

InsideTVA

TVA's Leadership Standard: Achieve Excellence in Business Performance and Public Service

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Inventive idea leads to cost, time savings

TVA's need to increase reliability and capacity in Northeast Tennessee has led to a series of upgrades at several TVA facilities, including innovative solutions on a new bank of 500-kV transformers at Volunteer Substation in Knoxville.

A little "thinking outside the box" kept a \$25 million upgrade at Volunteer Substation and several other locations in Northeast Tennessee on schedule.

When the installation of new meters and switches at Volunteer Substation in Knoxville ran into problems, Rob Blane, a fourth-year Electrician Apprentice in Transmission/Power Supply Substation Construction, used some innovative thinking to come up with a solution.



"We needed to change out the old meters and switches in the 'mosaic board' in the switchhouse at Volunteer," Blane says. "The new meters have a different size and configuration than the ones being replaced, and they didn't fit into the existing openings."

The vendor's recommended process was to use a router to machine new openings in the one-inch tiles that make up the mosaic board.

"We tried for a week or two to make the process work, but it was time-consuming, and the template didn't hold up," says Blane. "We tried a



Electrician Apprentice Rob Blane (in back) holds a tile that was cut from the mosaic board at Volunteer Substation, while Foreman Kenny Greene shows a meter that was to be installed.

couple of things, and I finally just boiled it down to the simplest process."

Blane decided to not use a template at all. Instead, he removed enough tiles to make room for the equipment and then used new spare tiles or trimmed old tiles to fill in the gap. He was able to trim the tiles to the correct size by securing them in a vice and cutting them with a port-o-band saw.

Not only did the new solution work, but Blane, along with Foreman Kenny Greene and Electrician Dennis Martin, completed the modification quicker and at a lower cost than originally planned. A

process that would have taken about a week for each set of meters was shortened to one day.

Electric System Projects Vice President David Hall says the second bank of transformers at Volunteer, along with other projects under way, ensure that voltages are maintained in a large part of East Tennessee and that reliability of the transmission system remains strong.

"The transmission corridor through East Tennessee is heavily used," says Hall, who toured the

See "Substation innovation" on page 7

First-quarter operating revenues increase

A slight increase in power sales resulting from economic growth, coupled with rate actions effective at the beginning of the 2004 fiscal year, resulted in a 5.6-percent increase in operating revenues for TVA during the quarter ending Dec. 31, 2003, compared with the same three months of 2002.

Operating revenues for the first quarter of the 2004 fiscal year totaled \$1.78 billion, compared to \$1.68 billion for the same period the previous fiscal year. Operating expenses were almost \$1.4 billion, an increase of nearly 11 percent from the first three months of the 2003 fiscal year.

TVA reduced its interest expense during the 2004 first quarter to \$333 million, down from \$346 million for the first quarter of the 2003 fiscal year. The reduction reflected lower

average interest rates and a lower total debt level.

"Sales for the first quarter of 2004 were slightly better than the same period last year, due largely to increased production by certain industrial customers as a result of a stronger economy," the TVA Board said in a letter to stakeholders.

"An increase in TVA electric rates that took effect at the beginning of the fiscal year also contributed to an increase in total operating revenues for the quarter."

During the first quarter of 2004, TVA reduced the outstanding balance of its bonds and notes by \$1.5 billion by applying the proceeds of a prepayment arrangement with its

See "First-quarter revenues" on page 3

what's new

IN EMPLOYEE NEWS

The TVA 2003 Annual Report is now available on the TVA Web site www.tva.com under Investor Resources, Financial Reports.

The report, titled "6:00 a.m. somewhere in the Valley," highlights how TVA connects the Tennessee Valley through energy, the environment and economic-development activities.

Complete financial statements and related disclosure information also are available on the TVA Web site.

InsideTVA

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TVA is an equal-opportunity and affirmative-action employer. TVA also ensures that the benefits of programs receiving TVA financial assistance are available to all eligible persons, regardless of race, color, sex, national origin, religion, disability or age.

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Inside TVA and Inside TVA Retirees Edition are available on the TVA external homepage — www.tva.com.



News

Chairman McCullough talks with Fred Davis of Tupelo during a tour of the System Operations Center in Chattanooga March 30. Transmission Operator Mike Donilon (in background) helped provide information to the group of Mississippi power-distributor managers and board members as well as economic-development leaders and others. During the two-day tour, members of the group heard briefings by Terry Boston, Executive Vice President of Transmission/Power Supply; Van Wardlaw, Vice President of Electric System Operations; Amy Burns, VP of Bulk Power Trading; Janet Herrin, Senior Vice President of River Operations; Jim Maddox, VP of Nuclear Engineering & Technical Services; Ron Williams, VP of Energy Research & Technology Applications; and John Bradley, SVP of Economic Development. Chattanooga Mayor Bob Corker and Terry Kemp, General Manager of Customer Service in Mississippi, also spoke to the visitors. The Mississippi group also toured the Bulk Power Trading Floor and Raccoon Mountain Pumped-Storage Plant.



CLETUS MITCHELL

Insidebriefs

TVAWide

A revised cellular-telephone policy, which became effective March 24, outlines how employees should reimburse TVA for the use of TVA-owned cell phones, as well as how TVA will reimburse employees when they use their personal cell phones for TVA business. Here are the major changes in the policy:

For TVA-owned cell phones

- Employees may be issued TVA-owned cell phones based upon communication needs for business.
- Phones may be used for all business needs, personal calls that are work related, and personal calls while in travel status.
- Employees are to reimburse TVA for any personal usage not allowed under the policy at a rate of 13 cents per minute.

For employee-owned cell phones

- Employees may use their personal cell phones to place business calls and have two options on how they can be reimbursed.
 1. Pro-Ration of Personal Cellular Cost — Employee maintains detailed billing records and determines the cost per minute each month, identifies all business calls, and requests reimbursement through the Expense Reimbursement System.
 2. Predetermined Reimbursement Rate — Available to management-level employees only. Managers receive management approval for a flat amount, which will be reimbursed to them each month on their paycheck. This amount should be determined by historical or estimated amount of cellular minutes the employee needs for business calls. The predetermined reimbursement rate ranges from \$30 for 250 minutes to \$150 for 2,000 minutes. The request is sent to Employee Accounting and will remain in effect until a change is requested.

