



Board Meeting

May 9, 2019
Franklin, TN

Public Input Opportunities

- Board public listening session in Chattanooga
- RERC meetings & public listening sessions- Murfreesboro & Knoxville
- RRSC meeting & public listening session- Kentucky Dam
- Integrated Resource Plan (IRP): 50-day public comment period
 - Knoxville, Memphis, Huntsville, Chattanooga, Nashville, Bowling Green
 - Public webinar with Q&A
 - Working Group meetings
- Lake Guntersville Sustainable Funding Working Group meetings
- Energy Efficiency Information Exchange meeting- Murfreesboro
- Public comment periods for environmental reviews and recreation licenses
- Public open house & comment period for proposed Vonore transmission line

Public Input Opportunities

- Board public listening session in Franklin
- Integrated Resource Plan public webinar with Q&A
- IRP Working Group meetings
- Lake Guntersville Sustainable Funding Working Group Meeting
- Regional Energy Resource Council public webinar
- Regional Energy Resource Council meeting & listening session- Chattanooga
- Natural Resource Plan: public comment period
 - Knoxville, Chattanooga, Muscle Shoals, Camden
 - Public webinar with Q&A
- Public comment periods for environmental reviews



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Committee Membership

Audit, Risk, and Regulation Committee

John Ryder, Chair
Kenny Allen
Gina Lodge
Skip Thompson

External Relations Committee

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

Finance, Rates, and Portfolio Committee

Ron Walter, Chair
A.D. Frazier, Chair-Elect
Richard Howorth

Nuclear Oversight Committee

Jeff Smith, Chair
Kenny Allen
A.D. Frazier

People and Performance Committee

Gina Lodge, Chair
Kenny Allen, Chair-Elect
Skip Thompson
Ron Walter



Board Meeting

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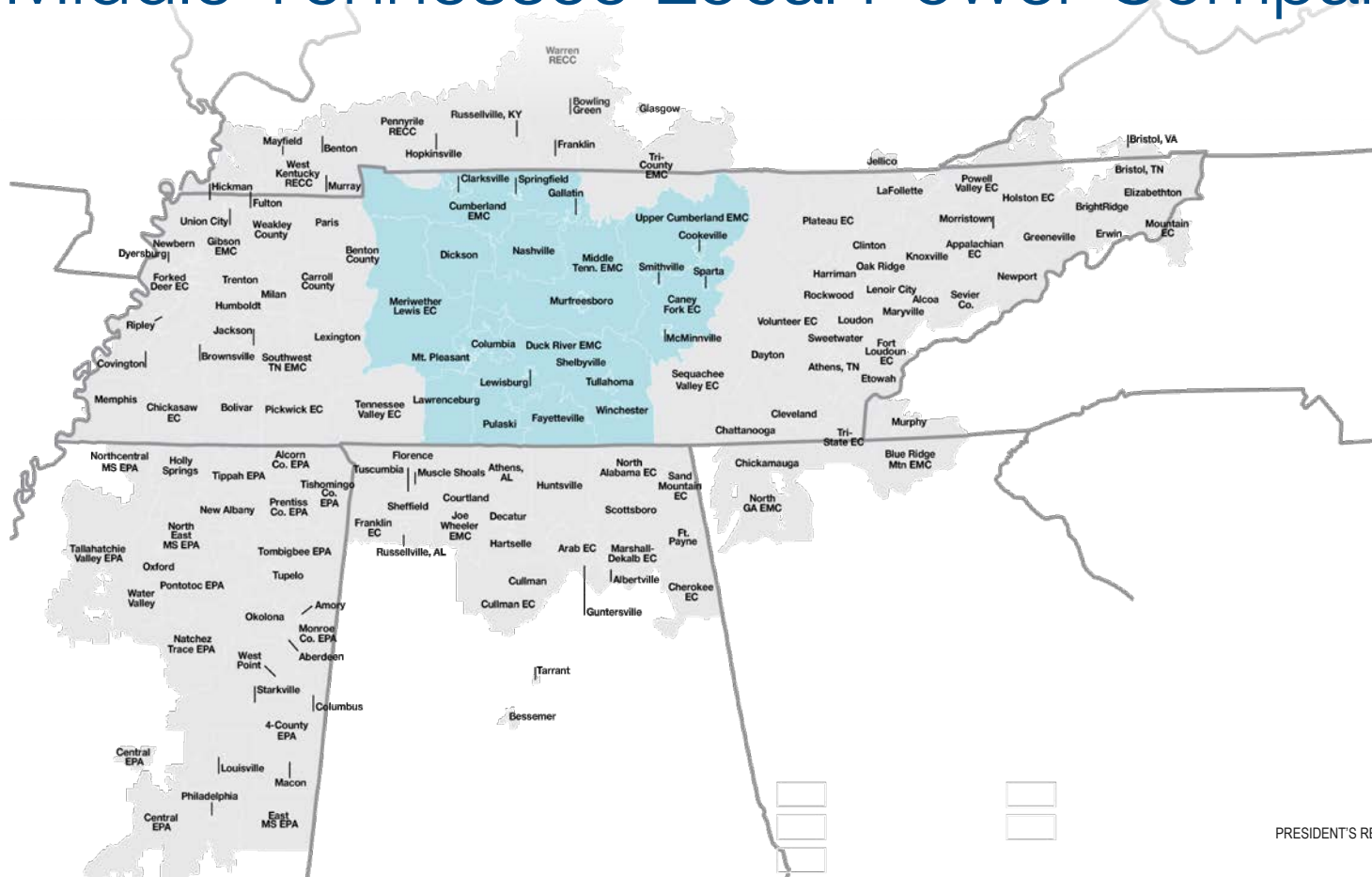
President's Report

