

PROPOSED BOARD RESOLUTION

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

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.

**Approved by TVA Board of
Directors**

August 22, 2024

JEN

Assistant Secretary

July 31, 2024
Audit, Risk, and Cybersecurity Committee

Board of Directors

SUBJECT

Approval of Ernst & Young LLP (“EY”) as TVA’s independent external financial auditor for fiscal year (“FY”) 2025

BACKGROUND

Under the TVA Act, the Audit, Risk, and Cybersecurity Committee (“Committee”), in consultation with the Inspector General (“IG”), recommends to the Board an external auditor. The Board first selected EY to be TVA’s external auditor at its September 27, 2007 meeting. EY has continued as TVA’s external auditor since then with services currently performed under a contract entered into on October 17, 2022. The contract has a five-year term, contingent upon the TVA Board of Director’s annual approval of the retention of the external auditor. TVA is not obligated to continue to use EY and is free to select a different auditor for FY 2025 if it is in TVA’s interest to do so.

ALTERNATIVES CONSIDERED

The Committee reviewed and discussed EY’s performance and fees with the IG and management at its July 31, 2024, meeting. At that meeting, the Committee, in consultation with the IG and management, agreed to recommend EY be engaged as TVA’s external auditor for FY 2025 services.

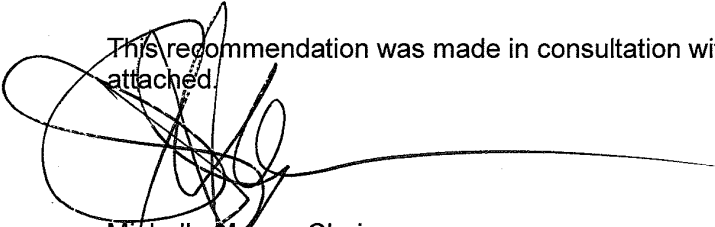
RECOMMENDED ACTION AND POTENTIAL IMPACTS

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

The estimated cost of audit and related services EY will perform for FY 2025 is \$8.7 million. The actual amount may be higher, depending upon (1) the number of comfort letters TVA requests EY to provide and (2) hours incurred in providing advisory services relating to accounting and financial reporting, SEC filings, TVA’s General Ledger Modernization project, and actual hours exceeding budgeted hours for audit and related services provided at time and materials rates. Subject to the Board’s engaging EY as TVA’s external auditor for each year, the contract will expire after the FY 2027 audits and related services are provided.

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

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal line extending to the right.

Michelle Moore, Chair
Audit, Risk, and Cybersecurity Committee

Attachment