

InsideTVA

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

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TVA: Seven Decades of Service

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Employees must continue to meet tough challenges

Board praises efforts in FY '03, warns of more demands in '04

A year of challenges ... turning challenges into opportunities ... and turning opportunities into accomplishments. This summarizes TVA's performance for fiscal year 2003.

And FY '04 is shaping up to be a year of more challenges and opportunities.

In the TVA Board's second annual employee business meeting, simulcast from Knoxville to 22 other sites throughout the Tennessee Valley, Chairman Glenn McCullough acknowledged the challenges of the past year, highlighting major accomplishments and congratulating employees for performance in spite of unexpected challenges.

Those accomplishments included generating almost \$7 billion in revenue from the sale of 162.9 billion kilowatt-hours of electricity and meeting a new all-time-peak demand for electricity.

Director Skila Harris joined McCullough in congratulating employees.

"Despite the tests we faced, we still finished the year
see "Employee meeting" on page 4



STEVE CORUM

From left, Chattanooga employees Melvin Dean, Lenora Pou and Pat Roza are among those at 22 TVA locations watching and listening to the simulcast of the Oct. 30 employee business meeting.

Q&A: TVA's plans, employees' concerns

Employees asked insightful questions at the Oct. 30 meeting to gain a better understanding of the "big picture" and how TVA plans to address future challenges.

Here are responses to questions raised at the meeting and in faxes and e-mails from employees:

Program reviews, staff reviews ... why?

TVA must prepare for fiscal year 2005 and beyond in a way that enables it to increase the financial flexibility required in a competitive environment.

An important way to achieve financial flexibility is to reduce the debt, and to reduce the debt, TVA must reduce costs.

And how ...

TVA is taking a careful, methodical and thoughtful approach to identifying savings.

We are looking at all capital expenditures, budgets and use of contractors. We also are looking at all programs, functions and staffing levels across TVA, to find ways to achieve permanent savings. The foundation for future efficiencies must be laid in 2004.

In areas where reviews show surplus staffing, we will ask for volunteers before conducting an involuntary reduction.
see "Questions & answers" on page 5



CLETUS MITCHELL

Chairman Glenn McCullough: "Continue to do your job, and do it even better tomorrow than you did today."

what's new

IN EMPLOYEE NEWS

Newsroom page on www.tva.com

A new TVA Newsroom feature on TVA's public Web site offers a wide variety of information about the company.

Features include recent news releases, topics of interest, business information, a calendar of TVA Board meetings and other public-participation events, an interactive map of TVA's network of reservoirs and power plants, and a "Feedback" option.

A link to the TVA Newsroom has been added to the links to online TVA resources included below the calendar section in each issue of *TVA Today*.

The site is directly accessible at www.tva.com/news.

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.



Legislative Update

Energy Bill versions spark energetic debates



Although many issues, including a reformed-ethanol tax credit for ethanol producers, have contributed to a deadlock among Energy Bill (H.R. 6) conferees for several weeks, Vice President Cheney was able to help form a compromise.

House and Senate energy negotiators agreed Nov. 5 to include Senate Finance Chairman Chuck Grassley's package of ethanol-subsidy reforms in this year's Energy Bill, while pushing off the effective date of the changes until Congress reauthorizes the nation's transportation program.

The package would shift the cost of the ethanol credit out of the Highway Trust Fund and into general revenues. It also would change the way the subsidy would be paid by requiring fuel manufacturers that use ethanol to pay the full gas tax and then receive a credit from the Treasury.

Senate staff members said with the ethanol provisions completed, a final deal on the bill could be reached as early as Nov. 7.

Also, Republican and Democratic aides noted a number of other issues that still must be resolved.

One matter of particular interest has been FERC-lite. The House wants to make TVA and other utilities not under Federal Energy Regulatory Commission jurisdiction subject to limited FERC transmission-service oversight.

That would ensure that nonjurisdictionals provide transmission service to others at comparable rates and on comparable terms and conditions to those that apply when they provide transmission service to themselves.

The Senate's take is slightly different in that terms and conditions for transmission service provided to others would be required to be comparable to those FERC requires of investor-owned systems.

The Senate and House conferees are also considering a nuclear-energy title in the conference report that would impact the nuclear-power industry.

Among provisions likely to be addressed are additional regulations for nuclear-plant security and financial incentives for the construction of next-generation new nuclear plants.

Democrats, who had been shut out of negotiations on H.R. 6, maintained that even if a bill came out of conference, passage would be far from assured. Many said they would vote against the bill if key amendments were lost during the conference process.

For example, one hot-button issue for Democrats is that renewable-portfolio standards be included. This language would require utilities to generate 10 percent of their power from renewable sources such as wind and solar power.

Other issues include electricity-transmission lines, tax breaks for a proposed Alaska pipeline and how to deal with the gasoline additive MTBE (methyl tertiary butyl ether), which has been shown to contaminate drinking water.

There also was discussion of attaching the TVA Board expansion bill to H.R. 6. As of Nov. 5, the TVA Title was not included — and was not expected to be included — in the bill. *TVA Today* will provide updates.

