FY 2014 FLEET MANAGEMENT PLAN AND BUDGET NARRATIVE
FOR
Tennessee Valley Authority

(A) Introduction that describes the agency mission, organization, and overview of the role of the fleet in serving agency missions.

(1) Briefly, what is the agency's primary/core mission and how is the fleet configured to support it?
The Tennessee Valley Authority, a corporation owned by the U.S. government, provides electricity for 9 million people in parts of seven southeastern states at prices below the national average. TVA, which receives no taxpayer money and makes no profits, also provides flood control, navigation and land management for the Tennessee River system and assists utilities and state and local governments with economic development. The fleet is configured to carry out TVA's mission and maintain 99.999% reliability. TVA's Fleet Management team utilizes a diverse arrangement of 2,723 light and medium-duty assets ranging from sedans to 1 1/2 ton trucks to support the company's vision. All of TVA's 1,056 medium-duty assets are utilized for mission critical work, as well as some of the 1,194 light-duty assets. TVA also has a sedan fleet that consists of 473 vehicles that provide support for critical activities. Presently, agency-owned vehicles are used in various roles ranging from administrative travel and facilities groundwork to transmission line support and plant operations. Due to the decentralization of TVA's service territory, vehicles are dispersed valley wide in an effort to provide outstanding reliability and satisfy the requirements of TVA's mission. TVA's vehicle fleet is regulated by a centralized Fleet Management team that assesses business unit operational needs to meet changing business requirements and properly equip light-duty assets.

(2) Please describe the organizational structure and geographic dispersion of your fleet.
TVA is in the midst of finalizing a corporate wide re-organizational effort that will result in a reduction of executive leadership, a flatter management hierarchical structure, and a merge of business units that take on similar responsibilities and governance. Executive management will reside within six strategic business units identified as operations, external relations, shared services, HR & communications, financial services, and the general counsel. TVA operates across seven southeastern states; therefore, employees are domiciled in several locations across the service territory, regardless of strategic business unit. TVA's corporate locations are in Chattanooga, TN and Knoxville, TN and the service territory includes the following states: Tennessee, Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia. TVA operations are dispersed in metropolitan and remote suburban areas due to the nature of work and focus on economic development within the region.

(3) What are the ancillary missions, such as administrative functions, and how are they supported?
TVA is a decentralized company operating across several states. Because of the nature of work as a utility company, TVA's employees serve several roles that range in operations and mission support. Functions include but are not limited to: plant operations, transmission line support, facilities management, administrative travel, site security, equipment towing, and facility groundwork. These functions are supported through a central fleet management team that works with business unit lower and upper management to determine proper specifications of each vehicle and ongoing support in reliability, maintenance and repair.

(4) How are vehicles primarily used, and how do mission requirements translate into the need for particular vehicle quantities and types?
Vehicles are primarily used for mission critical work and support roles that carry out the TVA vision. Nine million customers across seven states rely on TVA to provide reliable, low-cost energy; therefore, the majority of our vehicles are justified in serving the overall mission that TVA stands by. Quantity and vehicle type are determined by the operational

need of the vehicle and are reviewed in a joint effort between fleet management, operational user, and the business unit upper management. Once justification is validated and vehicle specifications are developed, fleet management determines vehicle make and model that meet employee needs.

(B) Criteria for justifying and assigning vehicles (including home-to-work vehicle assignments).

(1) What are the factors and considerations used for assigning vehicles?
TVA considers several factors when determining whether or not a customer has a need for an assigned vehicle:

1. Does this vehicle have a business justification?
2. How often is the vehicle used to support TVA's mission? Mileage and days of use are considered.
3. What is the job function of the vehicle and what are the necessary upfits to effectively perform its duties?
4. What are the available sourcing options based on need and which one can provide the most cost-effective approach?

(2) Are vehicles assigned to individuals, offices, job classifications?
Vehicles are assigned to individuals, offices, and job classifications.

(3) What alternatives are considered to meet mission requirements before adding a vehicle or vehicles to the fleet?
Alternatives to TVA owning a vehicle include a sourcing evaluation between external rental opportunities and GSA leasing.

(4) How are home-to-work vehicles justified, assigned, and what steps are taken to limit HTW use?
TVA employees are not allowed to drive a vehicle from home-to-work if it is considered commuter travel. TVA employees are only permitted to drive an agency-owned vehicle from home-to-work if it is advantageous for the employee. Circumstances may include a travel route that could lessen windshield time, unconventional commuting hours for business justified travel, or hazardous weather conditions. Home-to-work travel is currently regulated by the employee's supervisor and allowable exceptions, whether routine or periodic, are enforced at the discretion of their manager.

(C) Vehicle Allocation Methodology (VAM) target development and explanation for reported fleet size and cost changes or not meeting agency VAM targets.

