



December 2015 ATVG Newsletter

TVA Boosts Use of Diverse Contractors 41 Percent in 2015

Andre Gist moved his Manufacturers Industrial Group from Detroit to Tennessee nearly a decade ago when the company acquired a Johnson Controls automotive supply plant in Lexington with the help of a Tennessee Valley Authority loan program. Gist, who has since built MIG into Tennessee's biggest minority-owned firm, has capitalized on the growth of the Southern automotive industry as a major supplier to Nissan and other car makers. But the company also began doing business as a steel fabrication supplier to TVA in 2007 and a year later bought one of his suppliers, Modern Industries in Chattanooga, and renamed the company MIG Wire & Tube LLC.

Recently Gist was among the suppliers who gathered in Chattanooga for a conference to help minority, women and veteran owned businesses develop more supply relationships not only with TVA but also Southern, Duke, Dominion Power, SCANA and other utilities and their suppliers. "We developed some relationships and got some first-hand information that we hope will help us grow even more in this industry," said Gist, who has supplied steel parts for the renovation of TVA's Raccoon Mountain Pumped Storage Facility and hopes to be a supplier for the \$1 billion natural gas plant TVA is building to replace the Allen Fossil Plant in Memphis.

Ric Perez, senior vice president of shared services at TVA, said utilities are working to promote more diverse suppliers like MIG as the utility industry transforms from coal to more natural gas, solar, wind and distributed energy. Perez said the three-day conference in Chattanooga, billed as "Energizing Powerful Connections" "helps make us more competitive and more innovative" by helping utilities tap into more local and small businesses in their service territories.

In the fiscal year ended September 30th, TVA increased its purchases from minority, women and veteran owned businesses by more than 41 percent to \$380 million and increased the amount spent with all small businesses by 5.2 percent to \$946 million. Perez said TVA tracks its use of diverse firms and wants to do better by inviting more diverse firms to bid on contract work and subcontract work with TVA contractors. But he said there are no racial or gender preferences or set asides for diverse contractors. "Our brass ring is not hitting some percentage, but how can we best continue our mission of low rates and reliability to help build our region and support the businesses that help build the Valley," he said.

TVA said 10 percent of its purchases with contractors last year were with businesses owned by minorities or veterans. The population of the Tennessee Valley includes 22 percent black, Hispanic or Native American persons and women. The Tennessee Valley Authority has been on a record spending spree for capital projects over the past three years with the completion of the Watts Bar Unit 2, the clean-up of TVA's coal ash ponds, the installation of scrubbers at the Cumberland coal plant, and the construction of new gas-fired power plants in Memphis, Rogersville, TN, and Paradise, KY. Although TVA has trimmed its operating expenses, TVA plans to spend a record high \$3.5 billion on capital projects in the current fiscal year.

"As our capital expense has gone up, we've tried to really leverage that," Perez said. "We've seen an increase in the share of business we are doing with minority and women owned businesses even as our capital spending goes up and that can really leave a legacy. It not only helps the community, it creates a situation where we have a supply base close to our plant that helps us for the future." TVA is working to replace the Allen coal plant with a \$1 billion gas-fired plant in a way that can aid Shelby County, the biggest county with the biggest minority population in TVA's 7-state region.

Lauderdale, AL Commission Discussing Contract with TVA About Cleanup

Lauderdale County, AL commissioners are ready to move forward with using work-release inmates to clean up public access boat ramps and parks on Tennessee Valley Authority Property, if they can reach agreement with TVA on a contract.

County attorney Chris Smith told commissioners during a recent work session that after meeting with the Lauderdale County Community Corrections Authority, which oversees the work-release program; commissioners were in agreement to use the inmates to clean up the TVA areas.

"TVA has suggested a five-year contract, and I'm just not sure that is wise," Smith said. "Who knows how long our work pool will last? It could dry up in five years." He said a "year-to-year" contract would be a "sounder" approach, as far as commissioners are concerned. "We don't want to lock ourselves in to a five-year contract and then have no personnel to hold up our end of the contract," Commission Chairman Dewey Mitchell said.