JEFF LYASH
President and CEO

Franklin, TN



Middle Tennessee Local Power Companies



Middle Tennessee Local Power Companies

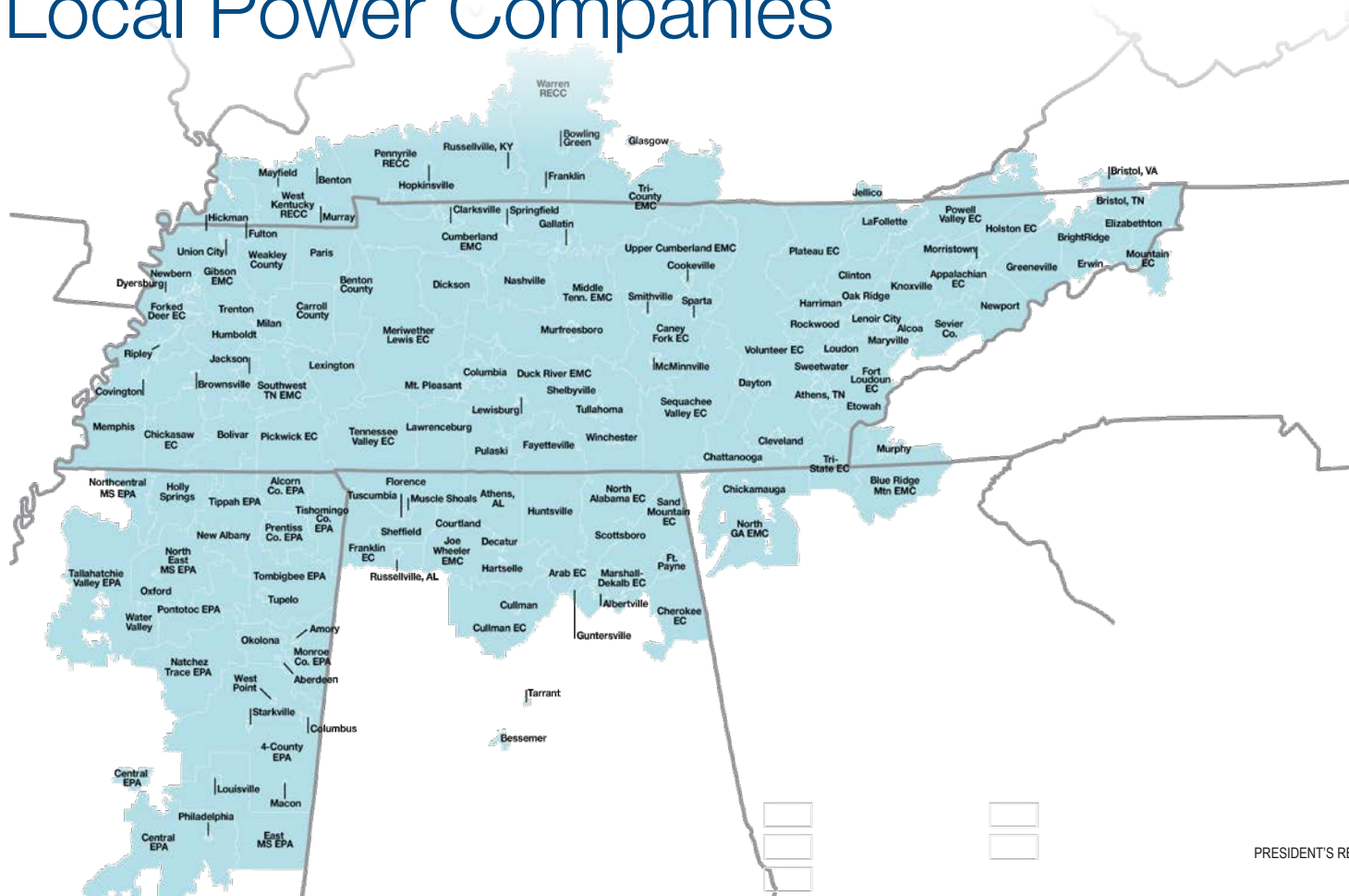


Chris Jones
Middle Tennessee Electric



Decosta Jenkins
Nashville Electric Service

Local Power Companies





Our Mission



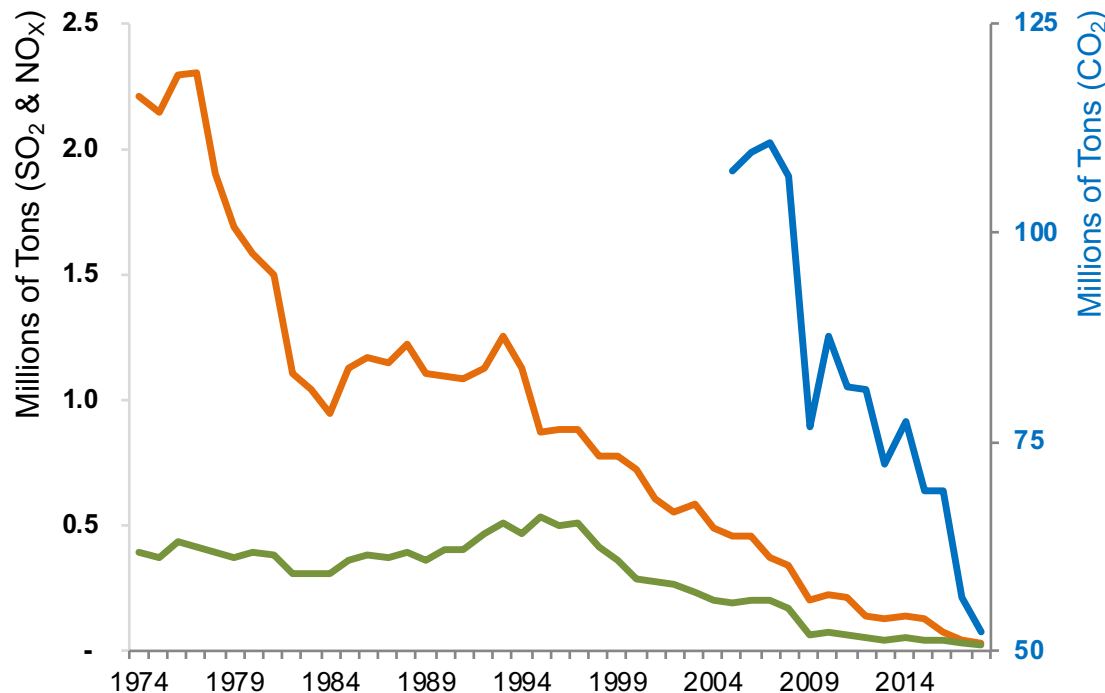
To serve the people
of the Tennessee Valley
to make life better.

Energy | Environment | Economic Development



Cleaner & Greener Energy

Emissions from TVA-Owned Generation



Emissions data reported on a calendar year basis

CO₂

51%
from 2005

SO₂

99%
from 1977
peak

NO_x

96%
from 1995
peak

Continuing Economic Development

FYTD Results

46,000 Jobs

Created or Retained

\$6.3 Billion

Capital Investment



Energy | Environment | Economic Development



River Management



Our Mission



To serve the people
of the Tennessee Valley
to make life better.

