TENNESSEE VALLEY AUTHORITY
"First Quarter Fiscal Year 2012 Conference Call"

February 3, 2012, 10:00 AM ET
Tom Kilgore
John Thomas

OPERATOR: Good morning, and welcome to the Tennessee Valley Authority's first quarter fiscal year 2012 conference call. All participants will be in a listen-only mode. Should you need assistance, you may signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. Please also note that today's event is being recorded.

I would now like to turn the conference call over to Mr. John Hoskins, Senior Vice President and Treasurer. Mr. Hoskins, please go ahead.

JOHN HOSKINS: Thank you. Good morning, everyone, and welcome to the Tennessee Valley Authority's first quarter fiscal year 2012 financial and operations review. Leading our discussion today is Tom Kilgore, President and Chief Executive Officer, and John Thomas, TVA's Chief Financial Officer. Also attending our call today are Kim Greene, TVA's Group President, and Bill McCollum, TVA's Chief Operating Officer.

Tom will lead off our discussion today with a review of key events from the first quarter and provide an update on priorities for the remainder of our fiscal year 2012. John will then provide an overview of TVA's financial performance in the first quarter. We will then open up the call for a question-and-answer session.

Before we begin, I would like to point out that today's press release and TVA's 2012 first quarter 10-K are now available on TVA's website at www.tva.com. A replay of this call will also be available on TVA's website for one year. Today's discussion may include forward-looking statements that are subject to various risks and uncertainties. Please refer to TVA's SEC filings, including our most recent annual report on Form 10-K and quarterly report on Form 10-Q for a discussion of factors that may cause results to differ materially from projections, forecasts, estimates, and expectations.

Now I will turn the call over to TVA's Chief Executive Officer, Tom Kilgore. Tom?

TOM KILGORE: Good morning, everyone, and welcome to the call. This is our second call of this type, and we've started this process because we believe that the printed word is adequate but probably not sufficient to communicate well with you, so we're gathered here today to give you a brief presentation verbally and then to be able to answer any questions that you might have.

The big news here is, obviously, that the weather is very mild, and the economy is good but not great. So for the consumer, that's good. The bills are down because the weather's mild, but for TVA, when the weather is below normal, that means our financial results are obviously below normal, and you'll hear that in a moment from John Thomas.

Our assets have performed well during the first quarter, and we've benefited from a lot of rain in the area, so our hydros operated very well. We're also very satisfied and pleased with our alternate financing that was a very successful venture into the market, and John will, I'm sure, will discuss that more.

With that brief introduction, I'm going to turn it to John Thomas, our Chief Financial Officer, and ask him to lead us through the numbers, and then we'll be available for — all of us will be available for questions at the end of John's discussion.

JOHN THOMAS: All right. Thank you, Tom. I'll start out by going through some of the highlights and hard spots, if you will, challenges that we experienced in the first quarter, and then I'll jump into the financial results themselves. But through the first quarter, we continued to execute on the vision that was presented to the Board over a year ago, and we're happy with the progress we're making there.

Electricity demand this quarter was met by cleaner and lower-cost assets and, in particular, lower-cost purchased power. Commodity prices have been low, in particular natural gas at extreme lows, and so we took advantage of that with market purchases as well as running some of our gas assets.

Interest rates continue to be very low, and that certainly was very beneficial, as Tom mentioned, in the John Sevier financing transaction that we did. We believe that was well received in the market, and later on I'll comment, but we look forward to doing similar types of transactions going forward. And in the end, lower rates for our customers, and we're certainly happy for that.

Under the challenges or hard spots, we did experience weak sales due to mild weather, generally overall mild weather as well as the low temperatures, and I'll give some statistics on this in just a minute. The peak electricity that we experienced was very low through this period, and then a somewhat sluggish economy, there was some growth in there, I would say, but overall it's still not growing rapidly.

And so given one of the primary factors influencing our results this quarter were weather, I thought that I would give a little bit of data to help set the context. And so this slide starts with on the top showing what the overall heating degree days were and this is the deviation from 65 degrees that you would see, and showing a comparison in 2010, where there were 904 heating degree days in December to 2011, where you can see there was 605, so significantly less heating degree days, with the average being 718, so we were below normal there.

