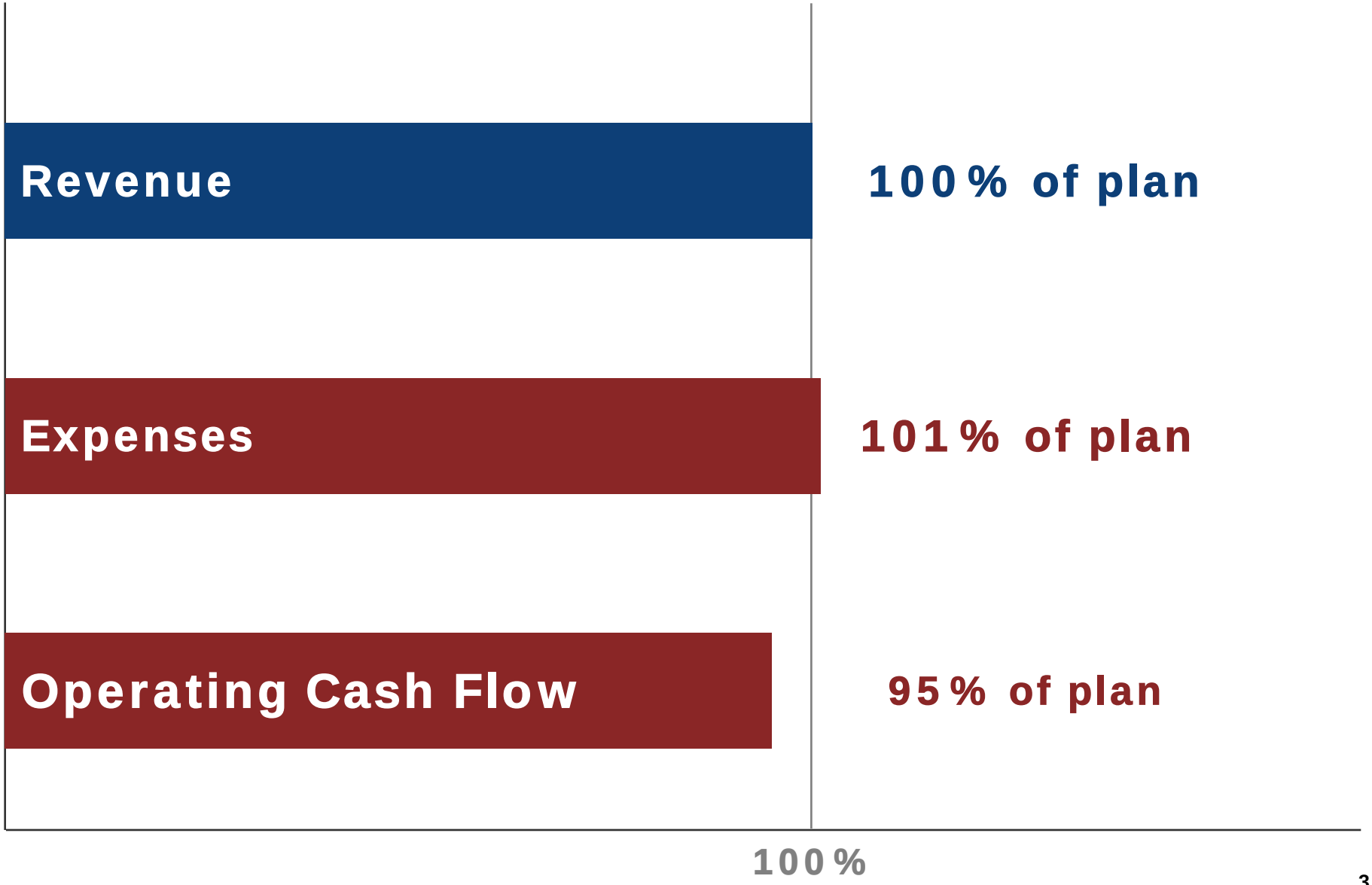
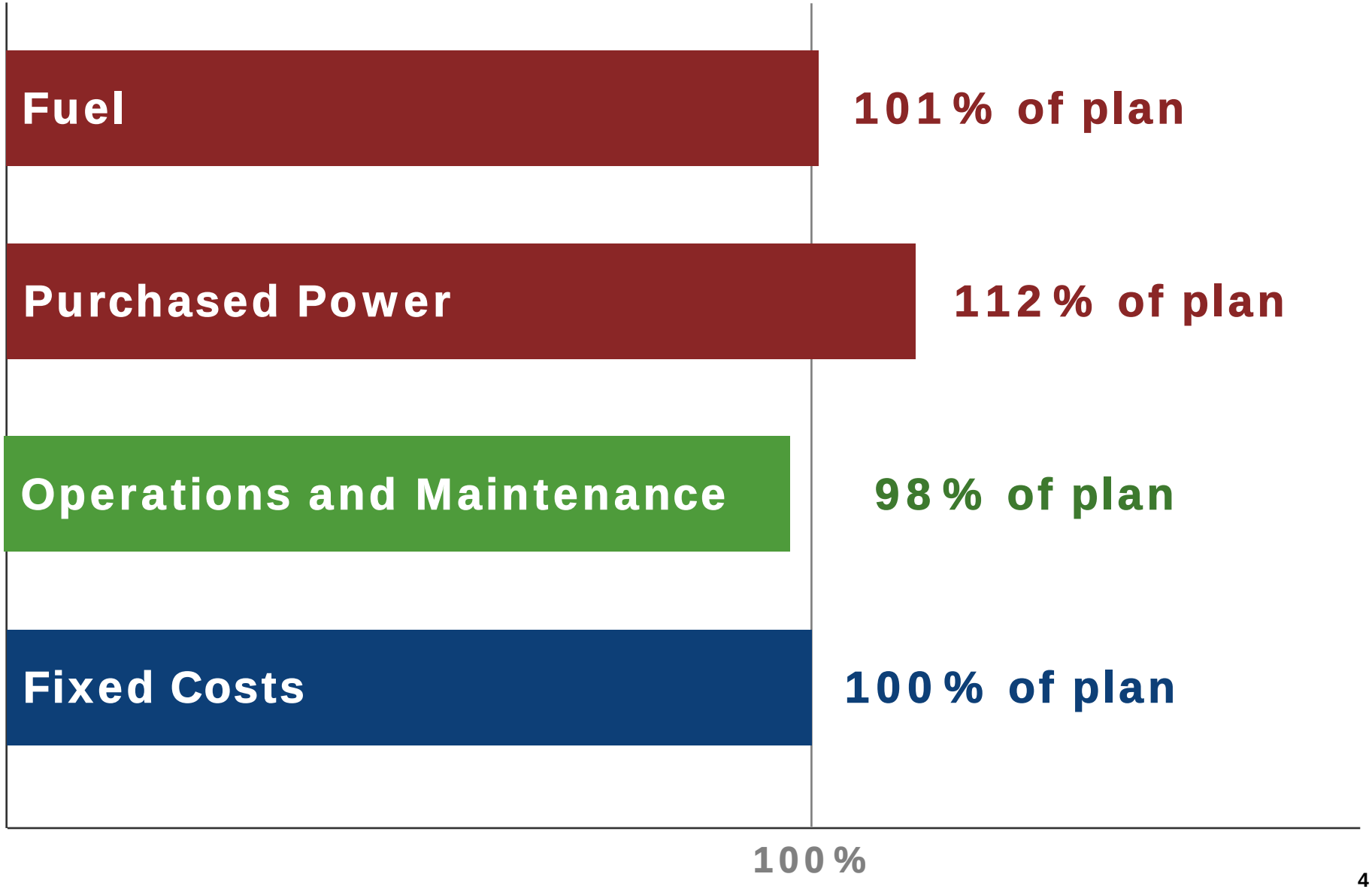
President's Report

