

2 N D Q U A R T E R

2004 Operational Report to Congress

J A N U A R Y - M A R C H 2 0 0 4

Highlights

- In January, the TVA Board approved the TVA Strategic Plan, and TVA has begun implementing recommendations in the plan. The Strategic Plan provides direction for the organization by identifying a number of actions TVA needs to take to begin to prepare for a more competitive market. Among other activities, TVA is reviewing all programs to identify cost-reduction opportunities that would generate more free cash flow to reduce debt. TVA also is working with distributors to develop pricing and contracting approaches that would be more consistent with competitive markets.
- TVA and power distributor Meriwether Lewis Electric Cooperative (MLEC) signed an agreement reinstating MLEC's rolling term contract with a five-year termination period as of March 31, 2004. MLEC was the first of a group of six distributors of TVA power to give notice of contract termination after October 2002 and is now the first to reinstate an ongoing power contract supply arrangement. TVA continues to work with the five other distributors that have given contract notice.
- TVA approved a total of \$4.75 million in economic development loans for business growth in the Tennessee Valley. These loans are expected to leverage an additional \$21 million in capital investment and help create or retain 1,106 jobs. Loans to Valley woman- and minority-owned businesses totaled \$1.04 million.

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recommendations in the plan.**

Milestones

POWER SYSTEM

- The Nuclear Regulatory Commission (NRC) accepted TVA's License Renewal Application for Browns Ferry Units 1, 2, and 3. The NRC review and approval process is expected to take two to three years. Operating all three Browns Ferry units for an additional 20 years can help meet power demands and reduce TVA's delivered cost of power relative to the market.



**Work continues to bring
10 additional selective catalytic
reduction systems online.**

- Watts Bar Nuclear Plant voluntarily participated in an NRC pilot Force-on-Force Security Exercise in which a mock adversary force made a number of commando-style attacks. No regulatory issues or site-specific vulnerabilities were identified.
- Work continues to bring 10 additional selective catalytic reduction (SCR) systems online to reduce nitrogen oxide (NO_x) emissions during the 2004 summer ozone season. These additions will bring the total number of operating SCR systems in the TVA power system to 18. By 2005, TVA emissions of NO_x during the summer ozone season are expected to be reduced by about 75 percent, compared with 1995 levels.
- Work is progressing on the scrubber at Paradise Fossil Plant. The scrubber is expected to further reduce emissions of sulfur dioxide and is scheduled to be operational in 2006. TVA also plans to install scrubbers on units at Bull Run, Colbert, and Kingston fossil plants.
- Fossil generating units at the Gallatin, Shawnee, and Widows Creek plants broke continuous-run records during the quarter.
- TVA sought public comment on three transmission-system projects.
 - TVA held three meetings to obtain public input on the scope of an environmental review for a proposed 90-mile, 500-kV power line from Muhlenberg County, Kentucky, to Wilson County, Tennessee.
 - TVA held an open house in Collegedale, Tennessee, on proposed power-system improvements in Bradley and Hamilton counties. The project includes the construction of a 500-kV substation near the border of the two counties.
 - Public comments were sought on a proposed power-line routing project in southwest Tennessee to supply a substation being built by Southwest Tennessee Electric Membership Corporation in Gallaway.
- A team of TVA employees received a University of Tennessee-Battelle Operations Support Award for “exemplary leadership.” The award recognizes the successful interagency partnership among TVA, the U.S. Department of Energy, and UT-Battelle/Oak Ridge National Laboratory for TVA to supply 50 megawatts of power to the Spallation Neutron Source research facility.
- Through the first six months of fiscal year 2004, the rate of customer interruptions continued to be better than TVA’s target performance. In addition, the most recent International Transmission Operations & Maintenance Study ranked TVA in the top 25 percent for maintenance of overhead lines and the associated reliability.
- Five power delivery point projects were completed and placed in service; about 31 miles of new transmission line was constructed.

CUSTOMER SERVICE & MARKETING

- TVA's *energy right*® Manufactured Homes Program is helping the Tennessee Valley lead the nation in heat-pump market penetration and higher efficiencies in the market for new manufactured housing. Nationally, heat pumps in new manufactured homes represent 12-15 percent of the market. For the Tennessee Valley, they represent 60-70 percent of the market.
- TVA made a loan of \$500,000 to Etowah Utilities through the distributor loan program. This program helps provide TVA's distributor customers with access to low-cost financing for use in carrying out power system requirements and for certain other types of financings, as needed.