And then when you look at the minimum temperatures, as I said, that's what drives the peak, and you can essentially think that approximately half of the revenue that we receive is determined based off what the peak is during the month, and half of it's off of the energy that's really driven through the overall weather conditions. The minimum temperatures in December were the highest that they've been in the past 50 years, and so I think that helps illustrate kind of the impact that you may see in terms of our results when I move forward and talk about that, and you can see a comparison to 2010, which was actually below normal.

And so then moving into the results — revenue, our total revenue was $260 million less than it was in the first quarter of last year, so $2,568,000,000, so that was 9 percent below last year, and power sales were 5 percent below last year. The reason the revenue was off more than what the power sales were was really driven by this peak, the fact that the minimum temperatures themselves were so much higher than what they were last year. That disproportionately impacted our fixed cost portion of our revenues.

The good news, as Tom mentioned, though, is that overall the power rate — and this is when you take total revenues divided by total kilowatt hours delivered — was actually lower, and so that's good for our customers, as they had lower bills, not just from the amount of consumption because of the weather but actually because our rates are actually lower than what they were last year.

The rates were also certainly helped by fuel and purchased power expenses. As you can see, they were $139 million less. That was driven by, as Tom mentioned, the hydro generation, which we had 30 percent more hydro generation this year than last year, as well as the low natural gas prices. One other factor was that we had less nuclear refueling outages this year, so we had more nuclear generation as well. So overall we're happy and in line with our vision that we were able to provide cheaper and cleaner energy sources in terms of meeting our needs of this quarter.

Operations and maintenance expenses were flat relative to last year, so that's good that we're holding them flat. In the end, we ended up with a net loss of $173 million versus a $48 million net loss in fiscal year '11, so $125 million more of a loss. It's not unusual for us to experience a loss in the first quarter, given that it is somewhat of a shoulder month, and three of the last four years we've actually seen a loss, but it was a bit more than we expected, and that was driven by the weather, as you'd seen on the previous page.

Our operating cash flow was $257 million. That was less than last year. In addition to the weather, the other factor impacting operating cash flow was inventory. We ran approximately 30 percent less coal generation, but we still had coal that was coming in under contracts for our plants, and so we did build some inventory this quarter.

In terms of cash used in investing, $822 million that we invested, so we do continue to invest both in terms of expansion capital preparing for the future as well as reinvesting in the assets that we have. That was up $75 million from last year. You can see a slight increase in our plant property and equipment, $227 million, and then our net debt at $24.7 billion, so up slightly.

Now I'd like to turn and just spend a couple of minutes looking at the 2012 outlook, and with the understanding of what happened in the first quarter, I want to come back to the weather theme, and so first, looking at the spring — and so this is the NOAA temperature outlook, and the way this chart reads, it's a white area that — essentially meaning that there's a 50/50 chance that the weather will be normal, and then as you move to the shaded kind of orange moving into red areas, it moves up to 83 percent likelihood that the weather would be above normal. And, as you can see in our territory, there's about a 90 percent chance that we'll have a warm spring. Then when you move out into the summer, which the summer's still a ways away, so these forecasts will certainly — will certainly firm up as we get closer, but right now the prediction is to have somewhat of a normal summer, and so we'll keep an outlook on that, because, obviously, the summer temperatures have quite a bit of impact in terms of TVA's overall financials as well as it does the impact on our customers' bills.

And so with that in mind, we do expect continued lower revenues somewhat because of this mild second quarter that we expect, so I would expect — so you should think that the second quarter will look somewhat similar, unless we have some change in the weather patterns, to what the first quarter looked like. We are identifying productivity improvements, both in terms of our operations and maintenance expenses, but also looking at our capital programs.

In light of the fact that the revenues are down, we're certainly going to look at tightening the belt as we go through the next — in the next three to six months. And we expect continued market uncertainty. Overall performance in our investments has been pretty good through the first quarter, but we're certainly cautious about things that might happen in Europe or other impacts that might — that might exist.

So overall, in summary, our financial results were negatively impacted by mild weather. The good news for our customers is that the bills and, as importantly, the rates were lower than they were last year, and, in line with our vision, we've generated more electricity from cheaper and cleaner energy sources, so we're happy for that.

And so that concludes all the formal remarks. At this point, I'll turn it back over to John Hoskins.

JOHN HOSKINS: Thank you, John. Operator, we are now prepared to open up the call for questions.

OPERATOR: We will now begin the question-and-answer session. To ask a question, you may press star and then 1 using a touchtone telephone. Using a speakerphone, we do ask that you please pick up your handset before pressing the keys to ensure good sound quality. To withdraw your question, you may press star and then 2. Once again, in order to ask a question, please star and 1. We will now pause momentarily to assemble our roster.