Financial Results through mid-November



Expense Drivers through mid-November



Hard Spots

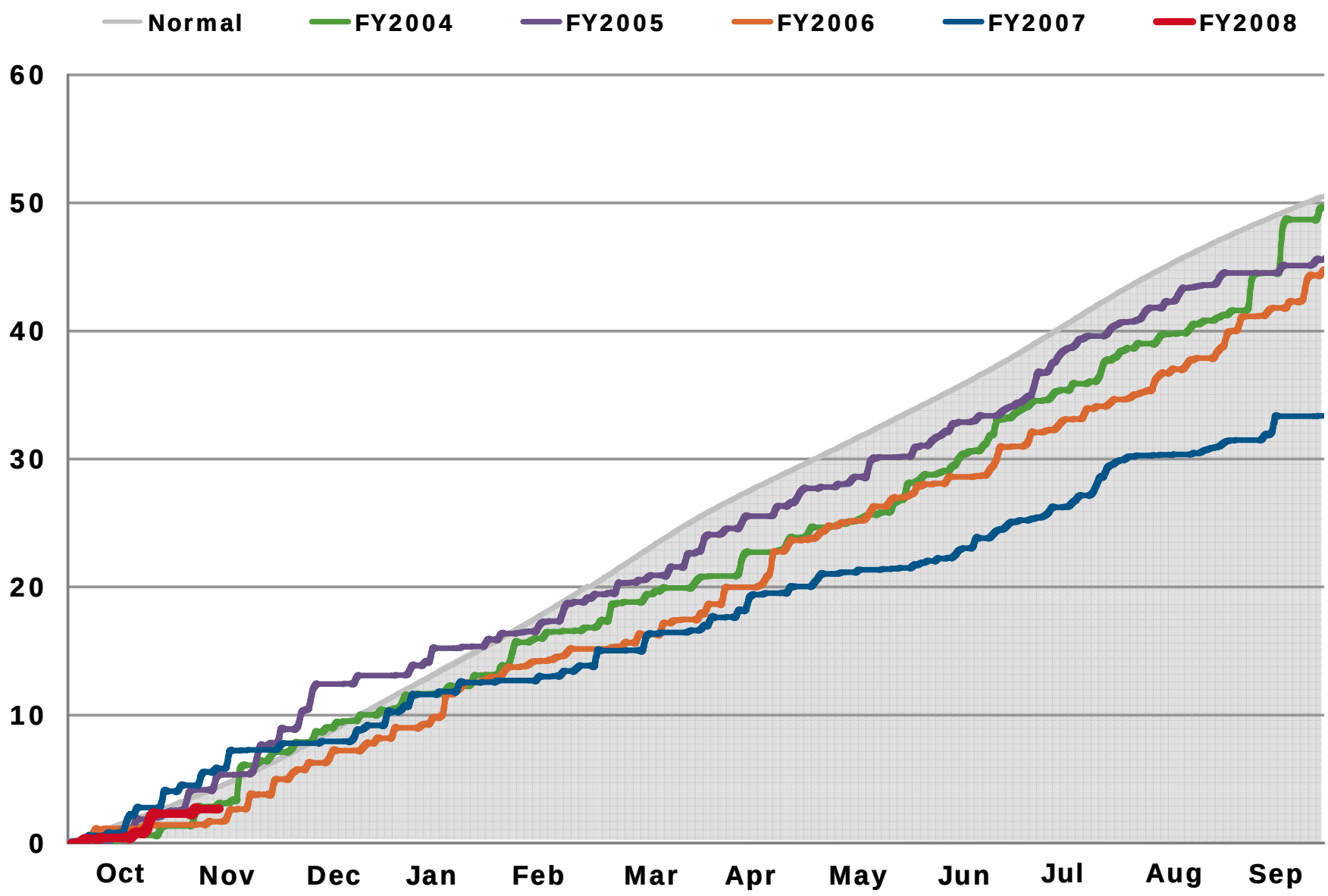
Rainfall and runoff

Reduced hydro volume

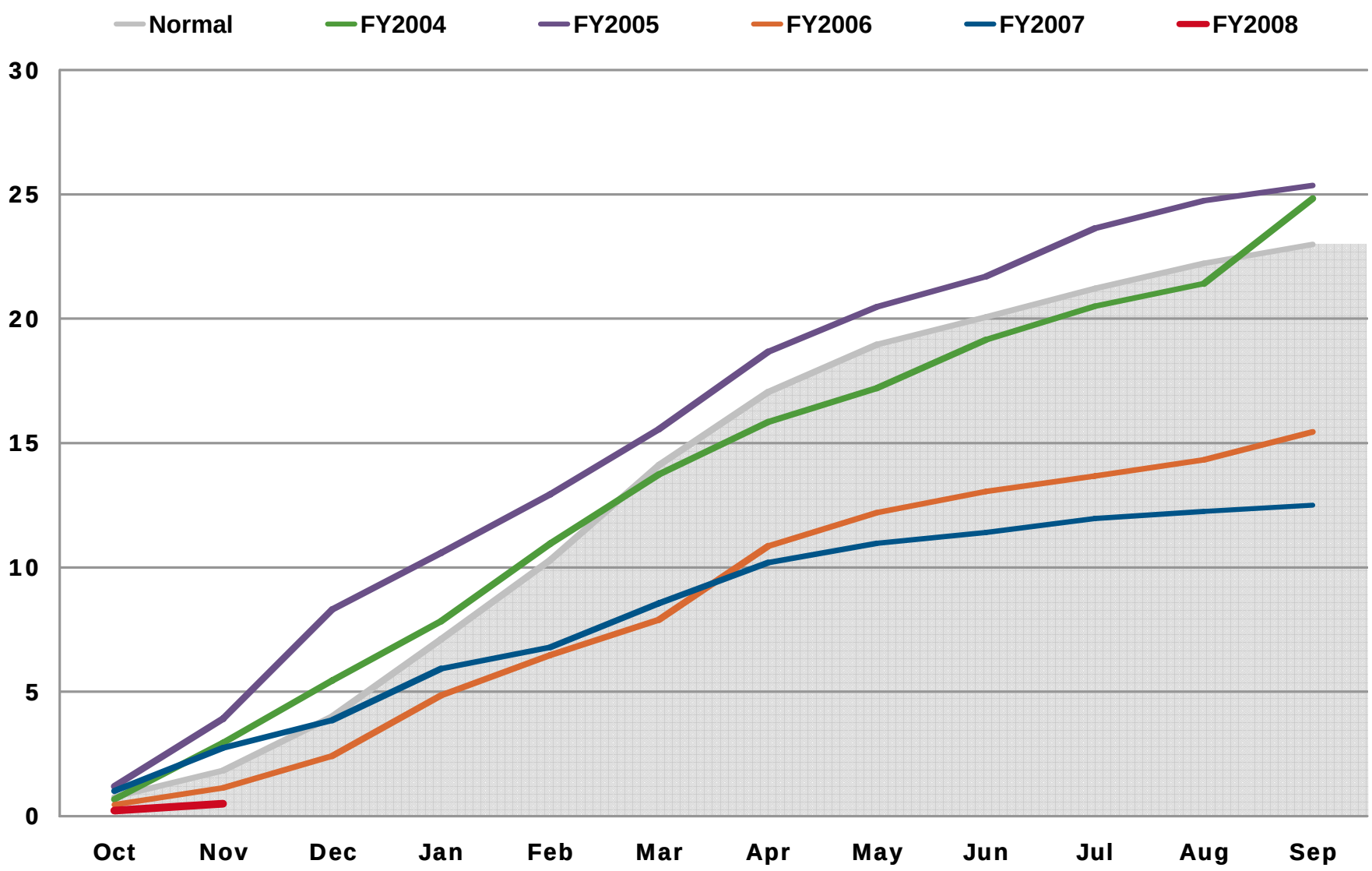
Sequoyah Nuclear Plant Unit 1 generator

Capital expenditures

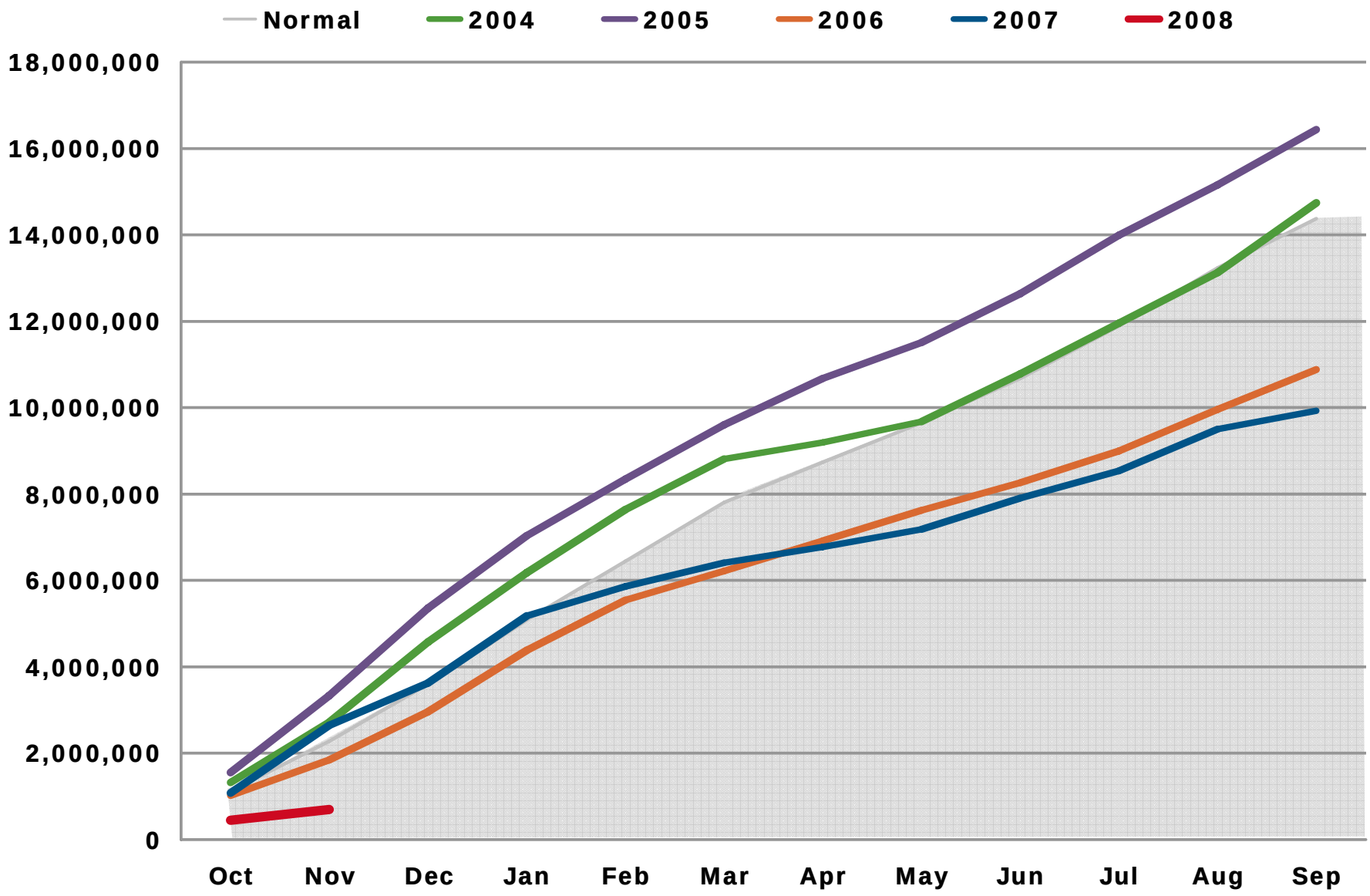
Cumulative Rainfall (Inches)



Cumulative Runoff (Inches)



Cumulative Hydro Generation (MWh)



Hard Spots

Rainfall and runoff

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Sequoyah Nuclear Plant Unit 1 generator

Capital expenditures

Highlights

TVA's Aaa bond rating reconfirmed by Moody's

Bellefonte combined license application submittal

Customer satisfaction survey results

Fossil fleet performance

Fiscal year 2007 Unaudited Results

	(in billions)	Variance from plan
Revenue	$9.187	(0.7%)
Expenses	$8.804	(0.2%)
	GWh	
Power Sales	174,810	0.1%
Nuclear Generation	46,411	(4.7%)
Coal Generation	100,169	0.3%
Hydro Generation	9,047	(33.7%)
Purchased Power	22,141	33.3%

