

3 R D Q U A R T E R

2003 Operational Report to Congress

A P R I L - J U N E 2 0 0 3

Highlights

- TVA officials continue to meet with TVA customers about two proposed rate actions. The first rate action consists of a proposed rate change. In January, TVA announced its intentions to change its rates effective October 1. The proposed rate change would more equitably distribute the costs of serving residential, commercial, and industrial groups and better position these rates relative to regional market prices. By contract, TVA is required to enter discussions with distributors for 180 days and attempt to reach agreement prior to implementing a rate change. TVA has provided requested information and met with distributor officials on numerous occasions to discuss proposals and counterproposals. TVA officials have also discussed a second rate action—a projected rate increase. This would be only the second time in 16 years that TVA has had a rate increase, this one necessary to support capital investments in clean air.
- TVA announced its joint memorandum of understanding with PJM and the Midwest Independent Transmission System Operator. The agreement is intended to lead to formal regional coordination agreements on grid operations.
- TVA approved a total of \$5.8 million in economic development loans for business growth in the Tennessee Valley during the quarter. These loans are expected to leverage an additional \$56 million in capital investment and help create or retain 1,788 jobs. Of the total, loans to Valley minority businesses amounted to \$1.6 million.
- TVA continued development of a strategic plan that will allow TVA to balance, in the context of evolving wholesale electricity markets, (1) how it achieves its mission of providing low-cost power, promoting economic prosperity in the Valley, and serving as steward of the region's environment and (2) its financial goal to continue the trend of debt reduction.

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Milestones

POWER SYSTEM

- TVA Nuclear received the Top Industry Practice (TIP) ‘Best of the Best’ Award for strategic planning programs and processes at TVA nuclear power plants. TVA also received a TIP Configuration Management Process Award at the conference for the permanent drywell shielding installed at Browns Ferry.
- Sequoyah Unit 1 completed its refueling outage and steam generator replacement project in June. During this outage, extensive inspections and testing showed the unit’s reactor pressure vessel head was sound and had no leaks. Four new steam generators were successfully installed inside the reactor containment.
- The Nuclear Regulatory Commission held an End of Cycle Public Meeting in April, stating that overall, Browns Ferry operated in a manner that preserved public health and safety and fully met all cornerstone objectives.
- Browns Ferry Unit 1 restart activities are on schedule and within the approved budget.
- TVA is installing 25 selective catalytic reduction (SCR) or similar systems at seven fossil plants to further reduce emissions of nitrogen oxide (NO_x). By 2005, TVA emissions of NO_x during the summer ozone season will be reduced by about 75 percent, compared to 1995 levels. Seven SCR facilities at Paradise Fossil Plant in Kentucky, Allen and Cumberland Fossil Plants in Tennessee, and Widows Creek Fossil Plant in Alabama are now operational.
- An Open House at Kemper Combustion Turbine plant gave the public an opportunity to learn more about the facility and how combustion turbines operate. The four-unit Kemper facility, rated at 340 megawatts, began operation last summer.
- John Sevier Fossil Plant set an operational record in April when the plant’s four units ended a continuous run of 122 days. The previous continuous run record for the plant was 120 days, set in 2000.
- Two TVA fossil organizations met safety milestones over the past quarter. Employees at the Power Service Shops in Muscle Shoals, Alabama, reached three million work-hours without incurring a lost-time accident. Also during the period, employees at John Sevier Fossil Plant reached the 13-year mark without a lost-time accident.
- Employees and retirees at Shawnee Fossil Plant celebrated the plant’s 50th year in service. The first of the Kentucky plant’s 10 generating units began operation in April 1953. Contributions by the plant to the Paducah community will be featured in a book being published this year by the Paducah Area Chamber of Commerce to celebrate the chamber’s 65th anniversary.

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TVA has agreed to offer power distributors new flexibility in their wholesale power contracts.

