Tennessee Valley Authority

Determination and Disposition of Comments - Acquisition of City of Murfreesboro Electric Department (MED) by Middle Tennessee Electric Membership Corporation (MTEMC)

June 2020
Determinination and Disposition of Comments - MTEMCAcquisition of MED

Table of Contents

Proposal Overview ................................................................................................................................................. 3
TVA’s Role as Regulator .......................................................................................................................................... 3
Standard of Review - Material Net Benefits ............................................................................................................ 3
Determination .......................................................................................................................................................... 3
Disposition of Comments ....................................................................................................................................... 3
Appendix A - Determination Letter to MTEMC / City / MED ..................................................................................... 5
Appendix B - Disposition of Comments ................................................................................................................... 10
  Comment Process for LPCs and Associations ...................................................................................................... 11
  Key Issues from Stakeholders & TVA’s Responses .................................................................................................. 11
Proposal Overview
On January 16, 2020, Middle Tennessee Electric Membership Corporation and the City of Murfreesboro, Tennessee submitted a formal joint proposal for TVA’s consent to assign the City’s wholesale power contract to MTEMC. This action was in light of MTEMC’s pending purchase of the Murfreesboro Electric Department for $245M. In February, MTEMC and MED responded to follow-up questions from TVA, which enabled TVA to commence its review of the proposed acquisition.

TVA’s Role as Regulator
TVA regulates local power companies, such as MED and MTEMC, to ensure that TVA power is sold at low rates and electric consumers are treated fairly and consistently. TVA’s regulatory framework and oversight ensures transparency, engagement, and compliance. In its regulatory role, TVA must consent to assign an LPC’s WPC, and TVA’s determination is based on whether the proposed acquisition is in the best interest of the electric consumers of both systems.

Standard of Review - Material Net Benefits for Ratepayers
Using benchmarking data and research, TVA developed a robust and detailed framework for reviewing and evaluating proposed mergers, acquisitions, and consolidations of LPCs. TVA’s 2017 Mergers, Acquisitions, and Consolidations Guidelines are consistent with the standards applied by peer regulators across the nation. The Guidelines require quantitative and qualitative analyses to determine if a proposed transaction’s benefits to ratepayers will be in excess, or net, of the costs to achieve those benefits such that the transaction is likely to produce material net benefits for ratepayers as defined and determined under the framework of the Guidelines. TVA will consent to a WPC assignment only if the Material Net Benefits standard is met. Per the Guidelines, a proposed transaction will not be deemed to provide Material Net Benefits if it is likely to have an adverse impact on rates, financial strength of the surviving LPC, or reliability and quality of its electric service. The Guidelines’ nine evaluation factors for analyzing whether there are Material Net Benefits are: (1) overall long-term well-being of the LPC and its ratepayers, (2) financial terms and allocation of proceeds, (3) synergies and cost savings, (4) rates, (5) rate parity, (6) financial integrity and strength of LPC, (7) operational and reliability impacts, quality of service, and safety, (8) existing programs, and (9) other benefits and risks.

Determination
Based on the Material Net Benefits standard, including the quantitative and qualitative results, TVA consents to assign the City’s WPC to MTEMC, subject to some conditions.

See Appendix A - Determination Letter to MTEMC / City / MED.

Disposition of Comments
In its role as regulator, TVA is committed to remaining neutral and transparent. One way TVA achieved this throughout the entirety of its comprehensive and objective review of the acquisition proposal was by establishing an open, formal process for TVA’s stakeholders and business partners to provide their valued input on the acquisition proposal in writing to TVA. TVA carefully considered all input received from stakeholders through this process as TVA conducted its thorough evaluation of the acquisition proposal. To ensure transparency continues beyond TVA’s determination announcement,
Determination and Disposition of Comments - MTEMC
Acquisition of MED

TVA has compiled a summary of the comments received through the stakeholder feedback process for public review. In addition, TVA has provided responses and observations to the comments received from stakeholders and its business partners in relation to the acquisition proposal.