Focus Areas



Dr. Joe Hoagland

Vice President
Enterprise Relations
and Innovation

Focus Areas



Aaron Melda
Vice President
Transmission Operations
and Power Supply

Focus Areas



Mark Creech

Executive Director,
Memphis

Aaron Melda

Vice President
Transmission Operations
and Power Supply



Our Mission



To serve the people
of the Tennessee Valley
to make life better.

Millington, TN

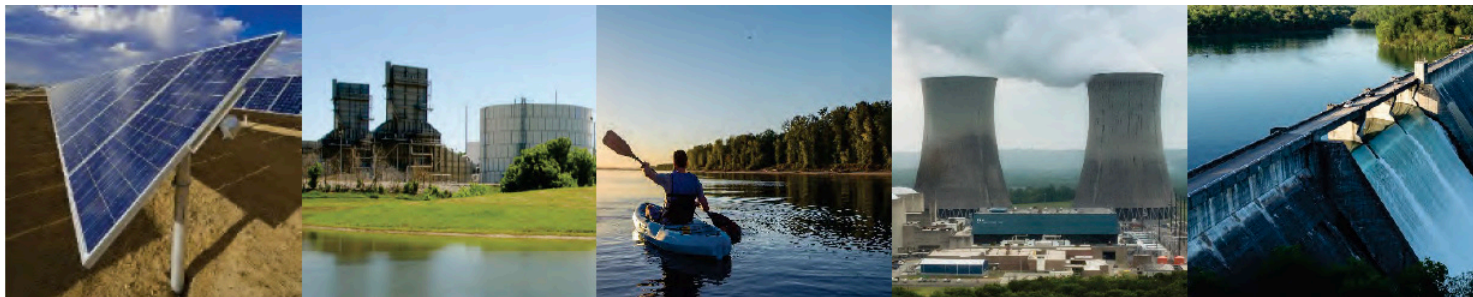


Photo courtesy of Silicon Ranch.

Integrated Resource Plan



Integrated Resource Plan



For more information visit
tva.com/IRP

Our Mission



To serve the people
of the Tennessee Valley
to make life better.



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



Q2 Fiscal Year 2019

Net Income: \$664M

- \$88M favorable to budget
 - \$330M favorable to budget excluding accelerated depreciation and write-offs
- Higher demand revenue

Interest Expense: \$45M favorable to budget

- Lower debt rates and less reliance on debt
- Total Financing Obligations (TFO) \$877M less than budget

Q2 Summary Income Statement

\$88M favorable due to operating revenue and lower expenses

\$ million	FYTD 2019			FYTD 2018	
	Actual	Budget	Variance Fav/(Unfav)	Actual	'19 v '18 Fav/(Unfav)
Operating Revenue	\$ 5,475	\$ 5,158	\$ 317	\$ 5,341	\$ 134
Fuel & Purchased Power	1,494	1,371	(123)	1,463	(31)
Total O&M	1,545	1,351	(194)	1,278	(267)
Taxes, Depreciation, Other	1,170	1,213	43	1,214	44
Interest	602	647	45	636	34
Net Income (Loss)	\$ 664	\$ 576	\$ 88	\$ 750	\$ (86)
Accelerated Depr. & Write-offs	\$ 242	\$ -	\$ 242	\$ -	\$ 242
Net Income (Loss) excluding Accelerated Depr. Write-offs	\$ 906	\$ 576	\$ 330	\$ 750	\$ 156

Q2 Summary Cash Flow Statement

TFOs were \$877M favorable to budget

\$ million	FYTD 2019			FYTD 2018	
	Actual	Budget	Variance	Actual	'19 v '18
Cash Flow from Operating Activities	\$ 1,747	\$ 1,570	\$ 177	\$ 1,858	\$ (111)
Cash Flow used in Investing Activities	(1,040)	(1,149)	109	(1,141)	101
Cash Flow from Financing Activities	(706)	(421)	(285)	192	(898)
Ending Debt and Financing Obligations	\$ 23,590	\$ 24,467	\$ 877	\$ 26,189	\$ 2,599

Q2 Summary (Results v. Plan)

Weather Impacts Increased Demand Revenue

Controllable Expenses Flat

Diverse Fleet Mitigates Fuel Cost

Lower Debt

Stronger Balance Sheet



Finance, Rates, and Portfolio Committee



A background image showing a close-up of two people in business attire. One person is holding a pen and pointing at a document, while the other is looking on. The image is slightly blurred, focusing on the hands and the document.

