

No. 20-02

Approved by the Board of Directors
at its August 27, 2020, meeting:

Original Signed by Sherry A. Quirk
Executive Vice President, General
Counsel and Secretary

MINUTES OF MEETING
OF
THE BOARD OF DIRECTORS
TENNESSEE VALLEY AUTHORITY
May 7, 2020

A meeting of the Board of Directors of the Tennessee Valley Authority was held by teleconference via live internet streaming on May 7, 2020. The meeting was called to order at 10:03 a.m. (EDT). The meeting agenda was announced to the public on April 30, 2020. The meeting was open to public observation.

Board members in attendance were: Director and Chair James (Skip) Thompson, and Directors Richard C. Howorth (via teleconference), Kenneth E. Allen (via teleconference), John L. Ryder (via teleconference), A.D. Frazier (via teleconference), and William (Bill) Kilbride (via teleconference).

Also present were TVA officers, including Jeffrey J. (Jeff) Lyash, President and Chief Executive Officer; Sherry A. Quirk, Executive Vice President, General Counsel and Secretary; John M. Thomas, Executive Vice President and Chief Financial Officer; Rebecca C. Tolene,

Vice President, Environment; David L. Bowling, Jr., Vice President, River & Resources Stewardship; and Ashley Douglas (Doug) Perry, Vice President, Commercial Energy Solutions.

Chair Thompson 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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20-02-1. Welcome

Chair Thompson welcomed all those viewing the live internet stream of the meeting, explaining that the meeting was being conducted without an audience in order to follow social distancing guidelines issued by the Centers for Disease Control and Prevention in association with the ongoing Covid-19 pandemic. Chair Thompson then discussed other arrangements and procedures in place for the meeting in consideration of the pandemic, advised that other directors were attending via teleconference, and explained that Director Smith would not be participating due to the recent loss of a family member.

Chair Thompson stated the Board empathizes with those affected by the coronavirus and their families, and he expressed the Board's gratitude to the medical and public health professionals who are in the front lines of the battle against Covid-19. Chair Thompson also expressed the Board's appreciation for the extraordinary efforts of TVA's employees and its local power company partners to maintain the reliability of the power system and the integrity of TVA's rivers and dams, stating that these resources provide a critical lifeline in the fight to

contain the impact of the virus. Chair Thompson noted that TVA is also providing other support to its customers and communities impacted by the pandemic, including providing local power companies with the flexibility to suspend disconnections, extending credit to customers under financial stress, and offering matching funds to aid communities in need.

Chair Thompson stated that the present administration has nominated two individuals to fill open seats on TVA's Board of Directors, Beth Harwell, former Speaker of Tennessee's House of Representatives, and Brian Noland, the President of East Tennessee State University. Chair Thompson reported that the hearings on those nominations in the United States Senate may occur within the next few weeks, and he extended well wishes to the nominees on behalf of the Board.

Chair Thompson expressed regret that the Board was not able to hold an in-person listening session prior to the meeting due to observance of social distancing guidelines. He explained that, instead, the Board decided to take written submissions from the public through the internet page usually used to sign up for the listening session. He stated the Board received approximately thirty submissions, some written, some in the form of a video. Chair Thompson reported that approximately half of the submissions commented on the Asian Silver Carp, an invasive fish species, and expressed concerns about the potential impact of its expansion into Watts Bar Lake. Eight people commented on the Covid-19 pandemic, asking if TVA and local power companies could do more to assist those in need during the pandemic, and specifically mentioning rate changes and the curtailment of disconnections. Two people encouraged TVA to do more to incorporate additional renewable energy into its portfolio. Another two encouraged TVA to reopen recreation and fishing areas closed due to the pandemic. Three people

commented on the economic impact of the pandemic on businesses, large industries, and local power companies. Chair Thompson stated that all of the submissions were timely and thoughtful, the members of the Board had reviewed them all, and the Board would be sharing them with TVA staff for further consideration. At this point Chair Thompson elicited questions from the other Board members regarding the listening session, and Mr. Lyash responded to inquiries from Directors Allen, Howorth, and Kilbride, regarding Asian Carp and Paradise Fossil Plant, power disconnections due to financial stress caused by the pandemic, and the question of whether TVA is outsourcing information technology jobs overseas. Chair Thompson then thanked all of those who had made submissions to the Board and stated the Board appreciates their comments.

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Old Business

The Board approved the minutes of its February 13, 2020 meeting.

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New Business

20-02-2. President's Report

President and Chief Executive Officer Jeff Lyash welcomed everyone joining the Board through the live internet stream of the meeting. Mr. Lyash stated that at no time is TVA's mission to serve the people of the Valley more meaningful than when the region and nation are facing challenges, and that TVA's priority is to protect the health and safety of its employees and the public. Mr. Lyash mentioned the recent death of a public power employee at Memphis

Light, Gas and Water; wished a speedy recovery to everyone whose health is affected by the pandemic; and commented favorably on the performance of TVA employees in continuing to deliver reliable power during the pandemic, managing the river system through a period of historic, record rainfall, and working with customers to help meet the ongoing needs of the Valley and its residents.

