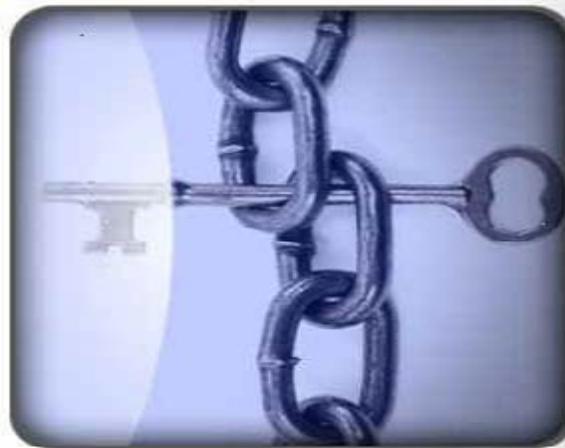




Doing Business with TVA



Supply Chain, TVA



Getting to Know TVA...

- Federally-owned corporation
 - America's largest public power provider
- Self-supported (no taxpayer funding) by power sales
 - 176 billion kWh (2008)
- Provides flood control, navigation & electric power in the Tennessee Valley region

11/18/2009

2



Getting to Know TVA...TVA's Mission

- **Energy**
 - Provide reliable, low-cost power to the Tennessee Valley
- **Environment**
 - Act as a steward of the Valley's natural resources
- **Economic Development**
 - Serve as a catalyst for sustainable economic development

11/18/2009

3



Getting to Know TVA...Service Area



11/18/2009

- 7-state region
- 80,000 square miles
- 158 distributor customers, various others
- 9 million people
- 650,000 businesses & industries

4



Getting to Know TVA...Power Mix

- 11 coal-fired plants (59 units)
- 3 nuclear plants (6 units)
- 29 hydroelectric plants (109 units)
- 1 pumped storage plant (4 units)
- 11 natural gas-fired facilities (93 units)
- 2 diesel generation sites
- 50 MW renewable generation (29 MW wind)
- 2,756 MW under various agreements
- 36,714 MW total capacity*

*2008 net summer dependable capacity

11/18/2009

5



Kingston Recovery Update

Key Messages

- TVA is committed to making things right
- Working diligently to restore the site quickly and safely
- Communicating openly and fully
- Ensuring public health/safety
- Maintaining air, soil & water quality
- Cleaning up private property, compensating losses and meeting other community needs