Energy Efficiency and Demand Response

Energy Efficiency and Demand Response

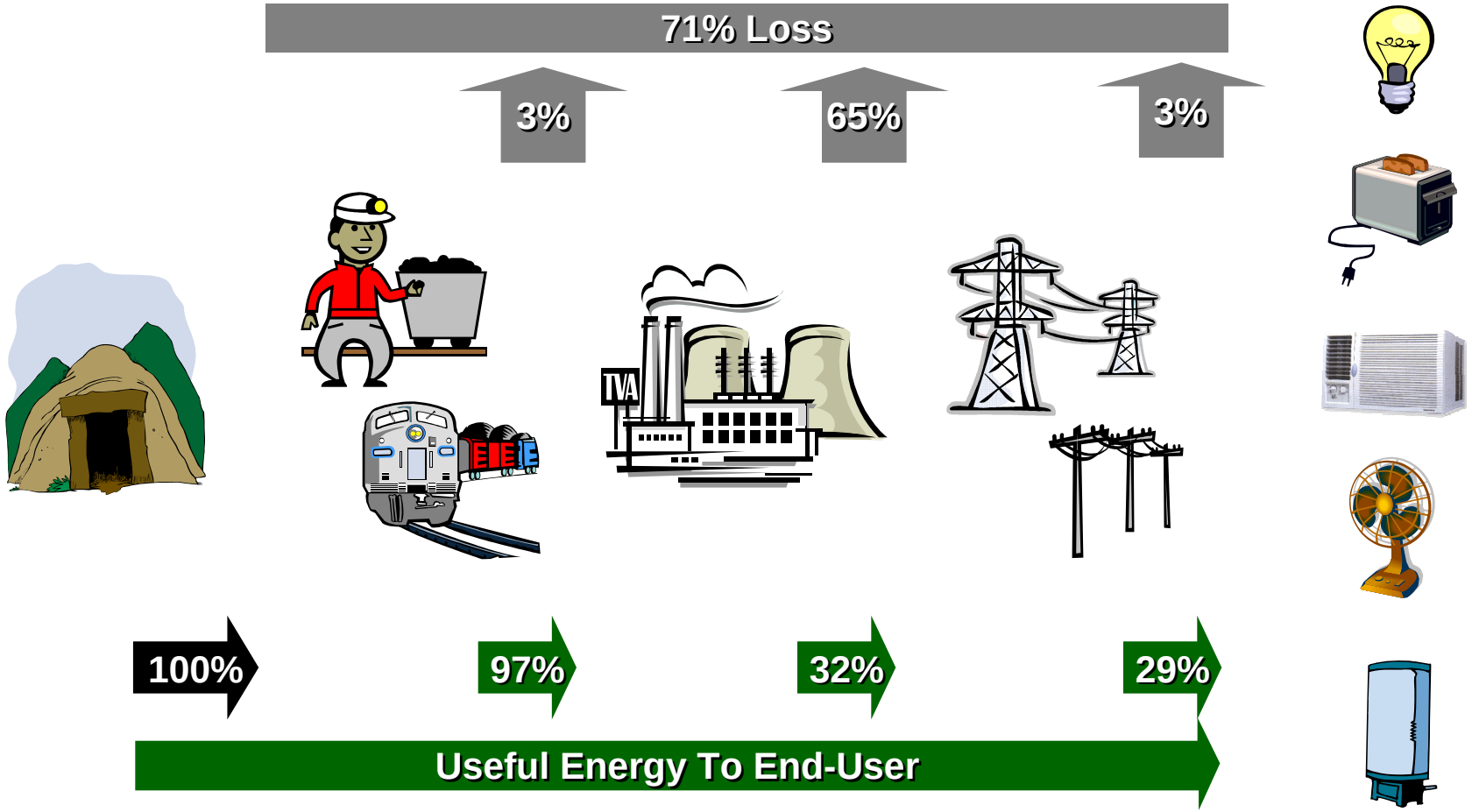
Industrial usage

Commercial Usage

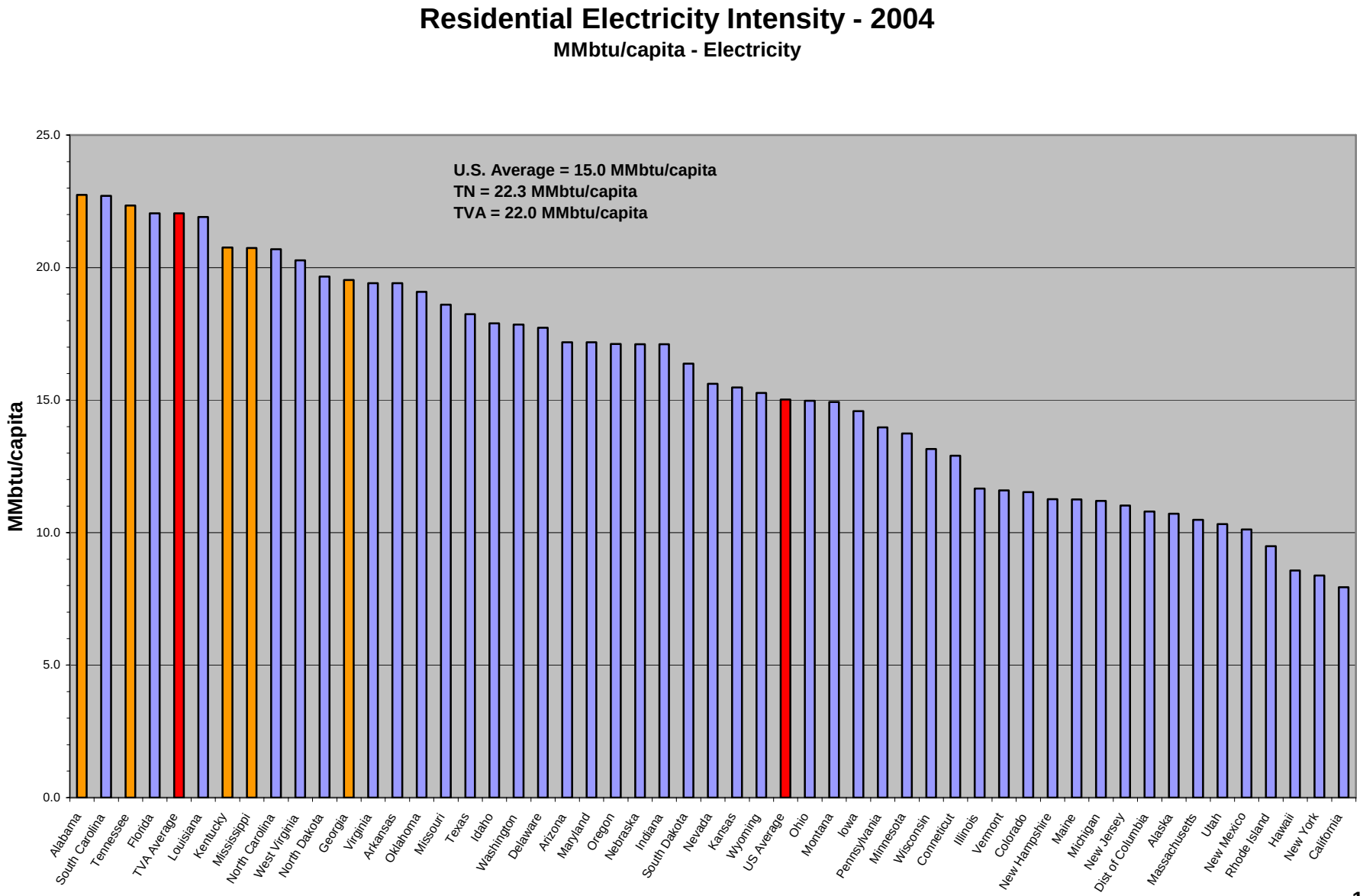
Residential Usage

Today …focus on residential

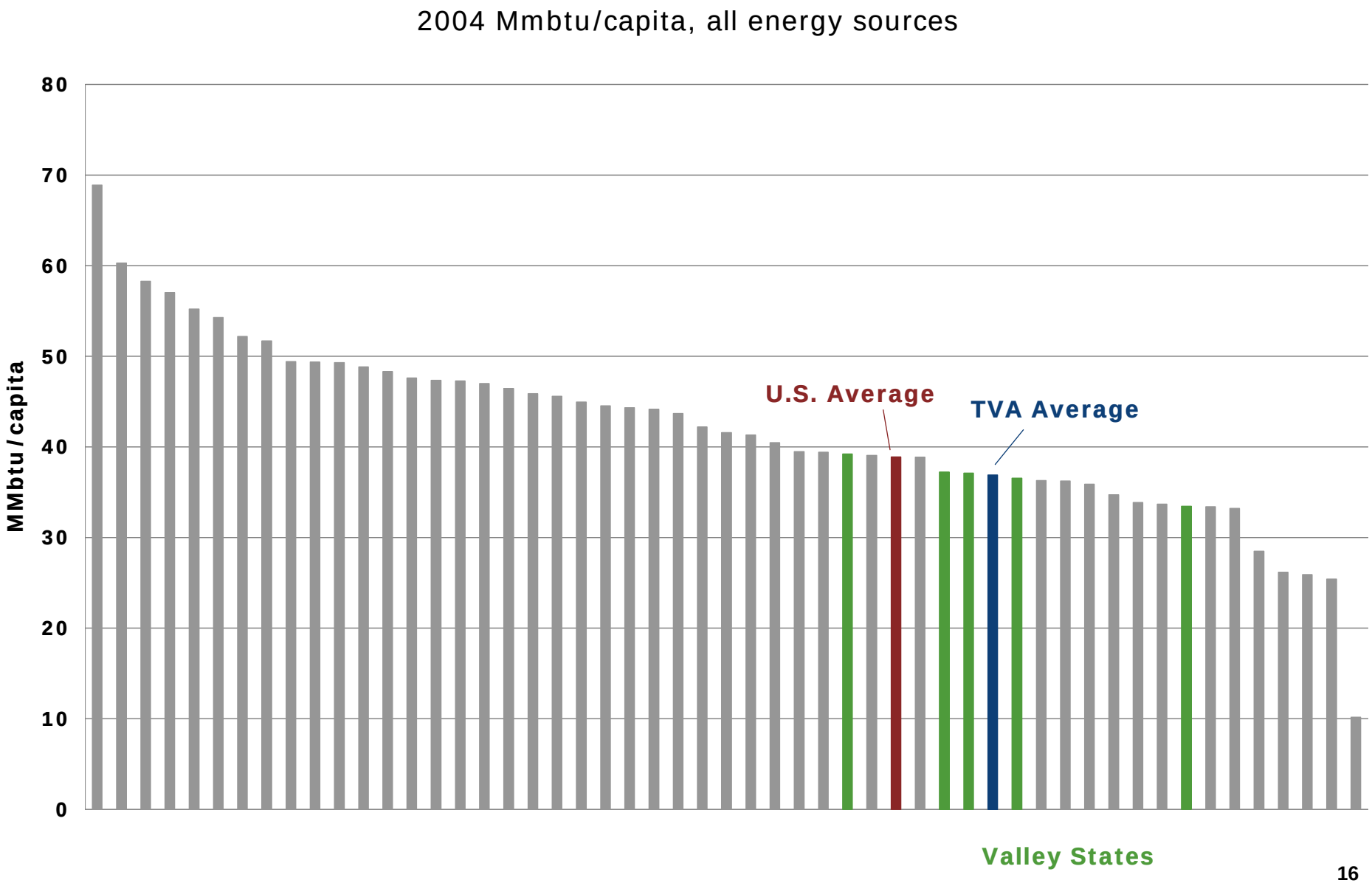
Where Does the Energy Go?



