



# Board Meeting

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November 14, 2019  
Memphis, TN



# President's Report

JEFF LYASH

President and CEO













# President's Report

JEFF LYASH  
President and CEO



# Long-term Partners Kickoff Meeting







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President and CEO







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President and CEO





















# President's Report

JEFF LYASH

President and CEO



# Finance, Rates, and Portfolio Committee





# Financial Performance Update

JOHN THOMAS

Executive Vice President  
and Chief Financial Officer



# Q4 Fiscal Year 2019

**Operating Revenues: \$604M favorable**

- Weather

**Controllable O&M Expense: \$81M favorable**

**Net Income: \$1,417M**

- \$2,128M excluding write-offs

**Interest Expense: \$93M favorable to budget**

- Total Financing Obligations (TFO) \$1.3B less than budget

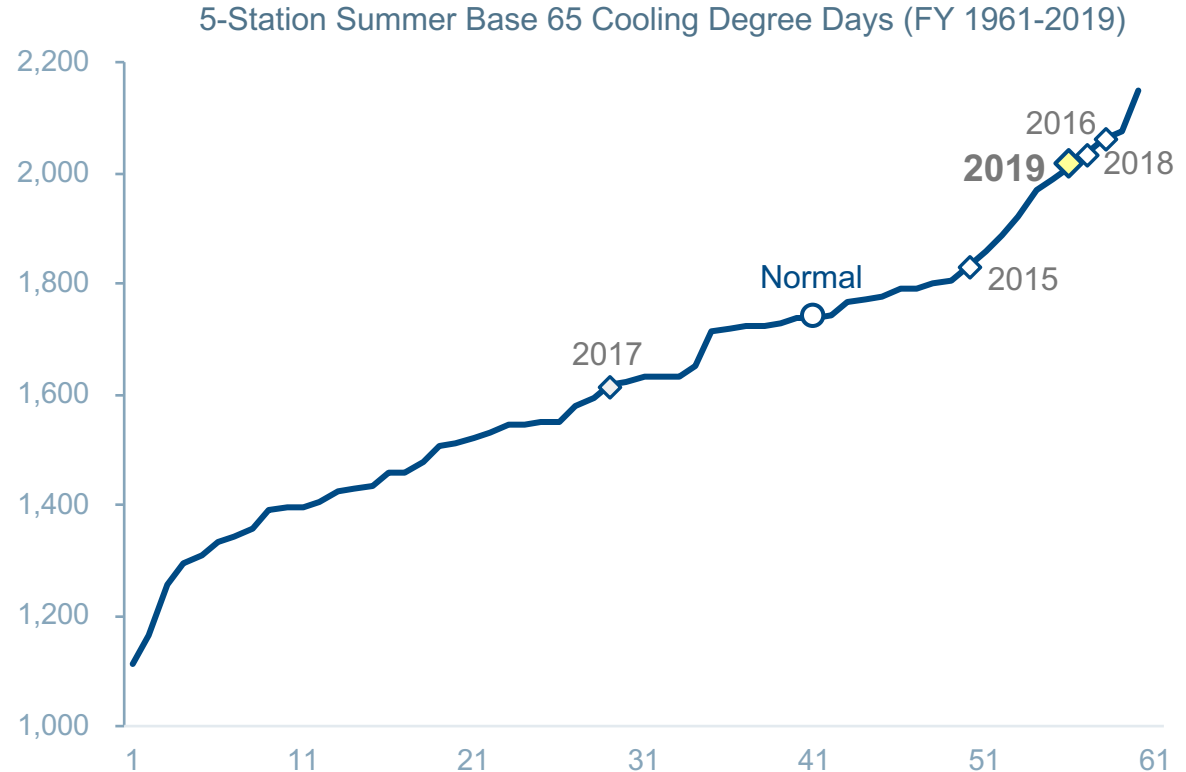


# Hot Start and Finish to Summer

## 2019

Compared the years since 1961:

- 5<sup>th</sup> Warmest Summer
- 3<sup>rd</sup> hottest May
- Moderate June, July, August
- Hottest September

