

THE TENNESSEE VALLEY AUTHORITY

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Bill Baxter, Chairman

Skila Harris, Director

TVA is a federal corporation charged with improving the quality of life in the seven-state Tennessee Valley region. Dedicated to public service, TVA operates with the flexibility and innovation of a private corporation. Through seven decades, TVA has proved itself to be the world's most successful experiment in regional development. Its technological achievements are unique in harnessing the Tennessee River, restoring a ravaged land, providing power to an 80,000-square-mile region, developing the tools to ensure a clean and healthy environment, and nurturing a vibrant economy.

As the nation's largest public power provider, TVA touches millions of lives through the three key areas of its mission:

- **Energy** — TVA provides reliable, affordable electric power that helps businesses and families prosper. TVA sells power to 158 local power companies that serve 8.5 million people and 650,000 businesses and industries in the seven-state TVA area. TVA serves almost all of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia. TVA also sells power to 62 large industrial customers and federal installations.
- **Environmental Stewardship** — TVA manages the Tennessee River, neighboring lands, and its own generating facilities to ensure cleaner air and water. Through its river management activities, TVA reduces flooding, provides for river transportation and power production, supports recreation, and promotes wise land use.
- **Economic Development** — TVA builds business and community partnerships that bring jobs to the region and keep them here – to make the economy stronger.

Financing — TVA is completely self-financing and receives no taxpayer dollars. It pays for all its activities through power sales and bond issues.

TVA in Tennessee

Energy Sales — The TVA service area in Tennessee is more than 42,000 square miles and includes virtually all of the state's 95 counties.

In fiscal year 2004, TVA sold more than 92 billion kilowatt-hours of electricity to 62 municipal and 22 cooperatively owned power companies in Tennessee.

Distributors of TVA power provided approximately 37.7 billion kilowatt-hours of electricity to more than 2.5 million Tennessee households in fiscal year 2004.

Distributor sales to over 420,000 commercial and industrial customers totaled more than 49 billion kilowatt-hours. In addition, distributors in Tennessee sold over one billion kilowatt-hours to outdoor lighting customers.

TVA provided more than nine billion kilowatt-hours of electricity directly to 24 large industries and federally owned installations in Tennessee in 2004.



TVA power revenues in Tennessee in fiscal year 2004 totaled more than \$4.7 billion, or about 63 percent of all TVA operating revenues.

Power Generation and Transmission — TVA operates 21 hydroelectric dams, seven coal-fired power plants, two nuclear power plants, and four combustion turbine sites in Tennessee, with a combined generating capacity of more than 19,000 megawatts.

Coal-fired Plants: Allen, Bull Run, Cumberland, Gallatin, John Sevier, Johnsonville, and Kingston; with combustion turbines at Allen, Gallatin, Johnsonville, and Lagoon Creek.

Nuclear Plants: Sequoyah and Watts Bar.

Hydroelectric Plants: Boone, Cherokee, Chickamauga, Douglas, Fort Loudoun, Fort Patrick Henry, Great Falls, Melton Hill, Nickajack, Norris, Ocoee 1, Ocoee 2, Ocoee 3, Raccoon Mountain Pumped Storage, Pickwick Landing, South Holston, Tims Ford, Watauga, Watts Bar, and Wilbur.

TVA owns and/or maintains 261 substations and switching stations and 10,194 circuit miles of transmission line in Tennessee.

TVA operates 10 solar facilities in the state of Tennessee: a 27-kilowatt facility at the Adventure Science Center in Nashville, two 18-kilowatt facilities at Dollywood in Pigeon Forge, an 18-kilowatt facility at Gibson County High School in Dyer, a 15-kilowatt facility at Ijams Nature Center in Knoxville, a nine-kilowatt facility at Coker County High School in Newport, a 15-kilowatt facility at the American Museum of Science and Energy in Oak Ridge, an eight-kilowatt facility at the Oak Ridge National Laboratory in Oak Ridge, an 85-kilowatt facility at Finley Stadium in Chattanooga, and a 26-kilowatt facility at the Bridges Center in Memphis.

TVA operates three wind turbines on Buffalo Mountain in Oliver Springs, with a generation capacity of two megawatts. TVA also purchases the output of 15 additional wind turbines on Buffalo Mountain, owned by Invenergy LLC, with a generation capacity of 29 megawatts.

TVA generates methane gas from the city of Memphis wastewater treatment facility. The methane gas is then provided to TVA's Allen Fossil Plant as an additional source of renewable energy with a generating capacity of 4 megawatts.

Land and Water Stewardship — TVA manages 21 reservoir systems in Tennessee: Beech River, Boone, Cherokee, Chickamauga, Douglas, Fort Loudoun, Fort Patrick Henry, Great Falls, Melton Hill, Nickajack, Nolichucky, Normandy, Norris, Ocoee No. 1, Tellico, Tims Ford, Watauga, Watts Bar, and Wilbur, and portions of Pickwick and South Holston. These reservoirs have a combined surface area of 57,500 acres and more than 7,500 miles of shoreline.

TVA is responsible for 175,000 acres of land around these reservoirs and their tributaries.