- In May, TVA was presented with a check representing the \$826,000 in profit-sharing that TVA is receiving through an innovative contract with Cormetech Inc. The catalyst manufactured by Cormetech is a key component of the selective-catalytic-reduction systems being used by TVA and others to lower nitrogen-oxide emissions from coal-fired power plants. Overall, the innovative partnership between TVA and Cormetech has resulted in a more efficient catalyst that has saved TVA about \$5.3 million.
- TVA's peak load for this period was 26,838 megawatts, which occurred on June 25, when the average Valley temperature was 89 degrees.
- Twelve delivery-point projects were completed and placed in service; approximately 40 equivalent miles of new transmission line was constructed.
- TVA completed construction of the Spallation Neutron Source 161-kV Substation, which was built to supply the Department of Energy load at its Spallation Neutron Source project.
- TVA's new Pinhook 500-kV Substation and associated 500-kV gas-insulated switchgear were placed in service. This new station relieves overloading conditions on transformers and lines in the Nashville area.
- Congressional field staff members from 18 offices across the Valley participated in a tour of TVA's System Operations Center and Raccoon Mountain Pumped-Storage Plant. Director Harris and TVA executives provided briefings on the power system, transmission system, TVA security, electricity deregulation issues, the proposed rate increase, and the Reservoir Operations Study.
- TVA participated in the International Atomic Energy Commission-sponsored conference on Innovative Technologies for Nuclear Fuel Cycles and Nuclear Power.

CUSTOMER SERVICE AND MARKETING

- TVA has agreed to offer power distributors new flexibility in their wholesale power contracts. At the request of any distributor, TVA will at this time amend the existing Power Contract to provide that when the Fence is removed in both directions, the distributor will have an important additional option unless it agrees with TVA otherwise. The amendment would provide that once the statutory precondition had been met, the distributor would have the right at any time, upon five years' notice, to elect to take any amount of power that it chose from another source, and TVA would remain obligated to supply only the remaining portion, however large or small. Transmission would be unbundled and service taken under TVA's then-applicable Transmission Service Guidelines, and the Rate Adjustment and Rate Change provisions of the Power Contract will continue to apply on the remaining load taken from TVA. For distributors that have a notice period longer than five years, TVA continues to offer the option to go to a five-year notice period, subject to certain conditions.

TVA will conduct numerous briefings with public officials and a dozen public meetings this summer on the Reservoir Operations Study.

- A series of storms swept through the Tennessee Valley in early May, causing major damage from tornadoes, high winds, and flooding. Forty power distributors reported significant customer outages. Jackson, Tennessee, was hardest hit as a tornado devastated the downtown area. TVA worked with distributors to accelerate recovery efforts.
- Several TVA and distributor products have been recognized by the trade group Utility Communicators International. The *energy right* Program won awards for television and newspaper ads about heat pumps, and Green Power Switch® won awards for direct-mail pieces and newspaper ads.
- TVA provided an update to the General Accounting Office on the March 2002 GAO report on TVA's efforts to reduce air pollution. The discussion included specific demand-side management pilot programs at TVA, as well as ongoing efforts to assess the applicability of such options.
- TVA's 2nd Quarter 2003 Customer Service Survey shows that 93 percent of power distributors responding to the survey are satisfied or extremely satisfied with TVA as their wholesale power supplier. In addition, 95 percent of directly served account contacts rated the performance of their account manager as satisfactory or higher.

RIVER SYSTEM OPERATIONS & ENVIRONMENT

- Work continues on the Reservoir Operations Study. In-depth analyses were completed to evaluate the potential impacts of the base case and seven policy alternatives on the environment, river system benefits, and the regional economy. The study's draft Environmental Impact Statement was released for public review and comment on June 27. The public comment period will end on September 4. TVA will conduct numerous briefings with public officials and a dozen public meetings on the study this summer.
- The Tennessee Valley averaged 18.87 inches of rainfall (149 percent of normal) and 10.24 inches of runoff (168 percent of normal) during the quarter. Almost one-third of the quarterly total fell during the first week of May, which resulted in the second highest regulated stage for Chattanooga, Tennessee, in the history of TVA. Actual flood damages at Chattanooga were approximately \$18 million. Damages averted were \$409 million at Chattanooga and almost \$441 million Valleywide. On June 1, all tributary reservoirs were well above the targeted minimum summer pool level, and at the end of the quarter water in storage above Chattanooga was the second highest since 1972.
- Wilson Dam's main lock was closed for three weeks for inspection and repairs. The auxiliary lock was available, but it is a small, double chamber lock that caused delays. Commercial and recreational users were notified of the closure.