More information on the policy is on TVA's internal Web site in the Principles & Practices Manual under Communications Practice 10, Cellular Phone Reimbursement Policy.

TVAWide

The state of North Carolina has filed petitions with the Environmental Protection Agency under Section 126 of the Clean Air Act to require coal-fired utility plants in 13 states to further reduce sulfur-dioxide and nitrogen-oxide emissions. This section provides that states may petition EPA to require sources in other states to reduce their emissions, if those emissions are shown to significantly impact air quality in the petitioning state. "TVA has been an important part of improving air quality across the Tennessee Valley, and we are committed to continue making investments to ensure cleaner air and water," says John Shipp, TVA Vice President of Environmental Policy & Planning. He says TVA cooperates with North Carolina environmental officials and others in the Southeast on developing regional solutions — such as air-quality modeling — to address air-quality issues. Since the 1970s, TVA has been installing emission controls that improve air quality and is

committed to installing additional controls on its coal-fired units over the next several years.

DistributorCustomers

TVA and Meriwether Lewis Electric Cooperative have signed an agreement reinstating MLEC's contract with TVA for all of the cooperative's wholesale power-supply needs. The reinstatement of the contract means the relationship between TVA and MLEC will continue as if MLEC had never given notice of contract termination. MLEC's power-supply contract with TVA contains a rolling-term and a five-year notice period, which means the contract will continue in force each year unless notice is given. Any notice would end the contract after a five-year period. The agreement was reached after TVA determined it would be possible to return MLEC to the planning cycle without additional cost to TVA. "TVA is pleased that Meriwether Lewis Electric Cooperative, after an 18-month survey of other electric-supply options, has decided it wishes to remain a wholesale power-supply customer of TVA," says Mark Medford, TVA Executive Vice President of Customer Service & Marketing. "MLEC's decision reaffirms that TVA is still the preferred long-term wholesale power-supply option to meet the cooperative's needs." Medford says TVA also looks forward to working with MLEC and all other distributor customers to develop additional, mutually beneficial alternatives that will meet customer needs in an increasingly competitive wholesale supply market.



The Healthcare Assistance Program, in addition to providing a 24-hour nurse line and a care-management program, provides access to a special Web site on healthcare information.

The site, "Living Wise," has recently been enhanced to include links to TVA's Workers' Compensation program, the Employee Assistance program and information on routine physical coverage under TVA's medical plans.

"With the cost of healthcare continuing to rise across the nation, it's of utmost importance for those using healthcare services to make informed decisions," says Gary Watson of Employee Benefits. "By becoming more informed, consumers are able to select the highest quality of service while reducing healthcare costs."

The "Living Wise" Web site, www.myaccesshealth.com, provides links to a wide range of educational information, including hospital quality ratings, nursing-home ratings and physicians reports, plus general health information, drug information, search assistance when looking for specific topics, recent articles on health topics and a decision-helper tool to review symptoms and decide where and how to seek medical treatment.

News

Understanding Winning Performance: Satisfied customers in a vibrant Valley goal of WP measure

In the second article in the series on how TVA measures progress toward Winning Performance improvement goals, Inside TVA looks at how TVA successfully develops relationships with its customers and at the fulfillment of TVA's historic mission of economic development.

Customer Satisfaction

"The Customer Satisfaction measure provides TVA with data to enhance early decisionmaking and action planning, which increases the likelihood of customer retention," says Eddie Ricks, Manager of Business Planning in Customer Service & Marketing and key contact for the measure.

"Our customers told us what was important to them, and now we evaluate our performance in those four areas: power reliability, billing reliability, product timeliness and competitive price."

Employees in transmission- and generation-related business units directly impact the indicator through excellence in operations and maintenance. Employees in billing-related business units directly impact the indicator by providing accurate and timely customer invoices.

Employees involved in the development and support of customer products and services impact the measure by providing new, highly differentiated prices, services and contract terms in a timely manner.

"By keeping costs low, all TVA employees play a part in our ability to successfully offer competitive prices," Ricks says.

Economic Development

"TVA uses its Economic Development index to

Winning Performance

TVA's Six Strategic Objectives



TVA Balanced Scorecard for February

	Weight	Status	Actual YTD	Plan YTD	Year-End Forecast	GOALS		
						Target*	Mid	Stretch
Financial								
• O&M Costs (\$ millions)	15%	➡	1,486	1,521	3,685	3,644	3,608	3,535
• Financial Strength (\$ millions)	15%	⬆	60	95	225	225	275	375
• Productivity (kWh/\$)	10%	⬆	151.7	143.1	147.8	147.8	150.8	152.4
Customer								
• Customer Satisfaction (%)	10%	⬆	133.4	100.0	100.0	100.0	117.0	130.0
• Economic Development (index)	10%	⬆	112	100	100	100	110	120
Operations								
• Asset Availability (%)	20%	⬆	99	98	100	98	100	102
• Environmental Impact (index)	10%	⬆	84	92	98	98	91	85
People								
• Safe Workplace** (all injuries/hour worked)	10%	⬆	1.70	2.41	2.41	2.41	2.36	2.31

Notes:

- * Target equals FY04 Performance Plan Target.
- ** Payout at any performance level is contingent upon no fatalities.

Status:

- ⬆ = Forecast at or better than Target
- ➡ = Forecast worse than Target, but recovery is possible
- ⬇ = Forecast worse than Target, and recovery is unlikely

The February scorecard has been posted on the Winning Performance section of TVA's internal Web site.

measure how effectively the company contributes to sustainable economic development in the Valley," says Teresa Taylor, Specialist in Economic Development Strategic Initiatives and newly appointed key contact for the measure.

"The index incorporates job growth in terms of jobs added and retained, capital investments by economic-development partners and job quality."

In this measure, TVA employees who help companies improve the productivity and efficiency of

their operations are contributing to the overall economic development of the region. In addition, TVA's strategic partners, such as the Regional Industrial Development Associations, also provide technical assistance, which really makes a difference, she says.

