



A New Era, a Renewed Vision

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Our Renewed Vision

TVA will be One of the Nation's
Leading Providers of Low-Cost
and Cleaner Energy by 2020



Our Mission has not changed



What's a Vision?

A concept of the future that yields:

- Common, visible goals
- Engagement and commitment



The Initial Vision for TVA

“ . . . to change and to improve the standards of living of the people of that valley.”

--President Franklin Roosevelt

- Proactive
- Focused on the challenges of the day
 - Economic improvement
 - Flood control & navigation
 - Electrification
- Achieved sustainable results



Some Earlier Visions

- A large, benevolent government agency
- The biggest nuclear utility
- The biggest conservation utility
- A leader in Total Quality Management
- A leader in deregulation
- America's power company





Why They Didn't Last

- Too often reactive and inconsistent
- Not always clear
- Sometimes focused on yesterday's challenges
- Could not sustain TVA going forward





Our Earliest Challenges



Limited Electrification



Economic Hardship



Depleted Soil



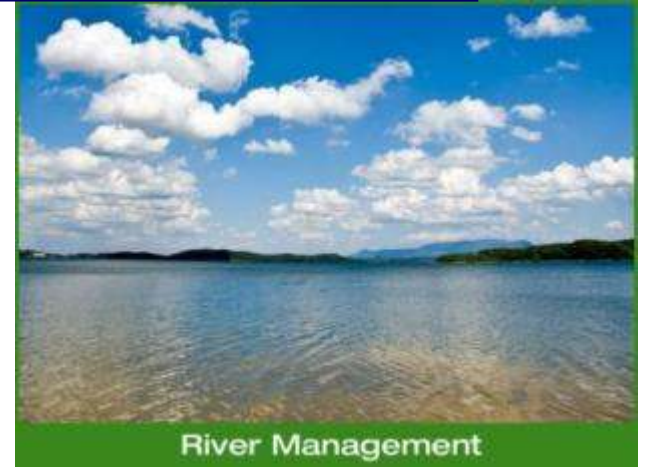
Flooding



Deforestation



Results We See Today





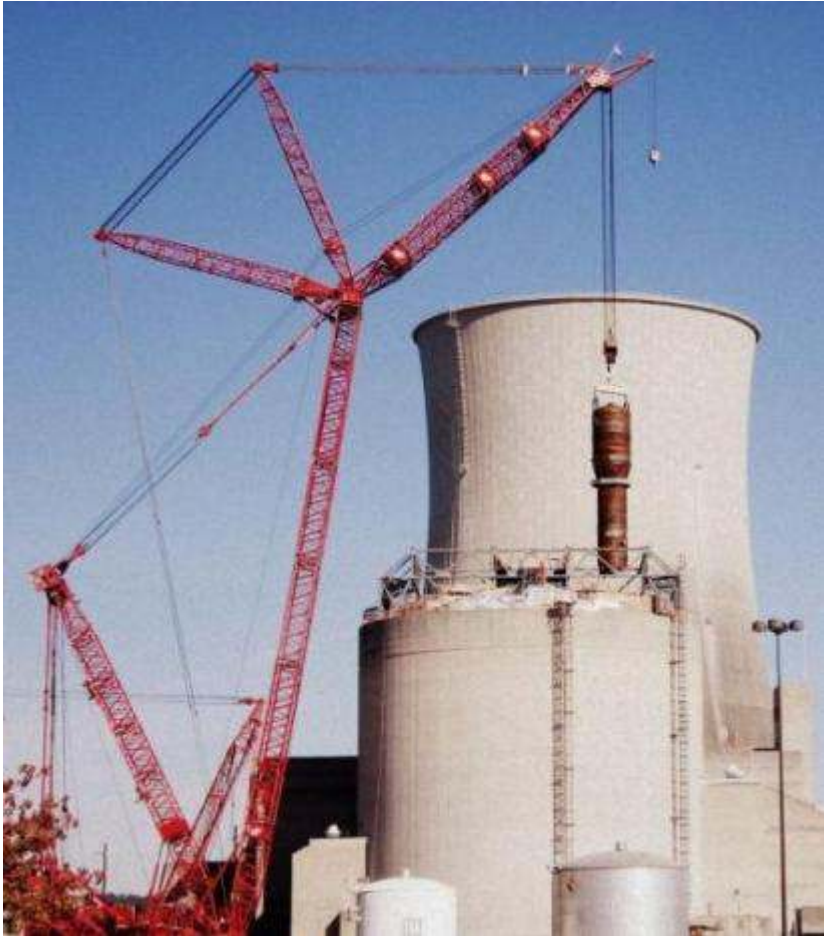
Achieving the Vision

Challenges to overcome

- Infrastructure investments are needed
- Stricter regulations are coming
- Customers want more options and value from their energy dollar — and less environmental impact from energy production



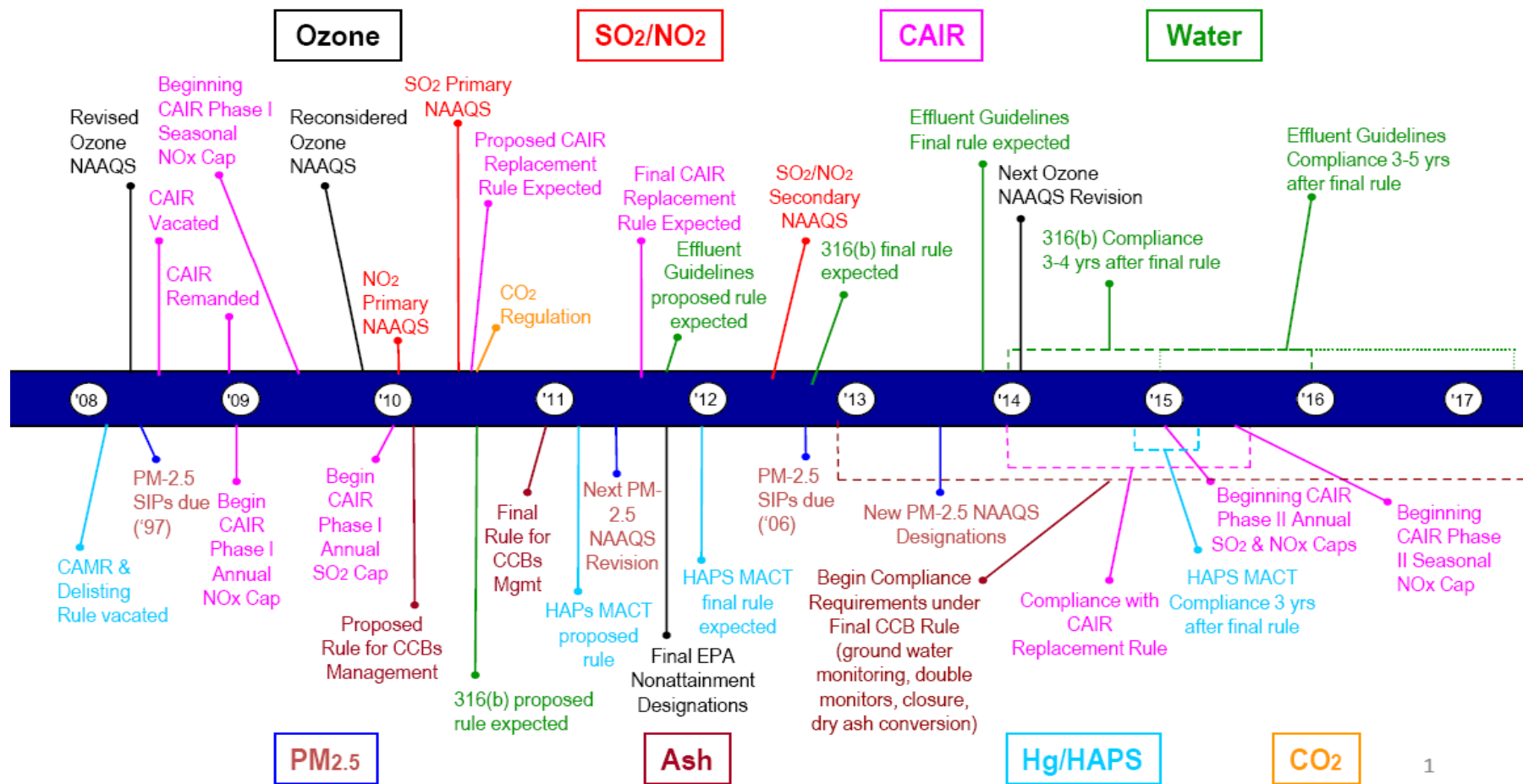
Infrastructure Investments





Stricter Regulations on Coal

Expected Regulations Affecting Coal—Timing May Vary



-- adapted from Wegman (EPA 2003)



