

PROPOSED BOARD RESOLUTION

(Selection of Ernst & Young LLP as TVA's External Auditor)

WHEREAS in a July 30, 2025, memorandum to the TVA Board (Memorandum), the Audit, Risk, and Cybersecurity Committee recommended, in consultation with the Inspector General, that the TVA Board approve engaging Ernst & Young LLP (EY) as TVA's external auditor for fiscal year 2026;

WHEREAS approval of the engagement of EY as TVA's external auditor for fiscal year 2026 is necessary to assure the continuity of TVA's operations along the lines established while TVA was guided by a quorum of the Board, as more fully explained in the Memorandum;

BE IT RESOLVED, that the TVA Board hereby approves engaging EY as TVA's external auditor for fiscal year 2026.

**Approved by TVA Board of
Directors**

August 21, 2025

JEN

Assistant Secretary

July 30, 2025
Audit, Risk, and Cybersecurity Committee

Board of Directors

SUBJECT

Approval of Ernst & Young LLP (EY) as TVA's independent external financial auditor for fiscal year (FY) 2026

BACKGROUND

Beginning with its annual report for fiscal year 2006, TVA has been required to file annual reports (10-Ks), quarterly reports (10-Qs), and current reports (8-Ks) with the U.S. Securities and Exchange Commission (SEC). By law, the annual financial statements of registrants who file documents with the SEC must be audited by independent auditors. Under the TVA Act, the Audit, Risk, and Cybersecurity Committee (Committee), in consultation with the Inspector General (IG), recommends to the Board an external auditor. The Board first selected EY to be TVA's external auditor at its September 27, 2007, meeting. EY has continued as TVA's external auditor since then with services currently performed under a contract entered into on October 17, 2022. The contract has a five-year term, contingent upon the Board's annual approval of the retention of the external auditor. TVA is not obligated to continue to use EY and is free to select a different auditor for FY 2026 if it is in TVA's interest to do so.

ALTERNATIVES CONSIDERED

The Committee reviewed and discussed EY's performance and fees with the IG and management at its July 30, 2025, meeting. At that meeting, the Committee, in consultation with the IG and management, agreed to recommend EY be engaged as TVA's external auditor for FY 2026 services.

RECOMMENDED ACTION AND POTENTIAL IMPACTS

EY provides the following services, as approved: independent financial statement audit services, including attestation services related to section 404(b) of the Sarbanes-Oxley Act (an assessment of TVA's internal control over financial reporting), and review of TVA's quarterly financial information filed with the SEC; services related to TVA's reporting for the federal government-wide consolidated financial statements; services related to the audit of TVA's fuel cost adjustment; attestation services related to TVA's disbursement of Green Bond funds; services associated with climate related disclosures; services related to providing comfort letters; accounting and financial reporting advisory services; services related to TVA's General Ledger Modernization project; and other advisory services, as needed, relating to filing reports with the SEC.

The estimated cost of audit and related services EY will perform for FY 2026 is \$6.2 million. The actual amount may be higher, depending upon (1) the number of comfort letters TVA requests EY to provide and (2) hours incurred in providing advisory services relating to accounting and financial reporting, SEC filings, TVA's General Ledger Modernization project, and actual hours exceeding budgeted hours for audit and related services provided at time and

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materials rates. Subject to the Board's engaging EY as TVA's external auditor for each year, the contract will expire after the FY 2027 audits and related services are provided.

Under Section 1.6 of the TVA Bylaws, during a period when the Board lacks a quorum, the Board members in office may, as a Board without a quorum, continue to exercise those powers of the Board ". . . which are necessary to assure continuity of operations of [TVA] along the lines established while [TVA] was guided by a quorum of the Board . . ." Under Section 2(g)(1)(M) of the TVA Act, the Board is required to engage the services of an external auditor for TVA, and a quorum of the Board has selected EY as TVA's external auditor for FY 2008 and each year thereafter. Selecting EY as TVA's external auditor again for FY 2026 would be consistent with past practice and would help ensure continuity of operations, as prompt selection of an auditor is necessary to ensure that audit services and related deliverables are received as and when required.

This recommendation was made in consultation with the IG. The concurrence of the IG is attached.

A handwritten signature in black ink that reads "Adam Wade White". The signature is written in a cursive style with a large, stylized initial "A".

Adam Wade White, Chair
Audit, Risk, and Cybersecurity Committee

Attachment



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Ben R. Wagner
Inspector General

July 30, 2025

The Honorable Adam Wade White
Tennessee Valley Authority Board of Directors
217 Calhoun Road
Eddyville, Kentucky 43038

Dear Mr. White:

SELECTION OF EXTERNAL AUDITOR FOR FISCAL YEAR 2026

Under the Inspector General Act, the Inspector General (IG) is responsible for taking appropriate steps to assure any work performed by nonfederal auditors complies with *Government Auditing Standards*. In addition, the Chief Financial Officers Act of 1990 places responsibility on the IG regarding the Tennessee Valley Authority annual financial statement audit. In keeping with these statutory responsibilities, I concur with the Audit, Risk, and Cybersecurity Committee in the recommendation to engage Ernst & Young LLP (EY) as TVA's external auditor for fiscal year 2026. In addition, my office will continue to perform the responsibilities of technical contract manager and monitoring of EY's audit work to assure compliance with applicable auditing standards.

If you have any questions, please do not hesitate to call me.

Sincerely,

Ben R. Wagner

cc: The Honorable William J. Renick
Tennessee Valley Authority Board of Directors
154 Main Street South
Ashland, Mississippi 38603

Donald A. Moul
Thomas C. Rice
Rebecca C. Tolene