

# Exhibit 18



TENNESSEE VALLEY AUTHORITY

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### What is TVA?

The Tennessee Valley Authority is a federal corporation and the nation's largest public power company. As a regional development agency, TVA supplies reliable, competitively priced power, supports a thriving river system, and stimulates sustainable economic development in the public interest. TVA operates fossil-fuel, nuclear, and hydropower plants, and also produces energy from renewable sources. It manages the nation's seventh-largest river system to reduce flood damage, produce power, maintain navigation, provide recreational opportunities, and protect water quality in the 41,000-square-mile watershed.

### When was TVA founded?

TVA was set up by the U.S. Congress in 1933, primarily to reduce flood damage, improve navigation on the Tennessee River, provide electric power, and promote "agricultural and industrial development" in the region.

### Who benefits from TVA's activities?

By providing wholesale power to 155 municipal and cooperative power distributors, and by directly serving 58 large industries and government installations in the Valley, TVA supplies the electricity needs of about nine million people at prices below the national average. TVA serves the public users of TVA lands and recreational facilities, and it provides economic development assistance to communities throughout the Valley. TVA also serves the nation and the world by finding new and better ways to use our natural resources while protecting the environment.

### Which areas receive TVA power?

TVA's power-service area covers 80,000 square miles in the southeastern United States, including almost all of [Tennessee](#) and parts of [Mississippi](#), [Kentucky](#), [Alabama](#), [Georgia](#), [North Carolina](#), and [Virginia](#). (View an [interactive map](#) of the TVA region that shows the location of dams and power plants.)

**Where do TVA employees work?**

TVA employees are stationed at the following offices and plants:

- Main offices in Knoxville, Chattanooga, and Nashville, Tennessee, and Muscle Shoals, Alabama
- Regional customer-service centers
- Offices in seven economic development regions
- Watershed team offices in seven watershed regions
- Eleven coal-fired plants
- Nine combustion turbine plants
- Three nuclear plants
- Twenty-nine hydroelectric dams
- One pumped-storage plant
- Other locations in the Valley and the nation.

**How is TVA funded?**

In 2011, TVA's operating revenue from electricity sales was about \$11.7 billion. TVA receives no public tax dollars but finances all of its programs, including those for environmental protection, integrated river management, and economic development, through power sales and the sale of bonds in the financial markets. The total amount of outstanding bonds and banknotes represents TVA's debt.

**What kind of public tax support does TVA get?**

TVA no longer receives congressional appropriations to help fund its activities in navigation, flood control, environmental research, and land management. Today all of its programs are paid for with power revenues.

**Does TVA pay taxes?**

TVA makes tax-equivalent payments annually to state and local governments in eight states. In 2011 those payments totaled nearly \$530 million. They are based on power sales revenue in the previous year and property owned by TVA in each state. Such payments make TVA one of the largest "taxpayers" in Tennessee and Alabama. In addition to the seven states and many counties in the Tennessee Valley region, the state of Illinois and two of its counties receive payments for coal reserves TVA owns there.

**How does TVA generate electricity?**

Eleven coal-burning plants produce more than half of TVA's electricity in an average year. Four of these plants and five freestanding sites also have combustion turbines, which burn natural gas or fuel oil. TVA has three nuclear plants, 29 hydroelectric dams, and one pumped-storage plant, and since April 2000 it has added energy from three [renewable sources](#) — sun, wind, and methane gas — to its power mix. In addition, eight Army Corps of Engineers dams and four Alcoa dams contribute to the TVA power system. Read more about [TVA's generation facilities](#).

**How is TVA-generated electricity distributed?**

TVA provides electric power to 155 local power distributors through a network of 15,900 miles of

transmission line. These local utilities deliver power to homes, businesses, and industries throughout TVA's service area. TVA also sells power directly to 58 large industries and federal agencies.

**How does TVA meet the fluctuating demand for electricity throughout the day?**

Because electricity generated by a power plant cannot be easily stored, it is usually used as it is produced. When the demand for electricity is high, power plants increase production. When the demand subsides, the plants cut back. Balancing power production minute by minute is the job of TVA's Power Business Center in Chattanooga.

