



Board Meeting

November 9, 2023

Tupelo, Mississippi





Tupelo High School's Junior ROTC Color Guard



Board Meeting

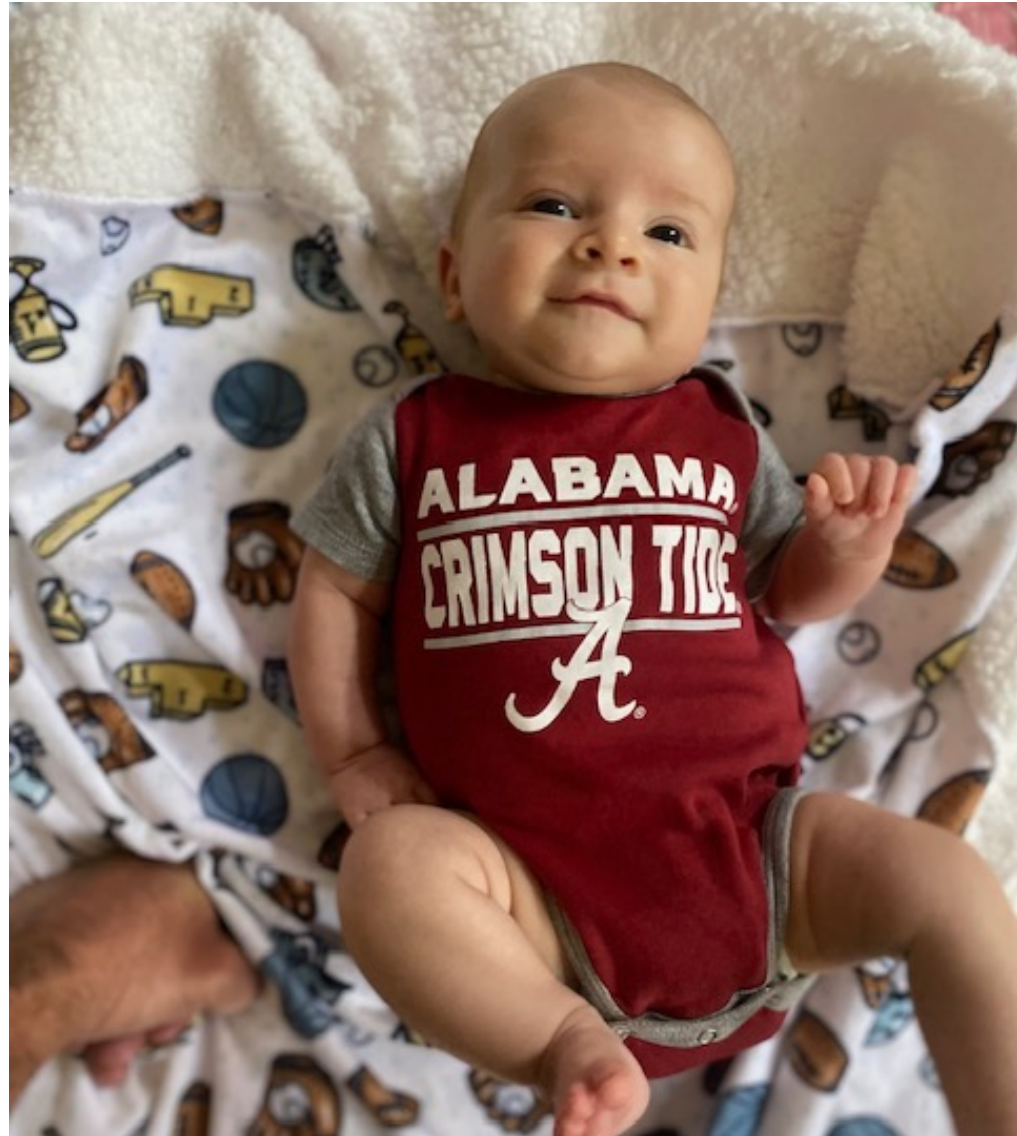
November 9, 2023

Tupelo, Mississippi





Late August 2023



Early November 2023



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President's Report

Jeff Lyash
President and CEO

November 9, 2023



90TH

ANNIVERSARY

1933 **TVA** 2023









President's Report

Jeff Lyash
President and CEO

November 9, 2023

In Memoriam

Matt McPherson



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Economic Growth

Highlights of recent companies locating in our region, thanks to partnership with local power companies and state, regional and local development agencies

First Solar

Lawrence County, AL

Ford Motor Company

Stanton, TN

Envision

Bowling Green, KY

LG Chem

Clarksville, TN

Novonix

Chattanooga, TN

Steel Dynamics

Lowndes County, MS

Economic Development

TVA serves one of the fastest growing regions in the nation – the South. This growth is fueled by people moving to this region for quality of life and jobs.

