PROPOSED BOARD RESOLUTION
(Rate Adjustment)

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.

Approved by TVA Board of Directors

August 22, 2024

ECM

ASSISTANT SECRETARY

EXHIBIT 08/22/24G

July 25, 2024
Financial Services

Board of Directors

SUBJECT

The Board is requested to approve the attached Adjustment Addendum to the Schedule of Rates and Charges (Attachment A) to be effective for bills rendered from meter readings taken for TVA and distributor monthly billing cycles scheduled to begin on or after October 1, 2024. The Adjustment Addendum reflects an across-the-board increase in the base rates designed to produce an additional $495 million during TVA fiscal year 2025.

BACKGROUND

The terms and conditions to TVA's wholesale power contract with each distributor 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 [Distributor] 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 to assure [Distributor's] ability to continue to operate on a financially sound basis.

Those terms and conditions also provide for TVA to publish 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 to ensure revenues to the distributor are adequate to compensate for changes in the distributor's wholesale cost of power.

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.

ALTERNATIVES CONSIDERED

In accordance with the rate adjustment provisions of TVA’s wholesale power contracts, on August 6, 2024, TVA conducted the rate review required by the wholesale power contract prior to adjusting rates. There, TVA reviewed with distributor representatives pertinent data concerning the current and anticipated conditions and costs affecting TVA's operations, and the adequacy of revenues to meet the requirements of the TVA Act and TVA's bond resolutions. Representatives of customers that are served directly by TVA also attended the meeting.

RECOMMENDED ACTION AND POTENTIAL IMPACTS

To address current and anticipated conditions and costs affecting TVA's operations and the adequacy of both TVA and distributor revenues, and to establish rates at a level sufficient to recover expected costs, it is recommended that the Board approve the attached Adjustment Addendum. It is further recommended that the Vice President, Contracts & Rates Strategy, or that officer’s designee, be authorized to publish the Adjustment Addendum to each distributor and directly served customer, and to make any necessary technical corrections to the attached Adjustment Addendum to accurately implement the adjustment approved herein.

The proposed Adjustment Addendum incorporates adjustments to the wholesale rate schedules and the schedules of customers served directly by TVA to reflect an across-the-board increase in the base rates designed to produce an additional $495 million during TVA fiscal year 2025. The proposed Adjustment Addendum will result in an increase to wholesale base rates of approximately 5.25 percent. Implementing the proposed Adjustment Addendum will help ensure that TVA collects revenues needed to meet the requirements of the TVA Act and TVA’s bond resolutions.

The proposed Adjustment Addendum implements an across-the-board adjustment to the base charges of the direct service and wholesale rate schedules, and, where applicable, corresponding adjustments in the distributor's resale schedules. The proposed Adjustment Addendum will be effective on or after October 1, 2024.

Under the Power Contract with the Memphis Light, Gas and Water Division (MLGW) and the City of Memphis, TVA no longer has a contract right under section 7 of the Terms and Conditions to the Power Contract to adjust resale rate schedules. Therefore, the Adjustment Addendum for MLGW covers only the wholesale adjustments. However, TVA retains responsibility for giving MLGW notice of a “Revenue Change Amount” calculated to ensure revenues to MLGW are “adequate to compensate for changes, if any, in the cost of power” resulting from a wholesale rate adjustment. The Revenue Change Amount adequate to compensate MLGW for changes in the cost of power initially resulting from the wholesale rate adjustment has been calculated to be approximately $42 million.

ATTACHMENT

Attachment A: Proposed Adjustment Addendum to the Schedule of Rates and Charges to be effective October 1, 2024.

John M. Thomas, III
Executive Vice President and
Chief Financial & Strategy Officer

Attachments
cc (Attachments):

Jeremy Fisher

August 1, 2024

Edward C. Meade delegate for David Fountain Date
Executive Vice President and General Counsel

August 1, 2024

Jeffrey J. Lyash Date
President and Chief Executive Officer

ATTACHMENT A

TENNESSEE VALLEY AUTHORITY

ADJUSTMENT ADDENDUM

TO

SCHEDULE OF RATES AND CHARGES

FOR

[DISTRIBUTOR]

Effective October 1, 2024

The following table lists the adjustments applicable to the designated rate schedules. All adjustments shall be applicable to bills rendered from meter readings taken for TVA and Distributor's monthly billing cycles scheduled to begin on or after the effective date of this Adjustment Addendum. Each column (1) indicates the Hydro Allocation Adjustment; Each column (2) indicates the TVA revenue requirement adjustment; Each column (3) indicates the fuel cost adjustment.

	Wholesale Power Rate Schedule	
	(2)	(3)
STANDARD SERVICE		
All Wholesale Rate Schedules †		
Demand Charges		
Summer		
Onpeak	Add	$1.01
Maximum	Add	$0.38
Winter		
Onpeak	Add	$0.90
Maximum	Add	$0.38
Transition		
Onpeak	Add	$0.90
Maximum	Add	$0.38
Energy Charges		
Summer	Add	0.461¢ + A_m
Winter	Add	0.420¢ + A_m
Transition	Add	0.402¢ + A_m
Grid Access Charge		
All Months	Add	0.063¢ + A_m

Standard Service Hydro Allocation Adjustment: Distributor's bill for each month shall be adjusted by applying the net of the following calculations: (1) subtract 0.288¢ per kWh for the energy resold by Distributor in the previous month to customers entitled to service under residential rate schedules, but excluding customers served under a supplemental residential rate schedule, (2) subtract $1.54 per customer for each such customer, (3) add 0.323¢ per kWh for the energy resold by Distributor in the previous month to other customers whose contract demands do not exceed 5,000 kW, but excluding any customers served under schedules TDGSA and TDMSA.