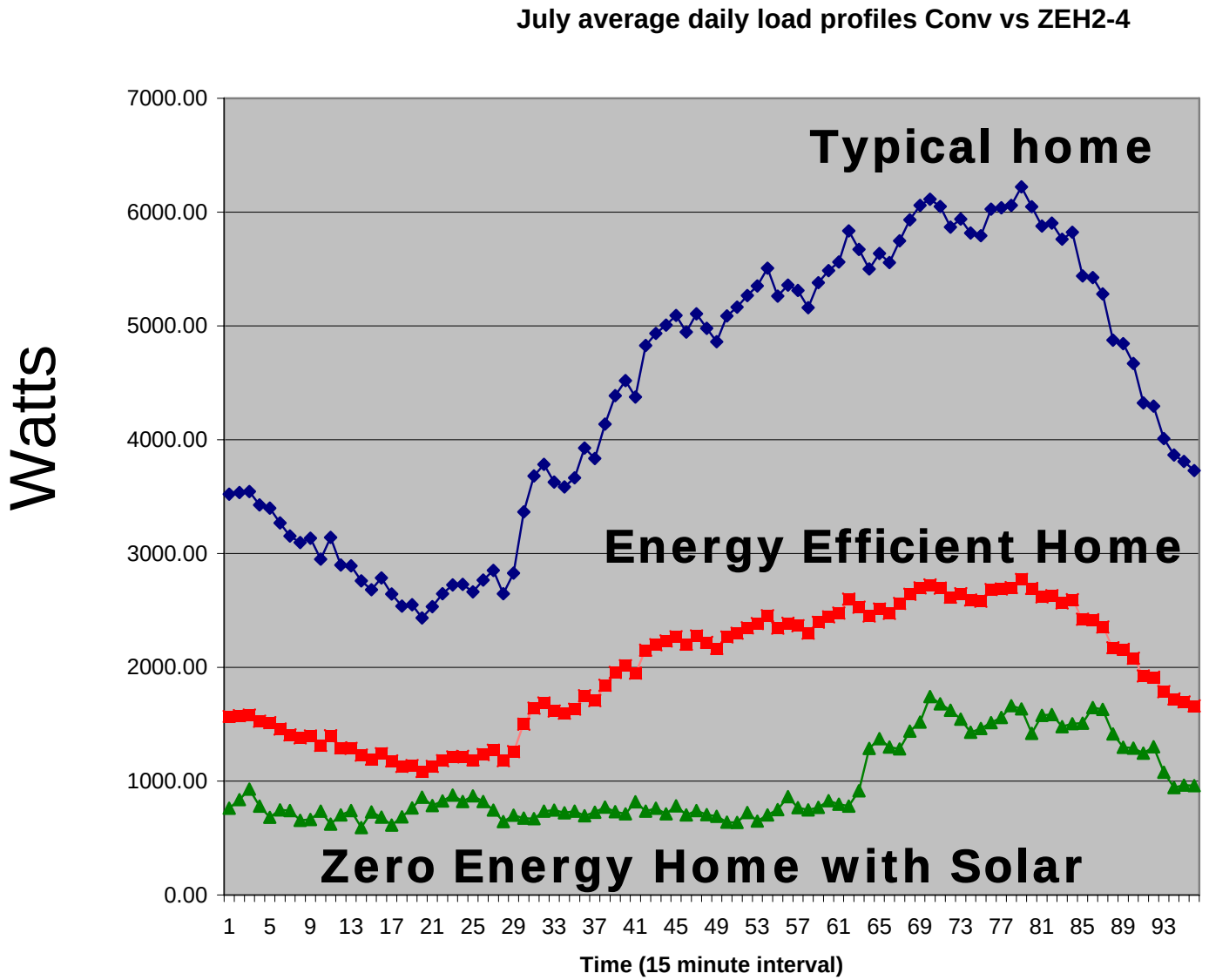
Residential Electricity Intensity



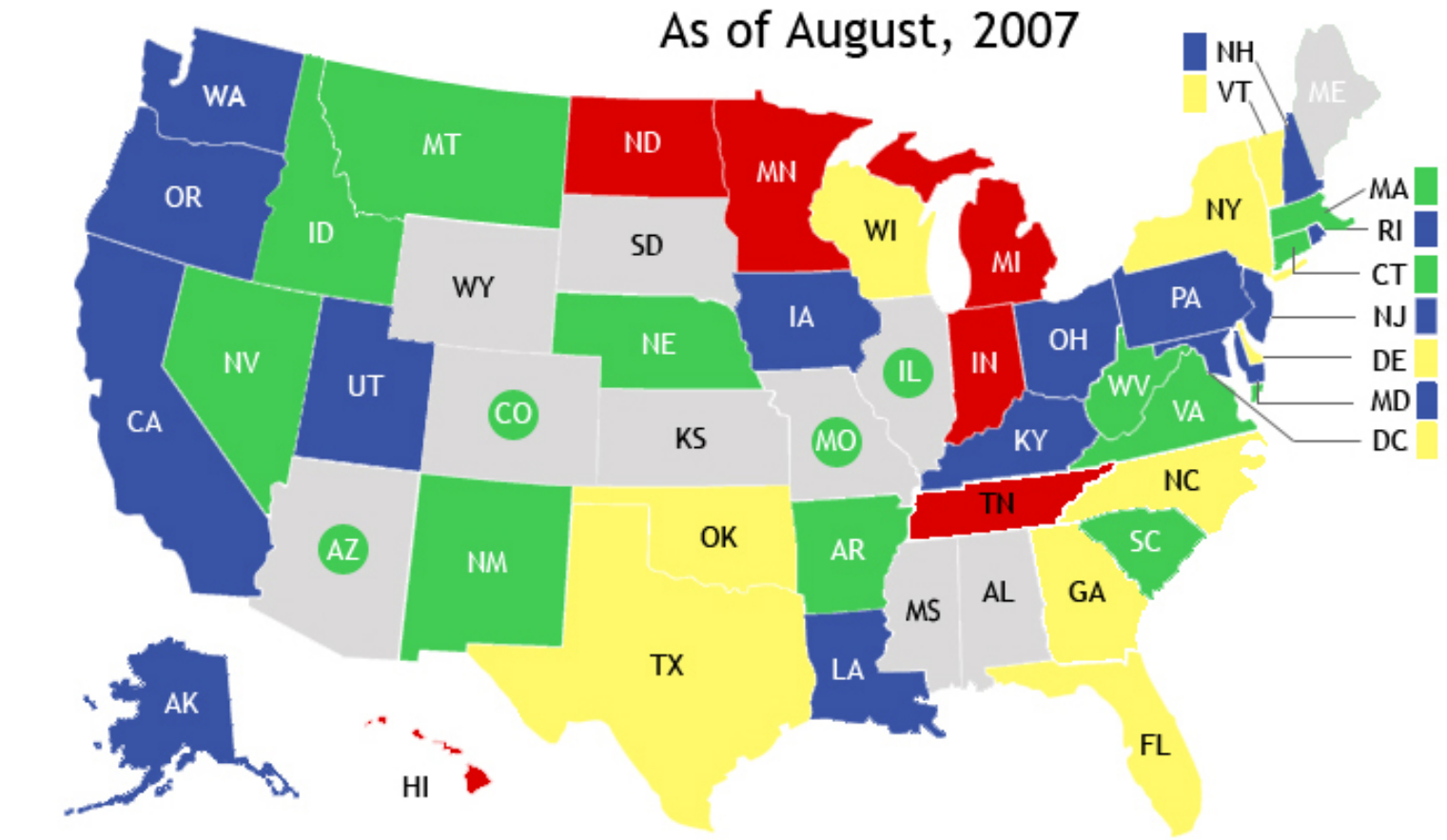
Residential Energy Intensity



Zero Energy Home Comparison



Residential State Building Codes



- Adopted code meets or exceeds 2006 IECC or equivalent
- Meets 2003 IECC or equivalent
- Meets 1998-2001 IECC or equivalent (meets EPCA)