Mr. Lyash updated the Board on TVA's transparency review and its efforts to identify gaps in transparency and areas for improvement. Mr. Lyash mentioned TVA's new listening session format enabling the public to provide valuable input prior to the day the Board meets as one example of steps taken to improve transparency. He also discussed the broad, underlying questions to be answered by the ongoing transparency review, as well as the elements of the review, then provided highlights of findings to date. In response to these findings, Mr. Lyash reported that TVA has taken a number of actions to increase public engagement. Mr. Lyash stated that, because local power companies are TVA's primary stakeholders and partners, TVA is strengthening its relationships and lines of communication with local power companies, including the implementation of quarterly meetings to share information and work through issues, and frequent calls and webinars in between those meetings. The Board is also conducting meetings in different parts of the Valley rather than meeting near TVA office locations. Mr. Lyash reported the Board is considering adopting a practice of engaging individual Board members in local listening sessions between Board meetings throughout TVA's service area. In addition, TVA's internet site has been refreshed to emphasize ease of navigation, and Mr. Lyash encouraged those listening to the meeting to go to TVA's internet site and click the red button labeled "Get Involved Stay Involved," for detailed information on all of the opportunities the public has to participate in TVA's decision making processes.

Mr. Lyash stated management intends to take action to implement the measures discussed above and others that may be identified in order to continue to improve TVA's transparency and stakeholder engagement and build it into a model for the industry. He reported that one of the suggestions made during TVA's transparency review was to increase the visibility of TVA's federal advisory committees, the Regional Energy Resource Council (RERC) and the Regional Resource Stewardship Council (RRSC), in order to encourage the public to attend those committees' meetings, and he asked everyone listening to this meeting to consider attending or otherwise getting involved with the work of those committees. Mr. Lyash stated that TVA's ability to tell its own story is another area for improvement identified during the transparency review, and he explained this is important because people need to understand what TVA is doing in order to generate constructive engagement. Mr. Lyash next discussed TVA's social media exposure and community outreach efforts, the latter of which he explained includes a speakers bureau made up of TVA employees across the service area who are available to speak to groups, the increasing participation of TVA leaders in charitable organizations in the Valley, and TVA's employee volunteer program engaging employees in worthwhile activities in local communities.

Mr. Lyash stated that, since the Board's last meeting in February, the Board and TVA management have seen people, communities, businesses, and governments around the world challenged by conditions associated with the Covid-19 pandemic. Mr. Lyash reported that TVA is responding by managing three key areas: financial resources, partnerships with customers and communities, and critical daily operations. Mr. Lyash then spoke briefly about the \$1 billion in bonds issued by TVA on the day before the meeting, explaining that TVA is taking advantage of historically low interest rates, in this case 0.75%, to refinance existing debt and fund power

system needs. Mr. Lyash reported that TVA is fortunate to have entered the period of unprecedented challenges presented by the Covid-19 pandemic in excellent financial health, commenting that in recent years, through the efforts of its employees, TVA has reduced expenses, improved efficiency, and brought down debt to its lowest level in thirty years. He stated that these accomplishments are helping TVA to weather uncertain times and have the resources to help meet the needs of its customers and Valley citizens.

Mr. Lyash stated that TVA serves the region in partnership with 154 local power company customers and also provides for the needs of its directly served industrial customers, and well before the onset of the Covid-19 pandemic TVA set a primary goal of strengthening its partnerships. He discussed the long-term partnerships offered to local power company partners starting last August, explaining that these partnerships complement TVA's financial strategy over the next ten years and also provide significant benefits to the local power companies that participate. Mr. Lyash then briefly discussed the bill-credit benefit and its impact during the current economic crisis, added that participating local power companies have become more engaged with TVA in planning for the region's future. He also discussed the flexibility option provided to local power companies under the long-term partnership agreement to serve a portion of their load through locally-sourced generation. Mr. Lyash then reported that, as of the date of the meeting, 139 of 154 local power company customers have entered into long-term partnership agreements with TVA.

Mr. Lyash reported on TVA's response to the Covid-19 pandemic, stating that TVA has two major focuses: internal, where the concern is to ensure that TVA is safely working to keep the lights on; and external, where the focus is to support the Valley as it works through issues

presented by the pandemic. Mr. Lyash stated that the need to serve people is the fundamental strength of public power and is more critical now than ever and that TVA recognizes it has a responsibility to leverage TVA resources and expertise to provide all of its local power company partners with the stability and flexibility to address the unique challenges they and their customers are facing.

