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## 2007: big challenges, big accomplishments

**E**very year brings new challenges to the people of TVA, but fiscal year 2007 was more daunting than ever as TVA faced record-high power demands, coped with unusual weather patterns, restarted a nuclear unit, reduced its emissions and continued its mission of improving life for the people of the Tennessee Valley.

### General highlights

- TVA sold 174.8 billion kilowatt-hours of electricity, earning revenues of more than \$9 billion.
- The power system met six monthly records for peak power demand and met the 13 highest demands in TVA history, including an all-time

peak of 33,482 megawatts on Aug. 16.

- President George W. Bush nominated current TVA Board members Susan Richardson Williams and William H. Graves to new terms and announced the nomination of Thomas Gilliland of Georgia to fill the remaining vacancy on the board. The nominations were approved in committee and now await action by the full Senate.
- The board adopted an updated strategic plan that focuses on the specific goals of meeting the growing power needs of the Tennessee

*See "2007 accomplishments" on page 2*

## TVA turns 75

**T**VA will mark its 75th year of service to the Tennessee Valley on May 18, 2008, the anniversary of the day President Franklin D. Roosevelt signed the TVA Act into law.

A variety of activities will take place throughout the year to commemorate the event. The TVA Board will meet in Muscle Shoals in May to mark the historic occasion. TVA sites also will hold celebrations in May.

Significant events from TVA's past will be featured on a new Web site, where viewers will be able to download information and photos. Anniversary merchandise also will be available to employees and retirees. Another highlight will be anniversary scholarships awarded to students from across the Valley.

Watch for more information about these special programs as the year progresses.



## InsideTVA

RETIREES EDITION

Inside TVA and Inside TVA Retirees Edition are available on the TVA web site at [www.tvaretirees.com](http://www.tvaretirees.com).

Comments and suggestions are welcome. Send them to Inside TVA Retirees Edition, WT 7A-K (400 W. Summit Hill Dr., Knoxville, TN 37902), or call 865-632-8004.

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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.

Inside TVA Retirees Edition will be made available in alternate format, such as Braille, large print or audiocassette, upon request. For information, call 865-632-6124 (TTY 865-632-2178).

Inside TVA Retirees Edition is printed on recyclable, 30-percent post-consumer recycled paper.



### To change your address

Retirees who get pension checks from TVA should update their addresses with the following information if they move: Name, address, Social Security number (at least the last four digits) and signature. Mail it to Retirement Services, 400 W. Summit Hill Dr., Knoxville, TN 37902-1401.

Retirees who do not get pension checks from TVA but have TVA medical insurance need to update their address with the same information as above if they move and mail it to the TVA Service Center, 400 W. Summit Hill Dr., Knoxville, TN 37902-1401.

Forms for updating your information also are on [www.tva.com](http://www.tva.com) under Retirees.

# 2007 accomplishments

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Valley reliably and through the use of sound financial principles

## Energy

- TVA restarted Browns Ferry Unit 1, the nation's first nuclear generating unit brought online in the 21st century.



- The TVA Board unanimously approved completing Watts Bar Nuclear Unit 2. When finished in 2013, the unit will provide about 1,180 megawatts of electricity, comparable to Browns Ferry Unit 1, and will serve about 650,000 Valley homes.
- TVA's fossil system generated the highest amount of power in TVA history — more than 100 billion kilowatt-hours — and Shawnee Unit 6 set an all-time continuous-run record for U.S. fossil plants of 1,093 days.

## Environment

- TVA invested \$239 million in its ongoing \$5.8-billion emissions-reduction program, which has lowered sulfur-dioxide emissions by 82 percent since 1977 and reduced nitrogen-oxide emissions during the summer ozone season by 81 percent since 1995.
- Middle Tennessee State University completed its bulk purchase of 55,000 Green Power Switch® blocks funded by fees that students approved in 2006. The blocks account

for 10 percent of the university's energy consumption, making it the largest consumer of green power in the state and the second-largest in the region.