The commission agreed to allow Smith to talk with a TVA representative about the contract, and see what, if anything could be worked out. Commissioner Roger Garner said in the proposal, TVA will provide garbage bags, gloves, safety glasses and will pay the county \$5,000 a year to keep areas TVA owns cleaned.

Smith said if an agreement can be reached, the \$5,000 payment would be used to offset the cost of having a correctional officer take the work-release inmates out to do the cleanups. He said after talking with the community corrections authority, it was proposed that one week the inmates would work cleaning up roadways, and one week they would clean the TVA parks and boats ramps.

"All of (the TVA parks and boat ramps) would be covered three times a year," Smith said. "It's is doable, and a sound idea. I just have a few questions about the contract." He said he hopes to have some information for the commission at its work session following the meeting. Garner said there are nine locations that would have to be cleaned up, from "Waterloo to Rogersville."

In a letter from TVA discussing the program, it was noted the initiative started in 2014 to help clean up trash and litter from areas such as boat ramps and TVA property used by the public. TVA officials said five counties in the utility's region are involved in the program, and agreements with two more counties are being finalized.

Schwarz Will Head Sequoyah Nuclear Plant

The Tennessee Valley Authority has tapped a veteran nuclear engineer who previously headed nuclear plants in Arkansas, Michigan and Connecticut to lead its Sequoyah Nuclear Power Plant near Soddy-Daisy.

Christopher Schwarz, currently vice president of corporate operations at Public Service Enterprise Group Nuclear in New Jersey, will become site vice president at Sequoyah. He succeeds John Carlin, who plans to retire at the end of the year.

"John has been a respected leader in TVA Nuclear and had a strong impact on the improved performance seen at Sequoyah during his tenure," said Joe Grimes, TVA chief nuclear officer, said in a statement. "We are fortunate to find another exceptional leader in Chris, who can step in to continue Sequoyah's focus on achieving and sustaining top industry performance."

With a nuclear background spanning 41 years, Schwarz has held a number of senior leadership positions, including site vice president of both the Arkansas Nuclear One and Palisades nuclear stations, vice president of operations support for Entergy's northeast nuclear sites and site director for Dominion's Millstone nuclear plant. A U.S. Navy veteran, he holds an engineering degree from Widener University.

The twin-reactor Sequoyah plant began power generation in 1981 and is capable of generating 2,274 megawatts, or enough power to supply about 1.3 million homes.

TVA Transmission Line Project Open House Well-Received

The Tennessee Valley Authority's open house event in Guthrie, KY on November 5th was a huge success. "It went really well. We had a steady flow of people who attended throughout the night," said Kim Choate, a manager for TVA transmission system. "This will help us take everyone's input and determine the best route with the least amount of impacts."

Voltage and reliability issues in the Guthrie area have prompted the Pennyrite Rural Electric Cooperative Corporation, along with the TVA, to make improvements to the electric transmission and distribution system, according to a TVA handout provided at the open house.

Choate said that the TVA had invited about 130 property owners from the general area of the routes under consideration. This included not only the ones with property in the path of the possible right-of-way purchases, but also the surrounding property owners in order to gather the best information possible.

TVA was gathering information from affected property owners and the general community with regard to several alternative route options for their purchase of around 5 miles of new 100-foot wide right-of-way that will run from an existing Clarksville-area line to Pennyrite's soon-to-be-constructed substation.

Ms. Choate said they're hoping to determine the best route possible; TVA doesn't want to displace any homes or businesses. Additionally, it has to consider where any wetlands and/or stream crossings are, and any necessary information that can only be provided by locals, such as where new developments are going up, and whether there are any wildlife concerns to consider.

One property owner had informed TVA of an eagle's nest on his property near one of the possible routes. "That's important information because you don't want to get far down the road and find something like that that's going to limit you on your construction time," Choate said. Additionally, the transmission line improvement would give Clarksville Department of Electricity (CDE) the ability to tie its East Substation into the new 161-kV line, which will not only increase electrical capacity for the substation, but also "improve system reliability," Jim Manning, a CDE spokesman.

"Having this transmission line will make it so we are able to support and have a more reliable transmission system for Guthrie and the Clarksville area. It will also allow for future growth with residential, commercial and industrial, so it's going to be good for the community in providing reliable power and providing a source of power for future growth," Choate said. TVA will be accepting public comment through December 7th, and tentatively expects to begin surveys in late spring to early summer of 2016, with easement purchases beginning sometime in spring 2017.