See Appendix B – Disposition of Comments.
Appendix A

Determination Letter to MTEMC / City / MED
Determination and Disposition of Comments - MTEMC Acquisition of MED

June 9, 2020

Mr. Chris Jones
President
Middle Tennessee Electric Membership Corporation
555 New Salem Highway
Murfreesboro, Tennessee 37129

Mr. P.D. Mynatt
General Manager
Murfreesboro Electric Department
205 North Walnut Street
Murfreesboro, Tennessee 37133

The Honorable Shane McFarland
Mayor of Murfreesboro
City of Murfreesboro
111 West Vine Street
Murfreesboro, Tennessee 37130

Dear Mr. Jones, Mr. Mynatt, and Mayor McFarland:

Thank you for Middle Tennessee Electric Membership Corporation (“MTEMC”) and Murfreesboro Electric Department’s (“MED”) recent request for TVA to consent to assign the wholesale power contract (“WPC”) with the City of Murfreesboro (“City”) to MTEMC. TVA appreciates MTEMC, MED, and City (“Parties”) submitting a copy of the Asset Purchase and Sale Agreement and other documents for TVA’s review and consideration. Similarly, we appreciate the Parties responding to TVA’s questions and providing additional information that facilitated our review and determination.

After performing a comprehensive and conservative evaluation of the submitted materials, TVA has determined that MTEMC’s proposed acquisition of MED ("Transaction") is consistent with TVA’s pre-established requirements, and TVA offers its consent to assign the WPC. TVA’s consent to assign City’s WPC to MTEMC is conditioned, however, on the Parties agreeing to certain terms and conditions (described below) that are necessary to safeguard the ratepayers’ interests.

TVA applied its 2017 Mergers, Acquisition, and Consolidations Guidelines (“Guidelines”) to information and data submitted by the Parties to make its determination. Under the Guidelines, TVA evaluates nine factors to determine whether a transaction will likely result in “Material Net Benefits for Ratepayers.” The Material Net Benefits for Ratepayers standard is designed to determine whether a transaction’s benefits will likely exceed the costs necessary to achieve those benefits. This standard is consistent with that used by other peer regulatory bodies across the nation. Through it, the Guidelines allow TVA to employ a consistent and transparent process to determine if a proposed merger, acquisition, or consolidation is in the best interest of LPCs’ electric ratepayers prior to consenting to any assignment of its WPC.
TENNESSEE VALLEY AUTHORITY

Determination and Disposition of Comments - MTEMC Acquisition of MED

Mr. Chris Jones
Mr. P.D. Mynatt
The Honorable Shane McFarland
Page 2
June 9, 2020

TVA identified and evaluated several costs of the Transaction. These were:
• the 15-year capital outlay required to acquire MED;
• contractually mandated purchase-price increase should the City decide to terminate the ED Pension Plan within a certain time;
• projected renovation costs for MTEMC’s existing facilities to accommodate MED personnel and assets; and
• information technology integration expenses.

The cumulative total of these projected costs are $201 million.

However, the Transaction is also expected to produce certain cost savings. These savings were:
• reduced labor and benefits costs (mainly due to efficiency gains and natural workforce attrition over 20 years);
• elimination of duplicative contractor services;
• reduced capital expenditures; and
• operational and maintenance savings.

The cumulative total of these projected cost savings are more than $226 million.

Thus, TVA’s estimated 20 year net present value of the transaction was over $25 million. (TVA’s conservative evaluation of the proposed benefits is $195 million lower than that of the Parties’ due to TVA including the purchase price as a cost of the transaction, reducing the estimated labor savings by $50 million due to adjustments to assumptions, and omitting (unduly attenuated) benefits not projected to accrue until after year 20.)

Further, during the evaluation of the Transaction, TVA determined that MED and MTEMC ratepayers are likely to benefit from the Transaction by avoiding potential rate impacts in the short and long term. MTEMC and MED both have long-term financial plans that include rate increases to support anticipated capital expenditures over the next five to ten years. The synergies and savings expected to result from this Transaction will reduce upward pressure on rates and allow the combined system to maintain lower rates than the Parties are projected to have separately. Specifically, customers currently served by MED are expected to see on average (across all rate classes) a 1.4% increase in rates over the next five years following the Transaction, which is less than the 4.1% increase they are expected to see if the entities were to remain separate. Current MTEMC customers are expected to see on average (across all rate classes) a 0.5% decrease in their rates over the next five years in comparison to a 2% rate increase if the entities were to remain separate. Combined ratepayers are projected to experience an approximately $68 million benefit compared to the entities operating separately (but note that due to overlap of rate savings and synergies savings discussed below, only a portion of this amount is included in TVA’s cumulative total for Material Net Benefits). In the long term, the Transaction is thus projected to lead to lower rates.
MTEMC’s average rate currently differs from MED’s by approximately 2%. Rather than moving the rates together immediately after the Transaction, MTEMC’s includes an initial two-year rate freeze for all ratepayers. Further, under the plan, over the succeeding three years, rates will move towards each other to achieve rate parity (a “meet-in-the-middle” approach). Rate parity will be achieved five years after the Transaction, and no other rate actions are projected to occur during the five-year period.