† WS, WSA

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

STANDARD SERVICE

		Resale Rate Schedule (1)	(2)	(3)
Residential Service				
Schedule RS				
Energy Charge				
Summer	Add			x A_m)
Winter	Add			x A_m)
Transition	Add			x A_m)
Customer Charge	Add			
General Power Service				
Schedule GSA				
Part 1				
Energy Charge				
Summer	Add			x A_m)
Winter	Add			x A_m)
Transition	Add			x A_m)
Part 2				
Demand Charge				
Summer				
Excess over 50 kW	Add			
Winter				
Excess over 50 kW	Add			
Transition				
Excess over 50 kW	Add			
Energy Charge				
Summer				
First 15,000 kWh	Add	+	+ (	x A_m)
Additional kWh	Add	+	+ (	x A_m)
Winter				
First 15,000 kWh	Add	+	+ (	x A_m)
Additional kWh	Add	+	+ (	x A_m)
Transition				
First 15,000 kWh	Add	+	+ (	x A_m)
Additional kWh	Add	+	+ (	x A_m)
Part 3				
Demand Charge				
Summer				
First 1,000 kW	Add	+		
Excess over 1,000 kW *	Add	+		
Winter				
First 1,000 kW	Add	+		
Excess over 1,000 kW *	Add	+		
Transition				
First 1,000 kW	Add			
Excess over 1,000 kW *	Add			
Energy Charge				
Summer	Add		+ (	x A_m)
Winter	Add		+ (	x A_m)
Transition	Add		+ (	x A_m)

Amounts listed in STANDARD SERVICE resale column (1) will be calculated in accordance with Adjustment 2 of the applicable wholesale power rate schedule.

Amounts listed in STANDARD SERVICE resale columns (2) and (3) of each distributor's Adjustment Addendum will be the amounts needed for the distributor to recover in its own unique retail rates the wholesale demand and energy Adjustment amounts plus the cost of distribution losses. The specific rate classes listed do not apply to all distributors, and different retail designs may require different demand and energy categories than those listed.

Standard Service resale rates intentionally left blank.

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Outdoor Lighting Service

Schedule LS Part A and B

Energy Charge					
Summer	Add		+	+ (	x A_m)
Winter	Add		+	+ (	x A_m)
Transition	Add		+	+ (	x A_m)

Drainage Pumping Station

Schedule DPS

Energy Charge					
Summer	Add		+	+ (	x A_m)
Winter	Add		+	+ (	x A_m)
Transition	Add		+	+ (	x A_m)

Residential Service

Schedule SRS

Energy Charge					
Summer	Add		+	+ (	x A_m)
Winter	Add		+	+ (	x A_m)
Transition	Add		+	+ (	x A_m)

Schedule TRS

Energy Charge					
Summer					
Onpeak	Add		+	+ (	x A_m)
Offpeak	Add		+	+ (	x A_m)
Winter					
Onpeak	Add		+	+ (	x A_m)
Offpeak	Add		+	+ (	x A_m)
Transition					
All Offpeak	Add		+	+ (	x A_m)

Standard Service resale rates intentionally left blank.

General Power Service

Schedule TGSA

Part 1					
Energy Charge					
Summer					
Onpeak	Add		+	+ (	x A_m)
Offpeak	Add		+	+ (	x A_m)
Winter					
Onpeak	Add		+	+ (	x A_m)
Offpeak	Add		+	+ (	x A_m)
Transition					
All Offpeak	Add		+	+ (	x A_m)
Part 2					
Demand Charge					
Summer					
Excess over 50 kW	Add		+		
Winter					
Excess over 50 kW	Add		+		
Transition					
Excess over 50 kW	Add		+		
Energy Charge					
Summer					
Onpeak	Add		+	+ (	x A_m)
Offpeak	Add		+	+ (	x A_m)

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Winter					
Onpeak	Add		+	(	x A_m)
Offpeak	Add		+	(	x A_m)
Transition					
All Offpeak	Add			(	x A_m)
Part 3					
Demand Charge					
Summer					
First 1,000 kW	Add				
Excess over 1,000 kW *	Add				
Winter					
First 1,000 kW	Add				
Excess over 1,000 kW *	Add				
Transition					
First 1,000 kW	Add				
Excess over 1,000 kW *	Add				
Energy Charge					
Summer					
Onpeak	Add			(	x A_m)
Offpeak	Add			(	x A_m)
Winter					
Onpeak	Add			(	x A_m)
Offpeak	Add			(	x A_m)
Transition					
All Offpeak	Add			(	x A_m)
Schedule MSA					
Demand Charge					
Summer					
Coincident kW *	Add				
Maximum kW	Add				
Winter					
Coincident kW *	Add				
Maximum kW	Add				
Transition					
Coincident kW *	Add				
Maximum kW	Add				
Energy Charge					
Summer	Add			(	x A_m)
Winter	Add			(	x A_m)
Transition	Add			(	x A_m)

Standard Service resale rates intentionally left blank.

