in cumulative payments over time would be expected for a mature 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 ranged from 30% to 35%. Payments as a percent of total investment are illustrated in Figure Q.

Percent Variance of Actual from Planned Principal Payment

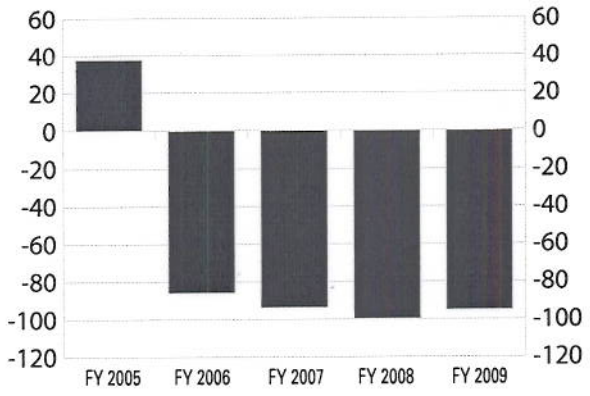
Each of the power marketing administrations shows relatively large fluctuations between actual and planned revenues due to the high variability of water over the years analyzed. A negative number means that actual repayment is not as large as expected. A positive number means that actual repayment is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

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



Percent Variance of Actual From Planned Principal Payments - Figure R



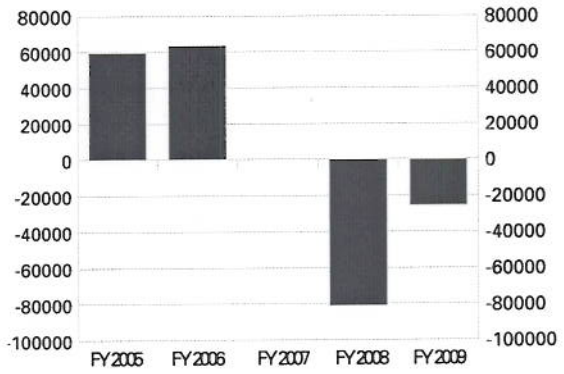
Net Cash to the Treasury

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 the U.S. Treasury is illustrated in Figure S. FY 2007 net cash flow to the Treasury was $195,000.

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



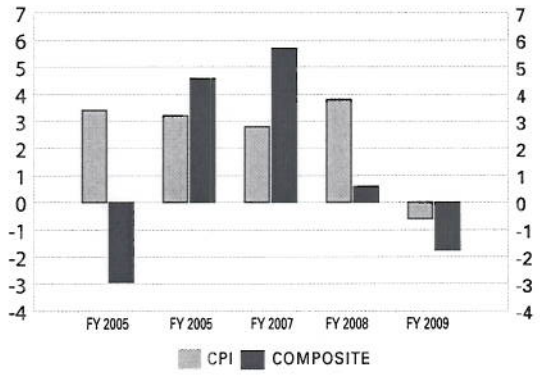
Rate Performance

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 2005 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 2005 decrease was the result of decreases in transmission rates in the Kerr-Philpott System. 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. Composite transmission indicators are illustrated in Figure T.

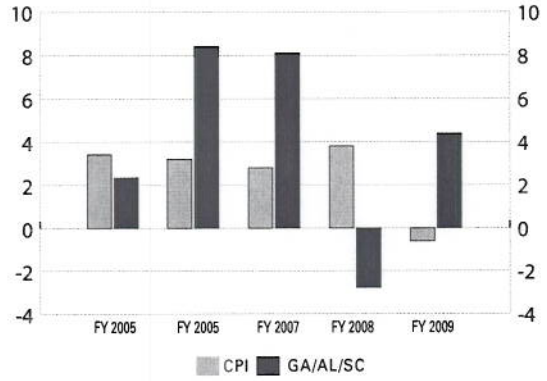
Composite Transmission Cost Indicator - Figure T



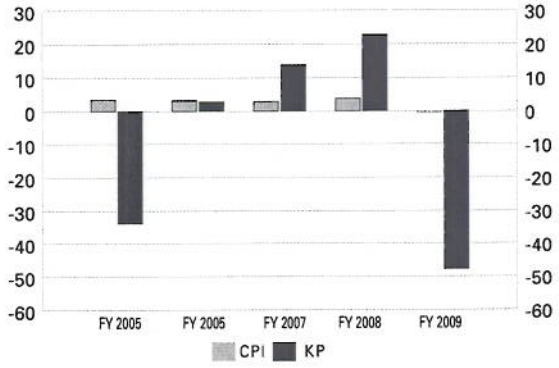
System Transmission Cost Indicator

The FY 2005 33.9% decrease in the Kerr-Philpott System was the result of a decrease in transmission rates. 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. System transmission indicators are illustrated in Figures U, V, W, and X.

