

Competitive Rates and Power Reliability

THE TENNESSEE VALLEY ADVANTAGE

TVA and the distributors of TVA power are known for excellent reliability and affordable electric rates. TVA's system of coal, hydro, and nuclear generation, combustion turbines, and renewable resources keeps power flowing through more than 17,000 miles of transmission line to over 8.7 million residents in an 80,000-square-mile area. This diverse mix helps keep electric rates in the Tennessee Valley highly competitive, both regionally and nationally. In May 2007, TVA successfully restarted Browns Ferry Unit 1, the first new nuclear generating capacity of this century in the United States, providing 1,155 megawatts of low-cost capacity to the Valley.

Rates

TVA and its distributor customers offer some of the lowest electricity rates in the nation, complemented by attractive pricing programs and rate credits. Our rates fall well below the national averages, as these percentages show (2006 Energy Information Administration data):

- Industrial rates: 26 percent lower
- Commercial rates: 15 percent lower
- Residential rates: 25 percent lower

TVA has had only four rate increases for industry over the past 20 years, but has also had two rate decreases during that time.

Reliability

While keeping rates exceptionally stable, TVA has not sacrificed its world-class transmission reliability. In fact, TVA has achieved 99.999 percent reliability for seven years in a row, beginning in 2000.

This performance record can be attributed in part to TVA's continuing investments in its transmission system, which have totaled more than \$1 billion over the past seven years.

The TVA system had one of its most successful years on record in fiscal year 2006, selling more than 176 billion kilowatt-hours of electricity. Sixteen of the 20 highest daily peak demands ever recorded on the power system occurred during the year. The agency met new monthly peaks during six different months in 2006, and in August TVA realized its highest total monthly power sales ever recorded.

In 2006 TVA also achieved outstanding performance in two key reliability factors: Customer Connection Point Interruptions, in which TVA achieved the best rate in its history, and Load Not Served, a measure of the frequency and magnitude of outages. This is not unusual for TVA, a power provider that the North American Electric Reliability Corporation has characterized as having a "culture of reliability."

Besides providing dependable electricity, TVA acts as the transmission system reliability coordinator for several neighboring systems, covering parts of 11 states from the Carolinas to Oklahoma.

