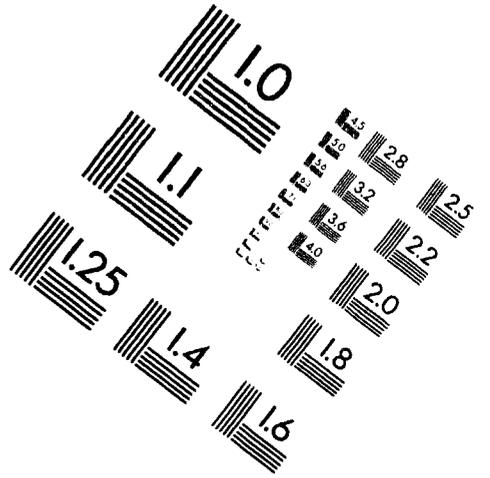
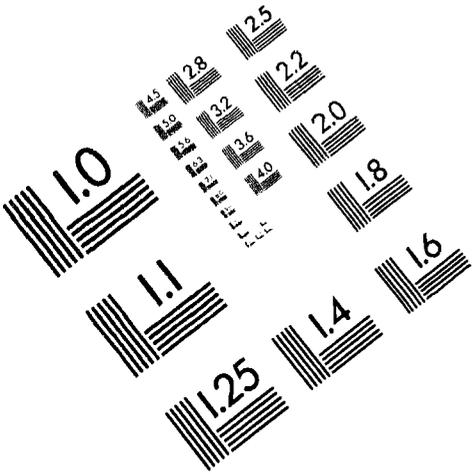




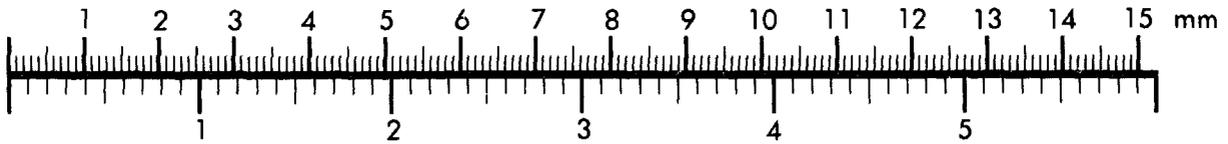
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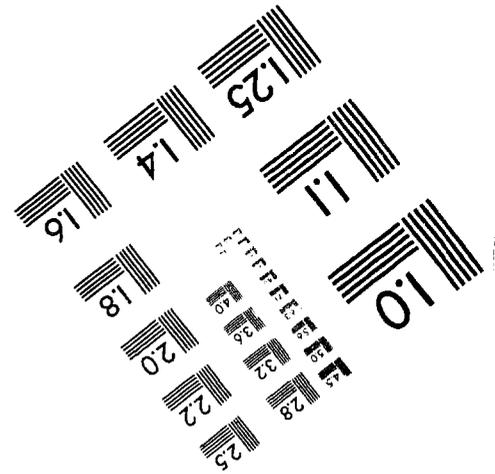
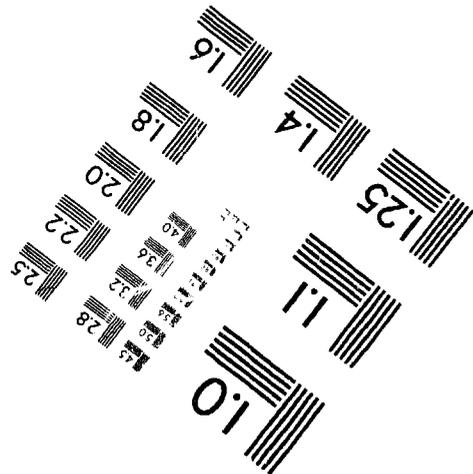
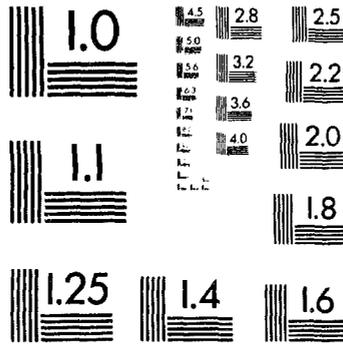
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U.S. DEPARTMENT OF ENERGY
SOUTHEASTERN POWER ADMINISTRATION

Proposed Georgia-Alabama-South Carolina System Power Marketing
Policy and Subsequent Contracts

AGENCY: Southeastern Power Administration

ACTION: Finding of No Significant Impact for the Proposed Power
Marketing Policy and Subsequent Contracts for Southeastern Power
Administration, Georgia-Alabama-South Carolina System of Projects.

SUMMARY: The Southeastern Power Administration (Southeastern) has
prepared an Environmental Assessment (Assessment) (DOE/EA-0935)
evaluating the Power Marketing Policy and Subsequent Contracts
between Southeastern and its customers.

