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Southwestern
Power Administration
1993 Annual Report

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Individual
turbine blades
are needed to
create
hydroelectric
power, just as
individuals are
needed to create
powerful
organizations.

Ccelebrating Diversity

Take a look around Southwestern.
Look through the early morning mist
as a line crew starts its day.

Or deep in the night
where the operations center is staffed round-the-clock.
And in the sleek, black-glassed offices of Headquarters
as dozens of workers go about their daily tasks.

We are a diverse group of people.
We are of Native American, European,
African, Asian, Latin American descent.

We are women and men.
We are also craftsmen, athletes,
political leaders, parents, artists,
volunteers, professors, hobbyists, tutors,
school leaders, deacons, students,
crusaders, musicians ... and much more.

We are an assortment of
personalities, skills, and experiences.
It is our diversity that gives us our strengths
and makes us who we are.

It is our diversity that unifies us.

We create the culture,
and the success, of Southwestern.

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OVERVIEW

Honorable Hazel R. O'Leary
Secretary of Energy
Washington, D. C. 20585

Dear Madam Secretary:

As Southwestern Power Administration celebrated its 50th Anniversary, a record year occurred for our Agency, both in energy production and in revenues.

During the spring and summer, enormous amounts of rainfall brought hardships to much of the country, including our own Southwestern region. However, these extreme water conditions helped significantly in our ability to market hydroelectric power, especially during the historically dry, high-demand periods.

We were fortunate to make substantial repayments of our investment in the Southwestern Federal Power System. \$45.8 million was credited to repayment, raising the cumulative repayment of investment to \$298 million. That is nearly 30 percent of the total investment. And because of the favorable water conditions, our substantial energy banking balance will enable us to forego significant future energy purchases and costs.

Southwestern has successfully implemented the Chief Financial Officers Act and continues to prepare financial statements that fully disclose our financial position and results of operations. We provide information not just for the effective allocation of resources, but also information with which Congress, Agency managers, and others can assess management performance and stewardship.

Total Quality Management is into its fourth year at Southwestern, and our employees are embracing it now more than ever after participating in the success of this business philosophy. Our Agency is working to implement the National Performance Review Act of 1993 as it relates to measuring outputs of Government and the TQM philosophy we practice.

Our biggest challenge continues to be dealing with other interests competing for the use of water resources. We again limited generation on the White River projects because of dissolved oxygen issues. This year we funded projects to test ways of adding oxygen to water during generation to help alleviate the problems. We are currently working with various area officials to address the need for developing equitable procedures for offsetting dollar impacts of hydropower storage reallocation.

During our 50th Anniversary celebration, we recognized and affirmed our customer relationships as our "Partnerships in Power." They are, and will continue to be, an important part of our success. We will continue to cultivate those relationships and to move successfully into our next fifty years with service, pride, and foresight.

Sincerely,

J. M. Shafer, Administrator

Mission Statement

The primary purposes of Southwestern are to market Federally generated hydroelectric power, operate a reliable and safe transmission system, and encourage energy efficiency for the benefit of the region. All of this is accomplished by professional, courteous, customer-oriented people.

MASTER

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OVERVIEW

The Southwestern Federal Power System

Section 5, Flood Control Act Of 1944

The Southwestern Federal Power System encompasses the operation of 24 hydroelectric power plants by the U.S. Army Corps of Engineers and the marketing of power and energy from those plants by Southwestern Power Administration of the U.S. Department of Energy. The map (on the facing page) depicts the approximate territory served by Southwestern and its customers.

To integrate the operation of these hydroelectric generating plants and to transmit power from the dams to its customers, Southwestern maintains 2,220 kilometers (1,380 miles) of high-voltage transmission lines, 24 substations, and 46 microwave and VHF radio sites. Southwestern's headquarters are in Tulsa, Oklahoma; its dispatch center is in Springfield, Missouri; and its maintenance crews are based in Jonesboro, Arkansas, in Gore and Tupelo, Oklahoma, and in Springfield, Missouri. Three divisions — Administration and Rates, Power Marketing and Delivery, and Maintenance — are responsible for meeting Southwestern's mission.

Twelve of the 24 generating plants are scheduled directly by Southwestern, and a total of 19 contribute to the interconnected system operations. Generation at the five remaining projects — Denison, Narrows, Sam Rayburn, Whitney, and Willis — is used to serve specific customer loads.

At the end of fiscal year 1993, Southwestern marketed power and energy to 10 generation and transmission cooperatives, one distribution cooperative, three military installations, 41 municipal utilities, and three municipal utility joint-action agencies. One of the joint-action agencies has its own allocation of power from Southwestern, and the other two serve 34 municipal utilities to whom Southwestern has allocated power. The total number of power allocation customers is 92. Additionally, excess energy is occasionally sold to non-allocation utilities.

Section 5 of the Flood Control Act of 1944 as set out in Title 16 U.S.C.A. Section 825s sets forth the mission of Southwestern Power Administration, which was established in 1943.

Electric power and energy generated at reservoir projects under the control of the Department of the Army and in the opinion of the Secretary 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

OVERVIEW

**Southwestern Federal
Power System**

LEGEND

Dam Sites

Transmission Lines

Southwestern Office Locations

Customers and Distribution Co-ops

OVERVIEW

Financial Statement Presentation

Performance Measurements

All financial information, including summary of results, power generation sales, and audited financial statements, begin with page 18 in this annual report.

1. The financial statements have been prepared to report the financial position and results of operations of the Southwestern Federal Power System pursuant to the requirements of the Chief Financial Officers Act of 1990.

2. While the statements have been prepared from the books and records of the Southwestern Power Administration and the related U.S. Army Corps of Engineers in accordance with the formats prescribed by the Office of Management and Budget, the statements are different from the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

3. The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

Performance measurements which are used to determine effectiveness and efficiency of programs in the areas of financial performance, financial management performance and program performance are:

- Debt service coverage ratio
- Cumulative principal payments as a percent of total Federal investment
- Percent variance of actual from planned annual principal payments
- Net cash flow to the Treasury
- Lost work day case rate
- Total recordable case rate
- Motor vehicle accident rate
- Transmission system performance index
- Estimated megawatthours conserved per year
- Total pounds of polychlorinated biphenyl (PCB) disposed

OVERVIEW

National Performance Review

Southwestern is developing plans in response to the National Performance Review mandate which directs specific areas of reform within the Government. Those reforms target reducing the Federal budget and increasing revenues by:

- decreasing employment by 250,000 people,
- increasing employee-to-supervisor ratios,
- reducing service contracts by 20 percent,
- decreasing the number of directives and regulations by half, and
- increasing revenues from the Power Marketing Administrations.

Government agencies have been allowed three to five years to comply with the individual mandates.

Bobby Yochum

Researching the "family tree" is one of the fastest growing American hobbies, especially for those of European descent. Those "roots" are often difficult to establish, and those who are curious question their ancestors through years, and volumes, of historic research.

Genealogy has been a 16-year passion for one Southwestern lineman. In fact, for Bobby Yochum, it's just plain fun. He delights in his research and even more so in his Swedish and German discoveries.

And it's almost a family affair. Bobby's wife Mary also delves into the past although the kids are happy to leave the painstaking toil of the library work with their parents.

The Yochums travel and meet others who share their historic interests and, as often as not, other folks who share the family name.

The question is, is it Jochimson, Yoachim, or Yochum?

Only time, and research, will tell!

YEAR IN REVIEW

"Quality" Conviction Confirmed with Growth

Considerable strides have been noted by Southwestern's employees since the Agency's "Investment in quality" began four years ago. Once the Total Quality Management concept was introduced and employees were educated in the process, a real commitment became evident. And true to the quality philosophy itself, each year continues to bring quality improvement in both attitudes and results.

During FY 1993, the Agency's second group of Leadership Enhancement Program "students" graduated. Three selected employees worked closely with mentors who provided direction and guidance. Hours of studying led to more hours of training, often accomplished along with regular work duties and responsibilities. Those graduates are just a few of

Doris de la Cruz

The people at Southwestern are accustomed to Doris de la Cruz's rhythmic speech. Not only does this Spanish-speaking native of Colombia, South America, speak English well, she also has command of French, Italian, and Portuguese. Doris, the Secretary to the Director of Administration and Rates, uses her gift of languages and vocabulary to help others in many ways. She frequently uses her skills as an interpreter for the Federal courts. She is an experienced medical translator and has been instrumental in the translation of an AIDS brochure from English to Spanish for a local community agency to assist non-English speaking Hispanics with information about the disease. Her next near-future goal — and a commendable one — is to qualify for Certification as an Interpreter for which she is now preparing. While that goal is being attained, she's ready to say "yes," "si," or "oui," especially when she can assist those who are far from home and the familiar sounds of their mother tongue.

the Southwestern employees who seek professional improvement, and most significantly in the development of their leadership skills.

Southwestern developed and began implementing its Quality Improvement Goals during the year. The goals address management leadership and support as well as strategic planning, customer focus, training and recognition. Also included as areas for improvement are employee empowerment and teamwork, measurement and analysis, and quality and productivity improvement results.

The Department recognized Southwestern's TQM accomplishments and requested Southwestern's Administrator to act in a leadership position to guide Department-wide TQM efforts. In addition, the Administrator was the keynote speaker at the Western Regional Government Total Quality Conference held in Los Angeles in the early fall.

The Quality Council and Quality Advisory Team, along with several supporting teams, continue to guide the integration of the quality business philosophy.

Southwestern has a number of quality process improvement teams, such as Project Management and Computer Policy Development, which place emphasis on improved planning, execution and costs. These processes represent a true quality initiative with 1) the empowerment of employee teams 2) standardization of processes for efficiency 3) continuous process improvement under the "Plan, Do, Check, Act" formula and 4) open communications. Key objectives of the teams are to deliver on schedule, within cost, and with the quality expected.

Aviation safety is one of the many areas examined by Southwestern's Environment, Safety, Health & Security Office. This year, a team was organized to review and revise existing directives. They revised an Aviation Safety Program to serve employees who are exposed to aviation risks.

Aviation experts provided the team with guidance for inspecting pilots, pilot records, and equipment. An Aviation Safety Officer was designated and a list of qualified pilots and their companies was identified. A training manual for employees who fly most frequently, such as the line inspection crew and the Agency's Realty Officer, was developed. Emergency procedures were also developed.

Aviation experts will coordinate training during FY 1994 to prepare the team for a Department program audit. The aviation safety manual and a revised policy are currently being reviewed.

