

No. 23-03

Approved by the Board of Directors
at its November 9, 2023 meeting:



Executive Vice President, General
Counsel and Corporate Secretary

MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY

August 24, 2023

A meeting of the Board of Directors of the Tennessee Valley Authority was held at the Chattanooga Convention Center, 1 Carter Plaza, Chattanooga, Tennessee, on August 24, 2023. The meeting was called to order at 9:00 a.m. (ET). The meeting agenda was announced to the public on August 17, 2023. The meeting was open to public observation.

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

Also present were TVA officers, including Jeffrey J. (Jeff) Lyash, President and Chief Executive Officer; David Fountain, Executive Vice President, General Counsel and Corporate Secretary; Don Moul, Executive Vice President and Chief Operating Officer; John M. Thomas, 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 External

Relations Officer; Sue Collins, Executive Vice President and Chief Human Resource and Administrative Officer; and Wilson Taylor, Vice President, Support Services and Ombudsman. David Fountain served as the Board's parliamentarian.

Chair Kilbride 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.

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23-03-1 Welcome

Chair Kilbride introduced Chattanooga Mayor Tim Kelly, who welcomed the TVA Board to Chattanooga. Chair Kilbride expressed his appreciation for the hospitality the Board has received from the City of Chattanooga. Chair Kilbride discussed the Board's recent visit to the White House as being very productive and expressed the Board's appreciation for the engagement.

Chair Kilbride next called on Wilson Taylor, TVA's Ombudsman and Vice President, Support Services, to summarize the comments received during the Board's public listening session. Mr. Taylor summarized that TVA heard from 38 individuals in person with many more submitting comments online.

Mr. Taylor reported that comments discussed generation flexibility for local power companies and the need for TVA generation expansion, diversity, and reliability. Mr. Taylor reported another theme was the potential for TVA to expand the amount of renewable and solar energy across the region. Mr. Taylor reported there were comments about the value of solar

energy and the amount of land that solar installations occupy. Mr. Taylor reported another theme was to encourage TVA to stop using fossil fuels, including both existing coal and gas assets, along with TVA's intentions for gas generation at Cumberland, Kingston, and Cheatham County, Tennessee. Mr. Taylor reported some comments included concerns over the use of nuclear energy and TVA's work on developing small modular reactors at the Clinch River Site. Mr. Taylor reported several individuals supported nuclear energy. Mr. Taylor reported the Tennessee Valley Region Farmers discussed the impact of TVA on agriculture and how TVA helps with their crops and managing floodwaters.

Chair Kilbride expressed his appreciation to Mr. Taylor and to the members of the public who spoke and provided comments to the Board.

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Old Business

After a motion duly made and seconded, the Board approved the minutes of its May 10, 2023, meeting.

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New Business

Chair Kilbride called on TVA President and Chief Executive Officer (CEO), Jeff Lyash, to provide a brief overview of the meeting. Mr. Lyash discussed that TVA is proud to be in the Chattanooga metro area with nearly 3,000 employees. Mr. Lyash discussed how TVA employees and retirees in the area support various local charities, provide STEM educational grants for area school programs, and staff the Racoon Mountain Visitor Center. Mr. Lyash explained that TVA

assets, load growth, and financial investments will be primary topics of the meeting. Mr. Lyash then discussed TVA's Inclusion and Diversity Council and applauded their efforts in making inclusion and diversity TVA's reality. Mr. Lyash spoke of how proud he is to partner with Local Power Companies (LPCs) to help the public through energy efficiency programs, career programs, job creation, and community support programs. Mr. Lyash said he was honored to lead the dedicated TVA employees who give their all on the job, but always have more to make their communities stronger.

Mr. Lyash discussed the critical role electricity plays in peoples' lives and noted that TVA is focused on pursuing new ideas and innovative solutions that improve TVA's service and on delivering affordable and reliable electricity. Mr. Lyash explained that what sets TVA apart is its employees and their commitment to TVA's mission of service. Mr. Lyash then introduced and played a video showing the work done by TVA employees on TVA's Day of Service to celebrate TVA's 90th anniversary.