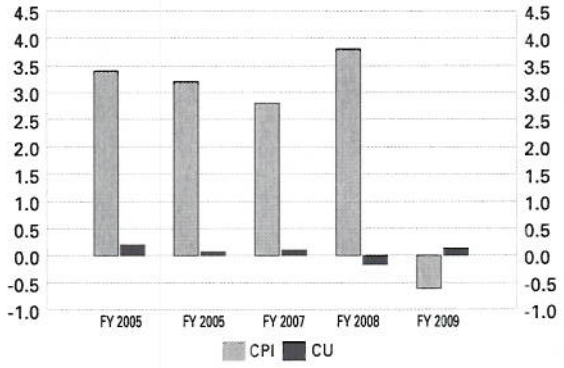
Georgia-Alabama-South Carolina Transmission Cost Indicator - Figure U



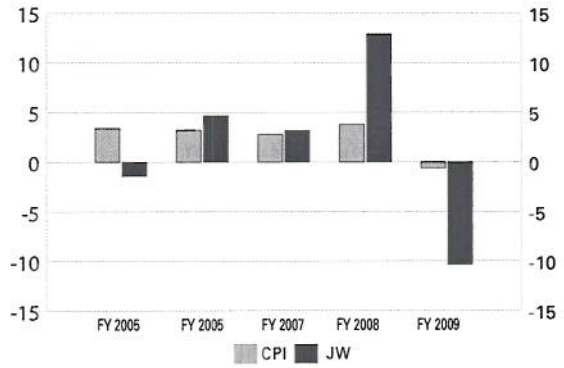
Kerr-Philpott Transmission Cost Indicator - Figure V



Cumberland Transmission Cost Indicator - Figure W



Jim Woodruff Transmission Cost Indicator - Figure X

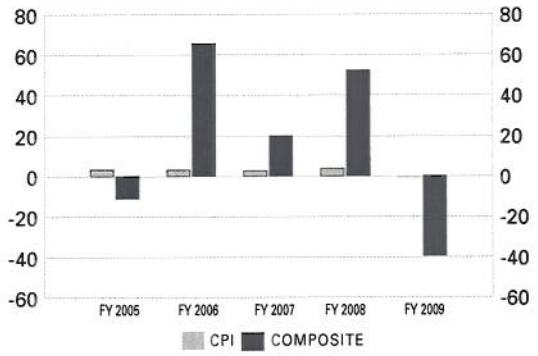


Generation Performance Indicator - Composite Generation Rate Indicator

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 2005 decrease was the result of decreases in transmission rates in the Kerr-Philpott System and in an increase in energy produced in the Georgia-Alabama-South Carolina System. The FY 2007 and FY 2008 increases were the result of below normal water conditions. The FY 2009 decrease was 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.

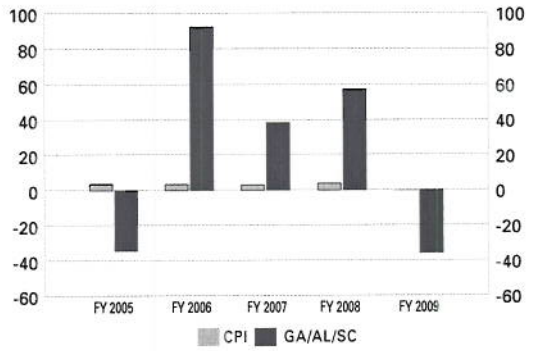
Composite Generation Cost Indicator - Figure Y



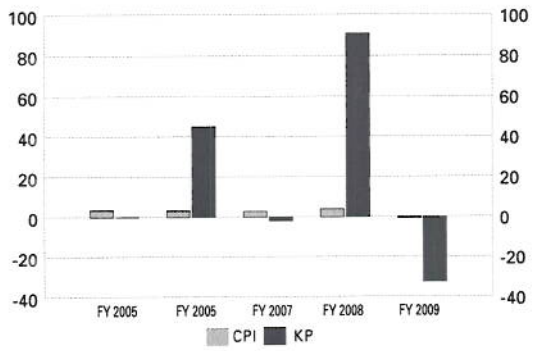
System Generation Rate Indicator

The FY 2005 decrease in the Georgia-Alabama-South Carolina System was the result of an increase in energy produced. The FY 2005 increase in the Jim Woodruff System was the result of a 22% increase in rates. 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 was the result of a rate increase. System generation rate indicators are illustrated in Figures Z, AA, BB, and CC.

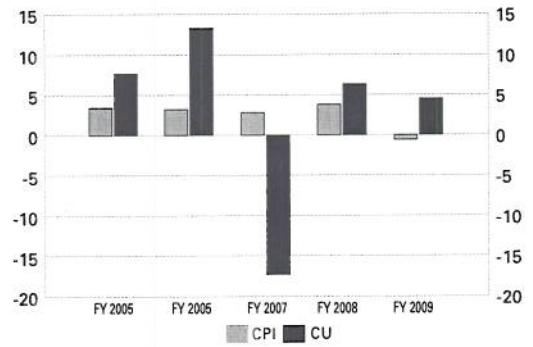
Georgia-Alabama-South Carolina Generation Cost Indicator - Figure Z



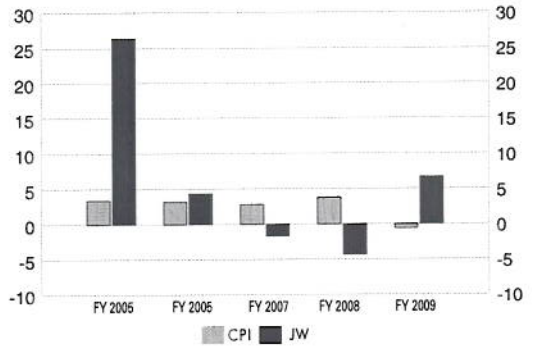
Kerr-Philpott Generation Cost Indicator - Figure AA