The Assessment evaluates two alternatives and the no action
alternative. The proposed action is to market the power and energy
available in the Georgia-Alabama-South Carolina System during the
next ten years, with new power sales contracts of ten-year
durations, to the customers set forth in Appendix A of the
Assessment. In addition to the proposed alternative, the
Assessment evaluates the alternative of extending existing
contracts under the current marketing policy.

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Based on the analysis in the Assessment, none of the activities associated with the proposed action will cause significant environmental or socio-economic impacts. The new power sales contracts, which will replace expiring contracts, do not include the addition of any major new resources, service to discrete major new loads, or major changes in operating parameters. No changes in rates are proposed in the Assessment. The contract extension alternative is unacceptable because investor-owned utilities have refused to continue existing contractual arrangements after their termination.

FOR FURTHER INFORMATION CONTACT: Charles A. Truett, NEPA Compliance Officer, Southeastern Power Administration, Samuel Elbert Building, Elberton, GA 30635, phone (706) 283-9911.

For general information on the U.S. Department of Energy's National Environmental Policy Act (NEPA) review procedures or the status of a NEPA review, contact Carol M. Borgstrom, Director, Office of NEPA Oversight, Department of Energy, 1000 Independence Avenue S.W., Washington, DC 20585, phone (202) 586-4600 or (800) 472-2756.

PUBLIC AVAILABILITY: Copies of the Environmental Assessment and the Finding of No Significant Impact are available from Southeastern at the address listed herein.

DETERMINATION: Based on the Assessment, the Department of Energy has determined that the proposed action is not a major Federal action significantly affecting the quality of the human environment within the meaning of NEPA, 42 U.S.C. 4321, et seq. Therefore, the preparation of an environmental impact statement is not required, and the Department of Energy is issuing this finding of no significant impact.

Issued in Washington, DC, this 9th day of June 1994.



for

Tara O'Toole, M.D., M.P.H.

Assistant Secretary

Environment, Safety and Health

ENVIRONMENTAL ASSESSMENT

U.S. Department of Energy
Southeastern Power Administration
Elberton, Georgia

POWER MARKETING POLICY and SUBSEQUENT CONTRACTS
GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM

April 4, 1994

DOE/EA-0935

ENVIRONMENTAL ASSESSMENT

Proposed Georgia-Alabama-South Carolina System Power Marketing Policy and Subsequent Contracts

INTRODUCTION

This Environmental Assessment (EA) has been prepared by the Department of Energy's Southeastern Power Administration (Southeastern) to meet the procedural requirements of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321-4347. The following were used as guidance in the preparation of this EA:

- 1) Council on Environmental Quality (CEQ) regulations
(40 CFR 1500 et.seq.)
- 2) DOE National Environmental Policy Act Final Rule and Notice
(10 CFR 1021)
- 3) Recommendations for the Preparation of Environmental Assessments and Environmental Impact Statements, Office of NEPA Oversight, U.S. DOE (May 1993)

NEED FOR ACTION

The Administrator of Southeastern has the delegated authority under Section 5 of the Flood Control Act of 1944 for the transmission and disposition of electric power and energy from hydroelectric reservoir projects constructed and operated by the U.S. Army Corps of Engineers in ten southeastern states. The states are West

Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, and Kentucky.

In performing this responsibility, Southeastern markets power and energy generated at 22 operating reservoir projects located in eight of its ten-state area. The ten projects comprising the Georgia-Alabama-South Carolina System, and pertinent data, are given below:

PROJECTS	CAPACITY (mw) (nameplate)	ENERGY (mwh) (average annual)
Allatoona	74	156,000
Buford	86	193,000
Carters	1/ 2/ 250 250	3/ 198,000
J. Strom Thurmond	280	729,000
Hartwell	344	483,000
Robert F. Henry	68	343,000
Millers Ferry	75	397,000
Walter F. George	130	436,000
West Point	73.375	208,000
Richard B. Russell	1/ 2/ 300 340	3/ 484,000

1/ Carters has 2 generating units rated at 125 mw each.
Russell has 4 generating units rated at 75 mw each.

2/ Carters has 2 pumping units rated at 125 mw each.
Russell has 4 pumping units rated at 85 mw each.

3/ Natural stream flow energy only.

Power from the Georgia - Alabama - South Carolina System is marketed through contracts negotiated under terms of the current Power Marketing Policy for the system, which became effective October 1, 1980. Present contracts in the western area of the Georgia-Alabama-South Carolina System expire on May 31, 1994. Present contracts in the eastern area expire on September 30, 1995. If new contracts are not in place by these dates, emergency efforts would have to be made either to extend present contracts, or to find new customers for this power on an interim basis.