"TVA's financial and technical support and our regional partnerships can help us succeed in improving job growth and wealth creation for the people we serve," says Taylor.

— CAROLYN BRADLEY

Legislative Update

Energy bill still being debated in House, Senate

As political pressure mounts for Congress and the Bush Administration to do something on the energy front, there are signs in Washington that legislation could move before the end of the year.

Energy and Natural Resources Committee Chairman Pete Domenici of New Mexico thinks the Senate will pass "the biggest piece" of the bill soon. He has not been specific as to what that piece is, but there is speculation that it is the tax title, which includes an extension on the tax credit for electricity produced from renewable resources.

In the House, Majority Leader Tom DeLay of Texas recently unveiled the House Energy Action Team, or HEAT, as a way to promote the energy bill and put pressure on Senate Democrats to drop their opposition to it.

"If Senate Democrats refuse to provide the votes to secure America's ener-

gy, the House will simply turn up the HEAT," DeLay said in a statement. The team is part of an ongoing effort DeLay launched last year to keep pressure on Congress to address energy issues.

Additionally, President Bush has been emphasizing his support for the energy bill in recent speaking engagements. His remarks have focused on the bill as a way to boost job growth. He has been underscoring the need for energy legislation that "encourages reliability for electricity ... encourages conservation and helps us become less dependent on foreign sources of energy."

Although Senate Majority Leader Bill Frist of Tennessee has indicated energy legislation is not likely to be addressed before Easter, he would like to bring it up before the end of the year.

— NANCY TOWNES



First-quarter revenues

continued from page 1

largest customer, Memphis Light, Gas & Water, and recorded an equivalent liability in the form of deferred revenue. Under the arrangement, TVA has

a 15-year, \$1.5-billion obligation to provide MLGW with a monthly credit on a portion of its electricity needs.

TVA reported operating income of \$399 million for the three-month period ending Dec. 31, 2003, compared with \$440 million for the same period

the previous year. Net income for the first quarter of 2004 was \$70 million, compared with \$314 million in net income for the same three months of 2003. A significant portion of the decrease relates to two non-cash accounting changes implemented during the first quarter of 2003.

Program-review process continues; information provided

TVA's review of programs, functions and staffing levels is helping TVA determine whether it should keep, eliminate or outsource programs and functions, and if surplus staffing areas exist.

"Through the program-review process, we are making some difficult decisions that are necessary to prepare for competition," says Chairman Glenn McCullough Jr. "And it is especially hard knowing these decisions affect the very people who have played a key role in helping the company be successful over its long history.

"The review process has shown that a great deal of good work is going on throughout TVA. All of you work very hard, and Bill, Skila and I appreciate that."

TVA initially asked for voluntary resignations in areas that had identified surplus positions during reviews. March 29 was the deadline for managers to accept or reject applications for voluntary resignations. As program reviews are completed and if other sur-

plus staffing situations are identified, additional voluntary resignations may be accepted.

McCullough says the Board is encouraged by the number of volunteers responding thus far.

"Skila, Bill and I thank those who took the opportunity to volunteer," he says. "We wish each of those who are leaving TVA the very best for their future."

The need for TVA to gain financial flexibility through increased cash flow and a reduced debt structure was the reason for asking for voluntary resignations.

TVA's fundamental mission of service is not changing, but it must adapt in order to succeed in a more competitive environment, McCullough says.

"Customer choice is likely to make our sales and revenues — our cash flow — more volatile than ever before, and TVA must have greater financial flexibility," McCullough says. "We must achieve greater and greater efficiencies so we will succeed and our customers will benefit."

After reviewing the positions vacated by employees who volunteered to leave the company, TVA will begin the process of involuntary reductions. On April 22, organizations are scheduled to begin issuing any notices of involuntary RIFs. The 60-day notice-of-termination period will end June 25.

TVA management will work with employees throughout the company, as well as with its union partners and Tennessee Valley communities, to keep everyone informed about the changes, to work through the changes and to provide employees with information they need in their transition.

"Our goal is to provide as much information as possible to employees as soon as it becomes available," McCullough says.

The following includes information on further program reviews and the process for involuntary RIFs. Additional information is on the Employee SelfService section on TVA's internal Web site.

Involuntary reduction-in-force process

The process to conduct a reduction in force is based on the Veterans' Preference Act, regulations issued by the Office of Personnel Management, and the applicable collective-bargaining agreements. Additionally, employees covered by collective-bargaining agreements may be eligible for reassignment, recall and/or re-employment.

Retention register

Once the decision is made to conduct a reduction in force, retention registers must be prepared that list every employee in the affected competitive level within the applicable competitive area. The following three retention factors are used:

- Tenure (Group) — Permanent, pre-permanent or indefinite
- Veterans Status (Subgroup) — Preference eligible veterans who 1) have compensable service-connected disabilities of 30 percent or more and 2) those who do not are not retained ahead of nonveterans in the same tenure group.
- Years of creditable service and credit for performance for Managers, Specialists, Excluded and EA-represented employees — An employee's retention standing within his or her group or subgroup is determined as of the date he or she is released from a competitive level. Changes in factors that occur during the notice period must be taken into account in determining the employee's retention standing, except for credit for performance appraisals.

An employee with restoration rights on military duty is not a competing employee for reduction-in-force purposes and, therefore, should not be listed on the retention register. Employees and their union representatives are permitted to review retention registers for the employee's own competitive area. A statement to this effect is included in the employee's RIF notice.

Within each subgroup, employees are listed on the retention register in order of their creditable service dates for RIF, which include credit for performance where applicable. The employee with the most recent service date is listed at the bottom of his or her subgroup.

The competitive area is the organizational unit within which a RIF is conducted. In TVA, these areas are negotiated for represented employees and may be different for Salary Policy and Trades & Labor employees. TVA applies the same competitive areas to employees in Excluded-schedule positions as are applied to represented Salary Policy employees. Competitive areas for Manager and Specialist employees may be the same as those for represented Salary Policy employees or may be different as determined necessary by the appropriate Chief Officer with the Executive Vice President of Human Resources' concurrence.