TOU SERVICE	Wholesale Power Rate Schedule				Resale Rate Schedule		
		(1)**		(2)	(3)	(1)	(2)	(3)
General Power Service								
Schedule TDGSA								
Demand Charge								
Summer Period								
Onpeak *	Add	$0.00	+	$1.31				
Maximum	Add	$0.52	+	$0.44				
Winter Period								
Onpeak *	Add	$0.00	+	$1.20				
Maximum	Add	$0.52	+	$0.44				
Transition Period								
Onpeak *	Add	$0.00	+	$1.20				
Maximum	Add	$0.52	+	$0.44				

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Amounts listed in TOU SERVICE column (1) will be calculated for the current year in accordance with Adjustment 4 of the applicable wholesale power rate schedule.

Amounts listed in TOU SERVICE resale columns (2) and (3) of each distributor's Adjustment Addendum will be the amounts needed for the distributor to recover in its retail rates the wholesale demand and energy charge adjustment amounts plus the cost of distribution losses. The resale adjustment amounts and the distribution loss factors for calculating resale fuel adjustment amounts will be (i) based on the distributor's total system distribution losses that were used to calculate amounts reflected in the October 2024 Adjustment Addendum or (ii) the system loss factor that has been subsequently agreed upon by TVA and distributor, whichever is most recent.

Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.950¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.548¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.005¢	+ A_m
Winter Period					
Onpeak	Add	0.111¢	+	0.767¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.584¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.005¢	+ A_m
Transition Period					
Onpeak	Add	0.111¢	+	0.600¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.600¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.005¢	+ A_m

Schedule GSB

Demand Charge				
Summer Period				
Onpeak *	Add	$0.00	+	$1.30
Maximum	Add	$0.52	+	$0.44
Winter Period				
Onpeak *	Add	$0.00	+	$1.18
Maximum	Add	$0.52	+	$0.44
Transition Period				
Onpeak *	Add	$0.00	+	$1.18
Maximum	Add	$0.52	+	$0.44

Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.766¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.468¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.054¢	+ A_m
Additional kWh	Add	0.111¢	+	0.014¢	+ A_m
Winter Period					
Onpeak	Add	0.111¢	+	0.631¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.495¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.054¢	+ A_m
Additional kWh	Add	0.111¢	+	0.014¢	+ A_m
Transition Period					
Onpeak	Add	0.111¢	+	0.464¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.464¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.054¢	+ A_m
Additional kWh	Add	0.111¢	+	0.014¢	+ A_m

Schedule GSC

Demand Charge				
Summer Period				
Onpeak *	Add	$0.00	+	$1.30
Maximum	Add	$0.52	+	$0.44

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Winter Period					
Onpeak *	Add	$0.00	+	$1.18	
Maximum	Add	$0.52	+	$0.44	
Transition Period					
Onpeak *	Add	$0.00	+	$1.18	
Maximum	Add	$0.52	+	$0.44	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.766¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.468¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.054¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	
Winter Period					
Onpeak	Add	0.111¢	+	0.631¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.495¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.054¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	
Transition Period					
Onpeak	Add	0.111¢	+	0.464¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.464¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.054¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	

Schedule GSD

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.30	
Maximum	Add	$0.52	+	$0.44	
Winter Period					
Onpeak *	Add	$0.00	+	$1.18	
Maximum	Add	$0.52	+	$0.44	
Transition Period					
Onpeak *	Add	$0.00	+	$1.18	
Maximum	Add	$0.52	+	$0.44	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.766¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.468¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.041¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	
Winter Period					
Onpeak	Add	0.111¢	+	0.631¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.495¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.041¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	
Transition Period					
Onpeak	Add	0.111¢	+	0.464¢ + A_m	
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.464¢ + A_m	
Next 200 hours	Add	0.111¢	+	0.041¢ + A_m	
Additional kWh	Add	0.111¢	+	0.014¢ + A_m	

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Manufacturing Service

Schedule TDMSA

Demand Charge				
Summer Period				
Onpeak *	Add	$0.00	+	$1.23
Maximum	Add	$0.52	+	$0.25
Winter Period				
Onpeak *	Add	$0.00	+	$1.11
Maximum	Add	$0.52	+	$0.25
Transition Period				
Onpeak *	Add	$0.00	+	$1.11
Maximum	Add	$0.52	+	$0.25
Energy Charge				
Summer Period				
Onpeak	Add	0.111¢	+	0.652¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.353¢ + A_m
Next 200 hours	Add	0.111¢	+	0.025¢ + A_m
Additional kWh	Add	0.111¢	+	-0.006¢ + A_m
Winter Period				
Onpeak	Add	0.111¢	+	0.515¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.379¢ + A_m
Next 200 hours	Add	0.111¢	+	0.025¢ + A_m
Additional kWh	Add	0.111¢	+	-0.006¢ + A_m
Transition Period				
Onpeak	Add	0.111¢	+	0.389¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.389¢ + A_m
Next 200 hours	Add	0.111¢	+	0.025¢ + A_m
Additional kWh	Add	0.111¢	+	-0.006¢ + A_m