Cumberland Generation Cost Indicator - Figure BB



Jim Woodruff Generation Cost Indicator - Figure CC



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SEPA

2009 ANNUAL REPORT

2009 Financial Statements

Southeastern Federal Power Program

Combined Financial Statements and Supplementary Information

September 30, 2009, and 2008

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, 2009 and 2008, and the related combined statements of revenues, expenses, and accumulated net revenues 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, 2009 and 2008, 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 15, 2010

Southeastern Federal Power Program
Combined Statements of Assets, Federal Investment, and Liabilities
September 30, 2009 and 2008

(in thousands of dollars)	2009	2008
Assets		
Utility plant (Notes 2 and 6)		
Plant in service	$ 2,322,965	$ 2,271,831
Less: Accumulated depreciation	(841,799)	(804,516)
Plant in service - net	1,481,166	1,467,315
Construction work in progress	167,227	124,625
Net utility plant	1,648,393	1,591,940
Current assets		
Cash/unexpended appropriations (Note 2)	238,671	100,926
Accounts receivable	27,926	38,595
Other	4,771	4,811
Total current assets	271,368	144,332
Deferred workers' compensation (Note 5)	10,913	7,533
Total assets	$ 1,930,674	$ 1,743,805
Federal Investment and Liabilities		
Federal investment (Note 3)		
Congressional appropriations (Note 2)	$ 4,358,143	$ 4,061,401
U.S. Treasury transfers to continuing fund	156,375	146,587
Transfers from other federal agencies	53,694	51,868
Accumulated interest on federal investment (Notes 3 and 6)	1,976,773	1,893,121
Funds returned to U.S. Treasury (Note 2)	(4,498,665)	(4,336,671)
Investment of U.S. government	2,046,320	1,816,306
Accumulated net (deficit) revenues	(140,753)	(100,136)
Total federal investment	1,905,567	1,716,170
Current liabilities		
Accounts payable	13,613	19,578
Accrued liabilities	581	524
Total current liabilities	14,194	20,102
Accrued workers' compensation (Note 5)	10,913	7,533
Commitments and contingencies (Note 6)		
Total federal investment and liabilities	$ 1,930,674	$ 1,743,805

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, 2009 and 2008

(in thousands of dollars)	2009	2008
Operating revenues		
Sales of electric power (Notes 2 and 4)	$ 239,830	$ 263,434
Other operating revenues	7,120	13,631
Total operating revenues	246,950	277,065
Operating expenses		
Operations	49,999	47,962
Maintenance	40,998	36,854
Transmission services charged by others	33,127	32,538
Purchase power	44,991	91,464
Total operating expenses - excluding depreciation	169,115	208,818
Depreciation (Note 2)	42,003	40,222
Total operating expenses	211,118	249,040
Net operating revenues	35,832	28,025
Interest expense		
Interest on federal investment (Note 3)	83,652	106,652
Less: Interest charged to construction (Note 2)	(7,203)	(9,006)
Net interest expense	76,449	97,646
Net deficit	(40,617)	(69,621)
Accumulated net deficit (Note 2)		
Beginning of year	(100,136)	(30,515)
End of year	$ (140,753)	$ (100,136)

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

Southeastern Federal Power Program
Combined Statements of Cash Flows
Years Ended September 30, 2009 and 2008

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net deficit	$ (40,617)	$ (69,621)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	42,003	40,222
Net interest on federal investment	76,449	97,646
Changes in certain assets and liabilities		
Accounts receivable	10,669	(10,153)
Other assets	40	480
Accounts payable	(5,965)	969
Accrued liabilities	57	(78)
Net cash provided by operating activities	82,636	59,465
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	(91,252)	(67,592)
Cash flows from financing activities		
Congressional appropriations	296,742	152,402
U.S. Treasury Transfers to Continuing Fund	9,788	63,099
Transfers from other federal agencies	1,826	(5,874)
Funds returned to U.S. Treasury	(161,994)	(181,355)
Net cash provided by financing activities	146,362	28,272
Net increase in cash	137,746	20,145
Cash and cash equivalent		
Beginning of year	100,926	80,781
End of year	$ 238,672	$ 100,926
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	$ 7,203	$ 9,006
Cash repaid during the period for interest	76,449	97,646

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

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, 2009, 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 operations and maintenance expenses.

Over the life of the combined hydroelectric power systems, accumulated net deficit represents timing differences between the recognition of expenses and the accumulation of 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 is no operating implications because of federal government regulations..

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 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.

Since 2006, 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 2009, 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.

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 55 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, 2009, 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 55 years for utility plant components. Depreciation expense amounted to 1.8% of the original cost of generating plant-in-service during each of the years ended September 30, 2009 and 2008, 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 $336 and $309 of annual pension and retirement benefits expense for the years ended September 30, 2009 and 2008, respectively. The Corps has recorded $3,230 and $3,076 of annual pension and retirement benefits expense for 2009 and 2008, 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 2009, except for $11,042 at the Jim Woodruff System and $4,518 at the Kerr-Philpott 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 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 4.7% in both fiscal years 2009 and 2008. 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.

The suit filed by the South Carolina Department of Wildlife and Marine Resources and other parties against the Secretary of the Army, in connection with the operation of the four reversible pump turbines at the Richard B. Russell Project, was resolved in favor of the Secretary of the Army during the fiscal year ended September 30, 2002. The Program used the 72.1% power purpose allocation percentage for the joint construction costs for the Richard B. Russell Project, through fiscal year 2007. On March 20, 2008, a final cost allocation was adopted for the Richard B. Russell Project. The new power cost allocation percentages are 71.82% for joint construction costs and 73.63% for joint operating and maintenance costs. Adjustments have been made in the accompanying statements for the updated percentage.