A certain amount of flexibility in the system is provided by the combustion turbine plants and by Raccoon Mountain Pumped-Storage Plant. When power use is low, such as late at night, water is pumped from the Tennessee River to a reservoir on top of Raccoon Mountain. When more power is needed, the water is released from the reservoir through a turbine, which produces electricity, and then flows back down to the river. In addition, the combustion turbines can be started quickly and take only 20 minutes to achieve full power.

**How do TVA's rates compare with those of other power companies?**

TVA's average retail rate, which combines residential, commercial and industrial rates, for the 12-month period through April 2014 was 8.97 cents per kilowatt-hour. (A kilowatt-hour is the amount of electricity it takes to burn ten 100-watt light bulbs for one hour.) The national average retail rate in April 2014 was 10.01 cents/kWh. The median rate among the nation's 100 top utilities was 9.6 cents/kWh, ranking TVA's rates 36th lowest.

**What does TVA do to ensure nuclear-plant safety?**

Nuclear plants are designed to produce large amounts of electricity with maximum safety. TVA's nuclear plants meet extremely rigid and demanding construction and operation safety standards that are established and constantly monitored by the U.S. Nuclear Regulatory Commission. Without NRC approval, TVA nuclear plants could not operate.

To meet NRC standards and fulfill its responsibility to communities near TVA nuclear plants, TVA employs only highly trained, skilled professionals to maintain and operate the plants. Training for these employees is extensive. Earning a reactor operator's license, for example, requires twice as much training in the classroom, on a simulator, and on the job as getting a commercial airline pilot's license. And to keep their licenses, all nuclear-plant operators must be regularly retested.

**What approach does TVA take to the management of the Tennessee River and its tributaries?**

TVA's 49 dams are public assets managed in the public interest. Its operations and policies strive to maintain a reliable balance among the competing demands placed on the water and land resources. TVA's integrated resource management ensures that precious water resources are not wasted. As water flows downstream, it's used over and over, for drinking, fish habitat, navigation, coolant for power plants, energy to spin turbines, and recreation. And

by controlling the flow of that water, TVA has averted over \$5.4 billion in property damage.

**How does TVA protect the environment?**

TVA's [watershed teams](#) work with state and local communities to protect shorelines, conserve fisheries, and maintain water quality. In addition, TVA has installed equipment and manages water flows to increase oxygen concentrations and improve aquatic habitat. Such activities support TVA's mission to oversee the sustainable development of the Tennessee River basin and promote a thriving river system.

In addition, [TVA continues its aggressive clean-air program](#). Through 2011, TVA has spent about \$5.4 billion on emissions controls at its fossil-fuel plants to help TVA generate power as cleanly as possible, consistent with efficiency. Emissions of nitrogen oxides on the TVA system have been reduced by 86 percent below peak 1995 levels, and emissions of sulfur dioxide on the TVA system have been reduced by 90 percent below 1977 levels.

**What kind of research does TVA carry out?**

The TVA Environmental Research Center in Muscle Shoals, Ala., is home to scientists who improve and develop technologies that increase the efficiency of power generation and transmission systems. They also develop tools and methods to minimize and clean up pollution from industrial, municipal, and agricultural systems. The major focuses are atmospheric sciences, biotechnology, contaminated-site remediation, and prevention of water pollution from nonpoint sources. The Muscle Shoals reservation houses the nation's leading constructed-wetlands R&D facility.

**What contribution does TVA make to the Valley economy?**

TVA's most important contribution is keeping power rates competitive. This helps attract industries that bring good jobs to the region. Low power rates also give Valley residents more money to spend on other goods and services.

TVA also supports economic development, primarily by helping communities help themselves. That assistance includes stimulating capital investment, creating jobs, improving business and workforce productivity, bringing communities into the Information Age, supporting small-business incubators, and promoting sustainable development throughout the region. See [TVA Economic Development](#) for more information.

In addition, the TVA system of waterways allows many types of bulk goods to be shipped by barge, reducing transportation costs for Valley businesses by some \$550 million each year and compelling other types of shippers to keep rates competitive.

For an overview of the many types of contributions TVA makes to Valley communities, see [Community Relations](#).

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