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23-03-2 Report of the Operations and Nuclear Oversight Committee

Chair Kilbride called on Director Bobby Klein, Chair of the Operations and Nuclear Oversight Committee, to provide the Committee's report. Director Klein reported the Committee met for its quarterly meeting on July 27, 2023. In focusing on nuclear matters, Director Klein reported the Committee recommends that the Board delegate authority to the CEO to submit a construction permit application for an advanced reactor at TVA's Clinch River Nuclear site once all legal prerequisites have been completed and the application is ready for submission with the CEO periodically reporting to the Committee on actions taken in accordance with the delegation. Director Klein noted that this recommended delegation is included as a part of the fiscal year

2024 budget approval package that will be presented during the Audit, Finance, Risk and Cybersecurity Committee report.

23-03-3 Bellefonte Nuclear Site Rescission of Surplus Designation

Director Klein called upon Matt Rasmussen, Senior Vice President of Engineering and Operations Support, to present a motion to rescind the Board's 2016 decision to declare surplus certain portions of the Bellefonte Nuclear Plant site in Hollywood, Alabama. Mr. Rasmussen explained that the basis for the request was that demand for electricity has exceeded what was forecast in TVA's previous integrated resource plan (IRP) and studies have indicated that there are further available TVA uses for the site. Mr. Rasmussen explained that the current intention is to reserve the site for future opportunities based on the changes in TVA's economic and load forecast. Copies of the slides used by Mr. Rasmussen in his presentation are filed with the records of the Board as Exhibit 08/24/23A.

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Nuclear Officer dated July 18, 2023, and filed with the Board as Exhibit 08/24/23B.

WHEREAS, on May 5, 2016, the TVA Board of Directors determined that TVA had no further need for the fee interest in the property that comprised most of the Bellefonte Nuclear Plant (BLN) site and declared the property (the "Site") surplus to TVA's needs (the "Surplus Declaration"); and

WHEREAS the Surplus Declaration was based on the Board's determination that TVA had no need for the Site for any of the purposes of the Tennessee Valley Authority Act of 1933, as amended; and

WHEREAS as detailed in a July 18, 2023, memorandum from the Executive Vice President and Chief Nuclear Officer, a copy of which is filed with the records of the Board as Exhibit 08/24/23B (the "Memorandum"), the earlier determination that TVA has no further need for the Site is no longer supportable due to an increased demand for electricity and the attributes of the Site for potentially helping meet that demand.

BE IT RESOLVED, That as recommended in the Memorandum, the Board of Directors hereby rescinds the Surplus Declaration.

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Director Klein reported the Committee received an operational performance and safety update from management and the Committee discussed TVA's continued strong safety performance. Director Klein reported management continues to focus on safety fundamentals, and that management highlighted employee engagement, ownership, and union partnership as key factors contributing to TVA's strong safety performance. Director Klein reported operational performance has been strong, resulting in high reliability for TVA's customers. Director Klein commended management on completion of the Colbert Combustion Turbine Unit project safely, ahead of schedule, and under budget. Director Klein reported the Committee received a management update on efforts to extend hydro fleet availability, flexibility, and efficiency, as well as dam safety risk categorization and the river management program.

Director Klein reported the Committee discussed the current status of TVA's new nuclear program, including a recommendation to increase the total amount authorized to be invested in the program. Director Klein explained that the Committee is supportive of management's innovative efforts with new nuclear technologies and noted that the required expenditures to support the new nuclear program through the end of fiscal year 2024 are not expected to exceed the current total authorized amount of \$200 million and any recommendation to increase this funding would be considered at a later date. Director Klein discussed a presentation the Committee received from senior leaders from the Institute of Nuclear Power Operations (INPO), who explained their role in the nuclear industry's continuous learning and improvement process and provided an external perspective on the performance of the TVA nuclear fleet. Director Klein reported the Committee also received a management update on nuclear fleet performance.

Director Klein reported the nuclear fleet is performing at an exemplary level with the expectation that high levels of performance will be sustained. Director Klein reported that the Committee discussed the completed spring refueling outages at Sequoyah Nuclear Plant Unit 1 and Watts Bar Nuclear Plant (WBN) Unit 1, as well as the upcoming fall outage at WBN Unit 2. Director Klein reported the Committee discussed the reliability portion of TVA’s nuclear business plan. Jeff Lyash, President and CEO, at this point explained how the top decile units are calculated by INPO and the World Association of Nuclear Operators.