— NANCY TOWNES

Insidebriefs

TVA Environmental Policy & Planning

Seven additional Standardized Environmental Training courses are now available online at no cost to employees. In cooperation with TVA University, the COO Technical Training Peer Team and the TVA Hazmat Transportation Team, Corporate Environmental Training provides these courses through TVA's Online Learning. Successful completions of the online courses are recorded in TVA's Automated Training Information System. A total of 17 Standardized Environmental Training online learning courses offers organizations a convenient way to meet their environmental training needs while reducing employees' time away from their work-site and reducing travel and related costs. Online Standardized Environmental Training courses supports TVA's Strategic Objective of reducing the delivered cost of power. Employees can access courses through the TVA's site or CET's site on TVA's internal Web site.

TVAWide

The TVA Contractor Workforce Management Team, after documenting TVA's current processes and benchmarking other companies, has developed a policy and standardized process to help TVA manage the use of contractors. The new policy and process is intended to replace at least 19 different processes or systems used throughout TVA. It provides the

framework to help ensure that TVA obtains the lowest total-ownership cost when using contractors. Among other changes, the CWM policy requires approval for staff-augmentation contractors with terms longer than six months and requires that contractor pay rates be aligned with market rates for similar work. A standardized form has been developed to request and receive approval for use of contracts. The new policy and the new form are available on TVA's internal Web site. The team is also finalizing plans for software to automate the process with plans to pilot the technology for staff-augmentation contracts in early 2004.

TVA Employee Benefits

TVA's preferred-provider-organization, or PPO, self-insured plans will not be impacted by the recently announced Blue Cross/Blue Shield of Tennessee premium payback, says Gary Napier, Senior Manager, Employee Benefits. The premium payback applies only to BC/BS's fully insured plans. BC/BS says the payback results from efforts to hold down healthcare costs, which have decreased overall. "TVA implemented cost-savings plans such as disease management and the home-delivery maintenance-drug program before many other health plans took similar action," Napier says. "The PPO plans are realizing the benefit of these efforts, because the PPO premium increases necessary for next year are less than the increases being reported nationally."

what's new online

IT Security starts with YOU!

Check out the IT Security site on TVA's internal Web site to learn how you can help protect information and TVA's Information infrastructure.

Tips include how to flag or automatically delete spam and how to create a strong password.

"These tips are just one of the many efforts in place to safeguard information and infrastructure within the company," says Diane Bunch, Senior Vice President of Information Services and chairperson of the IT Security Executive Committee.

In addition, the recently approved TVA-wide IT Security Policy and Program Management Plan are designed to provide the necessary framework for integrating IT Security activities into TVA's daily operations and to help ensure that TVA meets federal regulations.

The policy and program were approved by the IT Security Executive Committee, made up of representatives from all TVA organizations.

Tips for employees, the new policy, the program-management plan and other related information are on the IT Security portion of TVA's internal Web site.

Winning Performance

6 measures met; average payout of 3.6 percent set

TVA achieved six of its eight Winning Performance measures in fiscal year 2003. At the TVA-wide annual employee business meeting Oct. 30, Chairman Glenn McCullough, on behalf of the Board, thanked employees for their accomplishments and announced a payout averaging 3.6 percent of pay.

The award will be in ePay the week of Nov. 10.

Here are the measurement results. (Complete information is at "FY03 TVA Scorecard Results" in the Winning Performance section of TVA's internal Web site.)

Delivered Cost of Power — Year-end result of 4.11 cents exceeded target by 0.01.

Debt Burden — On target at \$808/kilowatt.

Productivity — 0.01 cents better than the target of 8.58.

Customer Satisfaction — Exceeded the target of 80.0 percent. The year-end rating, based on quarterly surveys, was 81.1 percent.

Economic Development — Final result was 119 for the index, exceeding the target.

Asset Availability — Asset availability was 0.958, about 4-percent below the target of 1.00.

Watershed Water Quality — Final results were 519 hydrologic units in fair or good condition, which exceeded the target by 4.

Safe Workplace — Actual performance was 2.66, which is above the target of 1.92. TVA also experienced a work-related fatality during the year.

Winning Performance

TVA's Six Strategic Objectives



River and the environment



Affordable, reliable power



Sustainable development



Continuing debt reduction



Reducing TVA's delivered cost of power



Stakeholder relations

TVA Balanced Scorecard for September and FY '03

Financial	Weight	Status	Actual YTD	Plan YTD	Year-End Actual	GOALS		
						Target*	Mid	Stretch
• Delivered Cost of Power (¢/kWh)	15%	↑	4.11	4.12	4.11	4.12	4.07	3.99
• Debt Burden (\$ million/kW)	15%	↑	808	808	808	808	807	805
• Productivity (\$/mWh)	10%	↑	8.57	8.58	8.57	8.58	8.41	8.24
Customer								
• Customer Satisfaction (percent)	10%	↑	81.1	80.0	81.1	80.0	82.0	84.0
• Economic Development (percent)	10%	↑	119	100	119	100	102	105
Operations								
• Asset Availability (ratio of variance)	20%	↓	0.958	1.000	0.958	1.000	1.005	1.010
• Watershed Water Quality (number of watersheds)	10%	↓	519	515	519	515	523	530
People								

Notes:

* Target equals Performance Plan Target.

** Payout at any performance level is contingent upon no fatalities. A fatality on March 25 will prevent any payout at the TVA level for this indicator.

