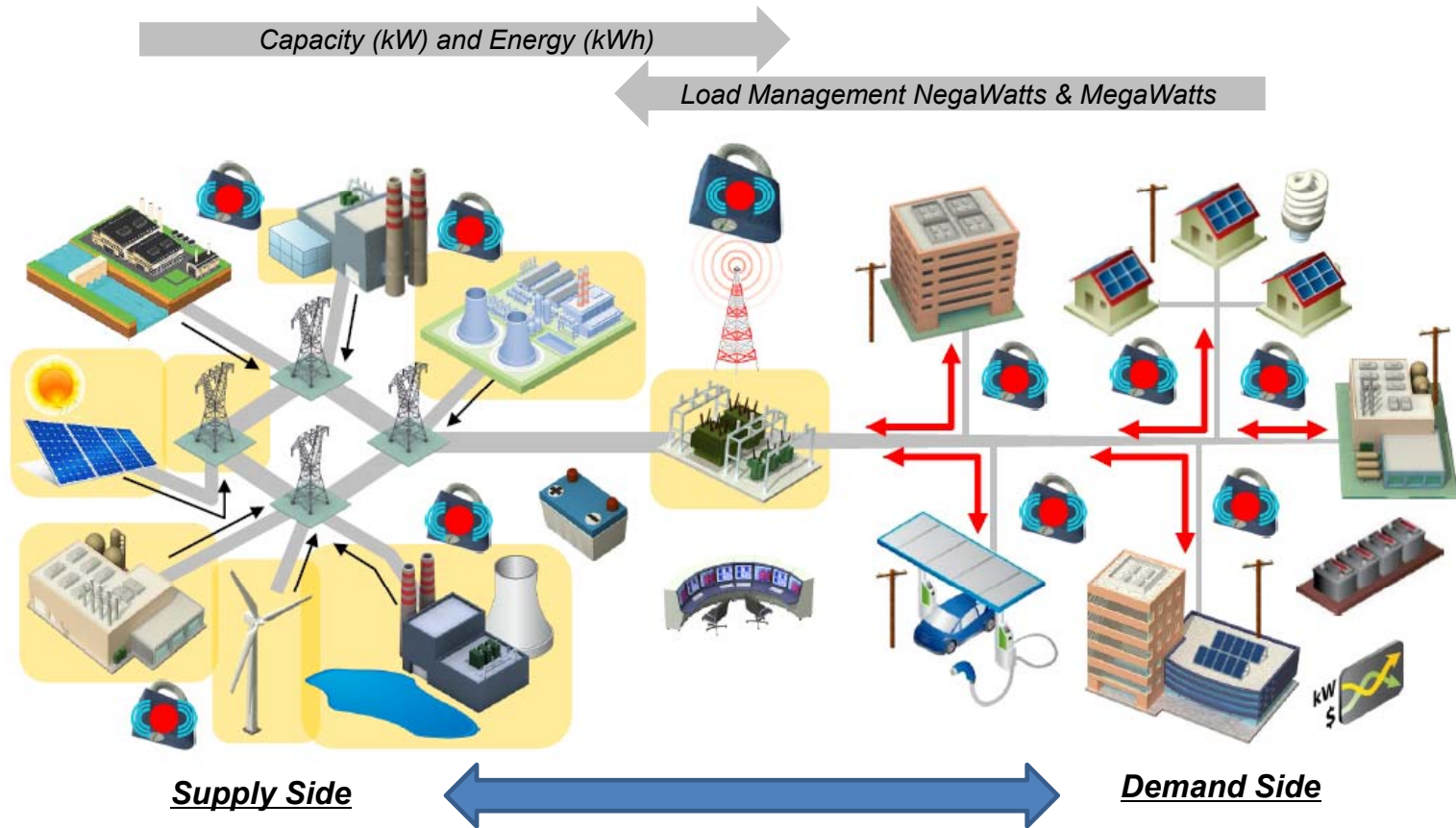
