

No. 24-03

Approved by the Board of Directors
at its November 7, 2024, meeting:



Executive Vice President, General
Counsel and Corporate Secretary

MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY

August 22, 2024

A meeting of the Board of Directors of the Tennessee Valley Authority was held in the Marriott Shoals Hotel Conference Center, 10 Hightower Place, Florence, Alabama, on August 22, 2024. The meeting was called to order at 9:00 a.m. (CT). The meeting agenda was announced to the public on August 15, 2024. The meeting was open to public observation.

Board members in attendance were: Director and Chair Joe Ritch and Directors Beth Harwell, Beth Geer, Robert (Bobby) Klein, William (Bill) Renick, Michelle Moore, Brian Noland, and Wade White.

Also present were TVA officers, including Jeffrey J. (Jeff) Lyash, President and Chief Executive Officer; Don Moul, Executive Vice President and Chief Operating Officer; John M. Thomas III, Executive Vice President and Chief Financial and Strategy Officer; Tim Rausch, Executive Vice President and Chief Nuclear Officer; Jeannette Mills, Executive Vice President

and Chief Administrative Officer; and David Fountain, Executive Vice President, General Counsel and Corporate Secretary. David Fountain served as the Board's parliamentarian.

Chair Ritch presided over the meeting, which was duly called, notice to each Director having been delivered pursuant to Section 1.2 of the Bylaws governing meetings of the Board of Directors of the Tennessee Valley Authority. A quorum was present.

24-03-1 Welcome

Chair Ritch expressed his appreciation for the hospitality the Board received from Muscle Shoals and Florence County, Alabama.

The Board then heard remarks from Macke Mauldin, President of Bank Independent and Chairman of the Alabama Bankers Association.

Chair Ritch next called on Jessica Dufner, Director of Business Communications, to summarize the comments received during the Board's public listening session. Ms. Dufner summarized that the Board heard from more than 40 individuals in person and online.

Ms. Dufner reported the comments centered on local power leaders discussing the need for additional flexible and dispatchable generation capacity to meet the growing demand for affordable and reliable energy, including maintaining assets, building gas and new nuclear generation, and integrating more solar and renewable resources. Ms. Dufner reported comments were made on the value of solar energy while some voiced concern around the loss of farmland as solar projects are developed. Ms. Dufner reported the speakers discussed the positives and negatives of TVA's use of fossil fuels as well as TVA's integrated resource plan development, including ensuring opportunities for public input, placing the appropriate value on renewable

energy, and ensuring transmission interconnection efficiencies for renewable projects. Ms. Dufner reported speakers also addressed Tennessee river management issues including riverbank erosion, stability projects, and aging lock infrastructure. Director Beth Geer shared her appreciation for the achievement TVA has made as a leader in its rate of carbon emission reduction since 2005. Director Geer stated she shared concerns of shifting from one fossil fuel to another, mainly natural gas, and expressed that TVA must move quicker to address the climate crisis. Director Geer discussed TVA's investments in nuclear, hydro, solar, and energy efficiency programs as well as the storage and transmission solutions that are key to be able to rely primarily on renewable sources.

Chair Ritch expressed his appreciation to the members of the public who spoke and provided comments to the Board. Chair Ritch invited State Senator Tim Melson and State Representative Ben Harrison to speak in recognition of the 50th anniversary of TVA's Browns Ferry Nuclear Plant, and they presented TVA with a proclamation on Browns Ferry Nuclear Plant achieving a 50-year milestone. Chair Ritch then introduced a video that was shown celebrating Browns Ferry Nuclear Plant.

Chair Ritch expressed his condolences to the family of former Director Bill Baxter, who served on TVA's Board of Directors from 2001 to 2007, including serving as Chairman.

Old Business

After a motion duly made and seconded, the Board approved the minutes of its May 9, 2024, meeting.

New Business

Chair Ritch called on TVA President and Chief Executive Officer, Jeff Lyash, to provide opening comments. Mr. Lyash expressed his appreciation for Dave Flessner from the Chattanooga Times Free Press who recently retired after covering TVA for more than a decade. Mr. Lyash asked Directors Michelle Moore, Beth Harwell, and Beth Geer to discuss the Tennessee Valley Women's Policy Summit recently held for the first time. Directors Harwell and Moore expressed their appreciation and congratulations on the success of the Summit while discussing some of the panelists.

Mr. Lyash congratulated the Browns Ferry Nuclear Plant team on the work for the past 50 years. Mr. Lyash explained that in 1974 TVA had a peak winter demand of 18,000 megawatts, and in January 2024 TVA hit an all-time peak demand record of over 34,000 megawatts, nearly twice the load in the 50 years since Browns Ferry Nuclear Plant began generating power. Mr. Lyash reported that TVA expects the demand to double again in the next 25 years. Mr. Lyash discussed that to meet today's demand and sustain growth, TVA maintains one of the nation's most diverse and cleanest generation systems. Mr. Lyash noted TVA is already a national clean energy leader with nearly 60% of the electricity that TVA generated last year coming from carbon-free resources. Mr. Lyash discussed how TVA continues to accelerate this region's clean energy transition by increasing the amount of solar energy, working with local power companies and public/private partnerships through generation flexibility and programs like Green Invest. Mr. Lyash reported TVA plans to invest in carbon-free nuclear generation, optimize TVA's existing fleet, pursue advanced nuclear technologies, and potentially add gigawatt scale nuclear reactors in the future. Mr. Lyash discussed that TVA is also working to reduce energy demand by launching \$1.5 billion of energy efficiency and demand response initiatives with the objective to offset 30% of the projected load growth over

the next decade. Mr. Lyash reported TVA is working with industrial customers to reduce consumption during peak periods and working with schools, communities, and individual families to ensure they are optimizing energy efficiency through upgrades to buildings, mechanical systems, homes, classrooms, lighting, equipment, and appliances. Mr. Lyash discussed how the challenge over the next 20 years is to keep the energy supply secure, which means affordable, reliable, and resilient, while also making it clean and sustainable. Mr. Lyash discussed that TVA must be more collaborative, engaging with stakeholders, and more nimble in order to accelerate and go further faster. Mr. Lyash noted the Board has been engaged in 19 strategic elements including evolving and accelerating clean energy programs.

