

InsideTVA

TVA's Leadership Standard: Achieve Excellence in Business Performance and Public Service

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TVA: Seven Decades of Service

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Board approves final TVA Strategic Plan

TVA has finalized the draft TVA Strategic Plan shared with employees and other stakeholders Oct. 1, 2003.

"The Strategic Plan provides a framework for TVA's direction so we can preserve our core mission, remain financially viable and be a supplier of choice in a more competitive business environment," says Chairman Glenn McCullough.

"I'm pleased the plan is final and that we are using it as the basis for our business planning for fiscal year 2005."

TVA Strategic Plan
A Framework for a Competitive Future

The Board approved the Strategic Plan at its Jan. 14 meeting in Knoxville.

TVA sought comments on the draft from a wide range of stakeholders, including employees and retirees, customers, members of Congress, the Administration, other public officials and the public.

Posted on www.tva.com, the plan received more than 1,300 "hits" from stakeholders outside see "TVA Strategic Plan" on page 3



Theresa Flaim, Senior Vice President, Strategic Planning & Analysis, prepares to present the final TVA Strategic Plan at the Board meeting in Knoxville Jan. 14.

Company-wide program reviews continue

TVA is continuing its process of reviewing programs, functions and staffing levels company-wide. Until these reviews are completed and surpluses identified, TVA will not know the impact on staffing levels.

Before any involuntary reductions in force, a request for volunteers will be conducted in organizations in which staffing levels are impacted. No involuntary RIFs will occur until after the end of February 2004.

Employees impacted by future reductions in force after February will continue to receive the required 60-day paid notice period for any involuntary staffing reductions that may occur following program reviews.

"Our current situation requires that we again shape TVA to meet the chal-

lenges of the future," says Chairman Glenn McCullough. "For seven decades, the people at TVA have generated value for the people we serve by our ability to adapt to change in our business.

"Reducing fixed costs and achieving greater financial flexibility will enable TVA to offer our customers a combination of value and quality services that cannot be matched in the competitive marketplace."

Director Bill Baxter says the bulk of the cost savings is expected to come from reductions in capital projects and in the use of contractors and from a methodical review of all TVA programs and functions, including staffing levels.

"If situations are identified where staffing reductions should be made, there will be an opportunity for volun-

teers," he says. "In the meantime, we are asking you to help your organizations reduce the need for overtime and other expenses associated with the routine cost of doing business."

The Board members say the support and professionalism of everyone will enable TVA to continue serving this region and the nation.

"Glenn, Bill and I understand the uncertainty created by this review process," says Director Skila Harris. "We have made it a priority to minimize this uncertainty by providing as much information as possible — as quickly as possible.

"Given the many distractions, I urge each of you to remain focused. We must not lose sight of the importance of achieving TVA's mission safely and efficiently."

TVA to end Reinvestment Program

Following a recent program review, TVA has made the decision to discontinue its Reinvestment Program.

Several business factors supported the phase out of the program, says John Long, Executive Vice President of Human Resources. He said that specifically, the decision to end the program was based on the following:

- Company-wide staffing projections indicating there will be fewer permanent positions available in which to place employees through a "reinvestment" effort
- Projected operational costs required to continue this program in fiscal year 2004 and 2005, as well as TVA's ongoing see "Reinvestment Program" on page 7

what's new

IN EMPLOYEE NEWS

Inside this issue:

Understanding How TVA Works: Measuring TVA's Success

Take an in-depth look at TVA's fiscal year 2004 Balanced Scorecard in Part 6 of TVA's Business Education Series included as a four-page insert in this edition of *Inside TVA*.

In this installment, employees will learn about the FY '04 Winning Performance Objectives, why some of the objectives have changed from last year and how the scorecard reflects changes in TVA's business.

And most importantly, employees will see that the work of every person helps determine the results for each scorecard measure.

TVA meets highest demand of season

TVA's power system met the highest demand for power thus far this winter — 28,137 megawatts — on Jan. 7, as temperatures dipped into the low and mid teens across the Tennessee Valley. The demand was met at 7 a.m. Central time when the average temperature across the Valley was 16 degrees Fahrenheit.

This was the third-highest winter demand ever met by TVA.

"All of TVA's available generation and transmission assets are performing well," says Terry Boston, Executive Vice President of Transmission/Power Supply.

"Our plant and transmission employees, as well as all those who provide support, are to be commended for an outstanding job in ensuring power was available for our customers across the Valley."

InsideTVA

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TVA is an equal-opportunity and affirmative-action employer. TVA also ensures that the benefits of programs receiving TVA financial assistance are available to all eligible persons, regardless of race, color, sex, national origin, religion, disability or age.

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Inside TVA and Inside TVA Retirees Edition are available on the TVA external homepage — www.tva.com.



News



CLETUS MITCHELL

Dialogue with Director Baxter
 Dan Bruns, Information Services (left), and Joy Bull, Fossil Power Group, sit next to Director Bill Baxter at his fourth informal Town Hall meeting Dec. 18. In foreground, Byron Hulgán (left) and Roger Ross of Transmission/Power Supply were among the two dozen Chattanooga-area employees attending the meeting. Topics employees asked about included customer retention, Board-expansion legislation and TVA's debt. Baxter's meetings provide employees another opportunity to have open discussions with senior management about TVA business issues, current initiatives and the employees' line of sight to TVA's goals. This was the 14th Town Hall meeting hosted by a Board member in 2003.