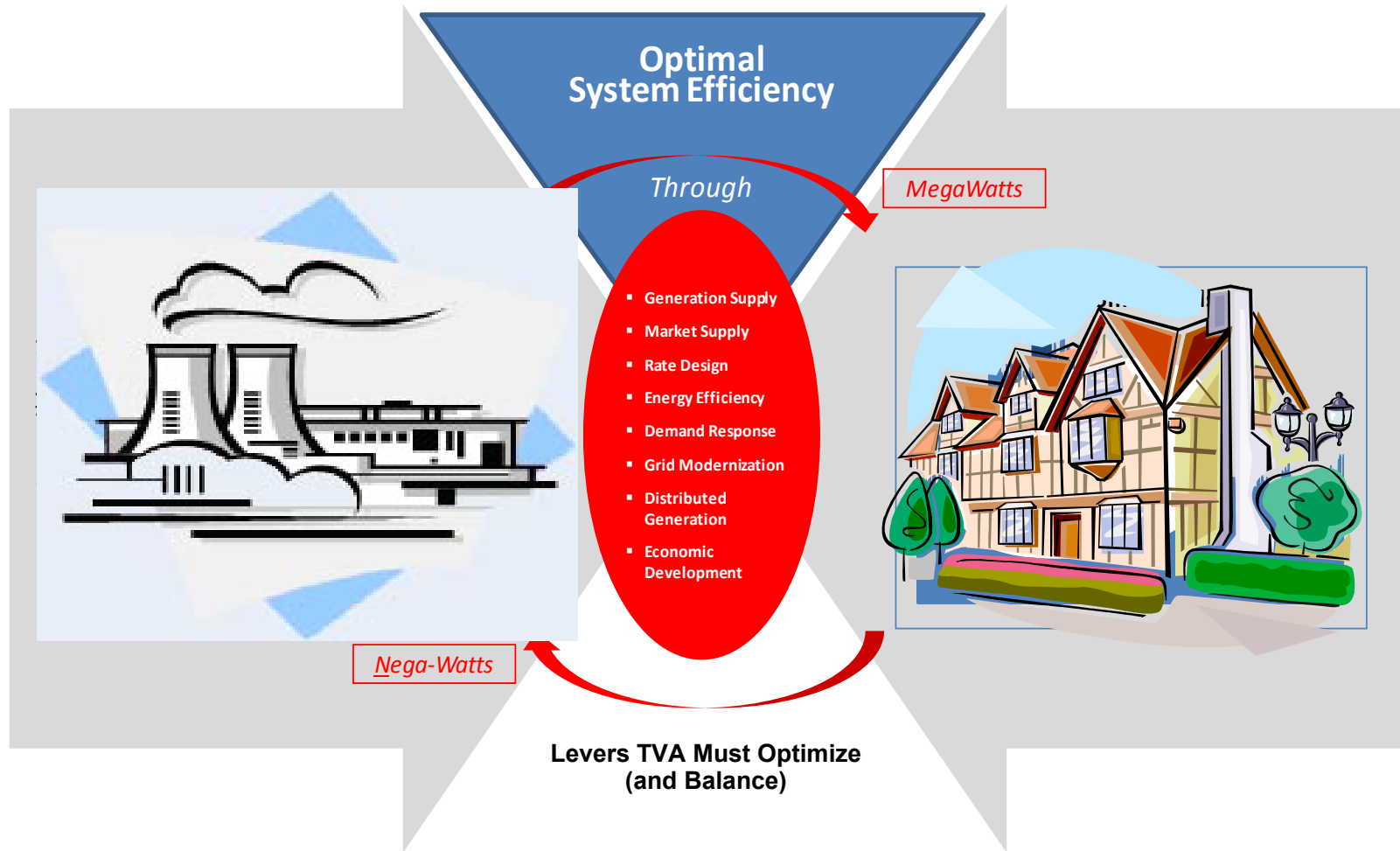