24-03-2 Strategic Elements

Chair Ritch called on Mr. Lyash to discuss TVA's strategic elements that the Board has been refining with management. Mr. Lyash discussed that TVA needs to ensure it has the right priorities, which are reflected in the 19 strategic elements, and noted that TVA uses the strategic elements to set goals and metrics and establish its business plan. Mr. Lyash discussed that the strategic elements allow management to put strategic initiatives in place to drive gap-based business planning. Mr. Lyash noted there are a number of elements that remain unchanged and are ongoing. Mr. Lyash discussed that there are a number of initiatives surrounding clean energy programs that are sensitive to customer price. Mr. Lyash explained that TVA wants to make sure it can tell customers that TVA is doing everything possible to make sure every dollar is spent wisely. Mr. Lyash discussed that TVA is overhauling its supply chain and is evaluating organizational layers, structures, and staffing to make them more efficient. Mr. Lyash noted

TVA is engaging customers in an effort called Valley Vision, under which TVA is working with customers to develop a common vision for how to evolve the public power model in a new environment. A copy of the slides used by Mr. Lyash in his report is filed with the records of the Board as Exhibit 08/22/24A.

After a motion duly made and seconded, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24B.

WHEREAS, TVA's integrated planning process consists of periodically reassessing its strategic direction in line with its core mission of service, as outline in the TVA Act;

WHEREAS, pursuant to that process, TVA develops Strategic Priorities and Strategic Elements, which are designed to ensure alignment between TVA's strategic objectives and operational activities;

WHEREAS, beginning in April 2024, TVA management reviewed its Strategic Priorities and Strategic Elements with the five committees of the TVA Board, seeking input from each Committee on proposed changes to the Strategic Elements based on each Committee's jurisdiction over specific strategic focus areas;

WHEREAS, Committee members provided feedback to TVA management on proposed changes to TVA's Strategic Elements to further refine TVA's strategic direction;

WHEREAS, Attachment 1 to this resolution is a copy of TVA's Strategic Elements, grouped within each of the corresponding Strategic Priorities, which incorporates feedback management has received from the Committees;

WHEREAS, the Board finds that the Strategic Elements will help ensure alignment for TVA as it establishes new operational priorities, as they will serve to inform TVA's actions over the coming years, including the metrics and goals TVA will use to establish performance measures for TVA employees;

BE IT RESOLVED, That the Board of Directors hereby approves the Strategic Elements included in Attachment 1 to this resolution.

24-03-3 Report of the Operations and Nuclear Oversight Committee

Chair Ritch called on Director Bobby Klein, Chair of the Operations and Nuclear Oversight Committee, to present the Committee's report. Director Klein reported the Committee met on July 18th and during the meeting toured TVA's new Primary System Operations Center in Meigs County.

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24-03-4 New Nuclear Program Funding Limit Increase

Director Klein reported the Committee has one action item related to authorizing increasing the advanced reactor development program funding cap through Fiscal Year 2026.

After a motion duly made and seconded, as recommended in a memorandum from Executive Vice President and Chief Operating Officer Don Moul and Executive Vice President and Chief Nuclear Officer Tim Rausch, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24C.

WHEREAS in December 2021, the TVA Board approved by notation the creation of an Advanced Reactor (AR) Development Program (Board Program Approval);

WHEREAS the Board Program Approval: (a) approved funding of up to two hundred million dollars (\$200,000,000) for a program to: (1) perform design engineering, scoping, estimating, and planning associated with potential, future deployment of an AR at the Clinch River Nuclear (CRN) site, (2) develop content for potential, future license application(s) to the Nuclear Regulatory Commission for AR design(s), (3) continue to study potential, future deployment of ARs of various designs at CRN, and (4) study potential future deployment of ARs of various designs at various sites in addition to CRN (collectively defined as the "Program"), and (b) delegate to TVA's Chief Executive Officer (CEO) the authority to enter into one or more contracts with one or more AR vendors and other private entities, as necessary and appropriate to implement the Program;

WHEREAS a memorandum from the Chief Operating Officer and Chief Nuclear Officer dated July 11, 2024, a copy of which is filed with the records of the Board as Exhibit 08/22/24C (Memorandum), recommends that the Board approve increasing the funding cap for the program from two hundred million dollars (\$200,000,000) to three hundred fifty million dollars (\$350,000,000) so that TVA may continue its efforts at CRN and as otherwise approved as part of the Program;

BE IT RESOLVED, That the Board of Directors hereby approves the recommendation as outlined in the Memorandum and specifically approves increasing the funding cap for the Program from \$200 million to \$350 million through FY 2026; and

RESOLVED further, That any TVA dollars to be spent on the Program must still be approved separately through the Board's annual budget process; and

RESOLVED further, That the CEO or CEO's designee shall update the Operations and Nuclear Oversight Committee on the Program no less than quarterly through the end of FY 2026; and

RESOLVED further, That the CEO or the CEO's designee shall update the Board of Directors on the Program no less than annually through the end of Fiscal Year 2026.