A competitive level establishes who is competing against whom in a RIF. It includes all jobs in the same schedule and grade, similar enough in duties, qualification requirements and working conditions to allow interchange of employees within that competitive area without loss of productivity beyond that normally expect-

The order in which employees are listed is as follows:

Retention Group I	Employees with permanent tenure	
	Subgroup AD	Employees with permanent tenure eligible for veterans' preference in RIF who have compensable service-connected disabilities of 30 percent or more.
	Subgroup A	Employees with permanent tenure eligible for veterans' preference in RIF not included in subgroup AD.
	Subgroup B	Other employees with permanent tenure.
Retention Group II	Employees with pre-permanent tenure	
	Subgroup AD	Employees with pre-permanent tenure eligible for veterans' preference in RIF who have compensable service-connected disabilities of 30 percent or more.
	Subgroup A	Employees with pre-permanent tenure eligible for veterans' preference in RIF not included in subgroup AD.
	Subgroup B	Other employees with pre-permanent tenure.
Retention Group III	Employees with indefinite tenure	
	Subgroup AD	Employees with indefinite tenure eligible for veterans' preference in RIF who have compensable service-connected disabilities of 30 percent or more.
	Subgroup A	Employees with indefinite tenure eligible for veterans' preference in RIF not included in subgroup AD.
	Subgroup B	Other employees with indefinite tenure.

ed in the orientation of a new fully qualified employee. It may have different job titles and may consist of one position, several positions or many positions. Competitive levels are determined in accordance with job descriptions and other available material, such as service reviews, that include a description of job duties.

Separate competitive levels are established for positions on different pay schedules and for positions filled on a full-time, part-time, seasonal or intermittent basis. Employees on dual classifications are placed in the competitive level of their regular classification. Also, separate competitive levels for job stewards and designated union representatives are established in accordance with applicable negotiated agreements and Section B-VI.C.2 of the General Agreement.

Timeline for program reviews completed by mid-February 2004

Timeline for program reviews completed after February 2004 are available on the Employee SelfService site

March 15 The deadline for employees to volunteer for a reduction in force.	March 29 Managers approved or rejected voluntary reduction-in-force applications.	April 22 Organizations issue any notices of involuntary RIFs, depending on the number of volunteers received.	May 28 Effective date of termination for employees approved for voluntary RIFs.	June 25 End of the 60-day notice-of-termination period for employees receiving involuntary RIFs
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Program reviews

Reassignment rights

Reassignment rights are provided by the collective-bargaining agreement for eligible employees who are involuntarily reduced in force.

Reassignment rights are sometimes referred to as “bumping rights,” “roll-back rights” or “fall-back rights.”

Eligibility criteria

- Employees must have non-temporary tenure and at least 10 years of TVA service.
- Managers, Specialists and Excluded-schedule employees are not eligible.

Positions to which eligible employees may be reassigned

The position must be in the same competitive area as the employee’s current position and at a different competitive level

- Additionally, the position must be:
 1. The same position as the employee last held on a non-temporary basis or another position in the same competitive level (interchangeable job descriptions) as the employee last held on a non-temporary basis, and have
 2. A lower entrance salary than the entrance salary for the employee’s current position.

An eligible employee cannot be reassigned under some circumstances, such as

- If no such position exists in the same competitive area, or
- If all employees already in that position (competitive level) have higher retention standing.

An eligible employee is offered reassignment

- If such a position exists in the same competitive area and there is a vacancy, or
- If such a position exists in the same competitive area, the employee is compared with other employees already in that competitive level, and
- The employee has higher retention standing than at least one of the other employees
- The employee has three days to accept or reject the offer of reassignment. If the employee accepts, the following occurs:
 1. A RIF must be conducted in that competitive level, and
 2. The employee with the lowest retention standing is “bumped.”
- If the employee rejects the offer of reassignment, the original RIF is completed.

Trades & Labor employees

In certain crafts, foremen, operating and multi-skill employees have reassignment rights to journeyman or other positions for which they have been trained. These rights are covered in the applicable collective-bargaining agreements.

Other considerations

There are no cross-contract reassignment rights. Reassignment rights are limited to other positions within the same bargaining unit.

Represented employees have no reassignment rights to management, Excluded-schedule or other bargaining-unit positions.

More detailed information is available on TVA’s internal Web site under Employee Relations Manual, Reduction In Force.

Credit for performance

Managers, Excluded or Engineering Association-represented employees receive service credit for their job performance in a reduction in force. This credit is given as a result of an Office of Personnel Management regulation and establishes an employee’s standing on a retention register.

Under the credit-for-performance provision of OPM’s RIF regulations, employees who receive annual overall performance ratings of record (TVA’s annual Performance Review & Development, Integrated Performance Management) are given additional creditable service consistent with their performance ratings. Credit is given by adjusting an employee’s federal service date for RIF purposes.

A performance rating of record is an official performance rating under one of TVA’s performance-appraisal systems that contain an “overall” rating for the period of covered service. The rating is considered in calculating credit for performance if it is recorded in the Human Resource Information System at least 30 days before a RIF notice is issued unless an employee had a change in supervisor or a job change.

Credit for performance may impact an employee’s relative standing within a subgroup on the retention register. However, it does not change the relative standing in a RIF between competitive-level groups, such as veterans and non-veterans, and among permanent, pre-permanent and indefinite employees.

Employees covered by credit for performance — Credit for performance only applies to RIFs where competing employees are eligible to receive an overall performance

rating. These employees compete with one another for retention in a RIF. As a result, employees who do not receive credit for performance are not impacted by it.

Employees may receive additional service as indicated below for the following ratings.

Additional years of service for overall ratings

16 Years	12 Years	0 Years
Exceeds expectation	Meets expectations	Meets some
Better than fully adequate	Fully adequate	Less than fully adequate

Ratings for the most recent three years of annual performance during the past 48 months are averaged to determine the number of additional years of service credit the employee receives. When an employee has no overall rating of record for the four-year period preceding a RIF, TVA must determine the modal rating — the rating that was most frequently assigned to employees within that group during the most recent performance-review period.