Schedule MSB

Demand Charge				
Summer Period				
Onpeak *	Add	$0.00	+	$1.23
Maximum	Add	$0.52	+	$0.09
Winter Period				
Onpeak *	Add	$0.00	+	$1.11
Maximum	Add	$0.52	+	$0.09
Transition Period				
Onpeak *	Add	$0.00	+	$1.11
Maximum	Add	$0.52	+	$0.09
Energy Charge				
Summer Period				
Onpeak	Add	0.111¢	+	0.679¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.379¢ + A_m
Next 200 hours	Add	0.111¢	+	0.025¢ + A_m
Additional kWh	Add	0.111¢	+	-0.006¢ + A_m
Winter Period				
Onpeak	Add	0.111¢	+	0.542¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.406¢ + A_m
Next 200 hours	Add	0.111¢	+	0.025¢ + A_m
Additional kWh	Add	0.111¢	+	-0.006¢ + A_m

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Transition Period					
Onpeak	Add	0.111¢	+	0.416¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.416¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.025¢	+ A_m
Additional kWh	Add	0.111¢	+	-0.006¢	+ A_m

Schedule MSC

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.23	
Maximum	Add	$0.52	+	$0.09	
Winter Period					
Onpeak *	Add	$0.00	+	$1.11	
Maximum	Add	$0.52	+	$0.09	
Transition Period					
Onpeak *	Add	$0.00	+	$1.11	
Maximum	Add	$0.52	+	$0.09	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.665¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.365¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.041¢	+ A_m
Winter Period					
Onpeak	Add	0.111¢	+	0.528¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.392¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.041¢	+ A_m
Transition Period					
Onpeak	Add	0.111¢	+	0.402¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.402¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.041¢	+ A_m
Additional kWh	Add	0.111¢	+	0.041¢	+ A_m

Schedule MSD

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.23	
Maximum	Add	$0.52	+	$0.09	
Winter Period					
Onpeak *	Add	$0.00	+	$1.11	
Maximum	Add	$0.52	+	$0.09	
Transition Period					
Onpeak *	Add	$0.00	+	$1.11	
Maximum	Add	$0.52	+	$0.09	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.638¢	+ A_m
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.339¢	+ A_m
Next 200 hours	Add	0.111¢	+	0.020¢	+ A_m
Additional kWh	Add	0.111¢	+	0.014¢	+ A_m

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

Winter Period				
Onpeak	Add	0.111¢	+	0.501¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.364¢ + A_m
Next 200 hours	Add	0.111¢	+	0.020¢ + A_m
Additional kWh	Add	0.111¢	+	0.014¢ + A_m
Transition Period				
Onpeak	Add	0.111¢	+	0.375¢ + A_m
Offpeak				
First 200 hours ***	Add	0.111¢	+	0.375¢ + A_m
Next 200 hours	Add	0.111¢	+	0.020¢ + A_m
Additional kWh	Add	0.111¢	+	0.014¢ + A_m

The amounts applicable for A_m under column (3) in this Adjustment Addendum shall be determined each month by applying data from TVA's forecasts of TVA's actual operations, as well as actual data when it becomes available in accordance with the formula below. TVA will endeavor to publish the calculated amounts 20 days in advance of the month of application (but shall in no event publish these calculated amounts any later than 15 days in advance of the month of application), and such amounts will be applicable to bills rendered from meter readings taken for TVA and Distributor monthly billing cycles beginning on and after the first day of each month beginning October 1, 2024.

*Applicable also to the third component of the demand charge
**Applicable also to the second component of the demand charge
***Applicable also to minimum offpeak energy

$$A_{mj} = \frac{CF_{mj}+DAR_{mj}}{95\%}$$

A_{mj} = The monthly fuel cost adjustment (FCA) to be applied to the kilowatt-hour sales during the current monthly billing period and rounded to the nearest one-thousandth of a cent per kilowatt-hour.

m = a particular month

j = the particular customer group of LMS Customers, LGS Customers, or All Other Customers as those categories are defined in the Wholesale Power Rate Schedule.

CF_{mj} = The Core FCA adjustment for a particular month. $CF_{mj} = (FF_m / SF_m) + AD_{mj}$

FF = TVA's estimate of FA (as described below) for month m, based on the latest TVA Financial Forecast.

SF = TVA's estimate of SA (as described below) for month m, based on the latest TVA Financial Forecast.

AD = Seasonal adjustments applied separately for customer group j, based on historical resource cost allocation (RCA) data

Seasonal Adjustments (AD) are as follows:

Seasonal Period	LMS Customers	LGS Customers	All Other Customers
Summer	-0.096 ¢ per kWh	-0.062 ¢ per kWh	0.027 ¢ per kWh
Winter	-0.046 ¢ per kWh	-0.038 ¢ per kWh	0.014 ¢ per kWh
Transition	-0.044 ¢ per kWh	-0.022 ¢ per kWh	0.015 ¢ per kWh

DAR_{mj} = The adjustment that collects a portion of DA (as described below) in a month, rounded to the nearest one-thousandth of a cent.

$DAR_{mj} = R \times DA_{mj} / FiSF_{mj}$

R = The collection ratio of 50%.

FiSF = TVA's estimate of FiSA (as described below) for month m and customer group j, based on the latest TVA Financial Forecast

DA = The deferred account that provides the true-up adjustment necessary to reconcile prior estimates to actual data, which shall be computed with the formulas below.

General Ledger DA Balance — Estimate of DAR collections prior months

$$DA_{mj} = GLDA_{(m-2,j)} - DAR_{(m-1,j)} \times FiSF_{(m-1,j)}$$

The DA balances accrued for Large Customers prior to August 1, 2018, shall be liquidated based upon the average monthly sales for each of these classes for the period April 1, 2011, through July 31, 2017. The average percentage of sales by class used to allocate the DA balance are:

LMS Customers - 85%
LGS Customers - 11%,
All Other Customers - 4%

These allocations shall be made based on class specific adjustments to the deferred accounts of LMS Customers, LGS Customers, and All Other Customers for the October 2018 and November 2018 fuel cost adjustments. These adjustments are intended to properly allocate the costs based on how they were incurred prior to October 1, 2018.