4. Major Customers

Revenues from two customers were approximately $19,177 and $15,019 which represents 8% and 6% of the total operating revenues for the years ended September 30, 2009 and 2008, respectively. There was $7,996 and $3,225 in accounts receivable from these two customers as of September 30, 2009 and 2008, 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 $10,913 and $7,533 as of September 30, 2009 and 2008, 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.

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, the write-off of interest during construction has been adjusted to $224 million. This treatment is subject to Administrative affirmation which is expected in the near term. 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:

(in thousands of dollars)

Years Ending September 30	Purchased Power	Transmission	Total
2010	$ 1,000	$ 37,617	38,617
2011	1,000	38,781	39,781
2012	1,000	40,002	41,002
2013	1,000	41,284	42,284
2014	1,000	42,632	43,632

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, 2009 and 2008

Exhibit I

(in thousands of dollars)	2009	2008
Assets		
Utility plant		
Plant in service	$ 1,701,262	$ 1,675,489
Less: Accumulated depreciation	(536,920)	(504,730)
Plant in service - net	1,164,342	1,170,759
Construction work in progress	26,501	39,172
Net utility plant	1,190,843	1,209,931
Current assets		
Cash/unexpended appropriations	126,474	50,589
Accounts receivable	16,076	33,458
Other	4,541	4,589
Total current assets	147,091	88,636
Deferred workers' compensation	3,609	319
Total assets	$ 1,341,543	$ 1,298,886
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	$ 2,669,204	$ 2,560,327
U.S. Treasury transfers to continuing fund	142,235	132,537
Transfers from other federal agencies	23,668	22,577
Accumulated interest on federal investment	1,566,820	1,496,955
Funds returned to U.S. Treasury	(2,865,355)	(2,749,241)
Investment of U.S. government	1,536,572	1,463,155
Accumulated net deficit	(206,815)	(177,097)
Total federal investment	1,329,757	1,286,058
Current liabilities		
Accounts payable	7,805	12,174
Accrued liabilities	372	335
Total current liabilities	8,177	12,509
Accrued workers' compensation	3,609	319
Total federal investment and liabilities	$ 1,341,543	$ 1,298,886

See accompanying independent auditors' report.

Southeastern Federal Power Program
Georgia Alabama South Carolina System
Supplemental Revenues, Expenses, and Accumulated Net Deficit Information
Years Ended September 30, 2009 and 2008

Exhibit I

(in thousands of dollars)	2009	2008
Operating revenues		
Sales of electric power	$ 177,648	$ 215,261
Other operating revenues	4,878	8,300
Total operating revenues	182,526	223,561
Operating expenses		
Operations	27,565	28,117
Maintenance	22,060	19,666
Transmission services charged by others	21,155	18,808
Purchase power	41,047	85,243
Total operating expenses - excluding depreciation	111,827	151,834
Depreciation	33,113	31,847
Total operating expenses	144,940	183,681
Net operating revenues	37,586	39,880
Interest expense		
Interest of federal investment	69,865	95,066
Less interest charged to construction	(2,562)	(5,073)
Net interest expense	67,303	89,993
Net deficit	(29,717)	(50,113)
Accumulated net deficit		
Beginning of year	(177,097)	(126,984)
End of year	$ (206,814)	$ (177,097)

See accompanying independent auditors' report.

Southeastern Federal Power Program
Georgia Alabama South Carolina System
Supplemental Cash Flows Information
Years Ended September 30, 2009 and 2008

Exhibit I

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net deficit	$ (29,717)	$ (50,113)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	33,113	31,847
Net interest on federal investment	67,303	89,993
Changes in certain assets and liabilities		
Accounts receivable	17,382	(8,383)
Other assets	48	453
Accounts payable	(4,369)	1,902
Accrued liabilities	37	(51)
Net cash provided by operating activities	83,797	65,648
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	(11,464)	(14,235)
Cash flows from financing activities		
Congressional appropriations	108,878	51,920
U.S. Treasury Transfers to Continuing Fund	9,698	60,813
Transfers from other federal agencies	1,090	(8,135)
Funds returned to U.S. Treasury	(116,114)	(147,563)
Net cash provided by (used in) financing activities	3,552	(42,965)
Net increase in cash	75,885	8,448
Cash and cash equivalent		
Beginning of year	50,589	42,141
End of year	$ 126,474	$ 50,589
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	$ 2,562	$ 5,073

See accompanying independent auditors' report.

Southeastern Federal Power Program
Jim Woodruff System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2009 and 2008

Exhibit II

(in thousands of dollars)	2009	2008
Assets		
Utility plant		
Plant in service	$ 63,458	$ 63,441
Less: Accumulated depreciation	(21,190)	(20,033)
Plant in service - net	42,268	43,408
Construction work in progress	2,458	1,989
Net utility plant	44,726	45,397
Current assets		
Cash/unexpended appropriations	10,247	1,380
Accounts receivable	1,271	1,158
Other	91	90
Total current assets	11,609	2,628
Deferred workers' compensation	1,700	169
Total assets	$ 58,035	$ 48,194
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	$ 165,398	$ 151,319
U.S. Treasury transfers to continuing fund	2,643	2,642
Transfers from other federal agencies	3,395	3,234
Accumulated interest on federal investment	40,467	37,825
Funds returned to U.S. Treasury	(150,001)	(146,216)
Investment of U.S. government	61,902	48,804
Accumulated net revenues	(5,844)	(1,364)
Total federal investment	56,058	47,440
Current liabilities		
Accounts payable	265	575
Accrued liabilities	12	10
Total current liabilities	277	585
Accrued workers' compensation	1,700	169
Total federal investment and liabilities	$ 58,035	$ 48,194

See accompanying independent auditors' report.