Credit for performance for employees with ratings from other federal agencies — If an employee who is covered by Credit for Performance (M&S, Excluded or EA-represented) transferred from another federal agency and received any annual performance ratings of record from that agency within the past four years, the rating(s) will be considered in calculating credit for performance at TVA.

Re-employment lists

Re-employment consideration is available to those employees who are involuntarily RIF’d or who accept temporary or lower-grade TVA jobs following a RIF.

To be eligible to be placed on the re-employment lists, employees must complete TVA Form 9899, “Interest and Availability for Reemployment Following RIF,” and submit it to their Human Resources Representative. The HR Representative must certify the completed form and then forward it to the Employee Service Center. A copy of this form should be attached to the RIF notice.

Re-employment consideration extends only to specific positions and time periods in accordance with the applicable negotiated agreement. If vacancies occur in these positions within the specified timeframe, these individuals may receive special consideration for re-employment over other outside candidates. Re-employment consideration is applied to non-represented Salary Policy employees in a manner consistent with the terms of the applicable negotiated agreement.

Recall lists

Under the terms of negotiated agreements, represented Salary Policy full-time or scheduled part-time annual employees can have their names carried on a recall list for one year, in addition to being carried on the re-employment list.

To be placed on the recall list, employees must complete an “Interest and Eligibility to be Placed on Recall List” form (TVA Form 17343) and submit it to their Human Resources Representative before the effective date of the RIF. A copy of this form should be attached to Salary Policy employee RIF notices.

Former employees on a recall list are offered re-employment in a position in the same competitive area and level from which they were reduced in force before the position is filled by internal selection, transfer or selection of another external candidate.

If employees elect this option, their severance benefits are paid in monthly payments equivalent to 1/12 the total severance pay for each month during the one-year period they remain on the recall list.

Severance benefits stop at the time the employee rejoins TVA. Management and Specialist employees are not eligible to be placed on a recall list.

Severance pay

Employees with five or more years of Salary Policy or Trades & Labor full-time annual service (beginning with the most recent appointment date) may be eligible for severance pay.

The amount of severance pay is five days of pay for each full year of full-time annual service beginning with the employee’s most recent appointment date adjusted for any non-creditable service.

For Salary Policy employees, equivalent part-time service is considered in determining severance-pay eligibility and severance-pay allowance. The maximum severance pay is 150 days of pay.

Payment of severance to employees is an automatic payroll function based on termination information and the severance calculated date of record in the Human Resource Information System. Employees can view their estimated severance pay by using the Severance Pay Calculator on TVA’s internal Web site through Employee SelfService.

Frequently asked questions on program reviews

Q. *What happens if I have an outstanding debt to TVA when I leave (i.e., travel advances, eyewear)?*

A. TVA will deduct any outstanding TVA debt from your last payment. Employees should contact TVA Retirement Services for information regarding outstanding 401(k) loans.

Q. *How will job openings be advertised? TVA-wide or organization-wide?*

A. This will be determined by individual organizations.

Q. *Where can I find all the information on program reviews and RIFs?*

A. Employees may find the information on TVA's internal Web site through Employee SelfService, Staffing/Program Review Implementation Information.

Q. *If an employee is issued a RIF notice, can he or she retire at the same time?*

A. If he or she meets eligibility requirements in accordance with the TVA Retirement System, he or she may retire. To determine specific retirement options, contact Retirement Services: Phone: 865-632-2672, 1-800-824-3870 or TDD-865-632-7576; e-mail: retsvcs@tva.gov; fax: 865-632-8591; TVA mail: ET 8B-K

To ensure that all payments are processed correctly, these terminations must be processed as involuntary reductions-in-force transactions.

Q. *If an employee is involuntarily reduced in force, is he/she eligible for the 24-month extended medical coverage?*

A. No. Only employees who are accepted for voluntary reductions in force are eligible for the 24-month extended medical coverage.

Q. *Can an employee view the retention register?*

A. Employees may view the retention register for their competitive area and competitive level only. Retention registers are maintained by Human Resources and may be viewed by contacting the appropriate Human Resource Consultant.

Q. *Can an employee apply on vacancy postings while under notice of RIF?*

A. Yes. Employees who have received a RIF notice may apply on and be considered for vacant position announcements in any Vacant Position Announcements group.

Q. *Will I be able to collect unemployment when I leave TVA?*

A. TVA will not contest unemployment claims for employees involuntarily reduced in force. TVA will contest claims of those who volunteer for RIF. The various states make the final determination.

Q. *If a Represented or Excluded employee's position is eliminated and the employee has reassignment rights to another position in the competitive area, how long does the employee have to decide on whether he/she will accept his/her reassignment rights?*

A. The employee has three (3) calendar days from the time he/she is informed his/her position has been eliminated, per Supplementary Agreement S-10:K. Managers, Specialists and Excluded employees do not have reassignment rights.

Q. *If an employee decides to leave immediately,*

will he or she be placed in a non-work, pay status for the 60-day period, or will he or she be in non-work, non-pay status?

A. Employees will be in pay status during the 60-day notice period. The current supervisor will make the decision whether the employee will be in work status on a case-by-case basis, depending on current work/business needs and with input from the employee.

Q. *Is an employee eligible for rehiring if he or she receives a reduction-in-force notice?*

A. Yes.

Q. *How will the \$500 Flex Benefit credit apply if I'm RIFed?*

A. The \$500 Flex Benefit credit is for active TVA employees only. Upon your termination date, you will no longer be eligible for this credit.

Q. *Can an employee who receives an involuntary reduction-in-force notice be offered and accept a position as a temporary employee in another organization?*

A. Yes. However, TVA does not anticipate many opportunities for temporary appointments at this time.

Q. *Will TVA assist me in resume writing, job search, skills and interest testing, etc., during my 60-day notice period?*

A. TVA will provide resume referrals to prospective employers who inquire about employees who provide a resume and sign the Resume Authorization Form, which is available on Employee SelfService, Staffing/Program Review Implementation Information. Also, TVA will provide some information to assist employees with their job searches during the notice period.