Director Klein called on Don Moul, Executive Vice President and Chief Operating Officer, to provide an update on operational performance. Mr. Moul reported performance continues to be strong across operations. Mr. Moul explained TVA's key measures for transmission are better than planned. Mr. Moul reported the power operations team and non-nuclear generation fleet have delivered reliable performance. Mr. Moul discussed the Power Service Shop and the newly implemented regional maintenance organization which has supported Gallatin, Watts Bar, and Sequoyah. Mr. Moul reported the river management team has been working with nuclear to assist in maintaining thermal compliance and is on track to meet or exceed summertime's reservoir operating metrics. Mr. Moul discussed the Natural Resources team's partnership with Tennessee Wildlife Resources Agency to install 1,100 engineered structures on Watts Bar Reservoir, which will create over six acres of new habitat for various fish.

Mr. Moul reported the selective tie-in at Shawnee Unit 7 was installed on time and on budget and the Clinch River Project completed core boring ahead of schedule, which is an important step towards submitting the construction permit application for the Clinch River Project. Mr. Moul discussed the process of evaluating the potential capacity expansion project in

Cheatham County, Tennessee, including comments received from state, federal, and non-governmental organizations and individuals. Mr. Moul reported the draft environmental impact statement is continuing to be developed along with evaluation of alternative actions.

Mr. Moul reported TVA executed a precedent agreement with Tennessee Gas Pipeline that established a framework for developing required new pipeline infrastructure to maintain the viability to construct gas-fired generation on the site. Mr. Moul reported Tennessee Gas Pipeline has initiated work to perform desktop root surveys and engage with landowners, development officials, and regulatory agencies. Mr. Moul reported TVA anticipates finalizing the environmental impact statement and reaching a final decision in mid-to-late 2026. Mr. Moul reported that the current performance places TVA as a clean energy leader with one of the lowest emission rates among its peers.

Mr. Moul discussed the need for the Cheatham County project along with how alternatives have been reviewed. Mr. Moul reported the project is designed to replace dispatchable energy the system loses when the second Cumberland coal unit is retired and to maintain stable voltage on the transmission systems during high load summer days when the air conditioning load is very high. Mr. Moul explained the need is caused by the incredible growth in the region and the location is critical to solving the problem. Mr. Moul explained that his team considers the system needs and identifies potential sites that both meets the need for dispatchable energy and maintains stable system voltage. Mr. Moul reported the team is also evaluating other potential sites and solutions in addition to the Cheatham County project. Mr. Moul explained the results of the evaluations will be published in the draft environmental impact statement due in late 2025. A copy of the slides used by Mr. Moul in his report is filed with the records of the Board as Exhibit 08/22/24D.

Director Klein reported the Committee reviewed proposed new projects for inclusion in the Fiscal Year 2025 budget and received a management update on the dam safety program and also on the progress TVA has made with respect to the advanced reactor development program, highlighting that the authorized spending cap has been spent according to plan.

Director Klein called on Executive Vice President and Chief Nuclear Officer, Tim Rausch, to provide an update on TVA's nuclear performance. Mr. Rausch reported the summer season presented challenges to the fleet and impacted some planned performance. Mr. Rausch reported Sequoyah Unit 2 is currently in an outage resulting from an equipment issue. Mr. Rausch reported Sequoyah Unit 2 was transitioned into a refueling outage early while the equipment issue is being evaluated. Mr. Rausch reported the Sequoyah Unit 2 refueling outage will overlap with a refueling outage at Browns Ferry Unit 1 followed by a planned Watts Bar Unit 1 outage. Mr. Rausch discussed that nuclear life extension includes life cycle replacements and is intended to leverage credits from the Inflation Reduction Act. Mr. Rausch noted that the extensive scope of work supports the long-term strategic portfolio and is designed to allow 80 years of operation and increase output by an additional 244 megawatts.

Mr. Rausch reported TVA is continuing to investigate advanced nuclear opportunities and work with GE Hitachi, Synthos Green Energy, and Ontario Power Group on the design of the BWRX-300. Mr. Rausch reported TVA is also working to build a unified industry position on cost, fast follower commitments, and standardization that will help inform policymakers through partnerships with the Nuclear Energy Institute, other utilities, and technology providers.

Director Klein reported that nuclear fleet performance continues to be strong and outages are significant projects with thousands of tasks and supplemental workers brought on site. Director Klein reported the Committee received a management update on the reliability portion

of the Nuclear Business Plan highlighting efforts to limit inadvertent trips by hardening sensitive equipment and systems. Director Klein reported the Committee discussed management's successful efforts to bring refueling outage work in-house to control costs and support worker retention. Director Klein expressed his gratitude to all TVA employees in the service territory.

24-03-5 Report of the Finance, Rates, and Portfolio Committee

Chair Ritch called on Director Wade White, Chair of the Finance, Rates and Portfolio Committee, to present the Committee's report. Director White reported the Committee met on July 24th and August 1st. Director White reported the Committee focused on a review of the proposed Fiscal Year 2025 budget and financial plan, including a planned 5.25% rate adjustment, in the July 24th meeting and further considered the budget and rate adjustment, along with management updates, in the August 1st meeting.

24-03-6 Financial Update and Overview of Budget and Rate Recommendations

Director White called on John Thomas, Executive Vice President and Chief Financial and Strategy Officer, to provide the fiscal-year-to-date financial summary. Mr. Thomas provided a report on the financial results for the first nine months of the year. Mr. Thomas reported rates that customers are paying are lower through the first nine months than they were last year, notwithstanding a base rate increase, largely as a result of TVA's diverse fleet and the performance of the fleet. Mr. Thomas addressed items influencing financial performance, including weather. Mr. Thomas reviewed revenues, expenses, and TVA's summary income statement and summary cash flow statement.