Southeastern Federal Power Program
Jim Woodruff System
Supplemental Revenues, Expenses, and Accumulated Net Deficit Information
Years Ended September 30, 2009 and 2008

Exhibit II

(in thousands of dollars)	2009	2008
Operating revenues		
Sales of electric power	$ 7,677	$ 7,806
Other operating revenues	86	77
Total operating revenues	7,763	7,883
Operating expenses		
Operations	2,013	2,002
Maintenance	2,707	2,044
Transmission services charged by others	308	344
Purchase power	3,536	4,371
Total operating expenses - excluding depreciation	8,564	8,761
Depreciation	1,154	1,610
Total operating expenses	9,718	10,371
Net operating deficit	(1,955)	(2,488)
Interest expense		
Interest of federal investment	2,643	2,452
Less: Interest charged to construction	(118)	(86)
Net interest expense	2,525	2,366
Net deficit	(4,480)	(4,854)
Accumulated net deficit (revenue)		
Beginning of year	(1,364)	3,490
End of year	$ (5,844)	$ (1,364)

See accompanying independent auditors' report.

Southeastern Federal Power Program
Jim Woodruff System
Supplemental Cash Flows Information
Years Ended September 30, 2009 and 2008

Exhibit II

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net deficit	$ (4,479)	$ (4,854)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	1,154	1,610
Net interest on federal investment	2,525	2,366
Changes in certain assets and liabilities		
Accounts receivable	(113)	(441)
Other assets	(1)	2
Accounts payable	(310)	(1,059)
Accrued liabilities	1	(2)
Net cash used in operating activities	(1,223)	(2,378)
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	(365)	(274)
Cash flows from financing activities		
Congressional appropriations	14,079	4,038
U.S. Treasury transfers to continuing fund	-	-
Transfers from other federal agencies	161	150
Funds returned to U.S. Treasury	(3,784)	(2,412)
Net cash provided by financing activities	10,456	1,776
Net increase (decrease) in cash	8,868	(876)
Cash and cash equivalent		
Beginning of year	1,380	2,256
End of year	$ 10,248	$ 1,380
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	$ 118	$ 86

See accompanying independent auditors' report.

Southeastern Federal Power Program
Cumberland Basin System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2009 and 2008

Exhibit III

(in thousands of dollars)	2009	2008
Assets		
Utility plant		
Plant in service	$ 400,622	$ 395,148
Less: Accumulated depreciation	(234,577)	(229,528)
Plant in service - net	166,045	165,620
Construction work in progress	122,514	60,168
Net utility plant	288,559	225,788
Current assets		
Cash/unexpended appropriations	84,388	40,598
Accounts receivable	1,502	3,028
Other	68	63
Total current assets	85,958	43,689
Deferred workers' compensation	4,484	5,950
Total assets	$ 379,001	$ 275,427
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	$ 1,084,450	$ 952,643
U.S. Treasury transfers to continuing fund	4,657	4,644
Transfers from other federal agencies	21,909	21,718
Accumulated interest on federal investment	292,776	285,193
Funds returned to U.S. Treasury	(1,079,315)	(1,046,315)
Investment of U.S. government	324,477	217,883
Accumulated net revenues	45,776	46,345
Total federal investment	370,253	264,228
Current liabilities		
Accounts payable	4,136	5,134
Accrued liabilities	128	115
Total current liabilities	4,264	5,249
Accrued workers' compensation	4,484	5,950
Total federal investment and liabilities	$ 379,001	$ 275,427

See accompanying independent auditors' report.

Southeastern Federal Power Program
Cumberland Basin System
Supplemental Revenues, Expenses, and Accumulated Net Revenues Information
Years Ended September 30, 2009 and 2008

Exhibit III

(in thousands of dollars)	2009	2008
Operating revenues		
Sales of electric power	$ 43,143	$ 27,275
Other operating revenues	1,306	3,630
Total operating revenues	44,449	30,905
Operating expenses		
Operations	14,179	12,068
Maintenance	12,579	12,570
Transmission services charged by others	9,767	9,755
Purchase power	-	-
Total operating expenses - excluding depreciation	36,525	34,393
Depreciation	5,147	4,975
Total operating expenses	41,672	39,369
Net operating revenue (deficit)	2,777	(8,464)
Interest expense		
Interest of federal investment	7,584	4,961
Less: Interest charged to construction	(4,238)	(1,812)
Net interest expense	3,346	3,149
Net deficit	(569)	(11,613)
Accumulated net revenue		
Beginning of year	46,345	57,957
End of year	$ 45,776	$ 46,344

See accompanying independent auditors' report.