Status:

↑ = Forecast at or better than Target and YTD is OK

➡ = Caution, Actual YTD is worse than Planned YTD

↓ = Forecast worse than Target

The September scorecard was posted on the Winning Performance portion of TVA's internal Web site on Oct. 21.

Widows Creek rises to the occasion

Employees' many aggressive efforts contribute to producing plant record 10,218,186 megawatt-hours in FY '03

Attention to detail, improved work practices and working together were some of the primary reasons Widows Creek Fossil Plant had an extraordinarily good year. That's also why the plant generated more power than ever before in its 50-year history.

"And we're still doing well this fiscal year," says Unit Operator Maury Conner. "We have better preventive and predictive maintenance, and new computer tools such as DatAWARE enable us to monitor the equipment better and detect potential problems."

This is not to say the year was not without challenges requiring site personnel to pull together, says Marci Cooper, Widows Creek Site General Manager.

"For example, the May heavy rainfall caused extensive flooding in the area," Cooper says. "It became clear we were in real danger of having to shutdown units 7 and 8 due to flooding in the area of our ballmill, alongside the rising river."

Outage & Projects Manager Ricky Steele formed a team of site personnel and partner employees that came up with a creative approach to prevent this from happening.



From left, Widows Creek Fossil Plant Unit Operators Alesia Justice and Ellis Lang, Senior Instrument Mechanic Brian Bradford and System Engineer Matt Wilson.

"The team used gravel piles to build a dike wall, placed plastic over the top, shored it up with more gravel/sandbags and positioned sump pumps on the land side to keep the water away," Cooper says.

This aggressive effort and many like it helped the plant produce a record 10,218,186 megawatt-hours of electricity in FY 2003, or 5 percent more than the previous plant record set 36 years ago.

"Widows Creek was there when the power system needed us to be," Cooper says. "The generating record and all the statistics that support it are something everyone here can be proud of."

"And we did it within our budget."

Cooper and Plant Manager Gerald Hemmer give a big hand to everyone working on the units for their role in the record.

"The accomplishments are because of the hard work and attention to detail by everyone at the plant," Hemmer says.

"We did the right maintenance to prevent failures, had effective outage execution to support reliable return to service, caught many problems before they became serious and avoided errors."

"It is that performance that demonstrates Widows Creek's value to TVA."

— NANCY CANN

FastFacts — Widows Creek's FY '03 accomplishments

Here is a partial list of the accomplishments of Widows Creek Fossil Plant employees during fiscal year 2003:

Plant generation — Station record
10,218,186 megawatt-hours

100-plus-day continuous runs —

Unit 3 — 184 days and 256 days

Unit 4 — 118 days

Unit 5 — 112 days and 145 days

Unit 6 — 141 days

Record continuous runs —

Unit 3 — 256 days

Unit 8 — 76 days and 82 days

Safety — reached 1.6 million workhours without a lost-time accident

FY Equivalent Forced-Outage Rate

(EFOR) — 6.8 percent (met target of 7.5 percent)

Summer EFOR — 7.5 percent (met target of 7.9 percent)

Equivalent Availability Factor — 84.8

percent, compared to 83.6-percent target

Operations & Maintenance expense —

\$31,000 under budget

Capital spending — \$672,000

under budget

OLETUS MITCHELL



DAVID MULKEY



Employee meeting *continued from page 1*

on a positive note," Harris said.

"We gave the people of the Tennessee Valley a lot of value throughout the year — from preventing hundreds of millions of dollars in potential flood damage to improving water quality to reducing the impact our power-generation operations have on air quality in the Tennessee Valley."

Chief Operating Officer Ike Zeringue said it was easy to be proud the past several years, when TVA's performance was improving across the board each year.

"This year, TVA has faced some significant challenges, and our performance numbers in some areas aren't as good as in previous years," Zeringue said. "But despite the challenges of the year, TVA employees still had a year of significant accomplishments."

"In some ways, we should be more proud of our performance in a challenging year like 2003. Many of the challenges, such as the fire at Watts Bar Hydro Plant, the reactor-coolant-pump issues at some of the nuclear units, the floods in May, and the spiraling number of computer viruses, were out of our control. Also, TVA raised the bar for most of this year's performance objectives. It's harder to meet goals when the bar is raised."

Average payout of 3.6 percent for FY '03

Despite higher goals and unexpected challenges, employees worked together to achieve six of TVA's eight measures on the Winning Performance Balanced Scorecard. Employees will receive an average payout of about 3.6 percent of pay for meeting goals set at the

beginning of FY '03.

McCullough, on behalf of the Board and TVA's senior leadership, extended a challenge to employees.

"What is important is to keep striving to meet our goals," he said. "The goals we don't meet often provide us the most opportunity to learn."

Director Bill Baxter said if TVA provides power at a competitive cost, that helps communities attract better jobs, a higher tax base and family income, and a high quality of life. And if TVA helps communities reach their goals, "then we will be successful."

Looking to the future, McCullough said, "TVA's Strategic Plan will help us prepare TVA for the challenges of a marketplace that is yet to be created."

He said TVA will look for dramatic cost savings and review all of its programs to find areas for cost savings and efficiencies during FY 2004, so TVA can continue providing affordable, reliable power to meet the region's need for electricity.