Fiscal Year 2023

58,000 Jobs

Created & Retained

\$9.2 Billion

Capital Investment

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Investing in Our System



Solar



Gas



Energy Storage



Nuclear







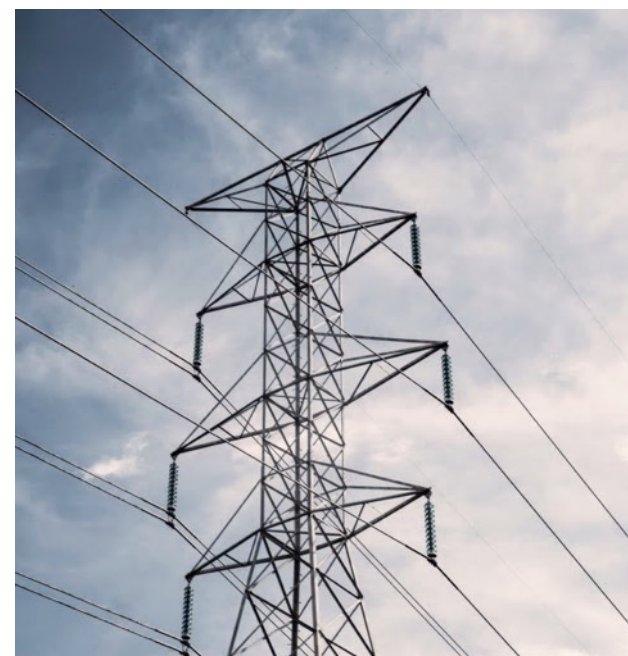
President's Report

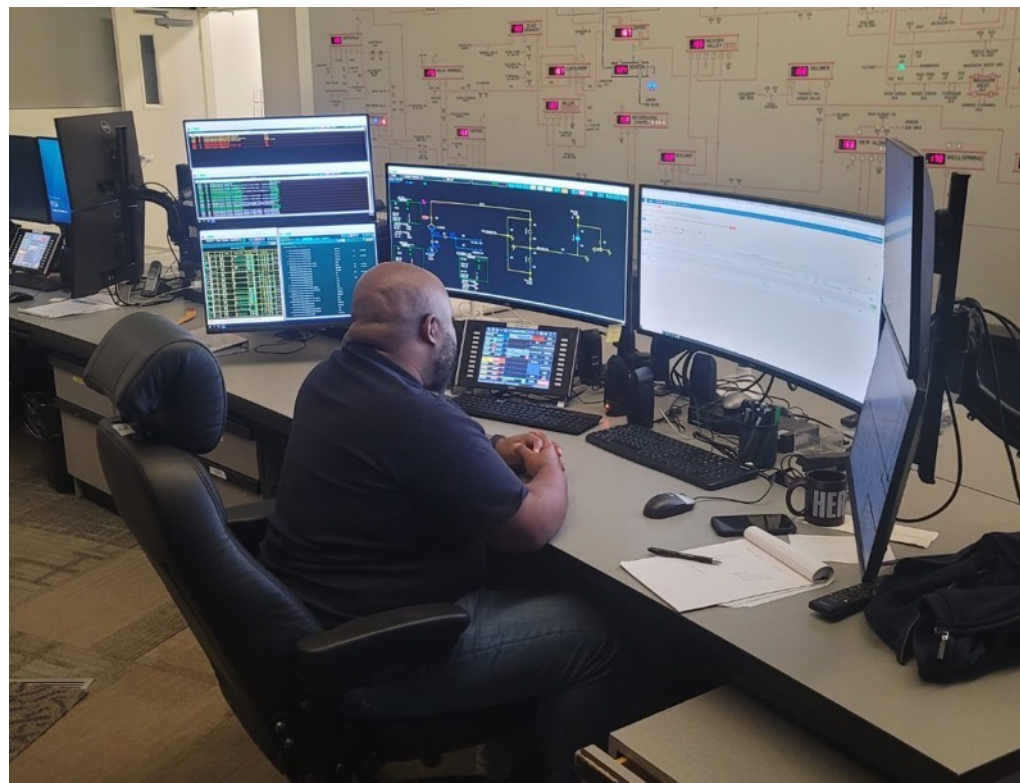
Jeff Lyash
President and CEO

November 9, 2023



\$19 Billion
System Investment
Since 2014





President's Report

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Lowest Rates in the Country

Lower than 75% of utilities



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Partnerships

Integrated Resource Plan

Partnerships

Integrated Resource Plan

Valley Vision 2035

Partnerships

Integrated Resource Plan

Valley Vision 2035

The Valley Pathways Study

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In Memoriam

Barbara Short Haskew

January 7, 1940 – September 8, 2023





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Audit, Finance, Risk, and Cybersecurity Committee

Bill Renick

Financial Update

John Thomas
Executive Vice President
Chief Financial & Strategy Officer

Fiscal Year 2023

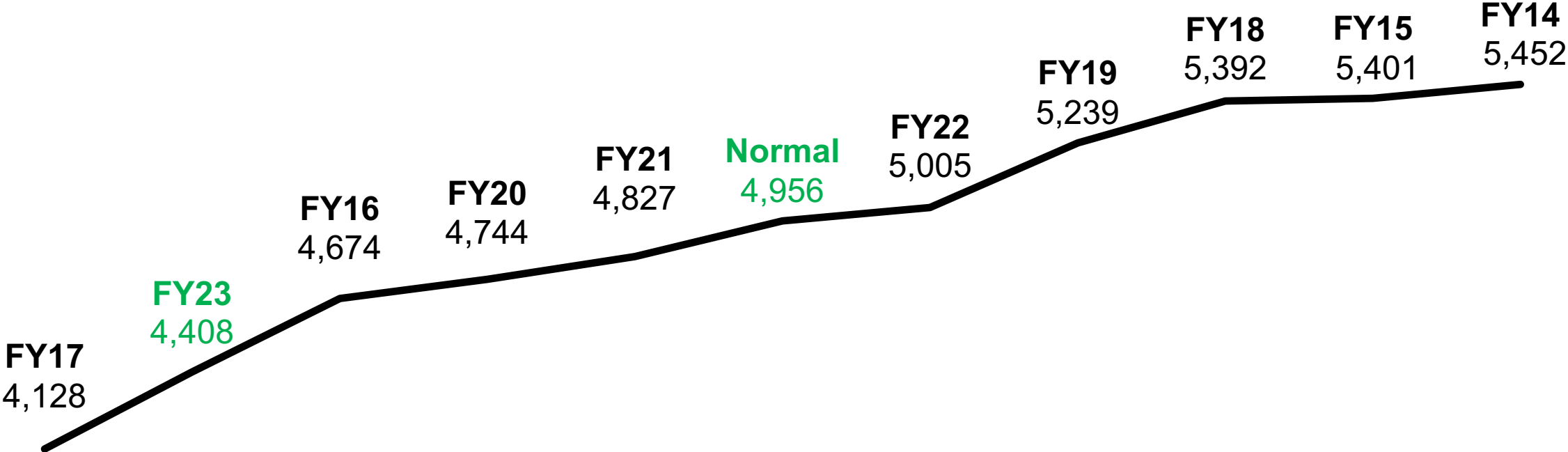
Net Income of \$500 million was \$85 million favorable to budget

