

TENNESSEE VALLEY AUTHORITY

FORM 8-K (Current report filing)

Filed 8/7/2007 For Period Ending 8/1/2007

Address	400 WEST SUMMIT HILL DRIVE KNOXVILLE, Tennessee 37902
Telephone	865-632-2101
CIK	0001376986
Industry	Not Assigned
Fiscal Year	09/30

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13, 15(d), or 37 of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2007



TENNESSEE VALLEY AUTHORITY

(Exact name of registrant as specified in its charter)

A corporate agency of the United States
created by an act of Congress
*(State or other jurisdiction of
incorporation or organization)*

000-52313
*Commission file
number*

62-0474417
(I.R.S. Employer Identification No.)

400 W. Summit Hill Drive
Knoxville, Tennessee
(Address of principal executive offices)

37902
(Zip Code)

(865) 632-2101
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 7.01 Regulation FD Disclosure.

On August 1, 2007, Tom Kilgore, TVA's President and Chief Executive Officer, gave a presentation at the public meeting of the TVA Board of Directors (Board). During his presentation, Mr. Kilgore gave, among other things, estimates of TVA's electricity sales, energy supply, and operating performance for fiscal year 2008, which begins October 1, 2007, and discussed actual and predicted expenses. Copies of the materials used in Mr. Kilgore's presentation are attached, and can also be found on TVA's website at www.tva.com/finance.

The information furnished in this Item 7.01, including Exhibit 99.1, shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any other document filed under the Exchange Act, except as shall be expressly set forth by specific reference in that filing. By furnishing the information set forth in this Item 7.01, including Exhibit 99.1, TVA makes no admission as to the materiality of this information.

Item 8.01 Other Events.**Approval of Completion of Watts Bar Nuclear Plant Unit 2**

On August 1, 2007 the TVA Board approved the completion of Watts Bar Nuclear Plant Unit 2 ("Watts Bar Unit 2") upon which construction was halted in 1985. Prior to the decision, a detailed scoping, estimating, and planning study was conducted to assess the project's cost, schedule, and risks. Separately, TVA has prepared a report evaluating potential environmental impacts as required by the National Environmental Policy Act. TVA has a construction permit from the Nuclear Regulatory Commission ("NRC") for Watts Bar Unit 2 that expires in 2010 and will need to seek an extension of its construction permit in order to complete construction activities. TVA intends to seek an operating license under NRC regulations, including an opportunity for a public hearing. Completing Watts Bar Unit 2 is expected to take sixty months and cost approximately \$2.49 billion, excluding allowance for funds used during construction and initial nuclear fuel core costs. When completed, the nuclear unit is expected to provide 1,180 megawatts of electricity. Some activities at the site are expected to begin October 1, 2007. On August 3, 2007, TVA notified the NRC of its plan to resume unlimited construction activities on December 3, 2007.

Commencement of Commercial Operations of Browns Ferry Nuclear Plant Unit 1

On August 1, 2007, Unit 1 at TVA's Browns Ferry Nuclear Plant began commercial operation.

Item 9.01 Financial Statements and Exhibits

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF EXHIBIT</u>
99.1	Materials used in Mr. Kilgore's August 1, 2007 presentation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Tennessee Valley Authority
(Registrant)

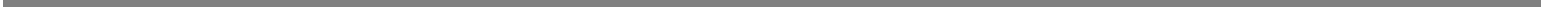
Date: August 7, 2007

/s/ John M. Hoskins
John M. Hoskins
Interim Chief Financial Officer and Executive
Vice President, Financial Services

EXHIBIT INDEX

This exhibit is furnished pursuant to Item 7.01 hereof and should not be deemed to be filed under the Exchange Act.

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President's Report

Tom Kilgore

President & Chief Executive Officer

August 1, 2007



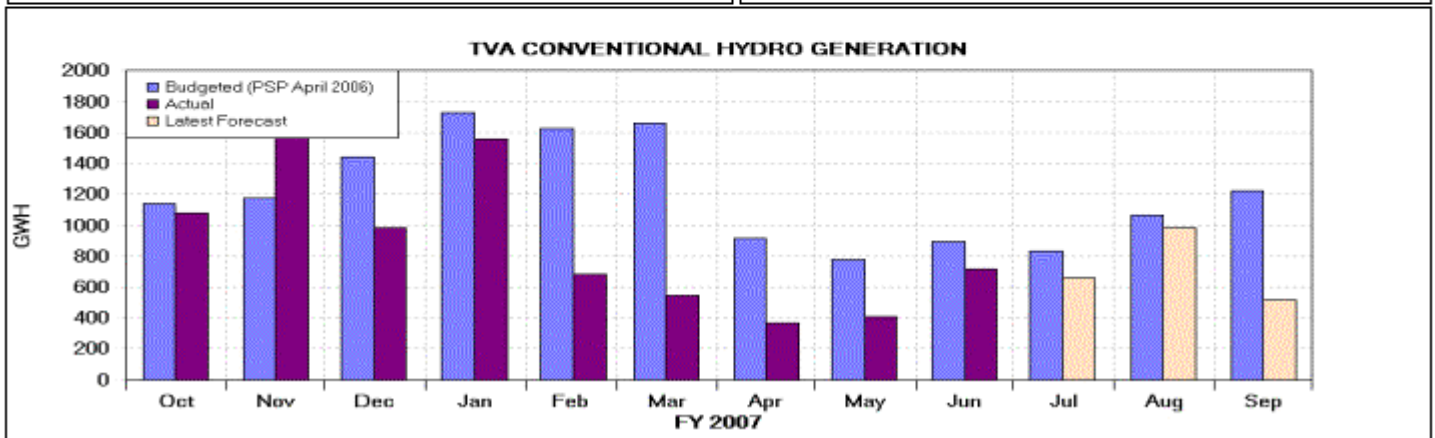
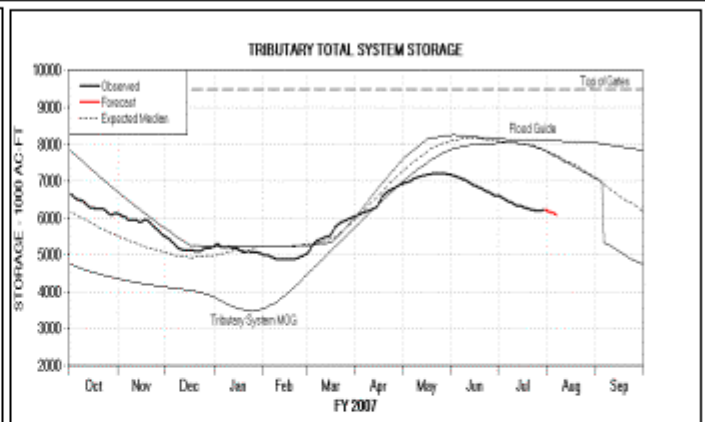
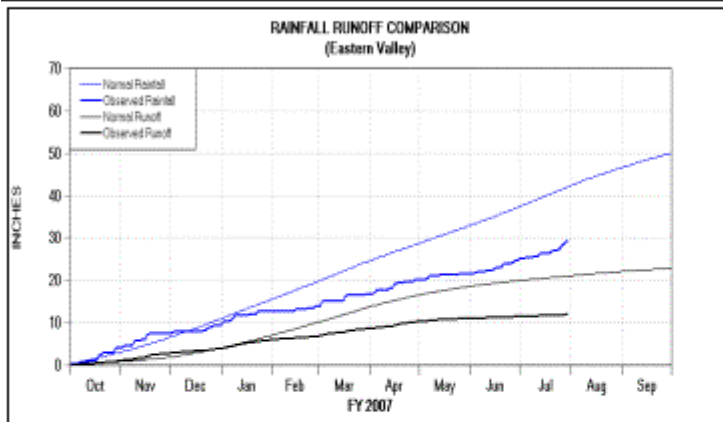
Report Overview