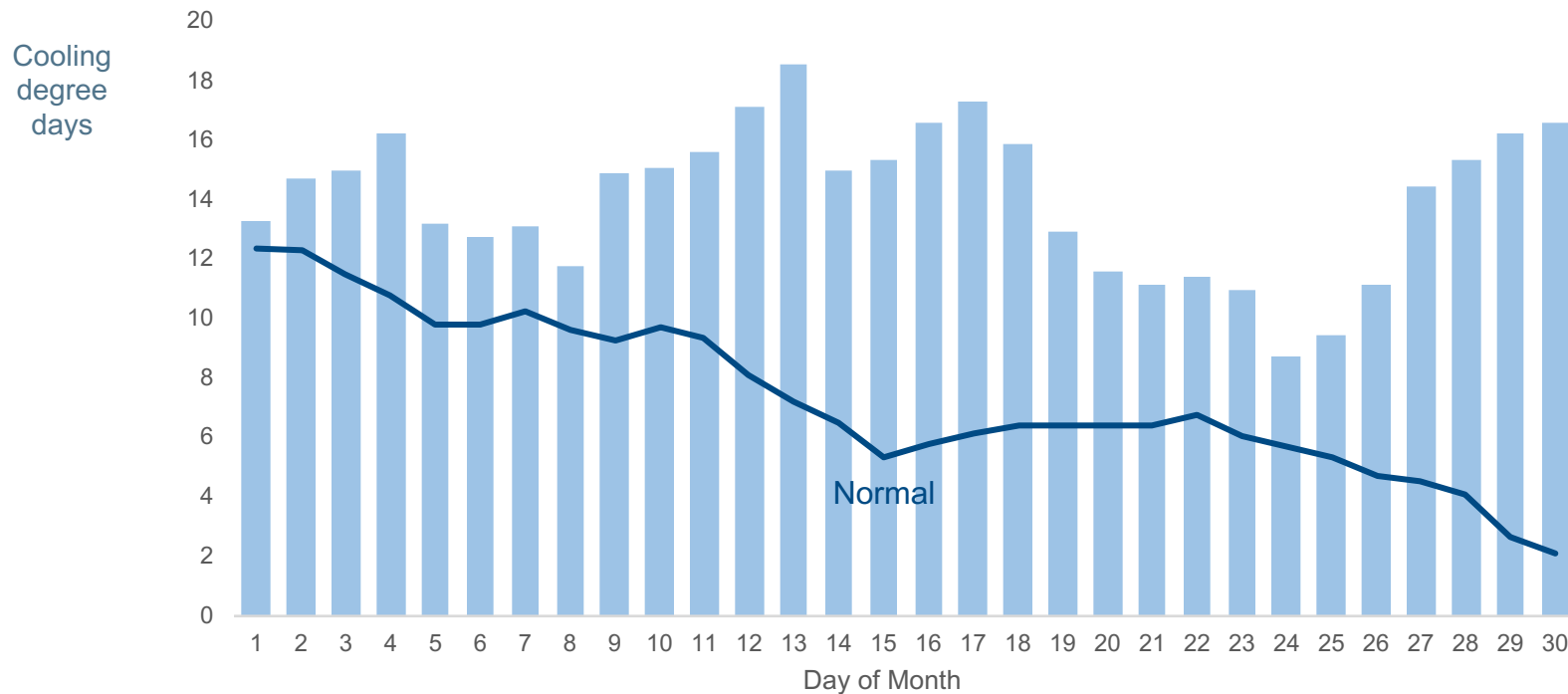


FY 1961-2019 Ranked Lowest to Highest (n=59)

Base 65 cooling degree days; normal based on 2001-2015

# Hottest September on Record

## September 2019 Cooling Degree Days



Base 65 cooling degree days. Hottest September based on data from 1961 through 2019; normal based on 2001-2015