RIVER SYSTEM OPERATIONS & ENVIRONMENT

**TVA issued the Final
Environmental Impact
Statement for the Reservoir
Operations Study.**

- TVA issued the Final Environmental Impact Statement for the Reservoir Operations Study in February and began a 45-day public comment period.
- TVA staff met with representatives of the U.S. Fish and Wildlife Service about TVA's river system operations, and additional follow-up meetings have been set.
- The Tennessee Valley averaged 11.6 inches of rainfall (77 percent of normal) and 9.3 inches of runoff (90 percent of normal) during the quarter. March was particularly dry, and the quarter ended with four tributary projects below their minimum operating levels. Despite these conditions, hydro generation for the quarter was 99.6 percent of normal, largely thanks to water stored from runoff in the previous quarter.
- TVA atmospheric scientists met with representatives of VISTAS (Visibility Improvement State and Tribal Association of the Southeast) on air-quality data being collected in the southeastern United States. The data will be used to develop ways to meet the Environmental Protection Agency's haze regulations.
- TVA issued a report on mercury in samples collected at Paradise Fossil Plant Unit 1, where a selective catalytic reduction (SCR) system is in service. The mercury emission rate with the SCR was about half of the proposed EPA limit for bituminous coal.
- Seasonal campgrounds on Valley reservoirs began opening for the season. TVA operates about 100 public recreation areas throughout the Valley, including day-use areas, boat ramps, and 11 campgrounds.
- TVA's Web site now includes a section on managing the Valley's water supply. It focuses on water supply as a benefit provided by TVA's integrated operation of the Tennessee River system. The site is at www.tva.com/river/watersupply.

- A new robotic crawling device is making the inspection of TVA fuel-oil storage tanks quicker and safer. TVA, assisted by Tennessee Tech University, developed the remotely operated device for use in external, nondestructive examinations of fuel-oil storage tanks. The device eliminates the safety hazards associated with manual inspections and shortens the inspection process.
- TVA hosted the first EPRI Transmission Grid Reliability Performance Metrics Workshop, attended by representatives of 15 utilities.
- TVA Program Manager Robert Harris received national recognition from the New Uses Council for leadership in the support, development, and use of biomass for bioenergy and other renewable energy sources.
- Don Lokey was named TVA Engineer of the Year in recognition of his work with TVA power plants and air-quality requirements. He was one of 10 finalists for Federal Engineer of the Year.
- Several TVA employees were recognized by EPRI for work on energy and environmental research efforts.
- TVA has completed a white paper on the use of biodiesel for electric power generation and transportation.

ECONOMIC DEVELOPMENT

TVA's economic development efforts continued to support job growth in the region.

- TVA's economic development efforts continued to support job growth in the region. A number of industries announced they will locate new facilities in the region or expand existing operations:
 - Aisin Automotive Casting Tennessee Inc., a manufacturer of engine components, announced the selection of Anderson County, Tennessee, as the location of a \$67-million die-casting facility. The operation will employ 400 people to produce engine components for Toyota. TVA provided financial assistance for the project.
 - TVA approved a loan to assist in the expansion of Steelcase in Athens, Alabama. The project added 230 new jobs and allowed the company to recall 70 employees. The Steelcase plant had reduced its workforce from 700 to 170 since 2001 and was in danger of closing. The City of Athens, the State of Alabama, and TVA assisted with incentives to make it profitable for the company to remain in Athens and consolidate its Atlanta and Grand Rapids operations at the Alabama facility. Steelcase manufactures Tech Wall, used for office cubicles.
 - The Home Shopping Network announced that Sullivan County, Tennessee, will be the site of a new fulfillment center employing 300 workers initially and up to 450 within three years. The project will have a total capital investment of about \$30 million. TVA provided financial assistance for the project, which is served by Bristol Tennessee Electric System.

FedEx Ground announced plans to build a 330,000-square-foot facility in Olive Branch, Mississippi.