And our first question comes from Dave Flessner from *Chattanooga Times Free Press*. Please go ahead with your question.

DAVE FLESSNER: Good morning. When you referenced the belt tightening that might come about as a result of this, can you give a little detail about the ways in which you might be able to either pare operating expenses, or is this mainly capital projects, or what might you — what are the options you're looking at?

TOM KILGORE: Well, all of the above, Dave. This is Tom Kilgore. We're looking at everything. Obviously, with sales running under, we want to be tightening our belt on many things. We have a number of vacant positions. We'll look very hard at being slow to fill those. We have some retirees that normally attrit our workforce, and so we'll be very careful about that. The one thing we're not going to do is put our assets or our people in danger. We've got a very good safety record, and we want to continue to maintain the assets. As I said, we've had good performance in the first year, but there's always some ways that we can delay some projects or be real careful about how we spend the money. That doesn't mean that there's a lot of slack in the system, but it does mean we've got to be careful about it.

DAVE FLESSNER: You're revising your sales outlook by 2 percent this year, and then long-term are you now thinking that power growth may be more sluggish than your previous forecast?

JOHN THOMAS: Yeah. At this point, it's a bit early to tell. I don't think that we have any definitive guidance in what our long-term forecast will look like. A lot of the short-term is really impacted by weather, so while we see the first quarter was down and we think the second quarter will be down, because certainly January's been a very mild month, we'll see what holds for the summer, but we're still hoping to have kind of normal weather for the summer.

OPERATOR: And our next question comes from Matthew Kinnan from Fidelity Investments. Please go ahead with your question.

MATTHEW KINNAN: Good morning. Thanks for hosting the call.

JOHN THOMAS: Morning.

MATTHEW KINNAN: I was just kind of tagging along that theme. Could you give us a reminder of what your 2012 capex outlook is, and then maybe kind of give us, you know, a directional amount of how much of that is flexible, kind of relating to lower revenues due to the weather?

JOHN THOMAS: Yeah, we have about $3.8 billion overall in our capital plan, and about $2 billion of that is related to our kind of large-capacity expansion projects, and the rest of it is related to either base capital and/or nuclear fuel inventory or those kind of things. And so if you just think about $3.8 billion, we have a fair amount of — relatively speaking on $3.8 billion of flexibility, some of it around just the staging of the work in these large construction projects or just sequencing within our base capital programs, a lot of that's centered around our outage work, and so we can certainly look at re-sequencing some of that. So it's a sizable enough number that we have some flexibility.

MATTHEW KINNAN: Okay, so you could push some of that outage work and that base capital in the outer years or maybe even push some of those larger-capacity projects out into outer years to kind of deal with the lower cash flow due to the weather?

JOHN THOMAS: Yeah, and two things. One is, we could move that around. We wouldn't look at changing in-service dates, but these are, you know, large billion dollar multiyear projects, so you have some amount of flexibility. And the other is we still think that there's opportunity for us to generate just productivity as well, that we can find ways to implement the programs and the same amount of work in more efficient ways, and that's what we'll be focused on.

MATTHEW KINNAN: Okay, and then I just had a couple of questions on some of the nuclear plants. I noticed in your 10-Q you talked about Watts Bar and kind of the issues there and kind of the significant cost increases above the original $2.5 billion estimate. Can you kind of quantify significant — like is that 25 percent or greater, or, you know, what are we looking at there?

TOM KILGORE: Well, Matthew, let me — we're not quantifying it yet, because it's fairly complicated. Let me try to explain that. As we realized we weren't going to be able to finish the project for the budgeted amount, we did a couple of things. Number one, we started looking at quantities to see, okay, were the quantities in the original estimate correct or not? And one of the reasons we don't have a final number yet is we're not yet finished walking down, as you might imagine, thousands of valves and feet of pipe and cable to make sure that we're very certain about what quantities are yet to go and what quantities are in. So quantities is the first part.

Then we look at productivity, and this is a place where we've experienced less productivity in the man hours per foot of pipe and man hours per foot of cable that's been installed, and so we know that that's one significant area that the estimate is going to have to be revised, and we've got some experience, obviously, because we're partway through the project. But the thing we don't have yet is an estimate, a good estimate that we like on what's going to happen toward the end of the project, because if you get 98 percent of the work done, the last 2 percent, the last 5 percent, it's always harder, and so you can't get the same productivity.