*Aviation Team
Organized*

*Employees
Participate in Policy
Revisions*

Southwestern employees are participating in a new quality safety program by revising the Agency's Power Systems Handbook. The book, written by the people who face daily exposure to high voltage equipment — linemen, electronics technicians, and substation workers — identifies safety issues and safe work processes. It presents policy statements but leaves procedures to the individual crews so that, as a team, they may choose the most effective way to complete a project. An Electrical Safety Committee was reformed to address various issues on safety prior to integration into the handbook or directives.

Also revised during the year was the medical services program. Another safety issue being revised is the Headquarters emergency evacuation procedures which will provide guidance with particular attention given to serving those with limited mobility.

Colin Kelley

His roots go back to times of open prairies, abundant wild game that roamed the lands, and of a people called the Choctaw. Colin Kelley's family came to a place called Oklahoma because of "the removal" — a painful period during the 1830s when Native Americans were moved by the thousands to Indian Territory. His family, like so many, chose to stay and for generations has called this land "home." Colin's home is deep in the Oklahoma hills. It is distant, peaceful, thick with maples and oak. And an occasional uninvited critter seems to know that a visit to the Kelley place isn't an intrusion at all. Colin, Southwestern's Branch Chief of Management Resources, tirelessly brings discarded blocks of wood to life. It is his hobby and a way to share with friends and family. He also designs and makes beadwork belts, medallions, and other Native American art. His Southwestern motif art, in fact, appropriately enhanced the dinner tables at the Agency's 50th anniversary banquet. And typically, afterwards, he gave the hundreds of creations away.

Southwestern's Information Resources Management office continued to make significant improvements in computer technology and communications during 1993.

The addition of WordPerfect Office made inter-office communications and communications with the Washington Liaison Office and Western Area Power Administration efficient and cost-effective. Improvements were also made in the Agency's Local Area Network system and in the Automated Data Processing equipment. Near-future improvements and upgrades include T1 line activity, optical disk and imaging hardware, and CD-ROM technology.

A telecommunications matrix team formed to provide cohesive research, establish Agency hardware and software standards, and improve planning and procurement for the technological upgrading projects.

An Environmental Management Audit was conducted by the Department during the first quarter of FY 1993. The audit focused on the adequacy of Southwestern's environmental programs and organizations in ensuring environmental protection and compliance with Federal, State, and Department requirements.

One hundred areas were inspected over a two-week period. The results, provided to the Secretary, furnished overall information on the effectiveness of Southwestern's environmental programs. The Agency received a more than 80 percent regulation compliance by the audit team. Of the findings identified for corrective action, none were identified as immediate threats to health or to the environment. Southwestern was among a few Department organizations, and the only power marketing administration, to receive a "noteworthy practice" recognition.

Southwestern has developed an Environmental Management Action Plan to address those findings. All findings are scheduled for completion by the fourth quarter of FY 1994.

A security inspection, performed by the Department, occurred during the spring and focused on Southwestern's physical facilities. The six areas surveyed included program planning and management, protection program operations, and security in regard to information, computer, operations, and personnel.

Southwestern received an overall category rating of "Satisfactory," the highest rating achievable.

Advances Made in Technology and Communications

Audit Focuses on Environmental Program

Southwestern Receives Top Security Rating

**Programs Bring
Positive Changes to
Maintenance**

Southwestern's Maintenance Division is supporting the Environmental, Safety, Health & Security (ESH&S) office with a new in-depth Environmental Management Program.

This program is structured to promote many of the recommendations made by outside audit teams as well as by Southwestern's ESH&S office. Where those groups identify and endorse policy, the Maintenance Division develops the detailed implementation processes and maintenance standards. Other environmental program roles have been assumed as well. These include providing special training opportunities, implementing specific environmental programs, and self assessment.

The specific programs are defined in the Southwestern ESH&S orders. They include:

- waste management
- emergency preparedness
- groundwater protection management
- environmental quality assurance
- spill prevention control and countermeasures
- national pollutant discharge eliminations system
- the National Environmental Policy Act
- air pollution control
- water well management
- PCB replacement plan
- asbestos management
- community right-to-know.

Most outside audit remedial actions are expected to be completed during fiscal year 1994.

Along with the environmental program, the Division is reassessing its organization, staffing and responsibilities to improve productivity. The "upward mobility" program is being used for the purpose of improving the knowledge and abilities of Division administrative assistants in their new environmental roles. It allows them to expand their expertise in many areas including environment, health, safety, and budgeting.

The Division enhanced its safety program in 1993 by appointing a former lineman general foreman to a one-year detail as Field Safety Manager. The manager works cooperatively with Southwestern's Safety Manager to establish safety goals and ensure the best safety procedures are used. He is responsible for assisting in the execution of new safety policies within the Division in areas that revolve around the maintenance of the transmission system.

The Maintenance Division is making improvements in its project coordination and communications with other Agency branches. Where near autonomy once existed, "customer service" is now recognized and vital. According to one Southwestern manager, the difference is "a positive change and an effective one."

The contractual arrangements between Southwestern and the Associated Electric Cooperative, Inc. (Associated) have been changed significantly due to difficulties at the hydropower plant at the Harry S. Truman Dam in Missouri. The hydropower plant at the dam has not performed as expected due to the plant's mechanical unreliability.

The previous arrangement provided for Associated to receive all of the output from Truman and to deliver to Southwestern specified amounts of firm power and energy. The new arrangement provides for the Truman output to go into Southwestern's system and for Associated to provide wheeling between Truman and Southwestern's system.

Associated Contract Revised

Harry Mardirostan

"... thou shalt teach them diligently unto thy children ..." Deuteronomy 6:7

A third-generation American, Harry Mardirostan tells of grandparents who fled from an Armenia threatened on all borders by oppressive adversaries. History defines his solid family ties, and, with that, he believes the education of his children is one of his God-given responsibilities to his own family.

Harry's family of five is devoted to the combination of Biblical teachings and a home education program through the Institute in Basic Life Principles. In this program, parents and their children learn together as they strive to integrate all areas of learning around Biblical principles. Parents are responsible for finding opportunities where learned knowledge can be applied. Recently Harry's daughter Sarah returned from Russia where she and several hundred other American students worked side by side with Russian teenagers to implement a "character-based" curriculum at the request of the Moscow Department of Education. Now Harry's two oldest children participate in a similar program with the City of Indianapolis. It is a story of never-ending education, and of parents who are committed to "teaching them diligently."

Billie Johannsen

Fortunately, some of the best family traditions live on for generations. And one of the best traditions that has thrived with Billie Johannsen's family is the holiday baking tradition of "kolache." These yeast dough and fruit-filled treats — apricot, cheese, prune, poppyseed, and sausage — represent a Czechoslovakian legacy that Billie loyally carries on from both her mother and grandmother. Billie's heritage is also reinforced through her marriage to a first-generation German-American. Both Billie, a Public Utilities Specialist, and her husband are active in Tulsa's German-American Society whose membership includes many people with European ancestry. They enthusiastically support and participate in the organization's Mayfest and Oktoberfest celebrations. One of the nicest things about Billie's annual baking tradition is that the fruits of her labor are generously shared with dozens of relatives, friends, and work associates. While fortunate to sample authentic Czech fare, the recipients are especially lucky to take home with them a little bit of ethnic flavor.

New Center to Enhance System Reliability

12

Two new contracts were awarded during the year which are pivotal in leading Southwestern's hydroelectric power transmission system into the 21st century.

The first contract provides for the purchase of a new Supervisory Control and Data Acquisition/Energy Management System. The new SCADA system will bring additional reliability and features for controlling the flow of electricity within the Southwestern system. Southwestern's existing SCADA system, which has been in service for 11 years, has become a significant maintenance concern.

Housing the new SCADA system will be a new two-story, 2,160 square-meter (24,000 sq. ft.) Operations Center located in Springfield, Missouri. The new center will also house staff in transmission, electronics,

and substation functions of the Agency. The multi-purpose center will greatly enhance communications between the Operations and Maintenance groups by improving physical proximity to the new equipment.

Completion of the Operations Center is scheduled for late fall 1994, and the SCADA system is scheduled for delivery by the summer of 1995.

In the 50 years since Southwestern began marketing hydroelectric power, the changing values of society as well as current environmental issues have increasingly created new opinions regarding the priorities of water resource uses. Southwestern has accelerated efforts to address environmental, recreational, and related concerns through improved communications and cooperation. Through membership in the White River Dissolved Oxygen Committee, interim solutions have been developed to resolve low dissolved oxygen (DO) problems below the White River projects in northern Arkansas.

In 1993, Southwestern funded the testing and installation of turbine air venting system modifications and the addition of baffles to the turbine hubs at Bull Shoals and Norfork dams to increase oxygen amounts added to the water during generation.

Other actions undertaken by the DO committee during 1993 include:

- the continuation of the trout telemetry study designed to monitor the response of trout to changing DO conditions;
- the collection and analysis of DO data at downstream monitoring stations to determine the portions of the streams impacted by the low DO levels;
- initiation of off-peak hydropower generation, during the brown trout spawning period, to maintain safe nighttime DO levels immediately downstream from the dams.

A study expected to be conducted during the next year will examine historical data for the White River lakes to determine whether the low DO problem has become more severe during the past ten years. Results of the study will provide a basis to examine the extent, if any, that pollution from upstream sources may have contributed to low DO problems.

However, hydropower production has been adversely impacted by these efforts to alleviate the DO problem. Increasing the amount of air in the turbines and limiting the amount of water released through each turbine to improve DO levels, have resulted in turbine efficiency losses and lower energy production. Operational limitations during the low DO season resulted in the inability to schedule the installed capacity of the hydropower generating facilities to meet daily and seasonal peak electrical loads. These impacts can be expected to continue until a permanent solution to the DO problem can be implemented.

Environmental Issues Present Challenges

Aleta Wallace

"There are those who give with joy, and that joy is their reward." Kahlil Gibran

Aleta Wallace is one of those people who seems to find extra time to give, even with the demands of job and family. With unlimited energy and endless enthusiasm, she puts in a full day at the Gore field office as an Administrative Assistant. She then goes home to a husband and two sons. Then "Aleta the Volunteer" activates. She is a first-year member of the Muskogee, Oklahoma Service League, a nearly 70-year-old organization devoted to helping others in this community. To be a part of the league, she's required to work a minimum 70 hours a year in a volunteer capacity that includes giving time, talent, effort and sweat in the many projects sponsored by the group. That effort ensures that many people work together to bring an easier life to the people in this area. Aleta lives, works and volunteers near the heart of the Cherokee Nation. Like many Americans, she comes from a multi-generational mix that includes Native American and European ancestry. Her Cherokee-Black Dutch-English roots are meaningful to her, and she's proud of the blend that makes her who she is.