FiSA = Actual TVA energy sales subject to the FCA (in kWh) for month m and customer class j, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).

GLDA = The general ledger deferred account balance that flows through to the balance sheet.

Accumulated General Ledger DA Balance | Core FCA True - Up | DA Amortization

$GLDA_{mj} = GLDA_{(m-1,j)} + TU_{mj} + GLD_{mj}$

TU = The core true-up amount.

$TU_{mj} = (FiSA_{mj}/SA_{mj}) \times RCA_{mj} - GLR_{mj}$

RCA = The RCA methodology allocates total fuel costs in proportion to the average hourly load of each customer group j, weighted by the dispatch cost of TVA's Top 100 MW of incremental cost in each hour.

$$RCA_{mj} = \left(\frac{\sum_i h_{ij} c_i}{\sum_i \sum_j h_{ij} c_i}\right) \times FA_m$$

i = the hourly interval of the billing month

h = the hourly energy of each customer group

C = Top Cost (dispatch cost for the top 100 MW)

FA = Actual total fuel and purchased power expenses (in cents) under the framework and accounts provided below (or such similar or successor accounts as may be prescribed by FERC in the future).

(1) Fossil Fuel Expense - Account 501 - Direct cost of fuel burned in TVA coal plants, including transportation and fuel treatments. Costs to be excluded are lease payments for rail cars, maintenance on rail cars, sampling and fuel analysis, and fuel handling expenses in unloading fuel from shipping media and the handling of fuel up to the point where fuel enters the bunker or other boiler-house structure.

(2) Reagents Expense - Account 502 - Cost of emission reagents such as limestone and ammonia that are directly related to the level of generation output.

(3) Allowances Expense - Account 509 - Cost of emission allowance expense such as SO2 and NOx that are directly related to the level of generation output.

(4) Nuclear Fuel Expense - Account 518 - Cost of nuclear fuel amortization expense dependent upon burn, including DOE spent fuel disposal charges.

(5) Gas Turbine Fuel Expense - Account 547 - Direct cost of gas and oil burned in TVA plants, including transportation. Costs to be excluded are costs of gas storage facilities and sampling and fuel analysis that do not vary with changes in generation volume.

(6) Purchased Power Expense - Account 555 - Energy cost of purchased power to serve native load demand or to displace higher cost generation. Costs to be excluded are fixed demand or capacity payments in tolling agreements and purchased power agreements that do not vary with volume and costs of purchased power linked to off-system sales transactions.

(7) Audit Expenses - TVA's actual expenses incurred as the result of third party expenses for FCA audits.

SA = Actual total TVA energy sales (in kWh) for month m, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future), excluding any displacement sales reflected in account 447100.

GLD_{mj} = Actual TVA DAR revenue (DA amortization) for month m and customer group j, for firm-based energy sales, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).

GLR_{mj} = Actual TVA Core FCA Revenue for month m and customer group j, for firm-based energy sales, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).

TENNESSEE VALLEY AUTHORITY

ADJUSTMENT ADDENDUM

TO

DIRECT SERVICE POWER RATES SCHEDULES

Effective October 1, 2024

The following table lists the adjustments applicable to the designated rate schedules. All adjustments shall be applicable to bills rendered from meter readings taken for TVA monthly billing cycles scheduled to begin on or after the effective date of this Adjustment Addendum. Column (1) indicates the Hydro Allocation Adjustment; Column (2) indicates the TVA revenue requirement adjustment; Column (3) indicates the fuel cost adjustment.

STANDARD SERVICE		(1)		(2)		(3)
Residential Service						
Schedule DRS						
Energy Charge						
Summer						
First 500 kWh	Add	-0.286¢	+	0.866¢	+ (1.06664 x A_m)	
Next 500 kWh	Add	-0.286¢	+	0.866¢	+ (1.06664 x A_m)	
Additional kWh	Add	-0.286¢	+	0.779¢	+ (1.06664 x A_m)	
Winter						
First 500 kWh	Add	-0.286¢	+	0.857¢	+ (1.06664 x A_m)	
Next 500 kWh	Add	-0.286¢	+	0.857¢	+ (1.06664 x A_m)	
Additional kWh	Add	-0.286¢	+	0.769¢	+ (1.06664 x A_m)	
Transition						
First 500 kWh	Add	-0.286¢	+	0.844¢	+ (1.06664 x A_m)	
Next 500 kWh	Add	-0.286¢	+	0.844¢	+ (1.06664 x A_m)	
Additional kWh	Add	-0.286¢	+	0.755¢	+ (1.06664 x A_m)	
Customer Charge	Add	-$1.54	+	$0.00		
General Power Service						
Schedule DSA						
Part 1						
Energy Charge						
Summer						
First 500 kWh	Add	0.323¢	+	0.928¢	+ (1.05138 x A_m)	
Next 600 kWh	Add	0.323¢	+	0.928¢	+ (1.05138 x A_m)	
Additional kWh	Add	0.323¢	+	0.840¢	+ (1.05138 x A_m)	
Winter						
First 500 kWh	Add	0.323¢	+	0.918¢	+ (1.05138 x A_m)	
Next 600 kWh	Add	0.323¢	+	0.918¢	+ (1.05138 x A_m)	
Additional kWh	Add	0.323¢	+	0.829¢	+ (1.05138 x A_m)	
Transition						
First 500 kWh	Add	0.323¢	+	0.905¢	+ (1.05138 x A_m)	
Next 600 kWh	Add	0.323¢	+	0.905¢	+ (1.05138 x A_m)	
Additional kWh	Add	0.323¢	+	0.817¢	+ (1.05138 x A_m)	
Part 2						
Demand Charge						
Summer						
First 50 kW	Add	$0.00	+	$0.13		
Excess over 50 kW	Add	$0.00	+	$1.43		

