

# Committee on Resources

---

## Testimony

---

### Subcommittee on Water and Power

Thursday, July 17, 1997

1324 Longworth HOB, 2:00 P.M.

**STATEMENT OF  
MR. CHARLES A. BORCHARDT  
ADMINISTRATOR  
SOUTHEASTERN POWER ADMINISTRATION  
U. S. DEPARTMENT OF ENERGY  
BEFORE THE  
SUBCOMMITTEE ON WATER AND POWER RESOURCES  
COMMITTEE ON RESOURCES  
UNITED STATES HOUSE OF REPRESENTATIVES**

**JULY 17, 1997**

Mr. Chairman and members of the Subcommittee, I appreciate the invitation to testify before you today on Southeastern Power Administration's (Southeastern's) strategic plan and our involvement with the effort to update and modify the Department of Energy strategic plan in response to Government Performance and Results Act of 1993 (GPRA). I will begin my presentation to the Subcommittee with some general background on Southeastern.

Southeastern, located in Elberton, Georgia, markets power from hydroelectric projects owned and operated by the United States Army Corps of Engineers. Electric power marketed by Southeastern is produced at 23 power plants and is marketed in 11 southeastern states. These projects were constructed and are maintained by the Corps of Engineers. Southeastern has no transmission facilities and accomplishes the delivery of power by wheeling agreements with electric utilities who have transmission facilities in our area.

#### Southeastern Strategic Planning:

As an agency within the Department of Energy, Southeastern has participated in the Department's strategic planning process to address the requirements of GPRA. Southeastern and the other PMAs are included in the Energy Resources Business Line cluster of the Department of Energy's draft Strategic Plan. Our strategic planning process works in concert with Department's strategic planning process, with the final products of both processes complimenting one another.

Strategic planning has actually been in place at Southeastern for many years. We have long worked with customers and interested stakeholders to develop specific program mandates and evaluate results. In more recent years, the value and recognition of strategic planning has increased, allowing Southeastern to take a more active role in planning with other agencies, customer and stakeholders.

In 1991, Southeastern coordinated off-site planning sessions involving our customers, the Corps of Engineers, and Southeastern. The partnering involved different Corps of Engineer Divisions and Districts and customers from the different operating systems from which Southeastern markets power. These sessions produced common agreements regarding various issues and policies, reduced negative contacts, and established common goals and objectives that all parties could support. The Southeast Federal Power Alliance and Team Cumberland evolved from these sessions. These alliances have met twice a year since their beginning in 1991 and 1992 respectively. In addition, two summit level sessions have been held in

Washington, D.C. among our customers, the Headquarters U. S. Army Corps of Engineers, and Southeastern.

A Southeastern Planning Team was assembled in 1993 to develop a strategic plan beginning with Fiscal Year 1994. This produced our first five-year plan and included some of the critical elements found in GPRA. However, the plan did not give adequate consideration to the dynamics of the utility industry or include sufficient input from all stakeholders. It was agency oriented. A second Strategic Plan for Fiscal Year 1995 and the next four years was developed to address the issues affecting the utility industry, and changes that are occurring with the decline of available resources to the power marketing administrations.

Southeastern's current Strategic Plan includes more detailed planning and strategic direction. The plan incorporated refinements in the mission and vision statements, environmental scan and trend analysis, utility deregulation, and Federal Energy Regulatory Commission rulings, situational audits (internal and external factors), constraints on resources, and the development of goals and objectives that have the budget supporting the plan. Southeastern has adopted six areas upon which to measure its performance. Action plans and performance measurements are being developed.

Southeastern benchmarks the standard PMA financial measures, and publishes them in our budget documents and annual reports. In addition, Southeastern publishes the audited financial statements in our annual reports which are distributed to customers, the public, Congress and all interested stakeholders.

Repayment of the Federal hydropower investment is measured annually through system repayment studies. Repayment studies help Southeastern ensure that system rates are set to fully recover the Federal hydropower investment, including interest and operating costs. Rates are filed and published in the Federal Register and are sent to the Federal Energy Regulatory Commission for final approval.

Southeastern continues to respond to the increasingly competitive utility market by carrying out our responsibility of maintaining the lowest possible rates consistent with sound business principals. Recent changes in the utility industry and budget constraints have required Southeastern to further modify some of our original strategic assumptions and requirements. We realize that strategic planning must be dynamic, up to date and reflective of a changing environment.

#### Congressional and Customer Involvement:

In each of Southeastern's planning processes we have involved all interested stakeholders. Through administrative public processes, partnering initiatives and public meetings with customers and the public, all interested parties are involved in the issues impacting Southeastern and the region. As we move forward to modify and update our strategic plan and other planning processes, we will continue to be in consultation with interested stakeholders, other agencies, customers and Congress. The PMAs have been working with your staff and recently forwarded supplemental information outlining the existing plans and activities that meet the intent of GPRA. This supplemental information is intended to assist the subcommittee in their efforts as the authorizing committee for the PMAs. Your staff has been very helpful and accessible and we look forward to continuing our dialog on this and other efforts.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the Subcommittee might have.

###