Standard Financial Management System To Reduce Cost

Southwestern is working with Alaska, Southeastern, and Western Area Power Administrations to jointly establish a standard financial management system. The system is scheduled to be implemented at each organization in late 1995 or early 1996. More current computing hardware and software technology will result in substantially reduced maintenance costs with the standard system. Software support costs will be reduced with only a single system to maintain. The standard system will also provide a consistent reporting capability for all of the organizations for external reporting.

Southwestern's Administrator has served on the Board of Directors of the Southwest Power Pool (SPP) and was elected to serve as the vice chairman for 1994. In this capacity, he will serve, with the SPP chairman, as the SPP representative on the North American Electric Reliability Council.

This year, the Agency joined the Electric Power Research Institute. Southwestern continues its membership on the Arkansas-White-Red River Basin Interagency Committee and also works cooperatively with other industry-related groups including Southwestern Power Resources Association, American Public Power Association, and the National Rural Electric Cooperative Association. Participation with these organizations helps to assure that power supply customers are informed regarding issues affecting the Federal power marketing program and to remain aware of the needs and interests of the customers and other water resource users.

Community programs are also important to Southwestern and its employees. The Agency is in its fourth year as a partner to Carver Middle School, an inner-city magnet middle school. Additionally, Southwestern's Administrator served as the local chairman for the Combined Federal Campaign for 1993, leading the campaign to surpass its established goal, and will serve as the 1994 chairman of the local Federal coordinating committee. The Administrator also continues to actively participate in the Tulsa-area Federal Executives Association and assisted in coordinating and directing the organization's efforts during the year.

Southwestern continued to emphasize the Integrated Resource Planning (IRP) process for its customers during 1993. This program was accomplished in four ways: through customer visitation, through a Customer Conference workshop presentation, through continued cooperation with the Western Area Power Administration in the development of the Resource Planning Guide, and with the incorporation of an IRP clause into power sales contracts.

The Resource Planning Guide, a streamlined IRP manual designed for public utilities, is now scheduled for completion in early 1994. Its availability will enable each of Southwestern's customer utilities to perform a level of IRP appropriate to their individual situations.

In addition, a Southwestern staff representative served as a member of the steering committee for the Department's "Advancement of IRP in Public Power" project. This project is designed to develop a strategy by which the Department can advance the practice of the IRP process in the public utility sector.

*Community
Involvement
Enhances Business
Relationships*

*Resource Planning
Guide Near
Completion*

Percy Butler

He leaves this job on Friday evening and goes right to another one. It's a job that demands much of his weekend, but it's one that Percy Butler loves and is committed to wholeheartedly. Directing the church choir is one of the joys in Percy's life, and it's also serious business. He's Southwestern's Operating Accountant and also the gifted choir director for both the Sanctuary and Mass choirs in an area of Tulsa comprised primarily of Black families — families that look to church for community, social, and spiritual leadership. And spiritual leadership is what the musicians, as well as the congregation, get from his guidance. Hours of practice blend voices and instruments. There is shouting, swaying, singing, and praising. And if you want to stay in this choir, you must know every song by heart come Sunday morning and not rely on a hymnal. Just as the voices are for singing, the hands are for clapping in Percy's choir.

1993 Spotlights 50th Anniversary With Celebration

Customer meetings build strong business relationships. Over the years, Southwestern's customers have hosted dozens of them. Southwestern, too, has beckoned customers and business associates from its six-state marketing area. No matter where the meetings are held, though, people get together to discuss the issues that affect them. The gatherings are a way to learn and educate, to debate and compromise, and to enjoy one another's company.

One special highlight in 1993 was a meeting in Tulsa to celebrate Southwestern's 50th anniversary. The southwestern-style get-together occurred over two days in conjunction with the Agency's third Customer Conference. Both events brought together more than 200 customers as well as special guests, former Southwestern administrators, current

administrators of the Power Marketing Administrations as well as Southwestern retirees and employees.

Both the Customer Conference and anniversary banquet provided a valuable opportunity to explore current issues and strengthen relationships. Seminars featuring industry experts contributed valuable information on a wide range of topics from updates on competing uses and Integrated Resource Planning to sexual harassment in the work force and the future of energy policy.

Many distinguished guests welcomed the opportunity to share in the celebration and participate in events that honored Southwestern's history and the people who played a part in it. From its remarkable beginnings and its founders' determination in fulfilling its mission throughout changes in historical eras, politics, and personalities, Southwestern was honored for its progress, its accomplishments, and its place in history. Administrator J. M. Shafer praised the efforts of special guests and former Southwestern Administrators Peter King, Jim Hammett, Dick Risk, Ron Wilkerson and Bill Clagett. As distinguished guests, they too joined the celebrants in the gala at the world-renowned Gilcrease Museum of Western Art.

The Honorable Tom Bevill, Chairman, Energy and Water Development Committee and U.S. Congressman from Alabama, gave a tribute to Southwestern, which was created to bring hydroelectric power to a rural America. Col. James P. King, Commander, Southwestern Division of the U.S. Army Corps of Engineers, and Michael McDowell, Executive Director of the Southwestern Power Resources Association, extended their best wishes. Other speakers were the Department's Kenneth G. Moore, Director of the Office of Planning and Assessment, and Tripp Hall representing Oklahoma Senator David Boren. On behalf of the Senator, Hall presented a U.S. flag that had been flown over the Capitol Building. Oklahoma's rich Native American history was evident as many tribal chiefs were present and introduced as special guests.

Through months of planning, Southwestern's employees joined together to plan and present a memorable 50th anniversary celebration for everyone. It was a special time to look back, and a time to be a part of history. Most important, it was a time to look together to the future, to reaffirm the mission, and to move forward.

Summary of Results

Repayment of Capital Investment

Southwestern Power Administration celebrated its fiftieth anniversary with a record-setting year in both power generation and revenue.

For fiscal year 1993, \$45.8 million was credited to repayment. This raises cumulative repayment of investment to \$298 million, which is 30 percent of the total investment. This is the twelfth consecutive year that Southwestern has increased its repayment of the investment in the Southwestern Federal Power System.

Southwestern's objectives are to:

- repay the initial power investment in each power project within 50 years of the project's on-line date (the start of commercial generation);
- repay the cost of each portion of the transmission system within 45 years of construction;
- repay the cost of replacements of such equipment within the service life of the equipment; and
- pay all costs associated with the operation and maintenance of the projects and the transmission system.

*Annual and Cumulative Repayment
of Capital Investment - millions of dollars*

Initial power investment in Southwestern's first power projects, Norfolk and Denison, will be fully repaid by fiscal year 1995. Initial power investment in the most recent project, Clarence Cannon, will be fully repaid by fiscal year 2036. Initial capital costs of the Robert D. Willis project, which came on-line in fiscal year 1990, were paid in advance by the non-Federal sponsor, the Sam Rayburn Municipal Power Agency.

The net energy production of 9,317 gigawatthours was well above the average generation of 5,570 gigawatthours and exceeded the system's previous record, set in 1985, by more than 700 gigawatthours.

Fiscal year 1993 again brought favorable water conditions with October and May barely below average and the winter and summer months well above average. Although most of the "extra" energy was sold as supplemental energy, Southwestern did make a net deposit of 512 gigawatthours into its "energy banks" during fiscal year 1993 to end the year with 1,654 gigawatthours of "banked energy."

Discretionary Energy Distribution

By month - millions of kilowatthours

Energy Generation

By month - millions of kilowatthours

Historical Hydroelectric Energy Generation

By year - billions of kilowatthours

Revenues and Expenses

Revenues increased by almost \$13 million (13 percent) over 1992 with gross revenues of \$116 million. Expenses, excluding depreciation, decreased by nearly five percent with total expenses at \$69.7 million, of which \$17.3 million was payment of interest on the investment.

The net revenue, which was applied to repayment of the principal, was \$45.8 million.

Annual Revenues and Expenses

millions of dollars

Net Hydropower Generation

End of month - billions of kilowatthours

REPORT OF INDEPENDENT ACCOUNTANTS

December 17, 1993

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

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses and accumulated net revenues (deficits) and of cash flows present fairly, in all material respects, the financial position of Southwestern Federal Power System (SWFPS) at September 30, 1993 and 1992, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the System's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, "Government Auditing Standards," issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin 93-06, "Audit Requirements for Federal Financial Statements," which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Also, in accordance with those standards and as a part of our audit of SWFPS' financial statements, we issued separate reports on internal controls and on compliance with applicable laws and regulations. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 3 to the financial statements, certain utility plant costs and operation and maintenance expenses relating to multi-purpose projects have been allocated on a tentative basis between power and non-power purposes. The amount of adjustments, if any, that may be necessary when the final allocations are made are not presently determinable.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information presented in the Summary of Results section, the Combining Statements section, the Performance Measurements section and the Financial and Statistical Data section are presented for the purposes of additional analysis and are not a required part of the basic financial statements, but are supplemental information required by OMB Bulletin 93-06. Accordingly, we express no opinion on such information. However, the information presented in the Combining Statements section has been subjected to the auditing procedures applied in the audits of SWFPS' financial statements and, in our opinion, is fairly stated in all material respects in relation to the SWFPS' financial statements taken as a whole.