Insidebriefs

TVA Nuclear

TVA has submitted an application to the Nuclear Regulatory Commission for a 20-year renewal of the operating licenses for three reactors at Browns Ferry Nuclear Plant. If the NRC approves the application, it will allow TVA to continue production of power from the North Alabama facility until 2033, 2034 and 2036 for units 1, 2 and 3, respectively. Operating all three units at Browns Ferry for an additional 20 years can reduce TVA's delivered cost of power relative to the market, which gives TVA more financial flexibility for the future. The NRC typically requires about two years to complete its review of license-renewal applications. The NRC is reviewing applications for 12 other reactors, not including the Browns Ferry application.

TVA Transmission/Power Supply

TVA's transmission system delivered 99.999 percent reliability for the fourth year in a row, and once again set new all-time TVA records for performance. Load-

not-served, a measurement of the magnitude and duration of transmission-system outages that affect TVA customers, was only 4.21 minutes for the year. TVA completed seven consecutive days without any load-not-served or Customer Connection Point Interruptions events. TVA has reduced the duration of customer interruptions by 55 percent in the past four years.

TVA Fossil

Bull Run Fossil Plant has been named the most energy-efficient coal-fired power plant in the nation for the second

consecutive year by *Electric Light & Power Magazine*. The plant has been ranked among the nation's top-10 most efficient plants by the magazine every year since 1995. In the November 2003 edition, covering performance in calendar-year 2002, Bull Run won top honors for heat rate — a measure of the efficiency with which a plant turns fuel energy into electric energy. Cumberland Fossil Plant placed 11th in net generation by coal-fired plants. Sequoyah Nuclear Plant was ranked ninth and Browns Ferry 10th in net generation by nuclear-power plants.

what's new online

PSOP's new Web site

The new Power System Optimization Project Web site includes information about the project, its progress and accomplishments, and the people involved in implementing it.

PSOP is a multi-year TVA-wide program to help TVA leverage operating data to manage overall performance. By capturing and managing accurate, timely and relevant data on generation, transmission and customer operations, TVA can reduce critical reliability risks, improve asset utilization and help prepare for changes in the industry. Read more about this project on the internal Web site.

Foster joins President Bush on Knoxville visit

Nat Foster, a Senior Engineer in TVA's Dam Safety organization, greets President Bush at the airport in Knoxville Jan. 8, and accompanied him to West View Elementary School.

Foster was selected by the USA Freedom Corps because of his 25 years of community service.

During Bush's speech at the school promoting his "No Child Left Behind" education initiative, he said about Foster, "You're a drill sergeant in the army of compassion. The fact that people are willing to take time out of their busy life and to tutor a child, to serve as a role model for a child and to teach a child how to read is a defining part of the American civic scene. I appreciate his willingness to serve as an example for others."

Foster's community work has included founding a Boy Scout troop at Lennon Seney United Methodist Church in Knoxville and helping create a mentoring/tutoring program for inner-city students.

"I and other TVA employees who belong to the 100 Black Men of Knoxville organization started the mentoring/tutoring program in 1996," says Foster.

The group is the local chapter of a national organization established about 40 years ago to provide role models for youth. Foster chairs the Knoxville chapter's mentoring committee.



THE KNOXVILLE NEWS SENTINEL

"You're a drill sergeant in the army of compassion."

— President George W. Bush to Nat Foster

TVA Strategic Plan *continued from page 1*

TVA and almost 7,000 hits from TVA employees.

“We appreciate everyone who took the time to look at the draft and share their thoughts with us,” says Theresa Flaim, Senior Vice President, Strategic Planning & Analysis, who led the development of the plan. “Overall, comments from stakeholders affirmed the strategic direction in the plan, including our goal of accelerated debt reduction.”

The plan is based on a yearlong effort to assess how competitive markets are likely to work and how TVA might fare under various market conditions. The work done for the plan is the most detailed and rigorous competitive risk analysis in TVA’s history.

A key finding from the analysis is that TVA must have greater financial flexibility in order to thrive in a more competitive market. The plan recommends a target debt reduction of \$3 billion to \$5 billion over the next 10 to 12 years.

The analysis done for the plan also changed TVA’s perspective on alternative financing, the use of mechanisms other than traditional debt to fund capital projects.

“We’ll continue to use alternative financing when it makes economic sense, but we recognize alternative

financing that creates another fixed obligation does not improve our financial flexibility,” says Flaim. “We will acknowledge that as we measure our progress in reducing debt and increasing flexibility.”

In commenting on the plan, stakeholders asked for more detail on several topics, such as how TVA plans to achieve the debt-reduction target and how clean-air commitments and customer relationships might be affected. Those and other implementation issues will be addressed through the business-plan-

ning process TVA conducts each year.

TVA’s strategic objectives and performance measures also will be reviewed and revised, in light of the Strategic Plan.

For fiscal year 2005, the need to increase TVA’s financial flexibility has led to the program reviews now under way TVA-wide. The reviews are examining all TVA programs to determine what functions should be kept or eliminated, and where staffing surpluses exist.

Flaim says TVA values the perspectives of its customers, employees and

other stakeholders and will continue to have an ongoing dialogue with them as it moves forward.

The TVA Strategic Plan is posted on TVA’s internal Web site and is available in hard copy by contacting DeWilda Harless by e-mail or at ET 6A-K, 400 West Summit Hill Dr., Knoxville, TN 37902.

For more information on the program reviews, see “*Company-wide program reviews continue*” on page 1. Additional information is on the internal Web site.

Highlights of the TVA Strategic Plan

The TVA Strategic Plan establishes an analytical framework within which TVA can set annual budgets, develop annual performance plans and make projections about the region’s power needs.

TVA remains committed to its fundamental mission of supplying affordable and reliable electric power, providing environmental stewardship and leading sustainable economic development in the Tennessee Valley.