Two other important benefits of the Transaction identified related to the financial health of the LPCs and their provision of electric service. First, from a financial standpoint, the Parties each currently have strong financial health. The projected financial metrics for the combined system also indicate strong financial health, though MTEMC may need to evaluate future planned capital spending to sustain financial performance. Second, from a power supply perspective, the merging of the electric distribution systems is anticipated to have positive impacts on work load, capital budgets, system capability, and system reliability.

Other, qualitative benefits to the ratepayers that will result from the Transaction include the following:

- enhanced economic development;
- improved customer service;
- cost savings due to elimination of annexation actions;
- voting rights for all ratepayers to elect LPC leadership; and
- cost savings from elimination of duplicative information technology hardware, licensing, and telecommunication services.

These benefits are among many others enumerated by the Parties and validated as reasonable following review by TVA, which taken as a whole, will likely have a positive impact on ratepayers of a combined system.

All the quantitative and qualitative benefits taken together led to TVA’s determination that the Transaction meets the Material Net Benefit to Ratepayers standard.

As part of the review process, TVA received comments from the Tennessee Municipal Electric Power Association and other interested parties related to the Transaction. The issues identified in those comments included whether the City has authority to sell its electric system; whether a referendum must take place before the sale; whether the financing structure is consistent with Tennessee law; who is entitled to the proceeds from the sale; and whether the Transaction is consistent with the purpose of the WPC.

To address various legal issues raised, TVA recommended that the City and/or MTEMC seek a State of Tennessee Attorney General opinion (which the Attorney General ultimately declined to give). TVA took further measures to look into the issues raised, including:

- conducting an independent legal analysis;
- requiring the City Attorney to submit a detailed legal opinion addressing all the issues that had been raised;
- requiring the City to provide a complete list of bonds it issued for its electric system since 1939;
Mr. Chris Jones  
Mr. P.D. Mynatt  
The Honorable Shane McFarland  
Page 4  
June 9, 2020  

- requiring that the City’s outside counsel review the City Attorney’s legal opinion and the bond listing, and ascribe to their accuracy and completeness; and  
- retaining outside counsel with experience interpreting Tennessee State municipal law to independently review the legal issues and provide TVA with its opinion on them.

After reviewing the relevant facts and law, examining the City’s legal opinion, and obtaining advice from outside counsel, TVA concluded that the issues raised have been adequately addressed and do not prevent TVA from making a determination of a Material Net Benefit to Ratepayers.

Therefore, because TVA is satisfied that the Transaction satisfies TVA’s standard of reviews and has a sound legal basis, TVA will consent to assign the City’s WPC to MTEMC subject to the Parties agreeing to certain conditions that are necessary to safeguard the interest of the affected ratepayers. The conditions are: (1) MTEMC agrees to follow its plan to forego building the new headquarters campus for at least ten years and not exceed its estimate for refurbishing their other properties to integrate MED; (2) MTEMC agrees to follow its rate parity plan, which includes a two-year freeze to MTEMC and MED’s rates as well as a meet-in-the-middle approach to rates to achieve rate parity for both sets of ratepayers within five years of the closing date of Transaction; (3) MTEMC agrees to discuss and seek authorization from TVA for any deviations from the submitted rate parity plan; (4) the City agrees to pay MED prior to closing, or credit MED at closing, $2,134,930 for the fiber connections, MED headquarters building, and storage lot; (5) the Parties agree to sign a WPC Assignment Agreement that includes a clause that will make the assignment void ab initio if the Transaction is unwound for any purpose; and (6) MTEMC and the City confirm that they will abide by the Asset Purchase and Sale Agreement’s terms concerning the MED Pension Plan.

By agreeing to and meeting the above requirements, the Parties will ensure that the Transaction is consistent with the interests of MTEMC’s and MED’s electric ratepayers both before and after the Transaction.