RJ Miranda & Company

Price Waterhouse

SOUTHWESTERN FEDERAL POWER SYSTEM

Balance Sheets

	September 30,	
	1993	1992
Assets		
Utility plant:		
Plant in service	\$ 1,025,621,415	\$ 1,021,024,544
Accumulated depreciation	(250,539,198)	(239,864,112)
Construction work in progress	22,124,448	8,453,776
Retirement work in progress	104,431	116,182
Net utility plant	<u>797,311,096</u>	<u>789,730,390</u>
Current assets:		
Unexpended appropriations	38,975,438	47,100,413
Accounts receivable	10,439,719	10,644,778
Materials and supplies, at average cost	<u>3,925,819</u>	<u>3,912,692</u>
	<u>53,340,976</u>	<u>61,657,883</u>
Banking exchange receivables	15,579,585	12,029,381
Other assets	<u>650,817</u>	<u>441,375</u>
	<u>\$ 866,882,474</u>	<u>\$ 863,859,029</u>
Federal Investment and Liabilities		
Federal investment:		
Investment of U.S. Government		
Congressional appropriations	\$ 1,844,397,199	\$ 1,790,678,312
Transfers from other Federal agencies	26,204,747	26,097,339
Interest on Federal investment	601,461,624	584,953,281
Funds returned to U.S. Treasury	<u>(1,697,636,459)</u>	<u>(1,596,204,609)</u>
Net investment of U.S. Government	774,427,111	805,524,323
Accumulated net revenues	<u>47,144,736</u>	<u>11,989,586</u>
Total Federal investment	<u>821,571,847</u>	<u>817,513,909</u>
Current liabilities:		
Accounts payable and accrued liabilities	9,278,886	8,515,145
Purchase power and banking exchange deferral	35,747,376	37,558,753
Hydropower revenue deferral	284,365	271,222
Commitments and contingencies (Notes 3 and 5)		
	<u>\$ 866,882,474</u>	<u>\$ 863,859,029</u>

Years Ended September 30,
1993 1992

*Statements of
Revenues and
Expenses and
Accumulated Net
Revenues
(Deficits)*

Revenues

Sales of electric power:		
Cooperatives	\$ 70,873,303	\$ 62,622,953
Municipalities	25,736,676	23,761,028
Federal and state agencies	3,758,622	3,980,298
Investor owned utilities	49,166	17,813
Banking exchange	8,705,049	7,644,924
Transmission service charges for others	2,796,419	2,717,198
Other	<u>286,328</u>	<u>356,231</u>
Total revenues before deferrals	112,205,563	101,100,445
Net purchase power credit and banking exchange	<u>3,542,538</u>	<u>1,976,565</u>
Total revenues	<u>115,748,101</u>	<u>103,077,010</u>

Expenses

Operation and maintenance	43,331,000	46,734,025
Purchase power and banking exchange	6,474,934	5,032,382
Depreciation	10,872,345	12,369,228
Transmission service charges by others	2,690,554	2,582,254
Other	<u>(36,218)</u>	<u>(12,378)</u>
Total expenses excluding interest	<u>63,332,615</u>	<u>66,705,511</u>
Net revenues before interest expense	<u>52,415,486</u>	<u>36,371,499</u>
Interest expense on Federal investment	18,253,338	19,895,960
Allowance for funds used during construction	<u>(993,002)</u>	<u>(449,615)</u>
	<u>17,260,336</u>	<u>19,446,345</u>
Net revenues	35,155,150	16,925,154
Accumulated net revenues (deficits):		
Balance at beginning of year	11,989,586	(4,935,568)
Balance at end of year	<u>\$ 47,144,736</u>	<u>\$ 11,989,586</u>

**Statements of
Cash Flows**

	Years Ended September 30,	
	1993	1992
Cash Provided by Operating Activities		
Net revenues	\$ 35,155,150	\$ 16,925,154
Items not requiring cash:		
Interest expense on Federal investment	17,260,336	19,446,345
Depreciation	10,872,345	12,369,228
(Increase) decrease in:		
Accounts receivable	205,059	757,269
Materials and supplies	(13,127)	423,211
Banking exchange receivables	(3,550,205)	(4,210,232)
Other assets	(209,442)	(85,153)
Increase (decrease) in:		
Accounts payable and accrued liabilities	763,741	60,892
Purchase power and banking exchange deferral	(1,811,377)	265,773
Hydropower revenue deferral	13,143	14,125
Cash provided by operating activities	<u>58,685,623</u>	<u>45,966,612</u>
Cash Used for Investing Activities		
Additions to utility plant	(17,352,640)	(11,061,385)
Allowance for funds used during construction	<u>(993,002)</u>	<u>(449,615)</u>
Cash used for investing activities	<u>(18,345,642)</u>	<u>(11,511,000)</u>
Cash Used for Financing Activities		
Funds returned to U.S. Treasury	(101,431,850)	(91,561,589)
Congressional appropriations	53,718,887	66,786,767
Interest on Federal investment - purchase power deferral	<u>(751,993)</u>	<u>(1,859,709)</u>
Cash used for financing activities	<u>(48,464,956)</u>	<u>(26,634,531)</u>
Net (decrease) increase in cash	(8,124,975)	7,821,081
Cash, beginning of year	<u>47,100,413</u>	<u>39,279,332</u>
Cash, end of year	<u>\$ 38,975,438</u>	<u>\$ 47,100,413</u>
Supplemental Schedule of Noncash Investing Activities and Other Transactions		
Transfer of plant in service from other Federal agencies	\$ 107,408	\$ 352,574

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information and basis of preparation of financial statements

The accompanying financial statements of the Southwestern Federal Power System (SWFPS) include the accounts of the Southwestern Power Administration (Southwestern), a unit of the U.S. Department of Energy (DOE), and the accounts relating to the Southwest hydroelectric generating plants and power operations of the U.S. Army Corps of Engineers (Corps), a unit of the Department of Defense. These two groups of accounts are collectively referred to as the "Southwestern Federal Power System."

The Corps has constructed and operates hydroelectric generating plants in the states of Oklahoma, Missouri, Arkansas and Texas. Costs of multi-purpose Corps projects are allocated to power and non-power purposes. The portion of such project costs allocated to power is included in the financial statements. Southwestern, as designated by the Secretary of the DOE, purchases, transmits and markets power.

Southwestern 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 are considered one entity. SWFPS' income and facilities are exempt from taxation.

SWFPS is subject to the regulations of the Federal Energy Regulatory Commission (FERC). Accounts are maintained in accordance with generally accepted accounting principles, the uniform system of accounts prescribed for electric utilities by the FERC, the accounting principles and standards established by the DOE, and the requirements of specific legislation and executive directives issued by government agencies. Accordingly, SWFPS prepares its financial statements based upon the concepts of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (FAS 71), which requires that the effects of the rate-making process be recorded. Such effects concern mainly the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues.

Utility plant and depreciation

Plant in service and construction work in progress consist principally of generating and transmission facilities as follows:

	1993	1992
Generating facilities	\$ 916,641,572	\$ 913,115,418
Transmission facilities	<u>131,208,722</u>	<u>116,479,084</u>
	<u>\$1,047,850,294</u>	<u>\$1,029,594,502</u>

Plant in service and construction work in progress are stated at original cost or at appraisal value for property transferred from other government agencies. Cost includes direct labor and materials, payments to contractors, indirect charges for engineering, supervision and similar overhead items, and allowance for funds used during construction. The costs of additions and betterments are capitalized. Repairs and minor replacements are charged to operation and maintenance expense. Generally, the cost of utility plant retired, together with removal costs less salvage, is charged to accumulated depreciation when it is removed from service. Gains and losses are recognized only on sales of significant identifiable assets.

Depreciation on utility plant is computed on a straight-line basis over the estimated service lives of the various classes of property. Service lives are currently estimated to average approximately 41 years for transmission plant and 93 years for generating plant. Upon review of utility plant facilities usage, it was determined that depreciation formally charged to power production should be charged to other purposes. Accordingly a one-time \$1,700,000 reduction of depreciation was recorded in 1993. This change will not have a material impact on future periods.

Unexpended appropriations

Unexpended appropriations consist of the unexpended balance of funds appropriated by Congress for construction and operation and maintenance purposes and are maintained by the U.S. Treasury. For purposes of the statements of cash flows, unexpended appropriations are considered to be cash.

Congressional appropriations

Congressional appropriations received by the Corps are authorized and allocated to individual projects on a total project basis. These total project allocations are further distributed among power and non-power purposes at the discretion of project management. Power purpose allocations may vary from actual amounts expended during the year. It is the intent of Corps project management to distribute congressional appropriations in amounts approximating estimated current year expenses and to adjust the distribution as necessary within the

Notes to Financial Statements

Notes to Financial Statements

limits of the transfer authority residing at the district level.

Revenues

Operating revenues are recorded on the basis of service rendered. Rates are established under requirements of the Flood Control Act of 1944, related legislation and executive departmental directives, and are to provide sufficient revenues to meet all required payments for system costs, including operation and maintenance expenses and payment to the U.S. Treasury for the Federal investment in utility plant. Rates are intended to provide for recovery of the Federal investment in transmission and generating facilities within the service lives of the assets, not to exceed 50 years from the date placed in service.

As set forth in Utility plant and depreciation above, these assets are being depreciated for financial reporting purposes using the straight-line method over their estimated service lives which currently average approximately 41 years for transmission facilities and 93 years for generating facilities. Thus, annual depreciation charges are not matched with the recovery of the related capital costs and will, in the case of generating facilities, continue beyond the period within which such costs will have been recovered through revenues.

The practice followed by SWFPS is in conformity with the accounting principles and standards established by the DOE and the requirements of specific legislation and executive directives issued by government agencies.

Purchase power and banking exchange deferral

A separate rate component (adder) recovers the cost of purchased power based upon the average purchased power costs over the past several years. If the actual expenses of purchased power exceed the revenue generated from this adder, the cost is deferred for future recovery through rates. Likewise, if the expense is less than the adder, the excess revenue is deferred. In 1988, SWFPS determined that the deferred revenue accumulated from the adder exceeded estimated requirements. As a result, refunds of the adder have been accomplished by including a purchase power credit in the rate schedules approved for the period July 1, 1988 through September 30, 1993. SWFPS calculates interest on the purchased power deferral at the applicable current interest rate established in the fiscal year of the deferral. Such interest is deferred to offset future purchase power costs.

SWFPS has arrangements with certain customers in which excess power generated by SWFPS is banked with the customer until needed by SWFPS and the

customer has excess power available. SWFPS records a receivable for the power banked at the customers' cost of generation. The net revenue or expense associated with banking activity is deferred.

Interest on Federal investment

Interest on Federal investment is a cost mandated by the Secretaries of the Departments of Energy and Defense and the FERC. Southwestern computes interest in accordance with DOE Order RA 6120.2 which provides that interest be computed on the remaining investment after revenues have been applied to recovery of costs during the year, any prior year unpaid costs, and then to Federal investment, bearing the highest interest rate first (see Note 4).

The Corps calculates interest on Federal investment based on the balance of net utility plant less (plus) the prior year's balance of accumulated net revenues (deficits) at the interest rate authorized by Congress applicable to each project plus current year revenues less operation and maintenance expenses, exclusive of depreciation and interest expense, at one-half the current interest rate.