While most of the data from the analysis is competitive information that must be kept confidential, the analysis is the quantitative foundation for the Strategic Plan.

TVA needs to concentrate on four specific areas:

- Developing new, more highly differentiated pricing structures,

services and contract terms that more closely tie the cost and the risk of the product to its terms and pricing.

- Addressing issues that affect TVA’s transmission business, including how TVA will interface with surrounding markets to ensure reliability and how TVA will charge for transmission services inside the Valley when distributors can choose other suppliers.

- Accelerating debt reduction so TVA has the financial flexibility to thrive in a more dynamic, competitive market. The plan recommends a target reduction of \$3 billion to \$5 billion over the next 10 to 12 years.

- Maintaining and operating the TVA power system so customers can count on a safe and reliable power supply.

Report ranks TVA third in emissions

TVA, the third-largest coal-fired system in the United States, also has been ranked third in total toxic releases to land, air and water for 2001 in the publication *Toxic Neighbors: A Report by Clear the Air*.

This information is based on utilities’ estimated releases, which are reported to the Environmental Protection Agency under its Toxics Release Inventory program.

Southern Company ranked first and American Electric Power second.

The focus of the report was on emissions of acid gases, and especially mercury and dioxin.

“The pollution rankings are relative to how much coal the utilities burn,” says Tom Burnett, Specialist in TVA’s Public Power Institute. “A better way for ranking utilities would be to examine their emissions per megawatt hour.”

TVA’s coal-fired plants produced 49 percent of TVA power — or 100,118,000 megawatt-hours of electricity — in 2001.

“Some coal-fired plants are already using control technologies to reduce their air emissions of mercury, non-mercury metals and acid gases by more than 90 percent,” Burnett says. “More plants



River and the environment

will be installing control technologies in the future under existing mandates for additional sulfur-dioxide and nitrogen-oxide reductions.

“These chemical releases are relatively meaningless since these chemicals are only ‘toxic’ when encountered at sufficient concentrations. We have performed health-risk assessments at the fossil plants, and have found no adverse effects from mercury and other emissions.”

The Public Power Institute, in cooperation with others, is currently analyzing the effectiveness of selective-catalytic-reduction systems on mercury releases.

SCR systems have been installed at fossil plants to control NOx, and they also can, in some cases, make mercury water-soluble, allowing it to be removed by scrubbers. At Paradise Fossil Plant, limited testing over the past three years has shown that mercury is being converted and removed at a rate of 90 percent, when the SCR is operating.

“So far, Paradise is the only plant TVA has taken samples from,” Burnett says. “But the results show that some of the numbers reported for the Toxics Release Inventory may be less now and in the future than what is currently shown in the emis-

“A better way for ranking utilities would be to examine their emissions per megawatt hour.”

— Tom Burnett,
Specialist in TVA’s Public Power Institute

Utilities required to report emissions

The Toxics Release Inventory report, which includes data for various industries, says electric utilities were the biggest air polluters in the U.S. in 2001.

Since 1998, electric utilities have been required to report their emissions of more than 600 chemicals, although only about 25 are actually present and being reported by utilities. Beginning in 2001, EPA required mercury and dioxin to be reported.

“Utilities are required to report estimated mercury emissions, but EPA does not require utilities to measure mercury air emissions because there is no accurate, reliable, continuous or cost-efficient method for doing so at the present time,” says TVA Public Power Institute’s Tom Burnett.

“Although electric utilities are reporting estimated dioxin releases, no one has been able to actually measure dioxin releases from coal-fired boilers. Instead, these estimated dioxin releases are a mathematical artifact of the reporting procedure required by EPA.”

sions report.”

A copy of the Toxic Neighbors article and the TRI report is available at <http://cta.policy.net/>.

— SUZANNE COTTRELL

WATER QUALITY:

Teamwork reflects clearer, cleaner, healthier streams

We drink it. We play in it. It attracts new industry to the Tennessee Valley, which in turn boosts power sales. It's essential for operating thermal power plants. We all depend on it for survival.

Yet clean, cool water is often taken for granted. That's one of many reasons water quality is an important driver of TVA's integrated operation of the Tennessee River system.

TVA's vital-signs data about water-quality conditions are invaluable in documenting that planned power-plant discharges will not adversely affect current conditions. This facilitates efforts to obtain state permits for the discharges. By leveraging partnerships with a wide variety of stakeholders, TVA can cost-effectively implement clean-water practices. TVA's water-quality improvement projects are well-respected by state agencies, the Environmental Protection Agency and Valley residents as a proactive way to clean up polluted waters and lift barriers to growth.

The following stories show how some local partnerships and technical assistance are providing solutions to long-term problems.



River
and the
environment

Ellejoy Creek

East Tennessee

Negative water-quality impacts to Ellejoy Creek were mainly the result of agriculture.

"In many locations, livestock had access to the creek," says Little Tennessee Watershed Team member Tom McDonough. "Sediment and nutrients were significant problems."

A partnership of 21 agencies and organizations has played a major role in implementing improvement projects in the Little River Watershed, including several along the creek.

The Watershed Team helped form the Little River Water Quality Forum in 1996 and provided support during the group's progress toward sustainability.

"The state of Tennessee designation of the watershed as a 'priority area' helped make available about \$200,000 of Environmental Protection Agency Non-Point Source Pollution Program funds," McDonough says. "The money was used for agricultural best-management practices along Ellejoy Creek and its tributaries."

Among other activities designed to increase public awareness, the forum produced a water-

shed video to promote the availability of technical assistance and cost-share programs.