Again, thank you for sharing the Transaction documents and requesting TVA’s regulatory review. We greatly appreciate your diligence in making sure that the proposed Transaction is carried out in a way that is consistent with the public power model.

Sincerely,

Jeannette Mills  
Executive Vice President and  
Chief Executive Relations Officer

cc: Jeff Lyash  
Sherry Quirk  
Justin Maiherhofer  
Dan Pratt  
Melanie Farrell  
Jennifer Brogdon
Appendix B
Disposition of Comments
Determination and Disposition of Comments - MTEMCAcquisition of MED

Comments Process for LPCs and Associations
In response to the joint proposal submitted by MTEMCA and the City, LPCs and Valley associations—including Tennessee Electric Cooperative Association, Tennessee Municipal Electric Power Association and Kentucky Municipal Utilities Association—provided TVA with comments regarding the proposed acquisition. On February 3, 2020, TVA formally requested TECA and TMEPA to submit written comments on behalf of their associations and LPC members. Of the thirty-two responses TVA received from Valley stakeholders, twenty-two were from individual LPCs. TVA considered all comments as it conducted its objective and comprehensive review of the joint proposal.

Key Issues from Stakeholders & TVA’s Responses
The following summarizes the key stakeholder issues, observations, and TVA’s responses:

Issue 1 – Taxes & Use of Sale Proceeds
A. Issues Under Consideration - The majority of LPCs and associations voiced objections to the City’s right to the proceeds from the sale. Comments included electric sales revenue will benefit MTEMCA rather than MED’s electric consumers. One stakeholder objected to MED’s cash reserves being used as MTEMCA’s down payment for the purchase, such that MED’s cash is being paid to the City for the transaction. Some commented that the City, as a tax-funded entity, will profit from the sale of an electric-rate-funded entity. A couple LPCs questioned the transfer of cash reserves to the City, given some Murfreesboro taxpayers are MTEMCA members. Other stakeholders voiced that TVA should execute its regulatory authority, prevent revenues from the sale being transferred to the City’s budget, and deny consent to assign the municipal utility to a not-for-profit cooperative. One LPC offered that TVA could consider requiring proceeds to be used for electrical improvements in MED’s service territory or rebates for impacted MED customers. Several respondents noted that local politicians should be prevented from using cash from the sale to avoid substantial tax increases.

B. Observation - The City owns the electric system assets and appears authorized under state law to sell its electric system and to keep the excess proceeds from that sale. The WPC does not address proceeds from the sale of an electric system. TVA’s Guidelines do not prevent the City from retaining any excess proceeds resulting from the sale and depositing them into its general fund, if the Material Net Benefits standard is otherwise met. The heightened level of scrutiny required by this standard is intentional, as the standard is specifically designed to ensure that the transaction is consistent with the best interests of all ratepayers served by the electric system.

C. TVA Response - Given that the City owns the electric system assets, the apparent absence of state law prohibiting the City from retaining proceeds from sale of its electric system, and because the proposal has met TVA’s Material Net Benefits standard, TVA does not object to the City retaining proceeds from the sale of its system. TVA determined that no basis existed under applicable state law or the wholesale power contract to restrict the City’s use of excess proceeds from the sale of its electric system.

Issue 2 - Violation of WPC Provisions
A. Issues Under Consideration - A few stakeholders commented that the provisions of the WPC prohibit revenue from the operation of a municipal electric system being used to benefit the City. It was cited that the WPC states a City’s general fund may only receive payments-in-lieu-of-tax, which is the lowest priority required in the WPC’s use of revenue
provisions. Some LPCs shared TVA’s past efforts to remedy Cities’ noncompliance with the WPC in cases where they used electric assets or investments of electric revenue in City operations. In light of these past efforts, some stakeholders expressed difficulty in understanding how TVA would approve sales proceeds being transferred to the City’s general fund.

B. Observation - The City owns the electric system assets, and appears authorized under applicable law to sell the assets, and keep the excess proceeds from the sale. The WPC’s use of revenues provision does not apply to proceeds resulting from the sale of an electric system, only the revenues derived from electric system’s “normal operation.” Proceeds from the sale of the entire electric system is not considered a “normal operation” of the electric system. Once the WPC is assigned to MTEMC, these terms of the WPC no longer apply to the City.