Southeastern Federal Power Program
Cumberland Basin System
Supplemental Cash Flows Information
Years Ended September 30, 2009 and 2008

Exhibit III

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net deficit	$ (569)	$ (11,612)
Adjustments to reconcile net deficit to net cash provided by operating activities		
Depreciation	5,147	4,975
Net interest on federal investment	3,346	3,149
Changes in certain assets and liabilities		
Accounts receivable	1,526	(1,562)
Other assets	(5)	16
Accounts payable	(998)	2,822
Accrued liabilities	12	(18)
Net cash provided by (used in) operating activities	8,459	(2,230)
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	(63,681)	(36,339)
Cash flows from financing activities		
Congressional appropriations	131,807	72,703
U.S. Treasury transfers to continuing fund	14	950
Transfers from (to) other federal agencies	192	1,713
Funds returned to U.S. Treasury	(33,001)	(21,190)
Net cash provided by financing activities	99,012	54,176
Net increase in cash	43,790	15,607
Cash and cash equivalent		
Beginning of year	40,598	24,991
End of year	$ 84,388	$ 40,598
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	$ 4,238	$ 1,812

See accompanying independent auditors' report.

Southeastern Federal Power Program
Kerr-Philpott System
Supplemental Assets, Federal Investment, and Liabilities Information
September 30, 2009 and 2008

Exhibit IV

(in thousands of dollars)	2009	2008
Assets		
Utility plant		
Plant in service	$ 157,623	$ 137,753
Less: Accumulated depreciation	(49,112)	(50,225)
Plant in service - net	108,511	87,528
Construction work in progress	15,754	23,297
Net utility plant	124,265	110,825
Current assets		
Cash/unexpended appropriations	17,561	8,359
Accounts receivable	9,077	950
Other	71	68
Total current assets	26,709	9,377
Deferred workers' compensation	1,121	1,095
Total assets	$ 152,095	$ 121,297
Federal Investment and Liabilities		
Federal investment		
Congressional appropriations	$ 439,091	$ 397,112
U.S. Treasury transfers to continuing fund	6,840	6,763
Transfers from other federal agencies	4,722	4,339
Accumulated interest on federal investment	76,710	73,149
Funds returned to U.S. Treasury	(403,994)	(394,899)
Investment of U.S. government	123,369	86,464
Accumulated net revenues	26,129	31,981
Total federal investment	149,498	118,445
Current liabilities		
Accounts payable	1,406	1,694
Accrued liabilities	70	63
Total current liabilities	1,476	1,757
Accrued workers' compensation	1,121	1,095
Total federal investment and liabilities	$ 152,095	$ 121,297

See accompanying independent auditors' report.

Southeastern Federal Power Program
Kerr-Philpott System
Supplemental Revenues, Expenses, and Accumulated Net Revenues Information
Years Ended September 30, 2009 and 2008

Exhibit IV

(in thousands of dollars)	2009	2008
Operating revenues		
Sales of electric power	$ 11,363	$ 13,092
Other operating revenues	848	1,623
Total operating revenues	12,211	14,715
Operating expenses		
Operations	6,242	5,775
Maintenance	3,652	2,574
Transmission services charged by others	1,897	3,631
Purchased power	409	1,850
Total operating expenses - excluding depreciation	12,200	13,830
Depreciation	2,588	1,789
Total operating expenses	14,788	15,619
Net operating deficit	(2,577)	(904)
Interest expense		
Interest of federal investment	3,561	4,173
Less: Interest charged to construction	(286)	(2,036)
Net interest expense	3,275	2,137
Net deficit	(5,852)	(3,041)
Accumulated net revenue		
Beginning of year	31,981	35,022
End of year	$ 26,129	$ 31,981

See accompanying independent auditors' report.

Southeastern Federal Power Program
Kerr-Philpott System
Supplemental Cash Flows Information
Years Ended September 30, 2009 and 2008

Exhibit IV

(in thousands of dollars)	2009	2008
Cash flows from operating activities		
Net revenue (deficit)	$ (5,852)	$ (3,042)
Adjustments to reconcile net revenue (deficit) to net cash provided by operating activities		
Depreciation	2,588	1,789
Net interest on federal investment	3,275	2,137
Changes in certain assets and liabilities		
Accounts receivable	(8,126)	235
Other assets	(3)	9
Accounts payable	(288)	(2,696)
Accrued liabilities	7	(9)
Net cash used in operating activities	(8,399)	(1,577)
Cash flows from investing activities		
Cash used in investing activities - investment in utility plant	(15,742)	(16,743)
Cash flows from financing activities		
Congressional appropriations	41,979	23,741
U.S. Treasury transfers to continuing fund	77	1,337
Transfers from other federal agencies	383	399
Funds returned to U.S. Treasury	(9,096)	(10,191)
Net cash provided by financing activities	33,343	15,286
Net increase (decrease) in cash	9,202	(3,034)
Cash and cash equivalent		
Beginning of year	8,359	11,393
End of year	$ 17,561	$ 8,359
Supplemental disclosure of noncash investing and financing activities		
Interest charged to construction	$ 286	$ 2,036

See accompanying independent auditors' report.

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

Exhibit V

(in thousands of dollars)	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	225,210	13,461	238,671
Accounts receivable	443	27,483	27,926
Other	4,579	192	4,771
Total current assets	230,232	41,136	271,368
Deferred workers' compensation	10,913	-	10,913
Total assets	$ 1,889,081	$ 41,593	$ 1,930,674
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 revenues	(140,753)	-	(140,753)
Total federal investment	1,868,986	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	$ 1,889,081	$ 41,593	$ 1,930,674

See accompanying independent auditors' report.

