

PROPOSED BOARD RESOLUTION
(FY 2024 STRATEGIC INITIATIVE EXPENDITURE AUTHORITY)

WHEREAS, at its August 24, 2023, meeting, the TVA Board of Directors (Board) approved a rate adjustment that increased the wholesale base rates by 4.5% to be effective on October 1, 2023; and

WHEREAS, in its approval of the FY 2024 TVA budget, the Board conditioned the use of any revenue generated from the rate adjustment in FY 2024 to support strategic initiatives as specifically approved by the Board; and

WHEREAS, as recommended in the April 5, 2024, memorandum from the Chief Operating Officer (COO) and Chief Nuclear Officer (CNO), a copy of which is filed with the records of the Board of Directors (Board) as Exhibit 05/09/24B, the Board has determined that the COO and CNO Strategic Initiatives, as defined in the memorandum, should be funded with revenues generated in FY 2024 by the rate adjustment that was approved by the Board on August 24, 2023.

BE IT RESOLVED, That the Board approves the COO and CNO Strategic Initiatives as defined in the memorandum and authorizes TVA to spend revenue generated in FY 2024, in a total amount not to exceed \$143.1 million from the rate adjustment that was approved at the August 24, 2023 Board meeting to support the initiatives;

RESOLVED further, That any funding of the COO and CNO Strategic Initiatives that is required beyond FY 2024 must be approved during the Board's ordinary budget processes or otherwise specifically approved by the Board.

**Approved by TVA Board of
Directors**

May 9, 2024

ECM

ASSISTANT SECRETARY

April 5, 2024
Operations | Nuclear

Board of Directors

**REQUEST FOR BOARD APPROVAL – STRATEGIC INITIATIVES FUNDING
 AUTHORIZATION**

SUBJECT

The Chief Operating Officer (COO) and Chief Nuclear Officer (CNO) request that the TVA Board of Directors (Board) approve the expenditure of revenues generated by a rate adjustment approved by the Board in August 2023 to support strategic initiatives of the Chief Operating Office and TVA Nuclear organizations. Approval of this request will authorize TVA to utilize revenue generated by the rate adjustment to fund the Strategic Initiatives as defined below.

BACKGROUND

At its August 24, 2023 meeting, the Board approved a rate adjustment that increased wholesale base rates by 4.5%, which was estimated to generate approximately \$405 million in revenue in FY 2024. At the same meeting, the Board specifically conditioned that all revenue generated by this rate adjustment in FY 2024 must be used to support strategic initiatives approved by the Board. In keeping with this condition, the COO and CNO are requesting that the Board authorize expenditure of funds generated in FY 2024 from the 4.5% wholesale base rate increase to complete the following strategic initiatives.

1. Chief Operating Officer Initiatives:

Requesting \$82.3 million to fund equipment reliability risk mitigations across the Power Operations fleet, winter resiliency and storm response, turbine generator issues discovered at the Ackerman Combined Cycle plant, mitigation of further Gallatin Fossil Plant stack degradation, and wildfire mitigation work on TVA's right-of-way.

2. TVA Nuclear Initiative(s):

Requesting \$60.8 million to fund new nuclear life extension projects to execute major component life cycle replacement for the operating fleet.

ALTERNATIVE CONSIDERATIONS

The COO and CNO considered the consequences of delaying work on the Strategic Initiatives. In the judgment of the COO delaying the COO Strategic Initiative(s) will result in unacceptable risk to the reliability of the non-nuclear generation assets if the proposed capital improvements are not completed on their current trajectory. In the judgement of the CNO, delaying the CNO Strategic Initiatives will create an unacceptable risk to reliability of the nuclear generating assets and reduce TVA's ability to prepare for potential life extensions of those assets.

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RECOMMENDED ACTION

The COO and CNO recommend that the Board approve the use of a portion of the revenue generated in FY 2024 from the rate adjustment that increased wholesale base rates that was approved by the Board at its August 24, 2023 meeting to support the COO and CNO Strategic Initiatives, as defined above. The total amount of revenue that will be spent to support these initiatives from the revenues collected in FY 2024 equals \$143.1 million.



Donald A. Moul
Executive Vice President and
Chief Operating Officer
WT 7B-K



Timothy S. Rausch
Executive Vice President and
Chief Nuclear Officer
LP 4A-C

Attachments

REVIEWED AND APPROVED



4/18/2024

David B. Fountain
Executive Vice President and
General Counsel

Date



4/19/2024

Jeffrey J. Lyash
President and Chief Executive Officer

Date