Mr. Thomas responded to several questions from the Board related to the proposed rate increase. Mr. Thomas explained that investing to support the performance initiatives discussed by Mr. Moul is one of the drivers of the rate increase. Mr. Thomas noted that another driver is that nuclear fleet investments require some upfront capital investments. Mr. Thomas reported replacing large corporate technology systems, such as the general ledger and the human resources systems, are also contributing to the need for higher rates. Mr. Thomas reported the final driver is higher interest expense, which results from refinancing bonds at a higher rate than the original bonds. Mr. Thomas discussed the plan has a cumulative \$950 million worth of savings built into it. Mr. Thomas discussed fuel costs and how they help offset the base rate increase. A copy of the slides used by Mr. Thomas in his financial update presentation are filed with the records of the Board as Exhibit 08/22/24E.

Mr. Thomas moved next to presenting the recommendation for a 5.25% rate increase. Mr. Thomas discussed that over the course of two years, there will be an almost 10% effective rate increase that will generate roughly \$900 million worth of incremental revenue. Mr. Thomas discussed the amount to be offset and the amount of favorability to be realized. A copy of the slides Mr. Thomas used in his rate adjustment presentation is filed with the records of the Board as Exhibit 08/22/24F.

Mr. Thomas next presented the proposed Fiscal Year 2025 budget and noted the budget includes a significant amount of line items and authorizations as well as a commercial transaction plan. Mr. Thomas noted the budget includes the fuel contracting plan, the authorization to pay in-lieu-of-tax payments to states and counties, approval of any projects over \$200 million, land acquisitions, the ability to finance, contributions to TVA's retirement system, TVA's regulatory accounting treatment, the Dodd-Frank end-user exemption, and the retention

of any remaining funds for electric system needs. Mr. Thomas detailed the key items of the budget, including rate competitiveness, residential rates, moderate load growth, dispatchable energy, cumulative savings, and alternative financing means. Mr. Thomas detailed fuel prices, O&M expenses, capital expenditures, and interest expense. Mr. Thomas also detailed the in-lieu-of-tax payments, the proposed contribution to TVA's pension plan, and the pension plan derisking process.

After Mr. Thomas concluded his presentation, Mr. Lyash responded to questions from Director Moore on the recommended actions. Mr. Lyash noted that the rate increase would raise residential customers' bills by approximately \$4.35 if not offset by a fuel price decrease based on the average monthly electric bill of \$138. Mr. Lyash discussed the Home Uplift program that helps to fund home energy improvements that typically lower a customer's bill by about 25%. Mr. Lyash also discussed the EnergyRight program that provides rebates, incentives, and technical assistance to drive down energy costs. Mr. Lyash noted that TVA is working closely with the states because the Inflation Reduction Act provides money to help implement these programs. Mr. Lyash discussed that TVA remains focused on economic development because raising the average wage is the fastest way to reduce energy burden. Director White discussed the Committee's request that management provide quarterly updates on the goal of reducing \$500 million in costs by Fiscal Year 2026. A copy of the slides Mr. Thomas used in his rate increase presentation is filed with the records of the Board as Exhibit 08/22/24H.

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24-03-7 Fiscal Year 2025 Rate Increase

After a motion duly made and seconded, as recommended in a memorandum from Executive Vice President and Chief Financial and Strategy Officer John Thomas, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24G.

WHEREAS the terms and conditions to TVA's wholesale power contracts provide that TVA may adjust rates "from time to time... in order to assure TVA's ability to continue to supply the power requirements of [Distributors] and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible;" and

WHEREAS those terms and conditions also provide for TVA to implement any such adjustment by publishing an Adjustment Addendum, setting forth the adjustments that TVA determines are needed to assure revenues to TVA are adequate to meet TVA Act requirements and bond resolution requirements; and

WHEREAS the rate schedules incorporated into TVA's power supply contracts with its directly served customers also provide for rates to be adjusted as set forth in such an Adjustment Addendum; and

WHEREAS a memorandum from the Executive Vice President and Chief Financial & Strategy Officer, dated July 25, 2024 (Memorandum), a copy which is filed with the records of the Board as Exhibit 08/22/24G, recommends approval of the proposed Adjustment Addendum attached to that Memorandum and related recommendations described in the Memorandum;

BE IT RESOLVED, That the Board of Directors hereby approves the proposed Adjustment Addendum set forth in Attachment A to the Memorandum, which Adjustment Addendum incorporates the needed adjustments to the wholesale rate schedules and the schedules of customers served directly by TVA to reflect an approximately 5.25% increase to wholesale base rates designed to produce an additional \$495 million during TVA fiscal year 2025;

RESOLVED further, That as so approved, the Adjustment Addendum shall remain in effect indefinitely, subject to any future rate change or rate adjustment;

RESOLVED further, That TVA staff is authorized and directed to calculate the retail adjustment amounts needed for each distributor's Adjustment Addendum as described in said Attachment A; and

RESOLVED further, That the Vice President, Contracts & Rates Strategy, or that officer's designee, is further authorized and directed to publish the Adjustment Addendum to each distributor and directly served customer

24-03-8 Fiscal Year 2025 Financial Plan and Budget

After a motion duly made and seconded, as recommended in a memorandum from Executive Vice President and Chief Financial and Strategy Officer John Thomas, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24I, with Director Moore voting in opposition.