"Recent stream monitoring reveals substantial improvement to the health and diversity of fish communities, which is a big indication that what we've been

doing is making a difference," he says. "And a proposed land-use database — a computer model that uses aerial photography and Geographic Information Service information to pinpoint pollution sources — will enable us to see with greater accuracy just where

impacts are occurring. This is the first step in being able to do something about them."

Erich Henry, Conservationist with the Blount County Soil Conservation District and a forum member, offers local farmers a look at some innovative practices through farm tours and a model-farm program.

"TVA's sponsorship of these programs has allowed us to showcase a variety of conservation practices now being adopted by farmers throughout the watershed," Henry says.

"The farmers' decisions to install measures such as critical-area treatments, heavy-use feeding pads, alternative water sources, riparian buffers and stream cattle crossings on their land were influenced by the support of the Little Tennessee Watershed Team."



A stream crossing on Ellejoy Creek is a conservation practice that provides stable and protected areas where livestock can drink and cross streams. Fences exclude animals from all areas except the crossing. Paths are constructed using geotextile fabric and gravel to protect them from erosion.

JOHN JONES

Feature

The Guest River

Southwest Virginia

Sedimentation from past mining activities and bacterial contamination from inadequate waste treatment were two long-standing problems affecting water quality in the Guest River, a tributary of the Clinch River.

The Clinch-Powell Watershed Team began working with local communities in 1995 to organize the Guest River Group — a partnership that has since grown to include some 20 organizations.

“The group has pulled in more than \$1.8 million for restoration work,” says Watershed Team member Shannon O’Quinn. “We’ve pumped out several hundred septic tanks and repaired 90 failing septic systems, including eliminating many direct waste discharges from homes into streams. We’ve reduced erosion along six miles of streambank by planting vegetation, sloping and stabilizing banks, and implementing bioengineering methods such as cedar-tree revetments.

“We’ve reclaimed 10 abandoned mine sites, revegetating about 30 acres of ridge tops in the process.”

These projects were part of an integrated remediation plan for the entire watershed that the group developed to guide and direct its efforts.



Joey O’Quinn (left) of the Virginia Department of Mines, Minerals & Energy, and Clinch-Powell Watershed Representative Shannon O’Quinn collect water samples to determine water-quality impacts in the Guest River from abandoned mine land. The samples identified a water-quality problem and provided the information needed to leverage \$120,000 in grant funding.

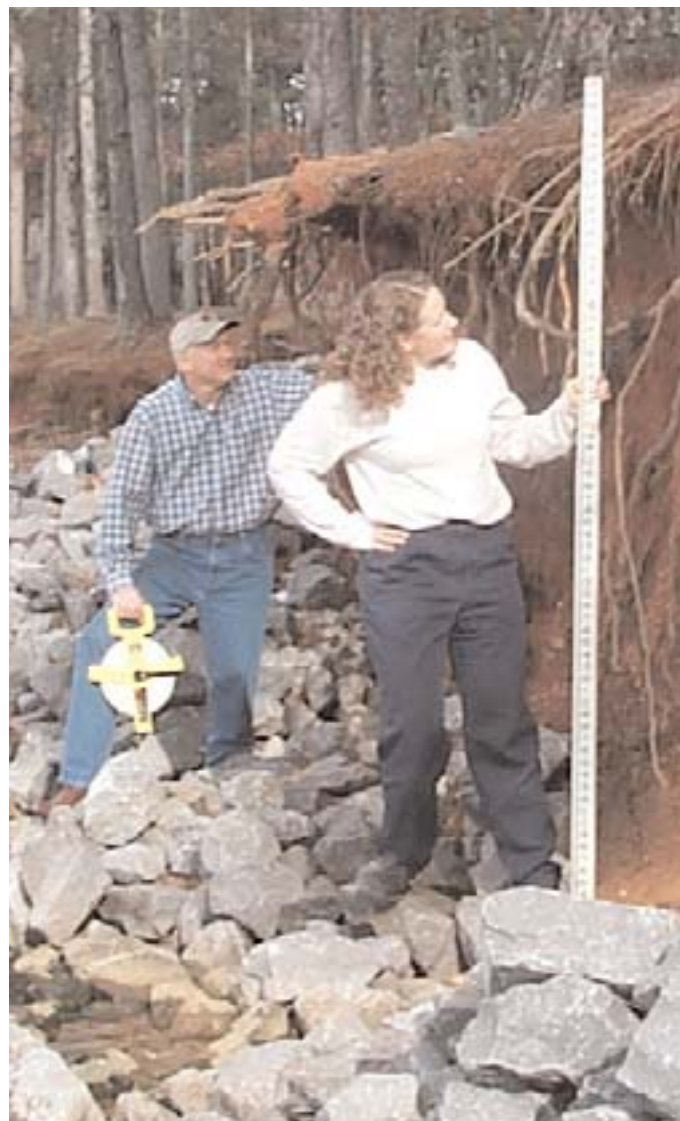
TOBY EDWARDS

“We’re working together on the solutions we’ve mutually determined will have the greatest chance of making the most difference in water quality,” he says.

Their efforts paid off this year when the commonwealth of Virginia revised its assessment of conditions on the Guest River from “non-support” to “partial support” of classified uses.

“A ‘non-support’ designation may mean that either the waters are off-limits for swimming, that they can’t be used as a source of drinking water, that you can’t eat fish caught in them, or that they are not considered adequate habitat for aquatic life.

“The upgrade to ‘partial support’ means the waters support these uses most of the time — although there still may be intermittent problems. This change in the state assessment is an encouraging sign of where things are headed.”



Town Creek

North Alabama

A high density of poultry operations, poor pastures, animal-feeding operations and a growing degree of urban development has caused Town Creek to suffer from nutrient and organic enrichment, as well as erosion.