Challenges and Opportunities

Operating an Electric System that is Multidirectional

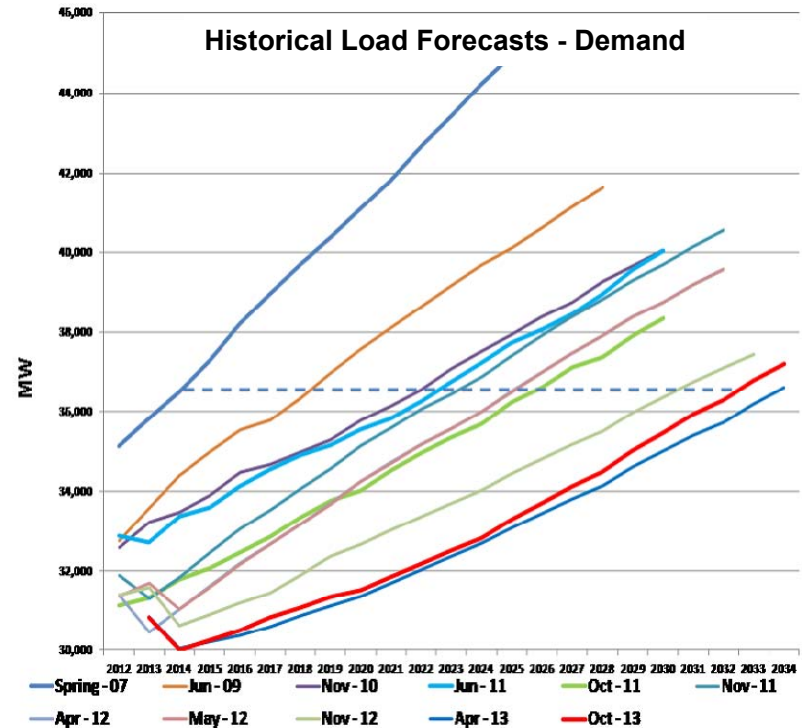
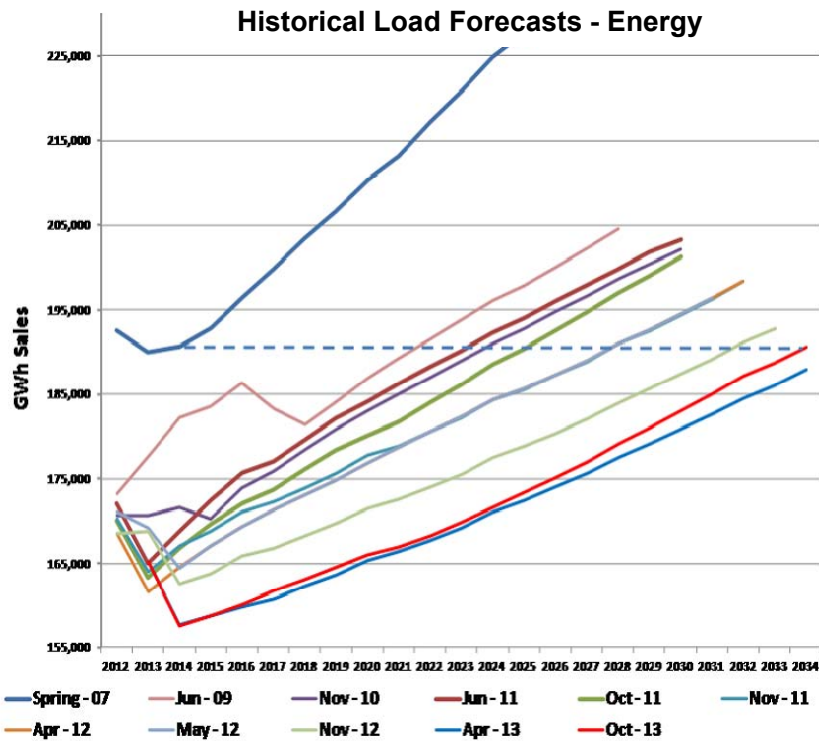
Evolving Reality: Renewables, energy efficiency (EE), distributed generation, demand response (DR) managed by multiple entities