WHEREAS a memorandum from the Executive Vice President and Chief Financial and Strategy Officer (CFSO), dated July 25, 2024 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 08/22/24I recommends approval of the proposed fiscal year (FY) 2025 budget and certain related items as described in the Memorandum including:

- a) Operating and capital budgets for FY 2025; and
- b) Proposed capital projects that exceed \$200 million and acquisition of land rights in connection with certain capital projects; and
- c) FY 2025 Commercial Transactions Contracting Plan; and
- d) Retaining for use in the operation of the TVA power system the entire margin of net power proceeds remaining at the conclusion of FY 2025; and
- e) Continuing to recognize certain regulatory assets and liabilities and to follow certain accounting policies; and

WHEREAS, TVA management has recommended that the Board of Directors approve TVA making financial commitments on long-lead equipment not to exceed \$70 million to preserve options for a potential future capital project using either FY 2024 and/or FY 2025 spend; and

WHEREAS the Board of Directors previously approved TVA's use of an exemption (the End-User Exemption) from the Dodd-Frank Wall Street Reform and Consumer Protection Act's mandatory clearing requirement and TVA management has recommended that the Board of Directors extend this approval to FY 2025; and

WHEREAS as required under Section 9B of the Rules and Regulations of the TVA Retirement System (Retirement System), the Retirement System's Board of Directors has informed the Board of Directors of the minimum required FY 2025 contribution to the Retirement System; and

WHEREAS after consideration of the minimum required contribution and the amendments to the Rules and Regulations of the Retirement System that became effective on October 1, 2016, TVA management has recommended that the Board of Directors approve a \$300 million contribution to the Retirement System for FY 2025; and

WHEREAS TVA management has recommended that the Board of Directors (1) approve the final amount of tax equivalent payments to states and counties for FY 2024 and (2) authorize and direct the CFSO to make, or cause to be made, estimated tax equivalent payments to states and counties for FY 2025; and

WHEREAS a memorandum from the CFSO dated July 25, 2024, a copy of which is filed with the records of the Board of Directors as Exhibit 08/22/24I, recommends that the Board of Directors authorize TVA to issue power bonds and enter into other financing arrangements in an aggregate amount not to exceed \$4 billion during FY 2025; and

WHEREAS on August 24, 2023, the Board of Directors approved a rate increase to be effective October 1, 2023 with the condition that revenue TVA received from that rate increase in FY2024 would be used to support strategic initiatives as specifically approved by the Board and the Board specifically approved the use of funds for certain Operations and Nuclear initiatives during the May 2024 Board meeting;

BE IT RESOLVED, That the Board of Directors hereby approves the FY 2025 budget, contingent on the Board approving a rate action that will be presented separately to the Board during its August 22, 2024 meeting;

RESOLVED further, That the Board of Directors approves the use of revenue TVA received in FY 2024 from the rate increase approved by the Board at its August 2023 meeting, to the extent it has not already been specifically approved for use by the Board of Directors, to support TVA's research and development of strategic innovation initiatives in alignment with TVA's strategic elements, including, but not limited to, advanced nuclear, carbon capture and sequestration, and pumped storage as specifically allocated in this and future Board- approved budgets;

RESOLVED further, That the Board of Directors approves the budgets for the projects listed in the Memorandum's Attachment 2 and, consistent with the Board Practice Capital Projects Approvals, authorizes the CEO to make the final decision to proceed with an identified project for purposes of the Administrative Procedure Act subject to the budget approved by the Board of Directors and relevant Board Practices and after completion of all required environmental reviews under the National Environmental Policy Act and other applicable laws; for each capital project for which a final decision has not been made as of the date the Board approves this resolution, the CEO will inform the Board prior to making the final decision;

RESOLVED further, That the Board of Directors approves TVA making financial commitments on long-lead equipment not to exceed \$70 million to preserve options for a potential future capital project using either FY 2024 and/or FY 2025 spend;

RESOLVED further, That the Board of Directors approves, in addition to acquisitions approved in prior budgets, acquiring the land rights associated with the transmission capital projects listed in the Memorandum's Attachment 3, including acquiring the land rights through condemnation, contingent upon the CEO's approval for those projects for which such approval is required;

RESOLVED further, That the Board of Directors approves the FY 2025 Commercial Transactions Contracting Plan attached to the Memorandum as Attachment 4, including the delegations to the CEO referenced in the Commercial Transactions Contracting Plan and the approval of a new demand management program as referenced in the Plan;

RESOLVED further, That, in accordance with Section 26 of the TVA Act, the Board of Directors approves retaining the entire margin of net power proceeds remaining at the conclusion of FY 2025 for use in the operation of the TVA power system;

RESOLVED further, That the Board of Directors approves (1) TVA's following the allowance for funds used during construction policy described in Attachment 5 of the Memorandum, (2) TVA's recognizing regulatory assets and liabilities as described in Attachment 5 of the Memorandum as such amounts are probable of collection (or probable of being refunded) in future rates, and (3) TVA's accounting for certain regulatory accounting matters as described in Attachment 5 of the Memorandum;

RESOLVED further, That the Board of Directors hereby authorizes TVA to use the End-User Exemption during FY 2025 in connection with all new and outstanding swaps as well as any amendments or modifications to new or outstanding swaps;

RESOLVED further, That the Board of Directors approves a contribution of \$300 million to the Retirement System for FY 2025 and finds this contribution to be sufficient to meet the requirements of Section 9B of the Retirement System Rules and Regulations and TVA's obligations under Section 11A of the Retirement System Rules and Regulations;

RESOLVED further, That the Board of Directors, in accordance with Section 13 of the TVA Act, hereby finally determines that the amounts set out in Attachments 6 and 7 of the Memorandum are the amounts due and payable for FY 2024 to the respective states and counties named in such schedules;

RESOLVED further, That the Board of Directors authorizes and directs the CFSO to make, or cause to be made, payments to states for FY 2025 in accordance with established procedures on the basis of 98 percent of the estimated annual payments to states for FY 2025 and payments to counties on the basis of 100 percent of the estimated annual payments to counties for FY 2025, until the Board has made a final determination of the respective amounts due for FY 2025;

RESOLVED further, That the CFSO shall cause to be explained to the appropriate state and county officials that the payments for FY 2025 are based upon preliminary estimates and are subject to later adjustment; and

RESOLVED further, That the Board of Directors (1) authorizes TVA to issue power bonds and enter into other financing arrangements in an aggregate amount not to exceed \$4 billion during FY 2025 and (2) approves the four resolutions included in Attachment 8.