- Precedes 1998 IECC or equivalent (does not meet EPCA)
- No statewide code
- New code soon to be effective
- Significant adoptions in jurisdictions

Source:
Building Codes Assistance Project
www.bcap-energy.org

What we have done

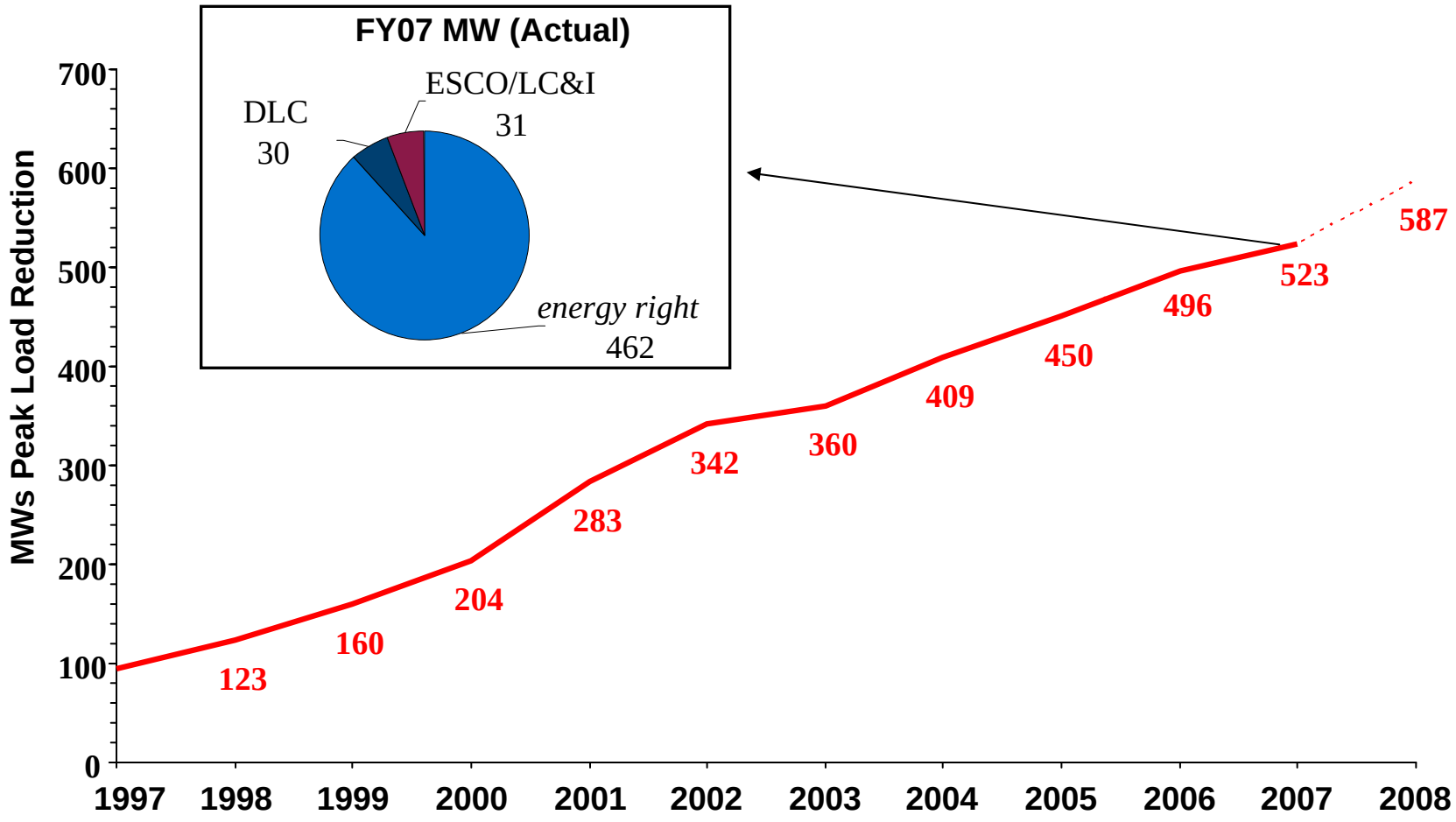
Encouraged usage of energy efficient products