“Town Creek is a tributary of Guntersville Reservoir, so what happens on the land has an immediate impact on reservoir health,” says Guntersville Watershed Team member David Brewster. “There are some special challenges when a sub-watershed drains directly into a reservoir.”

With the assistance of the Watershed Team, the Sand Mountain/Lake Guntersville Watershed Conser-

vancy District has been addressing agricultural impacts by helping farmers install containment systems for animal waste, revegetate riparian zones and fence cattle out of streams. A cost-share project to stabilize about 8,000 feet of reservoir shoreline was just one aspect of recent improvements to Lake Guntersville State Park.

Brewster says a new partnership called “The Tennessee Valley Poultry Litter Task Force” was formed to seek innovative solutions to the environmental problems that result from intensive poultry production in the watershed. The task force includes representatives from the poultry industry.

“We are grateful for the economic benefits the poultry industry brings to the local community,” he says. “Our goal is to keep those folks operating, but with an eye to making improvements that will result in enhanced water quality.”

Here are other locations recently showing improvements in their water-quality rating, along with the TVA Watershed Team implementing initiatives there:

- Camp Creek, the Cherokee-Douglas Watershed Team
- Reedy Creek, the Upper Holston Watershed Team
- Crooked Fork, the Melton Hill Watershed Team
- Big Creek/Upper Powell/Clinch Headwaters, the Clinch-Powell Watershed Team

DAVID BREWSTER

Randall Byars, Realty Specialist, and Keri Johnson, Guntersville Watershed Representative, take measurements of the eroded bank on Town Creek to determine the cubic yards of riprap necessary to stabilize the shoreline.

A little effort goes a long way

Watershed Water Quality has been one of the measures on the TVA Winning Performance Scorecard. For 2004, key water-quality measures have been integrated into the new Environmental Impact Index, which is designed to be a broader measure of TVA’s overall impact on the environment. Water-quality actions improve the quality of life and economic vitality of the region by ensuring safe water supply, promoting recreation, providing suitable conditions for economic growth and reducing the need for environmental regulation.

Employees can do their part to contribute to success in this area in the following ways:

- In the workplace, comply with all environmental requirements and practice pollution prevention.
- At home, conserve water by repairing leaks and selecting appliances that use less water.
- Maintain your septic tank and properly store, use and dispose of all household chemicals such as paints, lubricants, fuels, pesticides and fertilizers.
- In your community, support campaigns to recycle, dispose of hazardous wastes and clean up litter. Become informed about water-resource issues facing your community and support any local coalitions working to address water-quality problems.

ACROSS TVA

Across TVA highlights news, achievements and activities of TVA organizations. E-mail submissions to Suzanne Cottrell via Microsoft Outlook or send them to her at ET 6E-K. Digital photographs can be e-mailed to the Employee Communications Photos mailbox in Outlook.

River System Operations & Environment — Resource Stewardship is beginning the process of reviewing and rewriting the Watts Bar Land Management Plan. The new plan will involve the identification and evaluation of the most suitable use of public land under TVA stewardship, as well as an integration of detailed management prescriptions for natural, cultural, visual and recreational resources. The completed plan will provide a clear vision of how TVA will manage these public lands, balance conflicting land uses and guide land-use decisions along the reservoir for the next 10 years. Scoping for the land plan is expected to begin in March. It should be completed by summer 2005.

Sequoyah Nuclear Plant — Three Sequoyah Partners In Education members presented "Reality Check" to the Soddy-Daisy High School freshman class. Reality Check is a real-life simulation activity designed to give students the opportunity to experience life as if they were 25 years old and providing sole or primary support to their household. Students visited 13 stations to make decisions appropriate for their household, while staying within a monthly budget.

Transmission/Power Supply — For four consecutive months, Transmission/Power Supply's Electric System Operations group has experienced average errors of less than 2 percent for the day-ahead power-system load forecasts. The measurement — the mean average percentage error, or MAPE — is the absolute error between the forecast system load and the actual system load, with no adjustments made for weather. In September, the MAPE was 1.96 percent. October's MAPE was 1.50 percent, an all-time TVA record, November's rate was 1.87 percent and December's was 1.99 per-



LYNDON WHEELER

Bringing smiles to many faces

As part of a Team TVA initiative, Sequoyah Nuclear Plant workers including from left, front, Sharon Vess, Don Kenyon and Terri Cagle; second row, Daphne Stephens, Marjorie Jackson and Curtis Jordan; back Dale Wisener, Bill Jasper, Barbara Erickson and Lindsey Campbell collected more than 2,200 dental items, including children's toothbrushes and toothpaste, for the Chattanooga Ronald McDonald House children's dental-care program. Two groups challenged each other to bring in the most items for the Ronald McDonald CareMobile.

cent. Historically, the MAPE has been above 2.75 percent.

TVA Police — Middle Tennessee Sector TVA Police officers assisted the Tennessee Homeland Security Office with training and logistics. This office will eventually train officers around the state about vulnerability at state facilities.

Around the industry

This feature provides brief highlights of events in the electric-utility industry.