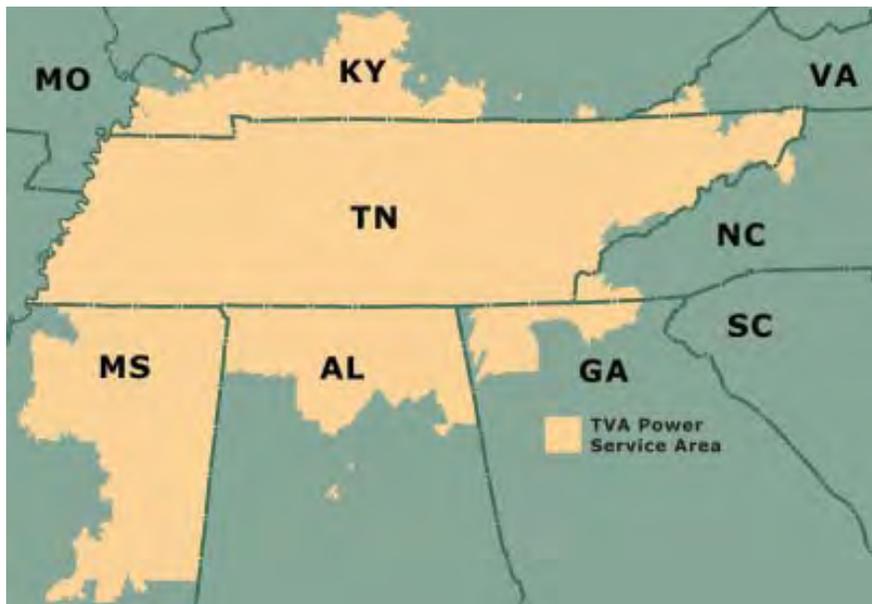
Air Quality — TVA is working aggressively to further improve air quality in the region, and the region's air quality is better than it has been in decades. By 2010, TVA will have invested almost \$6 billion to reduce sulfur dioxide and nitrogen oxides from its coal-fired plants.

Personnel — TVA employs more than 9,200 people in Tennessee. The state is home to more than 13,200 TVA retirees and their families.

Tax-equivalent Payments — TVA paid \$203,345,938 in lieu of taxes to the state of Tennessee in fiscal year 2004, based on power sales and power property values in the state. TVA is the largest single contributor of revenue to the state treasury.

Economic Development — Since 1995, TVA has invested \$87.4 million in economic development loans for new and expanding industries in Tennessee. These loans have helped create approximately 29,000 new jobs and leveraged almost \$1.4 billion in additional investments from private and public sources.

TVA Suppliers — TVA purchased \$1.3 billion worth of fuel, materials, and services from Tennessee vendors in fiscal year 2004—\$1.2 billion in materials and services, \$92.5 million in fossil fuel, and \$10.3 million in nuclear fuel.



Board of Directors*

Chairman Bill Baxter

The Tennessee Valley Authority



Bill Baxter is the 27th Director in the history of TVA and took the oath of office in November 2001. He was named Chairman in June 2005. Prior to his TVA appointment, Baxter was Chairman and Chief Executive Officer of his family's business, Holston Gases Inc., a distributor of industrial, medical, and laboratory gases that is headquartered in Knoxville, Tennessee, and serves portions of Tennessee, Georgia, Alabama, Virginia, and Kentucky. From December 1, 1997, until December 31, 2000, Baxter was Commissioner of the Department of Economic and Community Development for the state of Tennessee. During his tenure as Commissioner, the state achieved three consecutive years of record private capital investment and job creation. In addition, Tennessee was chosen for the first time as State of the Year for its significant economic development accomplishments during 1999. Baxter has long been active in community and charitable activities in his hometown of Knoxville. He serves on the

boards of directors of The Development Corporation and Friends of the Smokies. Baxter graduated cum laude from Duke University in 1975 and earned a degree from the University of Tennessee School of Law in 1978. He and his wife, Ginger, have four children: Elizabeth, Jennifer, Joe, and John.

Director Skila Harris

The Tennessee Valley Authority



Skila Harris is the 25th member of the TVA Board of Directors and TVA's first woman Director. She was appointed by President Bill Clinton and confirmed by the U.S. Senate in November 1999. Harris is a Tennessee Valley native who has worked for private engineering and management consulting firms specializing in energy, as well as holding positions with the U.S. Synthetic Fuels Corporation and the U.S. Department of Energy under both the Carter and Clinton administrations. Harris served as Special Assistant to Vice President Al Gore and Chief of Staff to Tipper Gore during the Administration's first term. Before joining the Vice President's staff she was Vice President for Development and Compliance at the Steiner-Liff Iron and Metal Company in Nashville. She is a member of the Board of the Knoxville Area Chamber Partnership and the East Tennessee Foundation and a 2001 graduate of Leadership Knoxville. Harris serves as Vice-Chair of the Consumer Energy Council of America's

Forum on Energy Security and Electric Industry Restructuring. Harris is from Bowling Green, Kentucky, where she earned a bachelor's degree in political science from Western Kentucky University. In addition, she has a master's degree in legislative affairs from George Washington University. Harris is married to Fred Graham, the Chief Anchor and Managing Editor of Court TV.

**In 2004, Congress passed legislation to change the TVA Board from three full-time members to nine part-time members, beginning May 18, 2005. During the transition to the new Board structure, TVA is continuing under its existing Board structure with Chairman Baxter and Director Harris serving full time until at least three additional directors have been sworn in.*