So we're looking at those two things, and then we have to look at resource loading. At one time we had about 3,200 folks onsite. We've had two or three layoffs, I think three layoffs there, and, actually, the productivity has improved as we reduced the number of people onsite, because you've got less people in crowded spaces, and so we're trying to decide what the optimal level of resources that we apply to the job.

And then, finally, we've got the indirects and overheads. How much supervision does it really take to do this effectively? As we reduce the number of people, can we proportionately reduce the number of supervisors out there? We've got overhead, so all four of those things — quantities, the production rates — that is the installation man hours per unit, the resource loading, and the indirects all go into this final estimate. So I would just say that those are the things we're looking at. We've said in the 10-Q that we think we'll be through with that by the end of the second quarter. I don't want to be wrong a second time. The first estimate was, obviously, not correct, so we're looking at how much of that was a bad estimate and how much of it might be due to this productivity decline that we're seeing.

I would say, just if you think about this overall, to put this in context, we're obviously concerned. We want to do this as economically as possible, but if you took what the Board approved on Bellefonte, which is $4.9 billion for our plant that would cost — or yield 1,260 megawatts, Watts Bar 2 is going to be l,l80 megawatts, so if you just took that ratio, you could see that we know this is still going to be a good plant. I mean, we could spend up to the ratio of that, which is about $4.58 billion, and still have an economical plant. Now, I don't think the estimate is going to be anywhere near that, but we know that this is still going to be a good plant. That's why we're continuing to work on it. We didn't shut the site down. We just laid off people to get back to the point where we knew we were getting reasonable productivity.

So as soon as we get the estimates finished, we won't wait on the next 10-Q if we need to say something earlier, but, frankly, what we kind of promised is we'll be through by the time the next 10-Q is out.

MATTHEW KINNAN: Great, thanks. That's helpful. And then, I guess, kind of following up on the nuclear issue, do you have an update since your last call on the red finding at Browns Ferry?

TOM KILGORE: Yes, Bill McCollum, our Chief Operating Officer, is on the line at a different location than me, but Bill's prepared to talk about that. Bill?

BILL MCCOLLUM: Yes, so the process for working through the red finding in terms of the NRC process is continuing, and, as a part of that, they — NRC conducted an inspection at the Browns Ferry site and had a public meeting on January 26 to discuss the results of that inspection, which resulted in one inspection finding of very low significance and a number of comments regarding opportunities for improvement, which is what we would expect out of an intensive multiweek inspection. That process of inspections will continue. There will be another inspection by NRC later this year. In the meantime, we're continuing to work through our actions to improve performance, and we would expect to continue to move through the regulatory process for the remainder of this year and — ultimately resulting in an action plan for resolution of the issue. So that process continues on track, and results to date are good and in line with what we would expect during this phase of the inspections.

MATTHEW KINNAN: Okay. Now, is that something that you'd hope to have resolved, like have the action plan ready for calendar year '13?

BILL MCCOLLUM: It's a little early to say that. It would be latter part of '12, first portion of '13, would be the general timeframe.

MATTHEW KINNAN: Okay, great. Thank you very much.

OPERATOR: Our next question comes from Bhala Mehendale from Fitch Ratings. Please go ahead with your question.

BHALA MEHENDALE: Thank you. Good morning. I was just wondering if you can give us an update on the transition at the COO position with respect to a timeline for potentially naming a replacement.

TOM KILGORE: Yes, this is Tom Kilgore again. Of course, Bill's not leaving until June, so we have time, but, as we look at that, I would tell you that I believe we've got adequate talent and that I may flatten the organization somewhat. Bill covers all of the nuclear generation, all the fossil and hydro generation and the transmission, as well as some other indirect areas there, so I'm looking at several options, but the likelihood is that we may flatten the organization somewhat. It seems that during this time if we've got the talent, that I could stand the nuclear folks reporting directly to me, et cetera. So don't expect a big announcement about Bill’s replacement. Number one, he’s not leaving for a while, and, number two, I may flatten the organization during this period.

BHALA MEHENDALE: Okay, thanks.

OPERATOR: Our next question comes from Mary Powers from Platts. Please go ahead with your question.

MARY POWERS: I just wanted to check to see if you’re pushing out the online date for Watts Bar as you’ve looked through everything.