Cash Flow from Operating Activities was \$164 million unfavorable to budget

Total Financing Obligations (TFO) were \$445 million favorable to budget

Milder Weather in 2023

Despite extreme events, total degree days were 11% below normal and 12% lower than prior year



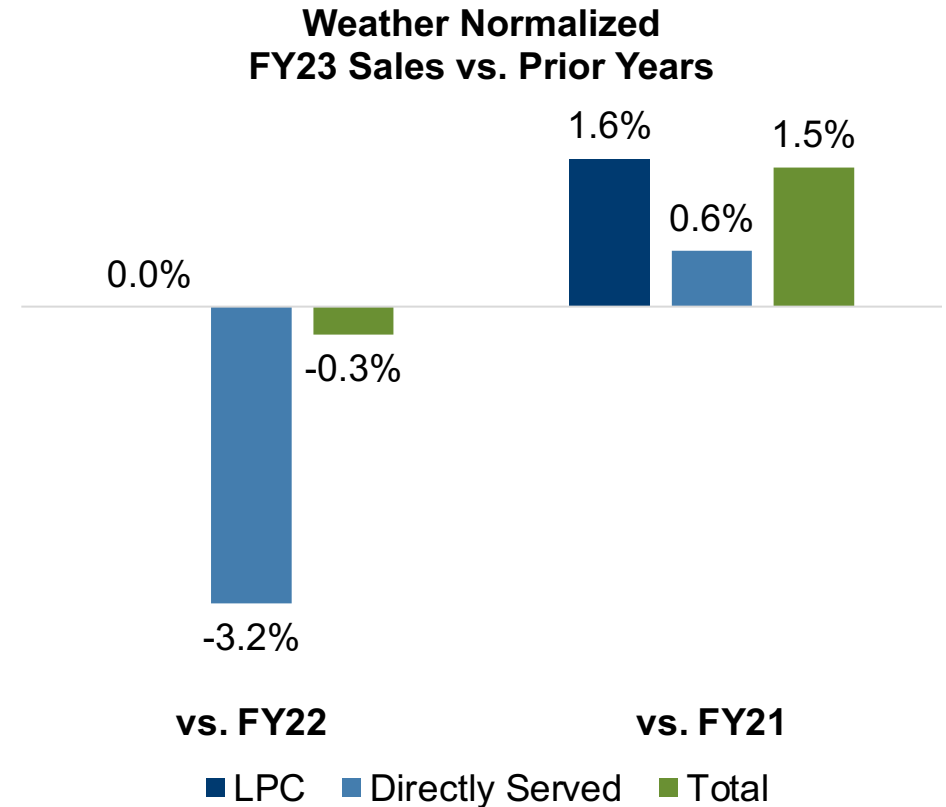
FY15-17 data has been adjusted to incorporate a change in TVA's current calculation of total degree days

Sales and Revenue

12 Months Ended September 30	FY23	FY22	Change	Percent Change
Power Sales (GWh)	157,311	162,608	(5,297)	(3.3)%
Total Operating Revenues (\$ millions)	\$12,054	\$12,540	\$(486)	(3.9)%
Base Revenue	7,863	7,973	(110)	(1.4)%
Fuel Cost Recovery	4,025	4,379	(354)	(8.1)%
Average Base Rate (¢/kWh)	\$5.0	\$4.9	\$0.1	2.0 %
Average Fuel Rate	2.6	2.7	(0.1)	(3.7)%
Total Effective Rate*	\$7.6	\$7.6	\$0.0	— %