Mr. Lyash stated that in March, TVA began a broad support program for Valley communities with resources, programs, and assistance that will help people support recovery and reinforce the public power model. He then discussed the elements of this support program, specifically mentioning: (i) the flexibility option previously discussed; (ii) \$1 billion in credit support made available to local power companies experiencing financial strain; (iii) \$2 million in matching funds, known as the Community Care Fund, made available to support local communities to address local hardship; and (iv) a back-to-business credit program for large industrial customers that will help large industries that have suspended or reduced operations because of the pandemic return to normal operations and get employees back on the job. TVA is also attempting to identify additional funding from federal, state, and local governments that can assist in mitigating the impact of the Covid-19 pandemic on the Valley.

Mr. Lyash stated that economic development is fundamental to TVA's mission, and that TVA is working to build on successes achieved in FY 2020 to date. He reported that in the first six months of the fiscal year TVA helped attract or retain 51,000 jobs and over \$6 billion in capital investment, and added that TVA must now turn its attention to economic development and incentive programs that will accelerate the Valley through the crisis created by the Covid-19 pandemic and beyond.

Turning to operations, Mr. Lyash stated that TVA's ability to serve its customers and the public depends on sustained high levels of performance, and in recent weeks members of TVA's workforce have been maintaining power plants, managing the flow of energy in TVA's seven-state service territory, and refueling nuclear plants, all while adapting to physical distancing requirements and undergoing repetitive health checks due to the pandemic. In addition, Mr. Lyash reported that record amounts of rainfall have demanded the best of TVA's river management team. He stated that the period of January through March saw the heaviest rainfall in the Valley during the last 131 years that records have been kept, and while some areas were impacted by high water, more than \$1 billion in potential flood damage was avoided due to the actions of TVA employees and the Tennessee River's system of dams and reservoirs. Mr. Lyash reported that in March and April tornadoes moved through middle Tennessee, Mississippi, Alabama, and the Chattanooga area, but as soon as conditions allowed, crews from TVA and local power companies were replacing or repairing dozens of damaged transmission structures and downed power lines, and restoring energy to support recovery efforts.

Mr. Lyash stated that TVA has the greenest power system in the southeastern United States with the highest percentage of clean generation, including nuclear and hydroelectric, among its industry peers. Mr. Lyash stated that large-scale solar installations provide the best renewable energy value for TVA's power system. He reported that TVA is exploring constructing its own large-scale solar assets, and that work is currently underway to perform technical, environmental, and cultural reviews of the first target site in northern Alabama. In addition, TVA issued a Request for Proposals (RFP) in March for up to 200 MW of additional, new renewable energy that could be online by the end of 2023 to serve customer demand.

Mr. Lyash stated that by providing local power companies with flexibility and supporting them in deploying distributed solar energy to meet customer demands, and by building utility-scale solar at a competitive price through its green invest programs and other vehicles, TVA will significantly expand solar resources over the next decade without adversely impacting customer pricing.

Mr. Lyash stated that managing the power system for the long term also means exploring new technologies, and TVA is the first utility in the nation to successfully obtain an early site permit from the Nuclear Regulatory Commission to potentially develop small modular nuclear reactors at its Clinch River site. In association with this effort, TVA recently announced partnerships with Oak Ridge National Laboratory and the University of Tennessee in order to leverage the local economy and local institutions. Mr. Lyash reported that the decision on whether to move forward with construction has not yet been made, but these partnerships and TVA's ongoing licensing work will allow TVA to better explore new nuclear technologies and to collaborate on evaluating economic feasibility and the potential to improve safety.

Following the completion of Mr. Lyash's report, Chair Thompson asked about early participation in the three programs TVA has initiated in response to the Covid-19 pandemic to provide financial support to local power companies, communities, and industrial customers. In response, Mr. Lyash reported that approximately \$1 million of the program offering communities matching funds has been placed, industrial customers have expressed enthusiasm for the back-to-business credit program and will take advantage of the program as conditions permit, and one local power company has already taken advantage of the \$1 billion credit support fund.

Copies of the slides used by Mr. Lyash in his report are filed with the records of the Board as Exhibit 5/7/20A.

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20-02-3. Report of the External Relations Committee

Director Howorth, Chair of the Committee, reported the Committee met on April 16 via internet teleconference. Director Howorth then mentioned the various programs and measures referenced by Mr. Lyash in his report that TVA has put in place to address hardship caused by the economic consequences of the Covid-19 pandemic, and he stated that these measures exemplify and fortify TVA's public power advantage. At this point, Director Howorth requested and received a report from Rebecca Tolene, Vice President, Environment, regarding Minute Item 20-02-4. Following the vote on Minute Item 20-02-4, Director Howorth requested and received a report from David Bowling, Vice President, River & Resources Stewardship, regarding Minute Item 20-02-5. Following the vote on Minute Item 20-02-5, Director Howorth noted that in the process of developing the updated Environmental Plan and Natural Resource Plan, TVA enhanced public engagement, set up a toll-free line, provided information on ongoing stewardship activities, and offered multiple opportunities for input. He then expressed the Committee's appreciation for the feedback received from TVA stakeholders, including the members of the RRSC, public and private entities, and the general public.