Strategic Plan issues 'call to action'

Chief Financial Officer Mike Rescoe said TVA must reduce its debt and lower its cost of delivered power even more aggressively than it already has.

"Our Strategic Plan provides a broad analysis of what we must achieve to be successful in a competitive marketplace," he said. "It's a call to action."

During this fiscal year, the Board is expected to approve a final draft of that plan, which was made public on Oct. 1. As TVA begins implementing it, leaders will have to make tough decisions, McCullough said.

The \$7.5-billion 2004 budget allocates \$418 million for clean air, \$366 million for the recovery of Browns Ferry Nuclear Plant Unit 1 and \$225 million for the reduction of outstanding debt from bonds and notes.

Four steps to cost reduction

As part of the cost-reduction effort, McCullough said TVA will take these four important steps:

- 1) Take a close look at capital expenditures to see if it can do without some projects.
- 2) Scrutinize budgets for savings in operations and

Videotapes of meeting available

Videotapes of the Oct. 30 employee meeting are available for organizations whose employees were unable to attend a simulcast. Those organizations or work locations should call DeWilda Harless



Allen Fossil Plant employees Greg Mann (left) and Antonio Brasfield watch the simulcast of the employee meeting.

GLEN CIVERA

maintenance.

- 3) Review the corporation's use of contractors.
- 4) Look at all programs to see if they are essential to TVA's strategic goals and mission.

Reductions in staff would be considered only after all those steps have been taken and after a further review of staffing levels.

The meeting was followed by a question-and-answer session. A few of the questions and the responses are provided on pages 1 and 5.

All employee questions submitted to the Annual Employee Meeting mailbox or faxed to Knoxville during the meeting are being posted on TVA's internal Web site.

Cyber poll results

More than 1,500 employees attended the Oct. 30 meeting in person or watched a live broadcast, with others attending a rebroadcast at 5 p.m. Many other employees have seen the meeting via videotapes or streaming media. Here is what employees thought about the meeting (as of Nov. 4).

This employee business meeting was an effective way for TVA to communicate FY 2003 results and plans for FY 2004.

78% favorable

I now have a better understanding of TVA's FY '03 accomplishments and future challenges.

54% favorable

The information I received will help me see how my job relates to TVA's Mission, Critical Success Factors and Strategic Plan.

53% favorable

I believe that employees' questions were answered openly and honestly.

60% favorable

I understand TVA's 2004 objectives.

68% favorable



Knoxville photos by CLETUS MITCHELL

Questions & answers

continued from page 1

tion in force. Employees approved for voluntary RIFs will get standard severance pay.

We do not expect to issue a general, TVA-wide call for volunteers. The review process will take care to preserve the safe and reliable operation of TVA's core functions. More information will be provided as soon as it is available.

TVA's recent rate actions ...

Responding to employees' inquiries into why we had not raised rates several years ago — or why we don't just raise them again now to provide the required financial flexibility — the panel at last week's employee meeting explained that a large rate increase now would likely be politically and economically destabilizing, increasing the likelihood of more notices from customers. TVA is preparing for a competitive future. Raising rates again, so soon after the increase that went into effect Oct. 1, is not a signal we want to send to the marketplace.

Although TVA has worked very hard to reduce costs over the past several years and has made measurable progress, the pressure to reduce costs will be even greater in a competitive commodity market. If we simply raise prices to get ourselves out of a problem while we have the monopoly, it will be easy to lose sight of the hard things we have to do to keep costs down.

The use of contractors ...

TVA's Contractor Workforce Management is the process that guides management in the planning, selection, management and reporting of contractors to achieve the highest-performing contractor workforce at the lowest total cost. In addition to process improvements, TVA will be better-positioned to manage the size and cost of its contractor workforce as a result of the implementation of Contractor Workforce Management.

Many organizations have completed a thorough review of contractors to ensure that TVA is using contractors in the most efficient manner. The review considered many things, including 1) Is there a true need for that contractor to be here? and 2) What are we paying that individual?

This process goes hand in hand with TVA's Strategic Plan. TVA currently has more than 8,000 contractors, more than half of whom are staff-augmentation contractors. This poses a great financial burden on TVA. We must ask, "What is the most efficient way to do the work?" In some cases, it may mean establishing a permanent TVA position for the work now being performed by a contractor. In some cases, it may mean that we stop per-

forming some functions. There also will be limitations on using retirees as contractors.

The 3 R's — Recruit, Retain, Reward ... or Relevant, Reliable and Ready for the Future?

Actually it is both. The recruit, retain and reward strategy is necessary to ensure that TVA's business is the best. By recruiting, retaining and rewarding people, TVA will be relevant, reliable and ready, now and in the future.

TVA's position on a nine-member Board ...

We have a positive relationship with leadership in Washington, and those leaders have been very receptive to our comments. There are pros and cons with any government structure, whether it be a full-time three-member Board or any other type of structure. This discussion should not be a distraction for us, and we must keep our focus on our mission. Ultimately, this is a decision for Congress to make.

What employees can do ...