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Winter					
First 50 kW	Add	$0.00	+	$0.13	
Excess over 50 kW	Add	$0.00	+	$1.31	
Transition					
First 50 kW	Add	$0.00	+	$0.13	
Excess over 50 kW	Add	$0.00	+	$1.31	
Energy Charge					
Summer					
First 15,000 kWh	Add	0.323¢	+	0.832¢	+ (1.05138 x A_m)
Additional kWh	Add	0.323¢	+	0.444¢	+ (1.03396 x A_m)
Winter					
First 15,000 kWh	Add	0.323¢	+	0.822¢	+ (1.05138 x A_m)
Additional kWh	Add	0.323¢	+	0.436¢	+ (1.03396 x A_m)
Transition					
First 15,000 kWh	Add	0.323¢	+	0.811¢	+ (1.05138 x A_m)
Additional kWh	Add	0.323¢	+	0.433¢	+ (1.03396 x A_m)
Part 3					
Demand Charge					
Summer					
First 1,000 kW	Add	$0.00	+	$1.43	
Excess over 1,000 kW *	Add	$0.00	+	$1.46	
Winter					
First 1,000 kW	Add	$0.00	+	$1.32	
Excess over 1,000 kW *	Add	$0.00	+	$1.34	
Transition					
First 1,000 kW	Add	$0.00	+	$1.32	
Excess over 1,000 kW *	Add	$0.00	+	$1.34	
Energy Charge					
Summer					
First 100 hours	Add	0.323¢	+	0.537¢	+ (1.03396 x A_m)
Next 250 hours	Add	0.323¢	+	0.474¢	+ (1.03396 x A_m)
Additional kWh	Add	0.323¢	+	0.364¢	+ (1.03396 x A_m)
Winter					
First 100 hours	Add	0.323¢	+	0.530¢	+ (1.03396 x A_m)
Next 250 hours	Add	0.323¢	+	0.467¢	+ (1.03396 x A_m)
Additional kWh	Add	0.323¢	+	0.364¢	+ (1.03396 x A_m)
Transition					
First 100 hours	Add	0.323¢	+	0.526¢	+ (1.03396 x A_m)
Next 250 hours	Add	0.323¢	+	0.463¢	+ (1.03396 x A_m)
Additional kWh	Add	0.323¢	+	0.364¢	+ (1.03396 x A_m)
Schedule DSMA					
Demand Charge					
Summer					
Coincident kW *	Add	$0.00	+	$1.43	
Maximum kW	Add	$0.00	+	$1.43	
Winter					
Coincident kW *	Add	$0.00	+	$1.32	
Maximum kW	Add	$0.00	+	$1.32	
Transition					
Coincident kW *	Add	$0.00	+	$1.32	
Maximum kW	Add	$0.00	+	$1.32	
Energy Charge					
First 400 hours	Add	0.000¢	+	0.076¢	+ (0.00000 x A_m)
Summer - All kWh	Add	0.323¢	+	0.542¢	+ (1.03396 x A_m)
Winter - All kWh	Add	0.323¢	+	0.499¢	+ (1.03396 x A_m)
Transition - All kWh	Add	0.323¢	+	0.481¢	+ (1.03396 x A_m)

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Schedule TDDSA						
Demand Charge						
Summer Period						
Onpeak *	Add	$0.00	+	$1.35		
Maximum	Add	$0.52	+	$0.45		
Winter Period						
Onpeak *	Add	$0.00	+	$1.24		
Maximum	Add	$0.52	+	$0.45		
Transition Period						
Onpeak *	Add	$0.00	+	$1.24		
Maximum	Add	$0.52	+	$0.45		
Energy Charge						
Summer Period						
Onpeak	Add	0.111¢	+	0.979¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.564¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.005¢	+ (1.03000 x A_m)	
Winter Period						
Onpeak	Add	0.111¢	+	0.790¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.602¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.005¢	+ (1.03000 x A_m)	
Transition Period						
Onpeak	Add	0.111¢	+	0.618¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.618¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.005¢	+ (1.03000 x A_m)	
Schedule DSB						
Demand Charge						
Summer Period						
Onpeak *	Add	$0.00	+	$1.34		
Maximum	Add	$0.52	+	$0.45		
Winter Period						
Onpeak *	Add	$0.00	+	$1.22		
Maximum	Add	$0.52	+	$0.45		
Transition Period						
Onpeak *	Add	$0.00	+	$1.22		
Maximum	Add	$0.52	+	$0.45		
Energy Charge						
Summer Period						
Onpeak	Add	0.111¢	+	0.789¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.482¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)	
Winter Period						
Onpeak	Add	0.111¢	+	0.650¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.510¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)	