- A magnitude 4.9 earthquake occurred near Fort Payne, Alabama, on April 29 at 5 a.m. EDT. Because of its size and location, 14 of TVA's dams were inspected, but no damage or unusual conditions were identified. This was the largest earthquake in the southern Appalachians since 1928.
- The Watts Bar Hydro Recovery Project returned four of the five damaged units to service ahead of schedule and under budget. The fifth unit is completing a modernization outage and will be returned to service in July. The plant was damaged by fire in September 2002.
- The flume for Ocoee No. 2 hydro plant was closed for three weeks to make repairs to areas where the soil foundation beneath the flume had washed away. While the flume was being repaired, water flowed in the Ocoee River channel. Commercial rafters were notified that additional water was available for recreational rafting and kayaking on the middle portion of the river.
- TVA has delayed construction of its Columbus Regenesys Plant. TVA's construction schedule was designed to lag behind that of the Little Barford Regenesys Plant in the United Kingdom to ensure that lessons learned at the initial Regenesys plant could be incorporated in the TVA facility. The British project is behind schedule, so work at the Columbus facility is being delayed. The Columbus plant is now expected to be placed in service in 2005.
- TVA conducted a training exercise to test the readiness of key personnel in responding to oil spills. The drill was held at Johnsonville Fossil Plant and involved about 50 participants, including several TVA organizations, the U.S. Coast Guard, the Tennessee Emergency Management Agency (TEMA), the local EMA, and the New Johnsonville Fire Department.
- EPA has published *The Clinch and Powell Valley Watershed Ecological Risk Assessment* as an EPA report. This project, a cooperative effort of EPA, the Nature Conservancy, the U.S. Fish and Wildlife Service, TVA, and others, provides information on how to best protect the valuable ecological resources of the watershed.
- TVA has a new aquatic plant harvester that will be used to cut and maintain boating access lanes through aquatic plant colonies in Guntersville, Nickajack, and Chickamauga Reservoirs, as specified in aquatic plant management plans developed with stakeholder groups.
- TVA gave a presentation on the Tennessee Growth Readiness program to the Board of the Land of Sky Regional Council in Asheville. The Council unanimously approved pursuit of a grant application to adapt the Tennessee program for North Carolina.
- TVA atmospheric scientists have begun a project that will continuously measure major chemical components of airborne fine particles at the Look Rock site just west of the Great Smoky Mountains National Park. Data collected at these sites will be critical to developing long-term plans to meet regional haze regulations and improve visibility.

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- TVA hosted workshops to solicit input on the Electric Power Research Institute (EPRI) draft study “Electricity Sector Framework for the Future.” The goal of this study is to develop a common vision of a successful 21st century electricity industry based on input from a wide range of stakeholders.
- TVA is working with the U.S. Army Corps of Engineers to support development of a Clean Marina Initiative for Corps lakes in Tennessee and Kentucky.

ECONOMIC DEVELOPMENT

- TVA completed 101 technical services projects for Valley communities and industries during the quarter. The projects included various economic research and analysis, engineering, architectural, and environmental evaluations.
- Toyota/Bodine Aluminum celebrated the announcement of its new engine block casting plant in Jackson, Tennessee. The Jackson facility will begin operations in late 2005, and the plant expects to employ 200 workers and have a total capital investment of \$124 million.
- The Tishomingo County Board of Supervisors is taking ownership of the 3,800 acre Tri-State Commerce Park in northern Tishomingo County. The site is being marketed as an ideal location for the aerospace industry, given the proximity to NASA operations in Huntsville and that the facility was designed for that industry. Recreational ventures will also be considered.
- Nine Tennessee Valley communities have been recognized by *Site Selection* magazine for their success in attracting new plant locations and industry expansions during the 2000-2002 period. The communities and their ranking in the Conway New Plant Database are Bowling Green, Kentucky, 5; Morristown, Tennessee, 9; Cullman, Alabama, 11; Tupelo, Mississippi, 34; Corinth, Mississippi, 39; Columbia, Tennessee, 46; Vonore, Tennessee, 50; Greene County, Tennessee, 61; and Paducah, Kentucky, 83.
- Members of the northeast Mississippi nonprofit group MEGAPOP signed agreements for ITC DeltaCom to build out a fiber telecommunications network from Memphis to Meridian. Rural Development, the Mississippi Development Authority, and the Appalachian Regional Commission have committed funding to the project, and TVA provided the right of way for the fiber backbone.
- TVA participated in ANTEC, the largest technical conference of the plastics industry. During the conference, TVA staff presented the benefits of locating plastic industries in the Valley. The plastics industry has been identified as one of TVA’s targeted industrial markets.
- The Tennessee Valley Corridor Summit, an annual regional economic conference, was held in Huntsville, Alabama. Championed by Congressman Zach Wamp, Corridor efforts focus on aerospace, automotive, life science, and technology infrastructure issues. Congressman Bud Cramer was instrumental in hosting this year’s event; TVA was a sponsor.

