SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Financial Statements

September 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

SOUTHEASTERN FEDERAL POWER PROGRAM

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Independent Auditors' Report

Administrator
Southeastern Power Administration

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of the Southeastern Federal Power Program (the Program), which comprise the combined balance sheets as of September 30, 2025 and 2024, and the related combined statements of revenues and expenses, changes in capitalization, and cash flows for the years then ended, and the related notes to the combined financial statements. The combined financial statements include the Southeastern Power Administration (SEPA), a component of the U.S. Department of Energy, and the hydroelectric power generating function of the U.S. Department of Defense, Army Corps of Engineers (the generating agency) for which SEPA markets the related power.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Program as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Other Information

Management is responsible for the other information included in the 2025 Annual Report. The other information comprises schedule 3 but does not include the combined financial statements and our auditors' report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exits between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on work performed, we conclude that an uncorrected material misstatement of the other information exists we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements as of and for the year ended September 30, 2025, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Exhibits I and II, we identified certain deficiencies in internal controls that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Exhibit I to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Exhibit II to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's combined financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Program's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Program's response to the findings identified in our audit and described previously. The Program's response was not subjected to the other auditing procedures applied in the audit of the combined financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or compliance. This communication is an integral part of an audit performed in

accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Denver, Colorado
April 30, 2026

Material Weakness in Internal Controls over Post-Retirement Benefits

Background

The Program is comprised of Southeastern, a component of the Department of Energy, and the Corps, a component of the Department of Defense. Southeastern is responsible for marketing and transmitting the hydroelectric power generated by the Corps within Southeastern's marketing areas and is responsible for the preparation and presentation of the Program's combined financial statements. The Corps provides Southeastern the financial information necessary for Southeastern to combine Corps' financial information with its own to prepare the combined financial statements.

Condition

During our testing over the Program's combined financial statements, we identified the following conditions:

- In fiscal year (FY) 2025, Management determined that there were material errors in previously reported Post-Retirement Benefit (PRB) expenses related to the Corps. It was determined that this increase resulted from a system error originating in FY 2016. Specifically, the Corps' system-generated reports used to calculate PRB expenses inadvertently duplicated indirect labor expense data, which inflated the overhead factor used in calculations. As a result, annual PRB expenses have been increasingly overstated each year since FY 2016 resulting in a cumulative PRB expense impact of $49.4 million from FY 2016 through FY 2024. This error also impacted total interest payable to U.S. Treasury for FY 2016 through FY 2024 resulting in a cumulative impact of $4.1 million.

- In addition to the incorrect indirect labor data, the Corps' PRB reports did not consistently use the correct Office of Personnel Management (OPM) cost factors to calculate PRB expenses causing further inconsequential errors in the calculation.

Criteria

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. Relevant criteria include the following principles:

- Green Book, Principle 10, *Design Control Activities,* paragraph 10.03
- Green Book, Principle 11, *Design Activities for the Information System*, paragraph 11.05
- Green Book, Principle 13, *Use Quality Information*, paragraph 13.04
- Green Book, Principle 14, *Communicate Internally*, paragraph 14.03
- Green Book, Principle 16, *Perform Monitoring Activities*, paragraph 16.05

Cause and Effect

The Program's management has not properly designed control activities to assess the completeness and accuracy of the data used within their PRB expense calculations. The Corps did not effectively communicate

quality information to Southeastern for inclusion in the combined financial statements and Southeastern management did not perform a review at the correct level of precision for reasonableness or assessment of the calculations' validity. As a result, errors went undetected in prior periods.

Recommendations:

We recommend that the Chief Financial Officer, Southeastern:

1. Work with the Corps in developing a formal review process for PRB expense calculations. The process should include verifying the accuracy of the calculations and validating source data used within.

2. Create a standardized review checklist or set of procedures at Southeastern to assess the data and calculations provided by the Corps. This should include steps for identifying discrepancies and resolving issues prior to finalizing amounts that are recorded within the combined financial statements.

3. Collaborate with the Corps to reinforce consistent reporting lines and communication protocols across all districts to help ensure uniform application of policies and procedures and improve overall data integrity and accountability.

Management's Response:

Management concurs with the finding and recommendations. Southeastern will work collaboratively to develop and implement formalized procedures and policies addressing Post-Retirement Benefit (PRB) expenses. In particular, Southeastern will (1) Coordinate efforts to develop and implement a formal review process for the annual PRB expense, including procedures to verify data completeness and accuracy; (2) Establish reporting governance and communication protocols across all districts to ensure uniform application of policies and enhance overall data integrity and accountability. The target completion date for these actions is September 30, 2026.

Significant Deficiency in Controls over Financial Statement Preparation and Review

Condition

During our audit, we identified that controls over the preparation and review of the Program's combined financial statements were not designed effectively to ensure the financial statements and related disclosures were complete, accurate, and properly presented. Specifically, during our review of the draft financial statements we noted the following:

- Misclassification of funding: The Corps did not record all non-appropriated funding to the correct account. This resulted in the funding being incorrectly recorded as congressional appropriations in the financial statements.
- Yearend adjustment classification errors: Not all yearend adjustments were properly recorded to the correct financial statement line items, resulting in improper presentation within the statements.
- Financial statement integrity and consistency issues: The financial statements did not consistently properly foot and crossfoot; the balance sheet did not initially balance; and a majority of prior year amounts did not agree to the prior year published financial statements.
- Incomplete/incorrectly updated disclosures: Disclosures were not properly updated to reflect updated current year balances.

Criteria

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. Relevant criteria include the following principles:

- Green Book, Principle 10, *Design Control Activities,* paragraph 10.03
- Green Book, Principle 12, *Implement Control Activities*, paragraph 12.01

Cause and Effect

SEPA management did not design and implement financial statement review procedures with sufficient precision to identify and resolve misclassifications, mathematical and integrity errors (including footing and crossfooting), balance sheet balancing issues, and inconsistencies between current-year presentation and the prior year published financial statements. In addition, SEPA did not maintain a documented, standardized financial reporting review process (e.g., standard checklists, defined fluctuation analysis thresholds, and procedures for documenting and retaining evidence of review) to help ensure the financial statements were reviewed at an appropriate level of detail to detect and correct errors on a timely basis. As a result, errors went undetected in the financial statements that required revisions for final reporting.