- Infiniti Media of Torrance, California, announced it will expand operations to Paducah, Kentucky. Infiniti Media sells plastic packaging cases for compact discs, DVDs, and other optical media to companies such as RCA and Sony. Its manufacturing and distribution center will employ more than 100 people with an average wage of more than \$15 an hour. TVA provided Infiniti with technical and site location services, as well as financial assistance.
- CLARCOR Inc. announced it will relocate its corporate headquarters from Rockford, Illinois, to the Nashville area. CLARCOR is a national leader in the production and design of filters and filtration systems, including the Purolator and Air Guard brands. The relocation will bring 75 high-wage jobs initially, with 50 jobs in the corporate office and 25 in a technical training center. TVA worked closely with the Nashville Area Chamber of Commerce, State of Tennessee, and Metropolitan Nashville to attract the company to the region.
- Greenball Corporation, a manufacturer and wholesaler of ATV tires and related accessories, purchased a 250,000-square-foot building in Martin, Tennessee, and plans to hire 60 people. TVA provided technical assistance.
- FedEx Ground announced plans to build a 330,000-square-foot facility in Olive Branch, Mississippi. The DeSoto County operation will employ 60 full-time and 325 part-time employees, as well as 70 independent contractors. TVA provided technical assistance for the project.
- Paine Enterprises announced plans to locate a facility next to the Commonwealth Agri-Energy Ethanol Plant in Hopkinsville, Kentucky. The side-by-side location of the two operations enhances their ability to offer value-added products from farm commodities. During the conversion of corn into ethanol, carbon dioxide is released as a by-product, and it will be sold to Paine Enterprises for the manufacture of solid carbon dioxide (dry ice). Paine Enterprises will employ 30 people when the plant is operational this summer. TVA provided financial and technical assistance for the Commonwealth plant.
- Seaman Corporation announced it will expand its operation in Bristol, Tennessee, adding 25 jobs, investing \$5.5 million in capital, and almost doubling the plant's current production capabilities. The company makes specialized coated industrial fabrics used in roofing and liner systems. In 2002, TVA provided a loan to help the company purchase pollution control equipment. At the time, the company's volatile-organic-compound emissions were approaching permit limits and preventing the company from expanding.
- Talley Defense Systems, an American defense contractor, announced it will shift portions of its manufacturing to Lowndes County, Mississippi. Talley makes shoulder-fired weapons, including the light anti-armor weapons being used by the U.S. military in Iraq and Afghanistan. The company plans to employ 50 workers in a new 30,000-square-foot facility. This project reinforces the emphasis on aerospace and high-tech companies in the region. TVA provided technical assistance and helped local developers during recruitment.

**International Wireless Inc.,
a diversified, publicly
traded company, opened
its collection division in
Ripley, Tennessee.**

- Baymont Inc. of Golden, Mississippi, announced it will expand its Tishomingo County operations, creating 30 jobs in Golden and about 80 jobs in Belmont. The company manufactures fiberglass bath and shower units.
- Carolina Carports, which manufactures metal carports and garages, announced it will occupy part of the same property in Belmont, Mississippi, as Baymont and create 55 jobs. State and local leaders expressed appreciation to the Mississippi Development Authority, North Mississippi Industrial Development Association, and TVA for assistance on the Baymont and Carolina Carports projects.
- International Wireless Inc., a diversified, publicly traded company, opened its collection division in Ripley, Tennessee. The company specializes in collection services for various industries, including health care, financial services, telecommunications and utilities, returned checks, and commercial. The company expects to create several hundred job opportunities in the Ripley community over the next few years. TVA provided technical assistance.
- Sharp Manufacturing announced plans to expand its business in Memphis, Tennessee. Sharp recently secured a contract with Electrolux to return manufacturing jobs to the United States from China. Sharp expects to hire 80 employees to make high-end microwaves for Electrolux. Sharp recently added 75 warehouse jobs and 145 solar-panel production positions to its Memphis operation. TVA provided technical assistance for the expansion.
- Through a joint effort by TVA and the Mt. Pleasant Power System, Cowley Container is assessing its growth plans in Mt. Pleasant, Tennessee. Cowley Container refurbishes metal and plastic drums for industrial manufacturers and distributors. The company employs 22 people and plans to add about 10 jobs. The capital investment is expected to be between \$800,000 and \$1.2 million.
- TVA has approved a loan for AMSEA Inc. to assist in the purchase of new equipment. AMSEA is relocating from Dayton, Ohio, to Greeneville, Tennessee. AMSEA is a metal-stamping company that does business with General Motors Heavy Truck Division, Delphi Corporation, and other automotive suppliers. The \$13.7-million project will employ 150 workers and be served by Greeneville Light & Power System.
- TVA approved a loan for Advanced Rotomolding LLC in Sevier County. The company, a manufacturer of molded plastic products such as watercraft seating and furniture products, will create 30 jobs and invest a total of \$1.8 million. TVA's funding is being provided through a participation agreement with Sevier County Bank.
- TVA approved a loan to support Hickman Pipe's expansion in Hickman, Kentucky. The \$340,000 project will involve a 24,000-square-foot expansion and add 20 jobs. The company sells primarily to automatic fire sprinkler contractors and fabricators.