SeTrans suspends Southeast Regional Transmission Organization effort — The apparent SeTrans failure leaves the entire southeastern region without an active RTO effort. Nine utilities, including Southern Co. and Entergy, representing 49,500 miles of transmission lines and about 70,000 megawatts of generating capacity, had signed on to the SeTrans effort. (*Powerweek*)

FERC to create grid-reliability monitoring unit — The Federal Energy Regulatory Commission plans to establish a division to monitor reliability in the electricity industry. The new office is a direct response to the Aug. 14, 2003, blackout and is part of FERC's effort to focus on reliability matters. (*Electric Power Daily*)

Power supply adequate through 2007 — In its 2003-2012 Reliability Assessment, the North American Electric Reliability Council said North America likely will have sufficient generating capacity to meet demand through 2007. The report projected that total electricity demand in the U.S. and Canada will increase by 67,000 megawatts from 2003 through 2007, well below the 89,000 MW of new generating capacity expected to be added over the same period. (*Electric Power Daily*)

Duke boss shakes up org. chart — Duke Energy Chairman/Chief Executive Officer Paul Anderson has called for the formation of a new executive committee as "a first step in consolidating functions, clarifying accountabilities, reducing bureaucracy and ensuring executive focus on Duke Energy's key business priorities." (*Electric Power Daily*)

Caring from the heart reason for exceeding CFC goals

Employees, retirees and partners once again gave generously to the annual Combined Federal Campaign. The following is a wrap-up of the 2003 CFC:



Chattanooga Area

For the second consecutive year, TVA and other federal agencies in the Chattanooga area pledged more than \$1.5 million. As of Dec. 18, contributions totaled about \$1,513,950, with additional pledges expected from some organizations. This amount exceeds last year's total by more than \$3,000.

Senior Vice President of Outage Planning & Execution Ron Loving served as chairperson of this year's Greater Chattanooga Area CFC.

The campaign covers 20 counties in Tennessee, Alabama and Georgia. Other fund-raising activities included T-shirt sales, a golf tournament and a fair at Chickamauga Dam.

Muscle Shoals

As of Jan. 8, employees, partners, retirees and other federal agencies had contributed \$206,426 to the Muscle Shoals Area CFC, 99 percent of the campaign

goal of \$207,000. The total includes pledges from 55 Leadership Givers, those who contribute more than \$1,000 or more each.

Ron Williams, Vice President of Energy Research & Technology Applications and Acting Director of the Public Power Institute, and Gene Tackett, Assistant Business Agent of the International Brotherhood of Electrical Workers and President of the Shoals Area Central Labor Council, were campaign co-chairs.

The campaign covered Colbert, Franklin and Lauderdale counties in North Alabama and included 20 government agencies and more than 2,500 retirees.

Smoky Mountain Region

As of Dec. 12, the 2003 Smoky Mountain Region CFC had raised more than \$535,000, exceeding the campaign goal of \$450,000 by more 19 percent. This year's amount exceeded the 2002 campaign total. The 2003 campaign had more than 150 Leadership Circle participants, donating \$1,250 or 2 percent of their salary — whichever is less.

Executive Vice President of Administration LeAnne Stribley was the Smoky Mountain Region Campaign Chair. Serving as co-chairs were Carolyn

Bradley, Vice President of Internal Communications; Gloria Bright, Executive Management Assistant; Elizabeth Moore, Financial Analyst; and Rose Sexton, Manager of TVA Police Business Services.

Campaign organizers and supporters raised money through an online auction, a golf tournament, a hot-dog luncheon and chili/dessert cookoffs at Kingston Fossil Plant and in Knoxville and Norris. The campaign also included several Days of Caring and a food and clothing drive.

Nashville & Middle Tennessee

As of Dec. 30, more than 50 percent, or 938, Middle Tennessee TVA employees had raised \$192,724 for the CFC. This year's TVA campaign goal was \$160,600. The campaign goal for all 90 agencies in the Middle Tennessee area was \$1 million, which was achieved with a campaign total of \$1,026,049.

In addition to employee contributions, a fund-raising event was held in Gallatin. Employees also participated in TVA's online auction, as well as in various silent auctions. Debbie Murray, Senior Account Manager in Customer Service & Marketing, served as TVA's marketing chair for the Middle Tennessee campaign, which serves 35 counties.

— SUZANNE COTTRELL

Reinvestment program *continued from page 1*

ing and concerted efforts to reduce costs tied to lowering the delivered cost of power so as to remain competitive and financially flexible.

Based on this decision, there will be no additional employees placed on temporary appointment in the program.

"TVA plans to meet its commitment to the 31 employees currently in the program," Long says.

EAP, outplacement resources will help employees

TVA will provide resources and tools to help employees deal with the personal and

professional impacts of change. These services will include the Employee Assistance Program and the continued provision of outplacement services for job search activities for those employees who will be leaving TVA through involuntary RIFs.

Outplacement services will include information about job-search techniques, resume writing and interviewing skills. Support also will be offered through TVA's partnerships with external resources, such as state career-counseling resource centers and/or referrals to area businesses with job openings.

As program reviews are completed company-wide, TVA will continue to provide information as it becomes available.

FastFacts: TVA program reviews at a glance

Who: All TVA organizations

What: The program reviews are an examination of programs, functions and staffing levels across TVA. The reviews will result in organizations' ranking their activities in order of importance to TVA's basic mission. The evaluation will provide information for deciding whether to keep, eliminate or outsource programs and functions, and whether surplus staffing situations exist.

When: Program reviews are under way now and will be completed by the end of February 2004, with the exception of some very broad reviews that will extend beyond February.

No involuntary reductions in force will take place

until after February 2004, by which time the program reviews will be complete and results shared with employees. In areas that are identified for possible outsourcing, TVA will use the Contract Decision Model to determine whether outsourcing would be cost-effective. Where surplus staffing exists, TVA will ask for volunteers before conducting an involuntary reduction in force. A TVA-wide call for volunteers is not expected.

Where: Throughout TVA.

Why: TVA customers want choice in who supplies their electricity, and competition is on the horizon. When customers have choice, TVA will no longer be able to count on having the stable revenues it has tra-

ditionally enjoyed. TVA must achieve greater financial flexibility by accelerating debt reduction and reducing other costs.