Recommendations:

We recommend that the Chief Financial Officer, Southeastern:

1. Formalize financial statement preparation and review procedures by establishing a standardized financial statement and disclosure checklist that includes, at a minimum: footing/crossfooting, balance sheet balancing, tie-outs to the trial balance, validation of account classifications, and agreement of comparative information to the prior year published financial statements.

2. Increase precision and evidence of review by defining reviewer responsibilities and expected review steps, requiring documented sign-off, and retaining evidence that key tie-outs and validations were performed and resolved prior to issuance.

3. Improve disclosure controls by requiring tie-out of all quantitative disclosures to underlying accounting records/support, along with a completeness review to ensure all disclosures reflect current year activity and balances.

Management's Response:

Management concurs with the finding and recommendations. Southeastern will develop and implement formalized financial statement preparation and internal controls procedures to enhance financial statement preparation, review, and disclosure processes. In particular, Southeastern will (1) Formalize financial statement preparation through a comprehensive procedure to include a checklist, ensuring accuracy in areas such as footing, balancing, trial balance tie-outs, account classification, and comparative data agreement; (2) Establish a robust review process with defined reviewer responsibilities, requiring documented sign-off and evidence of key tie-outs, validations, and discrepancy resolution prior to issuance. This process will also include a thorough tie-out and completeness review of all quantitative disclosures to reflect current year activity and balances. The target completion date for these actions is September 30, 2026.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Balance Sheets

September 30, 2025 and 2024

(In thousands)

Assets		2025	2024
Utility plant in service (note 5)	$	3,030,940	2,972,170
Accumulated depreciation		(1,456,126)	(1,409,804)
Net completed plant		1,574,814	1,562,366
Construction work-in-progress		238,412	163,267
Net utility plant		1,813,226	1,725,633
Cash		777,056	873,793
Accounts receivable, net		23,730	27,128
Regulatory assets		20,647	17,175
Other assets		139	146
Total assets	$	2,634,798	2,643,875
Total Liabilities and Capitalization			
Liabilities:			
Accounts payable and accrued liabilities	$	20,444	24,095
Workers' compensation actuarial liability		20,647	17,175
Total liabilities		41,091	41,270
Capitalization:			
Payable to U.S. Treasury (notes 4 and 5(a))		2,690,508	2,666,212
Accumulated net deficit		(96,801)	(63,607)
Total capitalization		2,593,707	2,602,605
Commitments and contingencies (note 6)		—	—
Total liabilities and capitalization	$	2,634,798	2,643,875

See accompanying notes to the combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Revenues and Expenses

Years ended September 30, 2025 and 2024

(In thousands)

		2025	2024
Operating revenues:			
Sales of electric power	$	315,664	300,475
Other operating revenues		16,215	18,717
Total operating revenues		331,879	319,192
Operating expenses, excluding depreciation expense:			
Operations		91,588	86,925
Maintenance		65,804	56,152
Purchased power		19,525	27,005
Purchased transmission services		66,194	57,712
Total operating expenses, excluding depreciation expense		243,111	227,794
Depreciation expense		48,646	48,751
Total operating expenses		291,757	276,545
Net operating revenues		40,122	42,647
Interest expenses:			
Interest on payable to U.S. Treasury		77,798	75,266
Interest charged to construction		(4,482)	(3,176)
Net interest expenses		73,316	72,090
Net revenues (deficit)	$	(33,194)	(29,443)

See accompanying notes to the combined financial statements.

SOUTHEASTERN FEDERAL POWER PROGRAM

Combined Statements of Changes in Capitalization

Years ended September 30, 2025 and 2024

(In thousands)

	Payable to U.S. Treasury	Accumulated net deficit	Total capitalization
Total capitalization as of September 30, 2023	$ 2,543,268	(34,164)	2,509,104
Additions:			
Congressional appropriations	221,298	—	221,298
Interest	75,265	—	75,265
Transfers of property and services, net	10,619	—	10,619
Total additions to capitalization	307,182	—	307,182
Deductions:			
Payments to U.S. Treasury	(184,246)	—	(184,246)
Rate adjustments to congressional appropriations (note 5(a))	8	—	8
Total deductions to capitalization	(184,238)	—	(184,238)
Net revenues for the year ended September 30, 2024	—	(29,443)	(29,443)
Total capitalization as of September 30, 2024	2,666,212	(63,607)	2,602,605
Additions:			
Congressional appropriations	115,918	—	115,918
Interest	77,798	—	77,798
Transfers of property and services, net	11,818	—	11,818
Total additions to capitalization	205,534	—	205,534
Deductions:			
Payments to U.S. Treasury	(181,196)	—	(181,196)
Rate adjustments to congressional appropriations (note 5(a))	(42)	—	(42)
Total deductions to capitalization	(181,238)	—	(181,238)
Net revenues for the year ended September 30, 2024	—	(33,194)	(33,194)
Total capitalization as of September 30, 2025	$ 2,690,508	(96,801)	2,593,707

See accompanying notes to the combined financial statements.

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Combined Statements of Cash Flows

Years ended September 30, 2025 and 2024

(In thousands)

		2025	2024
Cash flows from operating activities:			
Net revenues (deficit)	$	(33,194)	(29,443)
Adjustments to reconcile net revenues to net cash provided by operating activities:			
Depreciation expense		48,646	48,751
Interest on payable to U.S. Treasury, net		73,316	72,090
Unfunded retirement benefits		7,493	6,417
(Increase) decrease in assets:			
Accounts receivable, net		3,398	1,734
Other assets		7	337
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities		(3,651)	3,057
Net cash provided by operating activities		96,015	102,943
Cash flows used in investing activities:			
Investment in utility plant		(131,799)	(71,792)
Cash flows used in financing activities:			
Congressional appropriations		115,918	221,298
Payments to U.S. Treasury		(181,196)	(184,246)
Transfers from other federal agencies, net		4,325	4,202
Net cash provided by (used in) financing activities		(60,953)	41,254
Net increase (decrease) in cash		(96,737)	72,405
Cash, beginning of year		873,793	801,388
Cash, end of year	$	777,056	873,793
Supplemental disclosures:			
Cash paid for interest	$	73,316	73,467
Interest charged to construction		4,482	3,176
Adjustments to power allocations impacting (note 5(a)):		—	—
Congressional appropriations		42	8
Investment in utility plant		42	8

See accompanying notes to the combined financial statements.

