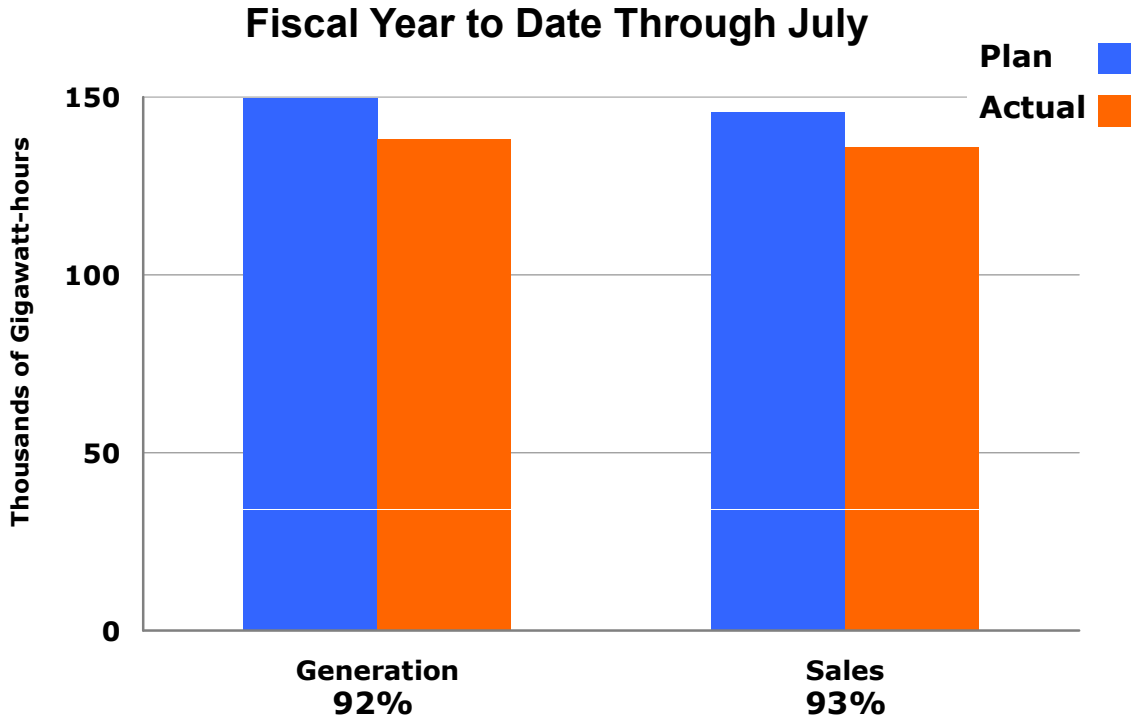


PRESIDENT'S REPORT



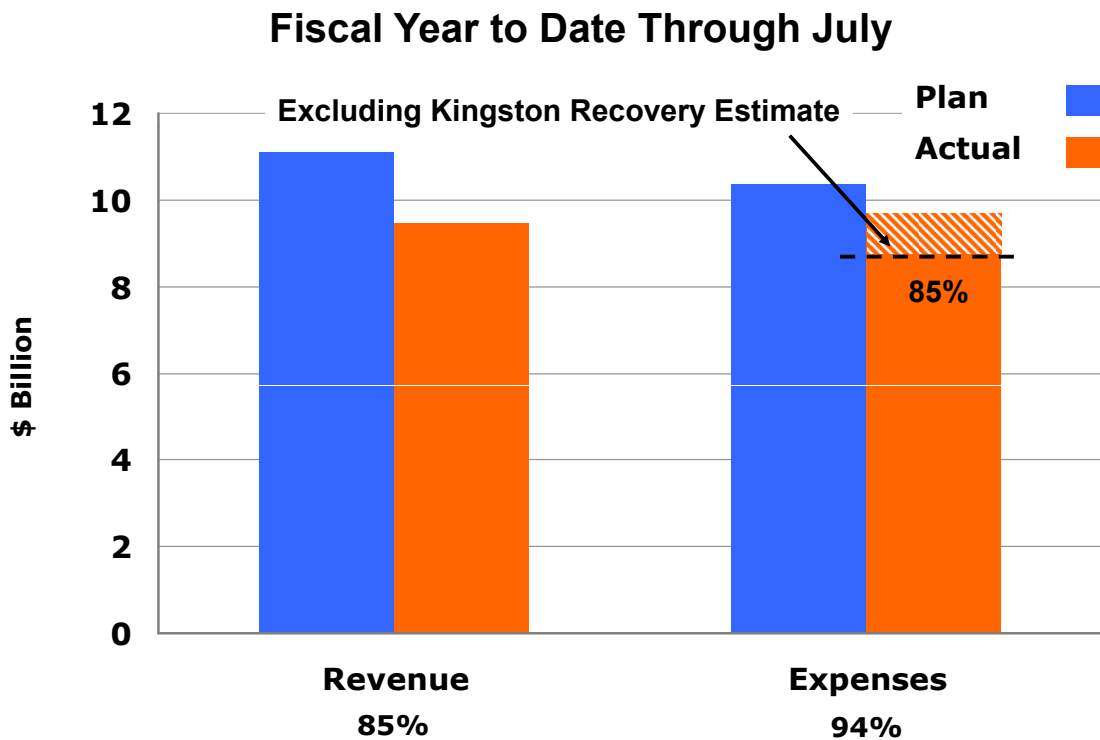
Operations and Financials

Generation and Sales



3

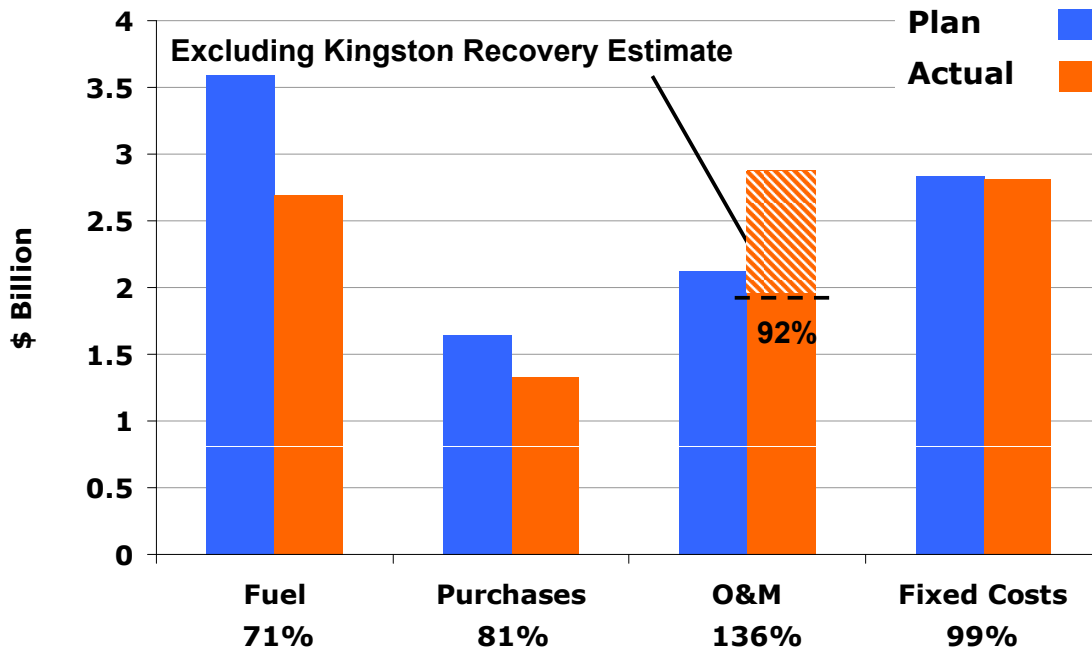
Financials



4

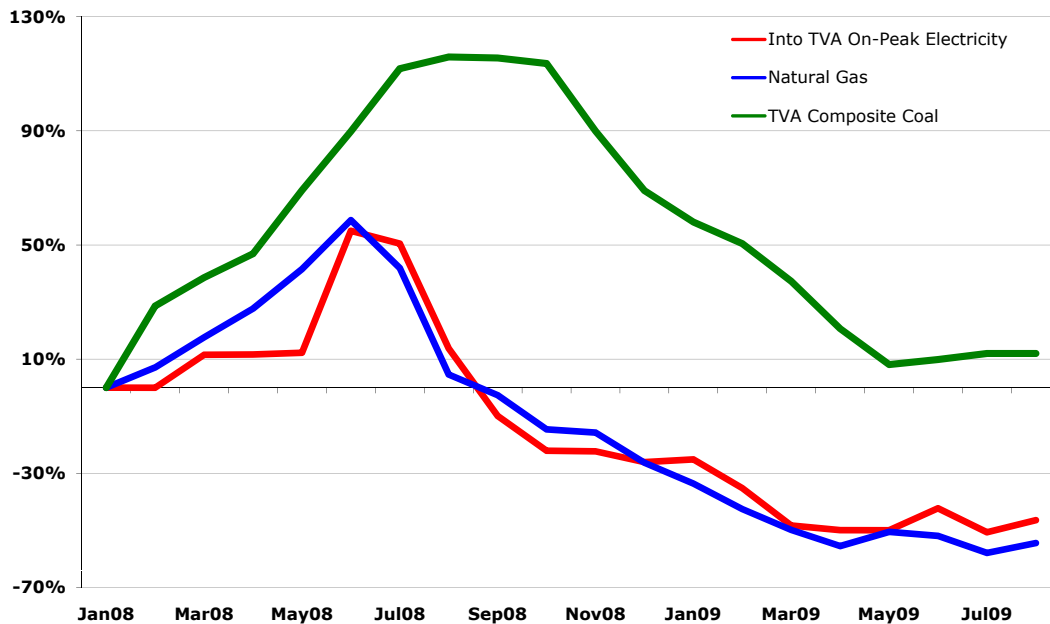
Financials

Fiscal Year to Date Through July



Decreasing Commodity Prices

Spot Prices



Highlights

Highlights

Kingston progress—faster dredging and ash shipments

Hydro generation back to “normal” fiscal year to date

Coal prices remain flat

NRC recognizes Watts Bar 2 progress

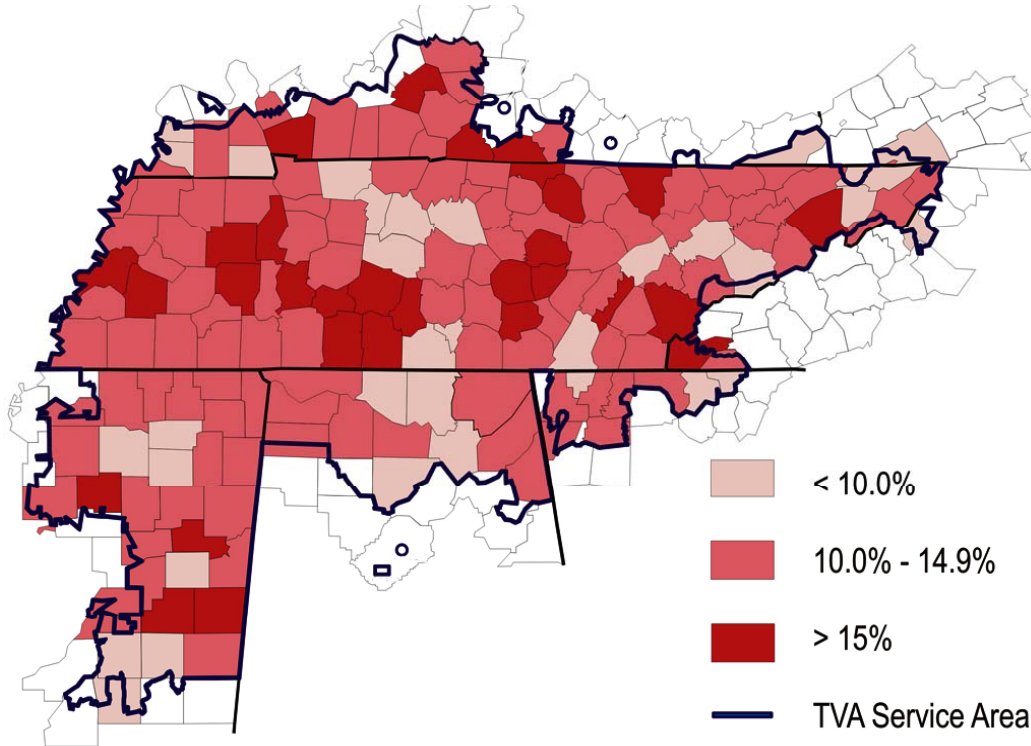
Stantec report/progress at other impoundments

TVA begins Integrated Resource Plan

Filed proposal with our distributors to DOE under SmartGrid Infrastructure Grant program