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TVA's interest expense was \$331 million during the quarter, a savings of \$29 million compared to budget.

- TVA hosted an existing business and industry breakfast during the Business Retention and Expansion International Annual Conference in Bismarck, North Dakota. The breakfast was exclusively for conference attendees who represent economic development organizations in TVA's power service area.

FINANCE

- TVA's interest expense was \$331 million during the quarter, a savings of \$29 million compared to budget.
- TVA has voluntarily enhanced and expanded its quarterly financial reporting for the quarter ended March 31, 2003. The expanded quarterly report includes financial statements on TVA's power program, management's discussion and analysis, qualitative and quantitative disclosures about market risk, and a discussion of TVA's disclosure controls and procedures. The report also contains certifications by the TVA Board and Chief Financial Officer similar to those required by the Sarbanes-Oxley Act of 2002. The new format provides greater consistency with the goals of the Sarbanes-Oxley Act and recent Securities and Exchange Commission rules.
- TVA redeemed \$123 million of callable bonds carrying an average interest rate of 5.33 percent and issued \$120 million of electronotes[®] with an average interest rate of 3.82 percent.
- TVA issued \$245 million of 4.625 percent sterling-denominated global bonds, which is one of the lowest coupons ever achieved by a non-UK, government-related entity for a long-dated maturity. TVA swapped the proceeds back to fixed-rate U.S. dollar funding, locking in a fixed cost of funds below 5 percent for 40 years.
- TVA issued \$500 million of 4.7 percent 30-year global bonds, which is one of the lowest coupon rates on any 30-year bond in the history of U.S. capital markets.
- Holders of TVA's 1998 Series D Putable Automatic Rate Reset Securities (PARRS) had the opportunity to continue holding their bonds or return them to TVA for redemption at the par amount when the rate on the bonds automatically reset downward from 6.75 percent to the new rate of 5.952 percent. The bonds have a feature that provides for an automatic reduction in the coupon rate under certain conditions. TVA redeemed \$22.9 million at the request of bondholders, which equated to less than 4 percent of the outstanding balance. The new coupon rate on the remaining balance will save TVA approximately \$4.5 million in annual interest expense.
- TVA completed a \$163 million lease-leaseback transaction on TVA's four combustion turbine units located in Kemper County, Mississippi, at an implicit rate of 3.56 percent. Comparatively, in the public market a bond transaction with a comparable maturity would have cost TVA one percent more.

The TVA web site, www.tva.com, was expanded to include a current events section featuring full and timely disclosure information and complete financial statements.

- The TVA Web site, www.tva.com, was expanded to include a current events section featuring full and timely disclosure information and complete financial statements, including the new quarterly report format.
- Through the third quarter of 2003, 77 percent of TVA's distributors were participating in the Enhanced Security Deposit Program (ESDP), which began in 2001. The program is an insurance plan that protects distributors from loss due to a commercial or industrial customer default or non-payment. It is an alternative to the traditional security deposit that usually consists of large cash deposits or letters of credit. There are 1,097 insured industrial or commercial accounts enrolled with a combined balance of \$49.5 million.
- The Owner Controlled Insurance Program (OCIP) saved an estimated \$3.4 million during the quarter, for savings of \$9.9 million so far this fiscal year. From its inception in April 1992, the program has resulted in a total savings of \$93 million. The program consolidates individual contractors' insurance coverages into one policy provided by TVA.