Director Howorth reported that during its April 16 meeting management provided the Committee with various updates, including on the status of acceptance of the long-term partnership proposal by local power companies and on the annual meeting of Valley Partners that took place in early March. Reiterating a point made by Mr. Lyash during his report, Director

Howorth stated that since the Board approved the long-term partnership proposal in August, 2019, 139 local power companies have entered into the long-term partnership agreement with TVA, constituting over 90% of local power companies distributing TVA power. Director Howorth stated that obtaining this level of support significantly improves the risk profile of the public power model in the TVA region. Director Howorth reported that TVA staff are busy working on the next round of meeting plans for, and the membership of, the RRSC. Director Howorth closed his report by stating that listening to TVA's stakeholders and considering their feedback is not just a courtesy. It is a critical step in the Board's decision making process and another advantage public power wields in delivering service.

Copies of the slides used by Ms. Tolene in her report on Minute Item 20-02-4 are filed with the records of the Board as Exhibit 5/7/20B. Copies of the slides used by Mr. Bowling in his report on Minute Item 20-02-5 are filed with the records of the Board as Exhibit 5/7/20C.

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Following the completion of Mr. Howorth's report, Chair Thompson noted that Director Howorth's term on the Board will expire in May. He also noted that relevant provisions of the TVA Act state that Director Howorth can continue to serve until his replacement is confirmed by the U.S. Senate or until the current session of Congress adjourns. Chair Thompson stated that the other members of the Board hope this will not be Director Howorth's last meeting as a Board member, but in the event that might be the case Chair Thompson proceeded to express the Board's appreciation and thanks for Director Howorth's work on the Board during his tenure.

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20-02-4. TVA Environmental Policy

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Operating Officer dated April 20, 2020, and filed with the records of the Board as Exhibit 5/7/20D:

WHEREAS in May 2008, the Board of Directors approved the TVA Environmental Policy, which provided high-level direction for TVA's environmental activities; and

WHEREAS the Board, through the External Relations Committee, has reviewed the 2008 policy and has recommended the policy be refreshed to reflect updates and changing customer requirements; and

WHEREAS a memorandum from the Executive Vice President and Chief Operating Officer, dated April 20, 2020, (Memorandum) a copy of which is filed with the records of the Board as Exhibit 5/7/20D, recommends that the Board of Directors approve the TVA Environmental Policy, a copy of which is attached to the Memorandum; and

WHEREAS the TVA Environmental Policy provides an integrated environmental policy with high-level direction to guide TVA's strategic business planning and provide direction for TVA's Environmental Management System; and

WHEREAS the TVA Environmental Policy requires a review by the Board every three years, and environmental performance and strategy under the Policy would be reviewed by the Board at least once annually;

BE IT RESOLVED, That the Board of Directors hereby adopts and approves the TVA Environmental Policy and hereby rescinds previously approved environmental policy statements.

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20-02-5. Natural Resources Plan Update

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Operating Officer dated April 17, 2020, and filed with the records of the Board as Exhibit 5/7/20E:

WHEREAS TVA issued a Natural Resource Plan (NRP) and supporting Environmental Impact Statement (EIS) in 2011 to guide TVA's responsible management of natural resources over the next 20 years; and

WHEREAS TVA chose to update the NRP to create a more strategic, comprehensive, and flexible guide for TVA's management of natural resources; and

WHEREAS the process used to update the NRP was comprehensive and involved multiple opportunities for the public to contribute, including the service of TVA's Regional Resource Stewardship Council as a stakeholder review group for the NRP update; and

WHEREAS the 2020 NRP continues the fundamental management approach of the 2011 NRP, prioritizing programs to ensure public health and safety issues are addressed, nonrenewable resources are protected, and existing assets are preserved, promoting collaboration and the formation of partnerships with state, local, and other federal agencies, non-governmental organizations, Native American tribes, and distributors of TVA power to enhance natural resource management; and

WHEREAS the 2020 NRP continues to deliver multiple benefits to TVA ratepayers and the public through the continuation of integrated river management leading to lower power rates, the use of public lands for recreation, the protection of natural and sensitive resources, and the support of economic development; and

WHEREAS the NRP programs are funded from power revenues and other sources such as fees, rents from land use agreements, and collaborative partnerships, as TVA does not receive government appropriated funds; and

WHEREAS the 2020 NRP includes programs and objectives in ten focus areas of Reservoir Lands Planning, Section 26a and Land Use Agreements, Public Land Protection, Land and Habitat Stewardship, Nuisance and Invasive Species Management, Cultural Resource Management, Water Resources Stewardship, Recreation, Ecotourism, and Public Outreach and Information; and

WHEREAS TVA prepared and released for public comment a supplemental environmental impact statement pursuant to the National Environmental Policy Act that evaluated the potential environmental impacts of updating the NRP or continuing under the existing NRP; and