(1) Organization and Basis of Presentation

The Southeastern Federal Power Program (the Program) consists of all activities associated with the production, transmission, and disposition of all federal power marketed under Section 5 of the Flood Control Act of 1944 (the Flood Control Act) in the 11 states of Alabama, Florida, Georgia, Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. The accompanying combined financial statements of the Program include the accounts of two separate federal government agencies—the Southeastern Power Administration (Southeastern), a component of the United States Department of Energy (DOE), and the hydroelectric generating plants and power operations of the United States Army Corps of Engineers (the Corps of Engineers, the Corps, or the generating agency), an agency of the United States Department of Defense (DOD), for which Southeastern markets the related power. Southeastern and the Corps are separately managed and financed, and each maintains its own accounting records. For purposes of financial and operational reporting, the facilities and related operations of Southeastern and the respective hydroelectric generating activity of the Corps are combined as the Program. U.S. government agencies are exempt from all income taxes imposed by any governing body, whether it is a federal, state, or commonwealth of the United States, or a local government.

Southeastern purchases, transmits, and markets power within four separate power systems: Georgia-Alabama-South Carolina; Jim Woodruff; Cumberland; and Kerr-Philpott. As of September 30, 2025, the four power systems include 22 hydroelectric generating projects owned and operated by the Corps of Engineers. The projects serve multiple purposes, including power, recreation, navigation, and flood control. The costs of multipurpose generating agency projects are assigned to specific hydroelectric power functions through a cost allocation process administratively developed pursuant to relevant law. These combined financial statements include only those expenses and net assets of the Corps that are expected to be recovered through sales of power and other related revenues. Costs of multipurpose Corps projects are allocated to power and non-power purposes. The portion of total project costs allocated to power is included in the accompanying combined financial statements.

Over the life of the combined hydroelectric power systems, the accumulated net deficit represents timing differences between the recognition of expenses and related revenues. Southeastern and the generating agency are nonprofit federal agencies; therefore, ultimately the agencies will collect funds through power rates to repay all congressional appropriations amounts as discussed in note 2(b). Thus, the individual power systems may at any point in time have an accumulated deficit, but there are no operating or going-concern implications because of the federal government’s backing of the DOE and DOD and the liquidity and positive cash flows from operations of the Program.

(2) Summary of Significant Accounting Policies

(a) General

The combined financial statements are prepared following accounting principles generally accepted in the United States of America (U.S. GAAP). The combined financial statements also reflect Federal Energy Regulatory Commission (FERC) regulations, FERC's prescribed uniform system of accounts for electric utilities and DOE's accounting practices.

(b) Congressional Authority and Financing

Southeastern and the Corps of Engineers receive congressional appropriations through the Energy and Water Development and Related Agencies Appropriations Bill to finance their operations.

Southeastern's appropriations are fully offset by the use of receipts collected from the sale of Federal hydroelectric power, resulting in a net zero appropriation. The Corps also receives appropriations to finance construction of its hydroelectric projects; however, the Corps' operations are not fully offset by the use of receipts. In accordance with the Flood Control Act, Southeastern is responsible for repayment to the federal government, with interest, of its appropriations and the portion of Corps appropriations allocated for construction and operation of the power projects.

Congressional appropriations received by the Corps are authorized and allocated to individual projects. It is the intent of the Corps' project management to distribute congressional appropriations in amounts approximating estimated current year expenses and to adjust the distribution as necessary within the limits of the Corps' transfer authority. Project costs that are not specific to a project purpose are distributed between power and non-power purposes based on project cost allocations.

(c) Operating Revenues

The Program recognizes operating revenues in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The core principle of Topic 606 is for the entity to recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which an entity expects to be entitled in exchange for those goods or services.

Under the provisions of ASC Topic 606, the Program has elected the following practical expedients:

- Recognize revenue in the amount the Program has the right to invoice a customer.
- Apply the standard to a portfolio of contracts with similar characteristics, as the effects of applying the guidance to the portfolio would not differ materially from applying this guidance to the individual contracts.

Cash received from sales, less amounts legislatively authorized for use in operations, is deposited directly with the U.S. Treasury and is reflected as repayments to the U.S. Treasury, which is included in the payable to U.S. Treasury in the combined balance sheets. Southeastern markets federal power and provides services necessary to market power on behalf of nonfederal entities under long-term contracts. Electric power revenues are billed monthly based on meter readings or estimates. Revenues can vary from period to period because of weather and hydrological conditions.

Accounts receivable, net represents amounts billed to customers but not collected, net of the allowance of $0 as of September 30, 2025 and 2024. The estimate of the allowance is based on experience in the collection of receivables and an analysis of the outstanding balances. Interest may be charged on the principal portion of delinquent receivables based on rates published by the U.S. Treasury for the period in which the debt became delinquent. Delinquent receivables are charged off against the allowance once they are deemed uncollectible.

(d) Confirmation and Approval of Rates

The Flood Control Act requires rates to be set to encourage widespread use of electricity at the lowest possible cost, consistent with sound business principles, to preference customers (i.e., public bodies and cooperatives). Rates are established under the requirements of the Flood Control Act, related

legislation, and executive departmental directives, and are intended to provide sufficient revenues to meet all required payments of Program costs. Such Program costs include operation and maintenance expenses, wheeling fees to connecting utilities for transmission of power to customers, purchased power costs to meet firm power sale requirements, and payment to the U.S. Treasury for the investment in utility plant and interest thereon. Southeastern has established rate schedules for each of the four power systems. These rates generally are adjusted at five-year intervals, or less, under the terms of Southeastern's current power sales contracts and DOE Order RA 6120.2.

The rates required under present DOE policy make provision for recovery of the federal investment in generating facilities within the service lives of the assets, not to exceed 50 years from the date placed in service. Operation and maintenance expenses and expensed interest are intended to be recovered annually. Utility plant assets are depreciated on a straight-line basis over their estimated service lives, which differ from the established repayment period. Accordingly, there are differences in the amortization of utility plant for financial reporting and for rate-setting purposes.