Tennessee Valley Economic Health

County unemployment rates



9

Economic Development Update

- 18,000 high-quality jobs, but less than expected
- Wages 7.4% above southeastern average
- \$4 billion capital investment, more than expected

Recent Highlights

- Carlisle Tire and Wheel – 440 new jobs in Jackson, Tennessee
- Mundet Tennessee Inc. – 180-job expansion in Surgoinsville, Tennessee
- Simplex Healthcare – expansion of 300 new jobs in Williamson County, Tennessee

10

Hard Spots

Hard Spots

Power sales and revenues are down

Addressing TVA organizational culture

Improvements at fossil plant impoundments and the Kingston cleanup will take time and money

Retirement system issues

Ongoing litigation

July 21 Board Resolution

July 21 Board Resolution

1. Remediation plan for impoundments
2. Remediation plan for organizational effectiveness
3. Improve enterprise risk management
4. Review compliance functions for environment, health, and safety
5. Establish a compliance and performance assessment group
6. Institute a situational alert process

Fossil Remediation Plan

Organizational Effectiveness Plan

Enterprise Risk Management

Detailed inventory of risks identified

New bottom up risk assessment involves personnel closest to risks

Surveying best practices at other companies

Stresses cross-organizational communication and best-practice sharing

Development of Enterprise Risk Council and Risk Management Steering Committee

17

Environmental, Health and Safety Compliance

Creating a team with accountability to manage comprehensive TVA environmental program:

- Regulatory specialists
- Technical experts (air, water, biological)
- Policy specialists
- Environmental managers

Will produce a system-wide standard approach

Results will be fed into the Enterprise Risk Assessment

Compliance Organization

Preliminary coordination discussion held with the Inspector General

Initial organization design developed

Resources committed to developing the organization

Recruiting efforts have begun

19

Situation Alert Process

Goal

Ensure that key managers, the CEO and the Board are promptly and appropriately advised of conditions and events that could have a detrimental effect on TVA's facilities, operations, employees and reputation

Key triggers

- Safety issues; injuries; accidents
- Regulatory notices of violation
- Code of conduct violations
- Significant litigation or news coverage
- Other "material impacts" on TVA operations

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**FINANCE, STRATEGY,
RATES, AND
ADMINISTRATION**



Fiscal Year 2010 Budget

Outline

FY 2009 in Review

FY 2009 – FY 2012 Impacts

TVA Retirement System

FY 2010 Budget Summary

Fuel Cost Adjustment

Rate Impacts

23

FY 2009 in Review

24

August 2008—What We Expected

Continuing effects of the drought

Economic slowdown contributing to flat energy sales

Major rise in fuel costs driving higher rates

Steady performance by fossil and nuclear plants

Continuing need for investment:

- Generation and transmission
- Clean air
- Energy efficiency and peak reduction initiatives
- IT Systems

Continuing to pay down debt on existing assets

Higher productivity from TVA workforce

25

What has happened since?

Fall 2008

Economic downturn

- Economic recession
- Financial market declines
- Commodity prices begin declining

December 22

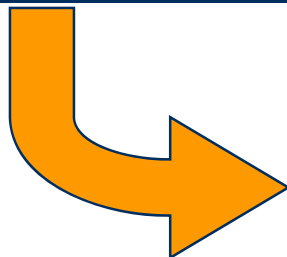
Kingston Ash Spill

January 13

North Carolina Clean Air Ruling

Calendar 2009

Easing drought conditions



Impacts

Lower revenue for fixed cost recovery

Decreased value of pension assets

Increased spending for Kingston and other ash/gypsum facilities

Lower fuel and purchased power costs

26

FY 2009 – FY 2012

Impacts

27

Kingston Update

Spent through 8/13/09	\$168 million
Estimated total cost	\$933 million to \$1.2 billion*
Ash Dredged from River	over 500,000 cubic yards
Air Samples Taken	over 93,000
Water Samples Taken	over 2,300

* See TVA Form 10-Q for period ended June 30, 2009

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North Carolina Nuisance Lawsuit

The court's ruling requires TVA to install, operate and maintain emissions-control equipment on the four TVA fossil plants nearest the Great Smoky Mountains National Park

- Bull Run Fossil
- Kingston Fossil
- John Sevier Fossil
- Widows Creek Fossil

Taking all of the actions would require an additional \$1.3 billion in FY 09-12 above the planned expenditures

29

Other Coal Combustion Products

Comprehensive program developed to:

- Convert bottom ash to dry at 3 high hazard sites by 2012
- Close wet ash ponds
- Install four gypsum de-watering facilities
- Convert all plants to dry fly ash
- Eliminate high-hazard classifications

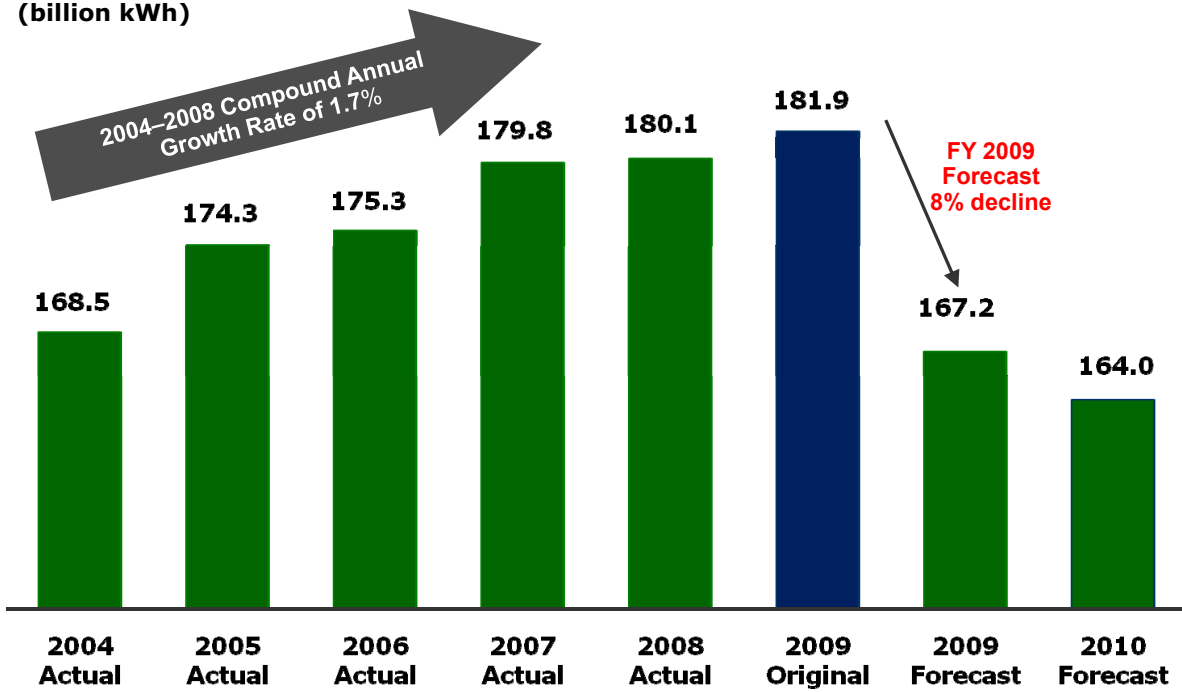
FY09–FY12 program cost = \$625 mm

Comprehensive program is longer and more costly

30

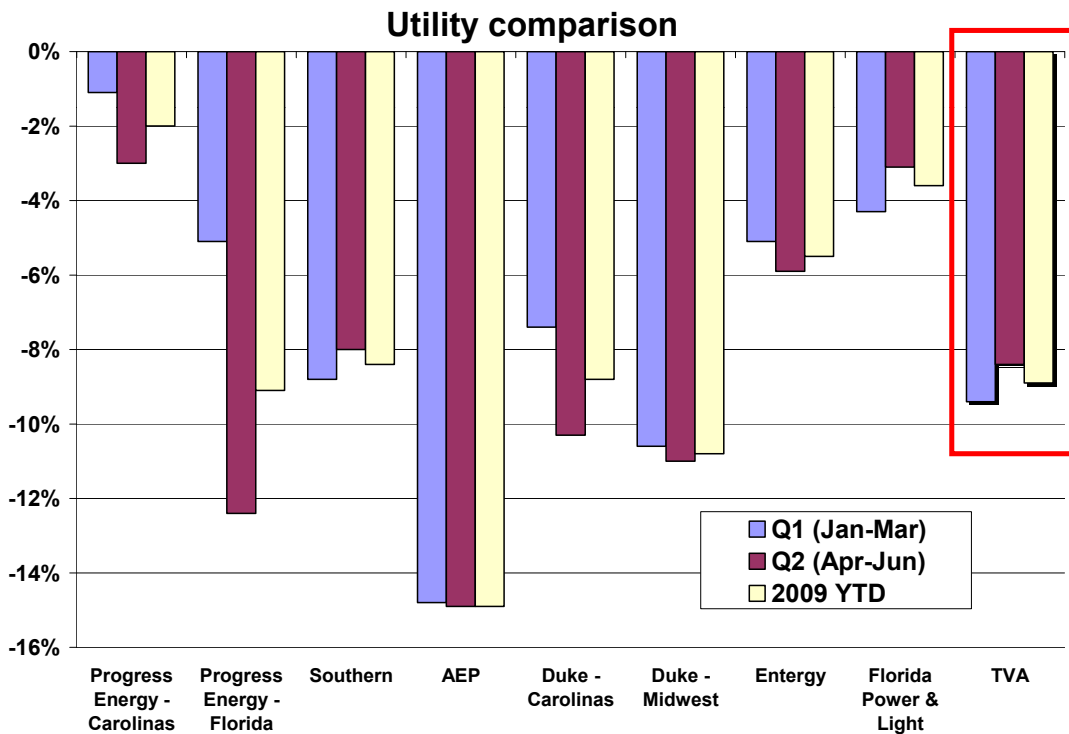
Projected TVA Sales Worsening

(billion kWh)