**TVA approved a loan to help
Camel Manufacturing expand
in Campbell and Fentress
counties, Tennessee.**

- TVA closed a loan to help East Tennessee Trailers expand in Scott County, Tennessee. The project will create 50 jobs and have \$1.5 million in capital investment. The company manufactures trailers for a variety of uses, including transporting race cars, motorcycles, and lawn care and construction equipment. The loan is a participation agreement with First National Bank of Oneida.
- TVA approved a loan to help Camel Manufacturing expand in Campbell and Fentress counties, Tennessee. The project will create 175 jobs and have a capital investment of \$2.6 million. Camel, a woman-owned company, recently received a five-year contract to produce tent systems for the Department of Defense. TVA’s funds will be used to purchase equipment.
- TVA approved a loan to assist in the location of Permalife Tennessee Inc. to Union County, Tennessee. The \$1.7 million project will create 70 jobs. TVA’s loan and funds from the state will help the company acquire a building.
- TVA participated in the 2004 Automotive News World Congress in Dearborn, Michigan. Several of the world’s top automotive executives attended the conference, including representatives from Tower Automotive, BMW AG, Mitsubishi Motors North America, Toyota, Kia Motors America, Nissan North America, Volkswagen, and Volvo North America. Overall, the automotive industry expects more growth, and the Southeast has an excellent opportunity to capitalize on the industrial expansion.
- TVA also participated in the Society of Automotive Engineers 2004 World Congress in Detroit, Michigan, hosting an event for 10 Detroit-based automotive-related industries that are considering investments in the Southeast. Automotive representatives discussed their company needs, and TVA highlighted opportunities in the TVA region for automotive manufacturers and suppliers.
- TVA partnered with the Nashville Export Assistance Center to present “Spotlight on Eastern Europe,” a series of videoconferences broadcast from Poland, Hungary, and Latvia. The programs focused on how U.S. companies can increase sales through exports. Automotive parts, medical products and industrial machinery are three of the most sought-after commodities in the Eastern Union and align well with TVA’s target industries for recruitment and expansion.
- TVA participated in the annual coordinating session with Oak Ridge National Laboratory to focus on promoting job growth and technology licensing in the Valley. Two projects are expected to be ready for commercialization soon: the frostless heat pump and the Net Zero Housing concept, a “kit” home that uses new, energy-saving technologies.
- First Trust & Savings Bank joined TVA’s Valley Coalition for Minority Economic Development. The Memorandum of Understanding was signed at a workshop for woman-owned businesses sponsored by Scott County Mayor Dwight Murphy and TVA. More than 30 businesswomen attended.

- TVA and Environmental Protection Agency staff members are continuing to leverage resources to help local governments manage environmental issues. Efforts include the Tennessee Growth Readiness initiative, sustainable industrial development concepts, and community-based environmental management systems.
- TVA completed a target industry study for the Blue Ridge Mountain Regional Marketing Committee. The ongoing effort involves Polk County, Tennessee; Cherokee and Clay counties, North Carolina; and Fannin, Union, and Towns counties, Georgia. Staff presented target industry data and discussed further analysis that might help these communities attract branch plants to their area.
- TVA joined with other partners in the Ocoee Economic Development Partnership to review improvement plans for Highway 64 in Polk County, Tennessee. The proposed 20.4-mile segment would improve access between Chattanooga, Tennessee, and Asheville, North Carolina.
- The third edition of TVA's *Valley Connection* newsletter was sent to more than 2,500 site consultants and economic development officials. This edition highlights TVA's commitment to electricity reliability, the region's food processing industry, the Kentucky Transpark, TVA's new program for existing business and industry, and the updated Economic Development Web site.

FINANCE

- Operating revenue for the six months ending March 31, 2004, was \$3.656 billion, which is \$182 million higher than for the same period last year. This increase is primarily related to the rate increase effective for fiscal year 2004.
- Interest expense for the six months ending March 31, 2004, was \$659 million, which is \$22 million lower than for the same period last year. This reduction is primarily related to a lower overall level of outstanding statutory debt during the first half of the fiscal year.
- In March, TVA reopened \$550 million of its 6.79-percent 2002 Series A Power Bonds, due May 23, 2012. The total outstanding amount on the bond is now \$1.485 billion. Standard & Poor's and Moody's assigned a triple-A credit rating to the issue.
- TVA does not anticipate needing additional funds from its electronotes[®] program during the remainder of fiscal year 2004. As a result, TVA plans to suspend its electronotes[®] program for the remainder of the year.
- The TVA Retirement System Board approved a 2.36 percent cost-of-living increase in the monthly pension and supplemental benefits for retirees and beneficiaries. The increase, based on the percentage change in the Consumer Price Index, was effective with the benefits paid in January 2004.