(1) Provide information on the methods used to produce your agency's VAM targets. (Recommendation #2 from GAO report: GAO-13-659. See FMR Bulletin B-30 for guidance on conducting a VAM study and developing VAM targets)

(a) From your most recent VAM study, what was the specific utilization criteria used to determine whether to retain or dispose of a vehicle? Provide the miles, hours, vehicle age or other means used to make this determination. If a different criterion was used in different bureaus or program areas, provide the criteria for each.

In regards to vehicle retention within each business unit, vehicles are evaluated based on 13,000 miles a year. Various sourcing options such as vehicle rentals or car sharing are considered alternative options for individuals or groups that do not meet the following criteria. Vehicles considered mission-critical are not subject to the mileage requirements, but rather a business justification.

For lifetime replacements, vehicles were assessed on an 8 year and 150,000 mile lifecycle. Retention was also determined based on the type of repairs, frequency of repairs, and vehicle downtime. Based on a ranking system that supports the criteria for the fleet, these factors helped determine an order of vehicle replacements that aligns with our budget constraints for that fiscal year.

(b) From your most recent VAM study, what were the questions used to conduct the VAM survey? If different questions were used in different bureaus or program areas, provide the questions for each.

1. What agency, office, or bureau does this report cover?
2. At what level was the VAM analysis performed? Check as appropriate.
3. On what general basis is the VAM constructed? Check any that apply.
4. If any non-exempt vehicles are not covered by the VAM, what is the reason?
5. The VAM affected which of the following? Check all that apply.
6. What criteria does the VAM use to justify vehicle retention/acquisition? Check all that apply.
7. Where does the VAM acquire data? Check all that apply.
8. Does the VAM perform any of the following (check all that apply)?
9. What factors does the VAM use in making vehicle recommendations? Check all that apply.

(2) Provide an explanation for any measurable change in fleet size and/or cost or if you are not meeting your annual VAM targets. What are the plans to correct any deficiencies, and indicate factors that hinder attainment of your annual VAM targets (e.g., budgetary, other resource issues, mission changes, etc.)?
Using the most recent VAM study, TVA has met reductions in fleet size and cost.

(D) Description of efforts to control fleet size and cost.

(1) How and why have the size, composition, and cost of your agency's fleet changed, and how are they projected to change in the future?
Fleet management has demonstrated commitment in improving data analysis to identify opportunities to improve the fleet. Fleet management employees have also increased engagement with assigned drivers to understand the true needs of each organization.TVA as a company has been dealing with higher O&M expenses and less revenue creating budget constraints across all areas of TVA, challenging each business unit to work smarter with less financial support. These constraints are not projected to change in the near future, so fleet management will continue to identify ways to reduce fleet size, composition, and overall cost of employee travel.

(2) Does the agency ever acquire vehicles from other than the most cost-effective source and, if so, explain why?
TVA sources vehicle transportation through the most cost-effective method available. This includes a cost analysis of whether a vehicle should be owned, leased, or rented through an external vendor. However, TVA has acquired vehicles that were not considered the most cost-effective source. In rare cases, vehicles are sometimes purchased through a dealership if an urgent need for a vehicle is identified. Fleet Management has also acquired more expensive vehicles in an effort to diversify the portfolio of vehicles within our fleet and demonstrate environmental stewardship towards sustainability efforts and petroleum reduction initiatives. Presently, we have diversified the fleet with acquisition of alternative fuel vehicles (AFV's), electric vehicles (EV's), plug-in hybrid vehicles (PHEV's), gasoline-dedicated hybrids, diesel-engine vehicles, and standard gasoline vehicles.

(3) Discuss any trends toward larger, less fuel-efficient vehicles and the justifications for such moves.
TVA is not showing a trend of increasing ownership of larger, less fuel-efficient vehicles. In all cases of replacements, fleet management challenges the asset type in an effort to promote smaller, more fuel-efficient vehicles that can satisfy the requirements of our end user. All vehicles, regardless of upsizing or downsizing, require a business justification.

(4) Discuss the basis used for your reported future cost projections (published inflation estimates, historical trends, flat across-the-board percentage increases, mission changes, etc.)
Cost projections are based on inflation increases and historical trends. In cases of approved future initiatives, projections will be revised.

(E) Explanation of how law enforcement vehicles are categorized within the agency (See FMR Bulletin B-33).

(1) Does your agency use the law enforcement (LE) vehicle classification system described in GSA Bulletin FMR B-33?

TVA uses the LE vehicle classification system described in GSA Bulletin FMR B-33. Recently TVA eliminated all LE 1 vehicles. TVA's fleet does have some LE 2 and some LE 3 vehicles that fall under investigations as well as security and emergency management which are exempt from the Energy Policy Act and VAM requirements.