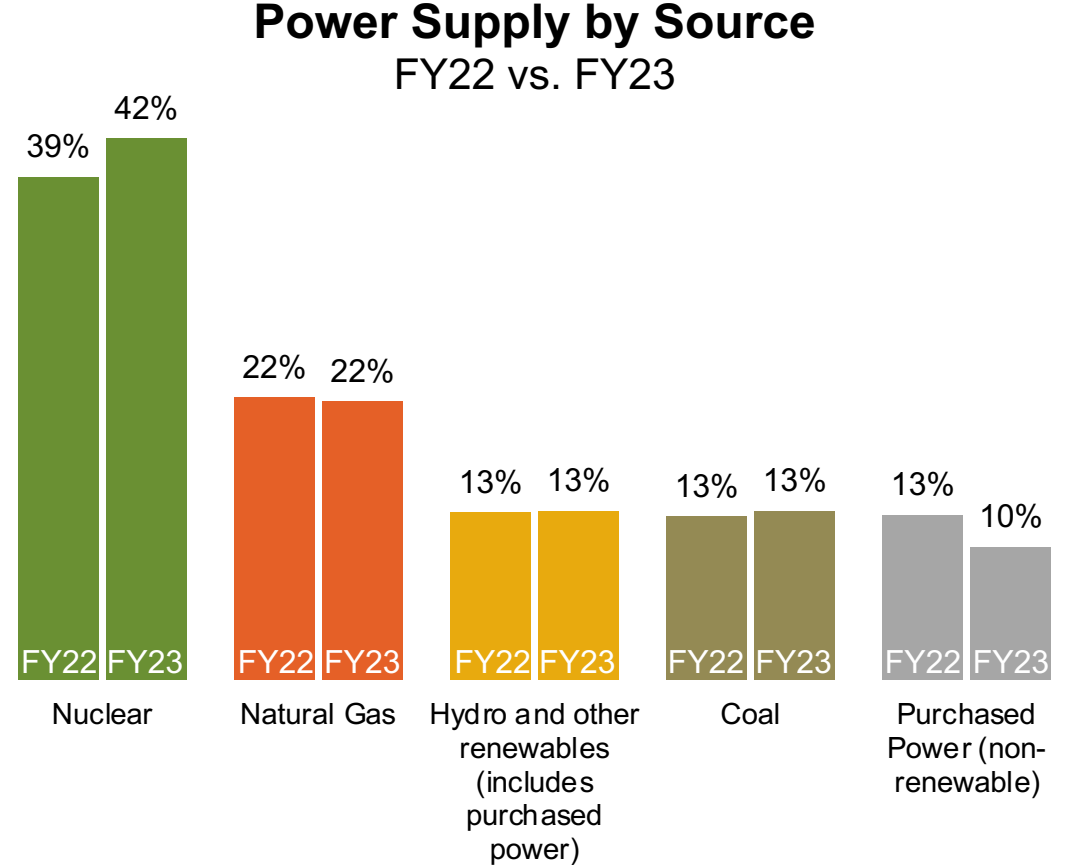
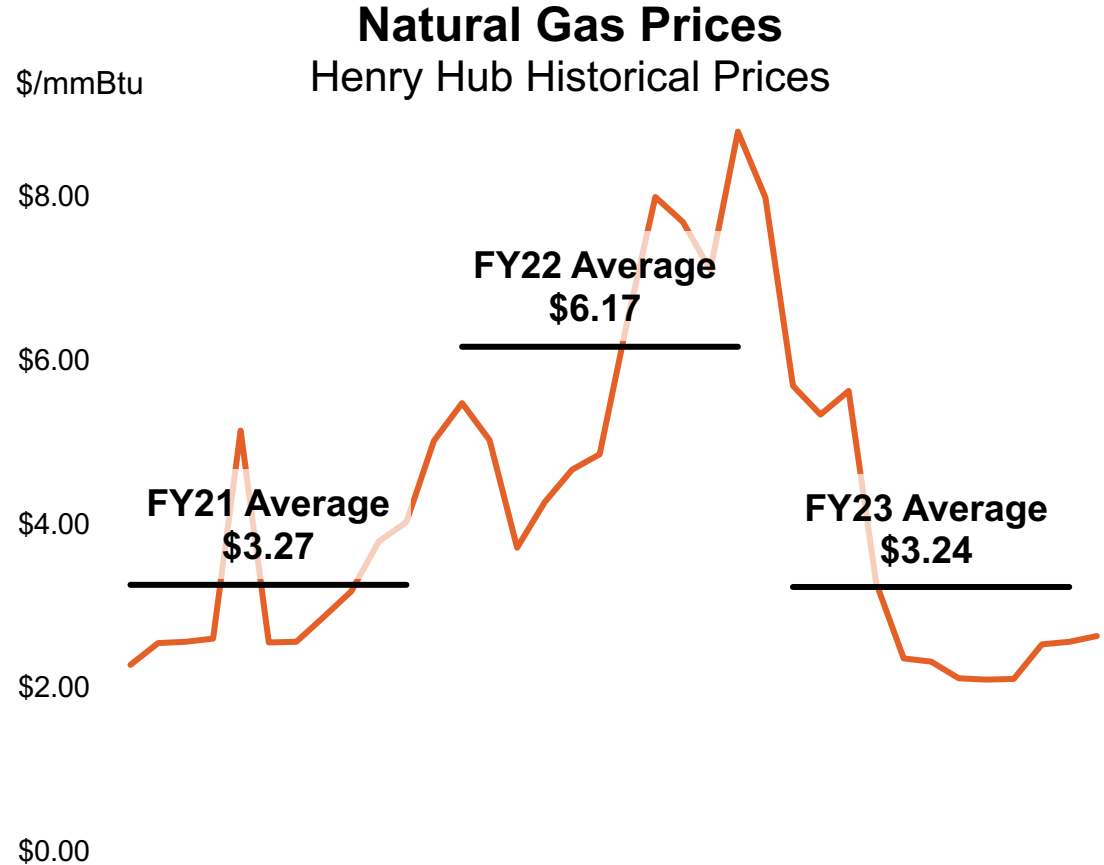
Calculations may be impacted by rounding

* Excludes other revenue and off-system sales impact; total effective rate numbers based on unrounded base and fuel rates



Power Supply Summary

Benefiting from a diverse power system: 55% of power from nuclear, hydroelectric, other renewables in 2023



FY23 Summary Income Statement

\$ million	FY23			FY22	
	Actual	Budget	Variance Fav/(Unfav)	Actual	'23 v '22 Fav/(Unfav)
Base Revenue	\$ 7,863	\$ 8,036	\$ (173)	\$ 7,973	\$ (110)
Fuel Revenue	4,025	4,315	(290)	4,379	(354)
Other Revenue*	166	154	12	188	(22)
Total Operating Revenue	\$ 12,054	\$ 12,505	\$ (451)	\$ 12,540	\$ (486)
Fuel & Purchased Power	4,182	4,562	380	4,488	306
Total O&M	3,372	3,320	(52)	2,986	(386)
Taxes, Depreciation, Other	2,944	3,127	183	2,906	(38)
Interest	1,056	1,081	25	1,052	(4)
Net Income (Loss)	\$ 500	\$ 415	\$ 85	\$ 1,108	\$ (608)

* Includes off-system sales

FY23 Summary Cash Flow Statement

\$ million

Net Cash Provided by / (Used in)	FY23			FY22	
	Actual	Budget	Variance	Actual	'23 v '22
Operating Activities	\$ 2,872	\$ 3,036	\$ (164)	\$ 2,948	\$ (76)
Investing Activities	(2,994)	(3,553)	559	(2,663)	(331)
Financing Activities	123	517	(394)	(283)	406
Net Change in Cash	\$ 1	\$ -	\$ 1	\$ 2	\$ (1)
Beginning Total Financing Obligations	\$ 20,336	\$ 20,365	\$ 29	\$ 20,543	\$ 207
Change in Debt and Financing Obligations	189	605	416	(207)	(396)
Ending Total Financing Obligations	\$ 20,525	\$ 20,970	\$ 445	\$ 20,336	\$ (189)

Recap of Financial Results

For 12 months ended September 30, 2023 (comparison to prior year)

Lower revenues and sales on milder overall weather

Lower fuel and purchased power costs

Effective rates benefiting from stable base rates, credits, and diverse power system