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23-03-4 Report of the Audit, Finance, Risk and Cybersecurity Committee

Chair Kilbride called on Director Joe Ritch, Chair of the Audit, Finance, Risk and Cybersecurity Committee, to provide the Committee’s report. Director Ritch reported the Committee held four meetings on July 25, 2023, July 31, 2023, August 2, 2023, and August 11, 2023. Director Ritch reported the July 25th meeting focused on the proposed fiscal year 2024 budget and the July 31st meeting reviewed TVA’s Securities and Exchange Commission 10-Q filing that was filed later that day. Director Ritch reported that, in the August 2nd and 11th meetings, the Committee continued discussions on the fiscal year 2024 budget and potential rate actions.

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23-03-5 Financial Update and Overview of Rate and Budget Recommendations

Director Ritch called on John Thomas, Executive Vice President and Chief Financial and Strategy Officer, to provide a fiscal year 2023 year to date financial summary and provide an explanation of the Committee’s recommendation for a proposed rate increase and approval of the

fiscal year 2024 budget. Mr. Thomas reviewed revenues, expenses, and TVA's summary income statement and summary cash flow statement. Mr. Thomas addressed items influencing financial performance, including mild weather and large capital projects. Mr. Thomas explained that TVA does not pay property taxes, but instead makes payment in lieu of taxes (PILOT) to state and local governments, which amount fluctuates between \$500 million and \$600 million a year and is essentially 5% of TVA's revenue. Copies of the slides used by Mr. Thomas in his financial update are filed with the records of the Board as Exhibit 08/24/23C.

Mr. Thomas moved next to presenting the recommendation for a 4.5% rate increase. Mr. Thomas explained that sustained high inflation and rising interest rates have put financial pressure on TVA that it has not been able to fully offset through cost reduction and productivity efforts. Mr. Thomas explained that high load growth is requiring additional infrastructure to be built and TVA will need to be able to pay the principal and interest on debt that is borrowed for the new construction. Mr. Thomas noted that TVA will also need to fund increased operating staff and programmatic support for the construction and operations efforts. Mr. Thomas explained that the accumulation of inflation, higher interest rates, programmatic spending, and need for new generation resources has put TVA in a situation where a rate increase is necessary.

Mr. Thomas next presented the proposed fiscal year 2024 budget and noted that the budget includes a significant number of line items and authorizations as well as a commercial transaction plan. Mr. Thomas's presentation explained that the commercial transaction plan is the Board authorizing management to procure fuel and purchased power and execute programs, including energy efficiency and demand response programs, to fulfill TVA's mission. Mr. Thomas then detailed some of the other elements of the proposed budget resolution.

In addressing TVA's financial plan, Mr. Thomas discussed TVA's continued rate

competitiveness, the need to serve increasing load growth, and the need for programmatic spending to support that effort. Mr. Thomas discussed TVA's diversity of fuel sources, TVA's hedging program, and the impact on the budget of rising interest rates. Mr. Thomas then discussed the pension fund and steps in progress to de-risk the fund's asset portfolio as the fund moves closer to fully funded status. Mr. Thomas then discussed the assumptions underlying the requested rate increase. Copies of the slides used by Mr. Thomas in his rate increase and budget overview are filed with the records of the Board as Exhibit 08/24/23D.

After Mr. Thomas concluded his presentation, Mr. Lyash and Mr. Thomas responded to several questions from the Board related to the recommended actions. In response to a question regarding the difference between approving the budget and approving projects, Mr. Lyash elaborated on the wording of the resolution by explaining that, after the Board approves the project budget, the project follows a separate gated, staged process, and that while some spend may occur on projects along the way, the final decision to execute a project only comes after the gated process and regulatory and environmental processes are complete.

In response to other questions, the executives discussed TVA's focus on the end price to customers and on expanding new programs to reduce the energy burden of low income families and communities; the fact that TVA's regional peers are facing the same kind of financial pressure as TVA and TVA will stay within the top quartile with the proposed rate increase; and the funding status of the pension plan and the relationship of the pension to TVA's 401k program. In response to a final question, Mr. Thomas clarified that the rate increase revenue in FY 2024 will go toward strategic investments in operational and transmission assets.

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23-03-6 Fiscal Year 2024 Rate Increase

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial and Strategy Officer dated August 18, 2023, and filed with the Board as Exhibit 08/24/23E.