Q. *What other assistance is available to me?*

A. The Employee Assistance Program (EAP) offers confidential assistance to employees and their families to help address a wide range of personal problems. TVA's EAP is administered by the Tennessee-based Occupational Health of America. The phone number is 1-800-955-6422.

Q. *If I am on a temporary promotion, what salary will my severance pay and annual leave be based on?*

A. When you terminate your TVA employment, you will return to your permanent position. Your benefits and severance pay will be based on your permanent salary.

Q. *What is the severance package? Who is an "eligible" employee relative to severance?*

A. Severance provisions are outlined in the applicable collective-bargaining agreements. Reference the agreements for specific details. In broad terms, a full-time annual employee is eligible for severance pay if he or she receives a formal written RIF notice; and the current period of employment includes five years or more of full-time annual service; and the employee has not yet received from TVA an offer of a non-temporary position at the same or higher salary grade at or prior to the date the notice was received; and the employee is terminated through RIF procedures, resignation during the notice period or at the end of a period of temporary annual employment to which he/she trans-

ferred after receiving his/her RIF notice.

Q. *Is severance pay lump sum?*

A. Yes, unless you are a represented Salary Policy employee and choose to go on the recall list. Also, if an employee is accepted for a voluntary RIF, TVA will deduct the premium for extended medical coverage for the remainder of 2004 from the employee's severance pay.

Q. *Will I receive my severance pay if I choose to be placed on the recall list?*

A. Severance pay allowance for a represented Salary Policy employee who elects to be placed on a recall list is paid upon termination in monthly payments equivalent to 1/12 the total severance pay entitlement for each month during the one-year period the employee remains on the recall list. (See Collective Bargaining Agreements for more details.)

Q. *May I defer my severance payment until next year?*

A. No.

Additional questions and answers are on the Employee SelfService Web site under "Staffing/Program Review Implementation."

CSRS, FERS employees can volunteer for RIF

The Office of Personnel Management has authorized TVA to accept offers to volunteer for reduction in force from eligible Civil Service Retirement System and Federal Employees Retirement System employees.

Eligible employees can volunteer through April 15.

Federal laws and regulations concerning the retirement of CSRS and FERS employees require that such employees must meet one of the following criteria to be eligible:

- Be age 50, with 20 years of creditable service
- Have 25 years of creditable service, regardless of age.

Under CSRS, there is a 2-percent reduction in benefits for each year the annuity payment begins before age 55. There is no reduction under FERS.

Creditable federal service is established by federal law and OPM regulations, and it generally includes civilian service in federal agencies (including TVA) and active service in the uniformed services.

In addition to the retirement-eligibility rules shown above, to be eligible to volunteer, employees also must meet the following criteria:

- Have five years of current TVA service and work in an organizational/function area identified to have surplus staffing.
- Not be in a time-limited (temporary) appointment.
- Not have received a decision of involuntary separation for misconduct or unsatisfactory performance.

The RIF forms for these employees are available from the Employee SelfService site on TVA's internal Web site. After logging on to the site, click on the Staffing Program/Review Implementation link, then on the Reduction In Force Process link and then on the Instructions for Civil Service Retirement System and Federal Employees Retirement System link.

News

ACROSS TVA

Across TVA highlights news, achievements and activities of TVA organizations. E-mail submissions to Suzanne Cottrell on Microsoft Outlook or send them to her at ET 6E-K. Digital photographs can be e-mailed to the Employee Communications Photos mailbox in Microsoft Outlook.

Browns Ferry Nuclear Plant — Browns Ferry Unit 3 is on Navigant Consulting Inc.'s list of the best-performing reactors in the United States during 2003, according to information published in *Nucleonics Week*, a trade publication. Navigant's list of the 26 units in the top 25 percent is based on non-fuel operations and maintenance, capacity factor and the lack of a regulatory-performance problem as of fourth quarter 2003. The magazine gives credit to Browns Ferry Unit 3 for producing 855,530 megawatt hours of electricity at a capacity factor of 99.56 percent that month, and Browns Ferry Unit 2 for producing 863,290 megawatt hours of electricity at a capacity factor of 100.46 percent.

Economic Development — Bowling Green (3rd), Franklin (26th) and Paducah (37th) were ranked in *Site Selection* magazine's 2003 Top U.S. Small Towns for corporate expansion. The ratings are in the magazine's March 2004 issue.

John Sevier Fossil Plant — TVA was recognized for assistance in the Ozone Warning Program by the Ozone Partnership at the Regional Environmental Conference in Kingsport, Tenn., sponsored by the First Tennessee Development District. John Sevier Plant Manager Mike Wagner accepted the award on behalf of TVA.

Mississippi — Mississippi State University and TVA hosted the first Collaborating for Excellence Symposium in Starkville. TVA/Mississippi State partnership projects include Educational Outreach, Economic Development, and Science and Technology. Faculty, students and TVA staff joined power distributors in viewing project displays and participating in seminars on geothermal technology, power quality, power generation and air-quality issues. The TVA/Mississippi State partner-

ship includes River System Operations & Environment, TVA University, Customer Service & Marketing, Economic Development, Fossil Power Group, Transmission/Power Supply and Shared Resources.

Resource Stewardship — Resource Stewardship prepared and facilitated an Environmental Awareness & Land Use Best Management Practices training course for Transmission/Power Supply across the power-service area. The one-day technical-training course has been presented at eight Customer Service Centers with more than 250 participants in 2004. Best Management Practices are used to minimize offsite soil-erosion impacts from land disturbances such as transmission construction and maintenance activities. They cover detailed job planning, access roads and construction-site measures that include structural and vegetative controls. The training supports more stringent storm-water management Environmental Protection Agency requirements.

Transmission/Power Supply — TPS completed its first ever Cyber Security Compliance filing, as required by the North American Electric Reliability Council. The filing detailed compliance with the NERC Cyber Security Standard, which includes policy and program requirements for IT infrastructure critical to the operation of the power-system grid.