The Secretary of Energy (the Secretary) has delegated authority to the Administrator of Southeastern to develop power and transmission rates for the power projects. The Administrator, Southeastern Power Administration, has the authority to confirm, approve, and place such rates in effect on an interim basis, effective April 10, 2023, through Redelegation Order No. S3-DEL-SEPA1-2023 by the Under Secretary (for Infrastructure). Projects under construction are included in the combined financial statements at the multi-purpose allocation rate specific to the related project. Any adjustments to the multi-purpose allocation rate, as determined necessary by Southeastern's Administrator, are recorded at the time the asset is placed into service and subjected to repayment (note 5(a)).

The Secretary has delegated to FERC the authority to confirm, approve, and place such rates in effect on a final basis and to remand or to disapprove such rates. FERC's review is limited to (1) whether the rates are the lowest possible consistent with sound business principles; (2) whether the revenue levels generated are sufficient to recover the costs of producing and transmitting electric energy including repayment within the period permitted by law; and (3) the assumptions and projections used in developing the rates. FERC shall reject decisions of Southeastern's Administrator only if it finds them to be arbitrary, capricious, or in violation of the law. Refunds with interest, as determined by FERC, are authorized if final approved rates are lower than rates approved on an interim basis. However, if at any time FERC determines that the administrative cost of a refund exceeds the amount to be refunded, no refunds will be required. As of September 30, 2025, rates for the Cumberland, Jim Woodruff, Kerr-Philpott, and Georgia-Alabama-South Carolina Systems were approved on a final basis by FERC. There were no revenues subject to refund.

The Program's combined financial statements are presented in accordance with the provisions of ASC Topic 980, *Regulated Operations*. The provisions of ASC Topic 980 require, among other things, regulated enterprises to reflect rate actions of the regulator in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. Rate actions received after the balance sheet date but prior to the completion of the combined financial statements are considered conditions that existed at the balance sheet date unless the rate action addresses a specific event that occurred after the balance sheet date.

(e) Cash

Cash consists of power receipts authorized by Congress for use in operations and the unexpended balance of funds appropriated by Congress for the Program-related activities of Southeastern and the Corps of Engineers and is maintained by the U.S. Treasury.

(f) Utility Plant

Utility plant in service and construction work-in-progress consist principally of generating facilities and are stated at cost, net of contributions by entities outside the Program. Cost includes direct labor and materials; payments to contractors; indirect charges for engineering, supervision, and similar overhead items; and interest on federal funds used during construction. The costs of additions, replacements, and betterments are capitalized, while repairs and minor replacement costs are charged to operation and maintenance expenses. The cost of utility plant retired, together with removal costs less salvage, is charged against accumulated depreciation when the property is removed from service. There were no material asset retirements or asset retirement obligations as of September 30, 2025 and 2024.

The policy of the Program is to move capitalized costs into completed utility plants at the time a project or feature of a project is deemed to be substantially complete. A project is substantially complete when it is providing benefits and services for the intended purpose, and is generating project purpose revenue, where applicable.

Plant assets of the Program are currently depreciated using the straight-line method over the estimated service lives ranging from 10 to 100 years for transmission and generation assets. Moveable equipment includes computers, copiers, mobile cranes, energy testing equipment, trucks, and woodchippers. Moveable equipment is currently depreciated using the straight-line method over the estimated service lives ranging from 5 to 50 years.

The Program is subject to ASC Topic 980. Most completed utility plants, as required by law, are recovered through the rates, regardless of whether an asset is abandoned, loses value, is disposed of significantly before the end of its estimated useful life, or is destroyed. Consequently, the cash flow is not impaired, regardless of the condition of the asset.

(g) Interest on the Payable to U.S. Treasury

Interest, a component of total capitalization, is accrued annually on the outstanding payable to the U.S. Treasury based on federal statutes and power system legislation. Such interest is reflected as an expense in the combined financial statements. Interest rates on unpaid balances ranged from 1.625% to 6.125% for the years ended September 30, 2025 and 2024.

Interest charged to construction represents interest on federal funds used during utility plant construction and is included in the cost of completed projects. Applicable interest rates ranged from 1.625% to 4.5% for the years ended September 30, 2025 and 2024, respectively, depending on the year in which construction of the transmission and generation facilities was initiated and requirements of the authorizing legislation.

(h) Transfer of Property and Services, Net

Transfer of property and services, net is a component of total capitalization that represents the cumulative receipt of transfers of assets or costs offset by the cumulative disbursement of transfers of revenues. Transfers are recognized upon physical delivery of the asset or performance of the service. Transfers occur between projects, project types, and other federal entities. Transfers between Southeastern and the generating agency eliminate upon combination.

(i) Retirement Benefits

Substantially, all employees engaged in Program activities participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Both are contributory defined benefit pension plans and are not covered under the Employee Retirement Income Security Act of 1974. Pension benefit expense under CSRS and FERS is equivalent to 7.0% and up to 18.2%, respectively, of eligible employee compensation. Program contributions to these plans are submitted to benefit program trust funds administered by the Office of Personnel Management (OPM) and totaled $8.4 million and $8.4 million for the years ended September 30, 2025 and 2024, respectively. The contribution levels, as legislatively mandated, do not reflect the total current cost/full cost requirements to fund the pension plans. Additional sources of funding for CSRS and FERS benefits include direct appropriations to the OPM, not Southeastern or the Corps, and is approximately 59.3% and 27.1% of base salary, respectively. In addition to the amounts contributed to the CSRS and FERS, the Program has recorded $7.6 million and $6.4 million of annual pension and retirement benefits expense for the years ended September 30, 2025 and 2024, respectively. This amount reflects the contribution made on behalf of Southeastern and the Corps by OPM to benefit from program trust funds. This expense will be recovered from power customers through the future sale of power. Costs incurred by OPM on behalf of the Program are included as transfers of property and services, net within the payable to U.S. Treasury on the combined balance sheets.

Other retirement benefits administered by the OPM include the Federal Employees Health Benefits Program (FEHB) and the Federal Employee Group Life Insurance Program (FEGLI). FEHB is calculated at $11,028 and $9,445 per employee in fiscal years 2025 and 2024, respectively, and FEGLI is based on 0.02% of base salary for each employee enrolled in these programs.

