

## Contents

	1-2
TVA Hosts Ethics and Compliance Forum	
	2
Enterprise Asset Management (EAM) Update	
	3
TVA Expands Renewable Energy Program, Offers Additional Incentives	
	4
TVA Board Approves Purchase of Renewable and Clean Energy	
	4-5
TVA to Reduce Fuel Cost Adjustment for Third Straight Quarter in July	
	5
TVA Continues to Pursue NRC License for New Nuclear Units at Bellefonte	
	6
TVA Announces 2009 Campground Season	
	6-7
Reservoir Update	

## TVA Hosts Ethics and Compliance Forum

On March 3 and 4, TVA hosted an ethics and compliance forum attended by TVA officials and senior ethics and compliance officers from several of TVA's largest contractors. Twenty three people representing seventeen companies met with representatives from TVA Supply Chain, Office of the General Counsel, Office of the Inspector General, and Corporate Responsibility and Diversity.

The general theme of the forum was to promote cooperation between TVA and its major contract partners. Emphasis was placed on the need for TVA's contractors and employees to work with TVA in helping to build a strong ethical environment in the workplace.

The program included a presentation by Kim Greene, TVA's Chief Financial Officer, who welcomed the attendees to TVA and discussed the importance of "doing the right thing" and the value of each company's business reputation. Additional presentations included an overview of TVA's Ethics and Compliance program, the legal and regulatory framework of TVA's ethics requirements, contracting expectations, the Supplier Code of Conduct, and a new contract clause requiring contractors to report any suspected fraud.

The forum was successful in encouraging an exchange of ideas, the strengthening of business relationships, and the recognition of the importance of nurturing a strong ethical culture. Peyton T. Hairston, Jr., TVA Chief Ethics and Compliance

*Continues on page 2*

## Ethics and Compliance (continued...)

Officer and Senior Vice President, CR&D, stated “TVA is pleased to continue its ongoing dialogue about ethics and compliance with its suppliers and contractors to make sure we are aligned with the right priorities.”

Please visit [www.tva.gov](http://www.tva.gov)  
for the latest information  
about TVA.

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## Enterprise Asset Management (EAM) Update

All suppliers should have received a letter dated May 21, 2009 indicating the schedule for Supply Chain EAM implementation had been changed to July 24.



**EAM  
Implementation  
now July 24**

Over the past few months, we've discussed the Enterprise Asset Management (EAM) system, which is a single application for Work Management, Corrective Action, and Supply Chain business functions for the entire TVA fleet. The Supply Chain functions for all of TVA were scheduled to go live at the end of May.

The implementation was delayed to enable TVA to conduct additional testing to enhance the system's performance, ensure all organizations are prepared for this major change, and minimize TVA's business risk. This also allows for more time to test the Supplier Connections portal, where suppliers with access will conduct various business functions related to their TVA contract(s).

We want to thank all of our suppliers for working with TVA through the transition to EAM. As stated before, the new system will bring tremendous benefits to TVA, and we appreciate your cooperation.

Future supplier communications will include details about the new Supplier Connections Portal. In addition, information will be provided regarding the plans TVA is making for the “cutover” from PassPort to EAM, how work will be conducted during this time period, and what you can expect when EAM Supply Chain functions go live for TVA on July 24.

## TVA Expands Renewable Energy Program, Offers Additional Incentives

TVA is offering new incentives for homes and businesses to encourage the use of renewable energy and help increase the supply of renewable energy in the Tennessee Valley.

The incentives are offered through an expanded Generation Partners pilot program, which provides technical support and incentives for the installation of renewable generation systems. Under the pilot program, customers sell all of the power they generate to TVA at a premium price, and the local power company credits the customer for the generation received through a credit on their monthly electric bill.

The expanded pilot program offers new participating customers a one-time incentive of \$1000 to help offset the startup costs for installing qualifying renewable resources, such as wind and solar generation. Other new features of the program include:

- ▶ Biomass energy and low-impact hydropower, which were not part of the previous pilot program, are now eligible sources of renewable energy. Previously, only solar and wind were eligible.
- ▶ The maximum installation size has been increased to 999 kilowatts, and the price TVA pays for the generation is now 12 cents per kilowatt-hour above the local electric rate for solar and 3 cents per kilowatt-hour for wind, low impact hydro, and biomass, including the Fuel Cost Adjustment.