Fiscal Year Update

- Financial Status**
 - Highlights**
 - Looking to FY 08**
-



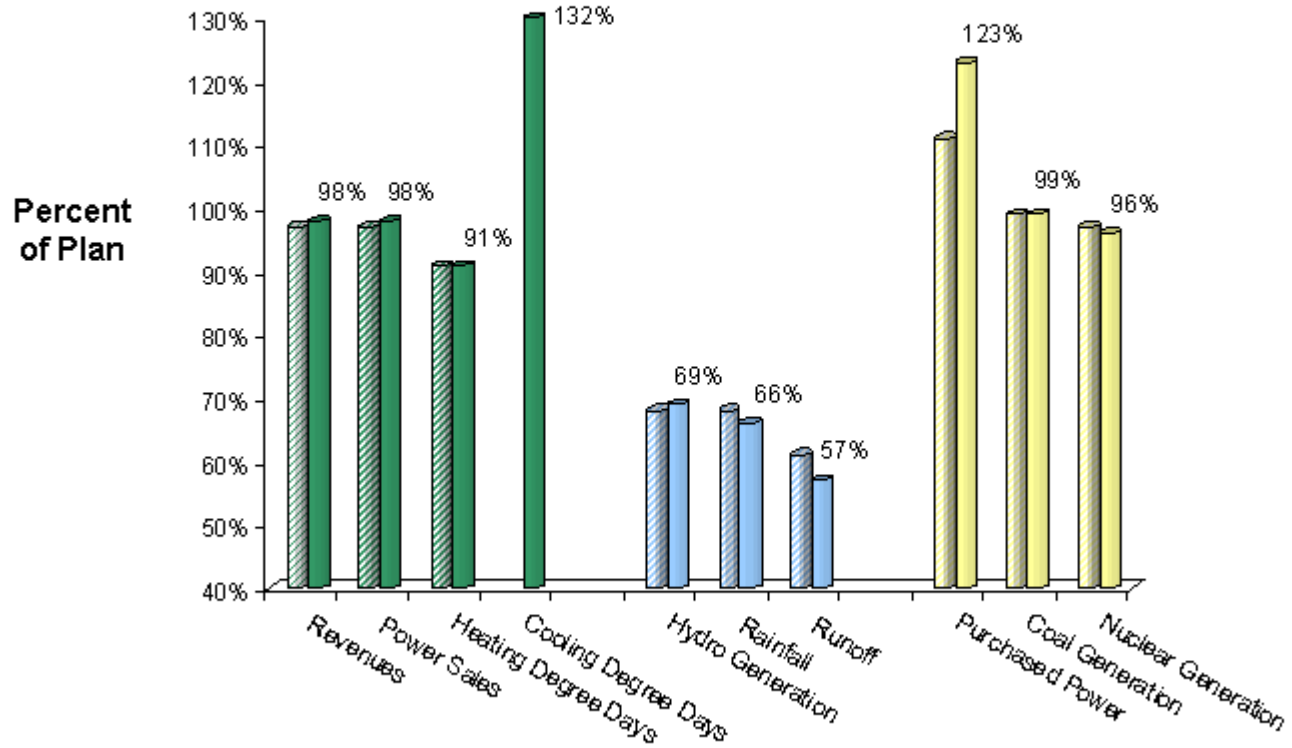
FY 2007 RAINFALL / RUNOFF





FYTD 2007 Financial Drivers

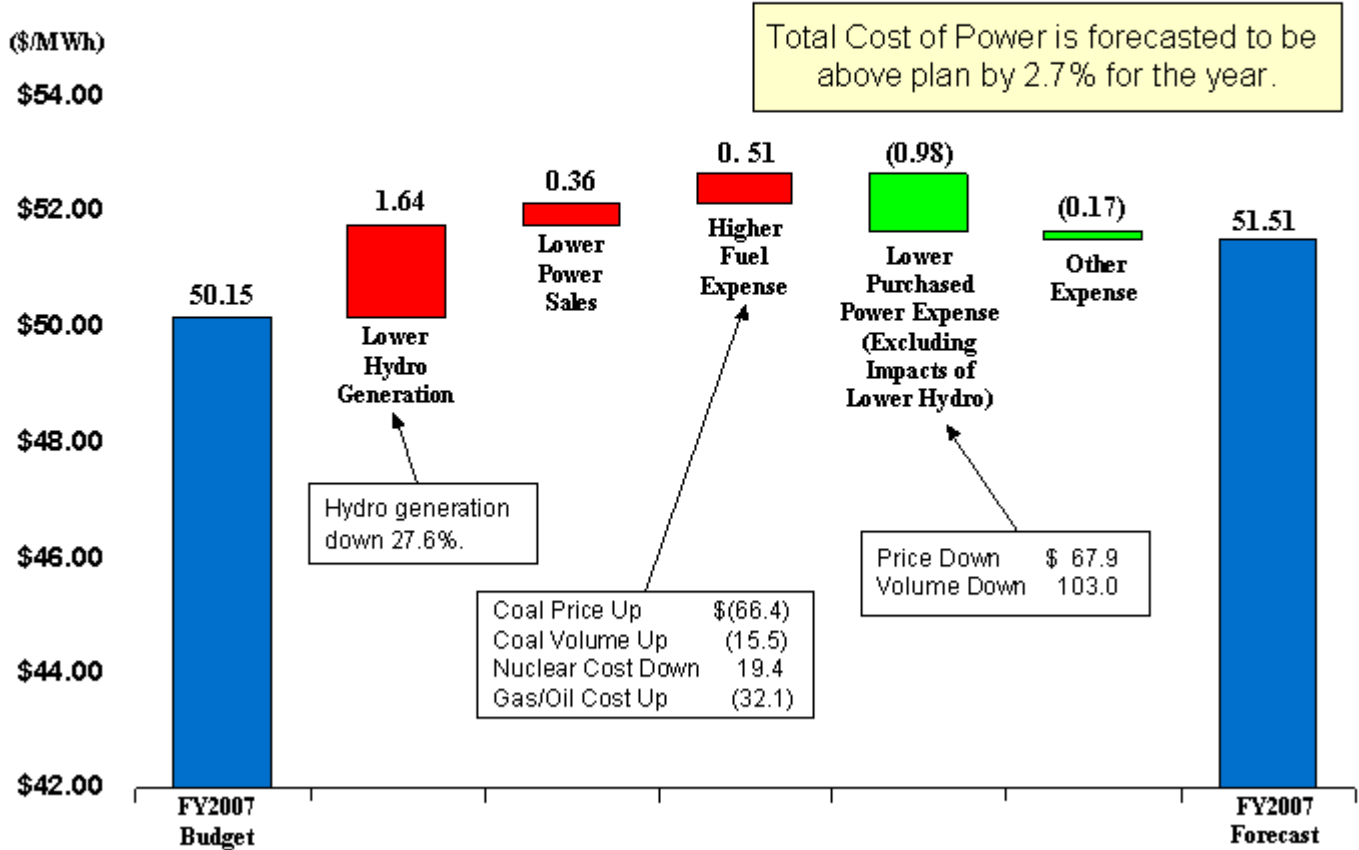
Estimates as of July 13, 2007





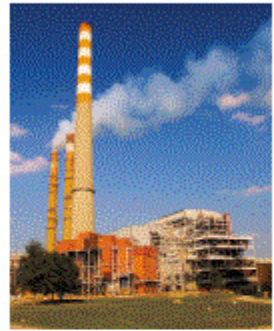
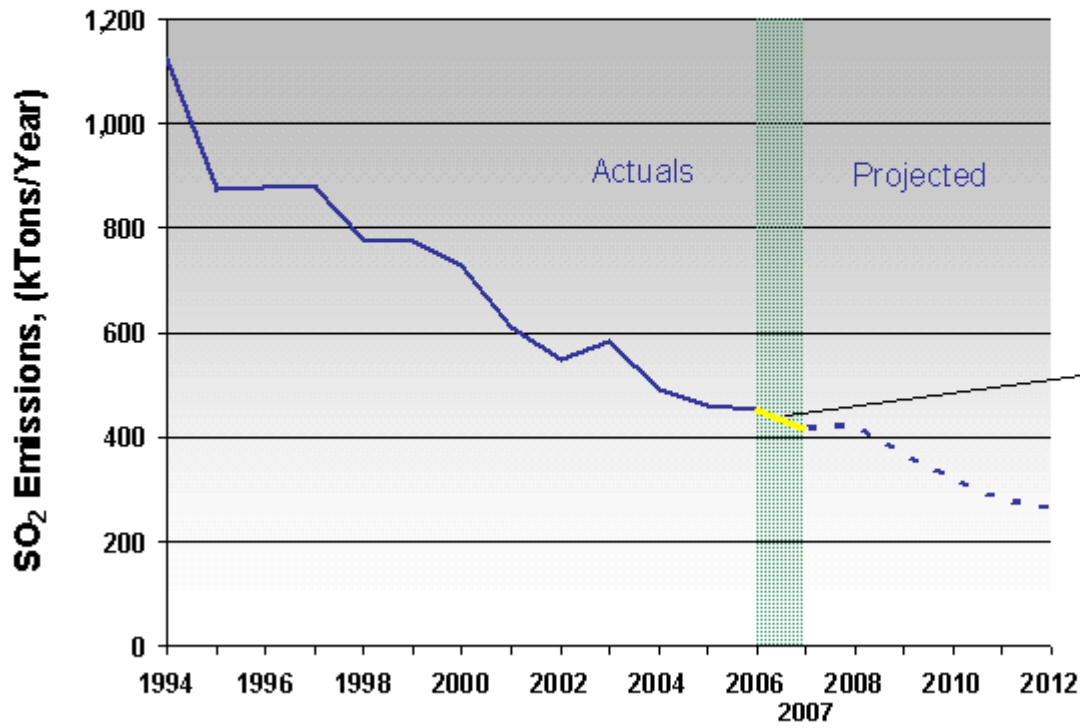
FY2007 Total Cost of Power Forecast