Southeastern Federal Power Program
Combining Assets, Federal Investment, and Liabilities Information
September 30, 2008

Exhibit V

(in thousands of dollars)	Corps of Engineers	Southeastern Power Administration	Total
Assets			
Utility plant			
Plant in service	$ 2,270,246	$ 1,585	$ 2,271,831
Less: Accumulated depreciation	(803,276)	(1,240)	(804,516)
Plant in service - net	1,466,970	345	1,467,315
Construction work in progress	124,625	-	124,625
Net utility plant	1,591,595	345	1,591,940
Current assets			
Cash/unexpended appropriations	79,481	21,445	100,926
Accounts receivable	514	38,081	38,595
Other	4,643	168	4,811
Total current assets	84,638	59,694	144,332
Deferred workers' compensation	7,533	-	7,533
Total assets	$ 1,683,766	$ 60,039	$ 1,743,805
Federal Investment and Liabilities			
Federal investment			
Congressional appropriations	$ 3,667,224	$ 394,177	$ 4,061,401
U.S. Treasury transfers to continuing fund	-	146,587	146,587
Transfers from other federal agencies	88,626	(36,758)	51,868
Accumulated interest on federal investment	1,892,261	860	1,893,121
Funds returned to U.S. Treasury	(3,881,602)	(455,069)	(4,336,671)
Investment of U.S. government	1,766,509	49,797	1,816,306
Accumulated net revenues	(100,136)	-	(100,136)
Total federal investment	1,666,373	49,797	1,716,170
Current liabilities			
Accounts payable	9,860	9,718	19,578
Accrued liabilities	-	524	524
Total current liabilities	9,860	10,242	20,102
Accrued workers' compensation	7,533	-	7,533
Total federal investment and liabilities	$ 1,683,766	$ 60,039	$ 1,743,805

See accompanying independent auditors' report.

Southeastern Federal Power Program
Combining Revenues, Expenses, and Accumulated Net Deficit Information
Year Ended September 30, 2009

Exhibit V

(in thousands of dollars)	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	162,081	84,869	246,950
Operating expenses			
Operations	43,456	6,543	49,999
Maintenance	40,935	63	40,998
Transmission services charged by others	-	33,127	33,127
Purchased power	-	44,991	44,991
Total operating expenses - excluding depreciation	84,391	84,724	169,115
Depreciation	41,876	127	42,003
Total operating expenses	126,267	84,851	211,118
Net operating revenues	35,814	18	35,832
Interest expense			
Interest of federal investment	83,634	18	83,652
Less: Interest charged to construction	(7,203)	-	(7,203)
Net interest expense	76,431	18	76,449
Net deficit	(40,617)	-	(40,617)
Accumulated net deficit			
Beginning of year	(100,136)	-	(100,136)
End of year	$ (140,753)	$ -	$ (140,753)

See accompanying independent auditors' report.

Southeastern Federal Power Program
Combining Revenues, Expenses, and Accumulated Net Deficit Information
Year Ended September 30, 2008

Exhibit V

(in thousands of dollars)	Corps of Engineers	Southeastern Power Administration	Total
Operating revenues			
Sales of electric power	$ 133,917	$ 129,517	$ 263,434
Other operating revenues	13,602	29	13,631
Total operating revenues	147,519	129,546	277,065
Operating expenses			
Operations	42,607	5,355	47,962
Maintenance	36,809	45	36,854
Transmission services charged by others	-	32,538	32,538
Purchased power	-	91,464	91,464
Total operating expenses - excluding depreciation	79,416	129,402	208,818
Depreciation	40,096	126	40,222
Total operating expenses	119,512	129,528	249,040
Net operating revenues	28,007	18	28,025
Interest expense			
Interest of federal investment	106,634	18	106,652
Less: Interest charged to construction	(9,006)	-	(9,006)
Net interest expense	97,628	18	97,646
Net deficit	(69,621)	-	(69,621)
Accumulated net deficit			
Beginning of year	(30,515)	-	(30,515)
End of year	$ (100,136)	$ -	$ (100,136)

See accompanying independent auditors' report.

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

Exhibit V

(in thousands of dollars)	Corps of Engineers	Southeastern Power Administration	Total
Cash flows from operating activities			
Net 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	77,147	5,488	82,635
Cash flows from investing activities			
Cash used in investing activities - investment in utility plant	(91,014)	(238)	(91,252)
Cash flows from financing activities			
Congressional appropriations	290,130	6,612	296,742
U.S. Treasury Transfers to Contingency Fund	-	9,789	9,789
Transfers from other federal agencies	31,461	(29,635)	1,826
Funds returned to U.S. Treasury	(161,995)	-	(161,995)
Net cash provided by (used in) financing activities	159,596	(13,234)	146,362
Net increase (decrease) in cash	145,729	(7,984)	137,745
Cash and cash equivalent			
Beginning of year	79,479	21,447	100,926
End of year	$ 225,208	$ 13,463	$ 238,671
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
Combining Cash Flows Information
Year Ended September 30, 2008