Watts Bar Nuclear Plant — Volunteers, as well as company and vendor sponsors, are needed for the 2nd Annual Partners In Education Golf Tournament. The event, sponsored by the Watts Bar Nuclear Plant PIE Group, is scheduled for May 24 at the Springbrook Golf & Country Club in Niota, Tenn. To volunteer or for information on sponsorships or related matters, e-mail Benny Johnson, Jeff Boggess, Beverly Garrison or Kathy Keefer.

Around the industry

This feature provides highlights of events in the electric-utility industry. More information is available in PowerBolts through *TVA Today*.

FERC finds Southern improperly limited grid access — The Federal Energy Regulatory Commission has found that Southern Co. improperly restricted two independent power generators from connecting to its giant grid, and gave the Atlanta-based utility three weeks to justify the deals. At issue are transmission contracts Southern signed with Calpine Corp. and Oglethorpe Power Corp. that set the terms for the generators to ship power across its grid. Calpine and other merchant companies have long argued that vertically integrated utilities like Southern have tried to block grid access for anti-competitive reasons. — *Reuters News Service*

BPA may alter its focus — Portland-based Bonneville Power Administration expects to reach a conclusion this year on whether to continue meeting 100 percent of its customers' demand. BPA's customers — mostly utilities — could be forced to buy their power elsewhere, which could lead to the building of additional power-generating facilities to meet demand. Would-be builders of power-generating facilities want a more definitive market before deciding whether to invest or to continue to rely on Bonneville. — *The Business Journal*

Substation innovation

continued from page 1

project in January and saw the meters being installed.

"We're fortunate in TPS to have employees who are committed to making things work and who have the ingenuity to do that well. Instead of complaining about being given a task that couldn't be done, Rob figured out how to do it.

"We will use this solution on other projects as well."

Project Manager Dean Peoples says completion of this project is contingent on the work at each site being done on time.

"Because of Rob's, Dennis's and Kenny's resourcefulness, the project is ahead of schedule," he says.

Planned to be completed later this year, before hot summer weather hits, the system upgrade also includes improvements to the 500-kilovolt system at Bull Run Fossil Plant, Watts Bar Nuclear Plant and Phipps Bend substations, as well as upgrades to the Volunteer 161-kV switchyard.

— MYRA IRELAND

New technology opens communications for substations

How do you get an entire industry, nationally and internationally, including the vendors that supply materials for that industry, to agree on anything? Through collaboration. Many years of collaboration.

This not only benefits the industry, but it's working well on a new TVA 161-kilovolt switching station in Tiptonville, Tenn.

Transmission/Power Supply, with help from Energy Research & Technology Applications, installed the new technology that was the result of this collaboration at the new Tiptonville facility in Northwest Tennessee in September.

"At Tiptonville, many communications for functions such as power-system protection and supervisory control-and-data acquisition are now accomplished over the substation Local Area Network rather than using traditional design solutions," says Brian Smith, Principal Engineer in TPS's Electric System Projects.

"The LAN allows a significant reduction in wiring and installed devices, and it also allows TVA to select the best-in-class equipment for each function within the substation."

In the mid-1990s, TVA joined with the Electric Power Research Institute to develop for substations a communications infrastructure that would allow devices from multiple vendors to be integrated onto a single substation LAN.

"In the past, each piece of information or control function that needed to be exchanged between two devices in a substation required a pair of wires or separate communications cable to be installed," Smith says. "The new technology provides flexibility and security and allows vast amounts of data from the equipment being installed in the substation to be accessed. The data are beneficial to many users throughout TVA."

Van Wardlaw, Vice President of Electric System Operations, says the new technology allows TVA to operate a more reliable, robust sys-

tem, plus it provides a back-up system.

"The System Operators can have real-time control of the transmission system for dispatching, control commands for switchyards and protection of the system, such as opening breakers," he says. "They can see what's going on immediately and then remotely control the situation."

Others collaborating on the project with Smith include Craig McClure, Principal Engineer in Transmission/Power Supply's Electric System Projects, and Mike Ingram, Project Manager in ER&TA's Power Delivery Technologies, along with General Electric, Siemens, Cooper Power Systems and Arvea.

"This is about more than eliminating devices in the substations and getting a lot of groups to agree on a single box," Smith says. "It's about melding things together and leveraging TVA's investment in equipment for all organizations to benefit." — MYRA IRELAND



Don Sherrill (left) and Dan Moore of Transmission Operations & Maintenance with the Tiptonville 161-kV Switching Station equipment

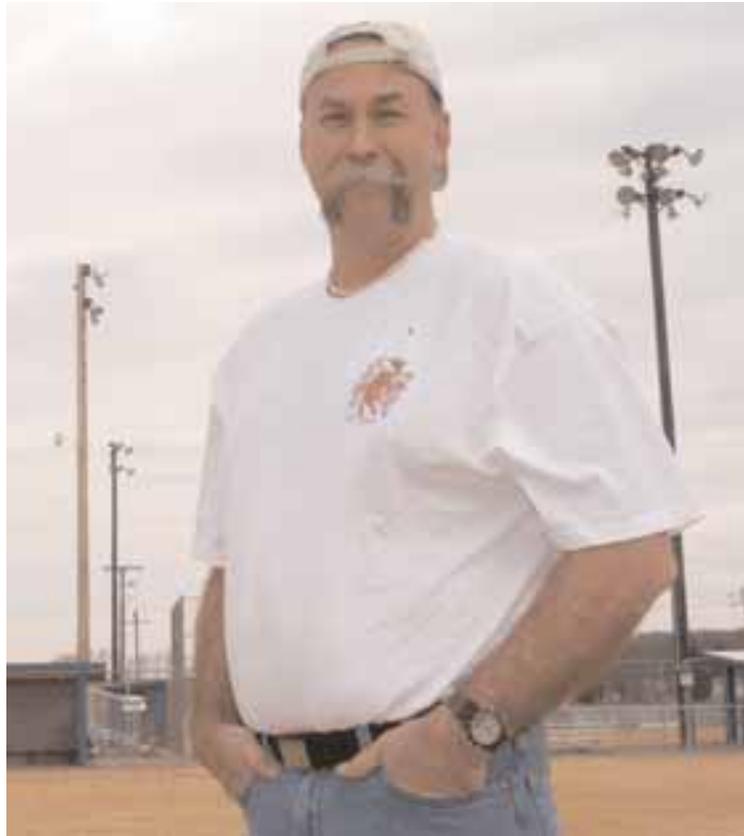
Axley casts new light on old sport

Van Axley always enjoyed playing baseball in his youth, but even with playing some league ball after high school, he didn't consider himself a star in the sport.