How: The program reviews cover all functions and staffing levels, including supervisory ratios, and compare TVA activities to updated benchmark data on work methods and staffing. Many reviews are being done by cross-functional peer teams.

A newly formed TVA Program Review Oversight Team includes representatives from the major organizations and is charged with ensuring a consistent review process and facilitating multi-organizational reviews.

Work Management team developing innovative solutions

EMPAC, BSL and eCAP sound like mere letters in alphabet soup. But these acronyms are actual tools to improve work processes in the Chief Operating Officer organization.

When a boiler tube or other equipment needs to be replaced at a fossil plant, a substation needs to be upgraded, a hydro plant requires a new turbine or a nuclear plant needs a new steam generator, employees need a plan, a work order and the right tools.

The Enterprise Maintenance Planning And Control, or EMPAC, system established in 1999 helps the workers develop a schedule and track the project from start to finish.

EMPAC, the Business Support Library and the electronic Corrective Action Program are improving work processes in the Chief Operating Officer organization. And other organizations outside COO, such as Administration, are beginning to use some of these tools to improve their processes.

Under the guidance of sponsor Jack Bailey, Senior Vice President of Power Resources & Operations Planning, and leader Nathan Burris, the COO Work Management Peer Team is spearheading the development.

"EMPAC was the first tool to be rolled out in the work-management arena," says Burris, Bull Run Fossil Plant Manager. "The Business Support Library and eCAP are now in use in

several COO organizations."

With these tools in place, the Work Management Peer Team currently is developing processes that will standardize functions throughout the organization. And the scope is enormous.

The COO Work Management Process will apply to all areas involved in the operation, maintenance and modification of power generation and delivery, as well as to navigation and flood-control operations.

"We want to make sure the expectations, requirements, tools, reporting and other functions are implemented the same way across COO," Burris says.

"Each strategic-business unit will develop and implement standard work-management processes and procedures that are consistent with the COO Standard Program & Process. They will define how work is identified, reviewed, planned, scheduled and performed.

The tools and processes developed by the team directly affect TVA's Balanced Scorecard measures of Asset Availability, Operations & Maintenance Costs and Productivity, and they indirectly affect Financial Strength, Customer Satisfaction, Envi-



Work Management Peer Team members Nathan Burris, Don Abernathy of Transmission/Power Supply and Mark Wilson of River System Operations & Environment in the Bull Run Fossil Plant switchyard

ronmental Impact and Safe Work-place.

"Two of the peer team goals this fiscal year are to leverage TVA resources and replicate best practices," Burris says. "EMPAC, BSL and eCAP will help us do this."

Team members also will focus on getting the work-management proc-

ess in place and evaluating an upgraded version of Primavera, which is the current scheduling tool used especially for planned and unplanned facility outages.

"Performance improvement and cost reductions will result from this standardization," Burris says.

— NANCY CANN

What makes a hero

Ed Wood gently corrects the notion that, as a boy, he personally knew Dr. Martin Luther King Jr.

"Twice I was with him and my dad," says Wood, Manager of Telecommunications Performance & Asset Management in Chattanooga. "Both times were at church services, and I remember Dr. King was one long-winded preacher!"

Wood's dad knew Dr. King personally, however. Both were champions for civil rights. Edward Wood Sr., a young family man and church deacon at the time, was the local leader for the civil-rights movement in Anniston, Ala.

In the early 1960s, Anniston became notorious as home to a Ku Klux Klan community that dispatched grief in rapid succession, including the 1961 firebombing of a Freedom Riders bus, an event that drew national attention.

Wood Sr. often hosted King's visits to the Anniston area, where King brought counsel, support and visibility.

To young Wood, though, his dad was the hero.

As a deacon at 17th Street Baptist Church, the senior Wood led Anniston's efforts to combat Jim Crow segregation laws and customs, and to adapt the equality called for in the civil-rights movement.

King holiday promotes service

The life and service of Dr. Martin Luther King Jr. is celebrated as a national holiday on the third Monday each January. Americans are encouraged to make the holiday "a day ON," not "a day OFF" by providing service to their communities.

A pivotal figure in the civil-rights movement, King believed that "Everybody can be great, because everyone can serve." He also is credited as saying "Life's persistent and most urgent question is 'What are you doing for others?'"

King received several hundred awards for his leadership in the civil-rights movement. He was the youngest man, the second American, and the third African-American male awarded the Nobel Peace Prize.

"Dad was subject to great risks," Wood says. "Dynamite exploding in front of our home. Dad with other deacons protecting the church and parsonage with high-powered rifles pointed out of the basement windows after threats to bomb the church. This occurred around the time the four little girls were killed in Sunday School in Birmingham on Sept. 15, 1963.

"And there was the ambush and beating of my pastor, along with another local minister, as they tried to integrate the library. The night of the incident, President Kennedy made several unsolicited phone calls to Anniston residents expressing his concern."

Wood says he remembers early and tough lessons. "At age 8, I could load a rifle, unload it and possibly clear a jam in pitch darkness."