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Transition Period					
Onpeak	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)

Schedule DSC

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.34	
Maximum	Add	$0.52	+	$0.45	
Winter Period					
Onpeak *	Add	$0.00	+	$1.22	
Maximum	Add	$0.52	+	$0.45	
Transition Period					
Onpeak *	Add	$0.00	+	$1.22	
Maximum	Add	$0.52	+	$0.45	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.789¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.482¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)
Winter Period					
Onpeak	Add	0.111¢	+	0.650¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.510¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)
Transition Period					
Onpeak	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.056¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)

Schedule DSD

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.34	
Maximum	Add	$0.52	+	$0.45	
Winter Period					
Onpeak *	Add	$0.00	+	$1.22	
Maximum	Add	$0.52	+	$0.45	
Transition Period					
Onpeak *	Add	$0.00	+	$1.22	
Maximum	Add	$0.52	+	$0.45	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.789¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.482¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Winter Period					
Onpeak	Add	0.111¢	+	0.650¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.510¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)
Transition Period					
Onpeak	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.478¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)

Manufacturing Service

Schedule TDDSMA

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.27	
Maximum	Add	$0.52	+	$0.26	
Winter Period					
Onpeak *	Add	$0.00	+	$1.14	
Maximum	Add	$0.52	+	$0.26	
Transition Period					
Onpeak *	Add	$0.00	+	$1.14	
Maximum	Add	$0.52	+	$0.26	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.672¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.364¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)
Winter Period					
Onpeak	Add	0.111¢	+	0.530¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.390¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)
Transition Period					
Onpeak	Add	0.111¢	+	0.401¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.401¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)

Schedule DSMB

Demand Charge					
Summer Period					
Onpeak *	Add	$0.00	+	$1.27	
Maximum	Add	$0.52	+	$0.09	
Winter Period					
Onpeak *	Add	$0.00	+	$1.14	
Maximum	Add	$0.52	+	$0.09	
Transition Period					
Onpeak *	Add	$0.00	+	$1.14	
Maximum	Add	$0.52	+	$0.09	

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Energy Charge						
Summer Period						
Onpeak	Add	0.111¢	+	0.699¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.390¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)	
Winter Period						
Onpeak	Add	0.111¢	+	0.558¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.418¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)	
Transition Period						
Onpeak	Add	0.111¢	+	0.428¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.428¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.026¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	-0.006¢	+ (1.03000 x A_m)	
Schedule DSMC						
Demand Charge						
Summer Period						
Onpeak *	Add	$0.00	+	$1.27		
Maximum	Add	$0.52	+	$0.09		
Winter Period						
Onpeak *	Add	$0.00	+	$1.14		
Maximum	Add	$0.52	+	$0.09		
Transition Period						
Onpeak *	Add	$0.00	+	$1.14		
Maximum	Add	$0.52	+	$0.09		
Energy Charge						
Summer Period						
Onpeak	Add	0.111¢	+	0.685¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.376¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Winter Period						
Onpeak	Add	0.111¢	+	0.544¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.404¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Transition Period						
Onpeak	Add	0.111¢	+	0.414¢	+ (1.03000 x A_m)	
Offpeak						
First 200 hours ***	Add	0.111¢	+	0.414¢	+ (1.03000 x A_m)	
Next 200 hours	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Additional kWh	Add	0.111¢	+	0.042¢	+ (1.03000 x A_m)	
Schedule DSMD						
Demand Charge						
Summer Period						
Onpeak *	Add	$0.00	+	$1.27		
Maximum	Add	$0.52	+	$0.09		
Winter Period						
Onpeak *	Add	$0.00	+	$1.14		
Maximum	Add	$0.52	+	$0.09		

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

Transition Period					
Onpeak *	Add	$0.00	+	$1.14	
Maximum	Add	$0.52	+	$0.09	
Energy Charge					
Summer Period					
Onpeak	Add	0.111¢	+	0.657¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.349¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.021¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)
Winter Period					
Onpeak	Add	0.111¢	+	0.516¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.375¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.021¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)
Transition Period					
Onpeak	Add	0.111¢	+	0.386¢	+ (1.03000 x A_m)
Offpeak					
First 200 hours ***	Add	0.111¢	+	0.386¢	+ (1.03000 x A_m)
Next 200 hours	Add	0.111¢	+	0.021¢	+ (1.03000 x A_m)
Additional kWh	Add	0.111¢	+	0.014¢	+ (1.03000 x A_m)

The amounts applicable for A_m under column (3) in this Adjustment Addendum shall be determined each month by applying data from TVA's forecasts of TVA's actual operations, as well as actual data when it becomes available in accordance with the formula below. TVA will endeavor to publish the calculated amounts 20 days in advance of the month of application (but shall in no event publish these calculated amounts any later than 15 days in advance of the month of application), and such amounts will be applicable to bills rendered from meter readings taken for TVA monthly billing cycles beginning on and after the first day of each month beginning October 1, 2024.

*Applicable also to the third component of the demand charge
**[Reserved]
***Applicable also to minimum offpeak energy

$$A_{mj} = \frac{CF_{mj}+DAR_{mj}}{95\%}$$

A_{mj} = The monthly fuel cost adjustment (FCA) to be applied to the kilowatt-hour sales during the current monthly billing period and rounded to the nearest one-thousandth of a cent per kilowatt-hour.

m = a particular month

j = the particular customer group of LMS Customers, LGS Customers, or All Other Customers as those categories are defined in the Wholesale Power Rate Schedule.