As a federal agency, all postretirement activity is managed by OPM; therefore, neither the assets of the plans nor the actuarial data with respect to the accumulated plan benefits relative to Program employees are included in the Program's combined financial statements.

(j) Derivative and Hedging Activities

The Program analyzes derivative financial instruments under ASC Topic 815, *Derivatives and Hedging*, subsequently updated by ASU No. 2010-11, *Scope Exception Related to Embedded Credit Derivatives*. This standard requires that all derivative instruments, as defined by ASC Topic 815, be recorded on the combined balance sheets at fair value, unless exempted. Changes in a derivative instrument's fair value must be recognized currently in the combined statements of revenues and expenses, unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument's gains and losses to offset related results of the hedged item in the combined statements of revenues and expenses to the extent effective. ASC Topic 815 requires

that the hedging relationship be highly effective and that an organization formally designates a hedging relationship at the inception of the contract to apply hedge accounting.

The Program enters contracts for the purchase and sale of electricity for use in its business operations. ASC Topic 815 requires the Program to evaluate these contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted from ASC Topic 815 as normal purchases or normal sales. Normal purchases and sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal purchases or sales are documented and exempted from the accounting and reporting requirements of ASC Topic 815.

The Program's policy is to fulfill all derivative and hedging contracts by either providing power to a third party or by taking delivery of power from a third party as provided for in each contract. The Program's policy does not authorize the use of derivative or hedging instruments for speculative purposes such as hedging electricity pricing fluctuations beyond the Program's estimated capacity to deliver or receive power. Accordingly, the Program evaluates all of its contracts to determine if they are derivatives and, if applicable, to ensure that they qualify and meet the normal purchases and normal sales designation requirements under ASC Topic 815. Normal purchases and normal sales contracts are accounted for as executory contracts as required under accounting principles generally accepted in the United States. As of September 30, 2025 and 2024, the Program has no contracts accounted for as derivatives.

(k) Concentrations of Credit Risk

Financial instruments, which potentially subject the Program to credit risk, include accounts receivable for customer purchases of power, transmission, or other products and services. These receivables are primarily held with a group of diverse customers that are generally large, stable, and established organizations, which do not represent a significant credit risk. Although the Program is affected by the business environment of the utility industry, management does not believe a significant risk of loss from a concentration of credit exists.

(l) Regulatory Assets

Regulatory assets are assets that result from rate actions of Southeastern's Administrator and other regulatory agencies. These assets arise from specific costs that would have been included in the determination of net revenue or deficit in one period but are deferred until a different period for purposes of developing rates to charge for services, per the requirements of ASC Topic 980. The Program defers costs as regulatory assets so that the costs will be recovered through the rates during the periods when the costs are scheduled to be repaid. This ensures the matching of revenues and expenses. The Program does not earn a rate of return on its regulatory assets. The asset listed below is regulatory in nature:

Workers' Compensation Actuarial Cost

Workers' compensation consists of two elements: (i) the actuarial liability associated with workers' compensation cases incurred for which additional claims may still be made in the future (future claims); and (ii) a liability for expenses associated with actual claims incurred and paid by the U.S. Department of Labor (DOL), the program administrator, to whom Southeastern and the Corps must reimburse. The DOL, the DOE, and the DOD determine the Program's actuarial liability associated with workers'

compensation cases. The actuarial liability for future claims was determined using historical benefit payment patterns and the U.S. Treasury discount rates.

The recovery of these future claims will be deferred for purposes of the rate-making process until such time the future claims are actually submitted and paid by the DOL. Therefore, the recognition of the expense associated with this actuarially determined liability has been recorded as a regulatory asset in the combined balance sheets to reflect the effects of the rate-making process. The Program's cumulative unpaid expenses associated with estimated future claims are approximately $20.6 million and $17.1 million as of September 30, 2025 and 2024, respectively.

(m) Fair Value of Financial Instruments

ASC Topic 825, *Financial Instruments*, requires disclosure of the fair value of financial instruments. The carrying (recorded) value of short-term financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities, and other assets approximates the fair value of these instruments because of the short maturity of these instruments. The fair value of the payable to U.S. Treasury and of certain unfunded and actuarially based liabilities cannot be determined as the future payout dates have yet to be determined.

(n) Use of Estimates

The preparation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America requires Program management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Items subject to such estimates and assumptions include the useful lives of completed utility plant; allowance for doubtful accounts; employee benefit obligations; and other contingencies. Actual results could differ from those estimates.

(3) Operating Revenues

(a) Disaggregated Revenues

Disaggregated revenues as of September 30, 2025 and 2024 consist of the following (in thousands):

		2025	2024
Sales:			
Power	$	315,664	300,475
Revenue from contracts with customers		315,664	300,475
Non-contract revenues		16,215	18,717
Total operating revenues	$	331,879	319,192

(b) Revenue from Contracts with Customers

The majority of the Program's revenue is derived from the sale of power through power sales contracts with customers. The Program provides wholesale electric energy and capacity to preference power customers under long-term and non-firm contracts. The Program establishes rates for power in a formal rate proceeding. Rate schedules establish rates that provide sufficient revenues to meet all program costs. Electric power revenues are billed monthly based on usage and rates specified in rate schedules. Revenues can vary from period to period due to weather, hydrological conditions, and customer usage requirements.

(c) Non-Contract Revenues

Non-contract revenues consist primarily of headwater benefits and water revenues at the Corps of Engineers attributable to the power function, timber sales, and miscellaneous fees. Revenues are recognized upon receipt.

(d) Contract Balances

All accounts receivable are billed as of September 30, 2025 and 2024. Contract advances represent the Program's unsatisfied performance obligation to transfer goods or services to a customer from which the Program has received consideration. As of September 30, 2025 and 2024, the Program has no contract advances.

(4) Payable to U.S. Treasury

The payable to U.S. Treasury in each of the generating projects is to be repaid to the U.S. Treasury within the service lives of the assets, not to exceed 50 years from the time the facility is placed in service. There is no requirement for repayment of a specific amount on an annual basis.