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CORPORATE

- The 2003 TVA Retirement System Annual Report was provided to approximately 33,000 employees and retirees.
- The TVA Retirement System Board hired three new investment managers to manage a portion of the system's fixed benefit fund: Bridgewater Associates Inc. to manage a fixed income portfolio, IronBridge Capital Management to manage a domestic small capitalization equity portfolio, and Barclays Global Investors to manage an international equity portfolio.
- Since adopting its strategic facilities plan in June 2001, TVA has reduced office space by more than 461,000 square feet. TVA is on schedule to vacate 34,000 square feet of leased space in Chattanooga and is marketing the East Tower in Knoxville.
- At the request of the Tennessee Valley Public Power Association, TVA met with power distributors to discuss ways to assess the vulnerability of electric systems and to develop a process for distributors to do self-assessments.
- TVA is further developing security functions for its computing resources, as required by the Federal Information Security Management Act. Actions include training TVA contractors, as well as employees, about computer security.
- TVA hosted a group of seven visitors from Beijing and planned visits for other groups from China, Peru, and Japan.
- TVA hosted state and federal employees at its Chattanooga Office Complex for three courses in federal records management.
- The publication *Cool Tools for Purchasing* featured a case study on the success of TVA's eMarketplace program. The program enables customers to order products online and get volume-pricing discounts.

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STATE NEWS

ALABAMA

- BizTech, the Huntsville business incubator, is doubling its space to nearly 20,000 square feet and will be housed in a renovated building on the campus of the University of Alabama at Huntsville. TVA works closely with BizTech, including providing financial and technical assistance and serving on the BizTech board.
- TVA and the University of Alabama met with Limestone County to discuss opportunities for improving the area's economic development potential. Community leaders, Chamber of Commerce personnel, Athens Utilities staff, and representatives of the Limestone County Economic Development Association participated. TVA will lead a team to provide design and marketing information on speculative industrial buildings.

- The e-Synchronist Business Information System gives Valley communities a competitive edge in working with local businesses and industries to create and retain jobs:
 - TVA co-sponsored the Economic Development Association of Alabama's Winter Conference, featuring the e-Synchronist system for the 250 economic developers who attended.
 - TVA is partnering with the Chambers of Commerce and distributors in Marshall, Jackson, and Cherokee counties, Alabama, to purchase sublicenses from the Economic Development Partnership of Alabama to participate in the statewide e-Synchronist program.
 - TVA met with representatives of the Cullman Area Chamber of Commerce, Cullman Economic Development Agency, and the Economic Development Partnership of Alabama to provide information on the e-Synchronist system.
- TVA staff attended a breakfast event at the Florence Conference Center that featured Senator Shelby as guest speaker. The Senator noted TVA's support for local community development.
- TVA met with Congressman Cramer and economic developers in the Fifth Congressional District. The Congressman discussed conversations with Toyota, Boeing, and other major corporations considering north Alabama locations and provided updates on congressional funding for projects.
- TVA participated in a meeting of the Jackson County Economic Development Authority at which Congressmen Cramer presented grant funding to local officials.
- Twelve representatives from the Japanese Financial Company visited north Alabama. TVA helped host the visit, which included plant tours of existing Japanese industries and several north Alabama banks. The tour was organized by JAIDAC, a Japanese consulting firm that promotes north Alabama to Japanese industry.
- TVA participated in a prospect visit to Ohio to meet with a vinyl-siding manufacturer interested in Franklin County. The potential project would have a total capital investment of \$11 million, create 150 jobs, and require 1.2 MW of power over five years. TVA also participated in a site visit by a company considering locating in Stevenson. The project would have a total capital investment of \$22 million and create 250 jobs.
- DeKalb County paid off a 1999 loan that helped buy 65 acres of industrial property near Interstate 59 in Fort Payne. Waterfowl Packaging, a specialty packaging company for the sock industry, is located on five acres in the park and employs 15 people.

Twelve representatives from the Japanese Financial Company visited north Alabama.