Exhibit V

(in thousands of dollars)	Corps of Engineers	Southeastern Power Administration	Total
Cash flows from operating activities			
Net deficit	$ (69,621)	$ -	$ (69,621)
Adjustments to reconcile net deficit to net cash provided by operating activities			
Depreciation	40,096	126	40,222
Net interest on federal investment	97,628	18	97,646
Changes in certain assets and liabilities			
Accounts receivable	(356)	(9,797)	(10,153)
Other assets	647	(167)	480
Accounts payable	75	894	969
Accrued liabilities	-	(78)	(78)
Net cash provided by (used in) operating activities	68,469	(9,004)	59,465
Cash flows from investing activities			
Cash used in investing activities - investment in utility plant	(67,537)	(55)	(67,592)
Cash flows from financing activities			
Congressional appropriations	146,063	6,339	152,402
U.S. Treasury Transfers to Contingency Fund	-	63,099	63,099
Transfers from other federal agencies	7,213	(13,087)	(5,874)
Funds returned to U.S. Treasury	(137,679)	(43,676)	(181,355)
Net cash provided by financing activities	15,597	12,675	28,272
Net increase in cash	16,529	3,616	20,145
Cash and cash equivalent			
Beginning of year	62,950	17,831	80,781
End of year	$ 79,479	$ 21,447	$ 100,926
Supplemental disclosure of noncash investing and financing activities			
Interest charged to construction	$ 9,006	$ -	$ 9,006

See accompanying independent auditors' report.

Southeastern Federal Power Program
Amount and Allocation of Plant Investment (Unaudited)
Year Ended September 30, 2009

Exhibit VI

	Total	Reimbursable Power	Navigation	Flood Control	Allocated to Nonreimbursable Fish and Wildlife	Recreation	Other	Percent of Total Plant Investment Power Revenues
Allatoona	$ 61,776,864	$ 43,329,882	$ -	$ 9,253,690	$ -	$ 8,961,276	$ 232,016 (a)	70.1%
Buford	97,185,042	79,239,321	2,093,878	4,638,860	-	11,212,984	-	81.5%
Carters	166,171,100	140,117,278	-	20,052,388	-	6,001,434	-	84.3%
J. Strom Thurmond	171,902,820	151,472,278	4,614,689	4,244,796	-	11,571,057	-	88.1%
Walter F. George	250,052,606	159,360,917	82,021,023	-	348,012	8,322,654	-	63.7%
Hartwell	200,111,217	181,091,525	4,189,825	5,309,941	-	9,519,926	-	90.5%
Robert F. Henry	-	-	-	-	-	-	-	0%
Millers Ferry	197,608,401	125,330,679	58,371,316	-	-	13,906,406	-	63.4%
West Point	157,275,614	72,818,164	2,685,895	21,487,162	13,787,603	46,496,790	-	46.3%
Richard B. Russell	1,161,803,694	760,890,439	-	4,680,520	-	416,232,735	-	64.4%
Marketing facilities	1,014,626	1,014,626	-	-	-	-	-	100.0%
Contributions in aid of construction	(4,706)	(4,706)	-	-	-	-	-	100.0%
Total GA-ALA-SC System	2,484,897,277	1,714,660,403	153,976,626	69,667,357	14,135,615	532,225,261	232,016	69.0%
Jim Woodruff	103,951,198	65,879,220	32,762,393	-	-	5,309,586	-	63.4%
Marketing facilities	36,483	36,483	-	-	-	-	-	100.0%
Total Jim Woodruff System	103,987,681	65,915,703	32,762,393	-	-	5,309,586	-	63.4%
Barkley	197,513,231	50,126,215	116,586,122	23,120,616	-	7,680,278	-	25.4%
J. Percy Priest	66,771,086	11,726,253	-	26,191,381	-	28,853,452	-	17.6%
Cheatham	52,511,026	22,060,460	26,003,361	-	-	4,427,215	-	42.0%
Cordell Hull	89,417,869	42,824,140	17,557,687	-	-	22,502,017	6,533,825 (c)	47.9%
Old Hickory	73,458,435	40,864,629	28,208,598	-	-	4,387,208	-	55.6%
Center Hill	131,758,367	64,027,794	-	59,590,379	-	7,443,644	696,550 (b)	48.6%
Dale Hollow	37,545,692	23,286,608	-	12,255,609	-	2,003,275	-	62.0%
Wolf Creek	423,205,622	240,847,796	-	162,778,618	-	19,333,508	245,700 (b)	56.9%
Laurel	51,349,512	27,536,496	-	-	-	17,483,056	6,329,960 (c)	53.6%
Stonewall Jackson	-	-	-	-	-	-	-	-
Marketing facilities	401,308	401,308	-	-	-	-	-	100.0%
Contributions in aid of construction	(586,162)	(586,162)	-	-	-	-	-	100.0%
Total Cumberland Basin System	1,123,345,987	523,135,727	188,353,969	283,936,603	-	114,113,654	13,806,034	46.6%
John H. Kerr	192,751,161	161,230,658	-	25,434,890	-	5,713,413	372,300 (a)	83.6%
Philpott	24,174,489	11,927,559	-	8,564,104	-	3,682,826	-	49.3%
Marketing facilities	218,895	218,895	-	-	-	-	-	100.0%
Total Kerr-Philpott System	217,144,645	173,377,012	-	33,998,994	-	9,396,239	372,300	79.8%
Total	$ 3,929,375,490	$2,477,088,845	$ 375,092,987	$387,602,953	$ 14,135,615	$ 661,044,739	$ 14,410,350	63.0%

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

See accompanying independent auditors' report.

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SouthEastern Power Administration

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