CORPORATE

- TVA completed the sale of the Old Post Office in Chattanooga and of permanent easements in the Haney Building in Chattanooga and the Kannex Building in Knoxville for proceeds totaling \$5 million on 190,000 square feet.
- TVA received a 2003 Innovative Practice Award from *HR Magazine* for TVA's process for retaining critical knowledge.
- TVA's Web servers have been upgraded to improve availability, response time, and security.
- TVA Police assisted a Murphy, North Carolina, police officer in taking into custody a suspect who later admitted being Eric Robert Rudolph, an individual on the FBI's 10 Most Wanted List.
- TVA Police assisted the U.S. Secret Service and local law enforcement with the protection of the First Lady, Laura Bush, on a visit to Chattanooga, Tennessee.
- In conjunction with Safe Waters and Seaports Alliance, TVA Police met with the U.S. Coast Guard in Paducah, Kentucky, on the restricted-zone program. The program will provide authority, jurisdiction, and a designation of restricted zones around TVA's critical structures.
- TVA launched a Contractor Workforce Management initiative designed to optimize the management of TVA's contractor workforce at the lowest total ownership cost.

- TVA, the University of Tennessee football team, and the Greater Knoxville Dr. Martin Luther King Jr. Commemoration Commission celebrated the completion of its 2003 Martin Luther King commemoration project, a Habitat for Humanity home. Approximately 120 TVA employees, retirees, members of the University of Tennessee football team, and community volunteers worked on the house from April until completion in June. The home is certified through TVA's *energy right* program.
- TVA participated in the 11th Annual Impact Awards Gala sponsored by The Tennessee Minority Supplier Development Council in Nashville.
- As a small business development outreach initiative, TVA teamed with eight Valley minority- or woman-owned businesses at the Edison Electric Institute's 20th Annual Minority Business Development Seminar and Trade Show in Atlanta. The event was an opportunity for these companies to showcase their goods and services and explore potential growth opportunities beyond their Valley business base.
- TVA donated 20 computers to Woody Gap School in Suches, Georgia; 20 computers to Chilhowee Middle School in Benton, Tennessee; and 80 computers to four Cherokee County, North Carolina, schools.

STATE NEWS

ALABAMA

- Construction of TVA's patented ReCirculating Wetland Treatment System at the Barton Riverfront Industrial Park in Colbert County, Alabama, began in June. The system, designed to treat up to 40,000 gallons per day of sanitary wastewater, will be located adjacent to the new Southeast Tissue Company facility.
- TVA will assist Sunshine Mills in Red Bay with an expansion project that will add 90 jobs to the area.
- Guntersville once again hosted the annual Indian Powwow event in the city limits on TVA land.
- TVA, in partnership with the city of Scottsboro, completed the stabilization of approximately 1,500 feet of critically eroded shoreline at the Goose Pond Colony recreation complex.
- A kickoff ceremony for the Guntersville Lake Watch program was held. This is a cooperative effort of the TVA Police, Alabama Marine Police, Guntersville City Police, and Marshall County Sheriff's Office.
- TVA met with representatives of Point Mallard Park and the City of Decatur to discuss a conceptual plan for a marina at the park.

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TVA participated in the Georgia Economic Developers' Spring Workshop, which showcased the Blairsville Airport Industrial Park.

- Guntersville is one of eight communities selected to participate in the Alabama Communities of Excellence (ACE) program. Each community will work with a team composed of ACE partners to be guided through three phases, including inventory of community assets, creation of a leadership program, and development of a strategic plan. TVA Community Development will lead the team working with Guntersville.
- TVA assisted the North Alabama Industrial Development Association in hosting its annual meeting with Chicago-based site selection consultants and business partners at the Sears Tower in Chicago.
- TVA participated in a meeting hosted by Congressman Cramer to discuss a strategy to help secure several major prospects that are interested in the North Alabama region.
- The final report of the Lawrence County, Alabama, Quality Communities process was presented at a public meeting in Moulton. Six community action teams are working in these areas: economic development, promotions, and tourism; education; government and community services; leadership, communications, and involvement; planning and funding; and recreation and the environment.
- TVA participated in meetings in New York City and Chicago hosted by North Alabama economic developers for site-selection consultants.

GEORGIA

- TVA worked with the Georgia Department of Natural Resources to help assess the environmental quality of Fightingtown Creek in Fannin County.
- TVA participated in the Georgia Economic Developers' Spring Workshop, which showcased the Blairsville Airport Industrial Park. TVA and the Southeast Industrial Development Association helped sponsor this year's event.

