• 38 Member Systems
• Members purchase 618 MW from SEPA
• System Peak Demand – 9353 MW
• Members’ service territory:
  – Serve 1.8 million consumers (meters), representing a population of 4.1 million people.
  – Covers 38,000 square miles, or 65 percent of Georgia.
  – Includes 151 out of 159 counties in Georgia.
Diverse Mix of Generating Resources

2012 Capacity

- 46%
- 23%
- 19%
- 12%

~6,550 MW
Southeastern Power Administration

• One of four Department of Energy power marketing administrations
• Markets hydropower from projects in the southeast operated by Corps of Engineers
• Flood Control Act of 1944 requires preference for sales to cooperative and municipal utilities
• Constructs and operates multipurpose federal reservoirs
  – Authorized by Congress for specific purposes based on cost-benefit studies
  – Post-construction cost allocation studies assign cost to authorized purposes
• Corps must operate reservoirs within laws set by Congress
Authorized Purposes

• Flood control
• Hydropower
• Other purposes for some reservoirs
  – Navigation
  – Fish & wildlife, recreation, water supply
Preference Customer Groups

• Southeastern Federal Power Customers (SeFPC)
  – Cooperative and municipal customers of SEPA
  – Cooperative groups
    • OPC, PowerSouth, SMEPA, Central, Saluda, NCEMC, East Kentucky, Big Rivers, Va. Preference Power
  – Municipal groups
    • MEAG, AMEA, MEAM, Piedmont, ElectriCities of NC, Blue Ridge, Woodruff

• National Preference Customer Committee (NPCC)
  – Representatives of regional organizations
• Involves three states
  - Georgia
  - Alabama
  - Florida
• Negotiations among the states has been on-going for more than 20 years (interspersed with litigation)
Grassroots group representing all categories of water users in the river system

Governing Board
56 Members – 14 Interest Group Representatives per sub-basin
Series of Record Draughts

- SEPA marketed GA-AL-SC system based on 1981-82 as most adverse year
- For ACF, 9 of 13 driest years have occurred since then
- All but one reservoir constructed 1950-1976
  - Users of reservoirs accustomed to plenty
Competing Uses

- Water wars (GA-AL-FL)
  - Atlanta water supply settlements
- Environmental mitigation
  - Endangered species (Gulf sturgeon, mussels)
  - Pumping restrictions
  - Release restrictions
- Savannah River Basin study
  - Drought contingency plan update
  - Comprehensive study
Hydropower Customer Position

• Corps should operate within Congressional authorizations
• Initially opposed all use for non-authorized purposes
• Accommodating position evolved
  – Congress should reallocate storage to highest and best use so long as hydropower customers are not harmed
  – Newly authorized users should pay replacement cost of power with revenues credited against repayment obligation
  – Avoids rural electric consumers bearing cost burden of urban/suburban water users
Objective of federal hydropower customers – municipals pay enough for storage to offset cost of replacement power
  – SEPA sets rates to recover all costs less other revenues
Corps regulations require that storage be priced at least this high
  – Concerned with proposed Water Supply Rulemaking
Many smaller M&I water storage contracts authorized under Water Supply Act are priced properly (sometimes at power customer prodding)
Hydropower customers have settled twice (1989 and 2002) on quantity and price from Lanier, but implementation was blocked
  – 1989 – agreed to seek congressional approval but AL sued
  – 2002 – agreed Corps had interim authority but AL/FL blocked
• In 2009, Federal District Court found the Corps did not have the authority under Water Supply Act to allow the high levels of use of storage they were providing.

• In 2011, 11th Circuit found that the Corps has authority under River and Harbors Act and Water Supply Act.
  – Corps charged with determining the scope of its authority under RHA and WSA, and issued legal opinion in June 2012.

• Municipals Withdrawing from Lanier.
  – Gainesville, Buford, Cumming, Gwinnett (Directly from lake)
  – ARC, for Atlanta, Cobb-Marietta, DeKalb (Downstream from lake)

• New water control manuals for ACT and ACF in process.

• Florida has recently announced it plans to file a US Supreme Court action.

• Hydropower customers’ ultimate objective is still the same.
  – Have municipals pay enough for storage to offset cost of replacement power.
Summary

• Change is required to meet growing demands in Southeast
• Hydropower is still a valuable source of emissions-free generation
• Consensus among states has been hard to come by