Southeastern follows the provisions of DOE Order RA 6120.2 in setting priorities for repayment. Order RA 6120.2 requires that annual revenues be first applied to current year operating expenses, excluding depreciation, and interest, net of interest charged to construction and interest credited on operating revenues deposited with the U.S. Treasury. All annual amounts for such expenses have been paid through fiscal year 2024. Remaining revenues are to be first applied to repayment of operating deficits, if any, and then to repayment of the outstanding principal. Annual net revenues available for repayment are generally applied first against investments in projects bearing the highest interest rates.

Capitalization in certain multipurpose facilities, primarily dams and structures integral to hydroelectric power generation required to be repaid from the power revenues, has been determined from final cost allocation studies based on project evaluation standards approved by Congress.

(5) Utility Plant

Utility plant as of September 30, 2025 and 2024 consists of the following (in thousands):

		2025	2024
Utility plant:			
Structures and facilities	$	2,591,914	2,531,175
Buildings		52,847	52,623
Land		364,084	364,084
Movable equipment		22,095	24,288
Gross completed plant		3,030,940	2,972,170
Accumulated depreciation		(1,456,126)	(1,409,804)
Net completed plant		1,574,814	1,562,366
Construction work-in-progress		238,412	163,267
Net utility plant	$	1,813,226	1,725,633

In accordance with FERC guidelines, the Program excludes contributed plant within the combined balance sheets to eliminate the impact on power rates. As of September 30, 2025 and 2024, contributed plants, net, used in the Program's operations totaled approximately $586,000.

As of September 30, 2025, major projects in construction work-in-progress of $238.4M includes: Supervisory Control and Data Acquisition (SCADA) upgrades at all four systems; Wolf Creek and Center Hill spillway gate work; Jim Woodruff System Hydropower Trash Screens; Wolf Creek Cryo Acquisition; MH2120.FY25-1-Station Service Batteries Jim Woodruff; Island Creek transformer replacement; electrical substation work at Island Creek pumping station (Kerr); Security / Camera System upgrades Kerr; WPturbine.1-West Point Turbine Runner Unit; and Replace Power Plant Control System.

As of September 30, 2024, major projects included in construction work-in-progress included General Data Acquisition and Control Systems (GDACS) upgrades at all four power systems; electrical substation work at Island Creek pumping station (Kerr), Philpott powerhouse and switchgear rehabilitation; and Philpott landslide stabilization system in the Kerr-Philpot power system; environmental mitigation system work at Russell in the Georgia-Alabama-South Carolina power system; station service transformer replacement in the Jim Woodruff power system; and Wolf Creek and Center Hill spillway gate work, Barkley and Old Hickory rehabilitation systems, and Wolf Creek dissolved oxygen system installation in the Cumberland power system.

(a) Adjustments to Multi-Purpose Utility Plant Allocation Rates

In fiscal year 2014, scheduled remediation efforts to the Wolf Creek project within the Cumberland power system were completed and placed into service. The remediation efforts addressed problems with karst foundation seepage. Total project costs of $656.9 million included $555.3 million in construction remediation costs and $101.6 million in interest during construction. Typically,

multi-purpose rehabilitation costs are allocated to the power function based on established cost studies at 55.113%.

In evaluating the impact of the construction remediation efforts on the Program's rates, Southeastern's Administrator determined the costs represented dam safety remediation costs under the Dam Safety Act (Section 1203 of the Water Resources Development Act of 1986) rather than major rehabilitation costs. Further, Southeastern's Administrator determined that including the remediation costs at the typical multi-purpose allocation rate would not provide for the lowest possible rate consistent with sound business principles, as required under the Secretary's delegation order (note 2(d)). Accordingly, effective September 30, 2014, Southeastern's Administrator recommended a rate action to the Deputy Secretary, U.S. Department of Energy. The Deputy Secretary approved the rate order. The rate action was to cap repayment of the remediation costs at 15% under the Dam Safety Act. These costs were then allocated at the project's multi-purpose allocation rate of 55.113%. Consequently, Program management recorded a rate action adjustment to the Wolf Creek project of $260.1 million to utility plant in service and $47.6 million to accumulated interest payable, resulting in a reduction of $307.7 million in the payable to U.S. Treasury.

Since fiscal year 2014, additional remediation efforts to the Wolf Creek project were completed and placed into service as follows (in thousands):

		Total project costs	Multi-purpose allocation	Dam Safety Act adjustment	Allocated to power
2015	$	2,759	1,521	1,293	228
2016		3,721	2,051	1,743	308
2017		1,211	667	567	100
2018		132	73	62	11
2019		494	272	231	41
2020		488	269	229	40
2021		92	51	43	8
2022		446	246	209	37
2023		—	—	—	—
2024		—	—	—	—
2025		—	—	—	—
Total	$	9,343	5,150	4,377	773

As of September 30, 2015, scheduled remediation efforts to the Center Hill project within the Cumberland system were completed and placed into service. Total project costs of $280.7 million included $236.9 million in construction remediation and $43.8 million in interest during construction. Typically, multipurpose rehabilitation costs are allocated to the power function based on established cost studies at 42.545%. Southeastern's Administrator imposed a rate action to cap repayment at 15% under the Dam Safety Act. Consequently, Program management recorded a rate action adjustment to the Center Hill project of $85.7 million to utility plant in service and $15.8 million to accumulated interest payable, resulting in a reduction of $101.5 million in payable to U.S. Treasury.

Since fiscal year 2016, additional remediation efforts to the Center Hill project were completed and placed into service as follows (in thousands):

		Total project costs	Multi-purpose allocation	Dam Safety Act adjustment	Allocated to power
2016	$	13,812	5,876	4,995	881
2017		2,119	902	767	135
2018		2,130	906	770	136
2019		2,268	965	820	145
2020		85,872	36,534	31,054	5,480
2021		2,705	1,151	978	173
2022		989	419	356	63
2023		1,067	454	385	68
2024		(23)	(10)	(8)	(1)
2025		115	49	42	7
Total	$	111,054	47,246	40,159	7,087

As of September 30, 2025, remediation efforts have been completed for both the Center Hill and Wolf Creek Projects. Some residual cost could still incur.