Some specific projects with large customers

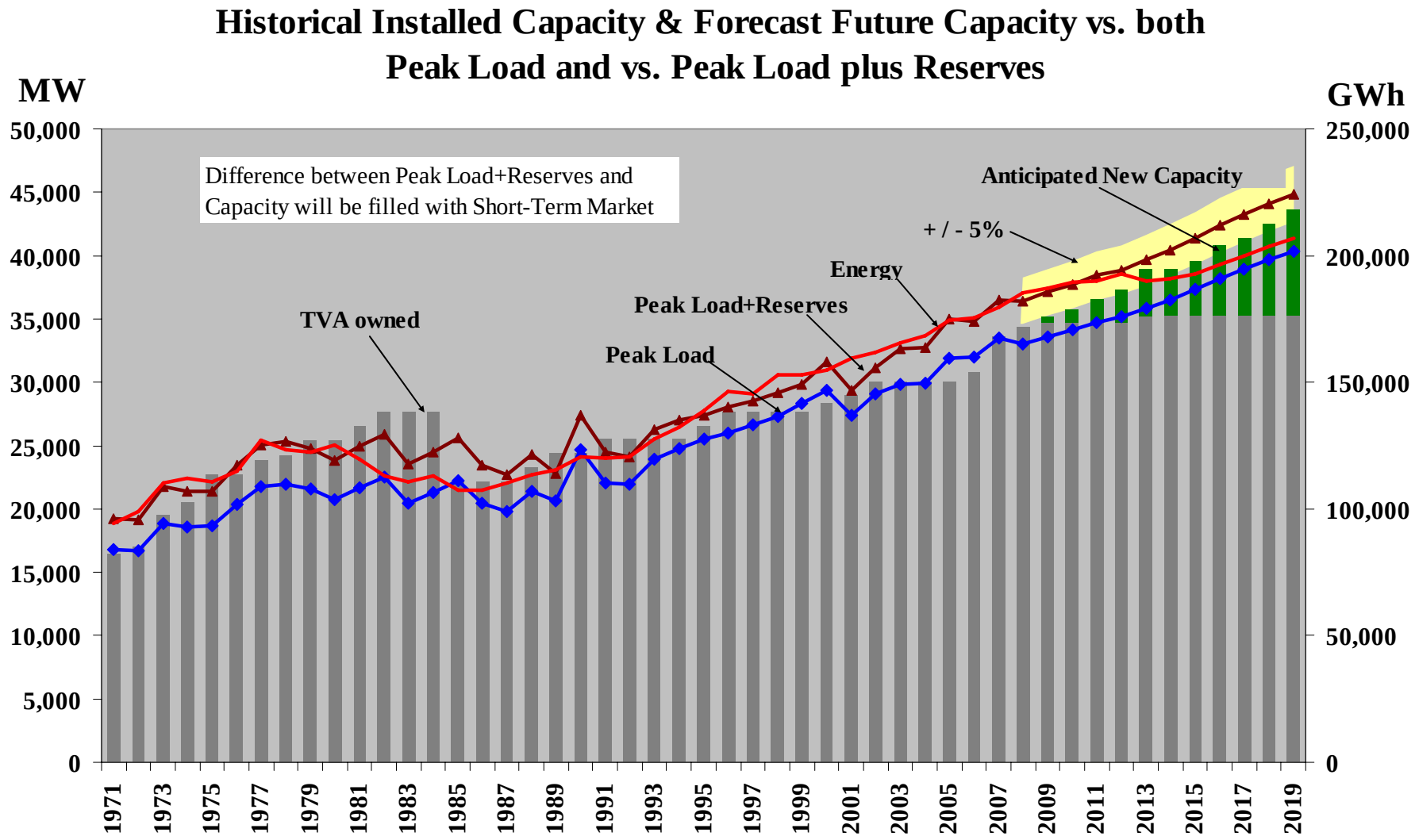
Some direct load control

Demand Reduction 1997 – 2007

Since 1997, TVA has worked in partnership with local power distributors to achieve energy demand reductions of 523 megawatts.