## Economic development

- State and local governments in the Tennessee Valley region received a record \$452 million from TVA in tax-equivalent payments, which are used to support local education and other vital community needs.
- TVA purchased \$2.4 billion in goods, fuel and services from businesses and industries in the Valley.
- TVA invested in economic-development efforts to support the expansion of businesses and industries. These investments helped create or keep 45,000 jobs in the TVA region and leveraged \$5.6 billion in capital investment.

— DAVID BORUFF



## Non-spouse rollovers and 401(k) changes approved

The TVA Retirement System (TVARS) Board and TVA have approved changes affecting retirement-plan rollovers and hardship withdrawals from the 401(k) Plan.

The retirement-plan rule change will give non-spouse beneficiaries the opportunity to roll over lump-sum death benefit distributions to an inherited IRA (individual retirement account). The Pension Protection Act of 2006 gave retirement plans the option to allow this rollover. Lump-sum death benefits from TVA pensions, the Fixed and Variable Funds, and the 401(k) Plan will qualify.

Instead of being required to begin receiving lump-sum distributions from the plans within five years of the death of a TVARS member or retiree, non-spouse beneficiaries will now be able to

roll over any eligible lump-sum distributions by a direct transfer to an inherited IRA. Such a rollover would allow the beneficiary to further defer distributions and the taxes on them and to control the investment of those funds into the future.

### 401(k) hardship withdrawals

The TVARS Board and TVA also approved a change to the 401(k) Plan that provides for expanded hardship-withdrawal rights allowed by recent amendments to Internal Revenue Service rules.

Hardship withdrawals will now be allowed for funeral or burial expenses as well as for repairs to the participant's home resulting from certain natural disasters. In addition, hardship withdrawals

will be allowed to cover certain expenses related to a participant's named beneficiary in addition to a spouse or dependent.

For more information on these changes, contact Retirement Services: Phone: 865-632-3200, 800-824-3870 Ext. 3200 (toll-free), or 865-632-7576 (TTY). E-mail: [retsvcs@tva.gov](mailto:retsvcs@tva.gov).

### COLA set for 2008

The cost-of-living adjustment (COLA) for calendar year 2008 is 2.53 percent, as approved by the TVA Retirement System Board. For more information, see [www.tvares.com/cost\\_of\\_living.htm](http://www.tvares.com/cost_of_living.htm).

# Make this the year you quit for good

**M**ore than 45 million Americans have quit smoking. Have you decided to try — or try again — to give up tobacco in 2008? Most smokers actually try to quit six to nine times before succeeding. If you've made a resolution to stop smoking or using smokeless tobacco, there's a TVA program to help you.

"In an ongoing effort to promote healthier lifestyles, TVA's tobacco-cessation program was expanded in 2007," says Kelly Lawson, program manager in Employee Benefits. "The program is designed to help people quit smoking or using smokeless tobacco." The dangers of smoking are well known, but many people may not be aware that smokeless tobacco contains 28 cancer-causing agents, according to the American Lung Association.

TVA retirees and their dependents are eligible to participate in the program if they are members of a TVA-sponsored medical plan. Reimbursement is provided for approved tobacco-cessation programs or aids, including prescription drugs such as Zyban/Wellbutrin, Chantix, and nicotine inhalers, as well as over-the-counter products such as nicotine gum, patches and lozenges.



One TVA employee found that TVA's tobacco-cessation program provided the support she needed to finally give up smoking. "I had tried to quit seven or eight times," she says, "but was unsuccessful. Then my mother, who'd been a smoker nearly all her life, died of lung cancer last year. After watching her die of this horrible disease, I knew I had to quit."

Friends had told her about quitting successfully with the help of a useful but expensive drug called Chantix. She decided to give it a try when she found out that TVA would reimburse 100 percent of the drug's cost. The employee completed the program and has been a nonsmoker for more than six months.

"I feel so much better now," she says. "I can't thank TVA enough for the financial support during this time. I encourage any of you to take advantage of this program."