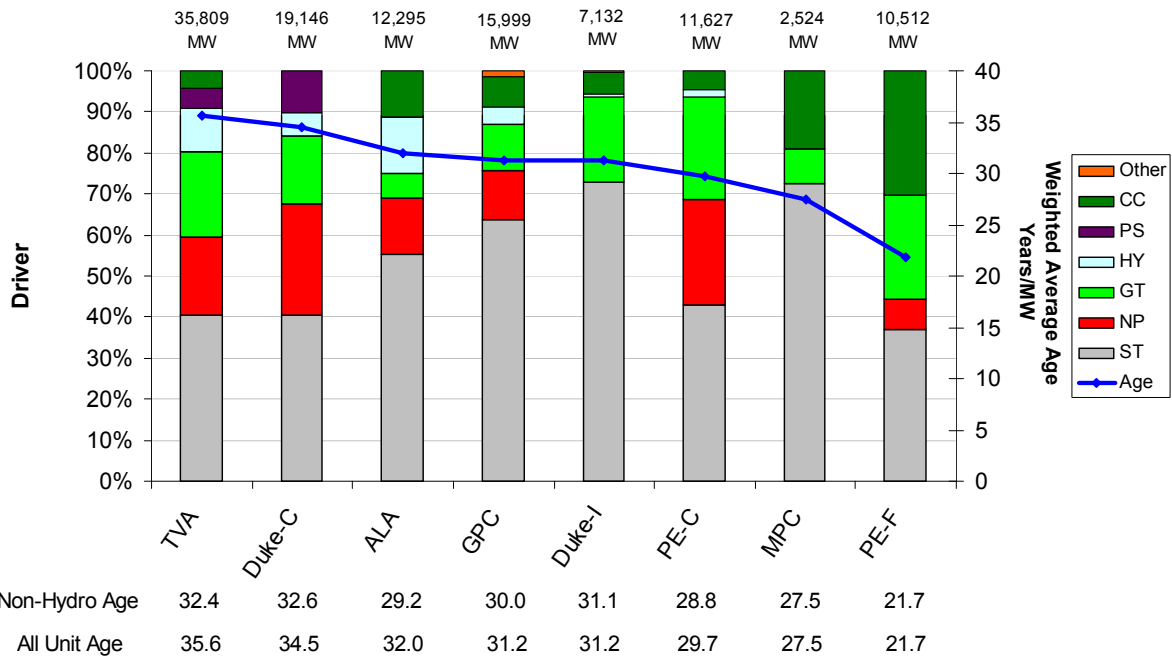


Excludes off-system sales

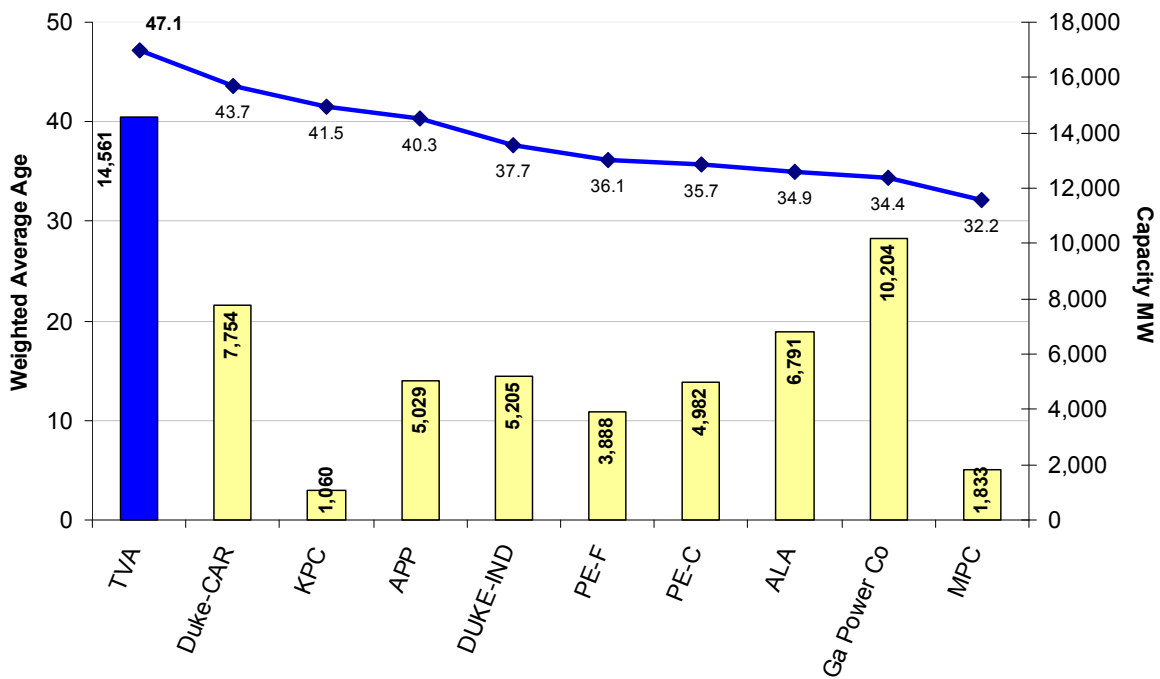
Declining Power Sales



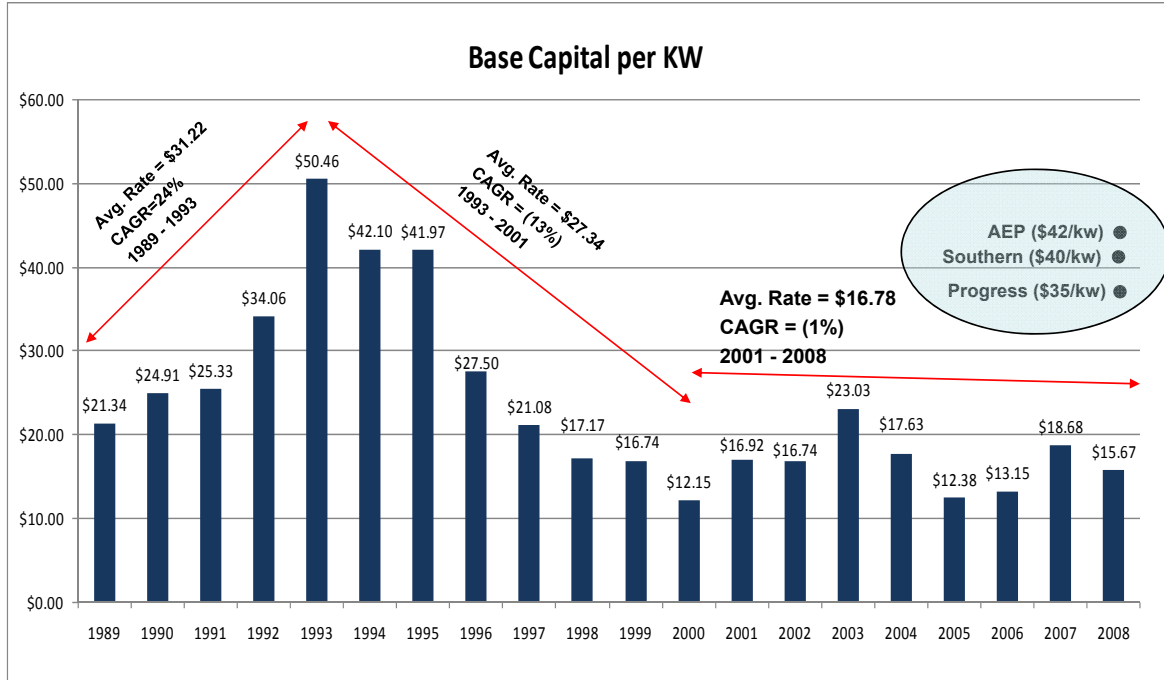
TVA Weighted Average Age/MW



Coal Weighted Average Age/MW



Base Capital per KW



35

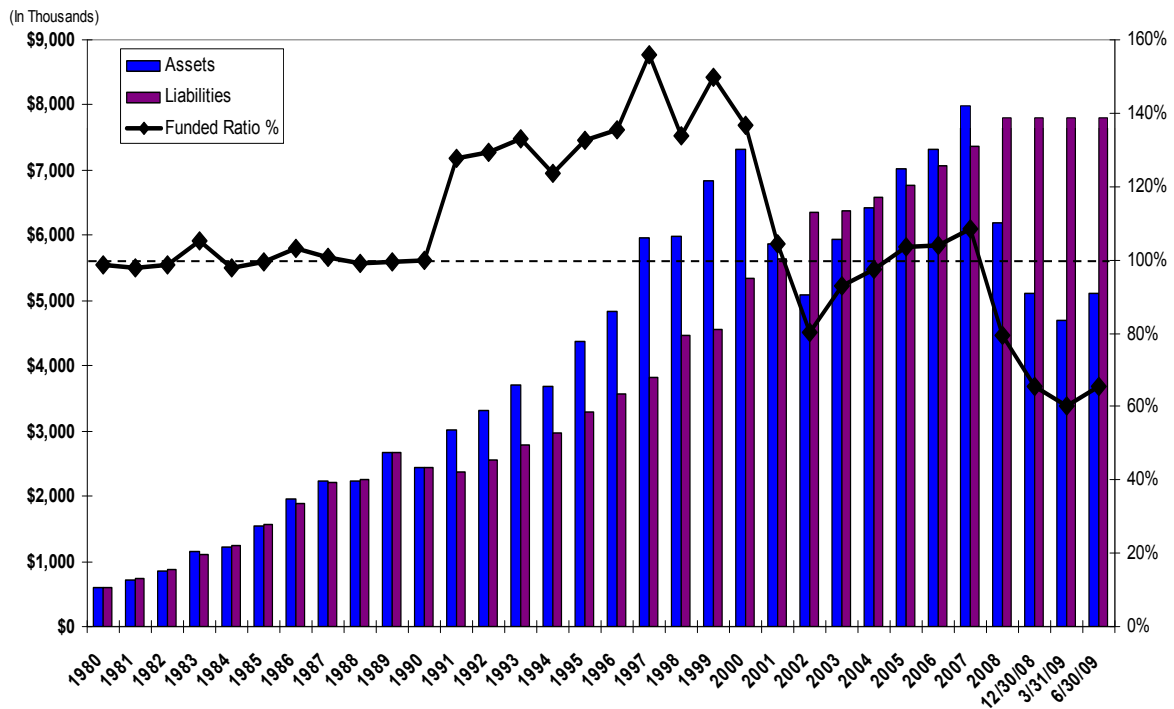
Fiscal Years 2009-2012 Shortfall

(\$ billions)	<u>FY09-12 Impact</u>
Environmental Investment Clean Air/NC, Kingston Coal Combustion Products	\$ 2.8
Sales Reduction	2.1
Asset Preservation and Other Investments	1.6
Market effect on pension fund	0.7
Total	\$ 7.2

36

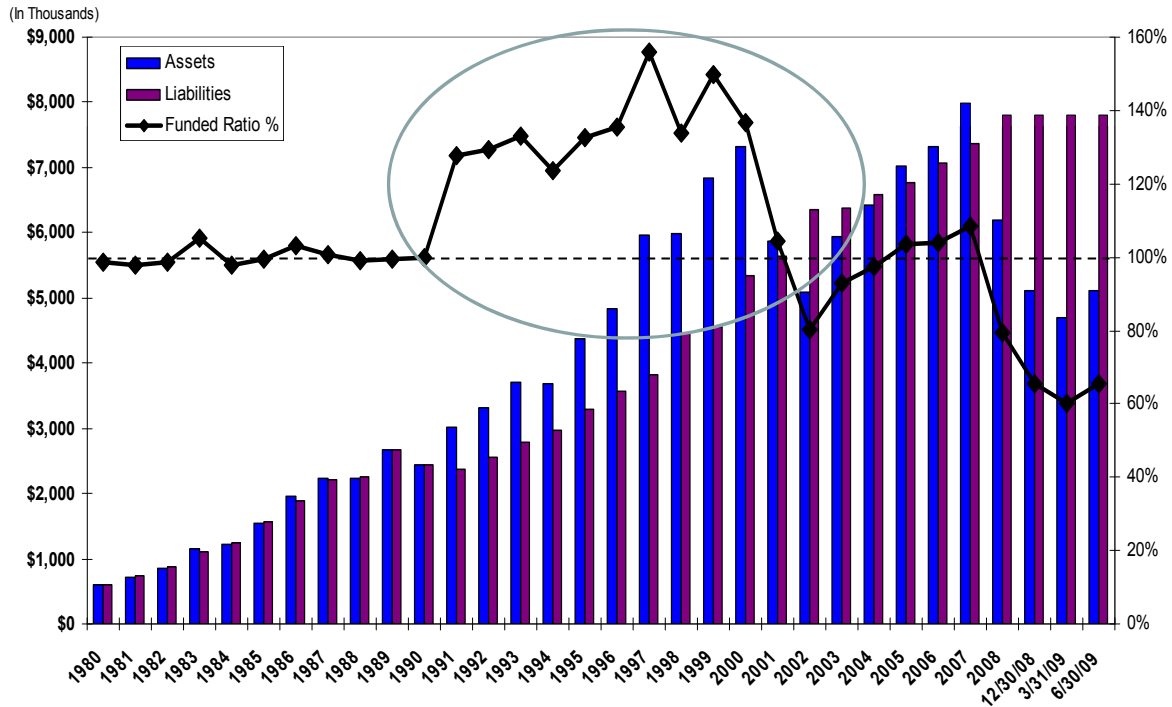
TVA Retirement System

TVA Retirement System Assets vs. Liabilities



unaudited

TVA Retirement System Assets vs. Liabilities



unaudited

INSIDE

TVA

A Biweekly
Publication for
TVA Employees
and Retirees

June 23, 1998
Vol. 19, No. 12

TVARS-TVA team effort boosts retirement benefits

*Chairman
announces
major changes
for future, cur-
rent retirees*

On Friday, June 19, Chairman Crowell had some good news for employees.