Once the TVA determines the preferred route for the new transmission lines, the routes will be announced on their website and they will notify property owners before contacting them to survey the right-of-ways and eventually make the land purchases, Choate said.

Sinomax Group to Locate New Manufacturing Operations In La Vergne, TN

Foam Products Manufacturer to Invest \$28 Million, Create 350 Jobs-

Sinomax Group announced November 10th it will locate new manufacturing operations in La Vergne. Sinomax, a foam products manufacturer and distributor, will invest \$28 million and create 350 jobs in Davidson County, the largest jobs commitment made from a Chinese-owned company in Tennessee's history.

"We want to welcome Sinomax to Tennessee and thank them for creating 350 jobs in La Vergne and Davidson County," Governor Bill Haslam said. "Tennessee works hard to create a business-friendly environment that supports both business recruitment and existing industry expansions, and this announcement brings us one step closer toward our goal of becoming the No. 1 location in the Southeast for high quality jobs."

"We are thrilled to open our first U.S. manufacturing facility in the state of Tennessee," President and CEO of Sinomax USA Frank Chen said. "Through our new facility in La Vergne, we will be able to better serve our North American customers with our diverse offerings of high quality foam bedding products. We anticipate significant growth as demand for localized manufacturing continues. We chose the Nashville area for its pro-business environment, its talented workforce and its welcoming spirit. We look forward to creating a world-class facility and contributing to this community. We want to thank the Tennessee Department of Economic and Community Development, Nashville Area Chamber of Commerce, TVA as well as all of our private and public sector partners for making this project a reality."

"TVA and Nashville Electric Service congratulate and welcome Sinomax on its decision to locate in La Vergne, Tennessee," TVA Senior Vice President of Economic Development John Bradley said. "Serving the people of our communities by attracting and retaining quality jobs and investments in our region is a fundamental part of TVA's mission. We are proud to partner with the Nashville Area Chamber of Commerce, Metropolitan Government of Davidson County and Tennessee Department of Economic and Community Development to help Sinomax locate in the Valley."

The new 505,000 square foot facility will function as a manufacturing facility for the production of the various foam products that Sinomax specializes in. With this facility, the company will be able to more efficiently reach North American markets.

TVA Raccoon Mountain Pumped Storage Plant

Most people know there's a lake on top of Raccoon Mountain, but it's what's going on underneath the mountain, that may help keep many people warm this winter. While the Raccoon Mountain Pumped Storage plant is down for maintenance, we'll describe to you an area where very few people have ever seen and explain to you how it works.

Raccoon Mountain Senior Operator Heath Rogers, our guide, will describe what visitors would see. "Once you get all the way to the bottom you would step out of the van," he says just before you accent into the base of the mountain, "we will be roughly 120 feet below the Tennessee River level." Inside the man-made cavern that very few ever get to see, are four combination pump and generator units all in a row.

The Raccoon Mountain Pumped Storage plant works like this: First, water is drawn out of the Tennessee River overnight at the base of the mountain to the pump/generator units inside. Millions of gallons of water are then

pumped up 1,080 feet up into the lake on top of the mountain. During the day, when power demand is higher, TVA releases that same water back down the mountain and electricity is generated through the same pumps that sent the water up. The water is then released back into the river, basically, its recycled water.

When the water comes in, its first stop is a spherical valve. There are four of them for the four pump/generators and they work like any faucet inside your home. Each valve is held in place by 52 bolts that weigh 80 pounds apiece. From the spherical valve, water is now pumped 400 feet further back into the mountain, where at an elbow, it goes more than a thousand feet high to a concrete drain on top of the mountain.

During the day, when that same water comes back down the mountain, it now rotates one of 4 turbines to generate power. Cables will carry that power up the mountain through the plant's one-thousand foot elevator shaft, which is a staggering 38-stories tall.

At this point, the electricity is tied into TVA's power grid. Plant manager Ken Cornett says there's a mindset among the underground workers: "Water is always either coming in, or it's going out."