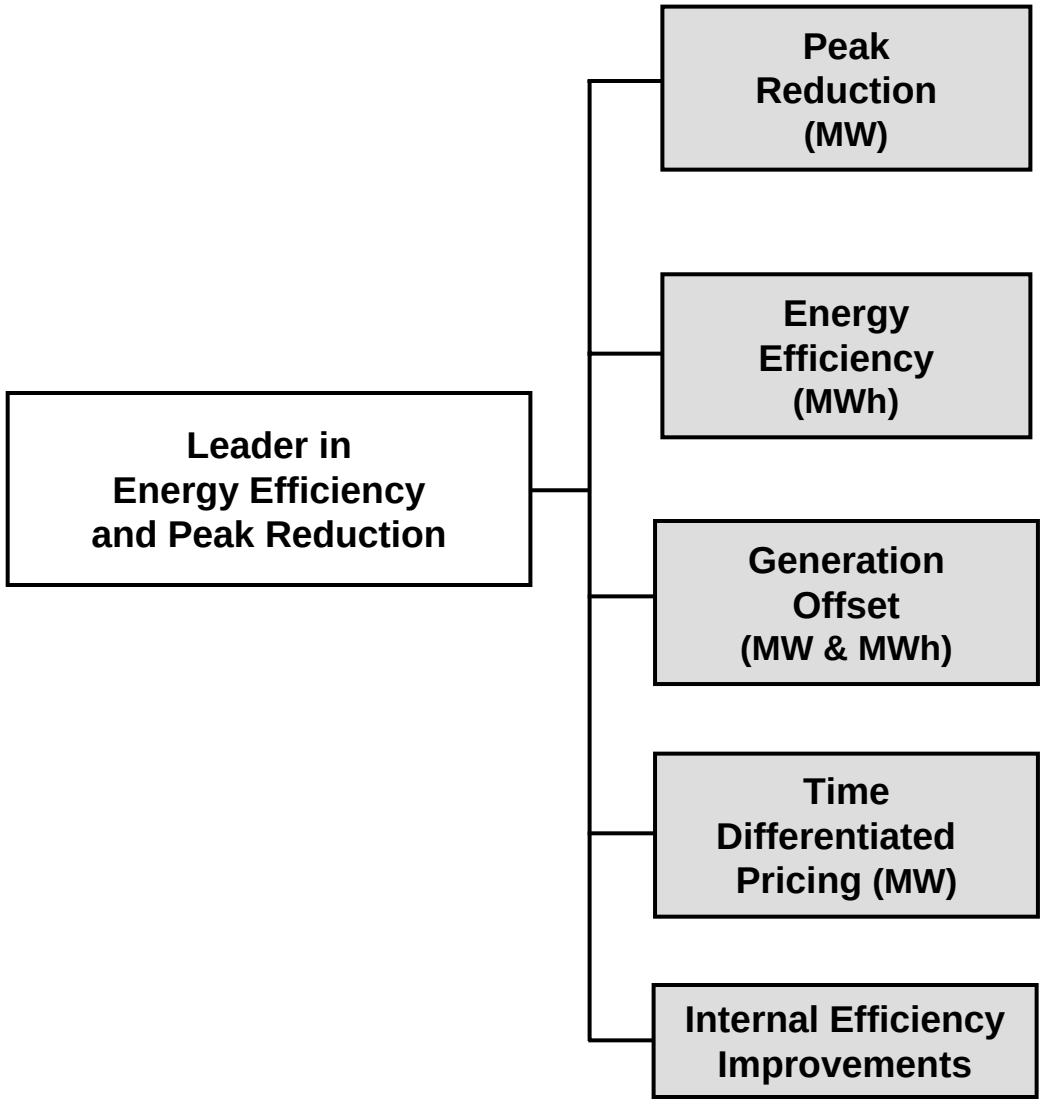


Projected Peak Demand/Energy Growth

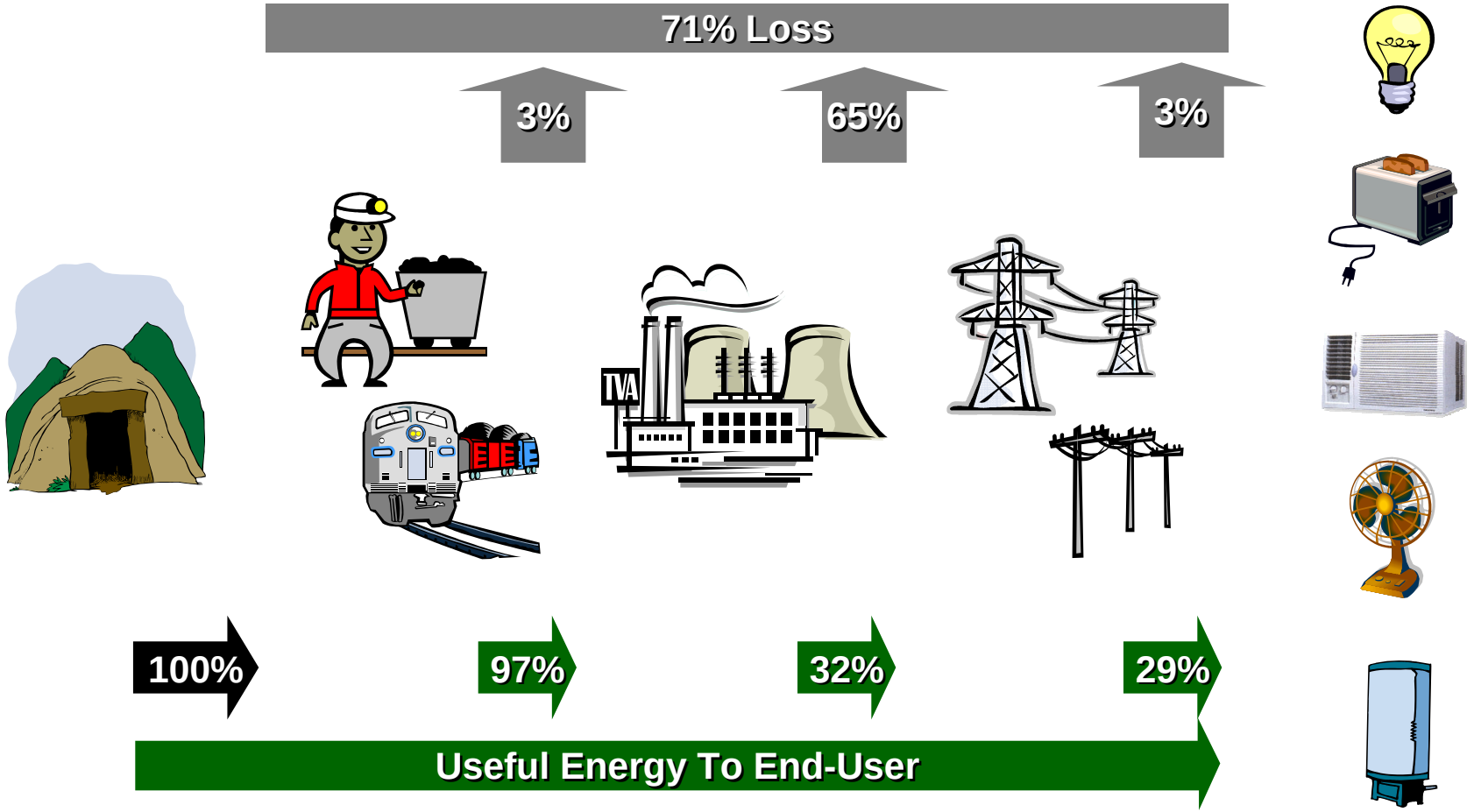


Capacity data from EIA-411, Summer 2005; Forecast is June 2007

Leadership Areas



Where Does the Energy Go?



Process

Set initial goal of 1,200 MW by 2013 – **Done**

Establish a project team – **Done**

Expand stakeholder involvement – **In Process**

Develop long-term plan this fiscal year

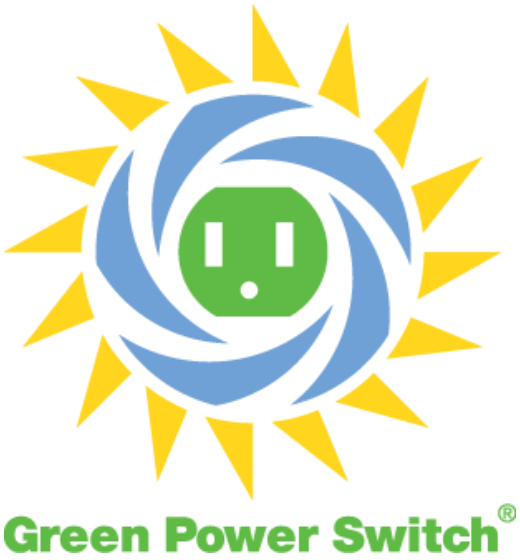
- Education – decisions based on real information
- Motivation – behavior based on real economics

What You Can Do Now!

Each of us can start by doing the simple things:

- Turn up the thermostat in summer, down in winter
- Turn off lights and appliances when not in use
- Use Compact Fluorescent Lights
- Make sure there is adequate insulation and weather stripping
- Change filters in HVAC systems
- Use less in the 4 - 8 pm period in the summer

To Learn More



Visit www.tva.com or contact
a participating local power distributor.


TVA