In a meeting with employees, the Chairman reviewed improvements to the Retirement System Rules that have



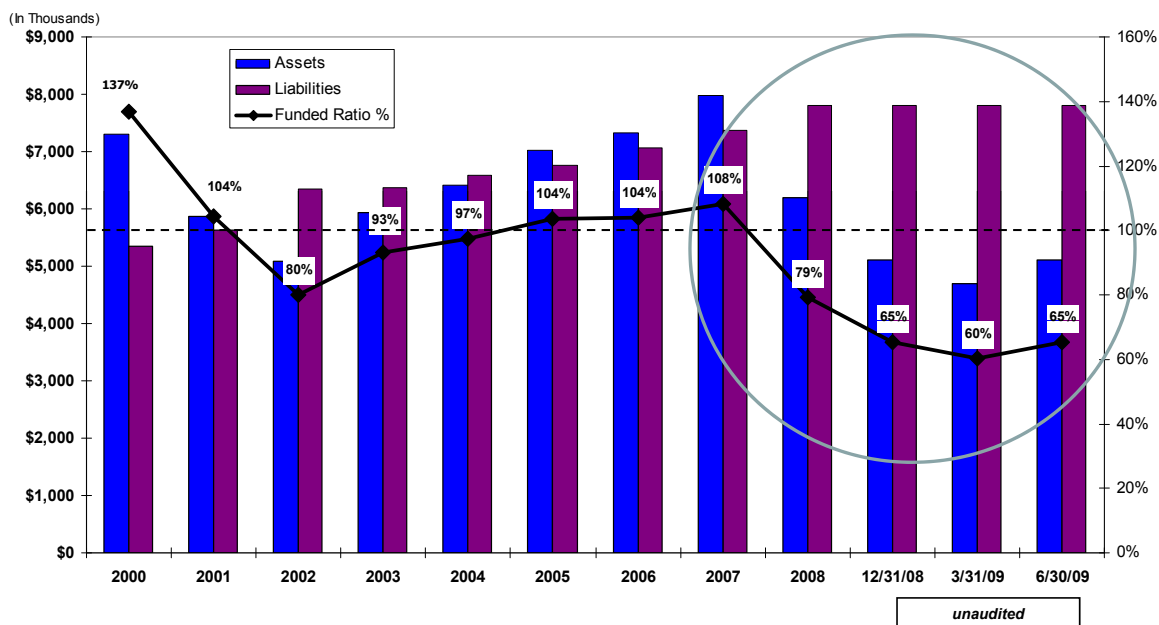
Adding Benefits

From 1995 through 2000, the TVARS Board and TVA approved many benefit additions including, but not limited to:

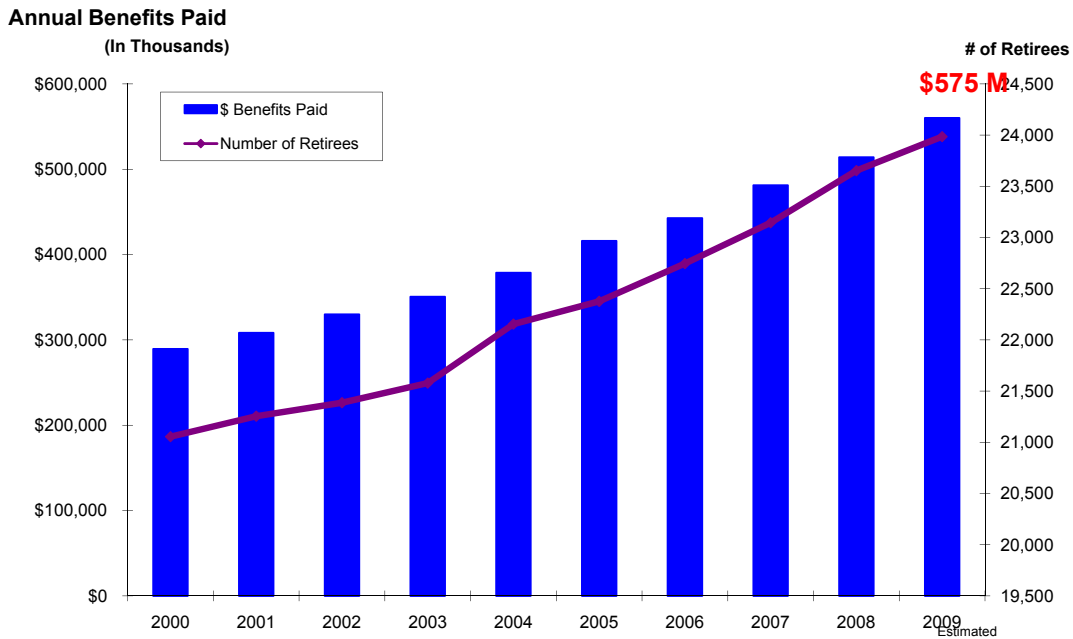
- supplemental benefit credits -- twice
- lowering the age from 55 to 45 to receive unreduced early retirement benefits (rule of 80)
- credit for military service

...resulting in approximately \$2.0 billion in additional liabilities to the System

TVA Retirement System – Current Situation



Retiree Payroll/Annual Benefits Paid



**In 1980, TVA had 5.4 employees for every retiree
In 2009, TVA has 0.5 employees for every retiree**

43

Features Which Increase Value/Risk of TVA's Retirement System Compared to Other Plans

Automatic Cost of Living Adjustment (COLA)

COLA = CPI with 5% cap

Most of TVA's competitors offer ad-hoc COLA or no COLA at all.

Unreduced early retirement benefits

Average retirement age according to US Census Bureau is 62. Average retirement age for TVA is approximately 56.

Annuity savings fund

None of TVA's competitors offers an annuity option at above market rates.

44

Benchmarking – Total Benefits

Mercer's 2009 benchmarking study –

TVA's Retirement/Savings benefits are above average for both the cash balance plan and the original balance plan compared to the TVA's peer group

Mercer

45

“Simple” Pension Math

ASSETS		LIABILITIES	% Funded
6/30/09	\$ 5.1 billion	\$ 7.8 billion	65%
7.75% Return	\$ 0.4 billion	\$ 0.3 billion (additional liabilities)	
FY 10 Pmts	<u>\$ 0.6 billion</u>		
9/30/10	\$ 4.9 billion	\$ 8.1 billion	60%

46

TVARS Recommendation

- TVA to contribute \$1 billion in FY10 for fiscal years 2010 through 2013
- TVARS reduces liabilities by approximately \$300 million
 - Temporary changes to COLA – FY10 through FY13
 - Current employees will be eligible to receive COLA at actual age 60
 - Interest crediting rate will be reduced to 6% from 7.25%
- The TVARS Board also approved changes to the Rules to add investment professionals to its Investment Committee as advisors

47

“Simple” Pension Math – After Recommendations

	ASSETS	LIABILITIES	% Funded
6/30/09	\$ 5.1 billion	\$ 7.8 billion	65%
FY10 Cont.	\$ 1.0 billion		↓
Immed. Benefit	\$ 6.1 billion	\$ 7.8 billion	
7.75% Return	\$ 0.5 billion	\$ 0.3 billion (additional liabilities)	
FY10 Pmts	<u>(\$ 0.6) billion</u>	(\$ 0.3) billion (liability reduction)	
New 9/30/10	\$ 6.0 billion	\$ 7.8 billion	77%

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FY 10 Budget Summary

2009-2012 Impacts Summary

Non-fuel revenue losses due to sales decline

Increased needs for pension funding

Kingston Ash Spill recovery

Additional spending needed to comply with North Carolina
Clean Air lawsuit

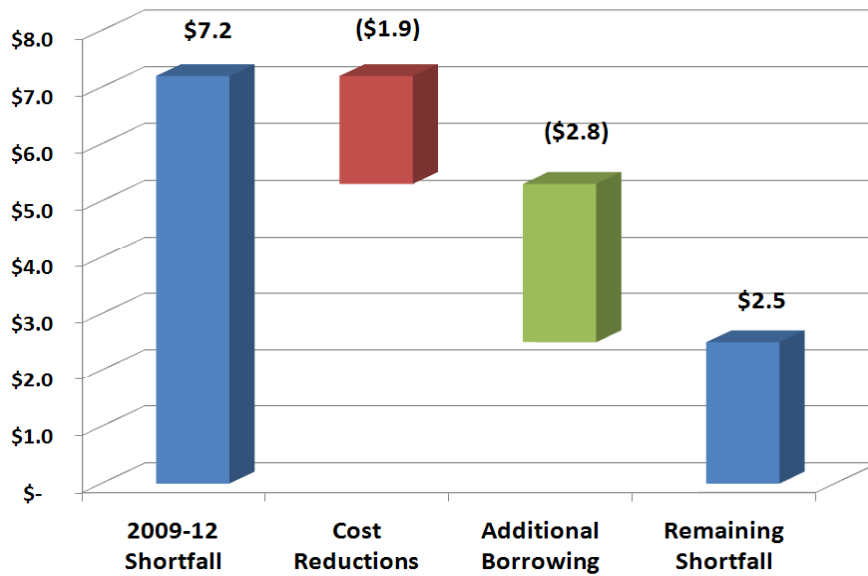
Coal combustion products at other facilities

Asset preservation

\$7.2 billion shortfall over 4 years

Fiscal Years 2009-2012 Summary

How to address the shortfall?



51

2010 Operating Budget Expenses

(millions of dollars)

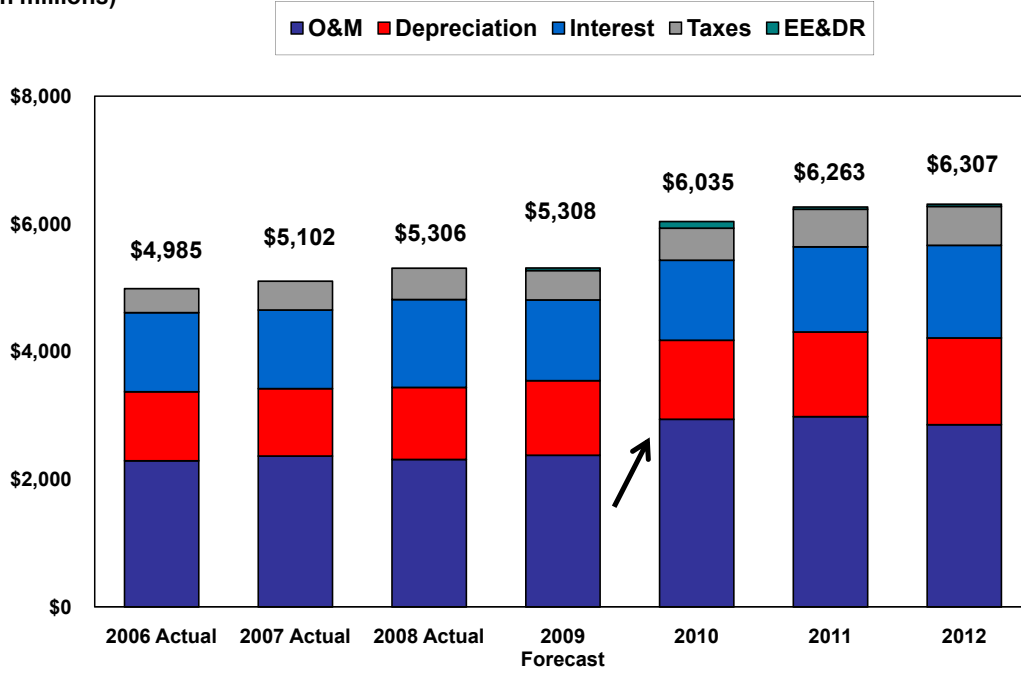
Operating Expenses

Fuel & Purchased Power	\$ 3,816
Operations, Maintenance, and Other	3,043
Interest and Other	1,232
Depreciation & Amortization	1,635
Tax Equivalents	502
Subtotal	<u>\$ 10,228</u>

52

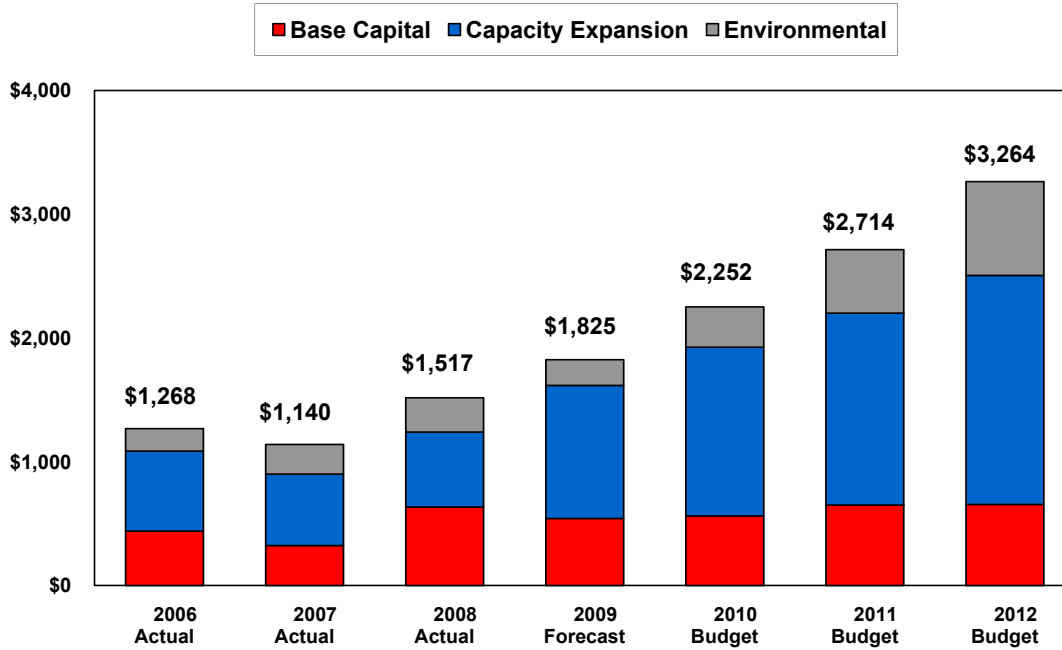
Fixed Expenses

(in millions)



Capital Spending

(in millions)



2010 Capital Projects

Capacity Expansion

Watts Bar Unit 2
 NE Tennessee CC
 Lagoon Creek CC
 Bellefonte Study
 Nuclear/Hydro Uprates
 Transmission Growth

\$1,364 million

Environmental

Colbert Units 1-4 SCR
 Kingston FGD
 Paradise SO3 Mitigation
 Kingston - Wet to Dry Ash Conversion
 Johnsonville - Wet to Dry Ash Conversion