Allowance for Funds Used During Construction (AFUDC)

The FERC Uniform System of Accounts defines AFUDC as the net costs for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. While cash is not realized currently from this allowance, it is realized under the rate making process over the repayment life of the related property through increased revenues resulting from higher recoverable investment. The interest rates used are established by law, administrative order or administrative policy for the fiscal year during which the construction commenced (currently 7.875 percent).

Retirement benefits

All employees engaged in SWFPS activities participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Both are contributory defined benefit pension plans. Retirement benefit expense under CSRS is equivalent to seven percent of eligible employee compensation and under FERS is variable based upon options chosen by the participants but does not exceed 24.2 percent of eligible employee compensation. Actuarial data regarding funding is not available. Retirement benefits are payable by the U.S. Government and not by SWFPS.

In addition, certain health care benefits are provided for substantially all retired employees. The cost of providing

these benefits is an expense of the U.S. Government and not SWFPS.

2. CONFIRMATION AND APPROVAL OF NEW RATES

Integrated system rate schedules were confirmed and approved by the FERC on a final basis on September 18, 1991. These rates were placed into effect on an incrementally increasing basis for the period October 1, 1990 through September 30, 1994. The final increase of 5.7 percent became effective April 1, 1992. On August 11, 1993, the FERC confirmed and approved a 14.7 percent increase in rates for the Sam Rayburn project through September 30, 1997. The Robert Douglas Willis project is presently under rates which were also confirmed and approved by the FERC on a final basis on August 11, 1993; such rates decreased 30.4 percent and are in effect for the period April 1, 1993 through September 30, 1997.

3. TENTATIVE COST ALLOCATIONS

Allocations of plant cost and operation and maintenance expense between power and non-power purposes for four of the Corps' operating projects are presently based on tentative allocations. At September 30, 1993, total plant costs for these four projects were approximately \$1,155,000,000, of which approximately \$306,000,000 was tentatively allocated to power and subject to adjustment. The amount of adjustments that may be necessary when final allocations are approved for these projects is not presently determinable. When final allocations are made, the cumulative effect will be determined and reflected as an adjustment to the financial statements at that time.

The Harry S. Truman project has a tentative cost allocation of \$153,000,000. Since being placed in service, this project's operations have been restricted. The restrictions have prevented the project from producing power to its design capacity. A final determination of when, if ever, the project can reach full generating capacity has not yet been made. If the restriction on generating capacity is not removed, some change in allocation of cost may be required. If such a change in allocation is required, the cumulative effect will be determined and reflected as an adjustment to the financial statements at that time.

4. INVESTMENT OF U.S. GOVERNMENT

Construction and operation of the SWFPS transmission system and the Corps' generating plants and operations are financed, in whole or in part,

through Congressional appropriations. The U.S. Government investment in each generating project and each year's investment in the transmission system 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. Annual revenues are first applied to the current year operating expenses (less depreciation) and interest expense. All annual amounts for such expenses have been paid through fiscal year 1993. 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. To the extent possible, while still complying with the repayment period established for each increment of investment and unless otherwise required by legislation, repayment of the investment is to be accomplished by repayment of the highest interest-bearing investment first. Interest rates applied to the unamortized initial investment of U.S. Government in the Corps' hydroelectric plants range from 2.5 percent to 3.125 percent. Interest rates applied to the unamortized investment of U.S. Government in Southwestern transmission facilities are approximately 2.5 percent for facilities in service at the beginning of the year and 7.875 percent for facilities placed in service during 1993. The rates have been set either by law, by administrative order pursuant to law, or by administrative policies using the U.S. Senate Document No. 97 formula for the fiscal year during which the appropriations were requested.

5. COMMITMENTS AND CONTINGENCIES

Based on the 1993 Power Repayment Study, the projected increase in capital investment in 1994 is \$14,690,000 which includes \$4,450,000 for transmission facilities and \$10,240,000 for generating facilities. The five-year projected investment increase for 1994 through 1998 is estimated to cost \$72,400,000.

SWFPS is a party to certain claims and legal actions arising in the ordinary course of business. In addition, the Corps has begun studies for the purpose of determining whether possible environmental contamination exists at various dam locations. The cost of remediation, if any, at these sites is unknown. In management's opinion, these actions will not have a material adverse effect on the financial condition or results of operation of SWFPS.

Notes to Financial Statements

**Combining
Balance
Sheets**

	September 30, 1993		
	Southwestern	Corps	Total
Assets			
Utility plant:			
Plant in service	\$ 112,486,666	\$ 913,134,749	\$1,025,621,415
Accumulated depreciation	(26,858,571)	(223,680,627)	(250,539,198)
Construction work in progress	18,617,625	3,506,823	22,124,448
Retirement work in progress	104,431		104,431
Net utility plant	<u>104,350,151</u>	<u>692,960,945</u>	<u>797,311,096</u>
Current assets:			
Unexpended appropriations	30,931,781	8,043,657	38,975,438
Accounts receivable	10,410,485	29,234	10,439,719
Material and supplies, at average cost	3,925,819		3,925,819
	<u>45,268,085</u>	<u>8,072,891</u>	<u>53,340,976</u>
Banking exchange receivables	15,579,585		15,579,585
Other assets		650,817	650,817
	<u>\$ 165,197,821</u>	<u>\$ 701,684,653</u>	<u>\$ 866,882,474</u>
Federal Investment and Liabilities			
Federal investment:			
Investment of U.S. Government			
Congressional appropriations	\$ 534,481,453	\$ 1,309,915,746	\$ 1,844,397,199
Transfers from other Federal agencies	14,576,993	11,627,754	26,204,747
Interest on Federal investment	33,738,173	567,723,451	601,461,624
Funds returned to U.S. Treasury	(518,090,939)	(1,179,545,520)	(1,697,636,459)
Net investment of U.S. Government	64,705,680	709,721,431	774,427,111
Accumulated net revenues (deficits)	<u>58,140,320</u>	<u>(10,995,584)</u>	<u>47,144,736</u>
Total Federal investment	<u>122,846,000</u>	<u>698,725,847</u>	<u>821,571,847</u>
Current liabilities:			
Accounts payable and accrued liabilities	6,320,080	2,958,806	9,278,886
Purchase power and banking exchange deferral	35,747,376		35,747,376
Hydropower revenue deferral	284,365		284,365
	<u>\$ 165,197,821</u>	<u>\$ 701,684,653</u>	<u>\$ 866,882,474</u>

September 30, 1992

	Southwestern	Corps	Total
Assets			
Utility plant:			
Plant in service	\$ 110,238,709	\$ 910,785,835	\$1,021,024,544
Accumulated depreciation	(24,252,921)	(215,611,191)	(239,864,112)
Construction work in progress	6,124,193	2,329,583	8,453,776
Retirement work in progress	116,182		116,182
Net utility plant	<u>92,226,163</u>	<u>697,504,227</u>	<u>789,730,390</u>
Current assets:			
Unexpended appropriations	39,278,309	7,822,104	47,100,413
Accounts receivable	10,587,902	56,876	10,644,778
Material and supplies, at average cost	3,912,692		3,912,692
	<u>53,778,903</u>	<u>7,878,980</u>	<u>61,657,883</u>
Banking exchange receivables	12,029,381		12,029,381
Other assets		441,375	441,375
	<u>\$ 158,034,447</u>	<u>\$ 705,824,582</u>	<u>\$ 863,859,029</u>

Federal Investment and Liabilities

Federal investment:

Investment of U.S. Government

Congressional appropriations	\$ 512,574,453	\$1,278,103,859	\$1,790,678,312
Transfers from other Federal agencies	14,605,527	11,491,812	26,097,339
Interest on Federal investment	33,865,922	551,087,359	584,953,281
Funds returned to U.S. Treasury	(498,814,605)	(1,097,390,004)	(1,596,204,609)
Net investment of U.S. Government	62,231,297	743,293,026	805,524,323
Accumulated net revenues (deficits)	<u>52,672,625</u>	<u>(40,683,039)</u>	<u>11,989,586</u>
Total Federal investment	<u>114,903,922</u>	<u>702,609,987</u>	<u>817,513,909</u>

Current liabilities:

Accounts payable and accrued liabilities	5,300,550	3,214,595	8,515,145
Purchase power and banking exchange deferral	37,558,753		37,558,753
Hydropower revenue deferral	271,222		271,222
	<u>\$ 158,034,447</u>	<u>\$ 705,824,582</u>	<u>\$ 863,859,029</u>

Combining
Balance
Sheets

**Combining
Statements of
Revenues and
Expenses and
Accumulated
Net Revenues
(Deficits)**

	Fiscal Year Ended September 30, 1993		
	Southwestern	Corps	Total
Revenues			
Sales of electric power:			
Cooperatives	\$ 70,873,303	\$ —	\$ 70,873,303
Municipalities	25,736,676		25,736,676
Federal and state agencies	3,758,622		3,758,622
Investor owned utilities	49,166		49,166
Banking exchange	8,705,049		8,705,049
Transmission service charges for others	2,796,419		2,796,419
Other	85,680	200,648	286,328
Total revenues before deferrals	112,004,915	200,648	112,205,563
Net purchase power credit and banking exchange	3,542,538		3,542,538
Revenue distributed to Corps	(81,347,399)	81,347,399	
Total revenues	34,200,054	81,548,047	115,748,101
Expenses			
Operation and maintenance	16,179,765	27,151,235	43,331,000
Purchase power and banking exchange	6,474,934		6,474,934
Depreciation	2,775,920	8,096,425	10,872,345
Transmission service charges by others	2,690,554		2,690,554
Other		(36,218)	(36,218)
Total expenses excluding interest	28,121,173	35,211,442	63,332,615
Net revenues before interest expense	6,078,881	46,336,605	52,415,486
Interest expense on Federal investment	1,604,188	16,649,150	18,253,338
Allowance for funds used during construction	(993,002)		(993,002)
	611,186	16,649,150	17,260,336
Net revenues	5,467,695	29,687,455	35,155,150
Accumulated net revenues (deficits):			
Balance at beginning of year	52,672,625	(40,683,039)	11,989,586
Balance at end of year	\$ 58,140,320	\$ (10,995,584)	\$ 47,144,736

Fiscal Year Ended September 30, 1992

	Southwestern	Corps	Total
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Revenues

Sales of electric power:

Cooperatives	\$ 62,622,953	\$ —	\$ 62,622,953
Municipalities	23,761,028		23,761,028
Federal and state agencies	3,980,298		3,980,298
Investor owned utilities	17,813		17,813
Banking exchange	7,644,924		7,644,924
Transmission service charges for others	2,717,198		2,717,198
Other	<u>68,292</u>	<u>287,939</u>	<u>356,231</u>
Total revenues before deferrals	100,812,506	287,939	101,100,445
Net purchase power credit and banking exchange	1,976,565		1,976,565
Revenue distributed to Corps	<u>(62,894,605)</u>	<u>62,894,605</u>	
Total revenues	<u>39,894,466</u>	<u>63,182,544</u>	<u>103,077,010</u>

Expenses

Operation and maintenance	15,482,437	31,251,588	46,734,025
Purchase power and banking exchange	5,032,382		5,032,382
Depreciation	2,547,225	9,822,003	12,369,228
Transmission service charges by others	2,582,254		2,582,254
Other		<u>(12,378)</u>	<u>(12,378)</u>
Total expenses excluding interest	<u>25,644,298</u>	<u>41,061,213</u>	<u>66,705,511</u>
Net revenues before interest expense	<u>14,250,168</u>	<u>22,121,331</u>	<u>36,371,499</u>
Interest expense on Federal investment	1,177,880	18,718,080	19,895,960
Allowance for funds used during construction	<u>(449,615)</u>		<u>(449,615)</u>
	<u>728,265</u>	<u>18,718,080</u>	<u>19,446,345</u>
Net revenues	13,521,903	3,403,251	16,925,154

Accumulated net revenues (deficits):

Balance at beginning of year	<u>39,150,722</u>	<u>(44,086,290)</u>	<u>(4,935,568)</u>
Balance at end of year	<u>\$ 52,672,625</u>	<u>\$ (40,683,039)</u>	<u>\$ 11,989,586</u>

*Combining
Statements of
Revenues and
Expenses and
Accumulated
Net Revenues
(Deficits)*

**Combining
Statements of
Cash Flows**

	Fiscal Year Ended September 30, 1993		
	Southwestern	Corps	Total
Cash Provided by (Used For) Operating Activities			
Net revenues	\$ 5,467,695	\$ 29,687,455	\$ 35,155,150
Items not requiring (providing) cash:			
Revenue distributed to Corps	81,347,399	(81,347,399)	
Interest expense on Federal investment	611,186	16,649,150	17,260,336
Depreciation	2,775,920	8,096,425	10,872,345
(Increase) decrease in:			
Accounts receivable	177,417	27,642	205,059
Materials and supplies	(13,127)		(13,127)
Banking exchange receivables	(3,550,205)		(3,550,205)
Other assets		(209,442)	(209,442)
Increase (decrease) in:			
Accounts payable and accrued liabilities	1,019,530	(255,789)	763,741
Purchase power and banking exchange deferral	(1,811,377)		(1,811,377)
Hydropower revenue deferral	13,143		13,143
Cash provided by (used for) operating activities	<u>86,037,581</u>	<u>(27,351,958)</u>	<u>58,685,623</u>
Cash Used for Investing Activities			
Additions to utility plant	(13,935,439)	(3,417,201)	(17,352,640)
Allowance for funds used during construction	<u>(993,002)</u>		<u>(993,002)</u>
Cash used for investing activities	<u>(14,928,441)</u>	<u>(3,417,201)</u>	<u>(18,345,642)</u>
Cash (Used For) Provided by Financing Activities			
Funds returned to U.S. Treasury	(100,623,733)	(808,117)	(101,431,850)
Congressional appropriations	21,907,000	31,811,887	53,718,887
Interest on Federal investment, purchase power deferral and other	<u>(738,935)</u>	<u>(13,058)</u>	<u>(751,993)</u>
Cash (used for) provided by financing activities	<u>(79,455,668)</u>	<u>30,990,712</u>	<u>(48,464,956)</u>
Net increase (decrease) in cash	(8,346,528)	221,553	(8,124,975)
Cash, beginning of year	<u>39,278,309</u>	<u>7,822,104</u>	<u>47,100,413</u>
Cash, end of year	<u>\$ 30,931,781</u>	<u>\$ 8,043,657</u>	<u>\$ 38,975,438</u>
Supplemental Schedule of Noncash Investing Activities and Other Transactions			
Transfer of plant in service (to) from other Federal agencies	\$ (28,534)	\$ 135,942	\$ 107,408

Fiscal Year Ended September 30, 1992
Southwestern Corps Total

**Combining
Statements of
Cash Flows**

**Cash Provided by (Used For)
Operating Activities**

Net revenues	\$ 13,521,903	\$ 3,403,251	\$ 16,925,154
Items not requiring (providing) cash:			
Revenue distributed to Corps	62,894,605	(62,894,605)	
Interest expense on Federal investment	728,265	18,718,080	19,446,345
Depreciation	2,547,225	9,822,003	12,369,228
(Increase) decrease in:			
Accounts receivable	772,360	(15,091)	757,269
Materials and supplies	423,211		423,211
Banking exchange receivables	(4,210,232)		(4,210,232)
Other assets		(85,153)	(85,153)
Increase (decrease) in:			
Accounts payable and accrued liabilities	941,388	(880,496)	60,892
Purchase power and banking exchange deferral	265,773		265,773
Hydropower revenue deferral	14,125		14,125
Cash provided by (used for) operating activities	<u>77,898,623</u>	<u>(31,932,011)</u>	<u>45,966,612</u>

Cash Used for

Investing Activities

Additions to utility plant	(5,812,709)	(5,248,676)	(11,061,385)
Allowance for funds used during construction	<u>(449,615)</u>	<u></u>	<u>(449,615)</u>
Cash used for investing activities	<u>(6,262,324)</u>	<u>(5,248,676)</u>	<u>(11,511,000)</u>

**Cash (Used For) Provided
by Financing Activities**

Funds returned to U.S. Treasury	(90,754,301)	(807,288)	(91,561,589)
Congressional appropriations	28,464,000	38,322,767	66,786,767
Interest on Federal investment, purchase power deferral and other	<u>(1,792,722)</u>	<u>(66,987)</u>	<u>(1,859,709)</u>
Cash (used for) provided by financing activities	<u>(64,083,023)</u>	<u>37,448,492</u>	<u>(26,634,531)</u>
Net increase in cash	7,553,276	267,805	7,821,081
Cash, beginning of year	<u>31,725,033</u>	<u>7,554,299</u>	<u>39,279,332</u>
Cash, end of year	<u>\$ 39,278,309</u>	<u>\$ 7,822,104</u>	<u>\$ 47,100,413</u>

**Supplemental Schedule of
Noncash Investing Activities
and Other Transactions**

Transfer of plant in service (to) from other Federal agencies	\$ (21,908)	\$ 374,482	\$ 352,574
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PERFORMANCE MEASUREMENTS

Financial Performance Measurements

Southwestern Power Administration, in conjunction with the Department of Energy and the other four Power Marketing Administrations, developed a list of common and program-specific performance measurements as required in the Chief Financial Officers (CFO) Act of 1990 to help monitor specific areas of interest.

Southwestern's ten performance measurements are grouped into the following two categories: Financial Performance Measures and Program Performance Measures. The Program Performance Measures consist of Transmission System Performance Measures, Conservation Program Performance Measures, and Environmental Performance Measures.

Southwestern has developed four financial performance measures for the past eight years. These measures, used as management tools, include the Debt Service Coverage Ratio, Cumulative Principal Payments as a Percent of Total Federal Investment, Percent Variance of Actual from Planned Annual Principal Payments, and Net Cash Flow to the Treasury. The past five years' summarization of these measures is as follows:

<i>Southwestern Federal Power System</i>					
<i>Fiscal Year:</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>
1. Debt/Service Coverage Ratio	1.204	1.496	1.124	1.142	1.490
2. Cumulative Principal Payments as a Percent of Total Federal Investment (%)	20.89	21.14	22.83	25.36	29.86
3. Percent Variance of Actual from Planned Annual Principal Payments (%)	36.73	79.60	-3.87	17.39	66.15
4. Net Cash Flow to the Treasury (000s)	\$17,890	\$8,401	\$13,274	\$16,748	\$38,128

1. Debt service coverage ratio

Southwestern shares a statutory and administrative requirement to establish rates that repay the U.S. Treasury for the Federal investment of its hydroelectric power systems. Rates are designed under average water conditions to provide for a 1.0 or higher debt service coverage ratio. Generally, this ratio is recognized as a direct measure of the sufficiency of cash flows to cover planned payments of both principal and interest to the U.S. Treasury. The Southwestern Federal Power System's debt service coverage ratio in fiscal year 1993 was 1.490.

Five-Year Analysis: Southwestern's debt service coverage ratio for the past five years has exceeded the 1.0 target, indicating that annual revenues were sufficient to service the agency's planned payments.

2. Cumulative principal payments as a percent of total Federal investment

This measure provides information showing the relationship between the cumulative amount of principal Southwestern has repaid to date and the

total Federal investment to be repaid. 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, relative interest rates, and other contractual commitments, the measure nevertheless provides information on the status of repayment. As of September 30, 1993, the cumulative principal payment to total repayable investment ratio was 29.86 percent.

Five-Year Analysis: The measure illustrates that Southwestern has made continual progress toward the repayment of its total investment.

3. Percent variance of actual from planned annual principal payments

This measure provides direct information as to the agency's ability to meet its planned payments to the U.S. Treasury in any given year. As with other indicators that are influenced by current period revenues, a substantial variability will result in the amount of annual revenues being applied due to the variability caused primarily by water conditions of hydro-based systems. Southwestern's variance for all its rate systems of actual to planned annual principal payments during fiscal year 1993 was 66.15 percent.

Five-Year Analysis: The variances, cited above, show that the agency's ability to match its planned principal payments is directly and significantly impacted by water conditions.

4. Net cash flow to the Treasury

This provides a measure of, among other things, the actual net cash flows (inflows less outflows) to the U.S. Treasury for a fiscal year. It provides a measure of either a cash sufficiency or deficiency. Variations in annual expenses and water conditions have a diluting impact on the efficiency of the measurement. Therefore, this measure should be used in conjunction with the other financial measures listed above to evaluate financial performances. The net cash flow to the Treasury in fiscal year 1993 was \$38,128,000.

Five-Year Analysis: In each of the past five years, Southwestern has been able to provide for the U.S. Treasury a positive net cash flow.