In addition to the need for new contracts, Southeastern also has a need to establish a new Marketing Policy that could enhance operational efficiency at the projects in the system. Under the current Power Marketing Policy, the Georgia-Alabama-South Carolina System is split into two areas, the East and the West, with the Savannah River being the dividing line (Savannah River split). Customers in the West (Alabama Electric Cooperative, South Mississippi Electric Power Association and customers in the Southern Company service area) receive power from the seven projects west of the Savannah River, plus approximately 50 percent of the power from the three projects on the Savannah River. Customers in the East (South Carolina Public Service Authority, customers in the service areas of South Carolina Electric & Gas Company and Duke Power Company) receive the remainder of the power from the three projects on the Savannah River.

Southeastern needs to change its Power Marketing Policy so that the entire ten-project system could be used to provide power to East and West customers. By consolidating the customers, and taking advantage of the diversity of their loads and schedules, Southeastern anticipates a more efficient operation of the projects.

PROPOSED ACTION and ALTERNATIVES

This section describes the proposed action and alternatives, and summarizes the environmental consequences of these actions.

PROPOSED ACTION

Southeastern proposes a new Power Marketing Policy for the Georgia-Alabama-South Carolina System of projects. The new policy would eliminate the Savannah River split and constitute written guidelines for future disposition of capacity and energy from the system. It would be implemented in respective utility service areas as existing contracts, or necessary extensions thereof, expire. It would become effective upon publication in the Federal Register, and would be implemented through negotiated contracts for terms not to exceed ten years. There were no negative comments received in the response to the Federal Register Notice on September 8, 1993, "Georgia-Alabama-South Carolina System: Intent to Formulate Revised Power Marketing Policy" (58 FR 47273).

Major issues addressed by the proposed policy are:

- * Determination of marketing area.
- * Allocation of existing power.
- * Allocation of power from Russell pumped storage units.
- * Power from pumped water.
- * Utilization of utility systems.
- * Wholesale rates.
- * Resale rates.
- * Energy and economic efficiency measures.

Under the Proposed Marketing Policy, there would be no change in these issues, with the exception of the emergence of the City of Oxford, Georgia as a distinct electric utility, and an allocation of power for Oxford (See Allocation of Existing Power). No negative environmental impacts are anticipated from a continuation of, or changes to, these sections of the Marketing Policy.

MARKETING AREA. The Georgia-Alabama-South Carolina System marketing area would not change under the proposed Marketing Policy. The marketing area would consist of the approximate 112,000 square mile area generally known as the Southern Company service area, and the approximate 40,000 square mile area generally known as the service areas of the South Carolina Public Service Authority and the South Carolina Electric and Gas Company, plus that portion of the Duke Power Company's service area within a radius of 150 miles of the Hartwell, Russell or Thurmond projects.

Eligible public bodies and cooperatives in this marketing area are listed in Appendix A attached hereto.

ALLOCATIONS OF EXISTING POWER. Existing power available under this policy for allocation from the Georgia-Alabama-South Carolina System would primarily be peaking power. The power would be allocated as follows:

CUSTOMER	MW
Alabama Electric Cooperative	91
South Carolina Public Service Authority	215
South Mississippi Electric Power Association	61
Customers in Duke Power Company service area	238
Customers in S.C. Electric & Gas Co. service area	16
Customers in The Southern Company service area	1,296

Except where duplication of allocation would result, each public body and cooperative within the marketing areas as shown in Appendix A would be eligible for an allocation of existing power, except for the City of Oxford, Georgia. No reallocation of existing power for the benefit of Oxford is proposed at this time. Since the development of the current Marketing Policy, the City of Oxford has emerged as a separate distinct electric utility which does not presently maintain an allocation of capacity and energy. The Municipal Electric Authority of Georgia (MEAG), of which Oxford is a participant, does not believe that any of the existing capacity should be reallocated except for a positive adjustment to

those who previously received reserved, firm capacity and chose to receive unreserved, non-firm capacity. To do otherwise would change the planning and financing aspects of power systems which have relied on present allocations, and could have severe impacts on the preference customers. Existing preference customers within the marketing area would retain their present allocations of capacity and essentially the same energy accompaniment. It is Southeastern's goal to allocate all available and useful system power (that power remaining after provision for appropriate capacity margin and losses) to preference customers, except power that may be used for pumping.