\$326 million

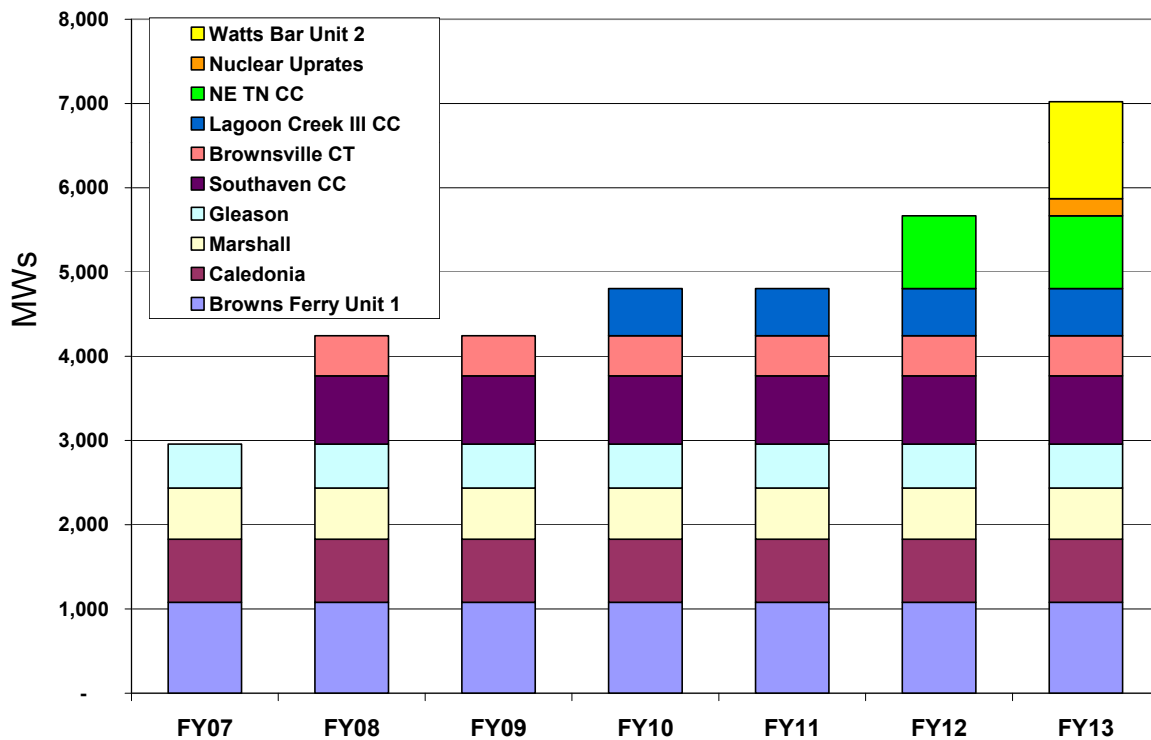
Base Capital

Sequoyah Steam Generator Replacement
 Browns Ferry Asset Preservation
 Bull Run - Replace Lower Waterwalls
 Cumberland - Replace Main Transformers

\$562 million

55

Capacity Additions



56

Additional Borrowing

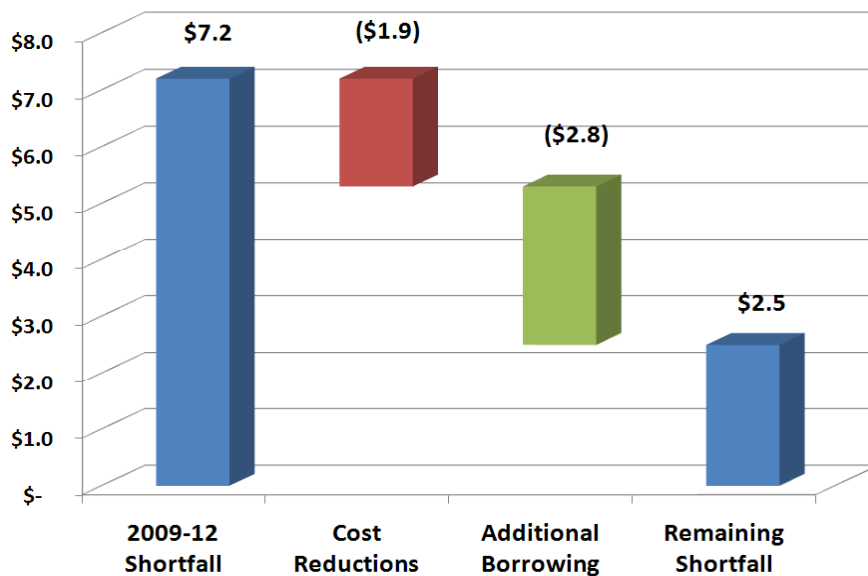
- Capacity Expansion
 - Increase financing assumption from 65% of capacity expansion spending to 100%
 - Recover expenditures over the life of the asset
- Kingston Recovery
 - Finance expenditures related to Kingston recovery
 - Recover over 15 years

\$2.8 billion of additional borrowing

57

Fiscal Years 2009-2012 Summary

How to address the shortfall?



58

Fuel Cost Adjustment

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Fuel Cost Adjustment

Impacts of drought starting to ease

Reduced demand also reducing need for high cost purchased power, which reduces FCA

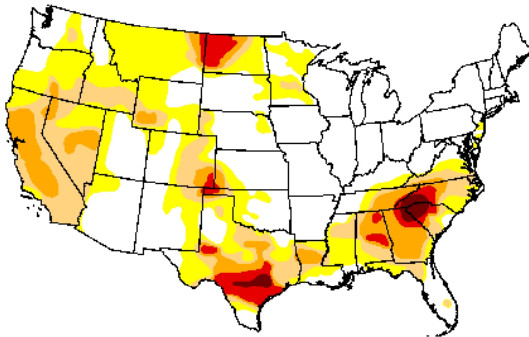
Fuel prices are stabilizing

Proposed monthly FCA effective October 1

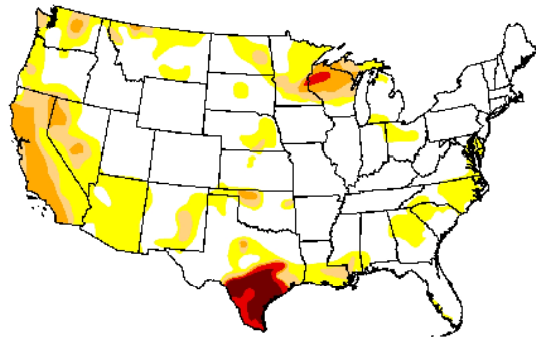
60

Drought Impact Improving...

Then....



Now...



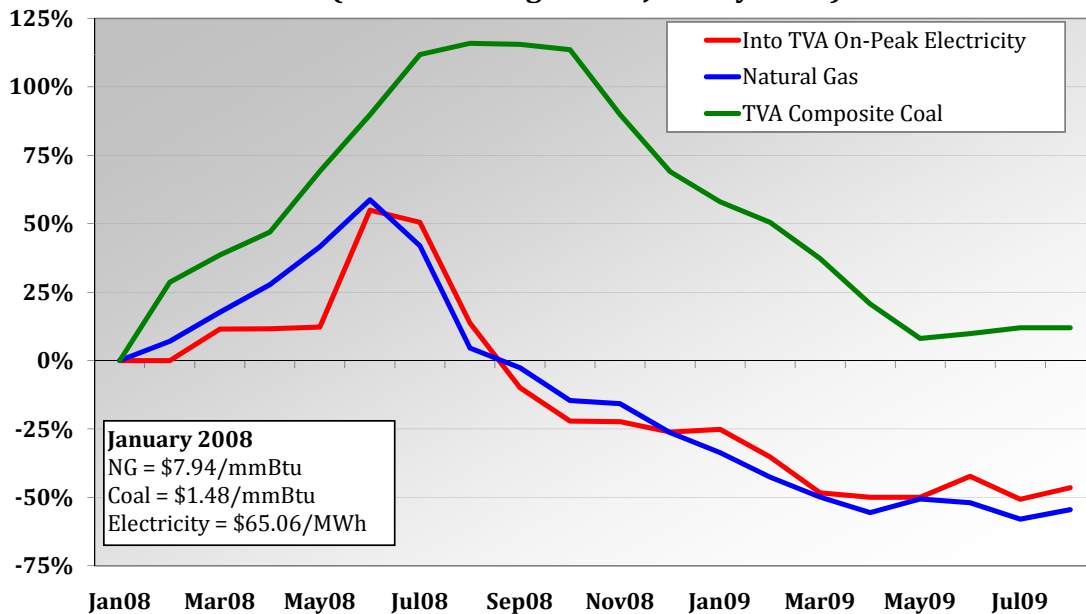
FY 09 % of Normal		
	Past 30 Days ending 8/16/2009	FYTD ending 8/16/2009
Rainfall	108%	96%
Runoff	96%	79%
TVA Hydro Generation	90%	83%

Source: US Drought Monitor (<http://drought.unl.edu/dm>)

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Fuel Prices Ease

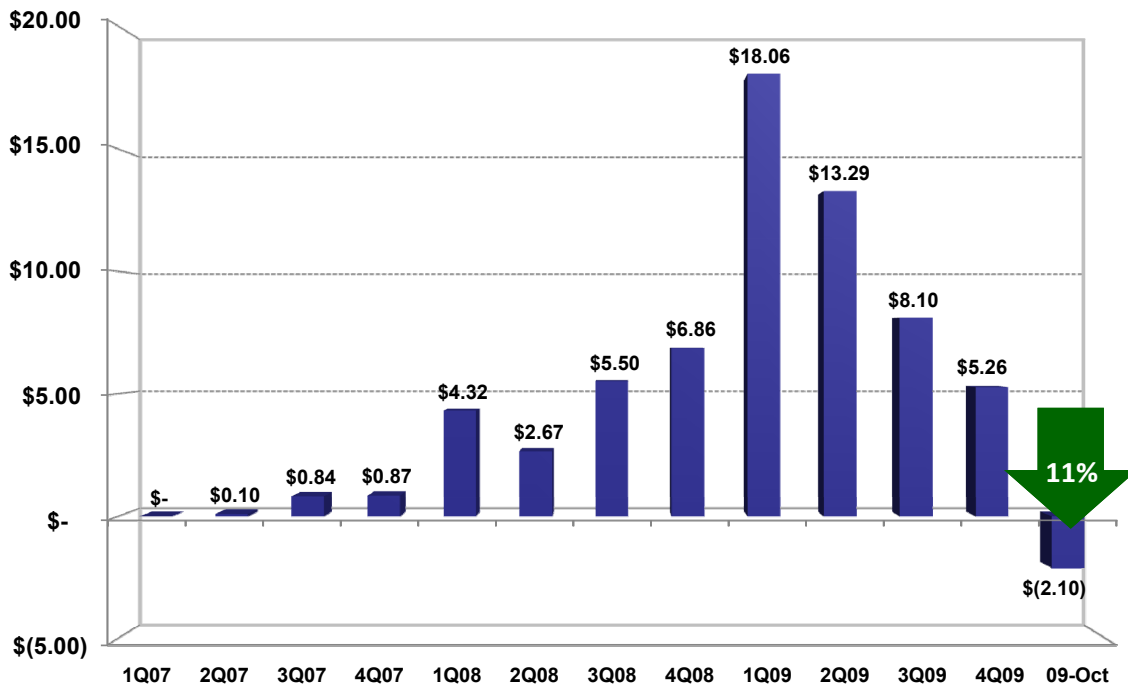
Spot Prices
(Percent Change since January 2008)



As of: 08/14/09

62

Fuel Cost Adjustment



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Monthly Fuel Cost Adjustments