Higher capital investment

Debt remains near the lowest levels in over 30 years

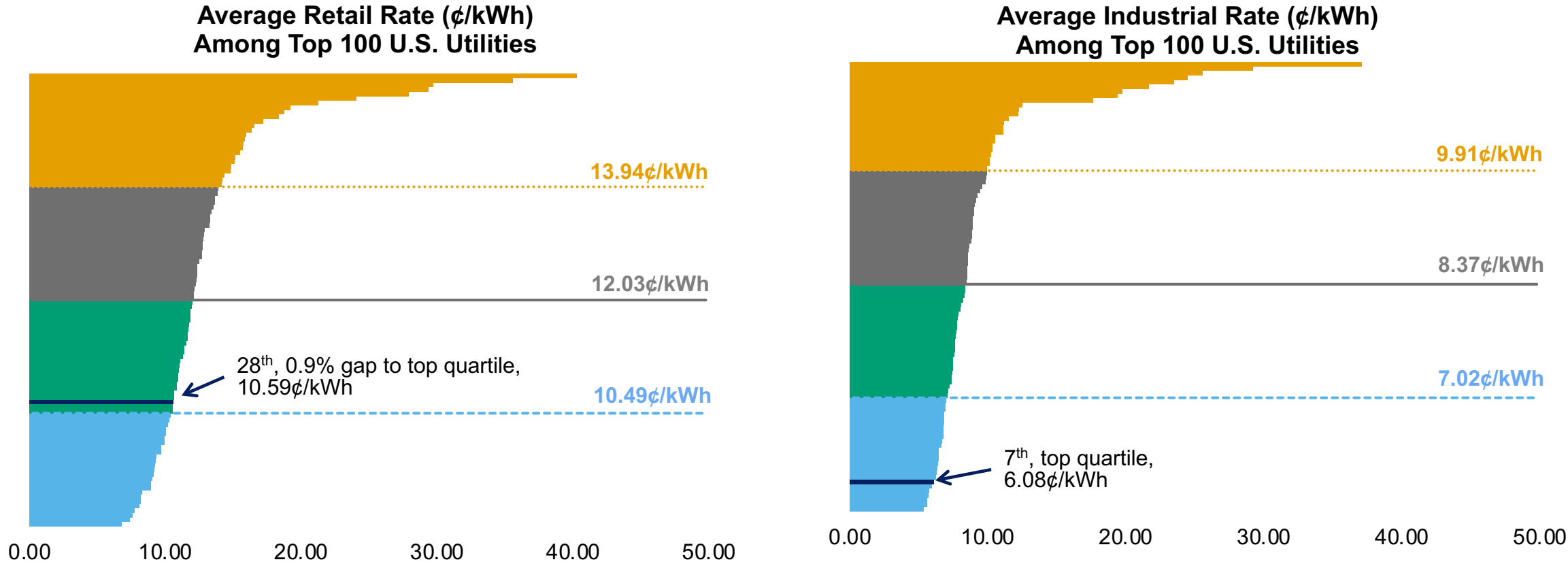
Continued strong financial health

Financial Health Highlights

Current financial status

Forward-looking challenges

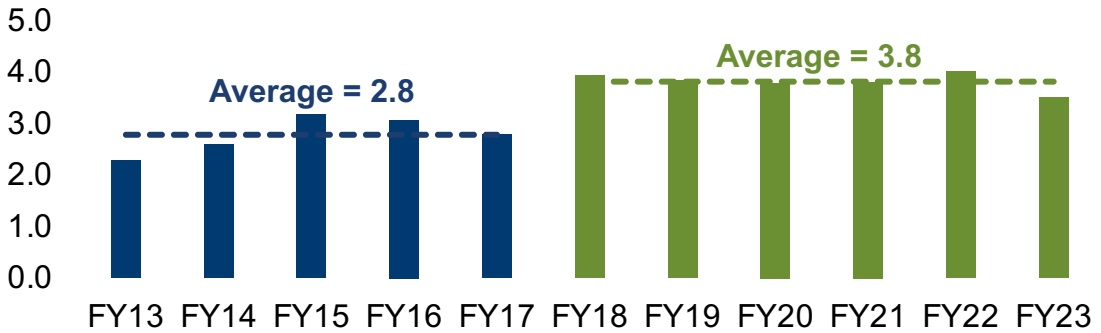
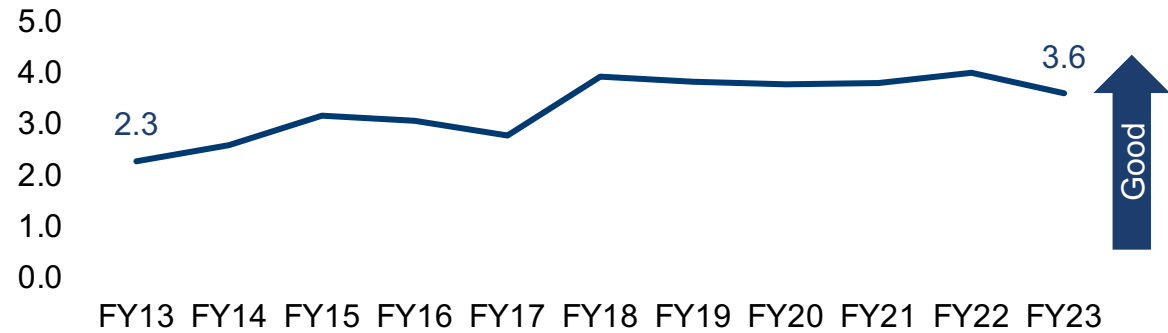
Power Rates Among the Lowest in the Nation