C. TVA Response - TVA has determined that in the case of a sale and proper assignment of the WPC, the use-of-revenues provision is not applicable to the sale of an entire electric system. Further, after the sale and proper assignment of the contract, the use of revenues requirements are no longer binding obligations of the municipality.

Issue 3 - Material Net Benefits

A. Issues Under Consideration - Several stakeholders commented that TVA must carefully employ its Material Net Benefits standard and ensure the transaction is in the best interest of ratepayers.

B. Observation - The Guidelines provide a detailed framework for evaluating, analyzing, and comparing the costs of the transaction and the benefit to both sets of ratepayers in order for TVA to consent to assign the WPC. The Guidelines, which are designed to ensure the protection of ratepayers, provide for TVA’s consent of an assignment only if the probable benefits of the proposed transaction exceed the projected costs in a material manner, as specifically defined and analyzed thereunder (Material Net Benefits standard) – a considerably high standard that is thoroughly tested by TVA through a diligent and complete evaluation process that is consistent with those used by other peer regulators within the industry. These Guidelines make certain that TVA conducts a robust evaluation of the proposed transaction by requiring an in-depth analysis of the nine different factor categories, each of which contains its own unique list of additional subcategories requiring further assessment of required information, data, and/or or financial metrics. The Material Net Benefits standard is further bolstered through benchmarking analysis and research that enables a better understanding of the data and information.

C. TVA Response - Based on the nine factors considered by TVA in its comprehensive evaluation of the joint proposal, the transaction satisfies the Material Net Benefits standard, and thus is considered in the long-term best interest of both sets of electric consumers, subject to some conditions.

Issue 4 - Ownership of the Electric System

A. Issues Under Consideration - A few LPCs responded that the owners of MED should be able to choose whether or not to sell an electric distribution system. Some respondents consider the City to be the owner of the electric system and others view MED’s consumers as the owners of the public utility. Many LPCs expressed concern that more municipal electric systems may be at risk of being sold if politicians want to leverage municipal utilities for cash.

B. Observation - The City owns and operates the electric system for the benefit of its ratepayers served by the system. Case law supports that utility customers generally pay for services of the utility and do not gain a property interest in the utility system assets merely by paying rates. Additionally, the City has powers granted by state statute, and in Tennessee,
municipalities appear to have authority to sell their electric systems. As the legal owner of the electric system, the City is able to sell its electric system under applicable state law.

C. TVA Response - The City may sell its municipal electric system, subject to TVA’s consent to assign the wholesale power contract.

Issue 5 - Public Power

A. Issues Under Consideration - Many LPCs raised concerns that the public power model will be violated by this proposed acquisition. Several stakeholders consider this to be a precedent-setting determination for public power, and all future and similar transactions will be impacted by TVA’s evaluation of the MTEMC–MED joint proposal. TVA was asked to uphold the public power model, protect electric consumers from the political and financial interests of individual LPCs, and withhold consent to assign the WPC.

B. Observation - Public power is the provision of power for the public good, and local control and self-governance, subject to TVA’s regulation, are key principles of public power. Local governments operate public power utilities and are accountable to their residents through locally-elected or appointed officials.

C. TVA Response - The public power model is grounded in the belief that the provision of electricity is for the public good. In order to protect both the public power model and Valley ratepayers, TVA comprehensively reviewed the proposed transaction. Because under the Material Net Benefits standard the acquisition must be deemed in the best interest of both sets of ratepayers, TVA’s rigorous evaluation is designed to protect and promote the public power model.

Issue 6 - Rates

A. Issues Under Consideration - A couple of stakeholders stated that the equalization of rates for the two systems will be discriminatory, given that (former) MED customers within the same class as MTEMC customers will pay different rates for a period of time.

B. Observation - A rate equalization plan was proposed by MTEMC and MED to achieve rate parity without significant impacts on electric consumers. TVA evaluated the submitted rate proposal and worked with the parties to reach agreement on a revised plan that includes greater ratepayer benefits. As a condition of TVA’s consent to the assignment of the City’s WPC, prior MED customers will pay different rates from MTEMC customers for a limited duration as rates are equalized for the combined MTEMC system. TVA does not consider this discriminatory pricing under the WPC. Importantly, the acquisition agreement incorporates a rate equalization plan meant to achieve rate parity as soon as practicable. Further, the Material Net Benefits analysis indicates that customers of both electric systems will likely on average pay lower rates, both under the five-year rate plan and over the long term, than if MTEMC were not to acquire MED.