FY2007 Budget versus Forecast





TVA SO₂ Reductions



Impact of Paradise Scrubber



Energy Conservation Initiative

Demand Side Management Strategic Objective:

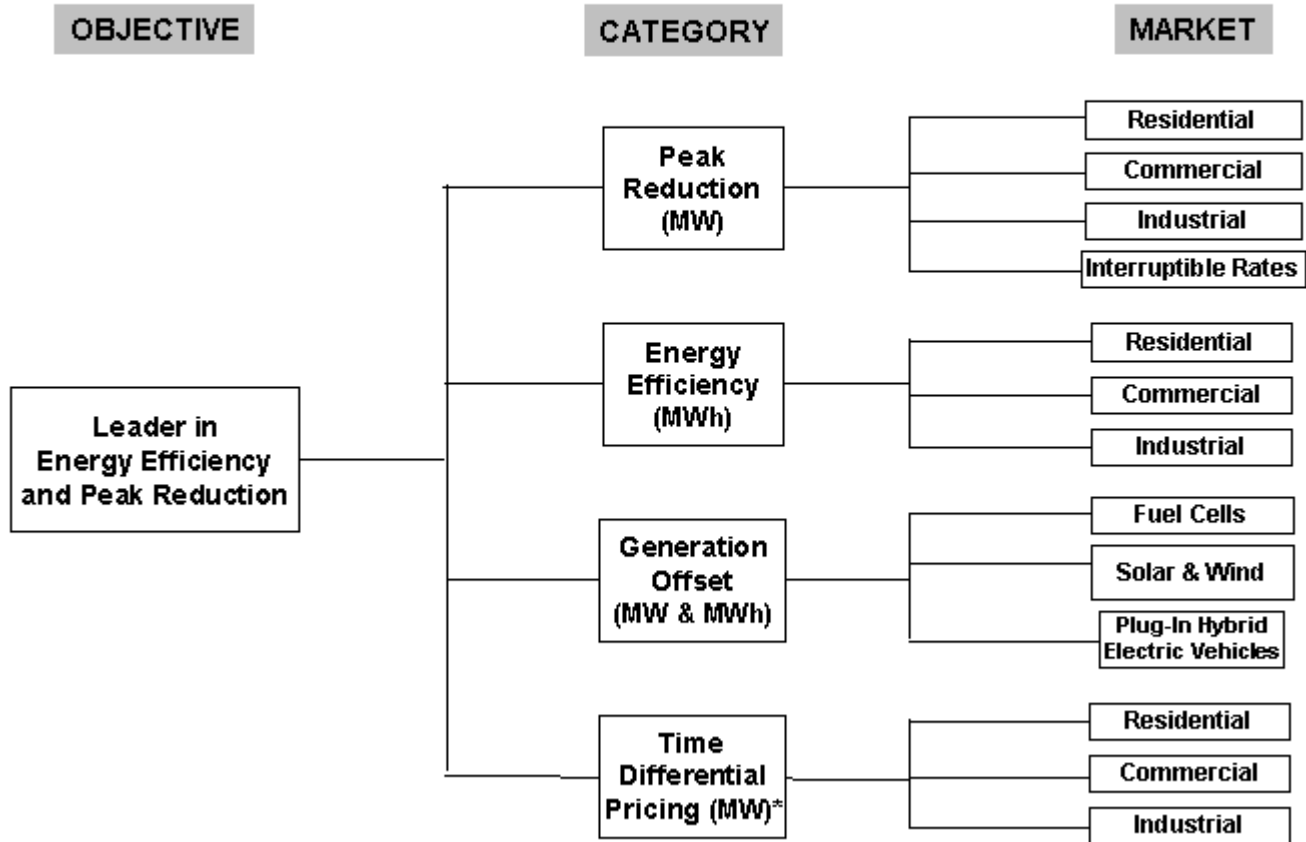
- **Strive to achieve leadership in energy efficiency improvements and peak reduction within 5 years**

Measures for achieving objective:

- **Offset one year of load growth – minimum 700MW, strive for 1200MW**
 - **Reduce per capita energy consumption to lowest national quartile**
 - **Maximize participation in Energy Efficiency and Peak Shaving initiatives**
-



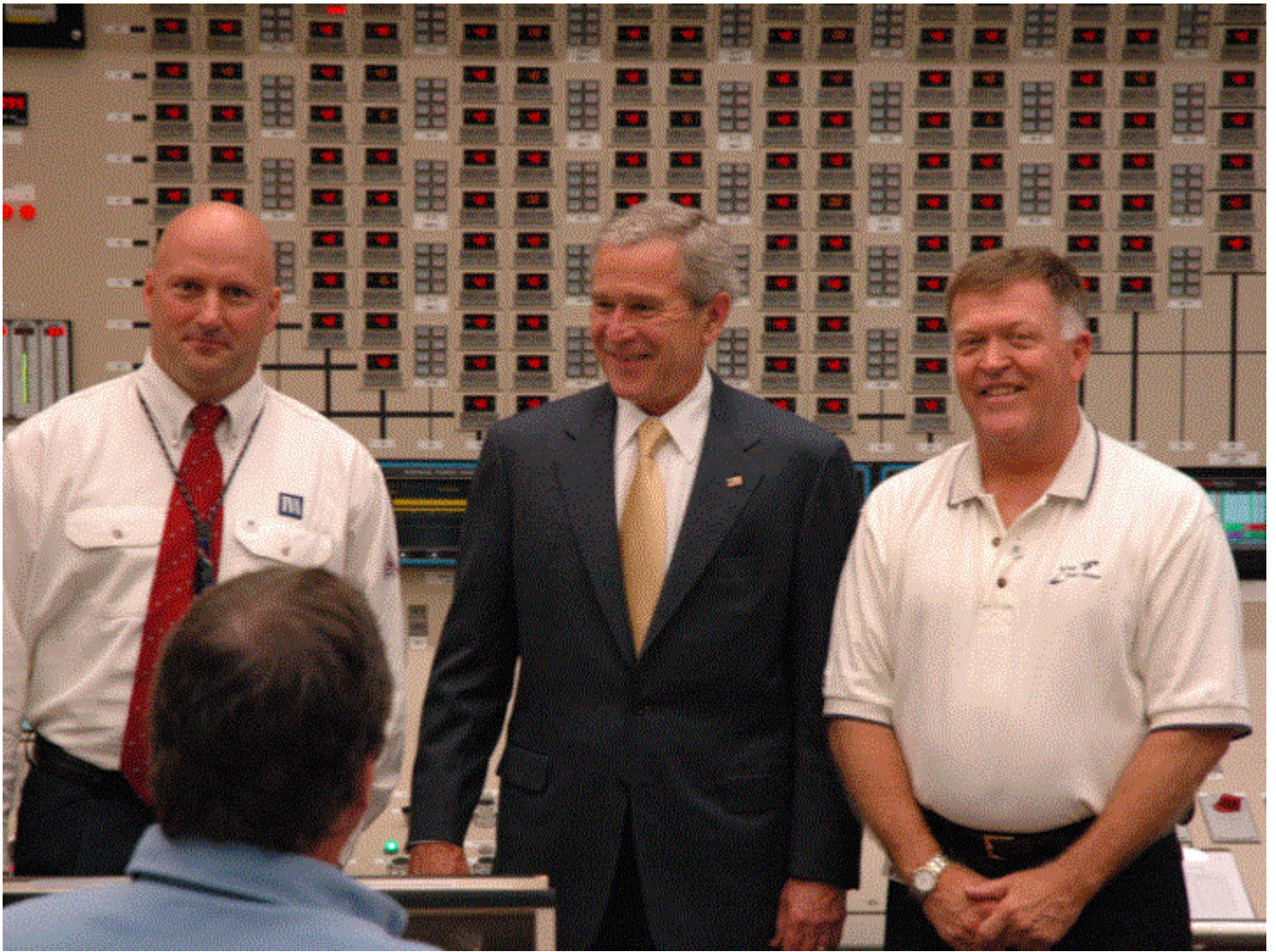
Demand Side Management Overview





Browns Ferry Update







Strategic Plan Implementation

- Long-term power supply**
 - Use of financial principles**
 - Sustainable performance improvement**
-





TVA Operating Expenses 2008

August 1, 2007





Overview

Aligned with the TVA 2007 Strategic Plan

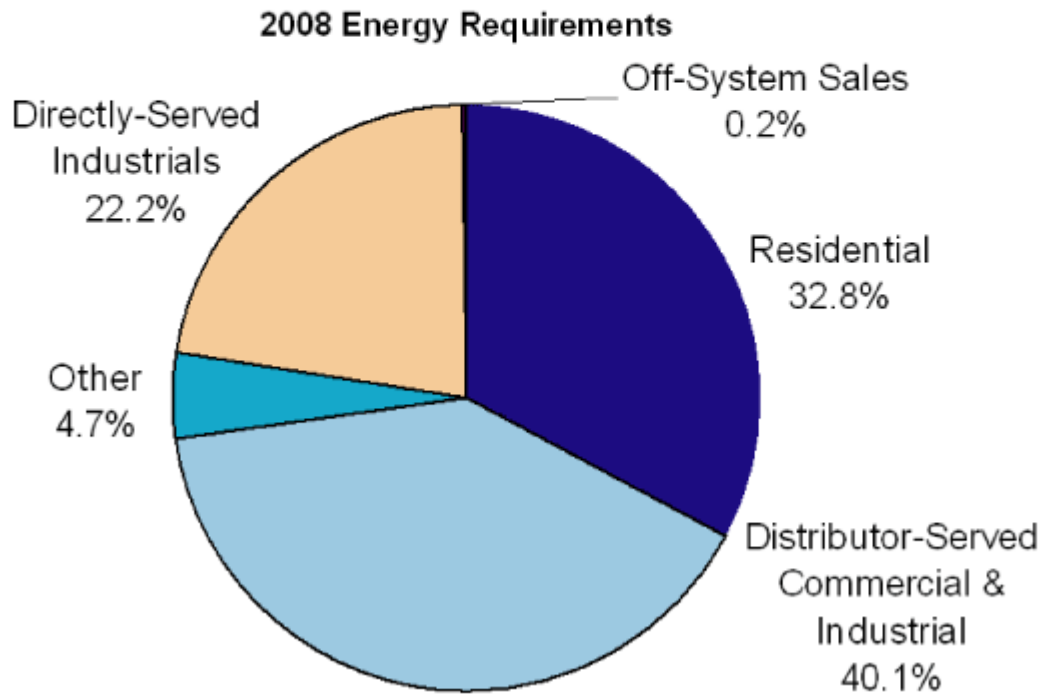
Customers People Financial Assets Operations

- Continue to reduce our dependency on the market for energy
- Encourage energy efficiency and conservation
- Provide bundled generation and transmission services to our customers
- O&M growth is less than sales growth in MWh



