



Tennessee Valley Authority

Strategic Plan

Fiscal Years 2014-2018



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TVA's Mission

TVA was built for the people, created by Congress in 1933 and charged with a unique mission – to improve the quality of life in a seven-state region through the integrated management of the region's resources. As it helped lift the Tennessee Valley out of the Great Depression, TVA built dams for flood control, provided low-cost power and commercial shipping, restored depleted lands, and raised the standard of living across the region. As times have changed, TVA has changed with them, meeting new challenges and bringing new opportunities. Today, TVA continues to serve the people of the Tennessee Valley through its work in three areas: Energy, the Environment, and Economic Development.



Energy

Provide affordable electric power throughout the Tennessee Valley Region

TVA supplies reliable, affordable electricity to the Tennessee Valley region. It strives to meet the changing needs of local power companies and directly served industrial customers for electricity and related products and services in a dynamic marketplace.

Environment

Act as steward of the Tennessee Valley's natural resources

TVA manages the natural resources of the Tennessee Valley for the benefit of the region and the nation. It manages the Tennessee River system and associated public lands to reduce flood damage, maintain navigation, support power production and recreational uses, improve water and air quality, and protect shoreline resources.

Economic Development

Serve as a catalyst for sustainable economic development

TVA works with local power companies; state, regional, and local economic development organizations; and other federal agencies to build partnerships that help bring jobs to the Tennessee Valley and make the economy stronger to benefit the people of the region.



Overview of TVA

General

The Tennessee Valley Authority, wholly-owned by the U.S. Government, operates the nation's largest public power system, with power operations self-funded since 1959 and all stewardship activities self-funded since 1999. TVA provides service to 9 million people throughout most of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina and Virginia. The service area encompasses 80,000 square miles and over 16,000 miles of transmission lines.

Customers

TVA is primarily a wholesaler of power. TVA provides power to 155 local power companies, consisting of municipalities and cooperatives that resell the power to their customers at retail rates. TVA also sells power to about 57 directly served customers, primarily federal agencies and customers with large or unusual loads, and exchange power customers (electric systems that border TVA's service area).

Power Supply

TVA's power generating facilities as of September 30, 2013 included 29 conventional hydroelectric plants, one pumped storage hydroelectric plant, 10 coal-fired plants, three nuclear plants, 9 combustion turbine sites, 5 combined cycle sites, two diesel generator sites, 16 solar energy sites, one wind energy site, one digester gas site, and one biomass cofiring site. In addition, TVA acquires power under power purchase agreements of varying duration and also transacts in the short-term power markets to meet needs.

Employees

As of September 30, 2013, TVA employed 12,612 people across the enterprise. TVA's commitment to diversity is founded on a core value of respect for the individual and the talent she or he brings to the workplace. A key to TVA's success is its diversity of people, talent and ideas.





TVA's Values

TVA is committed to its core values, which form the basis for how people interact and collaborate with each other. These values are fundamental to the organization's culture and vital to performance improvement. TVA's ultimate competitive advantage lies with its employees, and its success depends on their capabilities and engagement. Recommitment to these values will strengthen organizational health, improve performance and help realize the mission. Improving the way in which people and organizations across TVA work together will enhance performance and provide the foundation for continued success

- **Safety**
- **Integrity and Respect**
- **Honest Communication**
- **Accountability**
- **Teamwork**
- **Continuous Improvement**
- **Flexibility**