WHEREAS Section 2(g)(1) of the TVA Act states that the Board shall establish the broad goals, objectives, and policies of TVA, shall develop long-range plans to guide TVA in achieving these goals, objectives, and policies, and shall assist the Chief Executive Officer (CEO) in achieving these; and

WHEREAS, as set out in the attached memorandum to the TVA Board of Directors (Board), dated April 17, 2020, the Chief Operating Officer has recommended that the Board accept the updated NRP;

BE IT RESOLVED, that the Board hereby expresses appreciation of and thanks for the hard work and thoughtful comments and analyses provided to TVA by members of the Regional Resource Stewardship Council;

RESOLVED further, that the Board hereby determines that the 2020 NRP recommended management approach remains consistent with TVA's mission, renewed vision, and Environmental Policy;

RESOLVED further, that the Board hereby accepts the NRP update, a copy of which is filed with the records of the Board as Exhibit 5/7/20F, and authorizes the CEO to implement the NRP to guide TVA's natural resource management in the ten focus areas and, as a part of that authority, to approve future updates to the NRP;

RESOLVED further, that the Board hereby directs management to report annually on TVA's activities within the ten focus areas of the NRP to the External Relations Committee or any successor committee;

RESOLVED further, that the Board hereby directs the CEO to report on any material changes to TVA's approach to natural resource stewardship to the External Relations Committee or any successor committee.

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20-02-6. Report of the Finance, Rates, and Portfolio Committee

Director Frazier, Chair of the Committee, reported the Committee met on April 15 via internet teleconference. Director Frazier then requested and received a report from John Thomas, Executive Vice President and Chief Financial Officer, regarding Minute Item 20-02-7. Following the completion of Mr. Thomas' report, Director Frazier commented that TVA's financial strategy, particularly during the past five years, has positioned TVA to have the resources to offer its customers and communities the credit support, debt deferral, and other programs TVA has promulgated to support their recovery from the impacts of the Covid-19 pandemic. He stated that the full impacts of the pandemic are unknown at this point, but many lives and businesses have been disrupted in unprecedented ways, and both companies and individuals are suffering tremendous hardship. Director Frazier then reported that during its

meeting, the Committee discussed the back-to-business credit designed to assist large industrial customers as they return to operations following closure due to the Covid-19 pandemic, and he stated that the Board approved this program by notational vote before its meeting so TVA and local power companies could start offering it as quickly as possible. Director Frazier noted that the back-to-business credit is in addition to the \$1 billion in bill deferral credit support made available by TVA to local power companies. Director Frazier stated that TVA will likely experience load and revenue loss due to its customers' reduced operations for some time, and he reminded everyone listening that it is important for TVA to mitigate increasing risk to protect its own financial health in the future. Director Frazier stated the Board appreciates the near-term actions taken by management, such as maintaining a high level of liquidity and finding ways to reduce FY 2020 spending. Director Frazier stated the Board is certain TVA will take additional measures if necessary and continue providing access to low-cost, reliable electric power.

Director Frazier proposed the approval of a new Board Practice providing clear guidance on the Chief Executive Officer's authority to approve commercial energy transactions. He stated that this new Board Practice will replace an existing Board Practice and several related delegations of authority. Director Frazier then explained that Board Practices are adopted by TVA's Board to govern the processes and activities of the Board and its Committees, and they also provide interpretive guidance regarding the TVA Bylaws and capture certain delegations of authority from the Board to management. At this point, Director Frazier requested and received a report from Doug Perry, Vice President, Commercial Energy Solutions, regarding Minute Item 20-02-8.

Director Frazier reported that during the Committee's meeting management provided an update on TVA's 2019 RFP for renewable energy, and was informed that TVA contracted for over 600 MW under six purchase power agreements. He stated that, based on the needs of TVA's customers and the TVA system, more RFPs will be issued in coming years. Director Frazier reported that at its meeting the Committee was also briefed on the status of the long-term partnership offer and the flexibility option offered to local power companies. He stated that a draft term sheet on the flexibility option and related documents have been reviewed with TVA's local power company partners, and the flexibility option is on plan to be implemented by June, 2020, contingent upon satisfactory environmental review. Director Frazier also reported that the Committee received an update from management on the first annual Valley Partners meeting that took place in early March.

Copies of the slides used by Mr. Perry in his report on Minute Item 20-02-8 are filed with the records of the Board as Exhibit 5/7/20G.

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20-02-7. Financial Performance Update

John Thomas, Executive Vice President and Chief Financial Officer, presented a report on TVA's financial performance and addressed the financial impacts of the Covid-19 pandemic on TVA and its service area. Mr. Thomas then reviewed the Summary Income Statement, Summary Cash Flow Statement, financing activity, and cash position for TVA's FY 2020 second quarter.

Copies of the slides used by Mr. Thomas in his report are filed with the records of the Board as Exhibit 5/7/20H.