KENTUCKY

- TVA hosted a tour for Kentucky Utilities to visit TVA's System Operations Center, Bulk Power Trading Floor, and Regional Operation Center for Transmission.
- TVA met with Kentucky congressional field representatives to discuss Warren Rural Electric Cooperative Corporation's decision to give notice. In these discussions, TVA communicated its commitment to work with Kentucky distributors in an effort to keep them as customers.
- TVA and its partners recently completed the Bee Springs shoreline restoration project on Kentucky Reservoir.

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MISSISSIPPI

- TVA partnered with J.P. Coleman State Park near Iuka to stabilize more than 2,300 feet of critically eroding shoreline on Pickwick Reservoir, including a section near the park's lodge.
- The Mississippi office of the Appalachian Regional Commission held its annual workshop in Tupelo for local development districts, local officials, agencies, economic developers, grant writers, and engineers. TVA is managing 15 ARC projects in Mississippi with a grant value of \$5 million; most are infrastructure improvements that support industrial development.
- TVA is working with members of a three-county alliance in northeast Mississippi to discuss the potential for a mega-site in their region. The group from Union, Pontotoc, and Lee counties is being led by the Three Rivers Planning Development District.
- TVA participated in the MayFest Minority Business Conference and Networking Fair in Tupelo.
- TVA sponsored and participated in the annual Mississippi Economic Council Membership Meeting.
- TVA, in partnership with the Mississippi Development Authority, Entergy, Mississippi Power, and others, sponsored the Eighth Annual Mississippi Market Wholesale Show. The show serves as a vehicle for Mississippi manufacturers and small businesses to exhibit their products to retail establishments.

NORTH CAROLINA

- TVA partnered with the North Carolina Wildlife Resources Commission to install the first public handicap-accessible fishing pier on Chatuge Reservoir. Along with the pier, fish habitat was constructed.
- Stabilization activities have been completed on TVA land adjacent to Bear Paw subdivision on Hiwassee Reservoir in Cherokee County. Heavy rainfall had caused a severe mudslide affecting both the subdivision and TVA land.
- TVA participated with 35 volunteers from Swain County and the Fontana Lake Users Association to remove floating trash from the Tuckasegee River near River Park at Bryson City, North Carolina.

TENNESSEE

- TVA met with state and local officials about the near-record flooding in East Tennessee, clean-up operations, and repair costs. As a result of this meeting, the Hamilton/Rhea Counties' Stream Task Force was formed.
- TVA and Congressman Bill Jenkins served as hosts for the Northeast Tennessee Legislative Caucus event in Johnson City.
- TVA assisted stakeholders with the Tennessee Professional Privilege Tax bill. Federal and state employees will now pay the tax.
- TVA worked with the Anderson County Commission and the Tennessee General Assembly on passage of legislation that supports the Buffalo Mountain wind turbine project and enhances TVA's ability to attract additional wind turbine projects to Tennessee.
- TVA and Middle Tennessee Electric Membership Corporation have developed a proposal for a "green buildings" pilot for homes in Westhaven, a new upscale subdivision in Franklin, Tennessee. The proposal integrates two certified housing programs into TVA's *energy right*® New Homes Program, with each promoting energy and resource efficiency in housing construction. Approximately 2,000 homes are planned for Westhaven.
- TVA hosted a native plant workshop at the city park in Charleston, Tennessee. More than 100 local residents participated, gaining new knowledge on the use of native vegetation to protect their shorelines and improve water quality.
- Partners in the Beaver Creek Task Force hosted a clean-up event for Beaver Creek, a tributary of Melton Hill Reservoir. Task force partners include TVA, Hallsdale Powell Utility District, Knox County Stormwater and Greenways departments, the University of Tennessee, and others.
- Fort Loudoun Dam Marina and Chickamauga Marina became the 13th and 14th recipients of TVA's Clean Marina certification and flag. The marinas exceed the Clean Marina standards for minimizing pollution and encourage boaters to become effective stewards of their water resources.
- TVA and East Ridge have completed a demonstration project on erosion control and riparian restoration along 85 feet of West Chickamauga Creek at the heavily used Camp Jordan recreational area.
- The Upper Tennessee River Roundtable and the Cumberland River Compact/Center for Living Watersheds Coalition received Watershed Initiative Grants of \$800,000 and \$600,000, respectively. TVA staff played a major role in assisting these groups in the development of the grant applications. The grants will further work to maintain and improve water quality and sustainable growth initiatives.