Director White discussed that TVA expects significant growth in the region over the coming years that will require significant investment to continue to meet the additional demand for electricity and noted that the Committee will continue to work with management to ensure that TVA remains a careful steward of the revenues it collects from customers. Director White reported the Committee received an update on TVA's Integrated Resource Plan and the recently approved commercial energy agreements. Director White expressed his appreciation to TVA's financial team.

24-03-9 Report of the People and Governance Committee

Chair Ritch called on Director Brian Noland, Chair of the People and Governance Committee, to present the Committee's report. Director Noland reported the Committee met on July 31st and August 9th. Director Noland reported the Committee continues its work on reviewing the structure of incentive plans and developing goals to ensure alignment with the Strategic Elements and support TVA in achieving its long-term strategy. Director Noland reported the Committee anticipates reporting back to the full Board soon.

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24-03-10 Amended TVA Employee Compensation Board Practice

Director Noland reported the Committee has been working to finalize recommendations submitted by the Board's Executive Compensation Task Force (Task Force). Director Noland reported the Committee has considered options for addressing approval of compensation for the CEO's direct reports and at its August 9th meeting agreed to recommend approval of changes that would allow the CEO to approve compensation for his or her direct reports within ranges of compensation that are approved by the Chair of the People and Governance Committee after

review by the full Committee. Director Noland reported the structure will allow the Board to maintain appropriate oversight while allowing the CEO the flexibility to implement compensation decisions applicable to his or her direct reports. Director Noland noted that any decisions the CEO makes under this authority must be communicated to the Chair of the Committee as well as to the Committee's external compensation consultant prior to implementation.

After a motion duly made and seconded, as recommended by the People and Governance Committee, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24J.

WHEREAS, at its May 9, 2024, meeting, the Board approved a new TVA Board Practice *TVA Employee Compensation* (Board Practice) on the recommendation of the People and Governance Committee (Committee);

WHEREAS, through that Board Practice and other actions taken by the Board at its May 9, 2024 meeting, the Board replaced all existing delegations concerning compensation matters within TVA, and it expressly reserved making decision on the best methodology for approval of compensation of the Chief Executive Officer (CEO)'s direct reports, specifically noting that the Board may either retain authority to approve those compensation items or delegate authority to the CEO based on a standard to be approved by the Board;

WHEREAS, the Committee has considered options for addressing approval of compensation over the CEO's direct reports;

WHEREAS, at its August 9, 2024, meeting, the People and Governance Committee recommended that the Board approve changes to the TVA Board Practice *TVA Employee Compensation*, as included in Attachment 1 to this resolution, to allow the CEO to approve compensation of his or her executive direct reports within ranges of total compensation that are approved annually by the Chair of the People and Governance Committee;

WHEREAS, the People and Governance Committee determined that authorizing the CEO to make compensation decisions over his or her executive direct reports, within total compensation ranges approved by the Chair of the Committee, would ensure that the TVA's Board, through the Chair of the Committee, would maintain appropriate oversight while allowing the CEO flexibility to implement his or her own compensation decisions;

WHEREAS, any decisions the CEO makes under the authority being proposed must be communicated to the Chair of the Committee as well as the Committee's external

compensation consultant prior to implementing the decisions;

WHEREAS, the Committee recommends that the Board determine that this authorization is consistent with the TVA Act, which states that the Board shall “approve all compensation . . . of all managers and technical personnel that report directly to the [CEO] (including any adjustment to compensation),” because the Board, through the Chair of the Committee, must approve ranges of total compensation within the CEO’s authority before the CEO may take any actions and the Chair of the Committee may deny any requests proposed by the CEO before it is implemented;

BE IT RESOLVED, That, as recommended by the Committee, the Board of Directors hereby approves amendments to the TVA Board Practice *TVA Employee Compensation* as reflected in Attachment 1 to this resolution.

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Director Noland reported the Committee received updates on TVA’s performance during the third quarter of Fiscal Year 2024 as well as an update on the TVA Retirement System (TVARS). Director Noland reported that for the Winning Performance and Executive Annual Incentive Plan scorecards, all metrics are forecasted to meet or exceed targets, with three metrics forecasted to be better than stretch. Director Noland reported that for Fiscal Year 2024, all Long-Term Incentive Program scorecard metrics except nuclear are currently forecasted to meet or exceed target with the nuclear metric being negatively impacted by forced outages at all three nuclear plants.

Director Noland reported the Committee received an annual update on the performance of TVARS, which has more than 22,000 retirees and beneficiaries and pension assets valued at more than \$8.4 billion with a current funded status of 86%. Director Noland reported TVARS is on track to reach a fully funded status no later than 2036. Director Noland reported TVA’s 401(k) program has more than 14,000 participants and assets of \$4.6 billion, and the high participation rates have allowed TVARS to negotiate more favorable fees and rates.

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24-03-11 Report of the External Stakeholders and Regulation Committee

Chair Ritch called on Director Beth Harwell, Chair of the External Stakeholders and Regulation Committee, to present the Committee's report. Director Harwell reported the Committee met on July 31st and received several management updates.

24-03-12 Arrangements with Industrial Customers

As recommended in a confidential application for Notational Board Approval from the Senior Vice President of Economic Development dated July 18, 2024, a copy of which is filed with the records of the Board as Exhibit 08/22/24K, the individual Board Members, with one member abstaining, notationally approved power agreements with industrial customers.