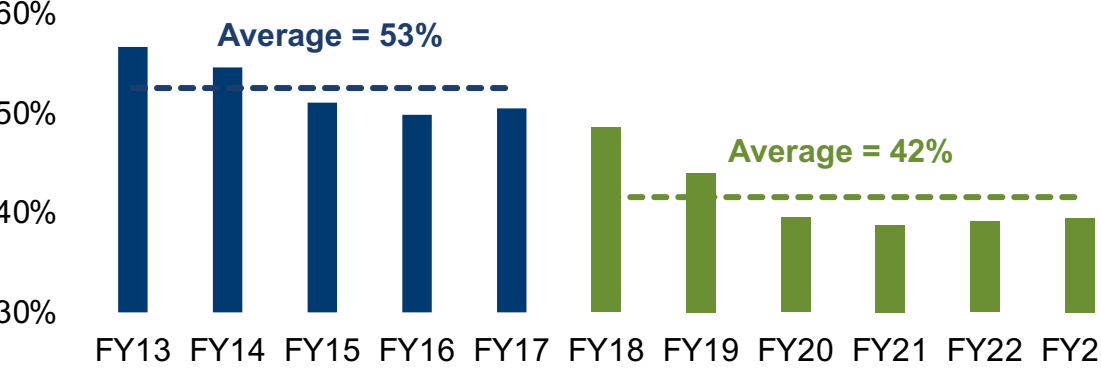
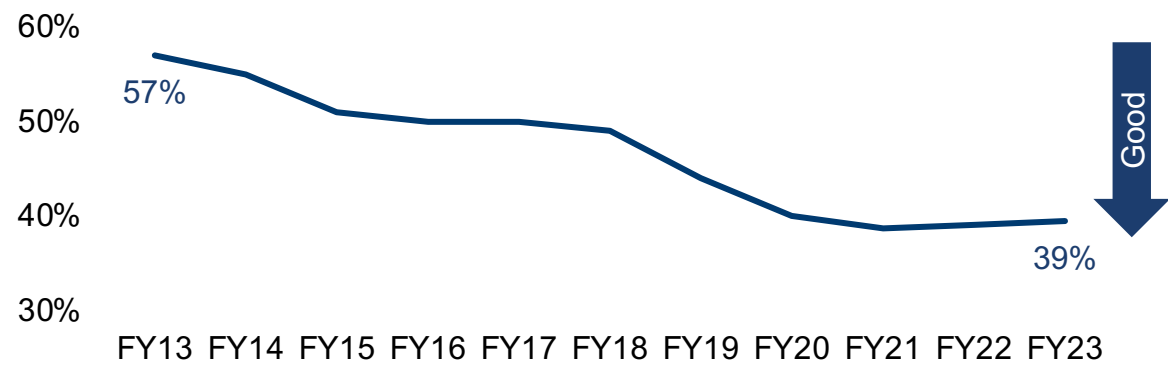
12-Month Rolling Average (¢/kWh) – Sources: U.S. Energy Information Administration-861M and Electricity Sales Statistics- August 2022 – July 2023