Southwestern Power Administration's Program Performance Measures of Transmission System, Conservation, and Environmental Program Performance Measures were developed for the first time in fiscal year 1992. Therefore, the only established baseline to historically evaluate these performance measures is a two-year comparison. However, Southwestern plans to establish benchmarks for each program category for maximum effectiveness in evaluating performance.

5. Lost work day case rate

This rate represents a ratio of the number of days away from work compared to total manhours worked per year. This measure was established

*Program
Performance
Measurements*

by the Bureau of Labor Statistics. Southwestern's rate for 1993 was 2.24 cases per 100 employees compared to 2.6 cases in 1992.

6. Total recordable case rate

This rate represents a ratio of the number of all work-related injuries which result in loss of consciousness, restrictions of work or motion, transfer to another job, or medical treatment beyond first aid compared to the total manhours worked. This measure was established by the Bureau of Labor Statistics. Southwestern's rate in 1993 was 7.27 cases per 100 employees compared to 3.12 cases in 1992.

7. Motor vehicle accident rate

This rate represents a ratio of all work-related motor vehicle accidents compared to the total vehicle miles driven. Southwestern's rate in 1993 was 4.93 accidents per one million miles driven compared to zero in 1992.

8. Transmission system performance index

Transmission system reliability is a fundamental requirement of every electrical utility operation to provide the desired electrical services. Determination of reliability is complex. Southwestern is monitoring criteria established by the North American Electric Reliability Council in an effort to measure this complex issue. The criteria in 1993 was identified as matching generation with its load obligation. For that period, Southwestern had a 96.5 percent performance index identical to the 96.5 percent reported in 1992.

9. Estimated megawatthours (MWh) conserved per year

Southwestern has been working with its customers to encourage energy conservation through its Energy Efficiency and Renewable Resources Program. Beginning in fiscal year 1992, Southwestern tracked this energy and cost savings with the help of its customers. During this initial period, one of Southwestern's customers reported estimated savings of \$745 and 248 MWh conserved. In fiscal year 1993, 10 customers reported estimated savings of \$131,903 and 62,811 MWh conserved.

10. Total pounds of Polychlorinated Biphenyl (PCB) disposed

While maintaining a competitive ability to serve Southwestern's customers, the mission must be completed in an environmentally safe manner. Disposal of any contaminated substances will be completed in a prompt and efficient manner. Southwestern will track this environmentally related information for compliance goals. Disposal of PCB-contaminated substances by Southwestern at a disposal facility approved by the Environmental Protection Agency amounted to 950 kilograms (2,093 pounds) in 1993 compared to 425 kilograms (935 pounds) in 1992.

FINANCIAL AND
STATISTICAL DATA*Federal Investment in Generating
and Transmission Facilities in Service*

	1993	1992
Generating facilities	\$ 913,134,749	\$ 910,785,835
Transmission facilities	<u>112,486,666</u>	<u>110,238,709</u>
Total investment	\$1,025,621,415	\$1,021,024,544
Adjustments:		
Retirement work-in-progress	104,431	116,182
Truman adjustment*	<u>(28,941,423)</u>	<u>(27,831,056)</u>
Total repayable investment	<u>\$ 996,784,423</u>	<u>\$ 993,309,670</u>

* Adjustment reflecting Harry S. Truman's limited operating conditions and interim cost allocation rates.

Cumulative Repayment Status

	Robert D. Wills	Sam Rayburn	Integrated System	Total SWFPS
Revenues	<u>\$ 1,439,220</u>	<u>\$ 36,254,415</u>	<u>\$2,004,409,737</u>	<u>\$2,042,103,372</u>
Expenses				
Operation and Maintenance	1,252,064	12,989,929	673,977,504	688,219,497
Purchase power and service charge			520,040,029	520,040,029
Interest	<u>(3,704)</u>	<u>14,031,303</u>	<u>522,132,313</u>	<u>536,159,912</u>
Total expenses	<u>\$ 1,248,360</u>	<u>\$ 27,021,232</u>	<u>\$1,716,149,846</u>	<u>\$1,744,419,438</u>
Revenue applied to amortization (Cumulative status of repayment)	<u>\$ 190,860</u>	<u>\$ 9,233,183</u>	<u>\$ 288,259,891</u>	<u>\$ 297,683,934</u>
Total unpaid investment	<u>\$ (180,614)</u>	<u>\$ 15,906,891</u>	<u>\$ 683,374,212</u>	<u>\$ 699,100,489</u>

SOUTHWESTERN FEDERAL POWER SYSTEM

**TEN-YEAR
STATISTICAL
SUMMARY***

	1993	1992	1991	1990
Revenue				
Annual gross revenue	\$ 115,748,101	\$ 103,077,010	\$ 94,862,623	\$ 95,460,791
Annual expense other than depreciation	<u>(69,720,606)</u>	<u>(73,782,628)</u>	<u>(73,339,420)</u>	<u>(69,519,811)</u>
Net (deficiency) revenues available for repayment	\$ 46,027,495	\$ 29,294,382	\$ 21,523,203	\$ 25,940,980
Less: Retirement losses	(197,259)	(1,076,739)	(1,122,841)	(1,365,527)
Cost allocation adjustment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Amount available for repayment	<u>\$ 45,830,236</u>	<u>\$ 28,217,643</u>	<u>\$ 20,400,362</u>	<u>\$ 24,575,453</u>
Repayable Investment				
Generation	\$ 884,193,326	\$ 882,954,779	\$ 878,400,716	\$ 871,730,091
Transmission	<u>112,591,097</u>	<u>110,354,891</u>	<u>100,805,653</u>	<u>89,465,981</u>
Total repayable investment in completed plant	<u>\$ 996,784,423</u>	<u>\$ 993,309,670</u>	<u>\$ 979,206,369</u>	<u>\$ 961,196,072</u>
System Statistics				
Total number of plants (hydro projects)	24	24	24	24
Number of kilometers of transmission line	2,220	2,220	2,220	2,220
Generating capacity (MW)	2,158	2,158	2,158	2,158
Cost of generating plant investment per kW	\$410	\$409	\$407	\$404
Number of customers	96	95	94	94
Number of full-time equivalent (FTE)	192	192	192	184

**Source and Disposition of Energy
Fiscal Year 1993**

Where it Came From			Where it Went		
	Millions kWh	%		Millions kWh	%
Direct purchase	0	0.0	Losses	115.2	1.2
Interchange	377.9	3.9	Interchange	908.2	9.4
Borderline purchases	19.2	0.2	Contract exchange	555.3	5.7
Generated by hydro-electric plants of U.S. Army Corps of Engineers	<u>9,316.8</u>	<u>95.9</u>	Government agencies	196.1	2.0
			Municipalities	2,228.6	22.9
			Cooperatives	5,701.0	58.7
			Investor owner utility	<u>9.5</u>	<u>0.1</u>
Total	9,713.9	100.0	Total	9,713.9	100.0

SOUTHWESTERN FEDERAL POWER SYSTEM

1989	1988	1987	1986	1985	1984
91,006,581	\$ 91,226,822	\$ 90,561,574	\$ 102,825,673	\$ 110,786,760	\$ 92,401,738
(66,774,205)	(70,732,940)	(68,001,438)	(69,298,943)	(69,855,372)	(70,353,002)
24,232,376	\$ 20,493,882	\$ 22,560,136	\$ 33,526,730	\$ 40,931,388	\$ 22,048,736
(552,722)	(262,133)	(2,095,097)	(3,480,182)	(3,301,183)	(2,934)
—	—	—	(88,355)	(6,694,664)	—
<u>23,679,654</u>	<u>\$ 20,231,749</u>	<u>\$ 20,465,039</u>	<u>\$ 29,958,193</u>	<u>\$ 30,935,541</u>	<u>\$ 22,045,802</u>
867,763,880	\$ 860,096,340	\$ 854,803,680	\$ 851,619,613	\$ 835,179,264	\$ 698,509,241
83,411,218	81,134,595	76,744,225	70,018,954	67,866,477	67,866,477
<u>951,175,098</u>	<u>\$ 941,230,935</u>	<u>\$ 931,547,905</u>	<u>\$ 921,638,567</u>	<u>\$ 903,045,741</u>	<u>\$ 766,375,718</u>
23	23	23	23	23	22
2,220	2,220	2,220	2,220	2,220	2,673
2,150	2,150	2,150	2,150	2,150	1,986
\$404	\$400	\$398	\$396	\$388	\$352
95	93	93	93	58	61
195	192	193	193	186.5	187.8

Source and Disposition of Revenue Dollar
Fiscal Year 1993

Where it Came From

	\$000	%
Miscellaneous	\$ 3,082	2.7
Deferred revenue	3,543	3.1
Investor owned utility	49	.1
Government agencies	3,759	3.2
Municipalities	25,737	22.2
Cooperatives	70,873	61.2
Banking exchange	<u>8,705</u>	<u>7.5</u>
Total	\$115,748	100.0

Where it Went

	\$000	%
Available for repayment	\$ 45,830	39.6
Interest expense	17,260	14.9
Purchase power & banking exchange	6,475	5.6
Transmission service charges	2,691	2.3
Operations maintenance & other**	<u>43,492</u>	<u>37.6</u>
Total	\$115,748	100.0

TEN-YEAR
STATISTICAL
SUMMARY*

* The Financial Statistical Summary has been restated to reflect data used in Southwestern's Power Repayment Studies which include prior years' adjustments.