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Director Harwell reported the Committee received its quarterly economic development update with TVA having a role in creating or retaining over 43,000 jobs and bringing \$7.7 billion in capital investments to the Valley through June of this fiscal year. Director Harwell reported management provided an update on the work being done by the Economic Development team to evaluate needs in disadvantaged communities, identify gaps and opportunities, and develop approaches to help the communities address these issues. Director Harwell reported the Committee received a quarterly update on the work the Federal Affairs team does to support TVA through stakeholder engagement in Washington, D.C. Director Harwell noted management highlighted several engagements and provided an update on federal funding deployment and opportunities along with other key policy issues. Director Harwell reported the Committee received a management update on TVA's communication strategy to promote awareness and understanding of TVA's efforts in driving a clean energy economy along with an update on several external engagement priorities including Valley Vision

initiatives. Director Harwell reported management provided the Committee with an update on regional focus areas including CEO engagement with customers and stakeholders in each of TVA's five regions. Director Harwell reported the Committee received a management update on TVA's East Region.

24-03-13 Aquatic Plant Management

Director Harwell then called on Executive Vice President and Chief Operating Officer, Don Moul, to provide an update on the ongoing efforts and partnership on TVA's aquatic plant management. Mr. Moul reported a study conducted by the University of Tennessee Institute of Agriculture concluded the combination of aquatic recreation and waterfront property along TVA's managed river system creates \$11.9 billion of annual economic impact, or about \$1 million per shoreline mile. Mr. Moul reported the study found TVA's 49 reservoirs supported approximately 130,000 jobs annually. Mr. Moul explained that aquatic plants are found on the reservoirs throughout the TVA system and at appropriate levels, provide excellent habitat for waterfowl, fish, and other wildlife, and contribute to the quality of fisheries. Mr. Moul reported when out of balance, aquatic plants have damaging effects like blocking water intakes of generating assets and impeding recreational access to the reservoir. Mr. Moul discussed that TVA's aquatic plant management program aims to reduce the impacts of nuisance and invasive aquatic plants, including impacts on generating assets. Mr. Moul reported the Natural Resources team strives to balance the multiple competing demands of TVA's reservoirs and use outreach opportunities to improve understanding of these impacts while developing collaborative partnerships. Mr. Moul reported activities include using harvesters to cut boat access lanes, removing plants from public use areas to increase public access, and using EPA-approved aquatic herbicides that reduce impacts when recreational use or access becomes seriously

hindered. Mr. Moul reported that in Fiscal Year 2024 more than 12,000 acres of reservoir have been surveyed and approximately 600 acres of public access and boat access lanes have been managed through treatment or harvesting. Mr. Moul discussed that, after years of planning and collaboration, My Lake Guntersville and partners have long-term plans for management of aquatic plants on Guntersville Reservoir. Mr. Moul reported My Lake Guntersville has secured funding for management of privately owned shoreline area and TVA will continue to manage public areas. Mr. Moul reported the partnership is also working to educate the public and provide specialized equipment for use by boaters aimed at reducing the spread of invasive nuisance aquatic plant species. Mr. Moul reported the team has removed more than 40,000 cubic yards of aquatic vegetation. Mr. Moul recognized David Brewster and noted that the public can also engage or connect by emailing the Public Land Information Center. A copy of the slides Mr. Moul used in his presentation is filed with the records of the Board as Exhibit 08/22/24L.

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24-03-14 Report of the Audit, Risk, and Cybersecurity Committee

Chair Ritch called on Director Michelle Moore, Chair of the Audit, Risk, and Cybersecurity Committee, to present the Committee's report. Director Moore reported the Committee met on July 29th and on July 31st and has one action item.

24-03-15 External Auditor Selection

After a motion duly made and seconded, as recommended in a memorandum from the Chair of the Audit, Risk, and Cybersecurity Committee Michelle Moore dated July 31, 2024, the Board adopted the following resolution, filed with the Board as Exhibit 08/22/24M.

WHEREAS in a July 31, 2024, memorandum to the TVA Board, 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 2025;

BE IT RESOLVED, that the TVA Board hereby approves engaging EY as TVA's external auditor for fiscal year 2025.

* * *

Director Moore reported the Committee pre-approved the scope of EY's services for Fiscal Year 2025 pending the Board's approval of the last motion and also approved an increase from \$50,000 to \$150,000 for extended-scope work for non-nuclear asset retirement obligation revision work and work related to Inflation Reduction Act tax credits. Director Moore reported the Committee received an overview of the full scope of cyber laws and directives that apply to TVA. Director Moore reported that TVA's cybersecurity program performed very well in a Fiscal Year 2024 Federal Information Security Modernization Act audit as well as an audit by Southeastern Electric Reliability Corporation. Director Moore reported the Committee received an update from management on the recent CrowdStrike challenges and noted TVA's response was highly effective. Director Moore commended TVA's cybersecurity team on the presentation and exercise presented to the full Board as part of a two-day educational and information program on cybersecurity. Director Moore reported that management discussed TVA's assessment of political risks and how it is mitigating the risks. Director Moore reported the Committee noted that the same areas presented opportunities for TVA such as recent federal policy progress on advanced nuclear reactors and the Committee recommends management specifically assess these kinds of opportunities so that they do not get overlooked.

Director Moore reported the Committee works closely with the Office of Inspector General (OIG) in identifying opportunities for continuous improvement. Director Moore noted the OIG issued a report on TVA's cost recovery process for Section 26a permits, which include dock permits, and raised to TVA's attention that TVA was not recovering all of its costs related

to processing permit applications during a period when applications were surging. Director Moore reported that after the evaluation, TVA is taking steps to increase the application fee toward full cost recovery so that its 26a permitting fees are both reasonable and fair.

Director Moore reported that the Committee received a legal and ethics update where management discussed a proposed confidential settlement.