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 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 August 18, 2023 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 08/24/23E, 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 a 4.5% increase to wholesale base rates which is estimated to produce an additional \$405 million during TVA fiscal year 2024;

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.

23-03-7 Fiscal Year 2024 Financial Plan and Budget

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Executive Vice President and Chief Financial and Strategy Officer dated August 18, 2023, and filed with the Board as Exhibit 08/24/23F.

WHEREAS a memorandum from the Executive Vice President and Chief Financial and Strategy Officer (CFSO), dated August 18, 2023 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 08/24/23F, recommends approval of the proposed fiscal year (FY) 2024 budget and certain related items as described in the Memorandum including:

- a) Operating and capital budgets for FY 2024; and
- b) Proposed capital projects that exceed \$200 million and acquisition of land rights in connection with certain capital projects; and
- c) FY 2024 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 2024; and
- e) Continuing to recognize certain regulatory assets and liabilities and to follow certain accounting policies; 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 2024; 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 2024 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 2024; 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 2023 and (2) authorize and direct the CFSO to make, or cause to be made, estimated tax equivalent payments to states and counties for FY 2024; and

WHEREAS a memorandum from the CFSO dated August 18, 2023, a copy of which is filed with the records of the Board of Directors as Exhibit 08/24/23F, 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 2024; and

WHEREAS the Operations and Nuclear Oversight Committee (ONOC) has recommended that the Board delegate authority to the Chief Executive Officer (CEO) to submit a Construction Permit Application (CPA) for a potential advanced reactor at TVA's Clinch River site as soon as the CPA is ready for submission and all legal prerequisites have been completed, and that the CEO periodically report to ONOC on actions taken in accordance with this delegation;

BE IT RESOLVED, That the Board of Directors hereby approves the FY 2024 budget, with the condition that all revenues, as estimated in the Rate Action Revenues on Attachment 1, that are collected by TVA from a rate increase to be effective October 1, 2023, if approved by the Board, will be used to support strategic initiatives as specifically approved by the Board;

RESOLVED further, That the Board of Directors approves the budgets for the projects listed in the Memorandum's Attachment 2 and delegates to the CEO, (1) the authority to determine and appropriately certify whether all required environmental reviews under the National Environmental Policy Act and other applicable law have been completed and (2) the authority to make the final decision to proceed with an identified project subject to the budget approved by the Board of Directors and relevant Board Practices; 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, 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 2024 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 2024 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 2024 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 2024 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 2023 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 2024 in accordance with established procedures on the basis of 98 percent of the estimated annual payments to states for FY 2024 and payments to counties on the basis of 100 percent of the estimated annual payments to counties for FY 2024, until the Board has made a final determination of the respective amounts due for FY 2024;

RESOLVED further, That the CFSO shall cause to be explained to the appropriate state and county officials that the payments for FY 2024 are based upon preliminary estimates and are subject to later adjustment;

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 2024 and (2) approves the four resolutions included in Attachment 8; and

RESOLVED further, That the Board of Directors delegates authority to the CEO to submit a CPA for a potential advanced reactor at TVA's Clinch River site as soon as the CPA is ready for submission and all legal prerequisites have been completed, and that the CEO periodically report to ONOC on actions taken in accordance with this delegation.

23-03-8 External Auditor Selection

Director Ritch reported that, at the Committee's August 2, 2023 meeting, the Committee

also approved recommending the selection of Ernst & Young LLP as TVA's external auditor for fiscal year 2024. Director Ritch noted that, in considering the recommendation, the Committee consulted with TVA's Office of Inspector General, which concurred with the recommendation.

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from the Chair of the Audit, Finance, Risk and Cybersecurity Committee dated August 2, 2023, and filed with the Board as Exhibit 08/24/23G.

WHEREAS in an August 2, 2023, memorandum to the TVA Board, the Audit, Finance, 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 2024;

BE IT RESOVLED, that the TVA Board hereby approves engaging EY as TVA's external auditor for fiscal year 2024.

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Director Ritch reported the Committee pre-approved the scope of EY's services for fiscal year 2024. Director Ritch reported the Committee determined that Director Kilbride meets the requirements to serve as the Committee's financial expert in accordance with the Security and Exchange Commission's rules and guidance. Director Ritch reported the Committee reviewed TVA's quarterly 10-Q report and was briefed by EY, which gave the Committee an independent assessment of TVA's financial reporting process.