**TVA participated in the
Alabama Automobile
Manufacturers Association
meeting in Mobile.**

- TVA participated in the Alabama Automobile Manufacturers Association meeting in Mobile, along with representatives and suppliers from the major automotive facilities across the state. Hyundai, which has a plant under construction near Montgomery, presented its marketing strategy, goals, and contacts for suppliers. The company will invest \$1.1 billion in the project and plans to employ about 2,000 workers by March 1, 2005.
- In a workshop facilitated by TVA, the Marshall County Economic Development Council identified objectives for the next five years and established priority actions for the next 12 months. The council coordinates economic development activities of community associations throughout the county.
- TVA and other federal and state agency representatives met with Decatur Mayor Lynn Fowler and others about the city's conceptual plans for proposed public recreation facilities at Point Mallard Park on Wheeler Reservoir. The proposed facilities are being designed to meet a critical need for destination-point marine facilities in Decatur. The facilities would target the sport fishing market, provide accommodations for transient boaters, provide space for large boats, and generate more than \$170 million in annual income to the Decatur area.
- Limestone County, in partnership with TVA, continues to improve the Lucy's Branch public use area on Wheeler Reservoir.
- Anchorage Marina on Guntersville Reservoir was recognized as a Clean Marina, the second on Guntersville.
- TVA met with the Alabama Department of Conservation & Natural Resources to discuss a proposal to use approximately 422 acres of TVA property on Pickwick Reservoir's Bear Creek to construct waterfowl habitat. The proposal would impound and seasonally flood 60 to 80 acres of the property for waterfowl habitat; Ducks Unlimited has indicated it would support the project.
- TVA partnered with the Franklin County Sheriff's department to clean up an abused informal recreation area on Cedar Creek Reservoir. The area, which has been used for dumping illegal wastes and stolen vehicles, was blocked to vehicular traffic.
- The Guntersville Reservoir Aquatic Plant Management Stakeholder Group reviewed aquatic plant management activities conducted on Guntersville Reservoir during FY 2003 and discussed implementation in FY 2004.

TVA initiated monitoring of water-quality improvements associated with the implementation of agricultural Best Management Practices.

GEORGIA

- TVA initiated monitoring of water quality improvements associated with the implementation of agricultural Best Management Practices in six sub-watersheds of the South Chickamauga Creek drainage area. During the past two years, more than \$1.2 million has been committed to water quality improvements in these north Georgia watersheds using Public Lands-566 grant funds acquired through the South Chickamauga Creek Watershed Partnership.
- The Appalachian Regional Commission (ARC) hosted a Strategic Planning Field Forum in Dalton. TVA manages approximately \$20 million in ARC federal grants, which are typically used for infrastructure projects.

KENTUCKY

- TVA sponsored a meeting to help revitalize the Trigg Industrial Managers Association. Ten industries from Cadiz and Trigg County, Kentucky, received information on programs and services to assist existing industry, including the e-Synchronist software, which helps Valley communities work with existing industries to create and retain jobs.
- TVA facilitated the workshop “Introduction to Facilitative Selling” in Cadiz for 10 community leaders, including Trigg County Judge Executive Berlin Moore and others from the newly formed Cadiz-Trigg County Economic Development Commission.
- The Paducah Lowertown Neighborhood Plan and Artist Relocation Program received the Outstanding Planning Award for a Special Community Initiative, one of only 15 national awards granted each year by the American Planning Association. TVA helped develop and implement the neighborhood lighting plan.
- The final report of the Franklin-Simpson County Quality Communities process was presented at a public meeting. The report was developed by a team of 38 community leaders through a process facilitated by TVA. Community action teams are being formed in the areas of business and industrial development, education, leadership and community development, livability, and local government.
- TVA received the final payment from the Murray/Calloway County Economic Development Corporation for a loan made on behalf of Jakel Inc. in 1999. The funds were used to build a 24,000-square-foot addition to the building leased by Jakel. The company employs 300 workers at the Murray facility.
- More than 150 elected officials, business leaders, educators, and economic developers from 13 western Kentucky counties gathered at the West Kentucky Academy Town Hall sponsored by TVA. The discussion topic was The Future of Western Kentucky: Choice or Chance?

- TVA helped the Fulton County Economic Development Partnership identify possible industrial sites in the county and assess their suitability for industrial purposes.
- TVA completed a preliminary layout for the Pennyrite Rural Electric Cooperative Corporation's proposed Russellville office. The distributor will use the preliminary design to develop detailed engineering drawings.

MISSISSIPPI

**The e-Synchronist
Business Information System
gives Valley communities
a competitive edge
in creating and
retaining jobs.**

- The e-Synchronist Business Information System gives Valley communities a competitive edge in working with local businesses and industries to create and retain jobs. The Mississippi Development Authority is partnering with TVA and Mississippi's other two power providers to use e-Synchronist software to gather critical information about local companies, including the company's value to the community, its growth potential, its risk of downsizing or relocating, and potential problems or threats.
- TVA staff participated in a business incubation conference hosted by the Mississippi Development Authority.
- TVA staff spoke with elected officials from Winston County about opportunities to partner with the county to achieve goals set by the Winston County Economic Development Foundation.
- TVA facilitated a strategic planning session for more than 30 representatives of the Byhalia and Holly Springs Chambers of Commerce, the first time the two groups met together to address common concerns.
- Mississippi State University and TVA sponsored events to highlight collaborative efforts between the University and TVA. The event showcased regional education, research, economic development, and outreach to improve the quality of life for residents of Mississippi.
- TVA presented the site conservation design pilot project at the Golden Triangle Regional Airport. The project is expected to reduce the environmental impacts of site development to about the same conditions as existed before development. It's a joint initiative by TVA and the Environmental Protection Agency.
- TVA approved a loan to help Neshoba County construct a speculative industrial building to attract automotive suppliers.