24-03-16 Confidential Settlement

As recommended in a confidential application for Notational Board Approval from Executive Vice President and Chief Operating Officer Don Moul dated July 30, 2024, a copy of which is filed with the records of the Board as Exhibit 08/22/24N, the individual Board Members notationally approved a confidential settlement.

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Director Moore reported that the Committee met with the Inspector General during an executive session for a quarterly update on ongoing audits and investigations. Director Moore reported the Committee also met with EY during executive session. Director Moore reported the Committee reviewed TVA's quarterly report to the Securities and Exchange Commission on Form 10-Q. Director Moore reported that the Committee will review TVA's Artificial Intelligence Policy during the next quarterly meeting, which is both a cybersecurity risk and potentially beneficial tool to streamline operations and enhance how TVA pursues its mission.

* * *

24-03-17 President's Report

Chair Ritch called on President and Chief Executive Officer, Jeff Lyash, to provide the President's Report. Mr. Lyash discussed that TVA is committed to providing affordable, reliable, resilient, and clean power to the people of the Tennessee Valley and will continue to

work with all partners to meet the growing energy needs of the region. Mr. Lyash discussed that in order to meet the growth and the demand being seen across the region, TVA plans to invest nearly \$16 billion through Fiscal Year 2027 to build new generation of all types and enhance reliability of existing assets and the underlying infrastructure. Mr. Lyash reported the objective is twofold: ensuring TVA is maintaining energy security that is affordable and reliable and driving toward a low or zero-carbon energy future. Mr. Lyash discussed TVA is focused on evolving and accelerating clean energy programs and working with partners, industry, business, and local power companies to bring more solar energy onto the system. Mr. Lyash discussed the importance of public/private partnerships to make the goals a reality. Mr. Lyash discussed adding up to 10,000 megawatts of solar generation to the system requires significant integration and discussed the new state-of-the-art System Operations Center, which will enhance reliability and resiliency and allow TVA to deliver affordable, reliable energy to the 10 million people it serves. Mr. Lyash discussed that the new investment will help TVA realize additional fuel savings annually of about \$100 million. Mr. Lyash reported the System Operations Center will open this fall, undergo acceptance testing, and run parallel with the existing system to ensure the systems are reliable and integrated, becoming the primary System Operations Center in 2026.

Mr. Lyash discussed nuclear energy has to be part of TVA's regional and national drive toward a clean energy future and thanked the Board for providing an additional \$150 million in advanced nuclear funding. Mr. Lyash noted that TVA obtained the nation's first and only early site permit for Small Modular Reactors (SMRs) at Clinch River in partnership with the Department of Energy. Mr. Lyash discussed that SMRs are an energy innovation technology needed for energy security, which is really national security. Mr. Lyash reported TVA has extensive expertise in building and operating nuclear facilities and believes TVA is uniquely

positioned to lead the critical initiative forward. Mr. Lyash discussed TVA's nuclear leadership strategy is multifaceted in preserving, extending, operating, and optimizing the existing nuclear fleet. Mr. Lyash noted that Browns Ferry is 50 years old, and he thinks it can continue for another 50 years. Mr. Lyash discussed supporting the design of the GE-Hitachi BWRX-300 light water SMR technology for deployment at the Clinch River site and at other sites across TVA's footprint. Mr. Lyash discussed that TVA is partnering and advancing next-generation advanced nuclear technologies to make sure TVA understands their safety, cost effectiveness, and fit into the portfolio going forward. Mr. Lyash also discussed the potential deployment of large gigawatt scale nuclear operations in the future.

Mr. Lyash discussed TVA's investment in energy efficiency and demand response programs with the objective and estimate to offset 30% of the load growth over the next decade. Mr. Lyash discussed that the program was launched ten months ago and since then homeowners and businesses have saved over \$170 million in energy costs along with avoiding nearly 320,000 tons of carbon dioxide emissions. Mr. Lyash discussed that TVA makes energy audits and energy equipment rebates available for homeowners who can upgrade equipment with the partnership with local power companies being critically important because TVA has to reach those customers through the local power companies. Mr. Lyash discussed that TVA invests in energy efficiency to support those with limited resources to reduce regional energy demand but also to help families with monthly bills. Mr. Lyash discussed that TVA recognizes that people do not pay rates; rather, they pay bills, and while TVA is going to need to raise rates to meet increasing demand and economic growth, TVA expects to lower purchased power and fuel costs to offset some of the increase. Mr. Lyash reported that even with the increases, TVA has some of the lowest rates in the nation when compared to industry peers.

Mr. Lyash noted that TVA is working with stakeholders and the public on the next Integrated Resource Plan (IRP) that will shape TVA's energy system and help make decisions and make clear the mileposts through 2050. Mr. Lyash reported there will be public workshops and an extended comment period and TVA wants to hear comments and feedback on the IRP. Mr. Lyash discussed that TVA is an innovation company and is in a unique position to lead in developing solutions that will deliver a clean energy future. Mr. Lyash discussed meeting the energy needs of the future will require innovation, collaboration, and pushing TVA and the industry to go further, faster. A copy of the slides used by Mr. Lyash in his presentation is filed with the records of the Board as Exhibit 08/22/24O.

24-03-18 Committee Assignments

As recommended by the Board Chair, the individual Board members notationally approved new committee assignments. A copy of the resolution is filed with the records of the Board as Exhibit 08/22/24P.

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Chair Ritch closed the meeting by thanking Muscle Shoals and Florence, Alabama, TVA Police, Mary Margaret Painter, Rebecca Tolene, and Ed Meade for their support. Chair Ritch introduced a video featuring the second season of Pat and Ashley's Excellent Adventure.

The meeting was adjourned at 11:50 a.m. CT.