Director Ritch reported that, during the August 2nd meeting, the Committee received management updates on TVA's key enterprise risks, including TVA's procurement activities. Director Ritch expressed his appreciation for Andrea Brackett, Vice President Cybersecurity and Chief Information Security Officer, who will be retiring at the end of 2023. Director Ritch reported the Committee was pleased the cybersecurity team worked to complete two separate

external cybersecurity audits with no adverse findings. Director Ritch reported the Office of General Counsel provided the Committee with an update on the status of new and significant lawsuits and an ethics update regarding TVA's internal compliance register. Director Ritch reported the Committee held an executive session with the Inspector General and his staff and then separately with TVA's external auditor, EY.

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23-03-9 Report of the People and Governance Committee

Chair Kilbride 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 August 3, 2023. Director Noland reported the Committee reviewed proposed corporate goals for TVA's at-risk compensation programs to ensure they are aligned with TVA's strategic priorities and long-term strategy. Director Noland reported the Committee decided to further review the structure of the at-risk compensation programs and how the corporate goals are also structured. Director Noland reported the review is underway and the Committee will wait to take action on the proposed corporate goals once the review is complete.

Director Noland reported the Committee reviewed an annual update on the performance of the TVA retirement system. Director Noland reported the retirement system has a funded status of 81% and is focused on supporting retirees by offering multiple ways to participate and utilize fixed income options to address lifetime income concerns.

Director Noland reported the Committee received an engagement update on the Code of Excellence, a union led initiative empowering 156 union and management ambassadors that are charged with driving performance and ensuring open communication and transparency and addressing work place challenges. Director Noland reported the Committee learned of the history

of the Code of Excellence and how the program was implemented at TVA. Director Noland noted the Committee would like to recognize TVA's labor partners, including all of the Code of Excellence ambassadors, for the success that TVA has realized, including a significant reduction in the grievance load and navigating through multiple challenges in recent years, including the pandemic.

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23-03-10 Report of the External Stakeholders and Regulation Committee

Chair Kilbride called on Director Beth Harwell, Chair of the External Stakeholders and Regulation Committee, to provide the Committee's report. Director Harwell reported the Committee met on August 2, 2023. Director Harwell reported the Committee received a management update on progress related to TVA's powerful partnerships strategic priority and an update on TVA's work with the Regional Resource Stewardship Council and the Regional Energy Resource Council. Director Harwell reported the Regional Energy Resource Council met in April, 2023 and provided near unanimous support for TVA's new nuclear program and provided advice on how to communicate the benefits of nuclear energy throughout the region.

Director Harwell reported the Committee received its quarterly LPC regulatory update. Director Harwell reported management is completing an assessment of power contract compliance in Holly Springs, Mississippi and that TVA is still receiving a high number of complaints related to frequent power outages in the Holly Springs service area. Director Harwell reported the Committee received a management update on regional relations, including the rollout of an expanded generation flexibility offering to local power companies later this month. Director Harwell reported the Committee also received an update on the challenges presented by accelerated load growth in the region with management describing TVA's efforts to work with

customers to manage their new load growth in a way that protects reliability.

Director Harwell reported the Committee received its quarterly federal affairs update with management describing national policy priorities and key focus areas for TVA. Director Harwell reported the Committee received a quarterly economic development update and that, through June, 2023, TVA had a role in bringing \$8.4 billion in capital investment to the region and creating or retaining nearly 49,000 jobs. Director Harwell reported the Committee received an update on TVA's communications strategy that highlighted activities in celebration of TVA's 90th anniversary.

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23-03-11 Presidents Report

Chair Kilbride called on Jeff Lyash, President and CEO, to provide the President's Report. Mr. Lyash reported that the way energy is used is going to change dramatically over the next 20 to 30 years and that TVA employees are preparing for that future. Mr. Lyash reported that TVA is focused on building what is needed today; planning for what will be needed to build in the future; balancing the cost of these investments while keeping the price of TVA power among the lowest in the nation; maintaining the reliability of the TVA system; continuing toward a clean energy future; and deepening TVA's partnerships with LPCs and stakeholders. Mr. Lyash reported TVA approaches energy security by focusing on affordability, reliability and resiliency. Mr. Lyash reported that, while maintaining energy security, TVA must move toward lowering carbon intensity. Mr. Lyash noted that the region is growing at three times the national average and TVA has, and will continue to experience, significant electric load growth. Mr. Lyash reported that economic growth alone is expected to add over 3,000 megawatts of new electricity demand in the coming years. Mr. Lyash explained that last year the nation used four trillion kilowatt hours of