# Q4 Summary Income Statement

\$54M favorable due to higher operating revenue and lower expenses

\$ million	FY 2019			FY 2018	
	Actual	Budget	Variance Fav/(Unfav)	Actual	'19 v '18 Fav/(Unfav)
<b>Operating Revenue</b>	<b>\$ 11,318</b>	<b>\$ 10,714</b>	<b>\$ 604</b>	<b>\$ 11,233</b>	<b>\$ 85</b>
<b>Fuel &amp; Purchased Power</b>	<b>2,903</b>	<b>2,793</b>	<b>(110)</b>	<b>3,022</b>	<b>119</b>
<b>Total O&amp;M</b>	<b>3,090</b>	<b>2,790</b>	<b>(300)</b>	<b>2,598</b>	<b>(492)</b>
<b>Taxes, Depreciation, Other</b>	<b>2,710</b>	<b>2,477</b>	<b>(233)</b>	<b>3,251</b>	<b>541</b>
<b>Interest</b>	<b>1,198</b>	<b>1,291</b>	<b>93</b>	<b>1,243</b>	<b>45</b>
<b>Net Income (Loss)</b>	<b>\$ 1,417</b>	<b>\$ 1,363</b>	<b>\$ 54</b>	<b>\$ 1,119</b>	<b>\$ 298</b>
Accelerated Depr. & Write-offs	711	-	711	-	711
<b>Net Income (Loss)</b> excluding Accelerated Depr. & Write-offs	<b>\$ 2,128</b>	<b>\$ 1,363</b>	<b>\$ 765</b>	<b>\$ 1,119</b>	<b>\$ 1,009</b>

# Q4 Summary Cash Flow Statement

TFOs were \$1.3B favorable to budget

\$ million	FY 2019			FY 2018	
	Actual	Budget	Variance	Actual	'19 v '18
Cash Flows from Operating Activities	\$ 3,720	\$ 3,146	\$ 574	\$ 3,938	\$ (218)
Cash Flows from Investing Activities	(2,243)	(2,399)	156	(2,269)	26
Cash Flows from Financing Activities	(1,477)	(747)	(730)	(1,658)	181
<b>Ending Debt and Financing Obligations</b>	<b>\$ 22,818</b>	<b>\$ 24,154</b>	<b>\$ 1,336</b>	<b>\$ 24,281</b>	<b>\$ 1,463</b>



# Q4 Summary (Results v. Plan)

Higher Revenues and lower expenses (cash)

- Drove higher cash flow

Resulting in lower Total Financing Obligations (TFO)



# Finance, Rates, and Portfolio Committee





A blurred background image showing several people in business attire sitting around a table, holding pens and looking at documents, suggesting a professional meeting or conference.

# Contracts Delegation

MIKE SKAGGS

Executive Vice President & Chief Operating Officer

# Purpose

- Request approval of a new Board Practice that revises the existing delegation to the Chief Executive Officer (CEO) for approval of procurement contracts



# Overview

- CEO has authority to approve procurement contracts up to certain dollar and term limits and contracts that implement Board-approved programs and capital projects
- CEO has limited authority to approve routine procurement contracts funded through Board-approved annual budgets
- An updated delegation for contracts funded through the annual budget approved by the Board would improve efficiency

# Proposed Board Practice Change

- Restates CEO's existing authority
- Delegates authority to the CEO to approve procurement contracts to be funded through Board-approved annual budgets
- Closer aligns TVA with neighboring utility peers' practices
- Maintains the Board's visibility into contract spend through the budget review and approval process



# Recommendation

- Recommend Board approval of the proposed Implementation and Contract Authority Board Practice



# Finance, Rates, and Portfolio Committee







# People and Performance Committee





# Audit, Risk, and Regulation Committee





# Nuclear Oversight Committee





# External Relations Committee





# Board Meeting

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# Committee Membership

Effective January 3, 2020

## **Audit, Risk, and Regulation Committee**

John Ryder, Chair  
Kenny Allen  
Skip Thompson

## **External Relations Committee**

Richard Howorth, Chair  
A.D. Frazier  
John Ryder  
Jeff Smith

## **Finance, Rates, and Portfolio Committee**

A.D. Frazier, Chair  
Richard Howorth  
Bill Kilbride

## **Nuclear Oversight Committee**

Jeff Smith, Chair  
Kenny Allen  
A.D. Frazier  
Bill Kilbride

## **People and Performance Committee**

Kenny Allen, Chair  
Bill Kilbride  
Skip Thompson





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