



Board Meeting

February 13, 2020
Oxford, MS



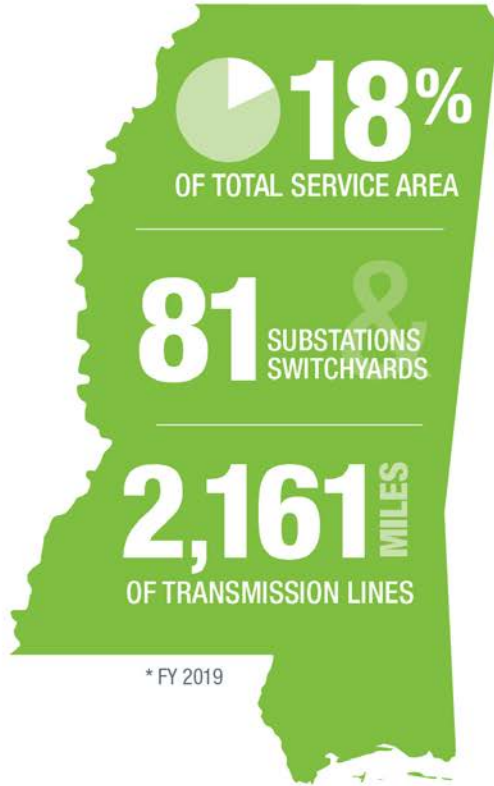
President's Report

JEFF LYASH
President and CEO



**Oxford,
Mississippi**

TVA in Mississippi



8 DIRECT-SERVED
CUSTOMERS



INCLUDING

**COLUMBUS
AIR FORCE BASE**

350,000 HOMES

86,000 BUSINESSES

POWERED BY
TVA ELECTRICITY

IN PARTNERSHIP WITH 28
LOCAL POWER COMPANIES

6,800 JOBS

CREATED OR RETAINED

\$1 BILLION

ECONOMIC DEVELOPMENT
INVESTMENTS

**\$41.9
MILLION**

TAX-EQUIVALENT PAYMENTS TO MS

**\$81.2
MILLION**

NON-FUEL GOODS & SERVICES