electricity, 14 times more than used in 1950. Moreover, in 1950, 2% of all energy used came from electricity, whereas today that amount is 22%. Mr. Lyash discussed that the demand for TVA's energy is expected to double or triple over the next three decades and that TVA will need to build a system to meet that demand during that time period. Mr. Lyash discussed the need for flexibility, with demand peaks getting higher, and the need for dispatchable generation. Mr. Lyash reported that TVA is building simple cycle gas units and the generation provided by the new Colbert gas units are important because it is dispatchable and flexible. Mr. Lyash explained that gas is a bridge that maintains energy security and allows TVA to accelerate implementation of renewables and retire its coal fleet. Mr. Lyash reported TVA is working to provide LPCs with flexibility by looking at distributed generation, energy storage, demand response, and system enhancements that LPCs can implement. Mr. Lyash reported that, on the consumer side, TVA is increasing investment in energy efficiency by expanding existing programs and adding new rebates and incentives that are designed to help accelerate great existing TVA programs.

Mr. Lyash reported TVA is a national leader in carbon reduction but noted that there is more to do and TVA's commitment to a clean energy future is firm. Mr. Lyash reported that TVA is pursuing 10,000 megawatts of solar by 2035, is adding its first utility scale battery storage facility in Vonore and is working toward the nation's first pilot program to determine if closed ash storage sites are suitable for utility scale solar projects. Mr. Lyash explained TVA is using every tool at its disposal to meet the objective of energy security and low or zero carbon. Mr. Lyash reported TVA is continuing to invest in the Clinch River small modular nuclear development program by taking a very disciplined approach and acknowledged appreciation for TVA's partnership with Governor Bill Lee regarding nuclear power. Mr. Lyash reported Governor Lee is supporting and encouraging new advanced nuclear power companies to grow in

the region and TVA is actively partnering with local, state, and federal entities to support the effort. Mr. Lyash then summarized the 51 funding opportunities TVA is evaluating for demonstration projects or infrastructure enhancements, including grid resiliency funding to improve the transmission system and projects with LPCs to pursue grants to support their systems.

Mr. Lyash reported TVA has begun the development of a new Integrated Resource Plan (IRP) that includes input from a diverse group of partners with completion anticipated in the next twelve months. Mr. Lyash reported that the IRP pushes the planning horizon to 2050, so it will help be informative for TVA with regard to reaching the goal of zero carbon by 2050. Mr. Lyash summarized other initiatives that are in progress to consider business model changes and understand economy-wide carbon emissions across the TVA service territory. Mr. Lyash reported TVA is making investments in a way that is responsible and maintains fiscal health including investing about \$15 billion towards both its existing fleet and new generation and transmission assets.

Mr. Lyash summarized TVA's Pandemic Recovery Credit program and noted that LPCs put the money made available by the program to good use. Mr. Lyash explained that TVA is not immune to increasing costs due to inflation, higher interest rates, and supply chain challenges that have caused the need for a rate increase of 4.5%. Mr. Lyash explained that the funds are going to be used with a high degree of stewardship to invest in the reliability and resiliency of TVA's system and to support the economic growth that will raise wages for people in the region. Mr. Lyash discussed that, even with the rate adjustment, TVA is expected to be in the best quartile at the retail rate level and best decile in industrial rates.

Mr. Lyash discussed ways to participate in the IRP process, including TVA's creation of

working groups that have broad representation, and reported that TVA will have a series of public events to facilitate public participation. Copies of the slides used by Mr. Lyash in his report are filed with the records of the Board as Exhibit 08/24/23H.

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Chair Kilbride closed the meeting by acknowledging chair-elect Joe Ritch and stating that he had absolute confidence in Mr. Ritch's abilities to serve again as the TVA Board Chair. Director Ritch expressed his appreciation and is looking forward to working with Chair Kilbride and the other Board members. Chair Kilbride then introduced a video highlighting TVA historian Pat Ezzell's and Social Media Specialist Ashley Walker's road trip highlighting TVA's 90th anniversary.

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The meeting was adjourned at 10:49 a.m. (ET).