TENNESSEE

- The Tennessee Department of Environment & Conservation hosted six public meetings to gather comments on a New Source Review rule on air quality proposed by the U.S. Environmental Protection Agency. TVA provided technical support for the meetings and hosted invited speakers in support of the proposed rule.
- TVA met with local leaders across the state to share information on the e-Synchronist Business Information System. The system gives Valley communities a competitive edge in working with local businesses and industries to create and retain jobs:
 - The Tennessee Department of Economic & Community Development and TVA formalized a commitment to use the e-Synchronist system. The signing event for the commitment coincided with the announcement of the High Cumberland Regional Council, an economic-development partnership of Clay, Overton, Pickett, Morgan, and Fentress counties that will use the e-Synchronist tool.
 - The Forward Sumner Economic Council became the first economic development agency in Tennessee to purchase a sublicense to TVA’s master license of the e-Synchronist system.
 - TVA provided information on the e-Synchronist system to the First Tennessee Development District, which voted unanimously to purchase a sublicense for the system and will begin implementation within several weeks.
 - TVA shared information on the e-Synchronist software and existing industry program with leaders in Tipton, Fayette, Weakley, Warren, and Lauderdale counties in Tennessee.
 - TVA began training representatives of the Hartselle Industrial Development Board in the e-Synchronist process.
 - TVA, Jackson Energy Authority, and the Jackson Chamber hosted roundtable events to promote the e-Synchronist software and TVA’s existing industries initiative.
- TVA conducted a workshop to review multiple jurisdiction codes in Johnson City as part of the Tennessee Growth Readiness program. Participants identified opportunities for partnering to change development rules in order to promote development that protects water resources in the Tri-Cities area.
- The Tennessee River Trails Association began developing a strategic plan for the nine-county area along the Tennessee River from Kentucky to Alabama. The goal is to enhance the area’s potential for sustainable economic development by emphasizing planning, management, and marketing of recreation and tourism activities. TVA is leading a team of more than 40 participants in developing the plan.
- American Food Service of Savannah paid the balance of a 1998 loan that helped the company purchase equipment.

**The Tennessee River Trails
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for the nine-county area
along the Tennessee River
from Kentucky to Alabama.**

The Oak Ridge Industrial Board repaid a loan that helped Inslogic with a project expected to create up to 400 jobs.

- The Northwest Tennessee Port Authority continues to move forward. Cost estimates to complete the initial construction phase total \$14 million. TVA provided technical assistance for the project and local leaders are beginning work on their financing plan.
- The WestStar Economic Development Conference was held at the University of Tennessee at Martin. TVA, the U.S. Department of Agriculture, and the West Tennessee Industrial Association served on the steering committee.
- TVA staff met with Jim Reichardt, new Director of Business Development for the Chattanooga Chamber, to discuss the Enterprise South Industrial Park. TVA's draft layouts for the park show how a large automotive assembly plant could fit on the site.
- The Oak Ridge Industrial Board repaid a loan that helped Inslogic with a project expected to create up to 400 jobs and have a capital investment of \$8 million. The funding helped locate the company, and the "bridge" loan enabled the project to continue, pending receipt of funds from Anderson County.
- Director Baxter attended a meeting of the Johnson City Economic Development Board to recognize three local companies that have received TVA loans. The firms, Crown Laboratories, Mullican Hardwood Flooring, and Fibers Innovation Technology, employ 210 people in the Johnson City area.
- TVA participated in an industry roundtable hosted by the Jackson Area Chamber of Commerce. Both the Chamber and Jackson Energy Authority recognized TVA's role in helping several local companies with electronic consolidation of meters. One company saved about \$60,000 a year through the project and has begun work on an expansion.
- At the request of Mayor Greg Johnson, TVA completed a downtown redevelopment plan for Pikeville, which Sequachee Valley Electric Cooperative presented to the City Council. U.S. Department of Agriculture Rural Development has earmarked a \$50,000 grant for the community to implement the plan.
- East Tennessee State University's Innovation Lab welcomed three start-up businesses to the Lab's expanded facility. TVA provided the conceptual design and helped fund the renovation.
- In the Gatlinburg Vision Conference, more than 200 participants refined a vision statement for Gatlinburg and finalized six supporting themes: aesthetics, business development, environment, quality of life, traffic and transportation, and heritage. TVA helped design the conference and train facilitators.
- TVA and U.S. Department of Agriculture Rural Development are helping Bishop Enterprises in Rutherford County assess its capital needs for an expansion. The leading supplier of mowing decks for Mitsubishi and Mahindra tractors is considering a 35,000-square-foot expansion.

