



DEPARTMENT OF ENERGY

Southeastern Power Administration

Proposed Rate Adjustment, Proposed Adjustment to True-Up Mechanism, Public Forum, and Opportunities for Public Review and Comment for Kerr-Philpott System

AGENCY: Southeastern Power Administration, Department of Energy (DOE).

ACTION: Notice of proposed rate and true-up mechanism adjustment.

SUMMARY: Southeastern Power Administration (Southeastern or SEPA) proposes to revise existing schedules of rates and charges applicable to the sale of power from the Kerr-Philpott System effective for a 5-year period, from October 1, 2025, through September 30, 2030.

Opportunities will be available for interested persons to review the present rates and the proposed rates, supporting studies, to participate in a public forum and to submit written comments. Southeastern will evaluate all comments received in this process.

DATES: Written comments are due on or before **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. A public information and comment forum will be held in-person at Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia, at 10 a.m. EDT on June 17, 2025. There will also be an option to attend the forum virtually via Microsoft Teams. Persons desiring to attend the forum should notify Southeastern by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, so a list of forum participants can be prepared. Persons desiring to speak at the forum should specify this in their notification to Southeastern; others may speak if time permits. Notifications should be submitted by email to Comments@sepa.doe.gov. If Southeastern has not been notified by close of business on **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, that at least one person intends to be present at the forum, either in-person or virtually, the forum may be canceled with no further notice.

ADDRESSES: Written comments should be submitted to: Administrator, Southeastern Power Administration, Department of Energy, 1166 Athens Tech Road, Elberton, Georgia, 30635-6711; Email: *Comments@sepa.doe.gov*. The URL and call in information for the public information and comment forum is as follows: *https://bit.ly/Kerr-PhilpottRateForum2025*; +1 (404) 796-9216, Access Code: 927891434#.

FOR FURTHER INFORMATION CONTACT: Alexa Webb, Acting Power Marketing Advisor, Southeastern Power Administration, Department of Energy, 1166 Athens Tech Road, Elberton, Georgia, 30635-6711, (706) 213-3800; Email: *Alexa.Webb@sepa.doe.gov*.

SUPPLEMENTARY INFORMATION: The Federal Energy Regulatory Commission (FERC) confirmed and approved on a final basis, Wholesale Power Rate Schedules VA-1-D, VA-2-D, VA-3-D, VA-4-D, DEP-1-D, DEP-2-D, DEP-3-D, DEP-4-D, AP-1-D, AP-2-D, AP-3-D, AP-4-D, NC-1-D, and Replacement-2-C, applicable to Kerr-Philpott System for a period ending September 30, 2025. (FERC Docket No. EF20-5-000 (Dec. 11, 2020)).

Discussion: Existing rate schedules are predicated upon a February 2020 repayment study and other supporting data. The annual revenue requirement in this study was \$31,800,000 per year. An updated repayment study, dated March 2025, indicates rates are not adequate to recover cost increases identified and therefore do not meet repayment criteria. The revised repayment study demonstrates an annual revenue requirement increase to \$43,000,000 per year will meet repayment criteria. The increase in the annual revenue requirement is \$11,200,000 per year, or 35.22 percent.

The existing rate schedules include an annual true-up mechanism for the capacity and energy rates based on the variance of the actual net revenue available for repayment from the planned net revenue available for repayment. The adjustment is for every \$100,000 under-recovery of the planned net revenue available for repayment. The base capacity charge is increased by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and the base energy charge is increased by 0.10 mills per kilowatt-hour, up to a maximum of 3.0

mills per kilowatt-hour. For every \$100,000 over-recovery of the planned net revenue available for repayment, the base capacity charge is reduced by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and the base energy charge is reduced by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour.

The initial base capacity charge for the current rate schedules was \$4.40 per kilowatt per month. The initial base energy charge was 17.80 mills per kilowatt-hour. As of April 1, 2025, the rates for capacity and energy were not adjusted as they continued to meet their maximum increase set by the true-up mechanism. As of April 1, 2025, the capacity rate remained at \$5.15 per kilowatt per month and the base energy charge remained at 20.80 mills per kilowatt-hour for net revenue available for repayment. The existing rates are not adequate to meet repayment criteria. The annual true-up mechanism incorporated in the rate schedules has not proven to be effective in matching revenue available for repayment to planned amounts. In years when net revenue was over-recovered, the adjusted current base rates fell below the initial base rates set in the 2020 rate filing causing lower than projected revenue in subsequent years. Southeastern is proposing to increase the initial base capacity rate to \$5.95 per kilowatt per month and the initial base energy charge to 22.75 mills per kilowatt-hour. Southeastern also proposes updating the annual true-up mechanism to keep the true-up rates, during over-recovery periods, from being reduced below the initial base capacity rate and the initial base energy rate set in rate filings.