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20-02-8. Board Practice – Commercial Energy Agreements, Programs, and Related Contracts

The Board adopted the following resolution:

WHEREAS the Board has from time to time adopted practices to address the authority of the Chief Executive Officer (CEO) under the Bylaws of the Tennessee Valley Authority (TVA Bylaws);

WHEREAS the TVA Bylaws provide, among other things, that the principal responsibilities of the CEO are to achieve the broad strategies, goals, objectives, long-range plans, and policies established by the Board and to ensure the continuity and reliability of TVA’s operations;

WHEREAS the Bylaws further specify that the CEO has all powers, authorities, and duties “necessary or appropriate to carry out those principal responsibilities, including but not limited to those to carry out projects and activities approved by the Board of Directors or to maintain continuity and/or reliability of ongoing operations”;

WHEREAS the Board acknowledges that a routine part of carrying out approved projects and activities and maintaining continuity and/or reliability of ongoing operations involves committing TVA to contracts to purchase renewable energy and to sell such renewable energy and renewable energy credits (RECs) to customers that commit to consume such renewable energy or cover the future costs associated with such renewable energy facilities; to enter into contractual arrangements that support Flexibility Research Projects that evaluate certain types of local power company-driven competitive generation projects to meet consumer demand; to offer energy efficiency and electrification services through EnergyRight programs and related services; to execute contractual arrangements related to wholesale power sales, the purchase, sale and resale of transmission service associated with such sales and purchases of power, the purchase and sale of environmental attributes, including RECs, and virtual transactions and financial transmission rights associated with managing congestion; and to enter into contracts under which TVA acquires or disposes of energy, capacity, transmission and ancillary services (collectively, “Commercial Energy Agreements, Programs, and Related Contracts”);

WHEREAS the Board exercises ultimate authority over such implementation and contracting activity through the budget review and approval process; and

WHEREAS to provide more definitive guidance as to what implementation actions and Commercial Energy Agreements, Programs, and Related Contracts the Board considers to be

within the CEO's authority under the Bylaws, the Finance, Rates, and Portfolio Committee has reviewed the TVA Board Practice entitled "Commercial Energy Agreements, Programs, and Related Contracts", as filed with the records of the Board as Exhibit 5/7/20I, and recommends approval of the Practice by the Board;

WHEREAS the Board has also considered management's request to amend a delegation approved at the August 22, 2019 TVA Board meeting, which delegates to the CEO the authority to enter contracts for wholesale power and energy purchases and other forward capacity agreement with delivered energy durations of up to 20 years and terms of up to 25 years, limited to 1,250 MW in the aggregate for FY 2020, by increasing the number of MW available under this delegation in FY 2020 to a total of 3,000 MW; Excluding this increased delegation amount of 3,000 MW for FY 2020, all existing delegations will be revoked / replaced by the Board Practice only when the Board approves the FY 2021 Contracting Plan.

BE IT RESOLVED, That the Board hereby adopts the Board Practice entitled Commercial Energy Agreements, Programs, and Related Contracts and amends the delegation approved at the August 22, 2019 TVA Board meeting by increasing the MW available under that delegation to 3,000 MW.

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20-02-9. Report of the Nuclear Oversight Committee

Director Kilbride spoke for the Committee in the absence of Committee Chair Director Smith. Director Kilbride expressed the Committee's sorrow at the loss experienced by Director Smith and his family. He then reiterated comments by Chair Thompson and Director Howorth expressing appreciation to everyone at TVA and its local power company partners who have helped keep hospitals, homes, and businesses powered during these challenging times. He added that TVA's nuclear plant employees are among those to whom that appreciation is directed, and he expressed specific thanks for their unwavering commitment and extraordinary efforts to keep the Valley's power supply secure and reliable, and for managing outage projects under trying circumstances.

Director Kilbride reported that the Committee met via internet teleconference on April 7. During the meeting the Committee discussed the overall performance of the nuclear fleet. In addition, the Committee members reviewed outages and the progress of business plan initiatives. Director Kilbride reported that TVA's nuclear fleet performs well, but added that there is significant room for continued improvement. Director Kilbride stated that the goal of the nuclear fleet is to become a leader among the nation's operators of nuclear plants, and in order to achieve that goal TVA's nuclear team is focused on making improvements in several areas, each of which is addressed in a detailed action plan and organized under three business plan initiatives covering: (i) people, (ii) culture, and (iii) results.