To participate in the program, retirees need to complete TVA Forms 11572 and 17236. Information is available at [www.tvaretirees.com](http://www.tvaretirees.com) under Health Care Benefits or from the TVA Service Center at 1-888-275-8094.

## What a difference quitting can make...

### At 20 minutes

Blood pressure decreases

### At 1 year

Risk of a heart attack is reduced by half

### At 8 hours

Carbon monoxide and oxygen levels in blood become normal

### At 5+ years

Stroke risk is reduced to that of people who have never smoked

### At 24 hours

Chance of heart attack decreases

### At 10+ years

Risk of lung cancer drops

### At 48 hours

Ability to smell and taste is enhanced

### At 15+ years

Risk of coronary heart disease and death is similar to that of people who have never smoked

### At 2 - 12 weeks

Circulation and lung function improve

Source: American Lung Association site: [www.lungusa.org](http://www.lungusa.org)



FILE PHOTO

# Vaccinations: not just for kids

**Y**ou may have thought you were finished with vaccinations after childhood, but adults need their shots, too. Some vaccinations require boosters to provide continuing health protection, and you may also be a candidate for some of the newer vaccines. But always talk to your doctor to find out what's right for you.

A vaccine for shingles was approved by the Food & Drug Administration in 2006. The Advisory Committee on Immunization Practices of the Centers for Disease Control & Prevention recommends routine use of this vaccine for everyone 60 and older. Shingles is a painful disease caused by the same virus that causes chickenpox. The dormant virus can come back when a person's immunity diminishes due to age, disease or immunity-suppressing drugs. Without vaccination, about 20 percent of people who have had chickenpox will eventually get shingles. A person who lives to be 85 has a 50-percent chance of getting the disease.\*

## Other vaccinations

Other common adult vaccinations include the tetanus, influenza (flu), pneumococcal (pneumonia) and hepatitis A and B vaccines.

Individuals at risk of getting the flu should be vaccinated every year. The pneumococcal vaccine is usually given just once

in a lifetime. Both vaccines and the costs of administration are free under Medicare Part B when obtained through a provider that accepts Medicare assignment. Medicare recipients do not have to pay a co-insurance or deductible charge. The hepatitis B vaccine can be covered under Medicare Part B or Part D, depending upon the purpose.

The prescription-drug coverage under TVA's Supplement to Medicare covers a number of vaccines and the charge for their administration. The amount a plan member is responsible for depends on how the vaccine is dispensed and who administers it. See the chart below for examples of how vaccination costs are figured under the plan. Actual costs vary by vaccine type. Remember, you are responsible for all charges associated with vaccines until your deductible is satisfied (except for the flu and pneumococcal vaccinations, as outlined above).

Medco has a claim form that is specifically for reimbursement of covered Part D vaccinations. The provider can help you complete the information on the form, but you will need to submit it. To learn more about vaccine coverage and obtain a claim form before you visit your doctor, call Medco customer service at 1-800-592-4520 or go to [www.medco.com](http://www.medco.com).

\*Source: WebMD Medical News.

Vaccine source	Administered by	Your payment
A pharmacy	The pharmacy (allowed only in some states)	You pay a \$30 copayment.
Your doctor	Your doctor	You pay for the vaccine and administration and are reimbursed this amount, less a \$30 copayment, plus any difference between what the doctor charges and what the plan normally pays.
A pharmacy	Your doctor	You pay a \$30 copayment at the pharmacy and the full amount charged by the doctor for administering the vaccine. You are reimbursed the latter amount, less a \$30 copayment, plus any difference between what the doctor charges and what the plan normally pays.

# Medicare Supplement offers important benefits

**T**VA's Supplement to Medicare Plan can help protect you against costly medical charges that aren't paid by Medicare. The Supplement provides additional benefits and extends coverage beyond what Medicare provides, particularly for hospital stays.