TOM KILGORE: Hi, Mary, this is Tom. Good to hear from you. We will probably let the date be whatever it is to have the best productivity. In other words, when we’re looking at how many resources we apply to this, I’m telling my folks that cost is four times more important than schedule, but the loads being down, as John mentioned, we can afford to have Watts Bar, the date go out some, and so we’ve already said, I think, in the Q, that we didn’t expect it to be finished in ’13, that it would — that it may slip into ‘14 or at least in the latter part. So the date is not really critical to us, given that the loads are down. We, obviously, don’t want to continue to carry house loads, so it’s really about how efficiently we can finish Watts Bar more than anything else.

MARY POWERS: And tell me about the next round of financing for similar kinds of jobs.

JOHN THOMAS: Yeah, this is John Thomas, Mary. We are happy with the transaction we just did on the natural gas plant. We would more than likely look at doing something around one of the scrubber projects, most likely the Gallitan scrubber project. That’s going to be about a $900 million investment for us, and so we would over the spring and into the summer look at doing a transaction on that, and then from there, we would come back and revisit what it would look like to do something on Watts Bar 2.

MARY POWERS: So you’ve got time to look at Watts Bar 2 for sure, I mean, making such a transaction?

JOHN THOMAS: Right, we do.

MARY POWERS: Are you —

TOM KILGOIRE: And I would just add, I think I’d be correct on this, John, not only time, but we’d need to be closer to finishing the project before he’d want to go out and do a financing project.

JOHN THOMAS: Right.

MARY POWERS: Okay. So do — you know, pushing things out, does it make it — I mean, the critical issue looking at financing options for these — does it — I mean, I’m trying to figure out if it’s more critical to look at when these — when you have to do this because of the date that projects will come online, the Pollution Control projects, versus when you actually need the money to help finish other projects.

JOHN THOMAS: Yeah, the critical path for us is the in-service date at this point.

MARY POWERS: For Watts Bar or for everything?

JOHN THOMAS: For each of them. Our opportunity to finance them is before they go in service, and that’s really the critical path, not so much currently having the funds available. We still have, you know, authority underneath our current limit, and so we have some flexibility in terms of the cash flow part of it. It’s more about having the financing complete before the in-service date.

MARY POWERS: And when — so when's the in-service date for Gallatin and then for — the other one I think is Allen, right, that you're looking at?

TOM KILGORE: This is Tom. We have to have the Gallatin scrubbers in, I think, before the first quarter in '15. I think that's correct. So we've approved the project. To have a schedule and to comply with all the regulations, we've got to be finished by March of '15, is my recollection on that.

MARY POWERS: And the other — is the other Allen? Am I right about that?

TOM KILGORE: The other one is Allen, and it'll — the regulations are the same thing on that, so we have to meet both of those. I would just say, Mary, you asked about — John's looking at it from the financial of getting these financing packages done, but I'd just add, again, that it's important for us to be close enough to being finished that we can actually package this up and say we know this is what it's going to cost and it's close to being finished as John Thomas and John Hoskins go to the market with these.

MARY POWERS: So if Gallatin isn't going to come on, there's projects that won't be ready till 2015, but you'll still look this spring and summer, start looking at options there?

JOHN THOMAS: Yeah, that's — you're fading out a little bit on — but, yeah, I think if I understood your question right, yeah, we're going to look at the spring and summer. We have a bit more certainty at this point around what it would cost around the scrubber project, given we've done those before, and we'll need a bit more time, as you heard in Tom's comments before, to evaluate Watts Bar 2.

MARY POWERS: Okay. Great. Thank you.

OPERATOR: Once again, if you would like to ask a question, please press star and then 1 using a touchtone telephone. And our next question comes from Dennis Sherer from *Times Daily*. Please go ahead with your question.

DENNIS SHERER: Good morning, everyone. Checking to see about the possibility of scrubbers at Colbert, or if we're looking at retiring out there. What's the latest on that?

TOM KILGORE: Well, Colbert is still in the process of being looked at. We have five units down there, and, of course, four of those are very similar. The fifth one is a unit that was constructed later that is dissimilar from the other ones. We still have enough time to look at that, so, as in everything, the decision is made harder by the fact that gas is much cheaper now, so we have to look at whether or not we might replace that with a gas unit on the Colbert side or whether or not there's other options there. So all I can tell you right now is that's still up in the air, and it's an undecided.

DENNIS SHERER: And, of course, you have three major gas lines right there at or close to the plant, so that could be an option.

TOM KILGORE: We have our eye close on that, Dennis.