C. TVA Response - Rates and rate parity are separate factors analyzed for Material Net Benefits under TVA’s Guidelines. TVA’s determination of Material Net Benefits ensures that the transaction is not likely to have an adverse impact on rates and that discriminatory pricing is avoided through application of a rate plan that achieves rate parity as soon as is practicable.
Issue 7 - Referendum

A. Issues Under Consideration - Some stakeholders think TVA should require a public or ratepayer referendum prior to the sale of an electric utility. Many thought a referendum would afford electric consumers an opportunity to ask questions before ultimately voting on the transaction. A few respondents suggested that TVA provide a process for gathering community input and enabling LPCs to provide testimony regarding the proposed acquisition. Others asked that TVA obtain an opinion from the Tennessee Attorney General on the public referendum issue and to not proceed until that opinion had been received.

B. Observation - Tennessee state law requires a referendum if an electric system is purchased with bonds issued under the Tennessee Municipal Electric Plant Law. Information provided by the parties and their legal counsels showed that the City has not issued bonds for its electric system under this statute. However, the City provided documentation that bonds were issued under an alternative state statute that appears to provide authority for a municipality to sell its electric system assets and real property, without requiring a referendum. Additionally, while TVA requested MTEMC and MED to obtain an opinion from the Tennessee Attorney General addressing the matter of a referendum, the Attorney General declined to issue such an opinion. Despite this, the legal opinions offered by the parties and TVA’s legal counsel, including a previously-issued Tennessee Attorney General opinion concerning a potential sale of an unrelated municipal LPC’s electric department, provide support for the parties’ legal position that a referendum is not required in this circumstance.

C. TVA Response - TVA’s regulation does not require the City to conduct a referendum prior to the sale of the electric system. Further, the parties have satisfactorily demonstrated that no such requirement applies under state law. Therefore, TVA will consent to assign the WPC without the Attorney General opinion or a public referendum. The analysis of the transaction has adequately demonstrated that the acquisition is projected to result in efficiencies and synergies and satisfies TVA’s Material Net Benefits standard in order to assign the WPC, subject to some conditions.

Issue 8 - Regulation

A. Issues Under Consideration - Several stakeholders opined that TVA’s decision as a federal agency should prevail, not state law. The majority of respondents thought TVA, as the regulator, should ensure that the transaction is best for all consumers. TVA was asked to thoroughly research, evaluate, and address all risks, questions, costs, and benefits associated with the acquisition and make a fair and impartial decision for the benefit of all ratepayers.

B. Observation - TVA’s consent is necessary for an LPC to assign the WPC. TVA has broad authority under the WPC to decide whether to provide its consent; the WPC provides no standard for TVA to exercise this right. TVA created the Guidelines as a fair and transparent process that is consistent with TVA’s mission and statutory obligations.

C. TVA Response - TVA has conducted a thorough, complete, and impartial evaluation of the transaction pursuant to the Guidelines. Based on TVA’s comprehensive analysis, the Material Net Benefits standard has been met, and TVA has consented to assign the WPC, subject to some conditions. Also, TVA required the parties to certify that they had complied with all legal requirements and approvals, including local, state, and federal laws and regulations, prior to TVA’s consent to assign the WPC.
Determination and Disposition of Comments - MTEMC Acquisition of MED

Issue 9 - Synergies

A. Issues Under Consideration - A couple of commenters questioned projected efficiencies of the combined system, claiming that MTEMC will improve its operations at the expense of MED customers. A few stakeholders also thought the different system voltages will lead to significant inefficiencies.

B. Observation - Synergies and cost savings make up one factor for determining Material Net Benefits under the Guidelines’ framework, and operational and reliability impacts, quality of service, and safety make up another. While no single factor under the Guidelines is controlling, a transaction cannot be considered in the best interest of ratepayers if it is projected to adversely impact rates, electrical reliability or service quality.

C. TVA Response - TVA evaluated the combined system and determined that adequate projected synergies have been demonstrated for TVA's consent to the assignment of the WPC under the Material Net Benefits standard. Importantly, TVA’s detailed review also determined that system reliability and service quality will not be adversely impacted by combining the two systems.