Retirees, spouses and dependents covered by TVA's medical plan can acquire coverage under the Supplement when they become eligible for Medicare at age 65. They will automatically have their coverage transferred to the TVA Supplement at that time. Because the plan includes Medicare Part D coverage for prescription drugs, they do not have to enroll in a separate Part D plan.

Individuals who become eligible for Medicare before age 65 because

they receive Social Security disability benefits are also eligible for coverage under the Medicare Supplement. They must notify the TVA Service Center when they become Medicare-eligible so that their plan enrollment and premiums can be adjusted. Failure to provide such information could result in having to repay claims that were paid incorrectly. The TVA Service Center can be reached at 1-888-275-8094.

Subscribers who drop their TVA coverage will also lose coverage for their spouse and dependents and will not be able to re-enroll at a later date.

As of January 2008, monthly premiums for the Supplement are \$294 per person. Below is a summary of the benefits paid by Medicare and the TVA Supplement, effective Jan. 1.

## TVA SUPPLEMENT TO MEDICARE 2008

Hospital Insurance (Part A)	
Medicare	Supplement
For the first 60 days in a hospital, Part A pays for all the covered services, except for the first \$1,024.	Pays the first \$1,024.
For the 61st through the 90th day in a hospital, Part A pays for all covered services except for \$256.	Pays the \$256 a day for 61st through 90th day.
For 60 additional "lifetime reserve" days, Part A pays for all covered services in a hospital, except for \$512 a day.	Pays the \$512 a day of hospital charges for 60 "lifetime reserve" days.
Does not pay for more additional days.	Pays for 215 additional days of hospital charges per benefit period.
Does not cover private-duty nurses.	Pays 80 percent of the charge for 480 hours of an in-hospital private-duty licensed nurse per benefit period, if required and nurse is not related to subscriber.
Pays for all covered services in a participating skilled-nursing facility for the first 20 days in each benefit period. (See your Medicare Handbook for requirements.)	None
Pays for 80 additional days in the skilled-nursing facility per benefit period except for \$128 a day.	Pays the \$128 a day of skilled nursing facility charges from 21st through 100th day of each benefit period.
None	Pays charges not exceeding \$128 a day for 100 additional days in the skilled-nursing facility after all days provided by Medicare have been used.
For blood transfusions for inpatients, Medicare pays for all but the first three pints each calendar year.	Pays for the first three pints of unreplaced blood or blood plasma not paid by Medicare.

Medical Insurance (Part B)	
Medicare	Supplement
After you meet a \$135 deductible each year, Part B pays 80 percent of usual, customary and reasonable charges for many medical services and supplies, including physicians' charges, outpatient hospital services, use of durable medical equipment, oxygen, home-health services, outpatient physical-therapy service and ambulance.	Pays 20 percent of Medicare-approved charges submitted for any Part B medical services and supplies. The Supplement will not pay if Part B does not pay.

### Vision-plan discounts

The vision-care plan is administered by EyeMed Vision Care. The vision plan provides network discounts only for eye exams and the purchase of frames, lenses, lens options and contact lenses.

### Managed prescription drugs

The prescription-drug coverage under the Sup-

plement plan meets Medicare Part D requirements. After a combined retail and mail-service deductible of \$50 per person per calendar year is met, the copayments (shown below) apply to prescription-drug purchases.

Preferred brand-name drugs are brand-name drugs that are medically sound, cost-effective alternatives to higher-priced drugs. Non-preferred

brand-name drugs are brand-name drugs that are covered by the formulary but may not be as cost-effective as similar preferred brand-name drugs. Preferred drugs include a category of expensive, generally biotechnological medications to treat patients with serious and complex conditions and may require special administration and handling.

Drug categories	Retail (30-day supply)	Mail service (90-day supply)
Generic (Tier 1)	\$10	\$20
Preferred brand name (Tier 2)	\$30	\$60
Non-preferred brand name (Tier 3)	\$50	\$100
Specialty (Tier 4)	\$50	\$100