Positive Trends in Financial Metrics

Interest Coverage Ratio

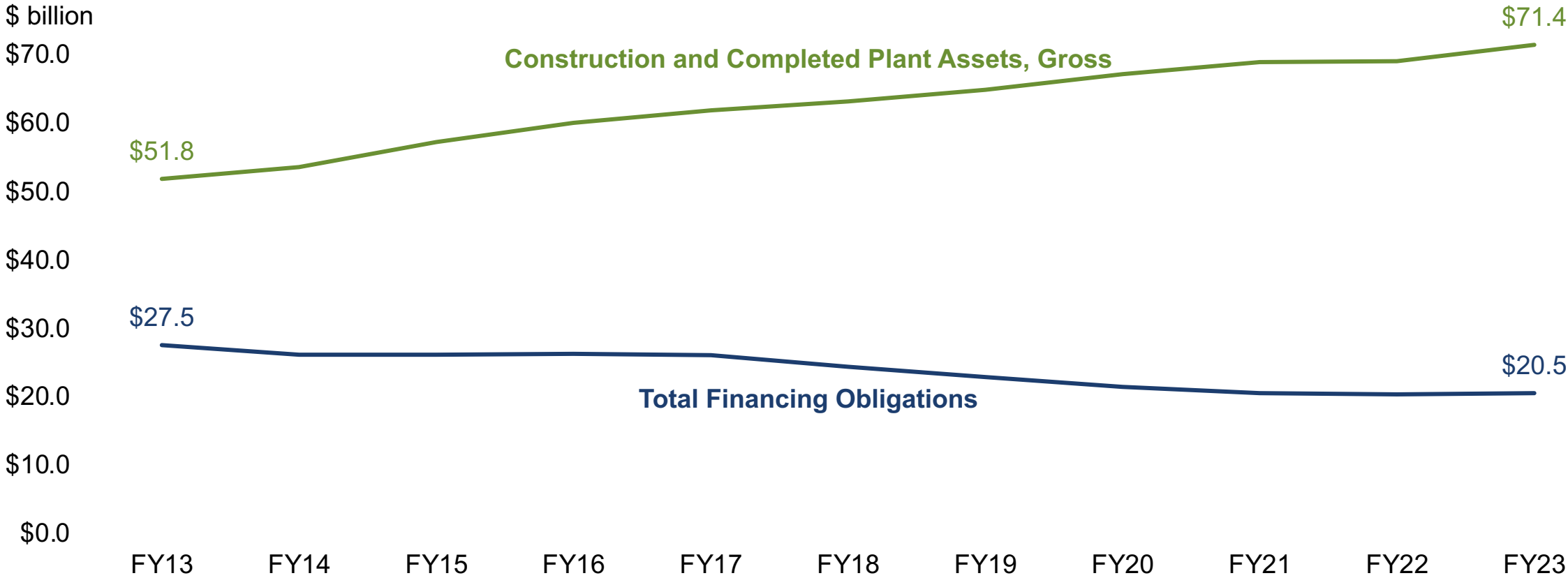


Debt to Assets Ratio



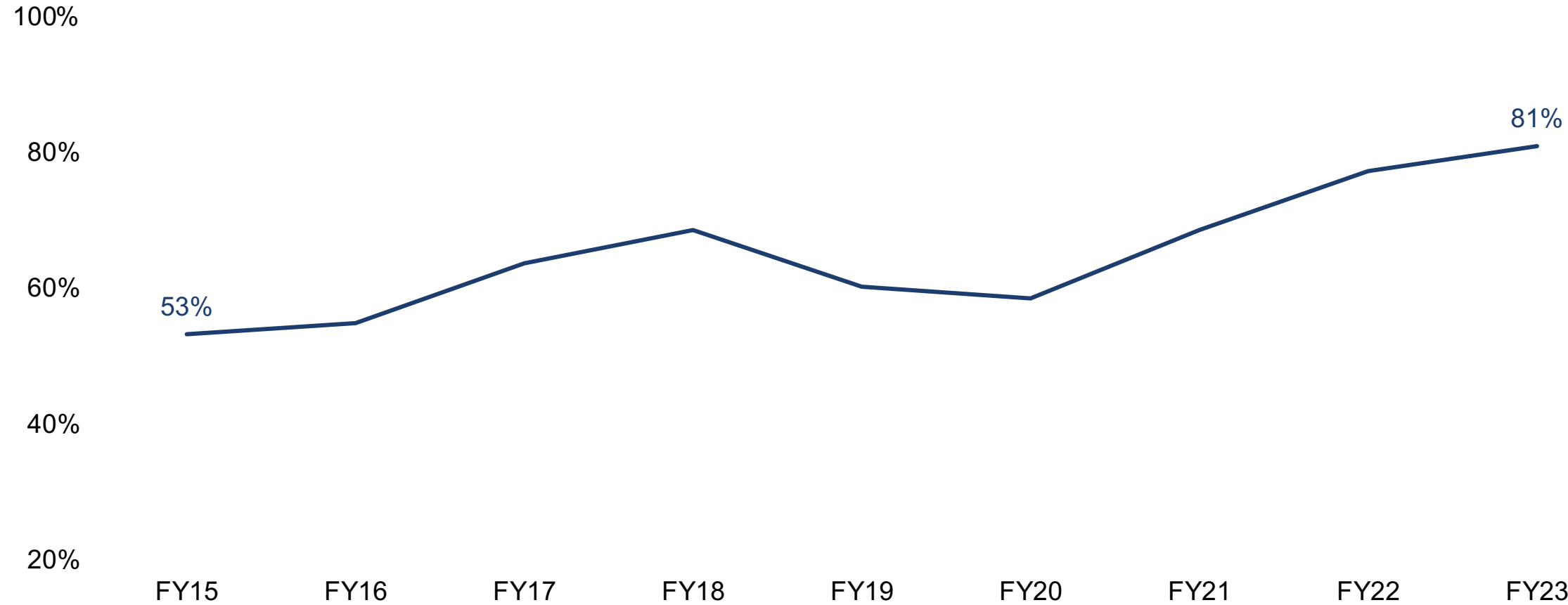
Continued Progress on Financial Health

Over \$19 billion invested in TVA's asset base since 2013, while debt remains at lowest levels in over 30 years



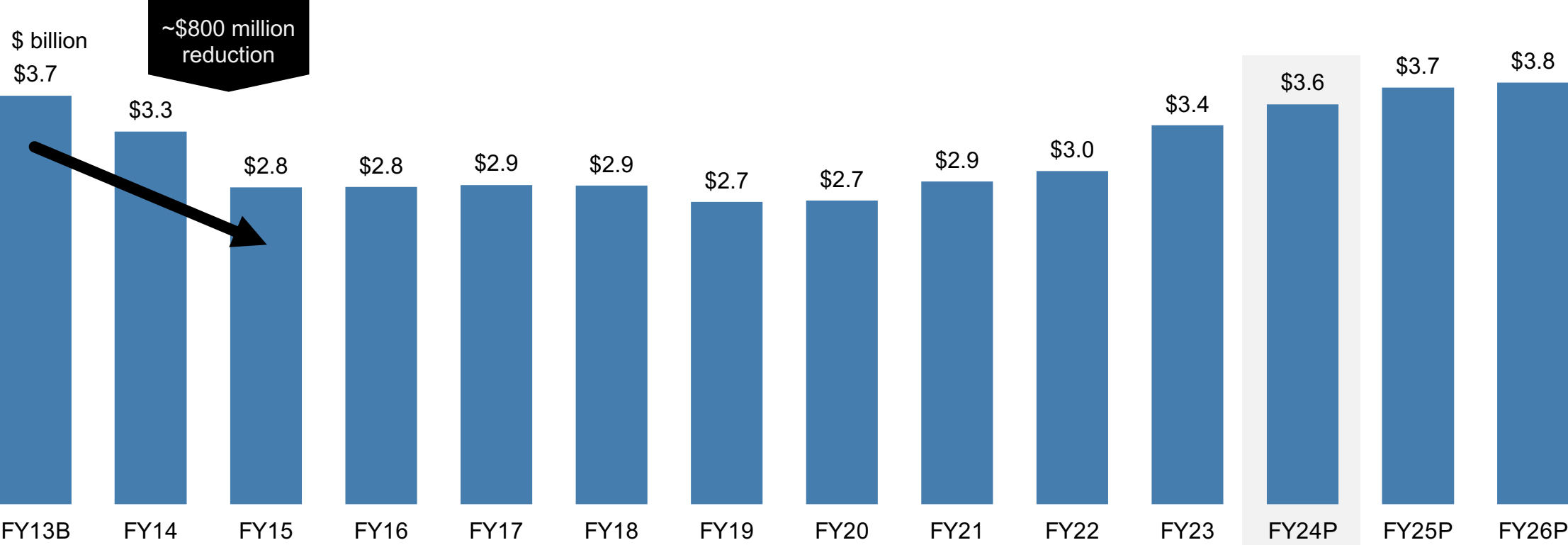
Pension Status Improvement

Funded status has improved since 2015 and remains on track to reach 100% by 2036 target date