Director Kilbride stated the Committee discussed the people business plan initiative in January, and this quarter they turned their attention to the results initiative. Director Kilbride explained that the results initiative is aimed at safely increasing the output of TVA's nuclear units within their respective, designated capacities as measured by Unit Capability Factor (UCF). The Committee understands that increasing equipment reliability and reducing outage duration will have the greatest impact on results, and the Committee spent time examining each of these areas. Director Kilbride reported that the Committee was briefed on the recent refueling outage at Browns Ferry Nuclear Plant and preparations for planned outages at Sequoyah and Watts Bar Nuclear Plants. The Committee learned that management is taking near-term actions and making long-term investments to improve the efficiency of outage projects. In the opinion of the Committee, planning for nuclear outages has improved significantly, and Director Kilbride stated that the Committee will be monitoring performance in the execution of these plans. Director Kilbride stated the Committee also reviewed the performance at Watts Bar Nuclear Plant, expressing regret that the Committee was not able to visit the plant for its meeting. He explained

that traveling to the nuclear plant sites is an important part of how the Committee gains perspective on management's efforts. Director Kilbride stated the Committee is encouraged by the overall progress of the nuclear team's business plan and the continuous progress being made by the team. He stated that their hard work to increase output in a safe, reliable manner will help TVA and its customers with lower energy costs and further reductions in carbon emissions.

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20-02-10. Report of the Audit, Risk, and Regulation Committee

Director Ryder, Chair of the Committee, reported the Committee met twice during the quarter, once on April 15 via internet teleconference for the Committee's regular quarterly meeting, and again on May 4 via regular teleconference to review TVA's quarterly 10-Q filing with the Securities and Exchange Commission. Director Ryder stated the Committee received updates from management on a number of topics during its April 15 meeting, including operational and regulatory assurance and the status of ongoing litigation. Director Ryder reported that TVA issued guidance in regulatory support of local power companies, giving them the flexibility to provide assistance to their customers during the Covid-19 pandemic by allowing them to suspend disconnects if they choose to do so. Director Ryder stated while this is a voluntary measure, TVA has encouraged local power companies to suspend disconnections during the pandemic. Director Ryder stated that TVA is also prepared to expedite local power company rate requests necessary to meet their financial needs arising from the pandemic. Management informed the Committee during the meeting that the proposed purchase of the assets of Murfreesboro Electric Department by Middle Tennessee Electric Membership Corp. is still being evaluated and a decision is expected soon. Director Ryder reported that the

Committee also received an update on cybersecurity, stating that TVA works around the clock to protect its critical infrastructure and information assets, including monitoring third party risks as well as those arising in-house. In addition, TVA's Office of the General Counsel provided the Committee with an update on the status of significant lawsuits and legal issues. Director Ryder stated that TVA's Office of the Inspector General (OIG) and Ernst & Young (EY), TVA's external auditor, regularly provide the Board with independent views that support the Committee's oversight responsibilities. He reported that during the April 15 meeting the Committee met in executive session with the Deputy Inspector General and her staff, and separately with EY, and Director Ryder stated the Committee appreciates the assistance provided by both organizations in identifying risks and improving opportunities at TVA. Director Ryder stated the Committee was also provided with several written reports, including an enterprise risk and operational assurance update, a status report on the proposal to offer an electric vehicle charging rate, Disclosure Control Committee meeting minutes, and several reports on cybersecurity and local power company rate requests.

Director Ryder reported that at its May 4 meeting, the Committee reviewed TVA's quarterly 10-Q report to the SEC. After being briefed on the report, TVA's external auditor, EY, discussed their independent assessment of TVA's financial reporting process. TVA's 10-Q report was filed later the same day.

Director Ryder noted that those listening to this Board meeting might recall from February's Board meeting that the Committee reviewed TVA's emergency management plan in January. While also noting that it is unfortunate the Covid-19 pandemic risk became a reality, Director Ryder commended TVA for being vigilant for risk events such as the pandemic.

Director Ryder stated that the impact from the Covid-19 pandemic is unprecedented, opining that perhaps no entity could fully prepare for all repercussions of the pandemic's reach, but also noting that TVA's measured response to ensure the safety and well-being of its employees and communities, and to maintain the integrity of power operations and delivery, speaks volumes regarding the robust nature of TVA's business continuity plan.

Director Ryder expressed his appreciation and that of the Committee to Deputy Inspector General Jill Matthews for her work in leading OIG during the last two years. Director Ryder stated that Ms. Matthews and her staff provide valuable insight for the Committee and for TVA leadership. Director Ryder stated the Committee particularly appreciates the integrity and expertise that Ms. Matthews brings to her work. Director Ryder then reported that the President has nominated Katherine Crytzer, currently Acting Deputy Assistant Attorney General in the U.S. Department of Justice's Office of Legal Policy, to fill the TVA Inspector General position on a permanent basis. Director Ryder stated he is familiar with Ms. Crytzer's work and qualifications, noted that she is a native of Tennessee, and wished her well in her confirmation process.

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20-02-11. Report of the People and Performance Committee

Director Allen, Chair of the Committee, reported the Committee met via internet teleconference on April 16, and discussed numerous topics. Management presented the Committee with a quarterly summary of TVA's year-to-date performance and progress against performance goals. TVA's Chief Operating Officer and its Chief Nuclear Officer provided the

Committee with an update on TVA's operational performance. In addition, Director Allen reported that Committee members reviewed a draft of TVA's corporate goals for 2021. He stated that additional work is necessary to ensure the metrics align with updated strategic priorities, and he expects the final version of the 2021 corporate goals will be brought before the Committee and the Board later in 2020. Director Allen stated that management and the Committee's independent consultant, F.W. Cook, briefed the Committee on plans to complete an annual review of TVA's compensation plan and associated delegations. Director Allen reported the Committee was updated on planned amendments to TVA's compensation plan and given the opportunity to comment. During the meeting, the independent consultant recommended that TVA continue using the current peer group for benchmarking, and Director Allen stated the peer group data will support the compensation recommendation to be made by the Committee before the end of the year.