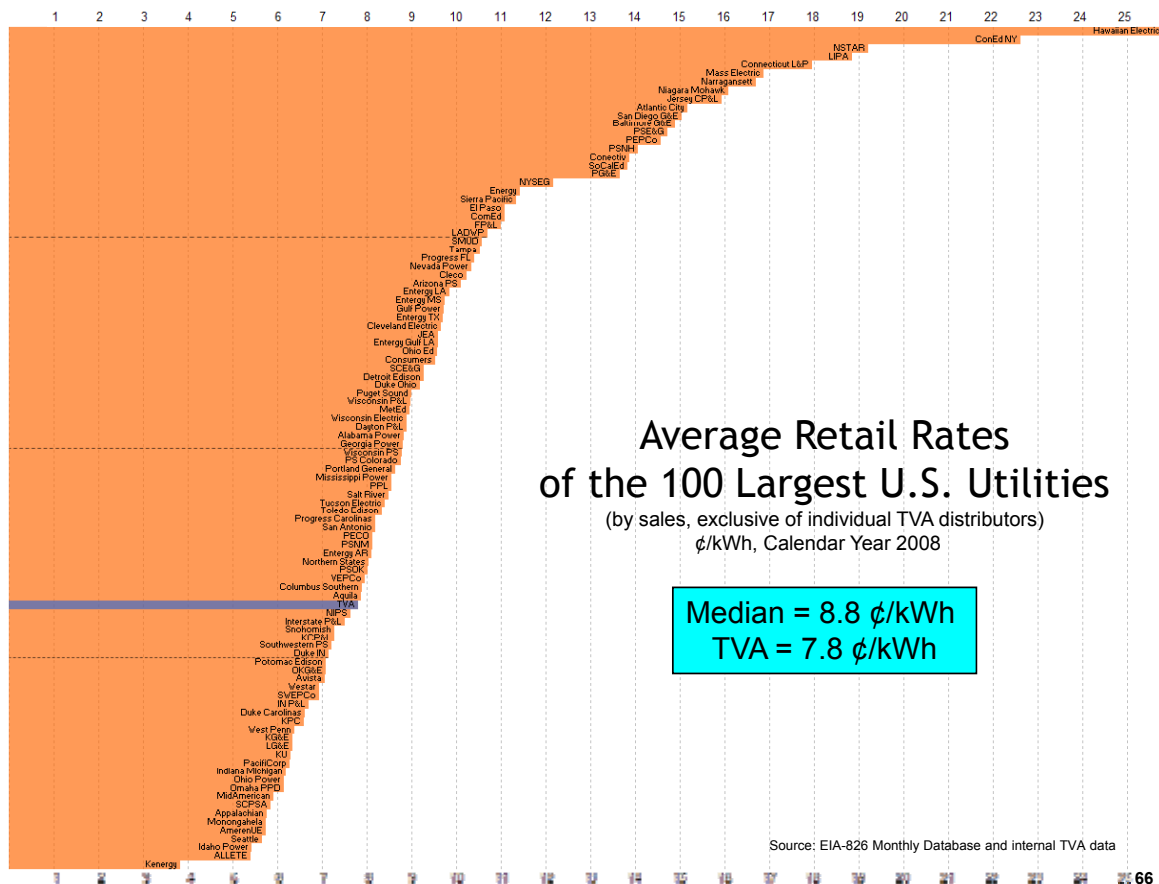
TVA, in conjunction with our customers, recommends a monthly FCA effective October 1

Benefits of monthly FCA structure include:

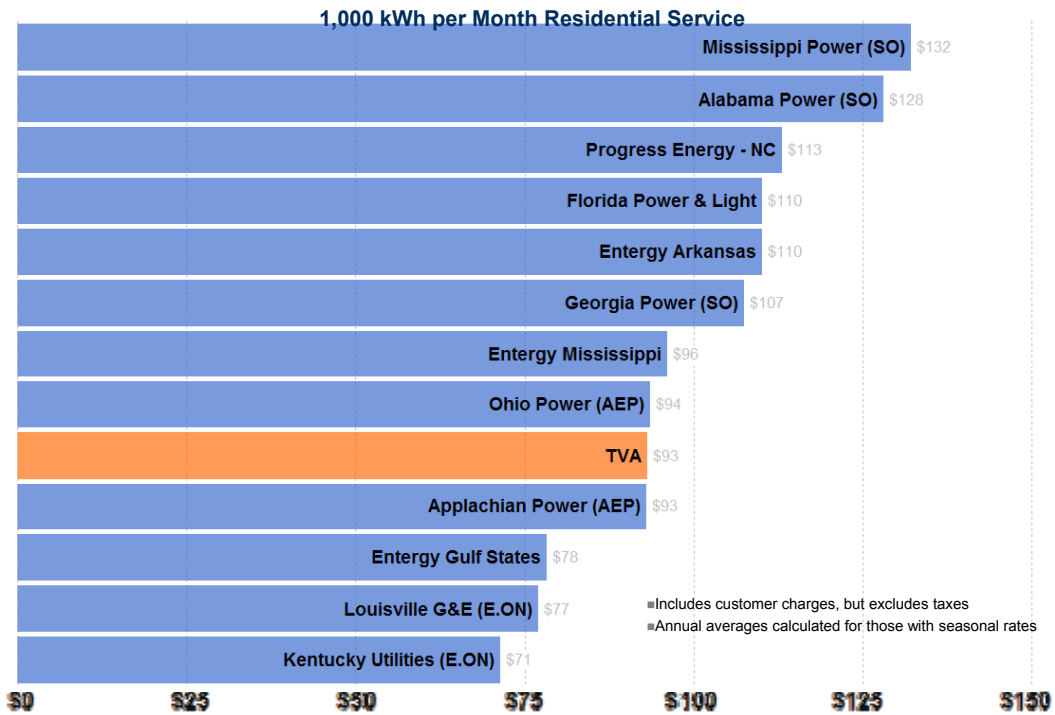
- More frequent forecasts
- Improved forecast accuracy
- Closer relationship between when costs are collected and when they are incurred
- Reduced likelihood of large changes that lead to significant true-ups and inappropriate price signals
- Faster liquidation of deferred account balances

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Rate Impacts

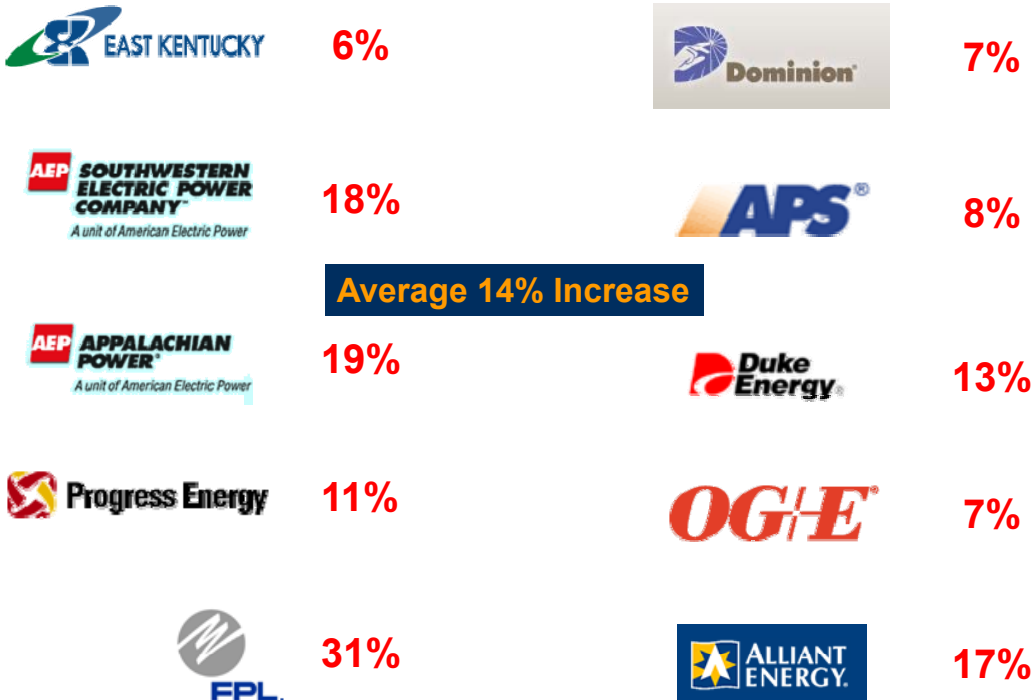


Monthly Bill Comparisons, July 2009



67

Recent Regional Rate Requests



68

Rate Proposal

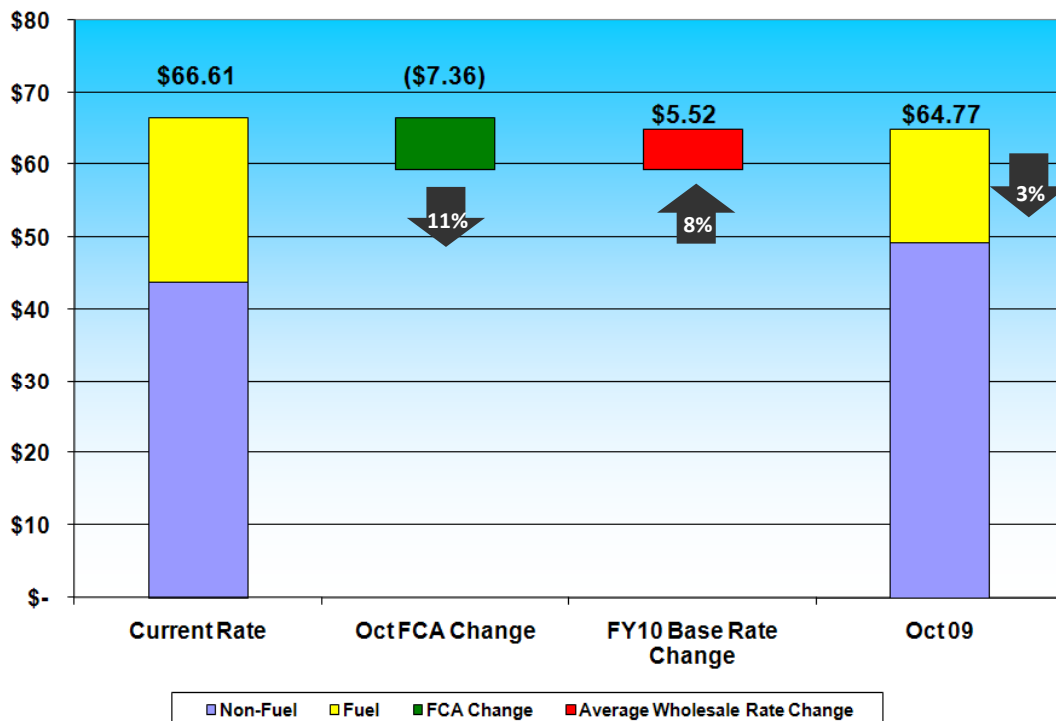
Recommend an ~8% increase in average total wholesale rate effective October 1st

New FCA rate results in ~11% decline in average total wholesale rates in October

Average wholesale rates decline ~3% in October

69

Average Wholesale Rate Adjustment



70

Recommendation

Approve the 2010 budget including:

- 2010 Operating Budget of \$10.228 billion including the contracting plans for fossil fuel, purchased power and nuclear fuel
- 2010 Capital Budget of \$2.252 billion including Base, Capacity Expansion and Clean Air

Approve a 2010 rate adjustment effective October 1:

- An adjustment of 8% on the total wholesale rate
- Implementation of a monthly FCA formula

Fiscal Year 2010 Bond Issuance Authorization

Topic

TVA's authorization to issue power bonds and related interest rate hedges expires at the end of each fiscal year and needs to be renewed for the following year

For Board Consideration

Approval to issue up to \$3 billion of long-term bonds and the ability to hedge interest rates in fiscal year 2010

73

Background

Power bonds are typically issued to refinance existing debt – additional funding may also be needed for new capacity

As recommended, issuing individual bonds requires:

- Notification of Board Finance, Strategy, Rates, and Administration Committee
- Approval of Chief Executive Officer and Chief Financial Officer

Interest rate hedges may be used to reduce exposure to fluctuating interest rates

74

Recommendation

Approve the issuance of up to \$3 billion of long-term bonds and the ability to utilize interest rate hedges in fiscal year 2010

(Previously issued bonds could be reopened as part of the new issuance)

Financial Trading Program Authorization

Topic

TVA plans to make large investments in clean air, capacity expansion, and other projects; some of which may be supplied by international vendors, exposing us to volatile currency exchange rates

For Board Consideration

Approve financial instruments on a limited basis to manage financial risks that occur when TVA contracts for goods that are priced in or indexed to international currencies

77

Background

Currency fluctuations can impact TVA's commitment to debt management, rate stability and financial health

TVA cannot directly control the volatility in currency exchange rates

Exchange rate risk can often be managed similarly to how we manage fuel and commodity price risk

78

Five-Year Exchange Rate History

U.S. Dollar vs Japanese Yen



U.S. vs Canadian Dollar



79

Recommendation

Establish a Foreign Exchange Hedging Pilot Program—subject to a \$5 million portfolio Value-at-Risk limit—to assist in the management of international currency risks

Provide that gains and losses related to the financial instruments used in the pilot receive regulatory accounting treatment

80

Seasonal Pricing Programs

Topic

Pricing for

- a) Seasonal Market Days Pilot for the Winter Season
- b) Seasonal Time-of-Use (STOU) Base Rate Pilot that becomes effective in October

For Board Consideration

Approve credit amount for Seasonal Market Days Pilot for 2009–2010 Winter Season and revisions to the STOU Base Rate Pilot

Background

Under the Seasonal Market Days Pilot, customers get a credit for TVA's right to substitute higher market prices on 12 days in the winter and 12 days in the summer