Electricity Sales Projection

- Native load sales growth is 3.7% (6,362 GWh) higher than the 2007 budget





Operating Performance

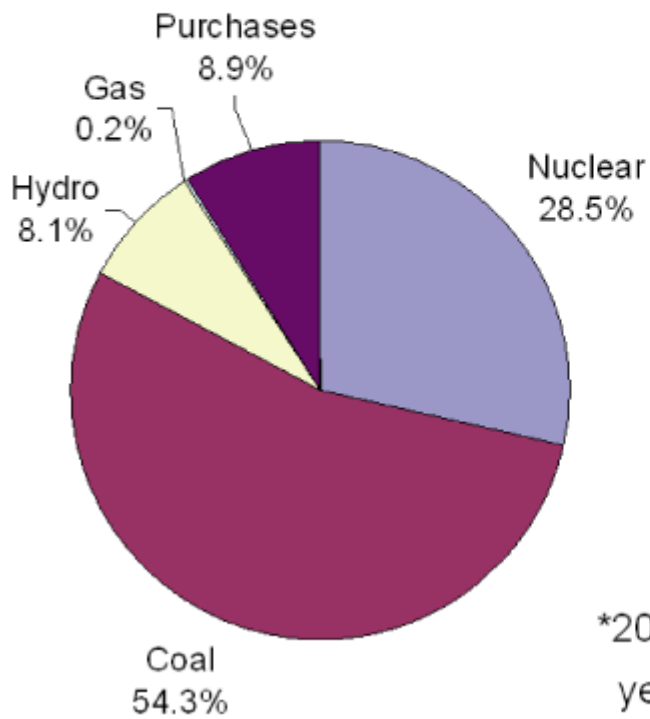
- Key Drivers of Load Growth (6,362 GWh)
 - Industrial Growth (2,305 GWh)
 - Distributor Growth (1,982 GWh)
 - New Industrial Customers (1,025 GWh)
 - Leap Year – One additional day (525 GWh)
 - Bristol, VA (525 GWh)

- System peak load of 33,023 MW, up 1.4% over 2007 budget



Energy Supply

2008 MWh Generation by Sources



<u>Supply</u>	<u>Change from 2007 Budget</u>
Nuclear	8.7% ↑
Coal	1.1% ↑
Gas	139.2% ↑
*Hydro	13.1% ↓
Purchases	14.9% ↑

*2008 Hydro generation based on third year drought model



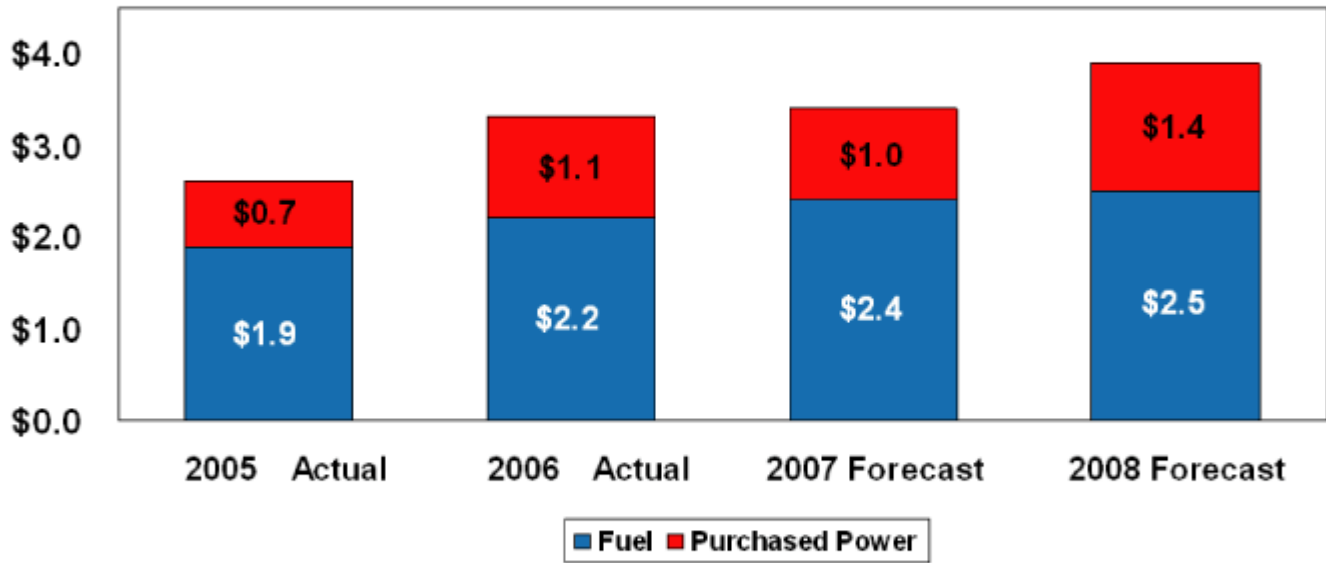
Summary Operating Expenses

(in billions)	2005 Actual	2006 Actual	2007 Budget	2007 Forecast	2008 Forecast
Fuel	(1.9)	(2.2)	(2.3)	(2.4)	(2.5)
Purchased Power	(0.7)	(1.1)	(1.0)	(1.0)	(1.4)
O&M	(2.3)	(2.3)	(2.4)	(2.4)	(2.4)
Depreciation, Amortization	(1.1)	(1.5)	(1.4)	(1.5)	(1.5)
Taxes and Other	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Interest Expense	(1.2)	(1.2)	(1.3)	(1.2)	(1.3)
Total Operating Expenses	\$ (7.6)	\$ (8.7)	\$ (8.8)	\$ (8.9)	\$ (9.6)



Fuel & Purchased Power Summary

(in billions)