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- TVA's Little Tennessee Watershed Team received a 2003 Blount County Environmental Achievement Award.
- TVA partnered with Henry County, the U.S. Fish and Wildlife Service, and the Tennessee Wildlife Resources Agency to develop new lake access facilities in Henry County on Kentucky Reservoir.
- TVA was a corporate sponsor of the 8th Annual Black Enterprise/Microsoft Entrepreneurs Conference hosted by the State of Tennessee in May. The event is the premier business conference and networking event for entrepreneurs.
- Community improvements designed by TVA Technical Services have been implemented in Dunlap and Sequatchie County, Tennessee. In less than one year, members of the community have started new businesses, implemented landscape islands, and continue the architectural renewal.
- TVA completed a Business Opportunities Study for Morristown and Hamblen County. The study identifies opportunities for the creation of additional retail and service businesses in the area.
- TVA completed a structural analysis of an industrial building in Cocke County. TVA is working with the county to market the building to an industry that is considering expanding.
- Athens Utilities Board adopted its first strategic plan. TVA Community Development staff facilitated the planning process and helped develop the plan.
- In June many of the top site selection consultants in the United States and Canada visited Nashville and the surrounding communities as a part of the "Spinning Hits: Nashville Area Tour." TVA served on the planning committee for the tour and helped host several events. The consultants represented recent projects and announcements in the Nashville area totaling 800 jobs and \$77 million in capital investment, including the Verizon customer service center in Murfreesboro and the Bridgestone APM facility in Dickson.
- Four Cocke County banks have joined the growing Valley Coalition for Business Development, expanding this public-private partnership to 13 Valley banks and TVA. The coalition works to promote business development in the region, assisting with the growth and expansion of women-owned, minority-owned, and socially and economically disadvantaged businesses.
- East Tennessee State University unveiled its master plan for the Research Park of Johnson City's Med-Tech Corridor, including the University Innovation Park. TVA will invest \$200,000 in the development of Phase 2 of the Innovation Laboratory, which will be northeast Tennessee's first business incubator dedicated to enabling high-tech and biotech entrepreneurs to create jobs for the region.
- TVA staff conducted a goal-setting session for the Roane County Chamber of Commerce. The workshops are part of TVA's Quality Communities process.

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- The Tri-Cities Regional Airport will begin construction on a \$1.2 million air cargo facility scheduled to open in the spring of 2004. Sullivan County officials also plan to develop an industrial park to house manufacturing and aviation-related businesses. TVA prepared the concept plan for development of the industrial park.
- Nissan announced major expansions to its middle Tennessee facilities in Smyrna and Decherd. The expansions include moving the production for its Pathfinder SUV to Smyrna and expanding its powertrain lines in Decherd. TVA's economic development programs have been a factor in previous projects at both plants, and Valley Advantage funds helped leverage the efforts of the Tennessee Department of Economic and Community Development, Middle Tennessee EMC, and Duck River EMC for these expansions. The expansions will add 800 jobs and \$250 million capital investment to Middle Tennessee's economy.
- TVA has entered into a contract with Argo Turboserve Corporation (ATC) to market TVA's surplus property at Hartsville Distribution Center. If the arrangement proves to be successful, TVA will consider expanding the coverage to include TVA's fossil and hydro sites.

VIRGINIA

- TVA met with Congressman Rick Boucher to discuss electricity deregulation legislation, the DOE FutureGen proposal, congressional district issues, and the possibility of TVA's purchasing power from a proposed southwest Virginia independent power plant.
- A critically eroded stream bank in the town of Sugar Grove, Virginia, has been stabilized. The local Board of Supervisors had been trying for several years to accomplish this project. The local community will be planting trees and grass along the stream bank.
- TVA was presented with an Organizational Coordinating Group Award by the Upper Tennessee River Roundtable. The award was given in appreciation for TVA's continued commitment to improving water quality in southwest Virginia.