Now, a few years down the road, with a career including professional electrician and nuclear-plant operations, Axley finds himself named "Person of the Year" by the Tennessee Dizzy Dean Association.

The state-wide group that organizes youth softball and baseball honored Axley, an Assistant Unit Operator at Watts Bar Nuclear Plant, for installing the power system and lights at the Niota (Tenn.) Youth Association's two baseball fields. The project resulted in power for concession stands and more than 75,000 watts of lights installed at the ball fields.

"I spent more than 700 hours of my vacation and off-duty hours on this project," says Axley. "But I couldn't have undertaken this project without the many others in TVA who supported these efforts. This team effort will provide benefits for young people in the community for years to come."



STEVE CORUM

Axley, who has worked at TVA for 24 years, first became involved with the Niota Youth Association four years ago when his daughters began playing softball.

He has coached or helped coach all three daughters. He and his wife Allison coached in 2001 and 2002. Last year, Axley was League Vice President of the association, and this year, he and Allison are softball commissioners for the five NYA teams.

"Right now I'm getting the scoreboards electrically hooked up before ball season starts in a couple of weeks," he says.

"Sports is an excellent way to demonstrate the power and success of teamwork. Kids need to learn early on that working together and playing together bring far greater success in life than what can be accomplished individually.

"The NYA focuses on the young people, and we adults learn a bit along the way as we support the efforts of the kids."

— CAROL AYERS

Van Axley stands in one of the Niota Youth Association baseball fields in which he installed lights.

PEOPLE, PLAUDITS & PROMOTIONS

The Electric Power Research Institute has honored **Tom Burnett** of TVA's Public Power Institute for his leadership in effectively applying EPRI products to benefit TVA and its customers. The 2003 Technology Transfer Awards were announced at the Generation advisory meetings and annual program review in February. Burnett was honored with Jeffrey Gerken and John Harper of American Electric Power for their recognition of the benefits of sharing mercury-emissions characterization and control-technology information among power companies, facilitating the potential for all to economize by filling data gaps, and for their encouragement to EPRI to form the Mercury Characterization & Control Interest Group, which was created to address these issues and opportunities.



Tom Burnett

EPRI also has honored Energy Research & Technology Application's **Bob Burbage** and Public Power Institute's **Ed Stephens** and **Tom Burnett** with 2003 Delivery & Applications Awards for their work on the selective catalytic reduction/mercury speciation project. The project studied the effect of SCR systems on flue-gas mercury. Results from four years of research at Paradise Fossil Plant indicate the action of the SCR on the flue gas enables the scrubber to remove sufficient mercury to avoid adding mercury-specific removal equipment to the plant.



Bob Burbage



Ed Stephens

Robert Harris, Program Manager for Renewable Projects with the Public Power Institute, has received the Wheeler McMillan Award from the New Uses Council for his leadership in supporting the development and use of biomass for bioenergy and other renewable-energy sources. The nationally organized New Uses Council promotes development of renewable energy and is committed to expanding the development and commercialization of new industrial, energy and non-food consumer uses of renewable agricultural,

forestry, marine and livestock products. The award spotlights today's leaders who build on the pioneering work of Wheeler McMillan, founder of the Farm Chemurgic Council in 1935 with Henry Ford, Thomas Edison and Nobel Prize physicist Robert Milliken to expand the market for agricultural products. Harris has been a New Uses Council board member for eight years and was chairman of the council in 1997 and 1998.



Robert Harris

DeJim Lowe, Program Manager with TVA's Public Power Institute, has received the Chattanooga Area Engineer of the Year Award for his contributions to TVA in the development and application of advanced technologies, particularly in the areas of alternative-vehicle use and power quality. The award is presented to the most outstanding contributor to the engineering profession during the past year. Lowe has created collaboration opportunities among electric-vehicle manufacturers, Tennessee Valley stakeholder organizations and power customers to demonstrate practical applications of vehicles that are cost-effective for customer operations and are a clean-energy alternative to conventional vehicles. He has led research and development in the power-quality area, as well as efforts to provide clean and reliable power to end-use and distributor customers to solve unique customer problems and enhance the knowledge of fellow employees related to the application and benefits of these new technologies.



DeJim Lowe

Gallatin Fossil Plant Manager **Dennis Spencer** presented the 2003 President's Safety Excellence Trophy to plant employees for their "superior contribution and successful efforts in eliminating accidents during the year." **Jacky Williams**, Trades & Labor Co-chair of the plant Health & Safety Committee, accepted the award on their behalf.



Jacky Williams

Tennessee hospitals rejoin BC/BS PPO network

The 13 HCA hospitals in Tennessee that dropped out of the Blue Cross/Blue Shield of Tennessee network last year are again in-network facilities, effective April 1.

Employees, retirees and their dependents covered under the preferred-provider organization medical plans can use these hospitals under the in-network level rather than the out-of-network level of coverage.

The following 13 TriStar hospitals in Tennessee are rejoining the network:



Ashland City Centennial Medical Center	Jasper Grandview Medical Center
Chattanooga Parkridge East Hospital Parkridge Medical Center	McMinnville River Park Hospital
Dickson Horizon Medical Center	Nashville Centennial Medical Center Skyline Medical Center
Hendersonville Hendersonville Medical Center	Southern Hills Medical Center
Hermitage Summit Medical Center	Women's Hospital at Centennial
	Smyrna StoneCrest Medical Center

Anyone with questions can call TVA's Employee Service Center at 1-888-275-8094, 751-8800, 632-8800 or 1-800-848-0298 (TDD/TTY-TN Relay Service).

Information on hospitals in the PPO networks is available at the BC/BS of Tennessee's Web site at www.bcbst.com.