Stakeholder Engagement

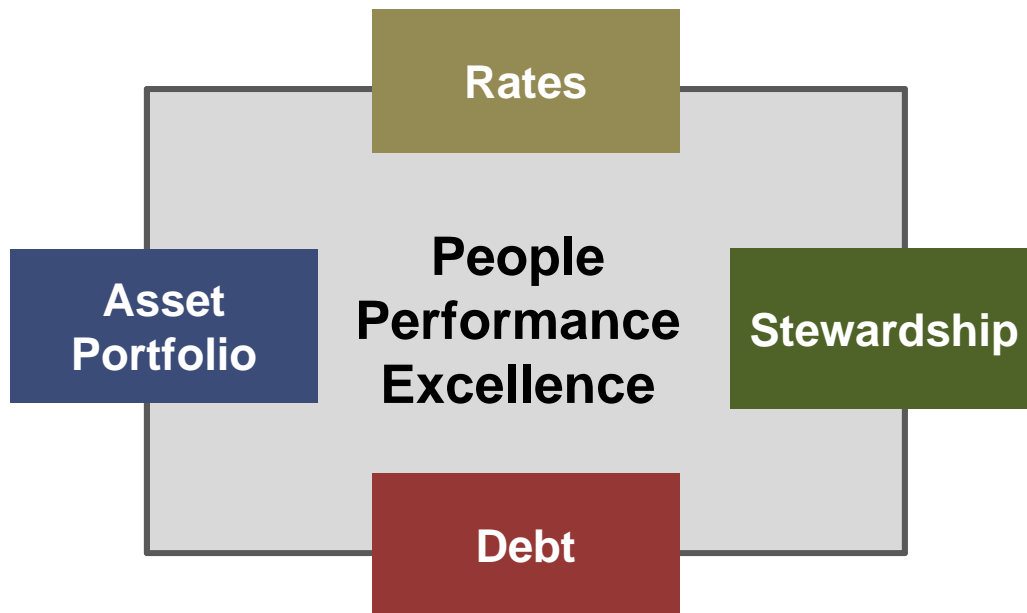
TVA is committed to serving its stakeholders, most notably the people of the Tennessee Valley region and our local power company and directly served customers. TVA employs the Integrated Resource Plan (IRP) process to identify the portfolio most likely to help TVA lead the region and the nation toward a cleaner and more secure energy future, relying more on nuclear power and energy efficiency and relying less on coal. An IRP Working Group is formed to facilitate input from a broad spectrum of stakeholders, such as customers, businesses, activists, elected officials and economic development experts. Also, TVA conducts annual surveys to obtain feedback from stakeholders and customers, which help TVA develop initiatives to improve future performance. TVA receives valuable input regarding its strategic direction on a regular basis from the Office of Management and Budget, the Congressional Budget Office, and the Government Accountability Office, and also receives oversight from the U.S. House of Representatives Transportation and Infrastructure Committee and the U.S. Senate Environment and Public Works Committee. Through public meetings and external facing communications, TVA provides the opportunity for the public at large to receive information and provide feedback.

- **Integrated Resource Plan Working Group**
- **Quarterly Public IRP Briefings**
- **Natural Resource Plan**
- **Regional Energy Resource Council**
- **Stakeholder Survey**
- **Voice of the Customer Survey**
- **Office of Management and Budget**
- **Congressional Budget Office**
- **Government Accountability Office**
- **U.S. House of Representatives Transportation and Infrastructure Committee**
- **U.S. Senate Environment and Public Works Committee**
- **Quarterly Board Meetings and Listening Sessions**
- **External Web Page**



Strategic Imperatives

In order to continue TVA's mission of service to the region, we must realize four strategic imperatives: maintain low rates, live within our means, manage our assets to meet reliability expectations and provide a balanced portfolio, and be responsible stewards of the region's natural resources. Through people performance excellence, we will bring these imperatives to life and make TVA safer, better, faster, leaner.