When asked for advice to individual employees for supporting the upcoming changes and solidifying TVA's position as a safe, reliable electric-power producer, Chairman Glenn McCullough said, "Continue to do your job, and do it even better tomorrow than you did today. That is our resolve on the Board, and I would encourage every TVA employee to refocus and redouble efforts. Remember that strategic teamwork achieves results. We will set more ambitious goals next year than we have this year. It's going to take all of us pulling together and doing our jobs to the very best of our ability in order for TVA to continue to be successful. I'm confident that is going to happen. Whether you're at Allen Fossil Plant or Bull Run or Sequoyah or on our transmission system, anywhere in the organization, do your job to the very best of your ability."

And finally, the TVA rumor mill ...

In response to reportedly one of the most common rumors around the company, Chairman McCullough confirmed that former Chairman Marvin Runyon is not working on a contract for TVA.

PHOTOS ABOVE, FROM FAR LEFT: Employees in Knoxville and at Widows Creek Fossil Plant bear speakers including Chief Operating Officer Ike Zeringue, Chief Financial Officer Mike Rescoe, Chairman Glenn McCullough and Directors Bill Baxter and Skila Harris, discussing fiscal year 2003 results and 2004 objectives.

BELOW: At the Power Service Shops simulcast location in Muscle Shoals, Gary Hester prepares a form to fax a question to the employee meeting, while Chattanooga employees watch the meeting on a monitor in Missionary Ridge.



TIM MEEKS



STEVE CORUM

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 6A-K. Digital photographs can be e-mailed to the Employee Communications Photos mailbox in Microsoft Outlook.

Chattanooga — TVA and the Electric Power Board were recognized as Champions of Business Diversity during the 2003 Community Choice Awards event hosted by the Chattanooga African-American Chamber of Commerce.

Colbert Fossil Plant — Colbert's Partners In Education program presented a Fire Prevention Program to the Cherokee Elementary 3rd and 4th grades on Oct. 6. Students watched a fire-prevention video about the Ten Tips for Fire Safety.

Decatur, Tenn. — TVA assisted the Regional Cancer Center, a customer of Volunteer Energy Cooperative, in identifying solutions to power-voltage problems with a radiation device. Power-monitoring equipment was installed, and other TVA suggestions were implemented.

Guntersville, Ala. — Aquatic-plant-management activities on Guntersville Reservoir were slightly down this year compared to previous years. The decline is believed to be the result of a higher volume of water moving through the reservoir system.

Kingston Fossil Plant — As of Oct. 17, the plant had reached 74 percent of its Combined Federal Campaign goal of \$27,000. A chili cook-off on Oct. 9 raised about \$690, which will go to the Roane County Rescue Squad and the Roane County Youth Athletic Association. The plant is also planning activities with its Partners In Education school, Midway Elementary, for FY '04.



Gallatin Fossil Plant — From left, Stan Sparkman, Mark Williams and Joe Frank are members of Gallatin's Predictive Maintenance team, which recently implemented changes in the procedure for analyzing lubricating oil. The changes eliminate the largest hazardous-waste stream generated at the plant. By using a new solvent, the team eliminated hazardous waste and lowered the cost to about half that of the previously used solvent. Also, unused oil samples can be burned in the plant boiler for energy recovery. Sparkman is a Boilermaker/Vibration Analyst, Williams a Foreman-Predictive Maintenance, and Frank a Steamfitter/Oil Analyst.



Cumberland Fossil Plant — From left, Cumberland TVA Veterans Association Chapter President Mark Littlejohn, Instrument Mechanic Apprentice Rich Alexander, Plant Manager Bud Hancock and Site Manager Ed Freeman meet to discuss a special Veterans Day ceremony planned this week. Alexander has just returned to Cumberland after more than eight months of active duty as a Staff Sergeant in the Tennessee Air National Guard, performing maintenance on C-130 aircraft in Operation Iraqi Freedom. He brought back an American flag that he will present to his Cumberland co-workers Nov. 6 in appreciation of their support of him and other TVA veterans of the Iraqi conflict and past wars. The July 15, 2003 issue of Inside TVA included a letter from Alexander from the United Arab Emirates, and he was among a group of employees featured in the July 2, 2002 Inside TVA, who had been called to active duty in the nation's war on terrorism. Alexander was activated for a full year at that time.

Knoxville — Green Power Switch Generation Partners recently conducted a workshop in Knoxville on the installation of grid-connected solar- and wind-energy systems. Attendees included representatives from Clinton Utilities Board, Johnson City Power Board, Knoxville Utilities Board, Mountain Electric Cooperative, local and state code officials, and consumers interested in green-power generation and GPS Generation Partners.

Murfreesboro, Tenn. — Under TVA's new cooperative agreement with Middle Tennessee State University, two Facilities Management employees will serve as guest lecturers in energy and sustainable architecture classes. They also are working with MTSU staff to implement renewable-energy projects, improve campus operations, incorporate energy efficiency and sustainable-design characteristics in new facilities, and arrange for on-campus use of electric buses.

Muscle Shoals — TVA hosted events on the Muscle Shoals Reservation to commemorate National Public Lands Day. Volunteers worked on the native plant garden near the handicapped-accessible trail.

Tellico Reservoir — The Little Tennessee Watershed Team partnered with Boy Scout Troop 354 of Lenoir City to clear the Hall Bend Trail, which was dedicated Oct. 8 on the Tellico Dam reservation. The troop plans to expand the trail, map the area and add a trail kiosk and bird-nesting boxes.