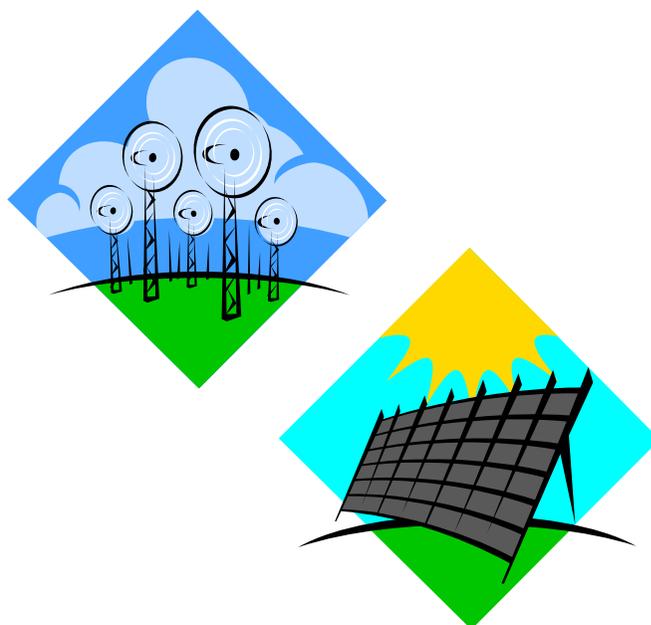
“The Generation Partners program allows TVA and local power distributors to work together with those customers who are interested in expanding renewable energy across the Valley,” said TVA Senior Manager of Generation Partners

Susan Ross. “Now we are including even more eligible renewable resources and additional incentives to make the program more attractive to more customers.”

In partnership with local distributors, TVA has offered the Generations Partners pilot program since 2003, and 68 homeowners in the region currently participate.

“We also encourage anyone thinking about purchasing renewable energy sources to check out the federal and state tax credits that may be available,” said Ross. More information on federal and state tax credits can be found at [www.dsire.org](http://www.dsire.org).

Currently, a total of 71 distributors across the Valley offer the Generation Partners program, and interested customers should contact their local power distributor for more information or go to [www.gpsgenpartners.com](http://www.gpsgenpartners.com).



## TVA Board Approves Purchase of Renewable and Clean Energy

The TVA Board authorized the purchase of as much as 2,000 megawatts of renewable and clean energy by 2011 as part of TVA's plan to have 50 percent of its power supply from clean and renewable energy sources by 2020.

At a meeting in Johnson City, Tenn., the Board authorized TVA President and CEO Tom Kilgore to approve power purchase agreements and contracts for the renewable and clean energy.

TVA may begin entering into contracts as early as June 1 with some of the renewable or clean energy suppliers that provided the most competitive responses to a request for proposals issued in December last year. Renewable energy sources include wind, hydro, solar or biomass.

"It is our goal to reduce TVA's environmental footprint by increasing the renewable and clean

energy resources in our generation mix," said Kilgore. "Renewable energy and energy efficiency will be part of our clean energy portfolio that has zero or near-zero carbon emissions, which will help reduce the impacts of climate change."

Kilgore said TVA will negotiate contracts that are "competitive with forecasted electricity market prices over the term of the contract." Contract terms will be up to 20 years.

TVA received more than 60 responses to its request for proposals to provide clean and renewable energy by June 2011. TVA notified the responders who met the criteria and is continuing discussions with them.

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## TVA to Reduce Fuel Cost Adjustment for Third Straight Quarter in July



TVA announced that the quarterly fuel cost adjustment will decrease for the third straight quarter for billing periods beginning July 1. This decrease, in addition to reductions on

Jan. 1 and April 1, will more than offset the 17-percent FCA increase in October 2008.

Overall, the decrease for the fourth quarter of the 2009 fiscal year will be a 4.1-percent reduction on total average wholesale rates, which is a reduction

of approximately 35 percent from the current quarter's fuel cost adjustment amount, bringing it to the lowest level in more than a year.

Because the FCA is a per kilowatt-hour charge, amounts that consumers save will depend on how much energy they use. Savings will vary across the Tennessee Valley, but residential consumers can expect a decrease that ranges from about \$2 to \$5 in their monthly power bills. Retail billing periods for TVA power distributors also vary, so some July bills will include June usage at the lower rate.

*Continues on page 5*

## Fuel Cost Adjustment (continued...)

“With the reduction in July, we will roll back all of the fuel cost adjustment increase from last fall, which is good news for ratepayers,” TVA President and CEO Tom Kilgore said. “Fortunately for all of us, the price of coal and natural gas that are used as fuels in TVA power plants has declined in recent months. In addition, current economic conditions have resulted in lower power sales for TVA and that reduces our fuel and purchased power costs, as well.”

For the fourth quarter of FY 2009, which begins July 1, the FCA will be approximately 0.5 cents per kilowatt-hour, down from the current 0.8 cents per kilowatt-hour and last October’s 1.8 cents per kilowatt-hour. TVA’s fiscal year is Oct. 1 through Sept. 30. Like utilities around the country, TVA uses a fuel cost adjustment to recover costs of the fuel to generate electricity and the cost of electricity bought from other suppliers. The adjustment is part of consumers’ power bills and goes up or down, depending on those costs.

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## TVA Continues to Pursue NRC License for New Nuclear Units at Bellefonte

TVA will continue to pursue Nuclear Regulatory Commission approval to build and operate two Westinghouse AP1000 reactors at the Bellefonte Nuclear Plant site near Hollywood, Ala., although the NuStart consortium will shift initial licensing efforts for the new reactor design to another plant. NuStart is transferring the “reference” designation to build the first of a new generation of reactors to Southern Nuclear’s Plant Vogtle application. The change is designed to align industry and regulatory resources with a license application that has specific, near-term construction plans.