(2) Does your agency exempt only Level 1 LE vehicles from Energy Policy Act and VAM reporting?
No, TVA no longer owns any Level 1 LE vehicles. TVA owns LE 2 and LE 3 vehicles that were exempt from VAM reporting. TVA does not intend to exempt LE 2 and LE 3 vehicles from Energy Policy Act and VAM reporting in the future.

(3) If your agency does not use the LE vehicle classification system, explain how LE vehicles are categorized and which are exempted from Energy Policy Act and VAM requirements. N/A

(F) Justification for restricted vehicles.

(1) If your agency uses larger than class III (midsize) vehicles, is the justification for each one documented?
All agency-owned vehicles contain a documented justification as part of the light-duty vehicle sourcing methodology.

You must limit the motor vehicle body size, engine size, and optional equipment to what is essential to meet your agency's mission. In general, with the exception of motor vehicles used by the President and Vice President and motor vehicles for security and highly essential needs, you must purchase or lease midsize (class III) or smaller sedans (FMR § 102-34.45).***

(2) Are executive fleet vehicles posted on your agency's website as required by the Presidential Memorandum of May 2011?
Yes executive fleet vehicles are posted on our agency's website.

(3) If your agency reports limousines in its inventory, do they comply with the definition in GSA Bulletin FMR B-29? (4) For armored vehicles, do you use the ballistic resistance classification system of National Institute of Justice (NIJ) Standard 0108.01, and restrict armor to the defined types? TVA does not own any limousines or armored vehicles.

(5) Are armored vehicles authorized by appropriation? TVA does not own any armored vehicles.

(G) Description of vehicle replacement strategy and results.

(1) Describe the schedule the agency will follow to achieve its optimal fleet inventory, including plans for acquiring all light duty Alternative Fueled Vehicles (AFVs) by December 31, 2015.
Effective in FY 2013, TVA began replacing all non-exempt vehicles with AFV's. TVA will continue to purchase only AFV's for non-exempt vehicles up through December 31, 2015. In order to achieve optimal fleet inventory, we are evaluating all appropriate sourcing options applicable to our fleet. Currently, we are finalizing an initiative to source administrative travel through GSA 's leasing program and external rentals. Fleet management plans on evaluating all classifications of vehicles before the end of CY 2015.

(2) Describe agency plans and schedules for locating AFVs in proximity to AFV fueling stations.
Presently, TVA is coordinating with DOE to implement FleetDash which serves as a strategic value-add to promote alternative fuel consumption and awareness.

(3) What is the agency's approach in areas where alternative fuels are not available?
In areas where alternative fuel is not available, TVA will place a low-GHG vehicle if one is available to meet the required business objective.

(4) Are AFVs that are not dependent on infrastructure, such as electric vehicles and qualifying low greenhouse gas (LGHG) vehicles, being placed in such areas?
Yes, TVA is strategically placing these vehicles where most appropriate.

(5) Describe the agency's vehicle sourcing decision(s) for purchasing/owning vehicles compared with leasing vehicles through GSA Fleet or commercially. When comparing cost of owned vehicles to leased vehicles, compare all direct and indirect costs projected for the lifecycle of owned vehicles to the total lease costs over an identical lifecycle. Include a rationale for acquiring vehicles from other than the most cost effective source.
An evaluation of GSA leasing was conducted in December 2013 and will be a valuable component in sourcing vehicles to the most cost-effective mode of transportation. TVA has also contacted a national rental company in regards to providing the necessary services to TVA employees. Vehicle sourcing is determined by business justification, vehicle usage, and cost. Vehicles will only be acquired from the most cost effective source unless it jeopardizes the assigned driver's ability to carry out the necessary job function to support TVA's mission.

(H) Description of the agency-wide Vehicle Management Information System (See FMR 102-34.340)

(1) Is there a vehicle management information system (MIS) at the Department or Agency level that:
(a) Identifies and collects accurate inventory, cost, and use data that covers the complete lifecycle of each motor vehicle (acquisition, operation, maintenance, and disposal); and
(b) Provides the information necessary to satisfy both internal and external reporting requirements, including:

- **Cost per mile;**
- **Fuel costs for each motor vehicle; and**
- **Data required for FAST reporting (see FMR 102-34.355.)**

TVA does have a vehicle management information system that satisfies the requirements specified above. TVA uses an automotive fleet management system operated by Automotive Resources International (ARI) that collects inventory, cost, fuel, and maintenance. The system also has the support and capability to produce information that satisfies both internal and external reporting.

(2) If the agency does not have such a system, what is being used to capture vehicle information, or is there no MIS at all? N/A

(3) If there is no MIS, what obstacles are preventing implementation and compliance with §102-34.340, "Do we need a fleet management information system?" N/A

(I) Plans to increase the use of vehicle sharing.

(1) Describe efforts to share vehicles internally or with other Federal activities.
Managers and/or assigned drivers use their discretion when it comes to internal vehicle sharing. Each assigned driver is responsible for determining vehicle availability and whether or not the asset should be limited to the individual, group, or further expansion of internal organizations.