Customer Patterns & Values



- Customers are using energy differently:
 - Staying connected constantly
 - Adopting an endless stream of new devices
 - Looking for new ways to economize

- Customers expect more from energy providers:
 - Greener production
 - More choices in managing use
 - Zero tolerance for interruptions and zero support for higher costs



We Will . . .

Serve the people of the Tennessee Valley by being:

- The **Nation's leader** in improving our air quality
- The **Nation's leader** in increased nuclear production
- The **Southeast's leader** in increased energy efficiency

And by improving our core business to continue providing
low rates, high reliability & responsible stewardship

Cleaner Power Production

Significantly increase production from low-emission electricity generators and decrease production from coal

Reduce Emissions

Further reduce SO₂, NO_x, mercury
and particulate emissions from TVA
plants

New generation

Lead the nation in delivery
of new nuclear capacity





New Nuclear Projects

Watts Bar Unit 2

- 1,180 megawatts
- Commercial operation in 2013
- On time and within budget



Bellefonte Unit 1

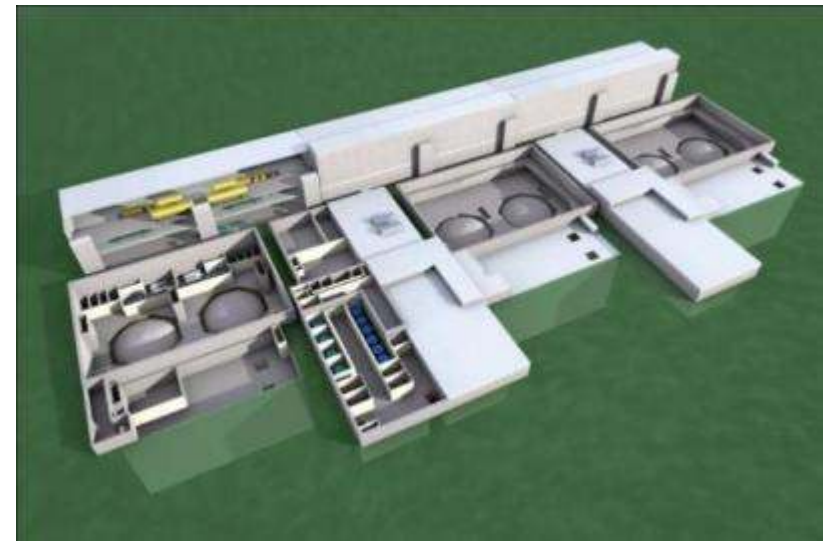
- 1,260 megawatts
- Studies support completing unit 1
- TVA board decision expected this year





Small Modular Reactors

- 125-megawatt reactors would be built in groups
- Could replace aging coal units and use existing sites and transmission
- “Passive” safety design
- 4- to 5-year fuel cycle
- Industry group is working to demonstrate the technology by 2020