Tupelo — TVA staff members recently joined Tupelo business leaders to celebrate the dedication of ThyssenKrupp Fabco's new manufacturing facility. The facility expects to employ 135. TVA provided industrial recruiting to help the Canadian-headquartered firm expand in Mississippi.

Around the industry

This feature provides brief highlights of events in the electric-utility industry. More information is available in Power Bolts, accessible through TVA Today.

Georgia supporter reconsiders state water legislation — Georgia State Rep. Bob Hanner, Chairman of the House Natural Resources Committee, will not encourage precedent-setting legislation that could privatize Georgia's water, turning it into a commodity like electricity. Hanner said the state should focus instead on water planning because water sources in rapidly growing metro Atlanta are expected to be tapped out as early as 2030. (*The Atlanta Journal-Constitution*)

Scientists to gauge particle smog; EPA to judge Georgia's air quality — Scientists in 36 cities across the nation will begin daily forecasts for particle smog, which can contribute to respiratory and heart problems. Beginning next year, the U.S. Environmental Protection Agency will judge Georgia's air, and the state will have until at least 2009 to meet EPA's particle-smog standards. Georgia Power estimates it will spend about \$2 billion over the next 10 to 12 years to comply. Coal-fired power plants in surrounding states also contribute to metro Atlanta's smog. In January, the EPA will downgrade the air quality in 13 metro-Atlanta counties. If the region fails to improve air quality by 2005, polluting companies could pay more than \$50 million in fines. (*The Atlanta Journal-Constitution*)

Market conditions force Duke to close some plants in Mississippi — A relatively mild summer, a slow economy and an already abundant supply of electricity have forced Duke Energy to shut down its 1-year-old, \$350-million 640-megawatt Southaven, Miss., power plant and others like it in the state. (*Electric Power Daily*)

Mirant Corp. allowed up to \$500 million to help in reorganization — On Oct. 20, U.S. Bankruptcy Judge D. Michael Lynn in Fort Worth, Texas, overruled creditors' objections to lend money to Atlanta-based Mirant Corp., a spinoff of Southern Co., saying the money is essential for the company as it tries to reorganize. The order allows Mirant to borrow money in three stages. (*Associated Press*)

Midwest ISO suspends market plans — A Midwestern energy-reliability group has suspended plans to launch a power-trading market. The decision means more money and resources will be invested in the interstate power transmission system. The Midwest ISO, based in Carmel, Ind., is the regional reliability organization charged with assuring that power stays on in the Midwest. The group has been under greater scrutiny since groups investigating the Aug. 14 blackout released timelines pinpointing the blackout that cascaded around the country began in Ohio. Some studies indicated that Wisconsin transmission costs could rise by 10 percent or 20 percent as a result of the new trading system. Transmission costs account for about 5 percent of a typical electric bill. (*Milwaukee Journal Sentinel*)

NICK STANIS

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Benefits/News

Enrollment packages packed with important information

The annual benefit-plan open-enrollment period began Nov. 3 and will run through Nov. 24, with elections to be effective Jan. 1.

Enrollment packages were sent to employees at their work location at the end of October.

Annual employees who have not received a package by Nov. 12 should call TVA's Employee Service Center at 632-8800, 751-8800 or 1-888-275-8094 to request a replacement package and update their work-address information.

Employees eligible for medical coverage under a health-maintenance organization also are receiving information packages from the HMO.

Employee Benefits Senior Manager Gary Napier says the enrollment packages contain important information for all employees, even those who do not want to change their elections.

"The enrollment book highlights a few changes to the medical-plan

options for next year," Napier says. "The personalized factsheets include the prices for 2004."

The open-enrollment book and the HMO packages also are available on TVA's internal Web site at Employee Benefits, Open Enrollment.

Also available on the Employee Benefits, Open Enrollment site under Informed Consumer is an interactive calculator that will allow users to compare costs under different medical-plan options based on their projected healthcare expenses.

Personal Benefits

Information on the Personal Benefit options — short-term disability, individual universal life insurance, critical-illness insurance, group legal services, auto and homeowners' insurance — is included in the enrollment book, along with instructions for enrolling in these plans.

Employees cannot enroll in Personal Benefit plans through SelfService or through the telephone line but must instead enroll directly with the plan administrator, Marsh@Work Solutions, as directed in the enrollment book.

— BECKY THOMASON

Dependent information needed

Employee Benefits Senior Manager Gary Napier says TVA is implementing a process change to improve its control over dependent verification, particularly for dependents over age 19 who can have frequent status changes that affect their eligibility for continued benefit coverage.

"During open enrollment, we ask that all employees who have dependents between 19 and 25 shown on their dependent information forms sign and return the forms, even if there are no changes to be made to the dependent records," Napier says.

This is a change from previous years, but one that is necessary to ensure that only eligible dependents are receiving benefits under the plans. Some employees — those with covered dependents between 19 and 25 — who do not return the signed dependent forms to TVA's Employee Service Center by Dec. 2 will not receive coverage for those dependents for next year until the required information is provided.

"This change will help us better manage the costs of our medical plans by not paying claims for ineligible dependents."

To enroll ...

Employees have two ways to make their benefit elections and apply their \$500 benefit credit for next year — through Employee Self Service on TVA's internal Web site or through the telephone enrollment line.