Director Allen then reported that Committee members were provided with a review of TVA's benefit plan cost and performance for calendar year 2019. He stated that overall performance has been excellent as a result of leveraging effective health care management strategies. Director Allen stated that going forward TVA will ensure health care coverages align with the provisions of the Covid-19 Care Act. Director Allen stated the Committee was pleased to learn that TVA's benefits are in line with those being offered by the utility industry in general and companies of similar size. Director Allen reported that TVA's benefit plan achieved incremental savings in recent years while maintaining its value to TVA's employees.

Director Allen stated the Committee reviewed TVA's safety performance trend, adding that management is focused on reducing serious injuries in order to achieve a goal of having an

incident-free workplace. Director Allen stated the Committee was also pleased to learn that TVA's safety efforts are being recognized by peers and regulators, with TVA having been selected as a finalist for the Edison Award, given by the Edison Electric Institute, for the safety dashboard developed by TVA. Director Allen explained that the safety dashboard displays safety measures in real time to allow workers to quickly identify issues and reverse negative trends.

Director Allen reported the Committee received an update on labor relations. He stated that TVA's labor relations strategy aligns with TVA's new "people advantage" strategic priority. Director Allen stated the Committee discussed the fact that strong union partnerships are critical to fulfilling TVA's mission and maximizing its people advantage, and he commented on the continued importance of increasing transparency, engagement, and collaboration with TVA's represented employees and union leaders. The Committee was also provided with an update on upcoming labor relations elections and pending contract negotiations.

Director Allen reported that TVA is seeing tangible impacts from its Code of Excellence, and these results have been a driver in improving overall culture at TVA. Director Allen reported the Committee was also provided with several written reports, including a detailed quarterly performance report and the quarterly calendar of upcoming activities for the Committee. Director Allen stated that TVA has exhibited agility and cohesiveness in coming together to meet challenges arising from the Covid-19 pandemic, and added that the Committee's hats are off to all of TVA's employees in recognition of their commitment to service and their courage to keep each other safe. Director Allen then expressed his personal thanks to all TVA

employees noting that with flooding, tornadoes, and the pandemic, TVA experienced a challenging late winter and early spring.

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Chair Thompson stated that the Board reviews and updates its Board Practices from time to time, and there are a few existing Board Practices that would benefit from an update. He then introduced, recommended, and made a motion for the Board's approval of Minute Item 20-02-12, and after receiving a second called for a vote.

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20-02-12. Revised Board Practices

The Board adopted the following resolution upon the recommendation of the Board

Chair:

WHEREAS the Board has from time to time adopted and revised certain practices to address various Board processes and activities and to provide guidance regarding the Chief Executive Officer's authority; and

WHEREAS the Board has previously approved practices entitled "Board Chairman Selection Process", "Consent Agenda", "Engagement of Outside Advisors", "Notational Approvals", and "Approvals of Settlements of Claims and Litigation", and now believes that updating these practices would be beneficial; and

WHEREAS the Chair has recommended that the Board adopt revised versions of the foregoing practices, copies of which are filed with the records of the Board as Exhibit 5/7/20J (the "Revised Practices");

BE IT RESOLVED, That the Board hereby adopts the Revised Practices as recommended by the Chair.

* * *

Information Items

20-02-13. Covid-19 Impact Support Measures for Local Power Companies

As recommended in a confidential application for Notational Board Approval, a copy of which is filed with the records of the Board as Exhibit 5/7/20K, and in accordance with the TVA Board Practice, Notational Approvals, on March 31, 2020, the individual Board members approved a delegation of authority to the Chief Executive Officer, which will expire on December 31, 2020, unless extended by the Board, to approve alternate payment arrangements and certain regulatory changes that will enable TVA's local power company partners to take swift local, revenue-related actions to help ensure their financial integrity while dealing with the impacts of the Covid-19 pandemic.

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20-02-14. Back-to-Business Credit Program

As recommended in a confidential application for Notational Board Approval, a copy of which is filed with the records of the Board as Exhibit 5/7/20L, and in accordance with the TVA Board Practice, Notational Approvals, on April 16, 2020, the individual Board members approved a "Back-to-Business Credit Program" that will enable TVA and its local power company partners to provide a measure of relief to certain large customers affected by the Covid-19 pandemic by providing credits based on onpeak demand to such customers that are seeking to restart normal commercial operations as pandemic conditions improve.

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The meeting was adjourned at 11:58 a.m. (EDT).