Circuit Breakers

15.5kV – 550kV

MIKE SKAGGS

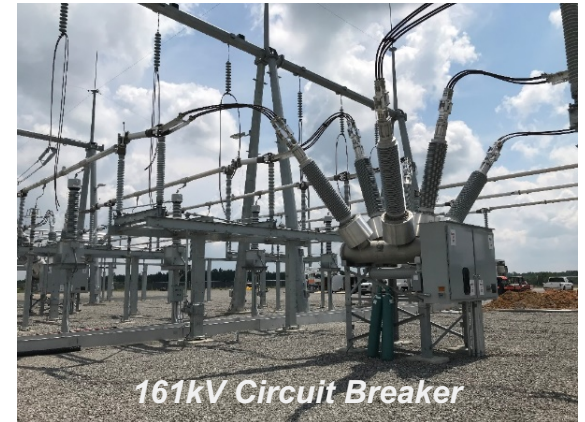
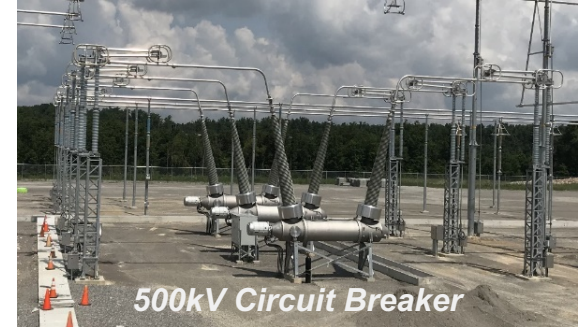
Executive Vice President and COO

Purpose

Recommend Board approval to award contracts for circuit breakers rated 15.5kV through 550kV, spare parts and accessories, and related services

Background

- Approximately 3,000 circuit breakers across the system
- Request for proposal issued to replace expiring contracts
- Siemens Industry, Mitsubishi Electric Power Products, and ABB recommended as suppliers



Proposed Contracts

- Base term of five years, options to extend up to three years
- Total combined spend not to exceed \$125 million
- Warranty of at least five years guaranteed
- Valley, small, diverse, and disadvantaged businesses to be supported
- No minimum amount of work guaranteed

Recommendation

Recommend Board approval to award contracts to ABB, Inc., Mitsubishi Electric Power Products, Inc., and Siemens Industry, Inc., for circuit breakers rated 15.5kV through 550kV; spare parts and accessories; and field maintenance, testing, installation, and commissioning services.



Finance, Rates, and Portfolio Committee



A blurred background image showing several business professionals in a meeting. They are seated around a table, with some holding pens and looking at documents or laptops. The image is in a cool, blue-toned color palette.

Rate Change – Wholesale Grid Access Charge Adjustment

JOHN THOMAS

Executive Vice President
and Chief Financial Officer

Background

- The 2018 wholesale rate change introduced a Grid Access Charge applicable to loads less than or equal to 5MW on October 1, 2018
- Large changes in load due to consumer expansion, reduction, or movement may result in inappropriate revenue amounts being recovered
- TVA and Local Power Companies agreed to develop a solution to mitigate this effect following the implementation of the rate change, and an agreement was reached in November 2018

Recommendation

The Board is requested to approve:

- 1) Changes to the wholesale power rate schedules to provide a mechanism to address changes to the Grid Access Charge (GAC); and
- 2) Guidelines for how and when to make changes to the GAC; and
- 3) A delegation of authority to the Chief Executive Officer to make future changes to the guidelines that TVA staff uses to administer the adjustments to the GAC.



Finance, Rates, and Portfolio Committee





Audit, Risk, and Regulation Committee





Nuclear Oversight Committee



NEI

TIP **TOP
INNOVATIVE
PRACTICE AWARDS**



People and Performance Committee





External Relations Committee



TVA Investment Challenge





External Relations Committee



Robotics Competitions





External Relations Committee