Energy Efficiency

Help consumers and businesses use energy more efficiently and save money





Efficient Production

Conventional Coal Plants



Average Global Efficiency = 28%

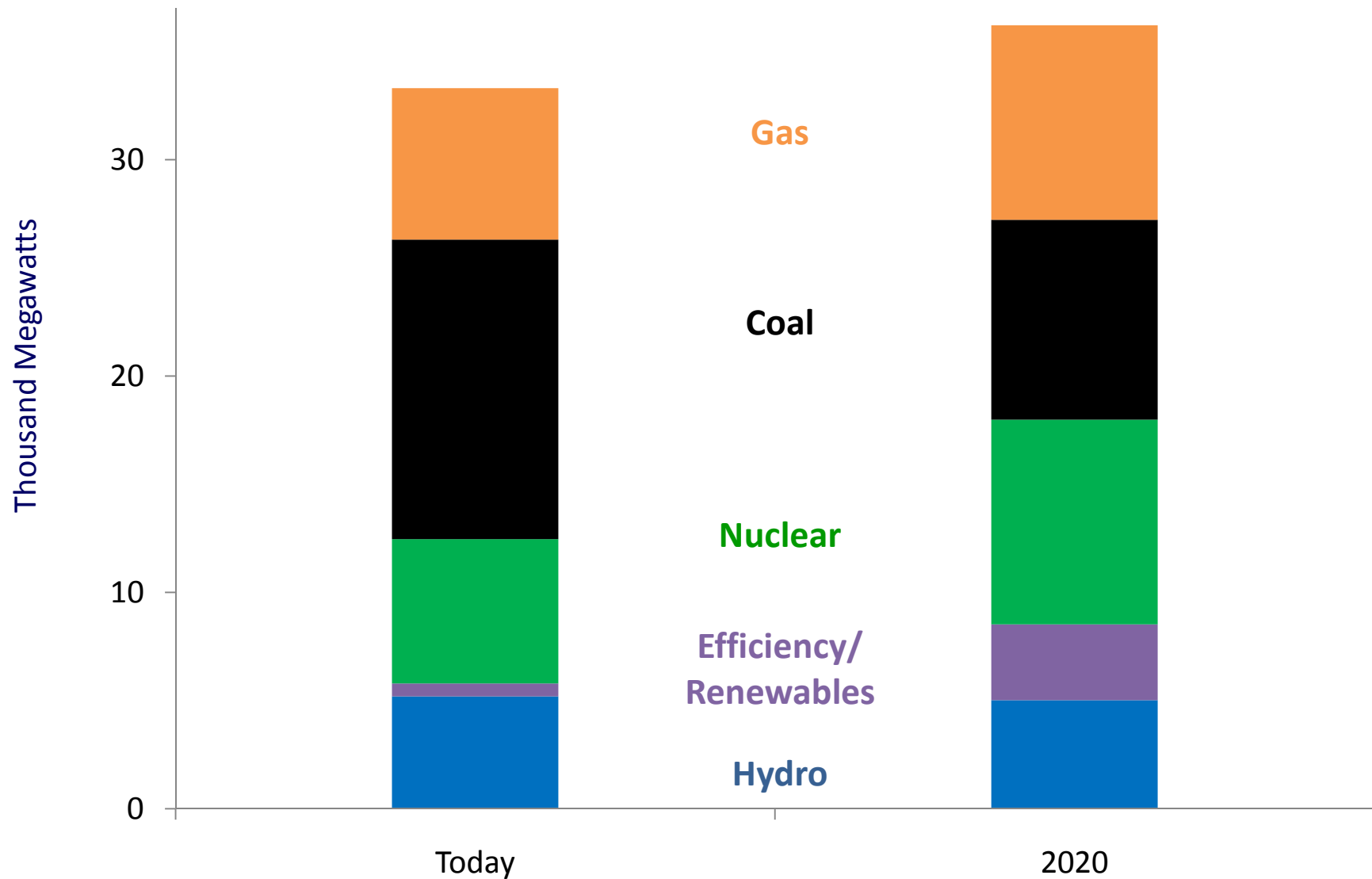
Newest Combined Cycle Plants



Up to 60% Efficiency



A More Balanced Power Supply



Our VISION



ONE OF THE NATION'S LEADING PROVIDERS OF LOW-COST
AND CLEANER ENERGY BY 2020



Low Rates



Cleaner Air



High Reliability



More Nuclear Generation



Responsible Stewardship



Greater Energy Efficiency



What's needed from each of us?

STAR 7 Values

- **Safety**
- **Integrity & Respect**
- **Honest Communication**
- **Accountability**
- **Teamwork**
- **Continuous Improvement**
- **Flexibility**



What's our reward?

- Pride in TVA
- Continue our mission for the people of the region
- Make TVA a better place to work for everyone
- Share in TVA's success

A Clear Vision for TVA . . .

. . . is how we will continue to serve the people of the TVA region with low costs, high reliability and greater responsibility