CF_{mj} = The Core FCA adjustment for a particular month. $CF_{mj} = (FF_m / SF_m) + AD_{mj}$

FF = TVA's estimate of FA (as described below) for month m, based on the latest TVA Financial Forecast.

SF = TVA's estimate of SA (as described below) for month m, based on the latest TVA Financial Forecast.

AD = Seasonal adjustments applied separately for customer group j, based on historical resource cost allocation (RCA) data

Seasonal Adjustments (AD) are as follows:

Seasonal Period	LMS Customers	LGS Customers	All Other Customers
Summer	-0.096 ¢ per kWh	-0.062 ¢ per kWh	0.027 ¢ per kWh
Winter	-0.046 ¢ per kWh	-0.038 ¢ per kWh	0.014 ¢ per kWh
Transition	-0.044 ¢ per kWh	-0.022 ¢ per kWh	0.015 ¢ per kWh

DAR_{mj} = The adjustment that collects a portion of DA (as described below) in a month, rounded to the nearest one-thousandth of a cent.

$DAR_{mj} = R \times DA_{mj} / FiSF_{mj}$

R = The collection ratio of 50%.

FiSF = TVA's estimate of FiSA (as described below) for month m and customer group j, based on the latest TVA Financial Forecast

DA = The deferred account that provides the true-up adjustment necessary to reconcile prior estimates to actual data, which shall be computed with the formulas below.

General Ledger DA Balance — Estimate of DAR collections prior months

$$DA_{mj} = GLDA_{(m-2,j)} - DAR_{(m-1,j)} \times FiSF_{(m-1,j)}$$

The DA balances accrued for Large Customers prior to August 1, 2018, shall be liquidated based upon the average monthly sales for each of these classes for the period April 1, 2011, through July 31, 2017. The average percentage of sales by class used to allocate the DA balance are:

LMS Customers - 85%
LGS Customers - 11%,
All Other Customers - 4%

These allocations shall be made based on class specific adjustments to the deferred accounts of LMS Customers, LGS Customers, and All Other Customers for the October 2018 and November 2018 fuel cost adjustments. These adjustments are intended to properly allocate the costs based on how they were incurred prior to October 1, 2018.

FiSA = Actual TVA energy sales subject to the FCA (in kWh) for month m and customer class j, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).

GLDA = The general ledger deferred account balance that flows through to the balance sheet.

Accumulated General Ledger DA Balance; Core FCA True - Up; DA Amortization

$GLDA_{mj} = GLDA_{(m-1,j)} + TU_{mj} + GLD_{mj}$

TU = The core true-up amount.

$TU_{mj} = (FiSA_{mj}/SA_{mj}) \times RCA_{mj} - GLR_{mj}$

RCA = The RCA methodology allocates total fuel costs in proportion to the average hourly load of each customer group j, weighted by the dispatch cost of TVA's Top 100 MW of incremental cost in each hour.

$$RCA_{mj} = \left(\frac{\sum_i h_{ij} c_i}{\sum_i \sum_j h_{ij} c_i}\right) \times FA_m$$

i = the hourly interval of the billing month

h = the hourly energy of each customer group

C = Top Cost (dispatch cost for the top 100 MW)

FA = Actual total fuel and purchased power expenses (in cents) under the framework and accounts provided below (or such similar or successor accounts as may be prescribed by FERC in the future).

(1) Fossil Fuel Expense - Account 501 - Direct cost of fuel burned in TVA coal plants, including transportation and fuel treatments. Costs to be excluded are lease payments for rail cars, maintenance on rail cars, sampling and fuel analysis, and fuel handling expenses in unloading fuel from shipping media and the handling of fuel up to the point where fuel enters the bunker or other boiler-house structure.

(2) Reagents Expense - Account 502 - Cost of emission reagents such as limestone and ammonia that are directly related to the level of generation output.

(3) Allowances Expense - Account 509 - Cost of emission allowance expense such as SO2 and NOx that are directly related to the level of generation output.

(4) Nuclear Fuel Expense - Account 518 - Cost of nuclear fuel amortization expense dependent upon burn, including DOE spent fuel disposal charges.

(5) Gas Turbine Fuel Expense - Account 547 - Direct cost of gas and oil burned in TVA plants, including transportation. Costs to be excluded are costs of gas storage facilities and sampling and fuel analysis that do not vary with changes in generation volume.

(6) Purchased Power Expense - Account 555 - Energy cost of purchased power to serve native load demand or to displace higher cost generation. Costs to be excluded are fixed demand or capacity payments in tolling agreements and purchased power agreements that do not vary with volume and costs of purchased power linked to off-system sales transactions.

(7) Audit Expenses - TVA's actual expenses incurred as the result of third party expenses for FCA audits.

SA = Actual total TVA energy sales (in kWh) for month m, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future), excluding any displacement sales reflected in account 447100.

GLD_{mj} = Actual TVA DAR revenue (DA amortization) for month m and customer group j, for firm-based energy sales, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).

GLR_{mj} = Actual TVA Core FCA Revenue for month m and customer group j, for firm-based energy sales, as recorded in TVA's General Ledger with specific accounts 442000, 445000, 447000, 447100, and 448000 (or such similar or successor accounts as may be prescribed by FERC in the future).