"It's really an engineering marvel," he says "when you come in, to look and observe what's being done down here." So what's the difference between the units at Raccoon Mountain, and the nuclear unit at Watts Bar?

Both generate the same amount of power, but from a cold start, it takes days to get a nuclear reactor fired up; Raccoon Mountain can start generating full power in about 60 seconds.

DENSO Manufacturing Expanding in Maryville, TN

Tennessee Gov. Bill Haslam and Economic and Community Development Commissioner Randy Boyd recently announced that DENSO Manufacturing Tennessee will expand its automotive components and systems manufacturing plant in Maryville making it one of the largest operating campuses in DENSO Corporation's worldwide operations.

With a workforce of more than 3,100 employees, DENSO Manufacturing Tennessee is Blount County's largest employer. The company will create 500 new jobs and invest \$400 million to expand its manufacturing capabilities and construct a new warehouse. Due to expanded production needs at two of the company's manufacturing plants, the existing warehouse will be converted to manufacturing space and a new consolidated warehouse will be built on the company's current campus.

"We want to congratulate DENSO on its latest expansion and the 500 new jobs they will create in Maryville and Blount County," Gov. Haslam said. "This announcement is another indication of the momentum Tennessee has in the automotive manufacturing sector. As the largest employer in Blount County, DENSO supports numerous families throughout East Tennessee, and we are grateful for the company's commitment and continued investment in our state."

"DENSO has been an outstanding corporate citizen in Tennessee, and we appreciate the significant investment the company has made in our state and the thousands of jobs it has created for our workforce over the years," Boyd said. "It has been less than a year since I became commissioner, and this is the second expansion DENSO has made at one of its Tennessee facilities during that time. I thank the company for creating 500 additional jobs in Blount County and wish them much continued success in the future."

“Thanks to our skilled associates and their dedication to manufacturing the highest quality automotive technology, DENSO remains committed to investing in this region and creating jobs,” said DENSO Manufacturing Tennessee President Jack Helmboldt, who is also a DENSO Corporation global executive director. “I would also like to thank Governor Haslam, Commissioner Boyd, other state and local leaders, the Blount Chamber Partnership and TVA for their support in making this expansion possible.”

**Association of Tennessee Valley Governments
Winter Meeting January 27 & 28, 2016**

Chattanooga Marriott Downtown
2 Carter Plaza Chattanooga, TN 37402

January 27, 2016 (Eastern Time Zone)

ATVG Program

1:00 p.m.	Welcome and Introductions	- <i>Don Stisher, ATVG President</i>
1:15 p.m.	TVA Update	- <i>Bert Robinson, TVA</i>
1:45 p.m.	TVA Payments-in-lieu of Taxes	- <i>Stephen Schoolfield, TVA</i>
2:30 p.m.	TVPPA Overview	- <i>John Cooke</i>
3:00 p.m.	Break	
3:15 p.m.	New Markets Tax Credit Program	- <i>Joe Guthrie</i>
4:00 p.m.	Tour of TVA Power Trade Center	
5:00 p.m.	Return to Marriott	
6:30 p.m.	Reception and Dinner at the <i>Public House</i>	

January 28, 2016

8:00 a.m.	ATVG Board Meeting (Continental breakfast)
9:00 a.m.	Bus Departure for Raccoon Mountain Pump Storage Plant Tour
12:00 Noon	Return to Downtown Marriott

Please help us make necessary arrangements by letting us know if you will be attending. Send the enclosed registration form by email to: registration@atvg.org or by U.S. mail to: ATVG, P.O. Box 3578, Clarksville, TN 37043.

Association of Tennessee Valley Governments Meeting Registration Form
Registration Fee: \$40.00 for members and affiliates; \$75.00 for non-members

Name: _____

E-Mail: _____

Spouse's Name: _____

Registration Fee for spouse is included/No additional charge

Company/Organization: _____

Full Address: _____

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ATVG is a 501(c)(4), not-for-profit, public interest organization. ATVG advocates for the interests of county and city/town governments residing within the seven-state TVA region and their partners in the public and private sectors.

For details about ATVG's mission and program of work, visit us on line at: www.atvg.org

Have a Very Merry Christmas

And a Happy New Year

From your friends at ATVG