At the time Bellefonte was selected by NuStart for a combined operating and construction license, there were no new nuclear plants in the United States ready to begin construction. TVA, a member of NuStart, is seeking a combined construction and operating license to maintain TVA’s options for use of the Bellefonte site in the future.

“With the reference designation transitioning to the Plant Vogtle Project, the NRC can complete the licensing process sooner and pave the way for subsequent combined construction and operating license applications,” says TVA Vice President of Nuclear Generation Development & Construction

Ashok Bhatnagar. “Though TVA has not made a decision to build a new large-scale, base-load generation nuclear plant at this time, completing the transfer of the reference designation will not affect our pursuit of a license for Bellefonte units 3 and 4.”

When TVA submitted the application for a new nuclear plant at the Bellefonte site in October 2007, it was designated as the “reference” application for the Westinghouse AP1000 reactor design. The reference application contains standard licensing, engineering, technical, quality and safety information that future applicants can use to develop their own site-specific applications much more efficiently.

“Our staff continues to support the review of the Bellefonte application and has responded to more than 600 requests for additional information from the NRC within the timeframes requested,” says TVA Vice President of Nuclear Generation Development Jack Bailey. “We’ve made tremendous progress in the year and a half since submitting the application for Bellefonte, and designating Southern Company’s application will help move the industry closer to new plant construction and commercial operation.”

## TVA Announces 2009 Campground Season

TVA's seasonal campgrounds on reservoirs throughout the Tennessee Valley opened on Friday, March 13, and close Monday, Nov. 16.

TVA's day-use recreation areas located on dam reservations remain open year-round. Day-use recreation areas are used for hiking, fishing, boating, picnicking, wildlife viewing and swimming.

Opening hours for the campgrounds and additional information on recreation opportunities on TVA reservoirs are available by contacting the Environmental Information Center at 1-800-882-5263 or on TVA's recreation Website at [www.tva.com/river/recreation](http://www.tva.com/river/recreation).



TVA campgrounds that opened on March 13:

Cherokee Reservoir	Cherokee Dam
Douglas Reservoir	Douglas Dam Headwater
Douglas Reservoir	Douglas Dam Tailwater
Foster Falls	Foster Falls, near Tracy City in Marion County
Melton Hill Reservoir	Melton Hill Dam, upper and lower sections
Normandy Reservoir	Barton Springs
Norris Reservoir	Loyston Point
Pickwick Reservoir	Pickwick Dam Tailwater
Watauga Reservoir	Watauga Dam Tailwater
Wheeler Reservoir	Mallard Creek
Wilson Reservoir	Wilson Dam Rockpile

## Reservoir Update

For the week ending May 22, an average of 1.28 inches of rainfall was recorded above Chattanooga. Runoff was .61 inches. (**Note:** All rainfall and runoff data included here is as of midnight May 20.)

For the calendar year-to-date (Jan. 1-May 21), the Tennessee Valley has received 19.61 inches of rainfall and a total of 12.71 inches of runoff. Rainfall during this period was 92 percent of normal, and hydro generation was 88 percent of normal.

Rainfall in the month of May has helped to improve the longstanding dry conditions across

the region, particularly in the lower Tennessee River valley below Chattanooga. While rainfall amounts are approaching normal, runoff amounts for the year above Chattanooga remain about 75 percent of normal, indicating that ground water is still recharging after several years of exceptionally dry conditions.

As of the end of last week, Blue Ridge, Chatuge, Douglas, Fontana, Hiwassee, Norris, South Holston and Watauga reservoirs were above their flood-guide elevations and were expected to return to flood-guide elevations this week. Cherokee Reservoir was slightly below its flood-

*Continues on page 7*

## Reservoir Update

guide elevation at the end of last week and was forecast to reach and remain at flood guide this week. Nottely Reservoir was about 1 foot below flood guide and was forecast to hold at 1 foot below flood guide through this week given the rainfall forecast at the end of last week.

TVA is scheduling flows through the system to recover flood-storage space in the main stem and

some tributaries, achieve or hold flood guide in the other tributaries, and is working in conjunction with the U.S. Army Corps of Engineers to manage flooding on the lower Ohio and Mississippi Rivers. Spill operations were still under way at the end of last week at several main stem reservoirs and at Wilbur Reservoir for flood control.

***The Supplier Excellence Newsletter is published and distributed internally and externally by TVA Procurement. Comments and suggestions are welcome. Please e-mail them to Heather Young at [hsyoung@tva.gov](mailto:hsyoung@tva.gov).***

### **Notes to Suppliers**

To ensure notification of future newsletters, suppliers are encouraged to submit e-mail address changes to TVA Supplier Information's internet e-mail address: [vendor2@tva.gov](mailto:vendor2@tva.gov). Please include your company name and location in your reply. Also, please include any changes for the name of the contact person.