DENNIS SHERER: Appreciate it. You all have a great day.

TOM KILGORE: Thank you. Thank you for your participation.

OPERATOR: And our final question comes from Matthew Kinnan from Fidelity Investments. Please go ahead with your question.

MATTHEW KINNAN: Hi, just one last question. Are you still expecting to refi the about $1.5 billion maturing later this year?

JOHN THOMAS: We are. Yeah, we have a maturity in May. We haven't decided exactly the timing relative to that, but we would think we'd be back in the market this year.

MATTHEW KINNAN: All right. Great. Thank you.

OPERATOR: We do have one additional question. This is from Mary Powers from Platts.

MARY POWERS: I'm sorry. I forgot to ask you. You're accelerating the closing the four units at Johnsonville. When was that — when were those scheduled to close originally?

TOM KILGORE: Mary, I'd have to get you more specific information. Why don't we get somebody to call you back? I'm going to say that those were 15 or 16, and, really, what's happening is that because of the low loads, we just don't need those units right now, and so we're idling them. We're not retiring them. We're idling those units so that we can conserve cash, but I'll have somebody get back to you. I'm sure Duncan or somebody has your number. We'll get back to you on the specific dates.

MARY POWERS: Are those units under consideration for retirement or just idling?

TOM KILGORE: Well, they are — they are going to be retired at some point, but what we're doing right now is just idling them earlier.

MARY POWERS: Good. Thank you.

TOM KILGORE: I might say, just in addition, I think those are the oldest coal units on our system right now, and they've served us very well, but they were built at about the turn of the decade between the '40s and the '50s, if my memory serves me correct, and I think they're the oldest coal units on our system, so they have really served us well, and we're glad for everything that's happened over there, but everything has to come to a termination, and we have to look at how we use that site in the future.

OPERATOR: And we do have an additional question from Dave Flessner from *Chattanooga Times Free Press*.

DAVE FLESSNER: Thanks. One more question relative to Watts Bar. You've indicated that significant increases might come in costs there. Are you confident in the work that has been done? Is this strictly a productivity of getting the additional work required, or are you concerned about any redo of what has been done, necessary as what's happened in the past? Is the quality of what's there — been done being reevaluated, and is there a possibility you'll have to redo anything that was done?

TOM KILGORE: Dave, this is Tom. The — what I've seen thus far is we're not looking at any large amount of rework. On every job, as you have quality control go check, there's a certain amount of rework, but I'm not seeing high levels of rework there. What this is about is primarily the productivity of getting this installed. I don't know if you've had a recent tour up there, probably not because it — but because of the ice condensers, it's a very confined space. You've got an operating unit next door that we have to be careful with, so because of all those constraints, the productivity rates — that is, again, for everybody listening, the man hours per foot of pipe, the man hours per valve installed, the man hours per foot of cable and conduit are higher than what we thought they would be, but, no, we're very satisfied with the quality. In fact, I suspect some of this productivity loss is due to being very careful about how we've done some things so haven't seen any quality problems outstanding. You know, we did, we're very careful, we're trying to keep high standards there, and we have actually idled the job a couple of times when those standards were violated, and by violated, I mean when somebody mistakenly does something that's not what we want it to be, we've driven that quality message home.

DAVE FLESSNER: On the five-year, $2½ billion plan, is there a percentage completion you would now say you're at with Watts Bar?

TOM KILGORE: Oh, we'll put that — when we get the estimate complete — this is walkdowns, if you will, where we're trying to really be careful about how much we have to go. We're really looking again at how much quantity that we've taken credit for. It would be in the 70 to 75 percent range, but exactly what number, Dave, I don't have an absolute number, because in some cases we're finding out the craftsmen had a few more feet installed than what we thought and in some cases less. The pluses and minuses that I've seen so far are pretty well equaled out.

DAVE FLESSNER: And do you know what you've spent to this point on that project?

TOM KILGORE: About $2.2 billion.

DAVE FLESSNER: Thanks.

OPERATOR: And at this time I would like to end the question-and-answer session and turn the conference call back over to Mr. Hoskins for any closing remarks.

JOHN HOSKINS: Thank you. I would like to thank everyone for participating on today's call. Also, if you have any follow-up questions, please contact TVA Media Relations or Investor Relations at the contact information provided in today's press release. This concludes today's call.

OPERATOR: Ladies and gentlemen, we thank you for attending today's conference. It has now concluded. You may now disconnect your telephone lines.