11/18/2009

Kingston Recovery Update

Progress

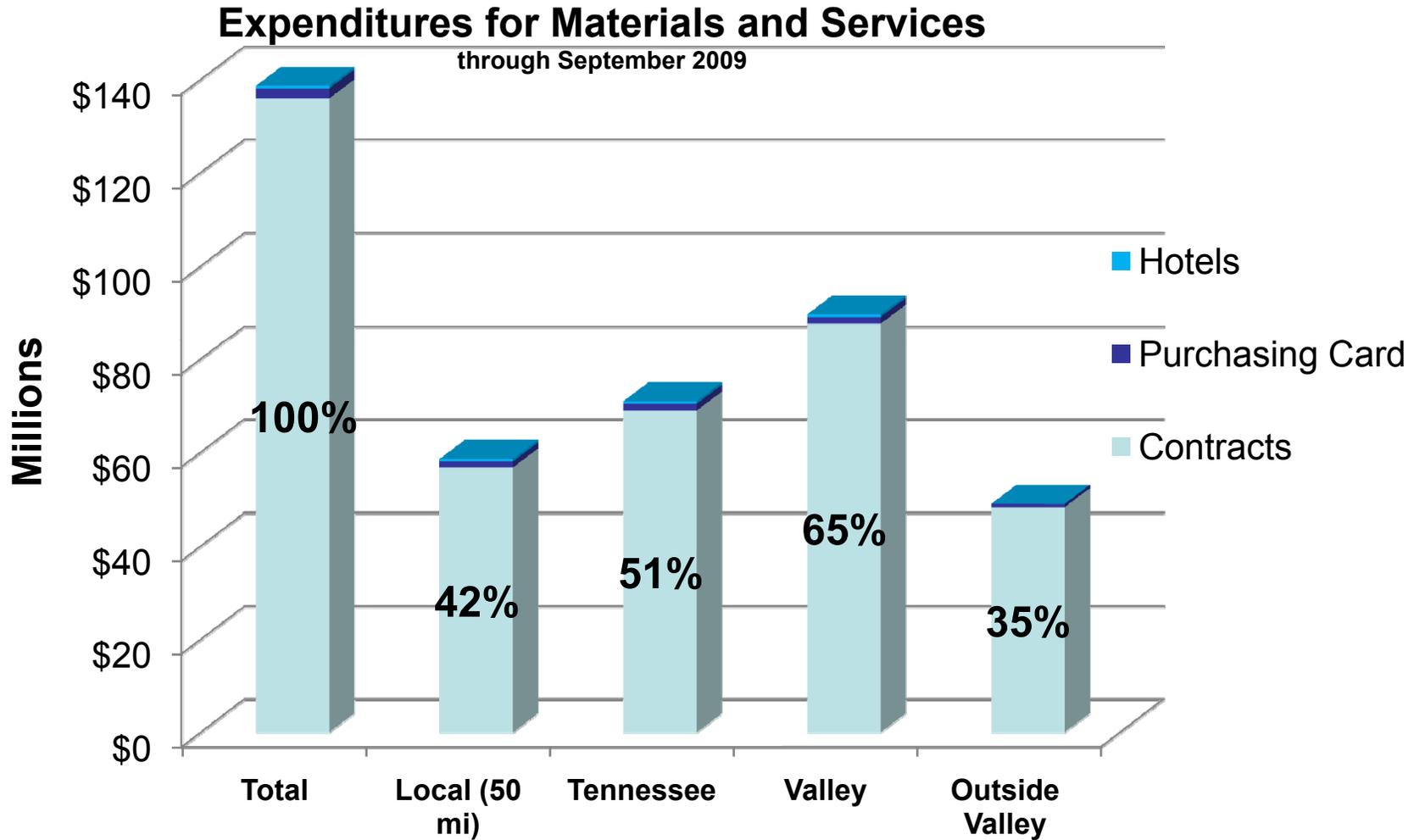
- Over 1,650,000 cubic yards of ash removed from the river
- 360+ acres of Flexterra applied
- Over 8.7 million gallons of cenospheres collected
- 16,000+ tests by TVA, TDEC and EPA confirm drinking water still meets standards
- 117,000 + air-quality samples
- 8 miles of road rebuilt or repaved
- More than 730,000 tons of ash shipped via rail to Arrowhead Landfill in Alabama

11/18/2009

7



Kingston Recovery Update



11/18/2009

8



Supply Chain Focus Areas

- TVA is a \$12 Billion Dollar Corporation
- Manages approximately \$3 billion (includes nuclear fuels) of annual spend for materials and services and over \$400 million in inventory
- **Strategic Focus:**
 - Fleet-wide management of Supply Chain
 - Strategic Sourcing—Valley-wide leveraging and category management
 - Collaborative relationships
 - Enhanced competition through planning & supplier development
 - Pricing predictability
 - Financial risk management of spend
 - Supply Chain Governance

11/18/2009

9



Strategic Sourcing Strategies

- Focuses on the “Total Ownership Cost” of products/services through centralized sourcing, decentralized execution, standardization, materials management practices, inventory reductions and specification
- Provides total commodity and category management through Valley-wide coverage, preferred supplier or alliance of suppliers that meets or exceeds TVA’s expectations and adds value to customers
- Leverages pricing from suppliers and the manufacturers they represent on Valley-wide use of a contract

11/18/2009

10



How TVA Chooses Suppliers

- Supply Chain follows a comprehensive and rigorous competitive-bidding process designed to achieve TVA's objectives of lowering costs and improving operational efficiency.
- TVA seeks suppliers that are innovative, flexible and can add value while reducing cost. Factors considered in making awards:
 - Overall value and pricing
 - Depth and breadth of inventory and just-in-time delivery
 - Technical capability, industry expertise & demonstrated, specialized experience
 - Customer satisfaction/Safety record/Financial stability
 - Capacity (foot-print) and infrastructure
 - Valley presence
 - Other regulatory and legislated requirements, such as QA and safety related requirements for Nuclear work

11/18/2009

11



Supplier Diversity Accountability

- ✓ TVA recognizes the power of maintaining diversity in its supplier base.
- ✓ Identifies and provides opportunities for qualified small, Valley, minority & woman-owned businesses
- ✓ Holds prime suppliers accountable to extend subcontracting opportunities to diverse suppliers
- ✓ Promotes joint ventures, partnerships, and subcontracting relationships
- ✓ TVA supports external business partners, participates in outreach events, offers mentoring and maintains a supplier connections portal with vendor registration
- ✓ TVA spends on average about 7.5 % with woman/minority-owned businesses , 19% with small businesses and 70% with Valley businesses