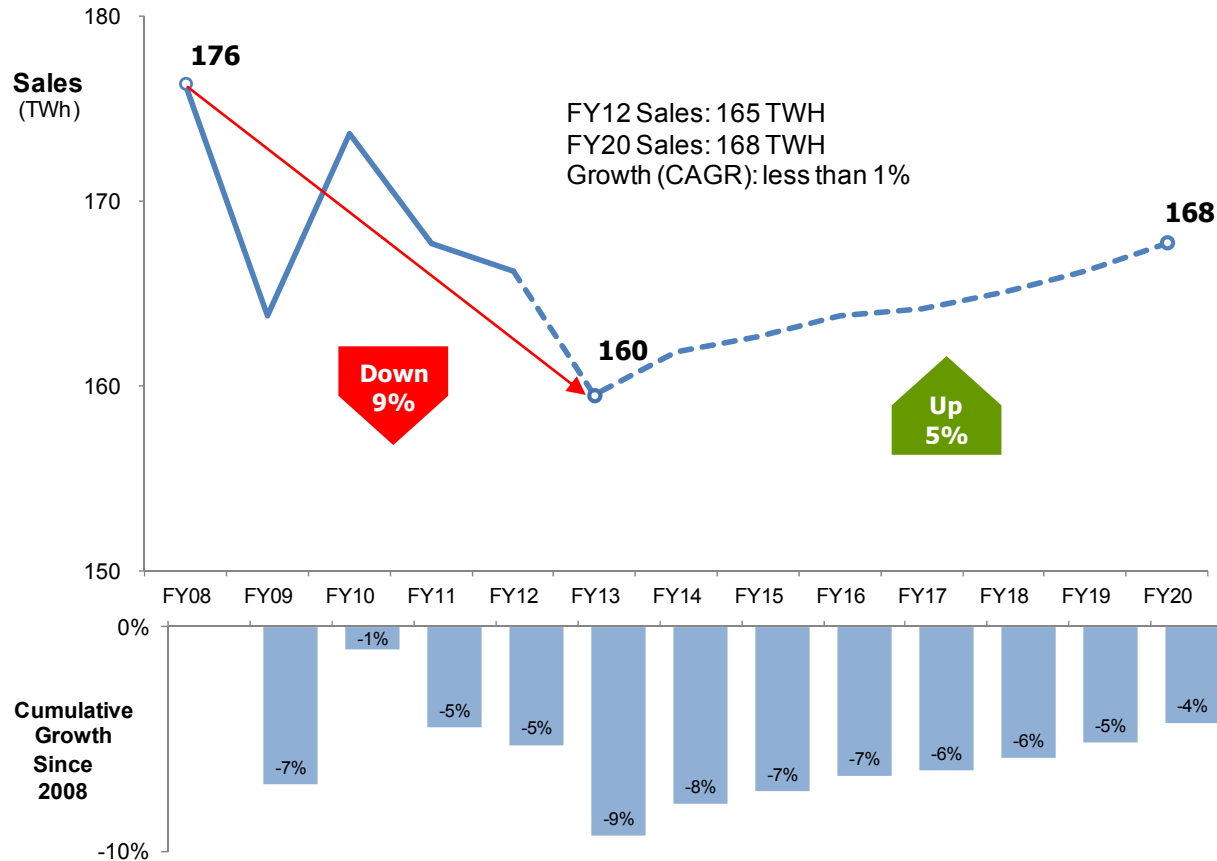


Providing High Reliability in an Uncertain Future



Load Forecasts have progressively been reduced as they have been revised and updated over the last several years