(6) Commitments and Contingencies

(a) General

Southeastern and the Corps of Engineers are presently parties to certain claims and legal actions arising in the ordinary course of Program activities. However, in the opinions of management, most of the claims and actions will not have a material adverse impact on the Program's financial position, results of operations, or cash flows. Power-related claims against the Corps of Engineers, whose ultimate disposition will be paid by the U.S. Treasury Judgment Fund and are not subject to reimbursement from power revenues, are excluded from the combined financial statements and notes thereto.

(b) Transmission Contract Commitments

Southeastern has entered into agreements for transmission services that vary in length. Southeastern's long-term commitments for these transmission contracts are subject to the availability of federal funds and contingent upon authority from Congress. To fulfill its contractual obligations to deliver power, Southeastern has historically had to purchase a certain level of transmission services under these arrangements. The budgeted amounts are as follows (in thousands):

	Commitments for transmission services
Fiscal year ending September 30,	
2026	$ 65,255
2027	67,789
2028	70,451
2029	73,245
2030	76,179
	$ 352,919

(7) Corrections Related to Post-Retirement Benefits and Workers' Compensation

During fiscal year 2025, Southeastern Power Administration (SEPA) identified prior year errors related to post-retirement benefit (PRB) expenses and workers' compensation balances. Management has determined that these errors are immaterial to the previously reported combined financial statements. The immaterial effects of these corrections on the combined balance sheet, capitalization, statement of revenues and expenses, and cash flows as of and for the year ended are presented in the following table.

	As Previously Reported	Adjustments	As Adjusted
Balance sheet:			
Payable to U.S. Treasury	$ 2,719,688	(53,476)	2,666,212
Accumulated net revenues	(117,083)	53,476	(63,607)
Total capitalization	2,602,605	—	2,602,605
Total liabilities and capitalization	2,643,875	—	2,643,875
Statement of changes in capitalization:			
Payable to U.S. Treasury as of September 30, 2023	2,581,062	(37,794)	2,543,268
Accumulated net deficit as of September 30, 2023	(71,958)	37,794	(34,164)
Interest	76,642	(1,377)	75,265
Transfers of property and services, net	24,924	(14,305)	10,619
Total additions to capitalization	322,864	(15,682)	307,182
Net revenues (deficit) for the year ended September 30, 2024	(45,125)	15,682	(29,443)
Statement of revenues and expenses:			
Operations	101,230	(14,305)	86,925
Total operating expenses, excluding depreciation expense	242,099	(14,305)	227,794
Net operating revenues	28,342	14,305	42,647
Interest on payable to U.S. Treasury and other	76,643	(1,377)	75,266
Net interest expense	73,467	(1,377)	72,090
Net revenues (deficit)	(45,125)	15,682	(29,443)
Statement of cash flows:			
Net revenues (deficit)	(45,125)	15,682	(29,443)
Interest on payable to U.S. Treasury	73,467	(1,377)	72,090
Unfunded retirement benefits	20,722	(14,305)	6,417

Amounts above are presented in thousands. The corrections did not materially affect the financial position, results of operations, or cash flows of the Program for the year ended September 30, 2025.

(8) Subsequent Events

The Program has evaluated subsequent events as of September 30, 2025, through the date the combined financial statements were available to be issued on April 30, 2026, and identified no subsequent events requiring disclosure.

Schedule 1

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2025

(In thousands)

Assets		GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	$	1,930,991	82,915	220,547	796,487	3,030,940
Accumulated depreciation		(945,509)	(46,441)	(113,828)	(350,348)	(1,456,126)
Net completed plant		985,482	36,474	106,719	446,139	1,574,814
Construction work-in-progress		33,372	640	31,114	173,286	238,412
Net utility plant		1,018,854	37,114	137,833	619,425	1,813,226
Cash		177,049	17,661	52,438	529,908	777,056
Accounts receivable, net		16,764	1,106	3,001	2,859	23,730
Regulatory assets		14,215	4,136	—	2,296	20,647
Other assets		67	3	15	54	139
Total assets	$	1,226,949	60,020	193,287	1,154,542	2,634,798
Total Liabilities and Capitalization						
Liabilities:						
Accounts payable and accrued liabilities	$	10,090	270	1,545	8,539	20,444
Workers' compensation actuarial liability		14,215	4,136	—	2,296	20,647
Total liabilities		24,305	4,406	1,545	10,835	41,091
Capitalization:						
Payable to U.S. Treasury		1,364,739	59,782	206,914	1,059,073	2,690,508
Accumulated net revenues (deficit)		(162,095)	(4,168)	(15,172)	84,634	(96,801)
Total capitalization		1,202,644	55,614	191,742	1,143,707	2,593,707
Commitments and contingencies		—	—	—	—	—
Total liabilities and capitalization	$	1,226,949	60,020	193,287	1,154,542	2,634,798

See accompanying independent auditors' report.

(Continued)

Schedule 1

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Balance Sheet Data

September 30, 2024

(In thousands)

Assets		GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Utility plant in service	$	1,925,598	82,915	220,461	743,196	2,972,170
Accumulated depreciation		(915,956)	(44,566)	(109,288)	(339,994)	(1,409,804)
Net completed plant		1,009,642	38,349	111,173	403,202	1,562,366
Construction work-in-progress		27,533	500	24,750	110,484	163,267
Net utility plant		1,037,175	38,849	135,923	513,686	1,725,633
Cash		191,068	19,055	62,776	600,894	873,793
Accounts receivable, net		19,409	1,156	3,394	3,169	27,128
Regulatory assets		14,939	—	—	2,236	17,175
Other assets		72	2	16	56	146
Total assets	$	1,262,663	59,062	202,109	1,120,041	2,643,875
Total Liabilities and Capitalization						
Liabilities:						
Accounts payable and accrued liabilities	$	10,939	140	2,701	10,315	24,095
Workers' compensation actuarial liability		14,939	—	—	2,236	17,175
Total liabilities		25,878	140	2,701	12,551	41,270
Capitalization:						
Payable to U.S. Treasury		1,376,901	63,704	211,182	1,014,425	2,666,212
Accumulated net revenues (deficit)		(140,116)	(4,782)	(11,774)	93,065	(63,607)
Total capitalization		1,236,785	58,922	199,408	1,107,490	2,602,605
Commitments and contingencies		—	—	—	—	—
Total liabilities and capitalization	$	1,262,663	59,062	202,109	1,120,041	2,643,875

See accompanying independent auditors' report.