11/18/2009

12



Kingston Recovery Update

Update on Major On-Site Contract Awards:

- Jacobs Engineering (Oak Ridge) - oversight of corrective action/dredging plans and project management, engineering, environmental and construction management
 - Subcontracting with RCI, woman-owned firm for environmental & testing services
- Severson Environmental Services, Inc., (Niagara Falls, NY) - provide manpower and equipment for Phase I dredging of the Emory River and Ash Processing
- Mactec Engineering and Consulting, Inc., (Knoxville) for the loading of coal combustion by-products into rail cars/trucks from the Kingston plant for disposal
 - Subcontracting with MHF Services to supply custom-made railcar liners fabricated at MHF's Sweetwater, TN., plant
- Southern Waste Services (Panama City, FL) – Containment and Recovery of Ash
- Alliance Hauling (Kingston) - Provide trucking/hauling services of aggregate under one blanket contract among local suppliers
- Rogers Group (Anderson, Knox, Morgan counties) – provide quarry rock
- Shaw International (Oak Ridge) - Air monitoring
- Test America, Inc. (Knoxville) – Analytical laboratory services

11/18/2009

13



Kingston Recovery Update

Potential Contract Projects/Plans:

- Intake Skimmer Wall-Dredging
 - Provide deep water dredging services to remove ash from skimmer wall area
- Intake Skimmer Wall-Debris Removal
 - Labor and equipment to remove damaged/failed skimmer wall materials from the intake channel
 - Damaged material consists of concrete beams, small coffer dams, etc.
- Intake Skimmer Wall-Construction
 - Provide labor and equipment to rebuild concrete skimmer wall in the intake channel

11/18/2009

14



Kingston Recovery Update

Potential Contract Projects/Plans:

- Main Entrance Truck/Vehicle Wash Winterization Shelter/Equipment
 - Purchase of a canopy/shelter for a truck/vehicle wash equipment
- Heavy Equipment
 - Purchase of heavy equipment (amphibious track hoes, cycle duty cranes/clamp shell, etc.)
- Overland Conveyor System
 - Purchase of conveyor system to transport ash from North embayment area

11/18/2009

15



Kingston Recovery Update

Key Supply Chain Contacts

- At Kingston:
Chet Kato, Site Procurement Manager, KIF Recovery Project
cekato@tva.gov
865.717.6505
- On the web at the Supplier Connections portal:
supplier.tva.gov
- By mail at:
TVA Supplier Relations
LP 4W-C
1101 Market Street
Chattanooga, TN 37402

11/18/2009

16



Major Contract Opportunities

Fossil – Conversion Project

- TVA has undertaken an aggressive schedule to convert all 11 fossil sites to dry ash storage facilities (8-10 years)
- The first project will be at TVA's Kingston Fossil Plant
- It is anticipated that subcontractors will be used to procure major materials, equipment and construction installation services
- Vendor contact information will be made available once the project has been approved

11/18/2009

17



Major Contract Opportunities

Nuclear – Subcontracting Opportunities

- DZ NPS—Maintenance & Modifications Services
- AREVA/DZ, LLC – Refueling and Steam Generator services
- Siemens – Turbine Generator parts and services
- ARINC/Other Companies - Security Systems Upgrades

11/18/2009

18



Major Contract Opportunities

Nuclear – Watts Bar Unit 2

- Bechtel—Turnkey project for engineering, procurement & construction for Watts Bar Unit 2
- Subcontracting: Bill Goodman, wgoodman@tva.gov , Bechtel Site Supply Chain Manager for WBN Unit 2
- DZ NPS – Turbine building maintenance and modifications work
- Subcontracting: Ray Lynch (615) 782-2912

11/18/2009

19



Keys to Success

- Gain knowledge of TVA, procurement requirements, opportunities and resources available to pursue them
- Focus on quality performance and have a well-designed plan
- Understanding your core competencies and the niche you are capable of filling
- Develop networking skills; create marketing materials
- Be capable of competing for regional/Valley-wide large contracts. Have a proven track record
- Be **patient, persistent, prepared** and willing to **pursue** contractor & subcontracting opportunities

11/18/2009

20



Getting started

- Want to learn more about the nation's largest public provider of electric power? Go to www.tva.com
- Go to supplier.tva.gov and follow the “learn” link to instructions and the form for becoming a registered vendor
- Submit the completed vendor registration form to vendor2@tva.gov
- Network with TVA and our prime contract partners to understand requirements and build relationships
- Send information to:
TVA Supplier Relations
LP 4W-C
1101 Market Street
Chattanooga, TN 37402

11/18/2009

21