(2) Describe pooling, car sharing, and shuttle bus consolidation initiatives.

TVA supports a Rideshare Program that is open to employees and contractors. While the Rideshare Program is not owned by TVA, it is supported by TVA employees. Business units are also encouraged to carpool with agency-owned vehicles when necessary. Fleet management is currently evaluating the option to use existing surplus vehicles to operate a centralized motor pool that would consist of a variety of vehicle types.

(3) Describe efforts to reduce vehicles assigned to a single person.
Currently, TVA does not have a process or policy mandate in place that addresses this issue.

(J) Impediments to optimal fleet management.

(1) What obstacles does the agency face in optimizing its fleet?

TVA relies on the information reported from our employee-based fuel card to determine mileage information on vehicles. User errors make it difficult to assess the validity of these figures. Also, there is no technology in the vehicles that can determine the frequency of vehicle usage that could assess vehicle necessity. TVA is a decentralized company and the vehicle fleet is widespread so oversight of the vehicles cannot be efficiently maintained and reviewed for service need.

(2) In what ways is it hard to make the fleet what it should be, operating at maximum efficiency?
The decentralization of the fleet and the inability to accurately capture vehicle use in frequency and mileage creates difficulty in operating the fleet at maximum efficiency. To address these challenges, fleet management is conducting a cost benefit analysis to determine ROI on telematics and is actively working with vendors interested in providing a short-term pilot to validate its value add to TVA.

(3) If additional resources are needed, have they been documented and requested? N/A

(4) Do you feel hampered by specific laws, Executive Orders, GSA's government-wide regulations or internal agency regulations, budget issues, or organizational obstacles? What exactly are they and how do they constrain you? Be specific and include examples. If you have a solution, describe it and indicate whether we can share the solution with other agencies as a potential best practice.
Budget constraints are problematic in maintaining compliance with EISA 141 low-GHG emissions vehicles. In several cases, the most cost-effective vehicle type did not qualify as a low-GHG vehicle under the EISA 141 emissions criteria. In past situations, cost was the overriding factor in determining which vehicle would be most beneficial to TVA. Also, the annual petroleum reduction outlined in EO13514 presents challenges due to the mission of TVA and the support required to serve the customers of our service territory. To address this issue, vehicles with a GVWR <8500 are exempt from the executive order. However, TVA still operates smaller trucks, vans, and SUV's that play a significant role in supporting mission-critical activities and assets. When appropriate TVA will seek reductions in petroleum consumption and travel, but these practices cannot be applied to all vehicles currently classified as non-exempt.

(K) Anomalies and possible errors.

(1) Explain any real or apparent problems with agency data reported FAST.
Since FY 2012, TVA switched from an asset-based fuel card to an employee-based fuel card. Each cardholder is responsible for keying in the appropriate odometer reading and the appropriate vehicle tag number to link the appropriate information together. Onsite fuel also contains erroneous data to an extent that cannot be determined. At fueling stations onsite, employees are capable of turning the pump in a "manual" mode that allows the user to fuel without quantity restriction. Monthly "true-up" charges eliminate fuel quantity reporting but fuel usage cannot be accurately determined. These user errors are problematic when reporting fuel consumption in FAST.

(2) Discuss any data fields highlighted by FAST as possible errors that you chose to override rather than correct. Examples would be extremely high annual operating costs or an abnormal change in inventory that FAST considers outside the normal range, or erroneous data in prior years causing an apparent discrepancy in the current year.
Data Quality/Consistency Report in FAST shows a potential issue in fuel consumption reported in FY 2013.The previous year fuel information showed a ten percent increase to FY 2011. TVA's employee-based fuel card was effective at the beginning of FY 2012 and user error was higher due to the changes in application and use. It is believed that the FY 2012 number was higher as a result of the erroneous data which inflates the FY 2013 fuel reduction percentage. Also, FY 2013 fuel consumption figures could be a result of the increase in alternative fuel use, the continued inaccuracy in fuel reporting, and the emphasis on travel reduction that was initiated throughout the year.

(3) Any flagged, highlighted, or unusual-appearing data within FAST should be explained.
Validation Item 2b: Fuel information was flagged and has been addressed in the narrative above. User error is the result of inaccurate fuel reporting.

Validation Item 5: TVA had adjustments in funding which resulted in prioritizing vehicle acquisitions to replace more of the medium duty vehicles, particularly trucks that support mission-critical activities for TVA.

(L) Summary and contact information.

Who should be contacted with questions about the agency fleet? Provide the name and contact information for the agency headquarters fleet manager and the budget office reviewing official. Indicate whether the budget officer participated in the VAM and A-11 processes.

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LeBudget officer did not participate in the VAM and A-11 processes