Schedule 2

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2025

(In thousands)

		GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:						
Sales of electric power	$	198,176	9,491	39,457	68,540	315,664
Other operating revenues		11,660	17	1,658	2,880	16,215
Total operating revenues		209,836	9,508	41,115	71,420	331,879
Operating expenses, excluding depreciation expense:						
Operations		42,448	2,541	8,023	38,576	91,588
Maintenance		44,860	2,659	7,652	10,633	65,804
Purchased power		19,525	—	—	—	19,525
Purchased transmission services		37,416	3	19,237	9,538	66,194
Total operating expenses, excluding depreciation expense		144,249	5,203	34,912	58,747	243,111
Depreciation expense		29,856	1,875	4,674	12,241	48,646
Total operating expenses		174,105	7,078	39,586	70,988	291,757
Net operating revenues		35,731	2,430	1,529	432	40,122
Interest expenses:						
Interest on payable to U.S. Treasury		58,389	1,834	5,593	11,982	77,798
Interest charged to construction		(681)	(15)	(667)	(3,119)	(4,482)
Net interest expenses		57,708	1,819	4,926	8,863	73,316
Net revenues	$	(21,977)	611	(3,397)	(8,431)	(33,194)

See accompanying independent auditors' report.

(Continued)

Schedule 2

SOUTHEASTERN FEDERAL POWER PROGRAM

Combining Schedule of Revenues and Expenses Data

Year ended September 30, 2024

(In thousands)

		GA-AL-SC	Jim Woodruff	Kerr-Philpott	Cumberland	Total
Operating revenues:						
Sales of electric power	$	198,572	8,002	36,859	57,042	300,475
Other operating revenues		14,163	26	1,723	2,805	18,717
Total operating revenues		212,735	8,028	38,582	59,847	319,192
Operating expenses, excluding depreciation expense:						
Operations		40,295	2,326	7,133	37,171	86,925
Maintenance		37,613	2,773	6,946	8,820	56,152
Purchased power		25,773	1,232	—	—	27,005
Purchased transmission services		31,784	175	16,254	9,499	57,712
Total operating expenses, excluding depreciation expense		135,465	6,506	30,333	55,490	227,794
Depreciation expense		30,919	1,894	4,724	11,214	48,751
Total operating expenses		166,384	8,400	35,057	66,703	276,545
Net operating revenues		46,351	(372)	3,525	(6,856)	42,647
Interest expenses:						
Interest on payable to U.S. Treasury		58,624	1,877	5,406	9,359	75,266
Interest charged to construction		(674)	(16)	(440)	(2,046)	(3,176)
Net interest expenses		57,950	1,861	4,966	7,313	72,090
Net revenues	$	(11,599)	(2,233)	(1,441)	(14,169)	(29,443)

See accompanying independent auditors' report.

Schedule 3

SOUTHEASTERN FEDERAL POWER PROGRAM

Schedule of Amount and Allocation of Gross Utility Plant Investment (unaudited)

As of September 30, 2025

(In thousands)

Projects in service and other	Total	Allocated to: Power	Navigation	Flood Risk Management	Fish and Wildlife	Recreation	Dam Safety	Other		Percent of total plant investment returnable from power revenue
Allatoona	$ 93,167	70,296	—	10,631	—	12,008	—	232	(a)	75.5%
Buford	110,433	86,659	2,153	4,770	—	16,851	—	—		78.5%
Carters	208,579	176,669	—	19,900	—	12,010	—	—		84.7%
J. Strom Thurmond	198,125	172,191	4,475	4,214	—	17,245	—	—		86.9%
Walter F. George	326,727	215,803	95,476	—	348	15,100	—	—		66.0%
Hartwell	220,535	183,547	3,999	20,110	—	12,878	—	1		83.2%
Millers Ferry/Henry	266,503	157,312	87,005	—	—	22,186	—	—		59.0%
West Point	184,485	95,177	2,817	22,921	14,435	49,135	—	—		51.6%
Richard B. Russell	916,304	802,543	—	874	—	112,887	—	—		87.6%
Marketing facilities	4,167	4,167	—	—	—	—	—	—		100.0%
Total GA-AL-SC System	2,529,025	1,964,364	195,925	83,420	14,783	270,300	—	233		77.7%
Jim Woodruff	135,479	83,425	43,600	—	—	8,454	—	—		61.6%
Marketing facilities	130	130	—	—	—	—	—	—		100.0%
Total Jim Woodruff System	135,609	83,555	43,600	—	—	8,454	—	—		61.6%
Barkley	349,965	143,594	164,737	32,546	—	9,088	—	—		41.0%
J. Percy Priest	77,090	18,337	—	27,745	—	31,008	—	—		23.8%
Cheatham	103,202	32,219	66,173	—	—	4,810	—	—		31.2%
Cordell Hull	109,142	54,155	17,888	—	—	30,007	—	7,092	(b)	49.6%
Old Hickory	191,110	140,963	43,897	—	—	6,250	—	—		73.8%
Center Hill	652,705	198,631	—	105,589	—	14,813	332,975	697	(c)	30.4%
Dale Hollow	69,837	42,988	—	19,399	—	7,450	—	—		61.6%
Wolf Creek	1,049,161	303,532	—	158,778	—	20,689	565,916	246	(c)	28.9%
Laurel	58,716	34,506	—	—	—	17,804	—	6,406	(b)	58.8%
Marketing facilities	1,432	1,432	—	—	—	—	—	—		100.0%
Contributions in aid of construction	(586)	(586)	—	—	—	—	—	—		100.0%
Total Cumberland Basin System	2,661,774	969,771	292,695	344,057	—	141,919	898,891	14,441		36.4%
John H. Kerr	237,377	200,976	—	27,257	—	9,144	—	—		84.7%
Philpott	75,638	49,903	—	20,255	—	5,480	—	—		66.0%
Marketing facilities	781	781	—	—	—	—	—	—		100.0%
Total Kerr-Philpott System	313,796	251,660	—	47,512	—	14,624	—	—		80.2%
Total	$ 5,640,204	3,269,350	532,220	474,989	14,783	435,297	898,891	14,674		58.0%

(a) Water supply
(b) Area redevelopment
(c) World War II suspension costs

See accompanying independent auditors' report.