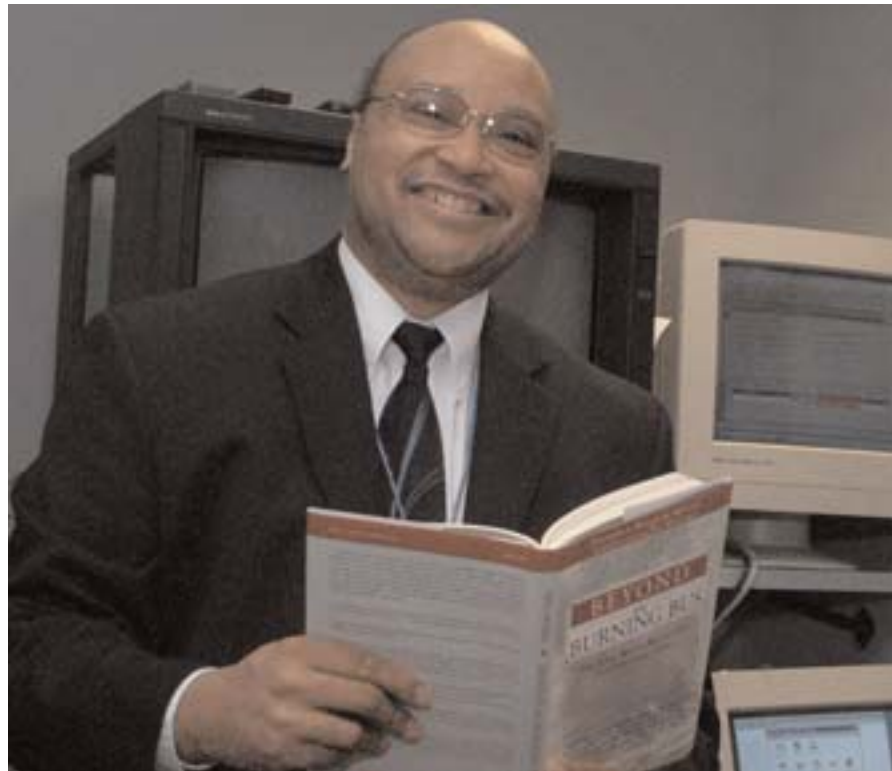
There were other tough lessons, too. "Although everyone embraces King's philosophies today, not everyone was behind him during the early days. In elementary school, I remember at least three occasions where teachers said to me, 'I hope somebody kills your Dad.' I never told my father about those incidents."

Wood Sr., encouraged by the city's biracial Human Relations Council, endured in his quest and in the example he set for young Ed and his sisters.

"When my dad stepped forward and said, 'I want to change things in Anniston,' he took a great risk for himself, for his family and for the community. He never gave up, and in the end, Anniston became a model community for racial harmony.

"A willingness to take risks — my dad says that's the difference between what makes a champion and what makes mediocrity. Although his story is no different from the many other unsung heroes in the South during that turbulent period in history, to me, it made him my hero."

— CAROLYN BRADLEY



Ed Wood Jr. holds "Beyond the Burning Bus," the book that chronicles the Alabama town of Anniston's fight for civil rights and includes his father's contributions. Wood Sr., now 76, is still a community activist in Anniston.

CLETUS MITCHELL

Volunteers needed for TVA Habitat House

Team TVA employees and retirees, along with University of Tennessee football players and other community volunteers, will again help build a Habitat for Humanity house in Knoxville to honor the life and legacy of Dr. Martin Luther King Jr.

This project will be in lieu of a commemorative program for the second consecutive year.

Employees and retirees are invited to the groundbreaking ceremony for the house Saturday, Jan. 17. The ceremony will begin at 11:30 a.m. at the Miracle Baptist Church, 4400 Martin Mill Pike, in South Knoxville.

Blitz Day to begin construction on the house at 4621 Okey St. will be Saturday, Feb. 21. Employees and retirees also are needed on the following Saturdays: Feb. 28, March 6, March 13, April 3, April 17, April 24 and May 1. TVA Trades & Labor employees and partners also will provide their skills in the construction.

To volunteer, go to the Team TVA Web page on TVA's internal Web site and complete the form under Habitat House. Nancy Harbin, Senior Management Assistant, Employee Relations & Diversity, will confirm volunteer schedules and provide directions. Questions can be e-mailed to her in Microsoft Outlook at nbharbin@tva.gov.

PEOPLE, PLAUDITS & PROMOTIONS

The NTL Institute for Applied Behavioral Science has awarded the Advanced Technology for Senior Organization Development Practitioners Certificate to **Suzan Bowman**, a Human Resources Project Manager.

The program prepares the organization-development professional to be an effective strategic-business partner to organizations and a leader in OD field. It focuses on theory integration, change management, systems facilitation and group-leadership development.



Suzan Bowman

Rick Kassinger, Fuel Handling Supervisor at Paradise Preparation Plant, has received the

Patriot Award for employer support of the National Guard and Army Reserves.

Kassinger's employees say he has always tried to work out the schedules of his employees serving in the Army Reserves. Command Sgt. Maj. David Belcher of the 100th Division of the U.S. Army presented Kassinger with a certificate and lapel pin. Belcher is Outage/Projects Supervisor at Shawnee Fossil Plant.

The Manufactured Housing Research Alliance board has elected **Terry McIntosh**, energy right Product Manager, treasurer of its executive com-



Rick Kassinger

mittee for a second two-year term. The MHRA is the research affiliate of the Manufactured Housing Institute and funds technical research to improve the energy efficiency of manufactured homes. The group works with the Department of Energy, Environmental Protection Agency and Housing & Urban Development on national programs.

Susan Roberts, a Business Support Representative-Multi in the Customer Service Center in Johnson City, recently



Terry McIntosh



Susan Roberts

received the Certified Professional Secretary designation after passing a CPS exam. The designation is sponsored by the International Association of Administrative Professionals.

Phil Scharre, Manager of Community Development, has been elected Vice President of Alabama Communities of Excellence Inc. The nonprofit corporation coordinates the Alabama Communities of Excellence program statewide. His term on the board will be completed in 2006. Gunter'sville is one of eight communities participating in the Alabama Communities of Excellence program.



Phil Scharre