Challenge: Slow economic recovery and lower sales



Sales do not return to FY08 levels until beyond 2020

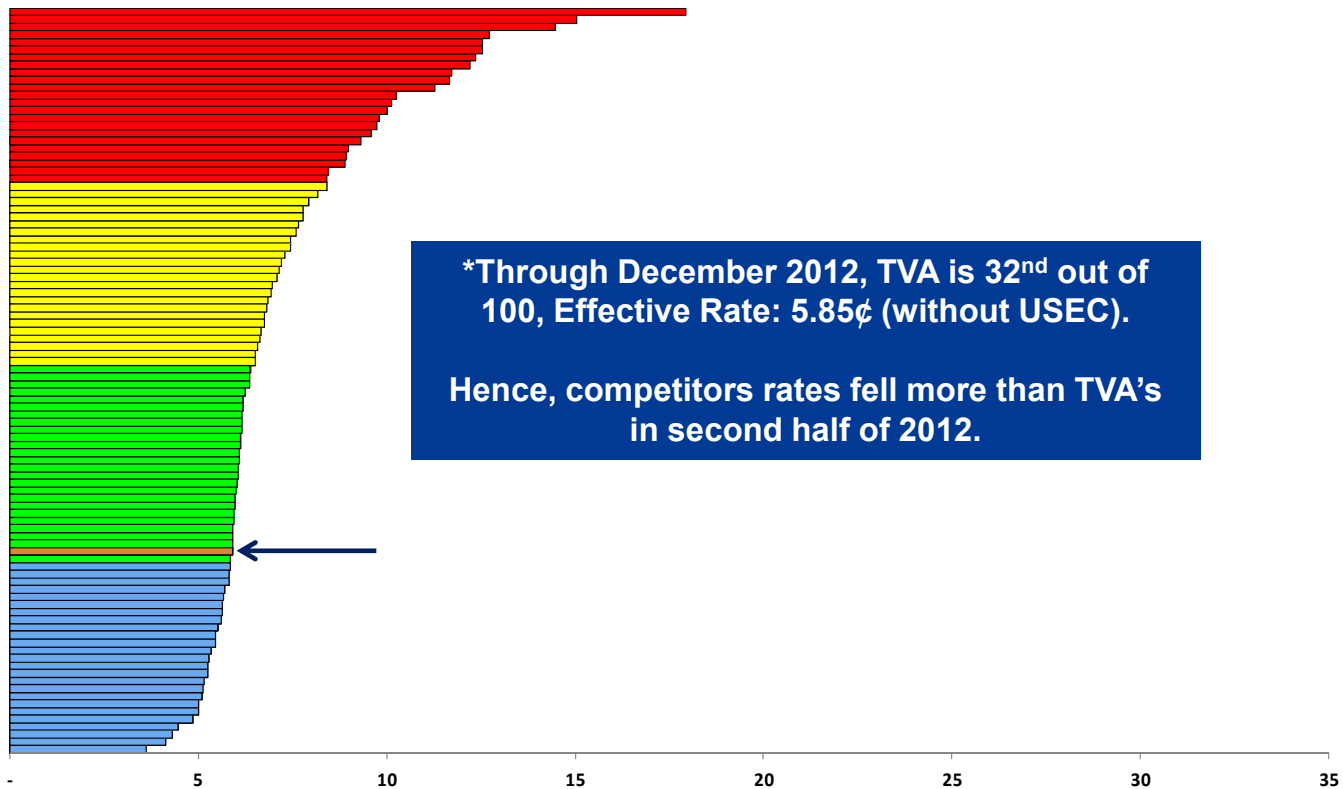


Ensuring National Rate Competitiveness

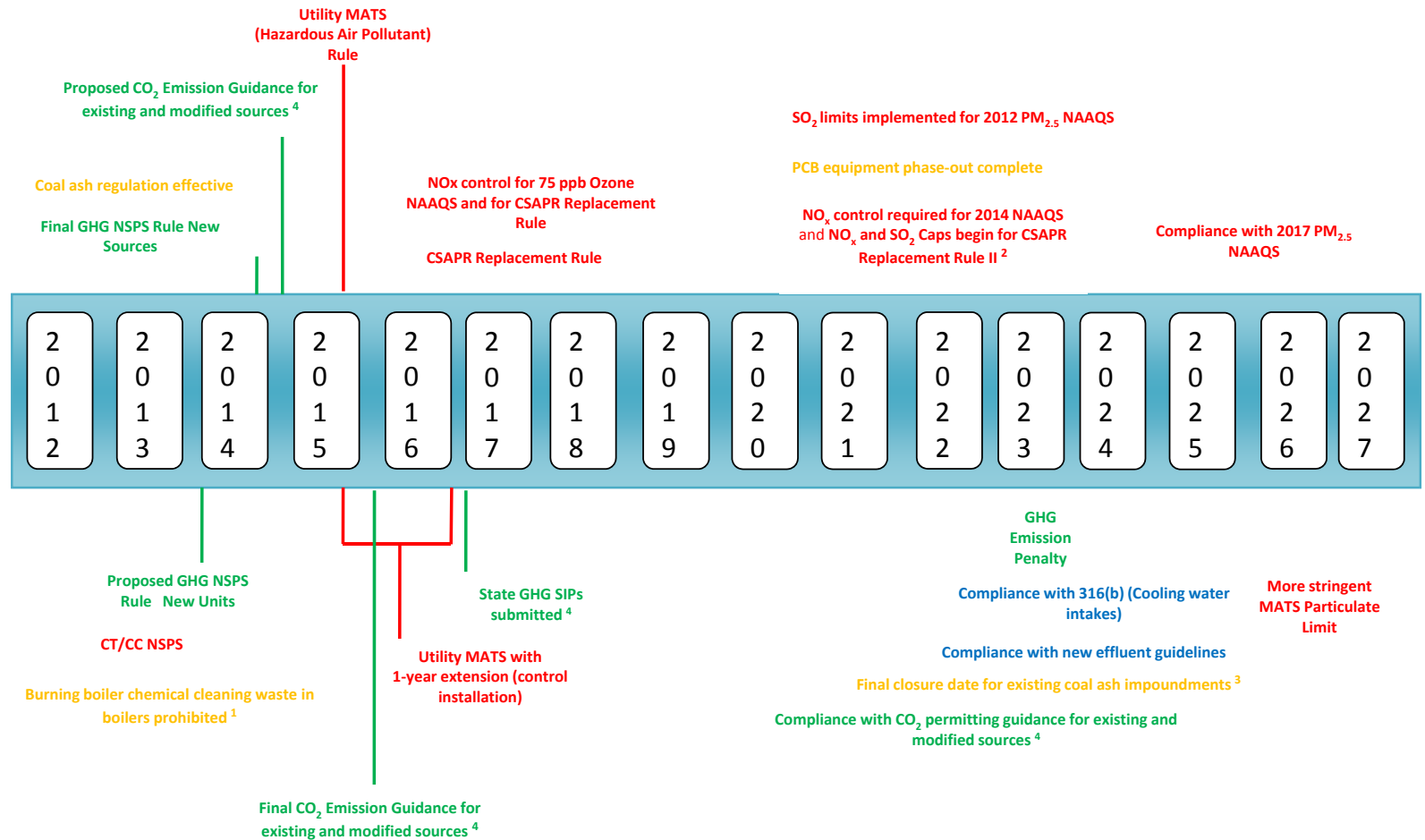
Average Effective Industrial Rate – Top 100 Utilities

12-Month Average Industrial Rate (¢ / kWh) of the Top 100 U.S. Utilities

■ TVA EIA Results - USEC Excluded ■ Top Quartile - 5.90 ■ Median - 6.40 ■ Bottom Quartile - 8.30



Addressing Impending Environmental Regulations



Legend	
	Air
	Water
	Waste
	Climate

- Future rules are hard to predict
- Costly and difficult to comply
- Introduce uncertainty and risk into planning and future operations