Proposed Unit Rates: The initial base rates for capacity and energy will be as follows:

Capacity: \$5.95 per kW per month

Energy: 22.75 mills per kWh

The rates are based on a repayment study estimating the Kerr-Philpott System will produce the following net revenue available for repayment (rounded to nearest \$10,000):

Fiscal Year	Estimated Annual Net Revenue Available for Repayment	Cumulative Net Revenue Available for Repayment
2025	\$ 1,840,000	\$ 1,840,000

2026	\$ 170,000	\$ 2,010,000
2027	\$ 3,530,000	\$ 5,540,000
2028	\$ 3,840,000	\$ 9,380,000
2029	\$ 3,930,000	\$ 13,310,000
2030	\$ 3,440,000	\$ 16,750,000
2031	\$ 3,600,000	\$ 20,350,000
2032	\$ 3,720,000	\$ 24,070,000
2033	\$ 3,860,000	\$ 27,930,000
2034	\$ 4,020,000	\$ 31,950,000

The proposed rates continue a true-up of the capacity and energy rates based on the cumulative net revenue available for repayment from the table above. For every \$100,000 under-recovery of the planned cumulative net revenue available for repayment, Southeastern will increase the current base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and increase the current base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour. For every \$100,000 over-recovery of the planned cumulative net revenue available for repayment, Southeastern will reduce the current base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month but not below the initial base capacity charge set in the rate filing, and reduce the current base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour but not below the initial base energy charge set in the rate filing, to be implemented April 1 of the next fiscal year. Southeastern will give written notice to customers of the amount of the true-up by February 1 of each year.

Southeastern is proposing the following rate schedules to be effective for the period from October 1, 2025, through September 30, 2030. The capacity charge and energy charge will be the same for all rate schedules. These rate schedules are necessary to accommodate the transmission and scheduling arrangements available in the Kerr-Philpott System.

Rate Schedule VA-1-E

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may

be transmitted and scheduled pursuant to contracts between the Government, Virginia Electric and Power Company (also known as Dominion Virginia Power [DVP]), and DVP's Transmission Operator, PJM Interconnection, LLC (PJM).

Rate Schedule VA-2-E

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be transmitted pursuant to contracts between the Government, DVP, and PJM. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule VA-3-E

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be scheduled pursuant to contracts between the Government, DVP, and PJM. The customer is responsible for providing a transmission arrangement.

Rate Schedule VA-4-E

Available to public bodies and cooperatives in the service area of DVP and PJM. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule DEP-1-E

Available to public bodies and cooperatives in North Carolina to whom power may be transmitted and scheduled pursuant to contracts between the Government and Duke Energy Progress.

Rate Schedule DEP-2-E

Available to public bodies and cooperatives in North Carolina to whom power may be transmitted pursuant to contracts between the Government and Duke Energy Progress. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule DEP-3-E

Available to public bodies and cooperatives in North Carolina to whom power may be scheduled pursuant to contracts between the Government and Duke Energy Progress. The

customer is responsible for providing a transmission arrangement.

Rate Schedule DEP-4-E

Available to public bodies and cooperatives in the service area of Duke Energy Progress. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule AP-1-E

Available to public bodies and cooperatives in Virginia to whom power may be transmitted and scheduled pursuant to contracts between the Government, American Electric Power Service Corporation and the American Electric Power Service Corporation's Transmission Operator, PJM.

Rate Schedule AP-2-E

Available to public bodies and cooperatives in Virginia to whom power may be transmitted pursuant to contracts between the Government, American Electric Power Service Corporation, and PJM. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule AP-3-E

Available to public bodies and cooperatives in Virginia to whom power may be scheduled pursuant to contracts between the Government, American Electric Power Service Corporation, and PJM. The customer is responsible for providing a transmission arrangement.

Rate Schedule AP-4-E

Available to public bodies and cooperatives in the service area of American Electric Power Service Corporation and PJM. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule NC-1-E

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be transmitted pursuant to a contract between the Government and PJM and scheduled pursuant

to a contract between the Government and Duke Energy Progress.

Rate Schedule Replacement-2-D

This rate schedule shall be applicable to the sale of energy purchased to meet contract minimum energy and sold under appropriate contracts between the Government and the Customer.

The referenced repayment studies are available for examination at 1166 Athens Tech Road, Elberton, Georgia 30635-6711. The Proposed Rate Schedules VA-1-E, VA-2-E, VA-3-E, VA-4-E, DEP-1-E, DEP-2-E, DEP-3-E, DEP-4-E, AP-1-E, AP-2-E, AP-3-E, AP-4-E, NC-1-E, and Replacement-2-D are also available.

Legal Authority: By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Southeastern's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S3-2024, effective August 30, 2024, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-SEPA-2023, effective April 10, 2023, the Under Secretary for Infrastructure redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Administrator, Southeastern.

Environmental Compliance: Southeastern is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.

Determination Under Executive Order 12866: Southeastern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Signing Authority

This document of the Department of Energy was signed on May 12, 2025, by Virgil G. Hobbs III, Administrator for Southeastern Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC on May 12, 2025.

Jennifer Hartzell,
Alternate Federal Register Liaison Officer,
U.S. Department of Energy.

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