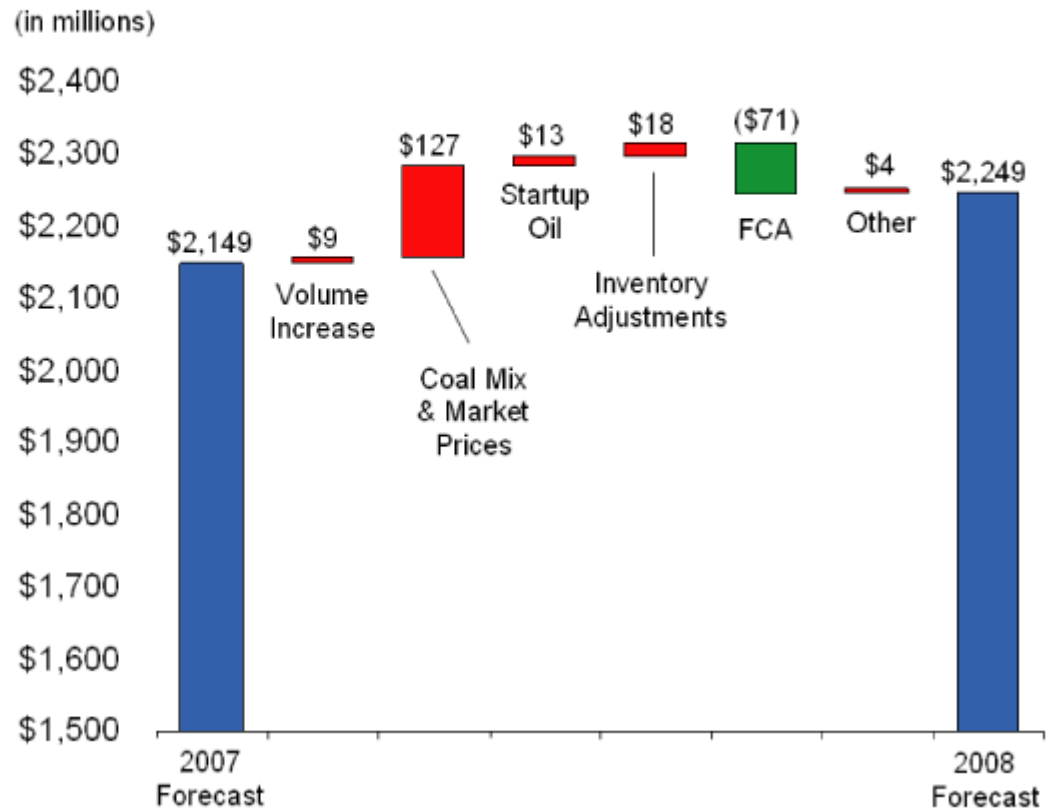


Coal

2007 Forecast versus 2008 Forecast

Key Drivers

- Coal mix and sourcing changes
- Market prices



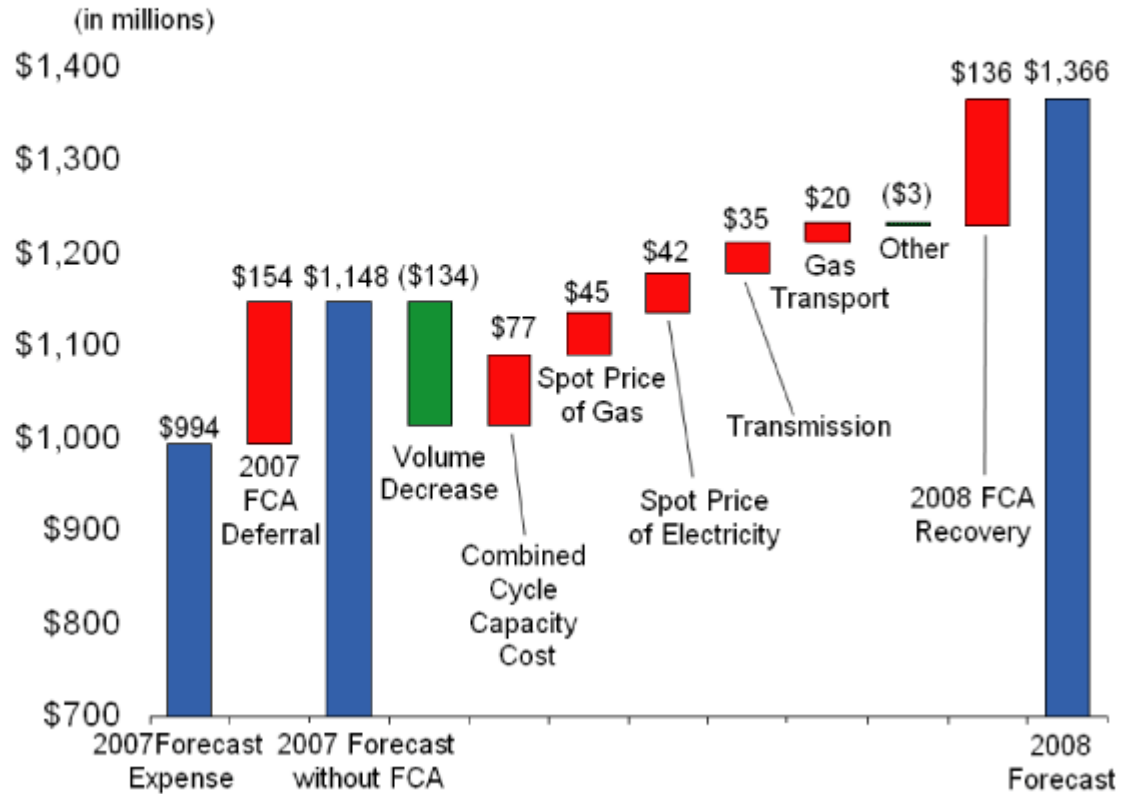


Purchased Power

2007 Forecast versus 2008 Forecast

Key Drivers:

- Capacity cost
- Market prices



Includes cost of natural gas used for purchased power agreements

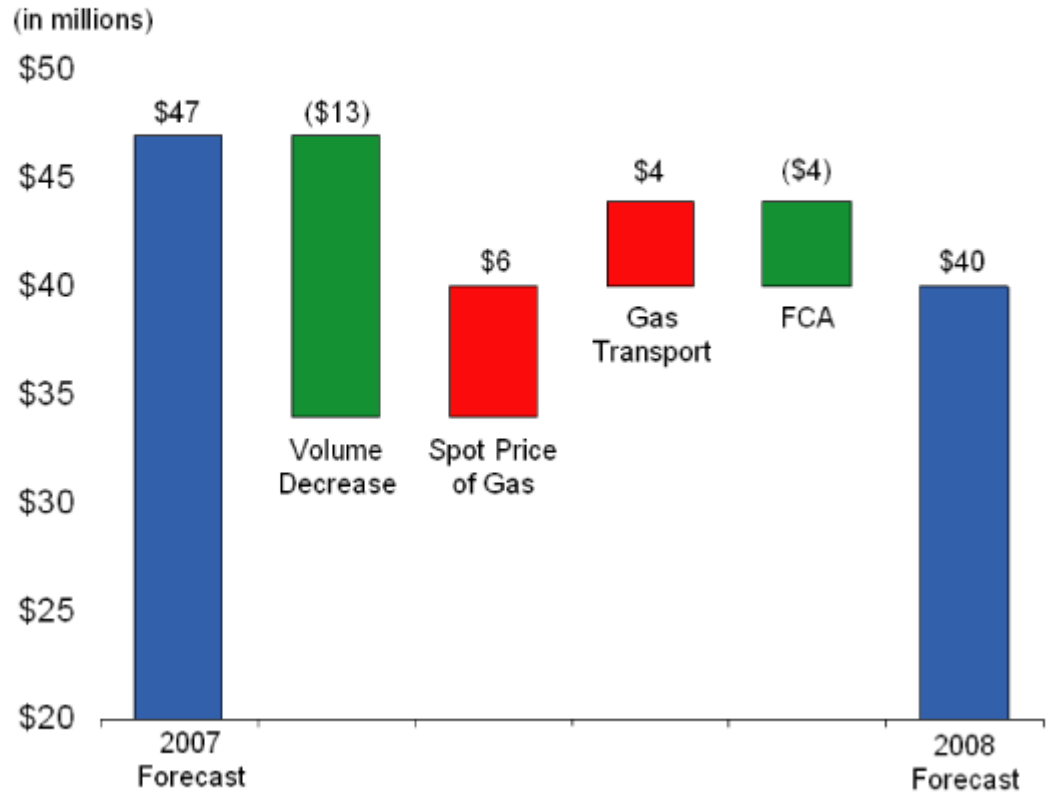


Natural Gas

2007 Forecast versus 2008 Forecast

Key Drivers:

- Market Prices
- Firm transportation



Includes cost of natural gas used TVA-owned assets only

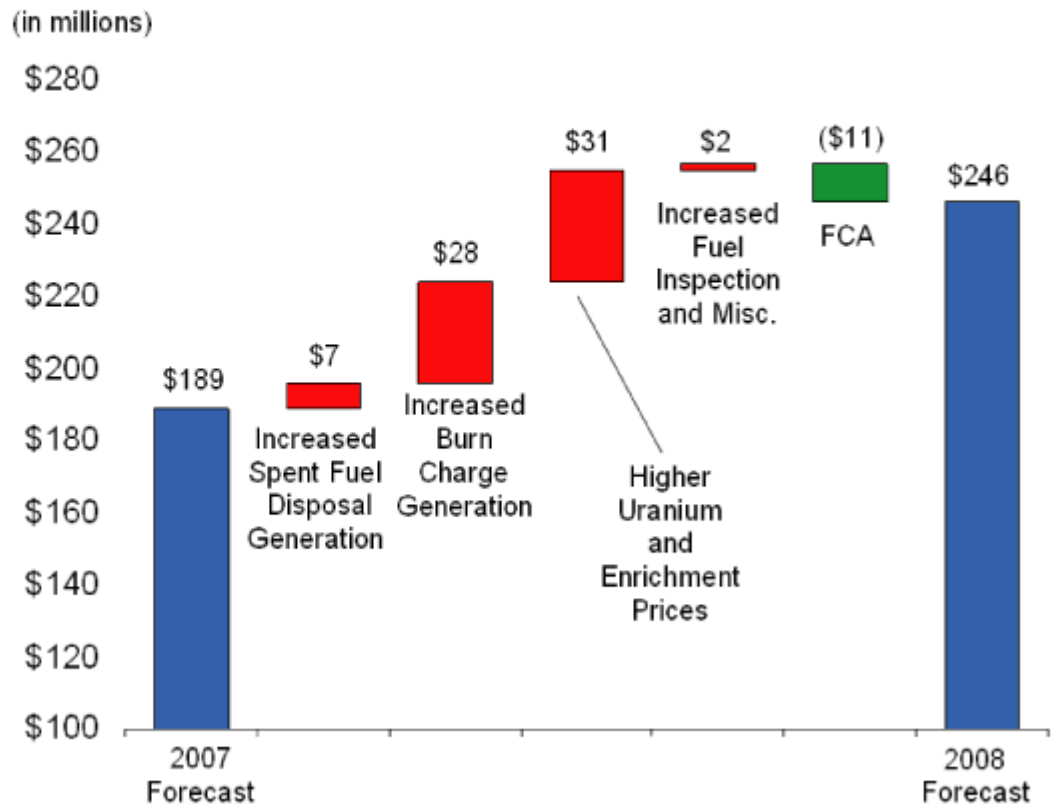


Nuclear Fuel Expense

2007 Forecast versus 2008 Forecast

Key Drivers:

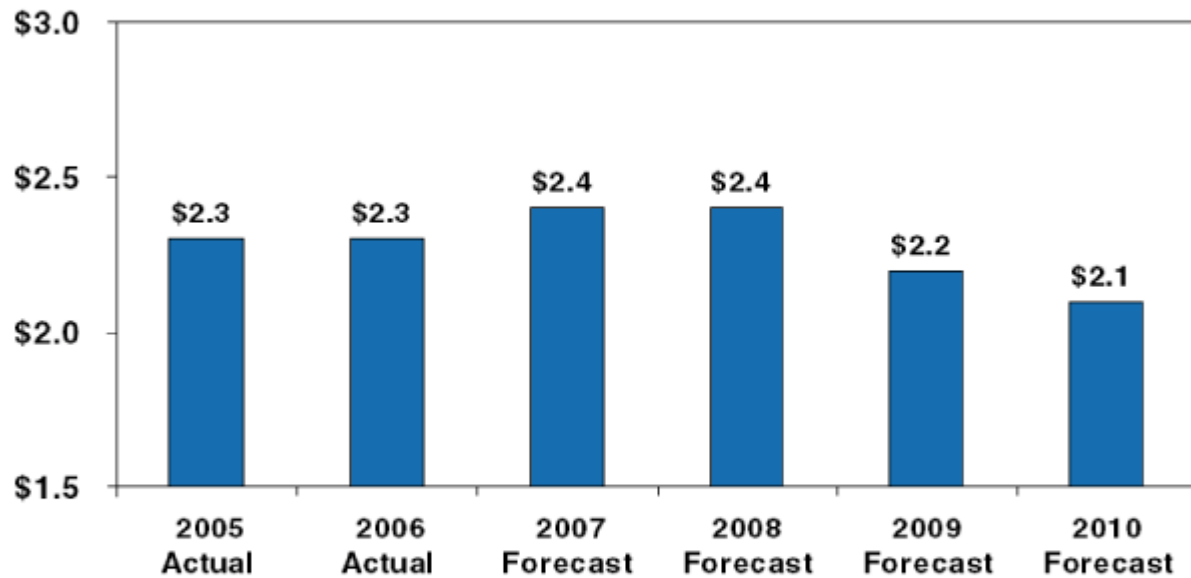
- Generation
- Market prices
- BLEU program





O&M Summary

(in billions)



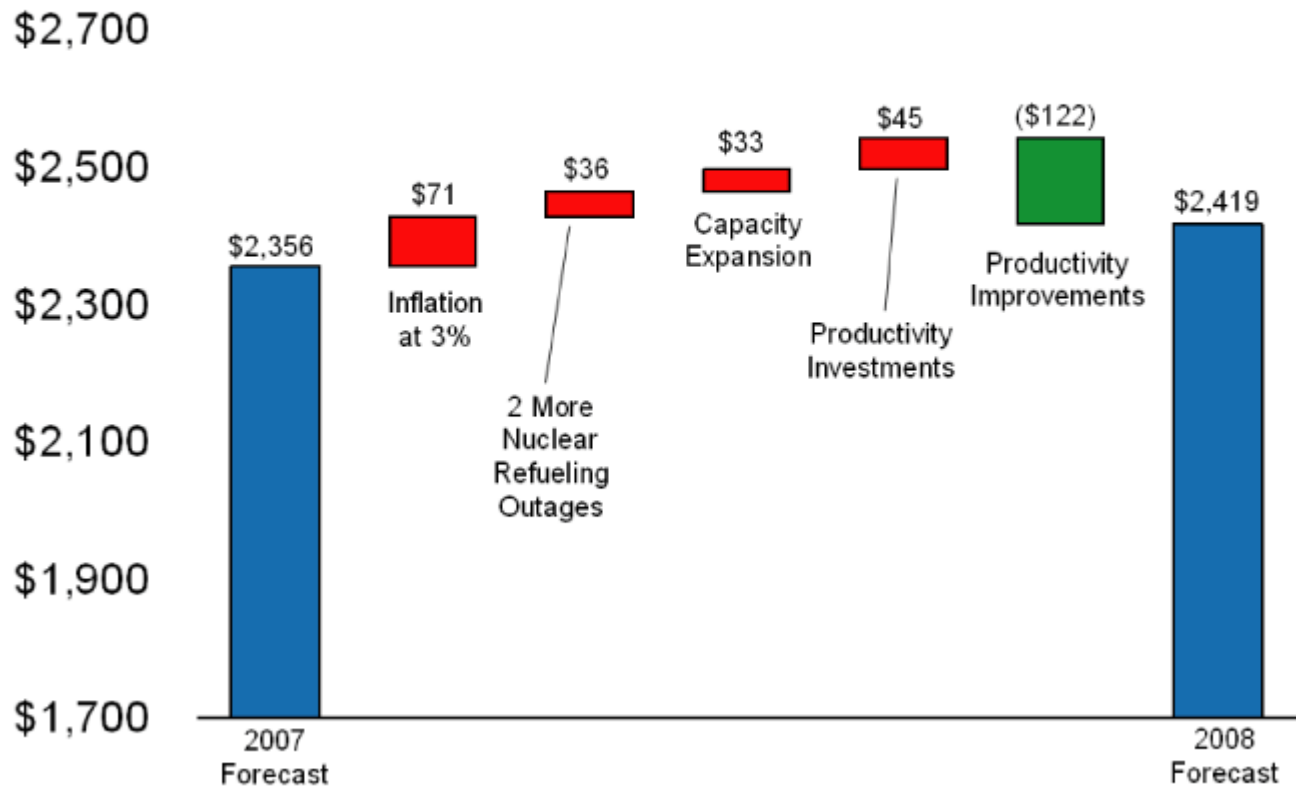
- 2008 O&M Outage increased from 2007 due to higher scheduled nuclear outages (4 versus 2) and new capacity in production.
- 2008 Productivity investments increased from 2007 forecast due to costs related to energy efficiency and peak reduction, new information systems project, and fossil recovery.