- 8 hours per market day
- No more than 96 hours per season

STOU Base Rate Pilot is an optional rate offering that will become available in October 2009 as a one-year pilot

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Seasonal Market Days

Historical Pricing:

Summer 2008 - \$1.70/kW-month

Winter 2008/2009 - \$1.20/kW-month

Summer 2009 - \$0.55/kW-month

Proposed Pricing:

Winter 2009/2010 - \$0.33/kW-month

84

Recommendation

Approve

- a) Credit amount for Seasonal Market Days Pilot for Winter 2009–2010 and
- b) Revisions to STOU Base Rate Pilot

Interruptible Standby Power

Topic

Interruptible Standby Power (ISP) can encourage more power production by our customers and reduce demand on TVA's generating resources

For Board Consideration

Approve a new ISP product for use by both new customers and customers currently taking ISP service

87

Background

It is beneficial to encourage customers to use on-site generation—with proper price signals from TVA—to reduce demand on the TVA system

TVA provides firm standby power for customers whose own, on-site generation may be unavailable at times

We have received requests for an interruptible standby product as an alternative to the firm product

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ISP Product and Pricing

ISP would be available for customers to back up their on-site generation during emergency and maintenance outages

Customers must schedule ISP deliveries during their outages

Customers may be interrupted on either a 5-minute or 60-minute basis

Pricing would send proper signals to customers and recover TVA's costs

89

Recommendation

Approve a new Interruptible Standby Power product for future and existing customers

90

Policy on Renewable Portfolio Compliance

Topic

Pending legislation on renewable energy could place new requirements on some distributors of TVA power

For Board Consideration

Reaffirm TVA's policy on working with distributors to help them achieve and maintain compliance with any new federal renewables legislation

Background

A bill pending in Congress would require some TVA power distributors to meet some of their customer requirements with renewable energy

February 2008 policy adopted by TVA:

- Accepts TVA's responsibility to provide a renewable option to help distributors meet their requirements
- Provides for diverse options such as energy efficiency, demand side management and renewable generation
- Treats any costs incurred by TVA as a cost incurred on behalf of the entire TVA system

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Recommendation

Reaffirm and authorize a contractual commitment to TVA's existing policy to meet any federal renewable energy requirement

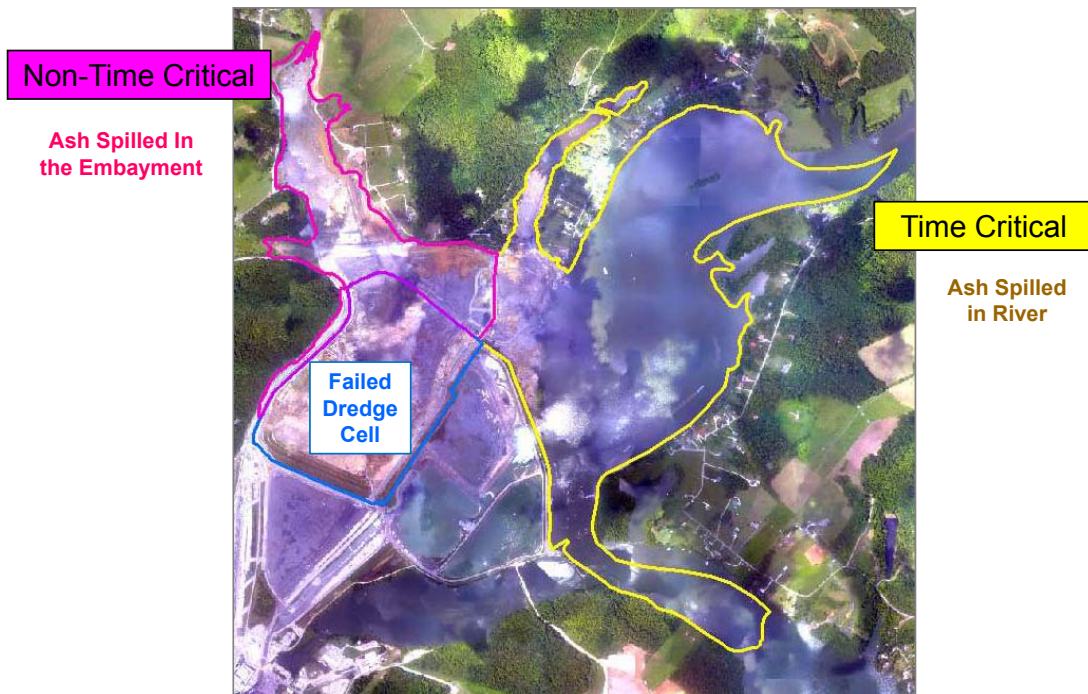
94

**OPERATIONS,
ENVIRONMENT,
AND SAFETY**



**Kingston Progress
Report**

Scope of Kingston Recovery Project



97

Time Critical and Non-time Critical

Time Critical

Typically short-term response actions, where actions may be taken to address releases requiring prompt response, within six months

Non-Time Critical

Longer-term response actions that can take more than six months of planning; an Environmental Engineering and Cost Analysis of alternatives must be approved before initiating action; public input required

Long Term Remediation

Long term actions that permanently and significantly further reduce potential risks associated with releases, including appropriate environmental restoration; often involves establishment of a Trustee Group to oversee natural resource restoration

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Kingston Recovery Project Schedule

Time Critical

0-18 months

STABILIZATION and RECOVERY:

Scope:

- Remove Ash from River

Example Plans:

- Removal Action Plan
- Site Health and Safety Plan
- Storm Water Management Plan
- Dust Control and Air Monitoring
- Data Management Plan
- Surface Water Monitoring Plan
- Dredging and Excavation Plan
- Offsite Disposal Plan
- Community Involvement Plan

Non-Time Critical

1-3 years

RECOVERY and REMEDIATION:

Scope:

- Remove Residual River Ash
- Released Ash in Embayment
- Address Ash in Failed Cell
- Restore Temporary Use Areas

Example Plans:

- Environmental Engineering and Cost Analysis (EE/CA)
- Interagency Working Group
- Embayment Disposition Plan
- Failed Cell Closure Plan
- Residual Ash Removal Plan
- On Site Remediation Plan

Long-Term

4+ years

MONITORING and REMEDIATION:

Scope:

- Long Term Recovery of Natural Resources
- Long Term Environmental Monitoring

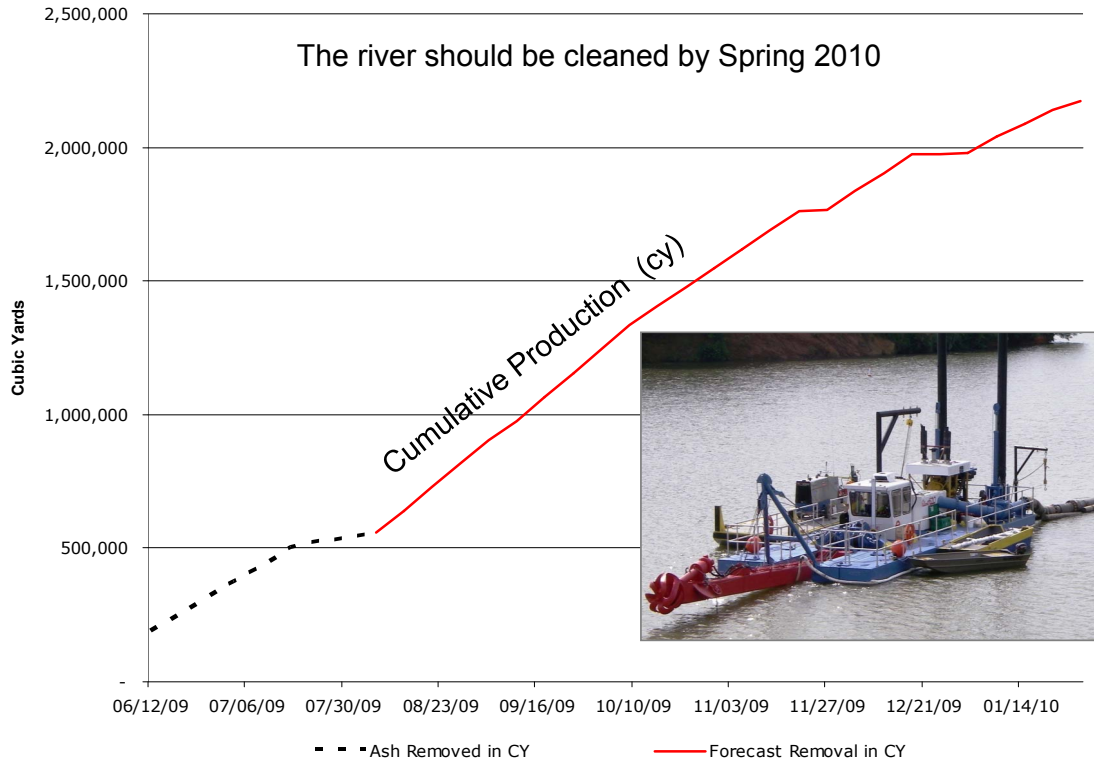
Example Plans:

- Trustee Group Established
- Natural Resources Damage Assessment
- Environmental Monitoring Plan
- Environmental Remediation Plan

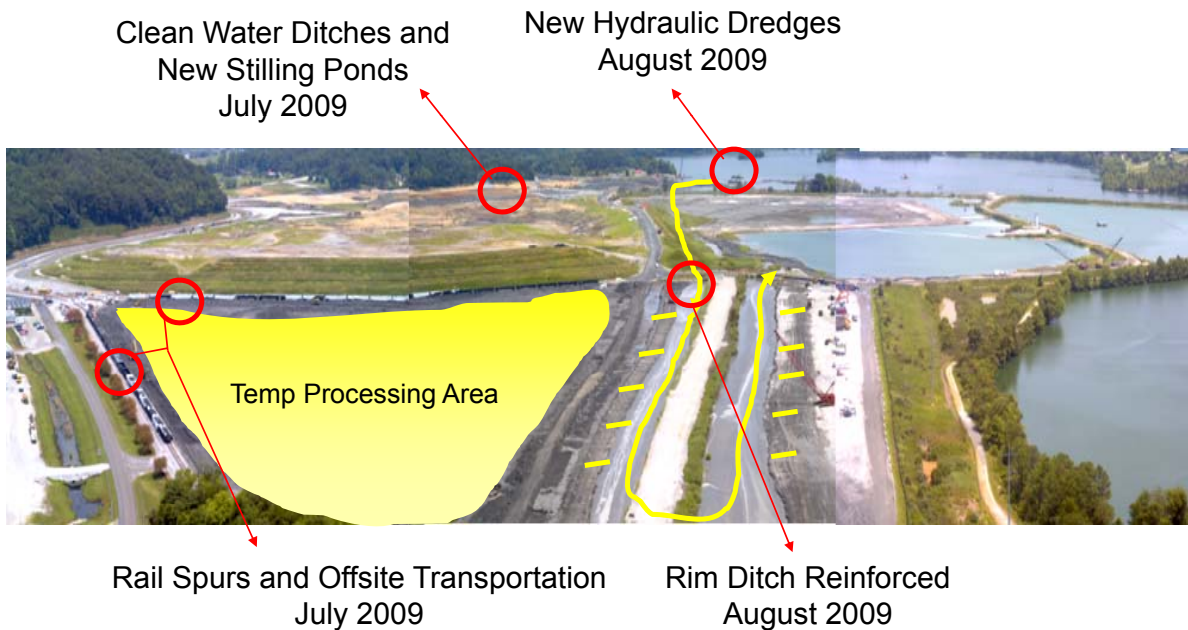
20-Inch Hydraulic Dredges On Site



Forecasted Ash Recovery



Ash Processing



Transportation and Disposal Stats

Loading approximately
85-100 railcars per day

Over 35 trains have
shipped to an approved
landfill in Uniontown,
Alabama (Perry County)

Shipped approximately
300,000 tons



103

Monitoring and Sampling

Samples taken to date:

- 93,000+ total air
- 2,300+ total water
- 140 ash and soil

Extensive insect, fish,
reptile, mammal and bird
sampling



104

Continued Outreach

Community Action Group
Community Involvement Plan
Economic Development Support
Long-term Recovery Committee
Public Meetings
Outreach Center
Property Purchases
Business Claims
ORAU Health Assessment Contract
ORAU Research RFPs For Peer Review
Communications Improvement Plan



105

Financial Estimate Range (millions)

Spent through 8/13/09	\$168 million
Estimated total cost	\$933 million to \$1.2 billion
• Ash handling and disposal	\$362 million
• Onsite support & monitoring	\$250 million
• Long term remediation	\$201 million
• Community outreach, regulators	\$120 million

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Kingston Recovery Plan – Next Steps