** Includes losses on retirement of assets booked through the depreciation reserve.

**POWER AND
FINANCIAL DATA
SUMMARY**

September 30, 1993

<i>Project</i>	<i>FY On-Line Date</i>	<i>Installed Capacity kW</i>	<i>Est. Average Annual Energy (million kWh)</i>	<i>Net Energy Production (million kWh)</i>
Beaver (AR)	1965	112,000	172	259
Blakely Mountain (AR)	1956	75,000	169	190
Broken Bow (OK)	1970	100,000	129	229
Bull Shoals (AR)	1953	340,000	785	1,359
Clarence Cannon (MO)	1985	58,000	90	185
Dardanelle (AR)	1965	124,000	613	862
DeGray (AR)	1972	68,000	97	65
Denison (OK/TX)	1945	70,000	219	477
Eufaula (OK)	1965	90,000	260	558
Ft. Gibson (OK)	1953	45,000	191	377
Greers Ferry (AR)	1964	96,000	189	212
Harry S. Truman (MO)	1982	*160,000	244	433
Keystone (OK)	1968	70,000	228	498
Narrows (AR)	1950	25,500	30	42
Norfork (AR)	1944	80,550	184	274
Ozark (AR)	1973	100,000	429	462
Robert D. Willis (TX)	1989	7,350	37	39
Robert S. Kerr (OK)	1971	110,000	459	892
Sam Rayburn (TX)	1966	52,000	114	153
Stockton (MO)	1973	45,200	55	95
Table Rock (MO)	1959	200,000	495	950
Tenkiller Ferry (OK)	1954	39,100	95	229
Webbers Falls (OK)	1974	60,000	213	422
Whitney (TX)	1955	30,000	73	55
Totals		2,157,700	5,570	9,317

<i>Cost Assigned to Power**</i>	<i>Total Project Cost**</i>	<i>Percent Cost Assigned to Power</i>	<i>Project</i>
36,464,192	\$ 53,351,382	68.3	Beaver (AR)
26,944,002	43,037,691	62.6	Blakely Mountain (AR)
25,021,520	46,898,384	53.4	Broken Bow (OK)
69,591,497	106,324,528	65.5	Bull Shoals (AR)
107,790,879	377,252,420	28.6	Clarence Cannon (MO)
46,404,219	94,805,370	48.9	Dardanelle (AR)
23,092,753	77,506,514	29.8	DeGray (AR)
22,790,470	72,778,198	31.3	Denison (OK/TX)
37,209,407	136,536,251	27.3	Eufaula (OK)
17,651,892	48,184,796	36.6	Ft. Gibson (OK)
36,078,480	56,345,642	64.0	Greers Ferry (AR)
153,979,959	619,040,040	24.9	Harry S. Truman (MO)
28,084,182	130,780,578	21.5	Keystone (OK)
8,057,298	20,106,665	40.1	Narrows (AR)
18,000,426	74,364,812	24.2	Norfork (AR)
52,744,928	101,722,515	51.9	Ozark (AR)
10,246	7,997,867	0.1	Robert D. Willis (TX)
45,612,541	106,744,932	42.7	Robert S. Kerr (OK)
25,226,742	74,250,711	34.0	Sam Rayburn (TX)
19,179,597	86,940,344	22.1	Stockton (MO)
58,633,309	79,396,215	73.8	Table Rock (MO)
13,072,171	27,452,840	47.6	Tenkiller Ferry (OK)
34,490,992	99,468,144	34.7	Webbers Falls (OK)
10,509,870	50,363,030	20.9	Whitney (TX)
916,641,572	\$ 2,591,649,869	35.4	Totals

Only 53,300 kW have been declared in commercial operation.

** Includes Construction Work In Progress with Plant
In Service, less Contributions in Aid of Construction.*

**DETAIL OF
POWER SALES**

Fiscal Year 1993

<i>Customer</i>	<i>Capacity kW</i>	<i>Energy Delivered (000) kWh</i>	<i>Revenue from Sales</i>
Cooperatives			
Arkansas Electric Cooperative Corporation	189,000	688,877	\$ 8,736,166
Associated Electric Cooperative, Inc.	519,000	2,196,440	27,116,048
Brazos Electric Power Cooperative, Inc.	35,200	72,822	1,430,671
Cajun Electric Power Cooperative, Inc.	91,400	297,661	4,097,394
Kansas Electric Power Cooperative, Inc.	100,000	406,239	4,946,131
Kaw Valley Electric Cooperative, Inc.	1,000	3,761	47,186
Northeast Texas Electric Cooperative, Inc.	127,500	420,616	5,643,732
Rayburn Country Electric Cooperative, Inc.	44,100	293,685	2,859,813
Sam Rayburn Dam Electric Cooperative, Inc.	52,000	153,183	1,943,406
Tex-La Electric Cooperative of Texas, Inc.	28,200	188,760	1,830,487
Western Farmers Electric Cooperative	260,000	978,999	12,222,269
Total Cooperatives (11 customers)	1,447,400	5,701,043	\$ 70,873,303
Government Agencies			
Department of the Army, Ft. Sill, OK	36,700	156,632	\$ 3,163,091
Army Ammunition Plant, McAlester, OK	2,688	8,528	207,899
Grand River Dam Authority	—	7,030	36,556
Vance Air Force Base, Enid, OK	6,600	23,957	351,076
Total Government Agencies (4 customers)	45,988	196,147	\$ 3,758,622
Municipalities			
Anthony, Kansas	300	1,095	\$ 14,101
Augusta, Arkansas	3,700	13,631	171,692
Bentonville, Arkansas	18,000	63,933	822,850
Carthage, Missouri	7,000	26,037	335,769
Clarksville, Arkansas	19,100	72,387	898,593
Coffeyville, Kansas	1,900	7,214	90,347
Comanche, Oklahoma	4,200	16,675	228,408
Copan, Oklahoma	2,500	9,925	136,049
Duncan, Oklahoma	32,500	129,029	1,768,635
Eldorado, Oklahoma	1,300	5,161	70,862
Fulton, Missouri	3,000	11,626	87,045
Goltry, Oklahoma	900	3,546	48,951
Granite, Oklahoma	2,300	9,131	125,287
Hermann, Missouri	5,800	21,793	271,325
Higginsville, Missouri	3,000	11,387	141,146
Hominy, Oklahoma	10,000	39,701	544,195
Jonesboro, Arkansas	80,000	291,845	2,909,946
Kansas City, Kansas	38,600	146,913	1,823,334

<i>Customer</i>	<i>Capacity kW</i>	<i>Energy Delivered (000) kWh</i>	<i>Revenue from Sales</i>
Kansas Municipal Energy Agency (serves 24 Southwestern Municipal customers)	11,200	41,083	\$ 524,630
Kennett, Missouri	11,000	40,188	432,730
Lafayette, Louisiana	18,000	43,363	731,903
Lamar, Missouri	12,000	47,090	376,899
Lexington, Oklahoma	4,100	16,154	222,793
Louisiana Energy & Power Authority (serves 10 Southwestern Municipal customers)	31,400	113,384	1,473,774
Malden, Missouri	5,000	18,403	241,172
Manitou, Oklahoma	600	1,116	34,652
Missouri Joint Municipal Electric Utility Commission	—	1,134	5,897
Natchitoches, Louisiana	2,500	6,023	101,662
New Madrid, Missouri	4,500	17,257	150,447
Nixa, Missouri	5,300	21,076	150,563
Olustee, Oklahoma	700	2,779	37,969
Paragould, Arkansas	50,500	185,153	1,915,698
Paris, Arkansas	10,800	39,203	569,599
Piggott, Arkansas	4,900	18,116	178,055
Poplar Bluff, Missouri	39,500	146,834	1,326,537
Purcell, Oklahoma	14,500	52,634	764,408
Ryan, Oklahoma	1,900	7,543	103,447
Sam Rayburn Municipal Power Agency	7,350	39,566	346,614
Sikeston, Missouri	33,800	126,026	1,243,054
Skiatook, Oklahoma	11,000	38,654	501,512
Spiro, Oklahoma	4,000	15,760	217,119
Springfield, Missouri	50,000	191,546	2,358,836
Thayer, Missouri	2,800	10,302	130,101
Walters, Oklahoma	6,400	25,409	348,358
West Plains, Missouri	15,000	56,863	417,371
Wetumka, Oklahoma	2,600	10,322	141,399
Yale, Oklahoma	3,700	14,578	200,942
<i>Total Municipalities (79 customers)</i>	<i>599,150</i>	<i>2,228,588</i>	<i>\$ 25,736,676</i>
<i>Utility Companies*</i>			
Empire District Electric Company	—	7,335	\$ 38,142
Union Electric Company	—	2,120	11,024
<i>Total Utility Companies (2 customers)</i>	<i>—</i>	<i>9,455</i>	<i>\$ 49,166</i>
<i>Total Southwestern Sales of Electric Power and Energy (96 customers)</i>	<i>2,092,538</i>	<i>8,135,233</i>	<i>\$ 100,417,767</i>

* Sales to Utility
Companies include only
excess energy.

**SOUTHWESTERN
POWER
ADMINISTRATION
ORGANIZATION**

*Hazel R. O'Leary
U.S. Secretary Of Energy*

*William H. White
Deputy Secretary of Energy*

William H. White was confirmed June 16, 1993, and is responsible for overseeing the Department's Power Marketing Administrations. A native of Texas and a graduate of Harvard, White has extensive experience in commercial litigation and, as a legislative assistant, was instrumental in drafting major energy legislation.

*Left to right, back row:
Charles Borchardt, George
Gritsaffe, Francis Gajan.
Seated: J. M. Shafer,
Dallas Cooper, Forrest
Reeves.*

Administrator

J. M. Shafer

Special Assistant to the Administrator
Environment and Safety Manager
Equal Employment Manager

*Francis R. Gajan
Leo H. Muckerhelde
Donna M. Heslar*

Chief Counsel

Charles A. Borchardt

Director, Maintenance
Chief of Electronics, Springfield, MO
East District Manager, Springfield, MO
and Jonesboro, AR

*Dallas W. Cooper
James B. Jennings
Otis A. Keller*

West District Manager, Gore, OK
and Tupelo, OK

Thomas J. Green

Director, Administration and Rates
and Chief Financial Officer
Special Assistant
Chief of Financial Management
Chief of Management Resources
Chief of Acquisition, Property and
Information Resource Management
Chief of Rates and Repayment

*George C. Gritsaffe
Robert F. Purnell
Gary L. Swartzlander
Colin E. Kelley
Joseph M. Malinovsky
James W. Sherwood*

Director, Power Marketing and Delivery
Chief of Customer Service
Chief of Engineering and Planning
Chief of Scheduling and Operations

*Forrest E. Reeves
James K. McDonald
Kenneth E. Legg
Gerald D. Johnson*

Washington Liaison Officer

Rodney L. Adelman

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1. Did this annual report provide useful information? ☐ yes ☐ no
2. Was the report: ☐ interesting ☐ boring ☐ too long ☐ too short
3. What are its strengths? weaknesses? _____

4. Suggestions for improvement? _____

5. Are you: ☐ a customer ☐ media ☐ public official
☐ an employee ☐ financial officer ☐ other: _____

Thank you for your help!

SOUTHWESTERN IS LISTENING!

We want to know what you want to know. As a part of our mission, we have pledged to improve communications with customers and other shareholders and to address your concerns. One of the tools we use to communicate is our Annual Report. You can help by telling us what you think about this 1993 Annual Report.

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END

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