Rates

We must maintain low rates

Debt

We must live within our means

**Asset
Portfolio**

**We must meet reliability expectations
and provide a balanced portfolio**

Stewardship

We must be responsible stewards

Imperatives

Priorities

Key Measures

Rates

- Align spending and revenues for **long-term financial health**

- **Operating Cash Flow**
- **Net Income**
- **Total Spend/Non-Fuel O&M**
- **Total Financing Obligations**

Debt

People Performance Excellence

- Execute projects safely and effectively
- Align employees with the new organization and new expectations
- Focus on values and behaviors

- **Safety**
- **Diversity & Inclusion**
- **Leadership**

Asset Portfolio

- Improve operational performance
- Position Watts Bar for successful commercial operations in 2015

- **Nuclear OAF**
- **Coal Seasonal Equipment Forced Outage Rate ("EFOR")**
- **Gas Seasonal EFOR**
- **Load Not Served**
- **Connection Point Interruption Frequency**
- **Institute for Nuclear Power Operations Index**
- **Nuclear Equipment Reliability Index**
- **WBN2 Milestones**
- **Project Milestones**

Stewardship

- Stimulate economic development and investment in the Valley
- Expand customer loyalty and relationships
- Manage the Tennessee River system
- Protect and improve the natural resources and the use and enjoyment of public lands

- **Jobs Created/Retained**
- **Reportable Environmental Events**
- **CO2 Emissions Rate**
- **Energy Efficiency and Demand Response**
- **Reputation (Stakeholder, Customer, Media)**



Supplemental Information

OMB Circular A-11 Section 210
Performance.gov and Public Reporting



Office of Management and Budget (“OMB”) directive, Circular A-11 Section 210 requests the Strategic Plan to include additional information. The following sections highlight these additional requisites.



Supplemental Information

Additional Measures

TVA reports on the following financial and operational measures regularly in TVA's Performance Budget and TVA's Budget Proposal and Management Agenda supplied to the OMB:

- Retail rates
- Delivered cost of power
- Debt service coverage
- Load not served
- Equivalent availability factor
- Recordable injury rate
- Reduction of CO₂ emissions
- Reduction of SO₂ emissions
- Reduction of NO_x emissions
- Energy savings
- Peak demand reduction
- Nuclear capacity additions
- Interest Coverage Ratio
- Connection Point Interruptions

Each of these performance goals is described in more detail in TVA's Budget Proposal and Management Agenda for the Fiscal Year Ending September 30, 2015 (the "Budget Proposal").

Risk Factors

While TVA intends to make every effort to achieve its strategic objectives, certain factors, some of which are beyond TVA's control, could significantly affect the achievement of these objectives. For a discussion of the most significant of these factors, please see Forward-Looking Information and Item 1A, Risk Factors, in TVA's Annual Report on Form 10-K for the fiscal year ended September 30, 2013 (the "Annual Report").

Major Management Priorities and Challenges

For a discussion of TVA's major management priorities and challenges as well as additional information regarding TVA's strategic goals and objectives, please see (1) the Business Plan and Management Initiatives sections of the Budget Proposal, (2) Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Annual Report, and (3) Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations in TVA's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013 (the "Quarterly Report").



Supplemental Information

Cross-Agency Collaboration

For a discussion of how TVA is working with other agencies to achieve its strategic objectives and performance goals, please see (1) the Management Initiatives and Oversight and Governance sections of the Budget Proposal and (2) Item 1, Business and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Annual Report.

Evaluation and Research

TVA is in the process of refreshing its Integrated Resource Plan ("IRP") and expects to complete the refreshed IRP by the spring of 2015. The refreshed IRP will help TVA identify the portfolio most likely to help TVA lead the region and the nation toward a cleaner and more secure energy future, relying more on nuclear power and energy efficiency and relying less on coal, and will thus help TVA accomplish its mission, strategic goals, strategic objectives, and performance goals.

Hyperlinks

Hyperlinks to the documents mentioned in this Strategic Plan are set forth below:

Document	Hyperlink
Integrated Resource Plan	http://www.tva.gov/environment/reports/irp/archive/index.htm
Natural Resource Plan	http://www.tva.gov/environment/reports/nrp/
Budget Proposal	http://www.tva.gov/abouttva/corporatereport.htm
Annual Report	http://www.snl.com/IRWebLinkX/doc.aspx?IID=4063363&DID=25969488
Quarterly Report	http://www.snl.com/IRWebLinkX/doc.aspx?IID=4063363&DID=26752562