O&M

2007 Forecast versus 2008 Forecast

(in millions)

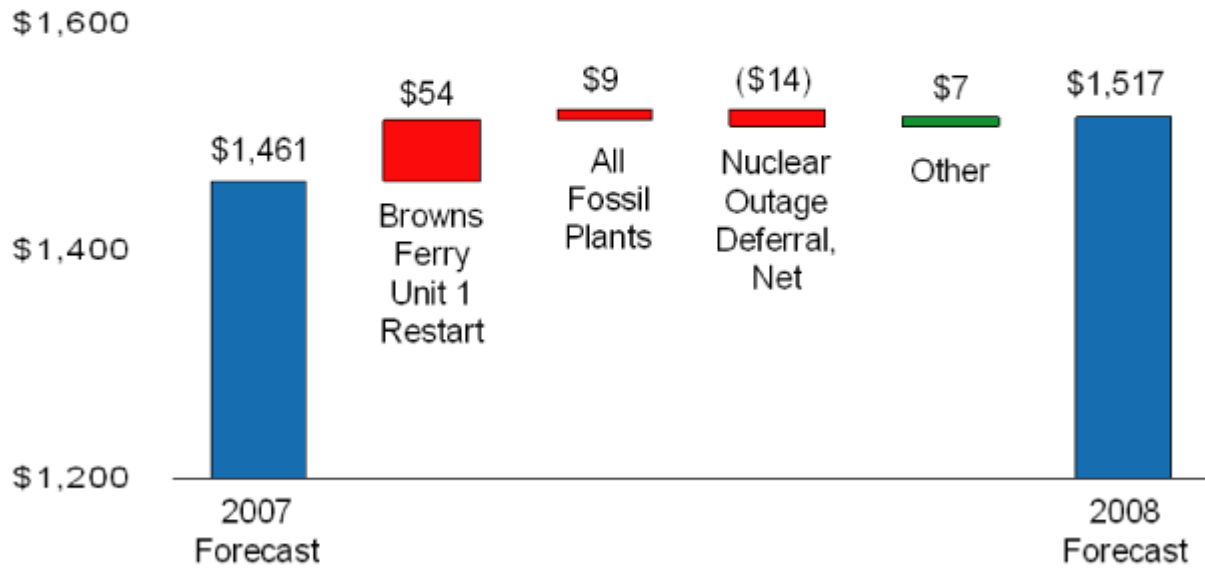


*O&M does not include fuel or clean air chemicals.



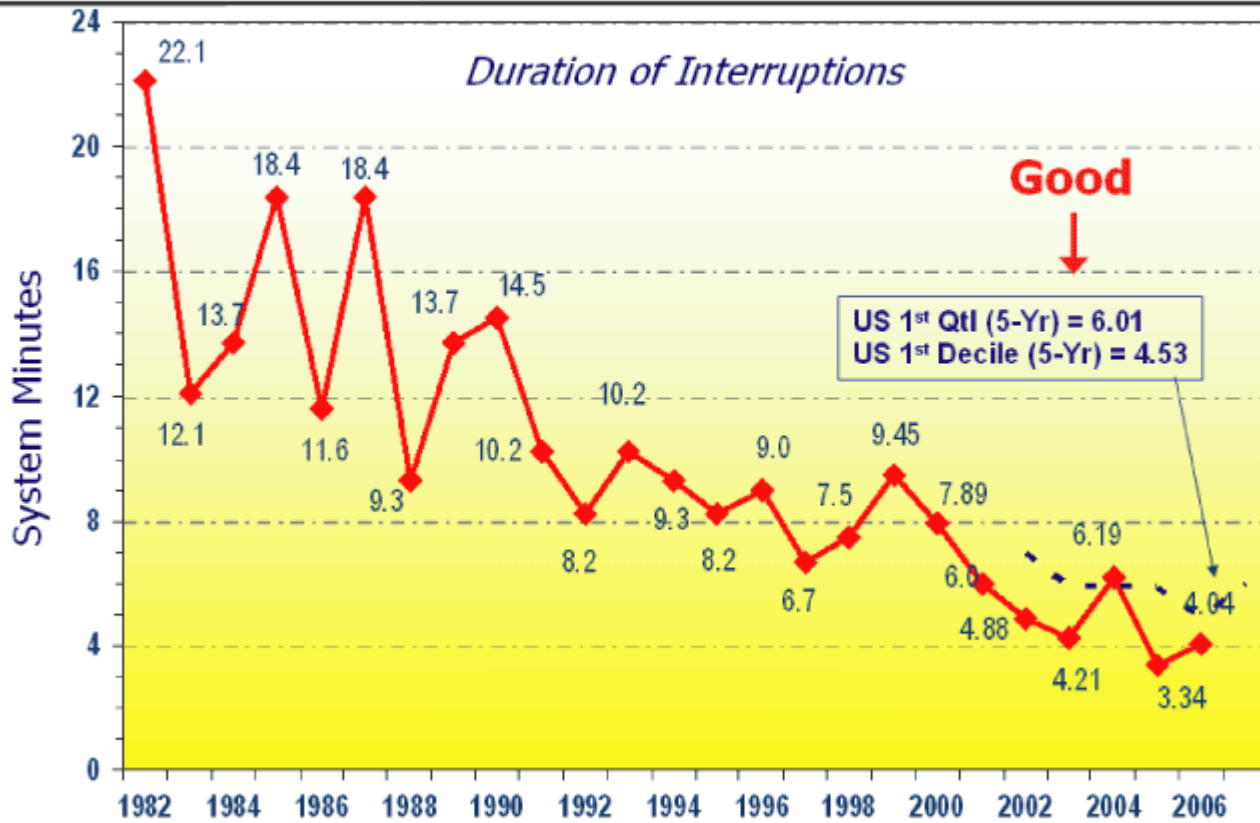
Depreciation and Amortization

(in millions)





Transmission Reliability





Summary

The 2008 Business Plan:

- Supports the strategic plan's focus
- Supports TVA's historic, three-part mission: energy, environment and economic development
- Meet demand growth needs in the Valley
- Promote energy efficiency
- Use of sound financial principles
- Holds O&M flat

Budget approval will be requested at the September Board meeting