The Self Service site will be available 24 hours a day during open enrollment. The telephone enrollment line will also be available 24 hours a day and can be accessed from anywhere in the country, so employees do not have to be at work to make their elections or apply their credit through the telephone system.

Employees must use their Social Security Number and Personal Identification Number to access open enrollment.

... or not enroll

Employees who do not enroll during this period will continue their current elections for 2004 for all plans except flexible spending accounts. To participate in a flexible spending account, employees must make that election during the enrollment period.

"But employees who do not designate their \$500 benefit credit for next year will not have another opportunity to do so and will not receive the credit in 2004," Employee Benefits Senior Manager Gary Napier says.

— BECKY THOMASON

Peer Team steers engineers, TVA toward success

The Critical Success Factor of developing workforce capabilities to be the supplier and employer of choice was one the COO Engineering Peer Team took to heart

Zach Cowart started out as an entry-level engineer and four years later has moved up to a Senior Engineer.

He did this through the Chief Operating Officer's Engineering Progression Program.

"I definitely wanted to move to the next level," says Cowart, a Systems Engineer in the Fossil Power Group's Combustion Turbine group. "This program provided a vehicle to take me there."

Cowart, who graduated from Mercer University in

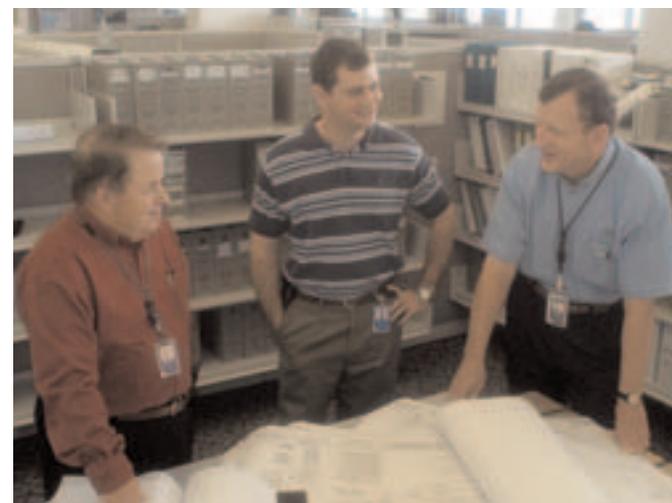
mechanical engineering, interned with TVA before joining the company.

"Through the program, I was evaluated on my TVA University coursework, my work experience and certain tasks I was required to complete. My manager and I kept a portfolio of the assignments I finished to meet the qualifications to go to the next level."

Walt Elliott, Vice President of Fossil Operations-East and Team Lead for the COO

Engineering Peer Team, says the team developed the program to help those in the technical fields gain the skills needed to advance through the organization.

"We put together a sub-peer team to answer the question 'What do I need to do to progress from an entry-level engineer to a senior engineer position?'" Elliott says. "Our goal is to attract and



From left, Manager of Production Support-Combustion Turbines John Gamble, Zach Cowart and Walt Elliott discuss the COO's Engineering Progression Program.

STEVE CORUM

Processes, standards improve efficiency

The Engineering Progression Program is only one of the successes of the COO Engineering Peer Team, which was commissioned by Chief Operating Officer Ike Zeringue in early 1999 and is sponsored by Terry Boston, Executive Vice President of Transmission/Power Supply.

Here are some others:

Standardized a system for generating drawings — COO organizations had been using three different software applications. Now all organizations are using AutoCad, which reduced the licensing fee and makes it much easier for engineers to work across COO organizations.

Standardized a process for generating

calculations — Helps engineers throughout the COO organization be consistent, allowing everyone to follow the same procedures.

Design Change Notice — Implemented the DCN standard and process for all non-nuclear work.

Business Support Library — A "warehouse" for documentation to help engineers perform their jobs the same way each time, making it easier for them to improve how a job is done and providing essential tools for quickly and efficiently training new employees. TPS is piloting the BSL software now. The stored documents will be accessible by all organizations needing them.

retain a skilled workforce."

The program, administered by the TVA Nuclear, Fossil Power Group, Transmission/Power Supply and River System Operations & Environment engineering units, became effective last January.

"The model outlines the specific tasks, work assignments and the formal, informal, online and on-the-job training needed to progress in the COO organization," Elliott says. "We are currently working on a Scientific Progression Plan, which should be completed in fiscal year '04."

— NANCY CANN

Building on a longtime tradition of service



Photos by VALERIE ROBERTS

Team TVA recognized for recognizing needs of Valley communities

In honor of TVA's 70th Anniversary, the TEAM TVA Employee Volunteer Program was created, and the "70 Hours of Service" initiative was launched to encourage employees to donate 70 hours of their time to public service in their communities.

As they have done time after time for the past 70 years, employees once again generously gave their time and resources to charitable causes and community projects.

TVA employees in Tennessee, Alabama, North Carolina and Mississippi have reported more than 3,500 volunteer hours.

More than 100 employees reported achieving 70 hours of service to their communities.

TVA plans to recognize these employees before the end of calendar year 2003.