Ash out of river by spring 2010

Remaining dikes reinforced/restructured

Extensive ongoing environmental monitoring

Non-Time Critical and Remediation Planning

Conversion to dry fly ash storage expected 2011

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Progress



Progress



Progress – Settling Ponds



Progress – Clean Water Ditch



Progress – Swan Pond Road



Progress – North East Embayment



Progress – Church Slough



Coal Combustion Products Remediation Plan

Key Accomplishments

Phase 1 Assessment complete
for all impoundments

Dike reinforcement progress

- 82,000 tons of rock placed
- Trees and brush removed
- 473 of 561 borings completed
with 27,000 feet bored

New organization in place to
improve management of coal
combustion byproducts,
communications and
accountability



Key Accomplishments

Analysis complete of issues and recommendations identified in recent reports

Improvement plan developed to address gaps in training, communications, QA/QC program and other management tools

Dam Safety Inspection training complete at six plants; all plants to be complete by September 2009

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Capital Program

Comprehensive 8- to 10-year capital program would:

- Convert all wet fly ash, bottom ash and gypsum operations to dry
- Eliminate existing wet storage of ash and gypsum at all fossil plants
- Eliminate high-hazard classifications for TVA ash and gypsum impoundments

Goal

State-of-the-art equipment to ensure safety and regulatory compliance to position TVA as an industry leader for coal combustion product operations

118

Scope

Convert six wet fly ash and 11 wet bottom ash processes to dry

Install four gypsum dewatering facilities

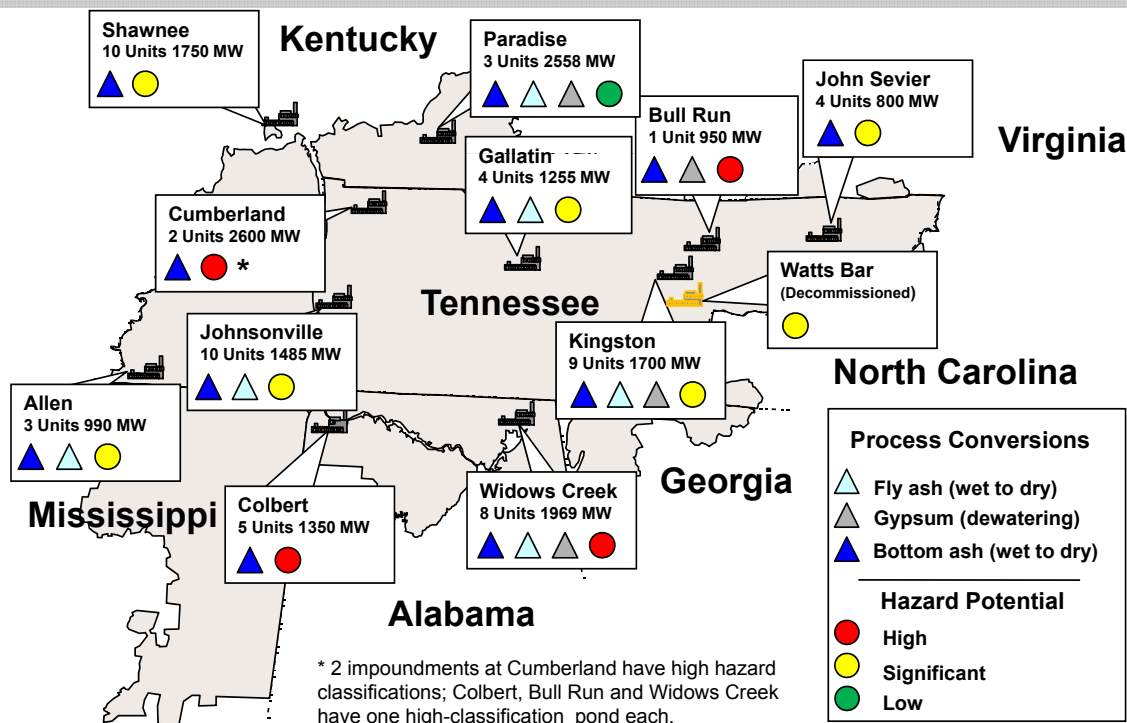
Develop new ash disposal facilities

Close 18 existing ash and gypsum ponds

Miscellaneous upgrades and repairs

119

Coal Byproduct Process Conversions



In all cases where ash & gypsum processes are changing, existing ponds will be closed.

Summary

Goal is to modernize our fleet and have the safest and most thoroughly inspected impoundments in the industry

Each project will be individually designed using independent evaluation results from Stantec

“High-hazard” projects are first priority

Estimated cost of \$1.5 to \$2 billion over 8 to 10 years

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Spent Fuel Claim Process

Topic

TVA and other utilities have been in litigation with the Department of Energy (DOE) over nuclear fuel disposal

For Board Consideration

Approve an agreement with DOE to establish a process for TVA's recovery of costs associated with storing spent nuclear fuel at TVA nuclear plants

123

Background

TVA sued DOE over its failure to take spent fuel from TVA nuclear plants as required by their contract under the Nuclear Waste Policy Act of 1982

The court found for TVA and awarded a judgment of \$35 million for claims through 2004

TVA continues to incur storage costs and settled with DOE for \$10.3 million for 2005 costs

The proposed agreement would establish a process for resolving claims from 2006 through 2020

124

Agreement Provisions

Covers all agreed upon storage costs TVA will incur at Browns Ferry, Sequoyah and potentially Watts Bar from 2006 - 2020

TVA's 2006 claim would be settled for \$3.6 million and our 2007 claim for \$9.7 million

Each subsequent claim would be resolved annually

Total recovery for TVA through 2020 will be based on actual costs and could exceed \$150 million

125

Recommendation

Authorize entry into the proposed agreement with DOE establishing a process for resolving TVA's claims for recoverable spent fuel costs from fiscal year 2006 to fiscal year 2020

126

AUDIT, GOVERNANCE, AND ETHICS



Systems, Standards, Controls, and Culture Remediation Plan

Organizational Effectiveness

Assigned dedicated resources to lead this change

Developed formal scope and issued a Request for Proposal

- Governance & Accountability
- Organizational Structure
- Skill Sets
- Policies & Business Practices
- Rewards & Incentives

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Organizational Effectiveness

Issued RFP to eight companies and received six proposals

Interviewed three finalists

- Boston Consulting Group
- McKinsey & Company
- Booz & Company

Conducted consultant interviews with Board of Director participation

Final selection by the end of August

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COMMUNITY RELATIONS AND ENERGY EFFICIENCY



Gee Creek Easement

Topic

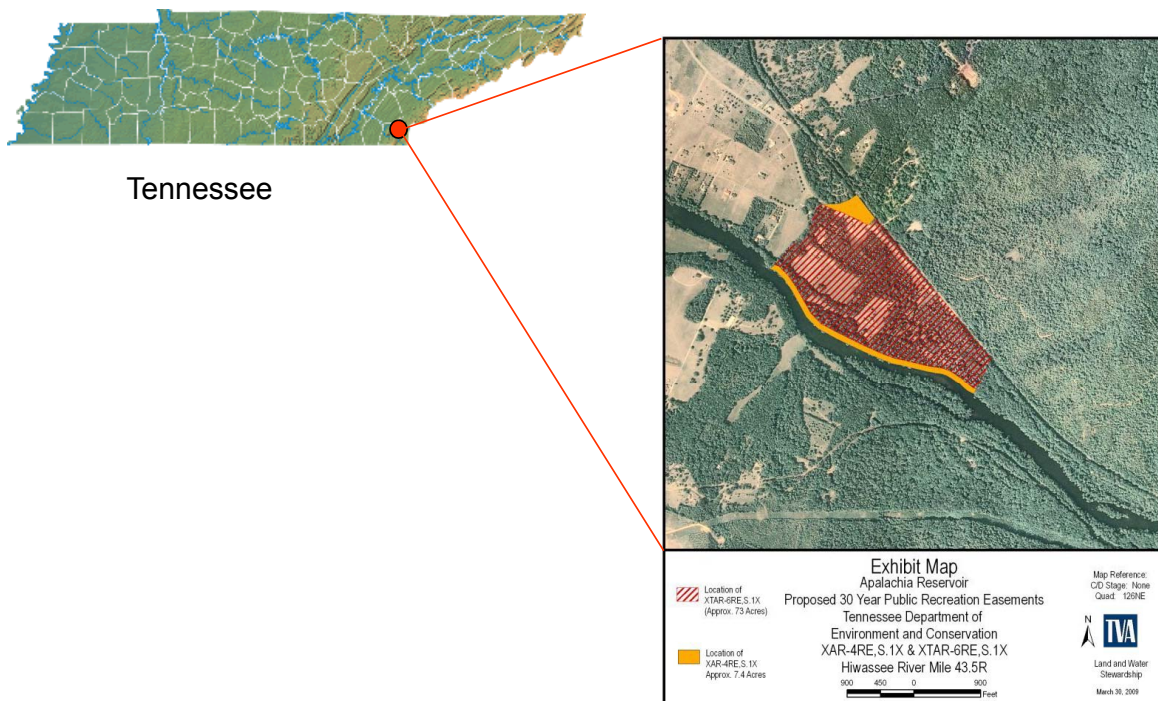
The Tennessee Department of Environment and Conservation (TDEC) has asked TVA to grant a 30-year public recreation easement on Apalachia Reservoir property for the continued management of the Gee Creek Recreation Area

For Board Consideration

Granting a 30-year public recreation easement to TDEC for approximately 80 acres on Apalachia Reservoir subject only to a \$5,000 fee for TVA administrative costs

133

TDEC Public Recreation Easement



134

Background

The Gee Creek Recreation Area is part of TVA's Apalachia project, a single-purpose power property

TVA's policy is to receive fair market value or commensurate value when selling or leasing of power lands

TDEC provides commensurate value to the power system through operations, maintenance, safety, and infrastructure investment

135

Recommendation

Grant a 30-year public recreation easement renewal to TDEC for approximately 80 acres on Apalachia Reservoir property without charge except for payment of \$5,000 of TVA administrative costs

136

Land Plan Administrative Corrections

Topic

Correction of minor administrative errors in TVA Reservoir Land Management Plans (Land Plans)

For Board Consideration

Delegation to the CEO authority to approve administrative changes in Board-approved TVA Land Plans

Background

A review of TVA's Land Plans identified two parcels with map errors and eight parcels with misinterpreted or overlooked legal instruments, affecting about 170 acres of TVA land

No changes in ownership or permissible uses result from these errors

Additional quality controls have been implemented to safeguard against similar errors in the future

139

Recommendation

Delegate to the CEO authority to make administrative changes to correct land planning errors

140

Termination of Maintain and Gain Policy

Topic

Approval of the termination of the maintain and gain provision in the Shoreline Management Policy

The other provisions of the Shoreline Management Policy would continue to guide TVA's actions

For Board Consideration

Terminate the maintain and gain provision in TVA's Shoreline Management Policy

Background

TVA's Shoreline Management Policy, including the maintain and gain provision, was approved by the TVA Board in 1999

Maintain and gain allows TVA to review requests to open shoreline for residential development, as long as an equal or greater amount of shoreline is closed elsewhere

143

Inspector General Report

The Office of Inspector General (OIG) reviewed the nine maintain and gain transactions completed to date

The OIG concluded that TVA administered the provision inconsistently

OIG recommended elimination of the provision

144

Recommendation

Terminate the maintain and gain provision of TVA's Shoreline Management Policy

The other provisions of the Shoreline Management Policy would continue to guide TVA's actions

Kingston Area (Roane County) Economic Development

Topic

Delegation of authority to the Chief Executive Officer to approve economic development arrangements and agreements with local government, community, and other entities as part of TVA's response to the December 22, 2008, ash spill at Kingston Fossil Plant

147

Local Business Support

Spent over \$20 million with local businesses through July

- Rock from local limestone quarries
- Local trucking firms
- Food and lodging
- Building rentals
- Miscellaneous purchases for supplies

Expenditures will continue throughout the recovery operation

148

Local Residential Support

Property purchases and settlements over \$65 million to Roane County residents directly affected by the ash spill or recovery efforts

TVA-funded confidential health assessments performed by independent physicians specializing in toxicology

Mental health services are available

149

Economic Development

Examples of economic development support for Roane County and cities of Rockwood, Kingston, Harriman and Oak Ridge

- Utilities and other infrastructure repair and upgrade
- Funding of emergency management and police support
- Economic development promotions and assistance
- Other activities (environmental monitoring, technical assistance and replacement of recreational facilities)

150

Board Approval Requested

Delegation to the CEO to approve economic development arrangements and agreements providing funding to support economic development in Roane County

Amounts will comply with TVA budgetary practices

Specific arrangements and projects undertaken will be reported to the Community Relations and Energy Efficiency Committee

Note: Excludes Swan Pond Embayment future enhancements, potential additional in lieu of taxes IMPACT payments for Roane County, and ongoing support of local businesses