ALLOCATION OF POWER FROM RUSSELL PUMPED STORAGE UNITS. Should pumped storage units at the Russell project become commercially available during the tenure of contracts implementing this policy, Southeastern would allocate this additional power as detailed in the Power Marketing Policy for the Georgia-Alabama-South Carolina System of Projects promulgated on October 1, 1980 in the Federal Register (45 FR 65140). The capacity relative to the Russell pumped storage units would be allocated to the existing customers in the Southern Company service area and the City of Oxford, Georgia (130 MW), the Duke Power Company service area (65 MW), the South Carolina Electric and Gas service area (5 MW) and the South Carolina Public Service Authority (60 MW). Adequate capacity has been retained to provide an appropriate capacity margin. Russell pumped storage capacity is predicated on testing accomplished to

date and reflects the best estimate available at this time. Energy accompaniment to the pumped storage capacity would be sufficient to provide viable peaking capacity. The Russell pumped storage power would be allocated as follows:

CUSTOMER	MW
Alabama Electric Cooperative	9
South Carolina Public Service Authority	60
South Mississippi Electric Power Association	7
Customers in Duke Power Company service area	65
Customers in S.C. Electric & Gas Co. service area	5
Customers in The Southern Company service area	114

POWER FROM PUMPED WATER. Southeastern would utilize its combination pumped storage and generation resources to produce high-value on-peak power. Pumping power, whether generated within the system of projects or obtained by purchasing or exchange agreement, would be used in pumped storage operations, at Southeastern's discretion. Should the purchase alternative be selected, Southeastern would obtain pumping energy from utilities offering the best terms, and/or resulting in the most benefits to the system. Should the exchange alternative be selected, pumped storage operations would be handled with public bodies, cooperatives and the utilities in a manner not involving the direct purchase and sales approach, with preference given to public bodies and cooperatives.

UTILIZATION OF UTILITY SYSTEMS. Given the absence of it's own transmission facilities, Southeastern would use area generation and transmission systems to integrate the Government's projects, provide firming, wheeling, exchange and backup services and such other functions as may be necessary to dispose of system power under reasonable and acceptable marketing arrangements. Utility systems providing such services shall be entitled to adequate compensation. Specific terms and conditions of all such arrangements shall be the subject of negotiations between Southeastern and the generation and transmission utilities providing the services. Individual preferred agencies directly affected by the negotiations shall, through representatives selected at the outset of negotiations, be kept currently advised on the status and progress of negotiations. Southeastern also would consult with and seek advice from these affected parties.

WHOLESALE RATES. Rate schedules shall be drawn to recover all costs associated with producing and transmitting the power in accordance with then current repayment criteria. Production costs would be determined on a system basis and rate schedules would relate to the integrated output of the projects. Rate schedules may be revised periodically.

RESALE RATES. Resale rate provisions requiring the benefits of Southeastern power to be passed on to the ultimate consumer would be included in each Southeastern customer contract that provides

for Southeastern to supply more than 25 percent of the customers' total power requirements during the term of the contract.

ENERGY AND ECONOMIC EFFICIENCY MEASURES. Each customer who purchases Southeastern's power is encouraged to participate in an integrated resource plan that considers both supply and demand side alternatives. It is recognized that some Southeastern customers are members of a power supply organization that does resource planning for its customers (i.e., power supply cooperatives and joint action agencies). Where a customer, or a power supply organization that does resource planning for a Southeastern customer, is responsible to a regulatory body or another Government agency for an integrated resource plan, the customer would make a copy of such integrated resource plan available to Southeastern. All Southeastern customers shall agree to encourage the efficient use of energy by ultimate customers.

Under the proposed action, Southeastern would continue to market peaking power. Operations at the hydro-projects could possibly change slightly due to Southeastern's anticipated future role in scheduling the power from the projects, a service that the Southern Company currently provides. Southeastern visualizes a reduction of system capacity on-line at any one time. This would allow the units to operate in a more efficient manner, thus extending the life of the units, and conserving water.

ALTERNATIVES

A. Southeastern could extend existing contracts under the current Marketing Policy. Under this alternative, operational deficiencies associated with the Savannah River split would continue. Moreover, failure to implement a new marketing policy could lead to a failure to achieve new contracts which could delay repayment of the Federal debt for the projects in the Georgia-Alabama-South Carolina System. This in turn would increase power rates to recover Government costs for the construction and operation of the projects.

This alternative would have no negative impact on the human environment. See the Environmental Assessment for the Power Marketing Policy -- Georgia-Alabama System, for which a FONSI was issued in 1980.

B. No Action

Southeastern could suspend the present course of action by phasing-out operations in the near term. A discontinuation of the contracts with the preference customers would result in a violation of the Congressional requirements that the costs of the projects be repaid to the U.S. Treasury through rates charged for power sold. Any delay or discontinuation of the power sales contracts would result in either higher power rates for the remainder of the existing contracts, or a violation of Congressional mandate.

If Southeastern allows the contracts with the preference customers to expire, without attempting to continue these contracts, the customers would have to turn to other generating sources for their power needs. The most likely source of peaking generation to replace hydro is combustion turbines. This would result in increased releases of NOx, SOx, CO and other emissions associated with the operation of combustion turbines.

**DATE
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9/22/94

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