Using abilities to help the disabled

Above, Team TVA volunteers help build a wheelchair ramp at a home in the Waverly/Belmont area of Nashville. At left, Keith King operates a compound miter saw, while Nashville Team TVA teammates Kevin Pollard (left) and Carll Cole assist. The group of 13 TVA employees from Nashville, Knoxville, Chattanooga and Cumberland Fossil Plant also included Vyrone Cravanas, Raul Hernandez, Don Hickman, Melvin Holt, Susan Johnson, John Langford, Natalie Norwood, Valerie Roberts, Ross Rogers, Theresa Shepard and Harrell Simpson. They volunteered their time and skills to construct the 70-foot ramp as a Disability Awareness Month project in cooperation with the Center for Independent Living of Middle Tennessee. TVA is donating funds for three ramps in the Nashville area. The locations were determined by the center, which provides training in independent-living skills, along with advocacy and peer support, to accomplish its mission of empowering persons with disabilities to become independent. For more information about services available through the center or about volunteer opportunities, call 615-292-5803.



PEOPLE, PLAUDITS & PROMOTIONS

The Tennessee Department of Environment & Conservation has presented awards to three employees and a recent retiree. Gallatin Fossil Plant Environmental Program Administrator **Bill Hunt** and Environmental Policy & Strategy Manager **Jack Brellenthin** accepted a Civic Volunteer award on behalf of their fellow workers in partnership with the plant's Environmental Action Team. The award recognized seven years of involvement in community and school events to increase



Bill Hunt



Jack Brellenthin

awareness of environmental issues through the plant's "Pollution Prevention — Everybody's Job" program. **Bill Redmond**, who recently retired as Manager of Resource Services in Resource Stewardship, received a Natural Heritage Conservation Award.



Bill Redmond

John Jenkinson, Senior Mollusk Biologist in Resource Stewardship at Norris, received an Aquatic Resource Preservation Award for educating the public about aquatic conservation. He coordinates federal, state and local agency reviews of TVA activities as they relate to endangered and threatened aquatic species and aquatic biodiversity. Redmond was cited for being involved in projects such as natural-heritage database, protection of sensitive resources, endangered-species monitoring and integrated environmental data review in proposed developments.



John Jenkinson

Glenda Betts has received a "PRIDE" award from the Women's International Network of Utilities Professionals. The award is given to a member of five years or less for making the greatest contributions to the organization, as well as demonstrating leadership in the utility industry and the community. The Nashville Chapter of WINUP nominated Betts, a Project Manager in Business Growth & Innovation in Economic Development in Nashville. She served as Vice Chair of the chapter for the past year and is its new President for fiscal year 2004.



Glenda Betts

Cindy O'Reilly, Heat Pump Product Manager for the energy right program in Nashville, has been named a member of the North American Technician Excellence Board of Trustees. NATE is an independent, nonprofit organization providing the leading certification program for technicians in the heating/ventilation/air-conditioning/refrigeration industry.



Cindy O'Reilly

Meet the "True Valley Authorities."

They're power-producers. Economic developers. River stewards. Process-improvers. Cost-cutters. Community leaders. Team players.

Good people ... the pride of the Valley.

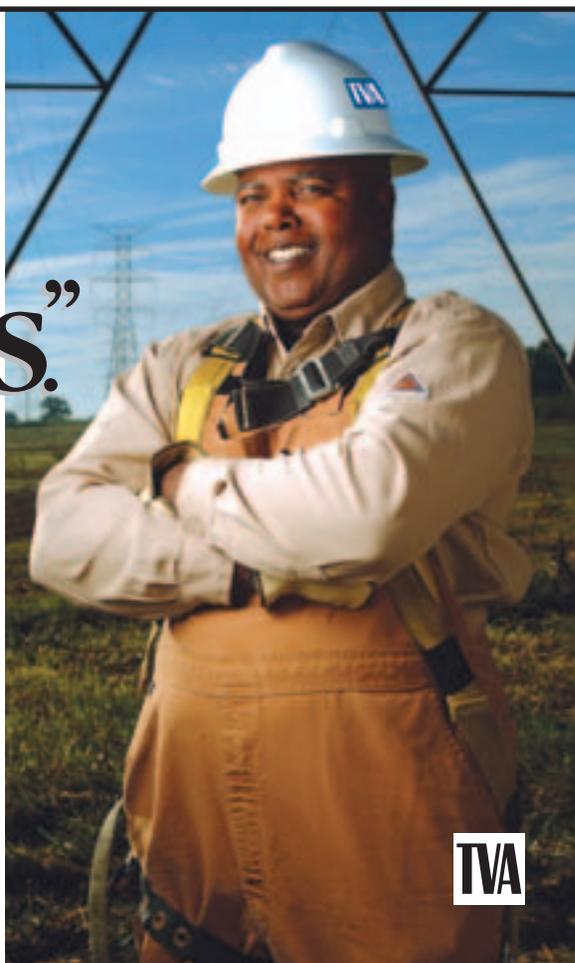
And they're TVA employees.

Read about their 2003 successes.

TVA's first-ever

employee ANNUAL REPORT

Available now on TVA's internal Web site.



Online Extras

Additional photos from Oct. 30 employee meeting



Knoxville



Johnsonville



Chattanooga



Chattanooga



Allen



Kingston



Cumberland



Muscle Shoals



Johnsonville