- TVA co-sponsored a procurement conference for middle Tennessee businesses, hosted by Congressman Cooper. The event brought more than 170 minority-owned and disadvantaged businesses together with federal, state, and local government agencies and prime contractors.
- TVA provided Meriwether Lewis Electric Cooperative with an architectural rendering for its new headquarters in Centerville.
- TVA completed a base map and conceptual layout for the remaining property in the East Hickman County Industrial Park in Bon Aqua. The park is ideally located to handle smaller industrial companies that want to be positioned along the western edge of the Nashville region.
- TVA facilitated the first Community Readiness Economic Development workshop for Cleveland and Bradley County, with 15 local business leaders participating.
- TVA completed a supplier-gap study for the 16-county area represented by the East Tennessee Economic Development Agency. The study identifies deficits in locally manufactured goods needed by area firms. The study will be used to recruit suppliers to the region.
- As a result of the Leadership Union County Class of 2003, a program assisted by TVA, Union County has formed a Chamber of Commerce and named an executive director. The Chamber is working with TVA on a loan application to assist a new industry and will participate in TVA's existing industry program.
- TVA sponsored a visit by the Chattanooga Chamber of Commerce to Huntsville, Alabama. The City of Huntsville hosted about 50 Chattanooga community leaders and Director Harris on the visit and tour.
- The Jackson Area Chamber of Commerce issued a midterm investors report on the "All Aboard Jackson" campaign. Since the campaign began four years ago, 3,493 jobs have been created and more than \$369 million has been invested in the community. TVA was recognized for its financial support of the initiative.
- TVA conducted a "Multiple Jurisdiction Workshop" in Shelby County as part of the Tennessee Growth Readiness program. Participants identified rule changes needed to reduce the impact of development on water resources, and subcommittees were formed to work on specific recommendations.
- TVA worked again this year with the Tennessee Wildlife Resources Agency to establish a special fishing schedule at Lake Junior on the Chickamauga Dam Reservation. The schedule allows this area, closed several years ago, to be opened to the public for trout fishing on weekends from January 9 through early May.

TVA completed a supplier-gap study for the 16-county area represented by the East Tennessee Economic Development Agency.

**TVA continues to present
Tennessee Growth
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- TVA and the U.S. Army Corps of Engineers approved plans to reopen a commercial marina on the Dandridge City Park property on Douglas Reservoir. TVA has worked with developers for the past year on the proposal for up-to-date facilities in an area that had not been used for many years. The approved facilities include four motel units, a restaurant, dry storage, a ship store, and approximately 150 boat slips.
- TVA continues work with the Beech River Watershed Development Authority (BRWDA) on the development of a sustainable growth subdivision plan. Sustainable growth development uses site-specific, segmented green-space areas; erosion control; and limited paved areas to reduce the environmental impacts of development. The BRWDA has asked TVA to transfer about 250 acres for residential development on Redbud Reservoir.
- TVA continues to present Tennessee Growth Readiness Site Planning Roundtable training to planners and public works officials across the state. Participants learn how to gain consensus for changing development rules to make them more water-quality friendly.
- The planting of a native wetland vegetation site at Paris Landing State Park was completed by TVA, state agencies, and the high school agriculture departments of Henry and McKenzie counties. The work will help turn the area back into a functioning wetland and is an opportunity to educate students about wetlands.
- The Chickamauga Reservoir Aquatic Plant Management Stakeholder Group reviewed aquatic plant management activities conducted on Chickamauga Reservoir in 2003 and discussed implementation for 2004. The Tennessee Wildlife Resources Agency proposed the use of herbicides to manage giant cutgrass in waterfowl sub-impoundments, and the group agreed, subject to getting necessary permits and informing area anglers.
- TVA developed a partnership with the City of Collegedale Public Works Department and Southern Adventist University to identify storm water issues and serious erosion sites along the Wolftever Creek Greenway in Hamilton County. Plans are under way for a workshop on bank stabilization and riparian restoration.
- TVA is using the Geographic Information System and remote-sensing technology to prepare an Integrated Pollution Source Identification Inventory for the Upper Sequatchie River Watershed. The inventory will help guide decisions about water quality projects.

VIRGINIA

- In support of the recently awarded Coalfields EPA Environmental Justice Grant, TVA trained students and faculty at the University of Virginia at Wise to perform *E. coli* bacteria monitoring. Monitoring will be used to evaluate bacteria concentrations in the Guest River Watershed before and after project implementation.