O&M Expense Trend

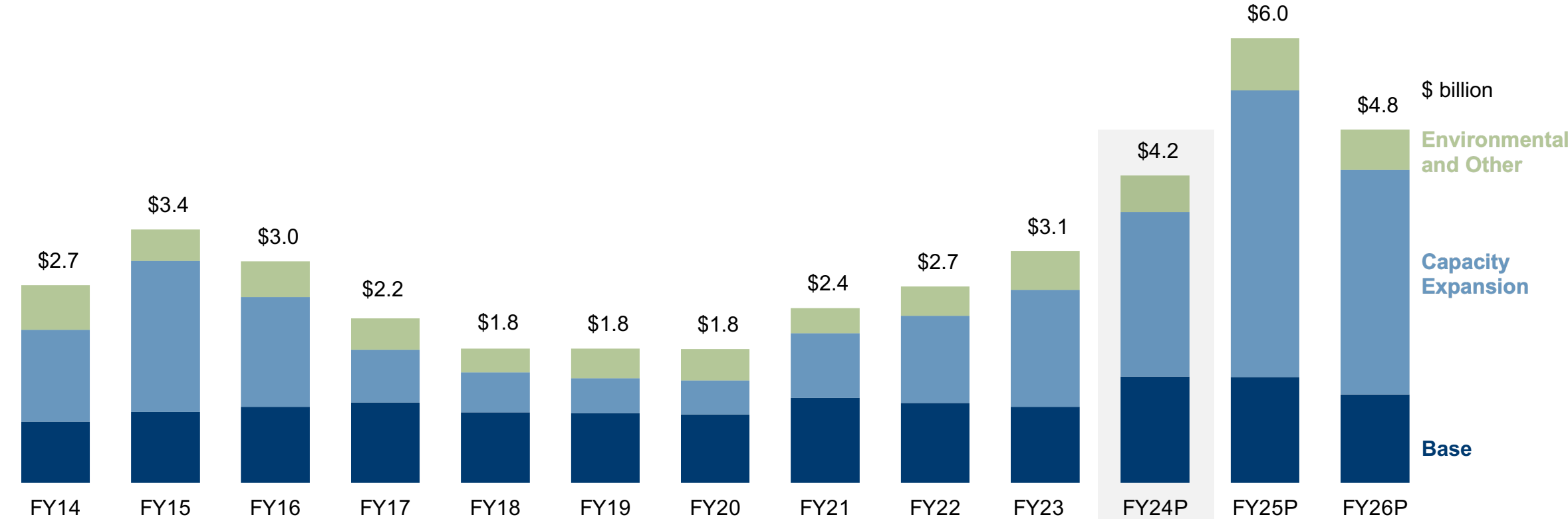
Rising operating costs due to inflationary pressures



Excludes FY17 and FY19 unusual items – Discretionary pension contribution, Bull Run and Paradise write-offs, and Kingston Regulatory Asset amortization

Capital Expenditures Trend

Making investments in new assets, reliability, and resiliency, with almost \$15 billion of planned capital investment over the next three years

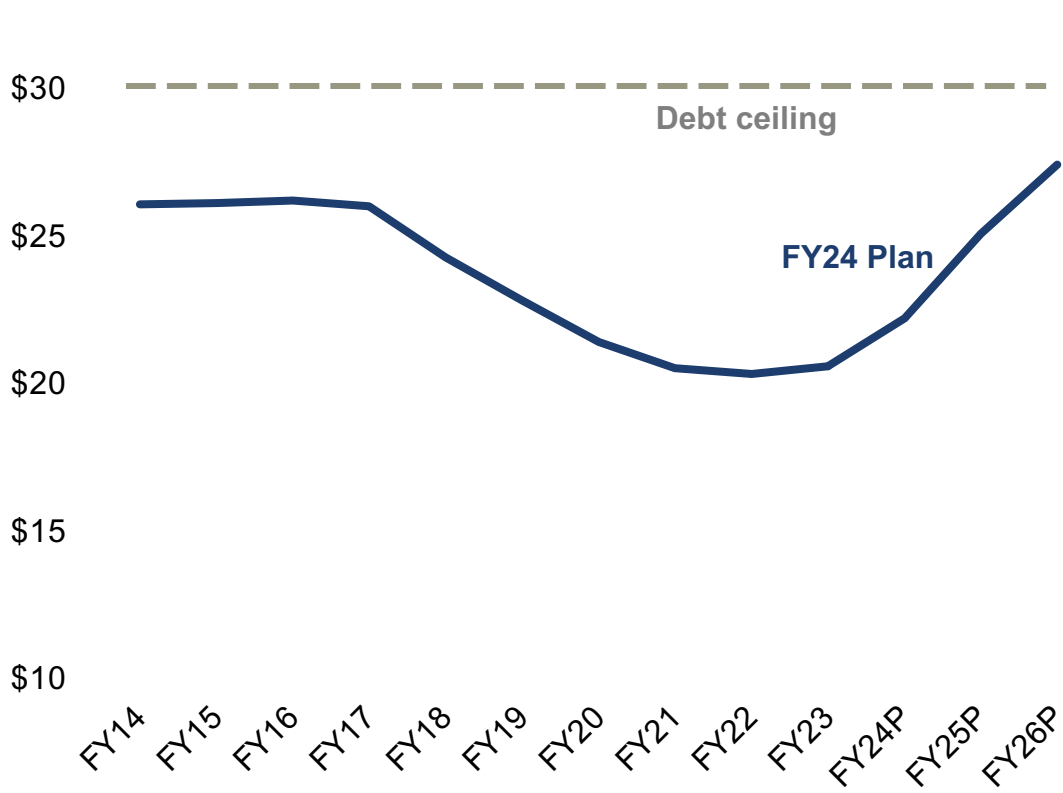


Excludes nuclear fuel, includes asset retirement obligations and decommissioning expenditures

Total Financing Obligations and Interest Rate Trends

Growing financing needs for system investments, with increasing funding costs

Total Financing Obligations (\$ billion)



10-year U.S. Treasury Interest Rate (yield %)



Financial Health Highlights

Forward-looking challenges

- Planning for additional growth
- Capital investment for asset strategy
- Increasing borrowing to support capital investment
- Higher inflation and interest rate environment
- Pressure on power rates continues

Current financial status

- Best financial health in decades
- Strong competitive position
- Improved pension status

Audit, Finance, Risk, and Cybersecurity Committee

Bill Renick

Operations and Nuclear Oversight Committee

Bobby Klein, Chair

People and Governance Committee

Brian Noland, Chair

External Stakeholders and Regulation Committee

Beth Harwell, Chair



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Closing Remarks

Jeff Lyash
President and CEO

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TVA

**TENNESSEE
VALLEY
AUTHORITY**