

2007 TVA Strategic Plan



FACT SHEET

Why has TVA produced a new Strategic Plan?

TVA's Board and executive leadership recognized the need to articulate TVA's overall strategic direction for the next decade as a result of market trends, a new national energy policy, rising fuel costs and other changes since the previously issued strategic plan. The Strategic Plan outlines actions TVA must accomplish to align with this direction. The Strategic Plan also identifies aspects of TVA's current business structure that must be fine-tuned for TVA to strengthen its ability to continue to serve the people of the Tennessee Valley region.

What market issues have changed since the 2004 Strategic Plan?

Retail competition in the country as a whole has almost stalled, and wholesale competition is evolving slowly. The Energy Policy Act of 2005 has put more emphasis on reliability, renewable energy, low-emissions generation technologies, energy efficiency and conservation. At the same time, several related issues demand attention. These include escalating fuel prices, continuing growth in energy demand, and increasing momentum for improvements in environmental performance.

How does the new Strategic Plan address TVA's business structure and service area?

The Tennessee Valley region and TVA are well served by TVA's current business structure that is based on bundled generation and transmission service and a three-part mission focused on energy, the environment, and economic development. Receiving no federal funding, TVA relies on revenues from its energy business to fund all components of its mission. Therefore, TVA must implement sustainable financial practices while adapting to today's competitive environment. Major changes in the business structure include providing TVA distributors with rates that better reflect costs, production assets that balance load, the opportunity to participate in power supply, and tighter integration of all aspects of the mission.

What are the key points in the Strategic Plan?

The Strategic Plan focuses on leveraging and realigning TVA's strengths and addressing the customer, financial, operational, and organizational actions necessary for TVA to support the region's continuing growth and success. Specifically, TVA will do the following:

- **CUSTOMERS:** Maintain power reliability, provide competitive rates, and build trust with TVA's customers
- **PEOPLE:** Build pride in TVA's performance and reputation
- **FINANCIAL:** Adhere to a set of sound financial guiding principles to improve TVA's fiscal performance
- **ASSETS:** Use TVA's assets to meet market demand and deliver public value
- **OPERATIONS:** Improve performance to be recognized as an industry leader

How will the plan be implemented?

The purpose of TVA's Strategic Plan is to set high-level direction that will guide TVA. The Strategic Plan establishes the overall direction and framework for decision making. Specific actions will be built into TVA's Business and Performance Plans. For implementation activities requiring environmental review, further opportunities for public input will be made available. The Board will ensure adherence to the strategy direction through the performance plans and by tracking performance against key metrics.

How can I receive a copy of TVA's Strategic Plan?

TVA's 2007 Strategic Plan can be downloaded from our Web site: www.tva.com. For a printed copy, please e-mail tvainfo@tva.com or contact Jean Friley, WT 7D, Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee, 37902.