PURCHASED FROM MS VENDORS

Jeannette Mills

Executive Vice President and
Chief External Relations Officer



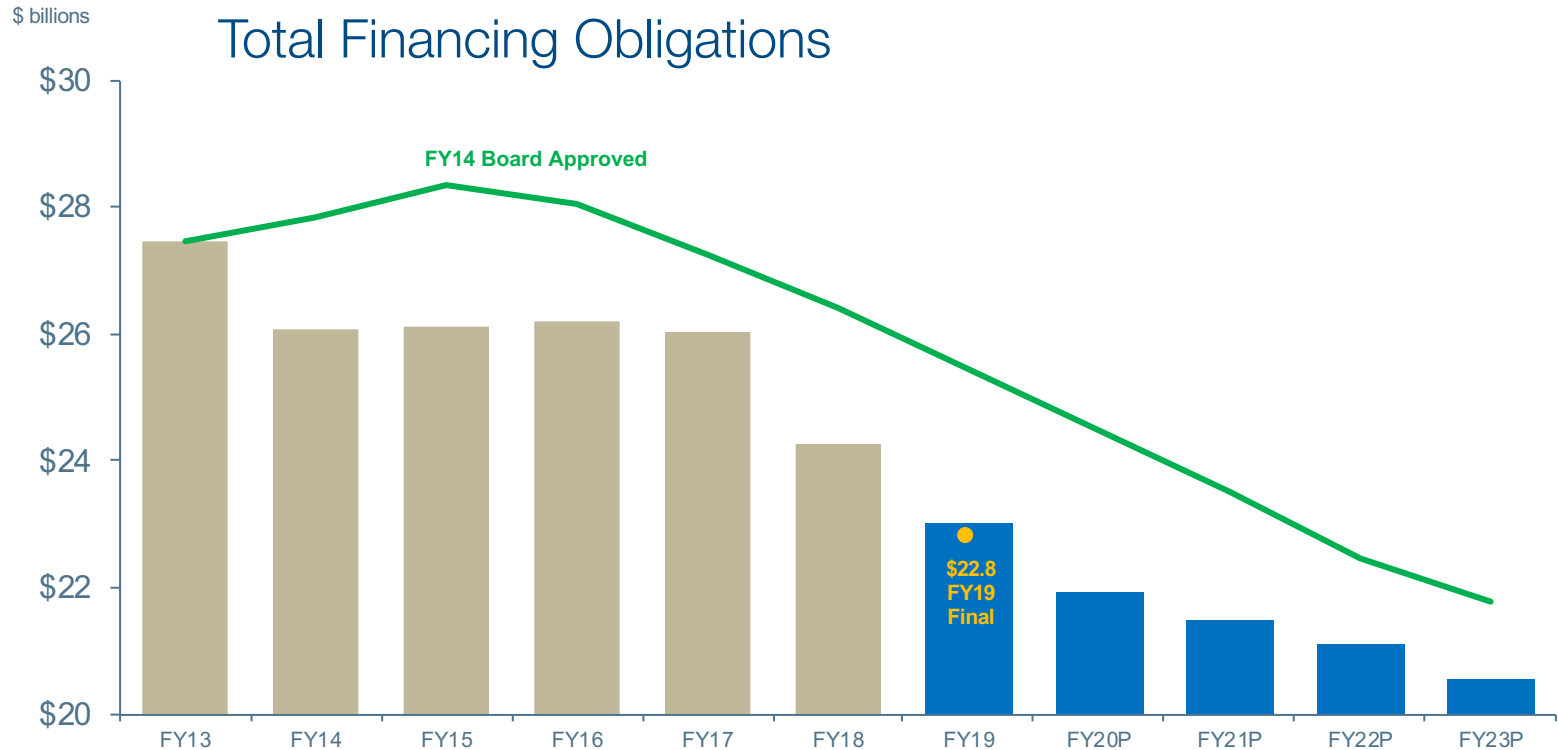


TVA Mission: Serve the People of the Valley

Energy | Environment | Economic Development

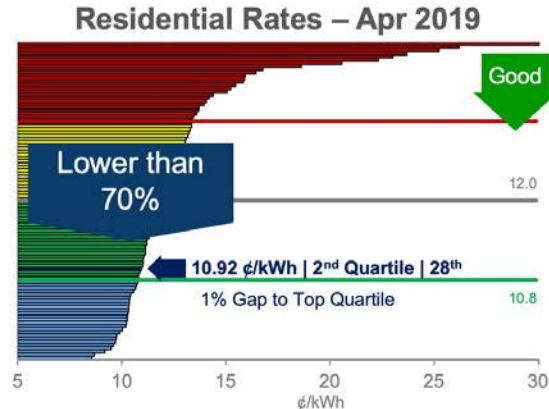
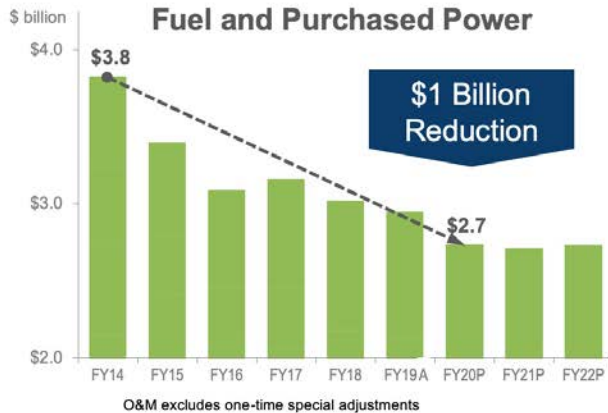


Lowest Debt in 30 Years, Financially Healthy

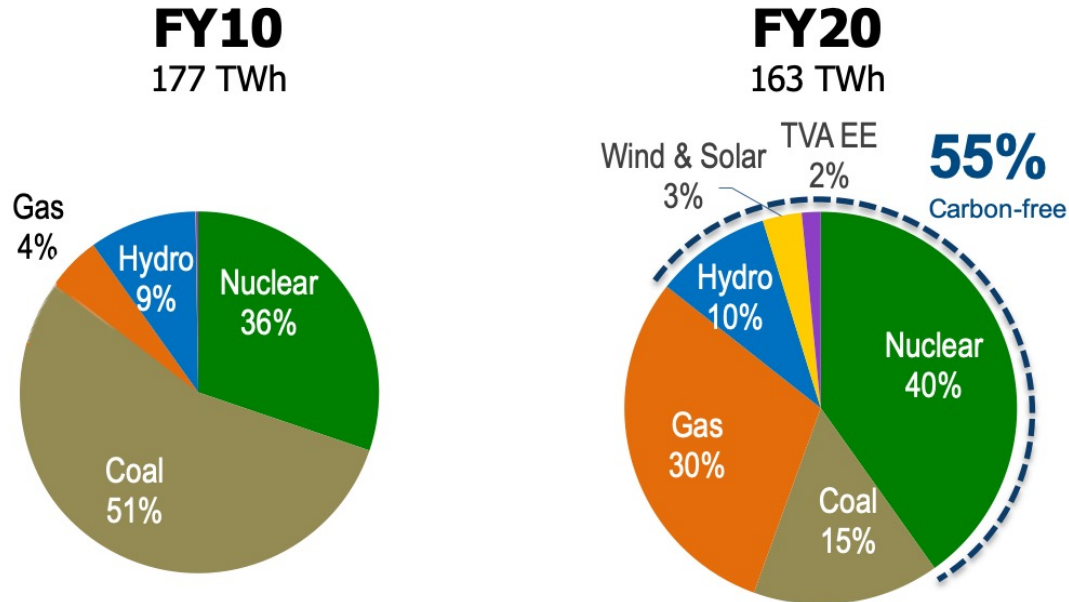


See Appendix - Regulation G Reconciliation.

Lower Cost, Better Performing

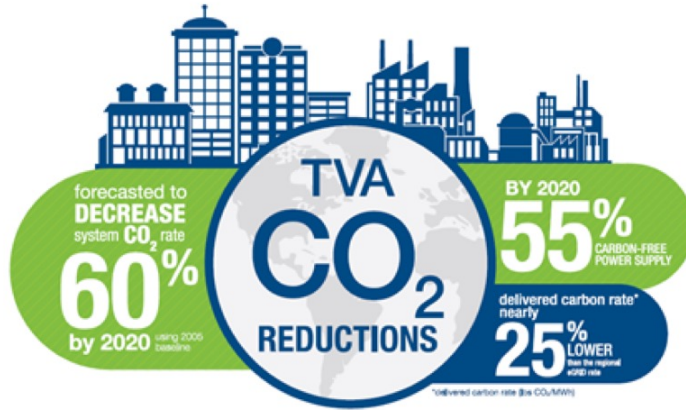


Diverse System Portfolio



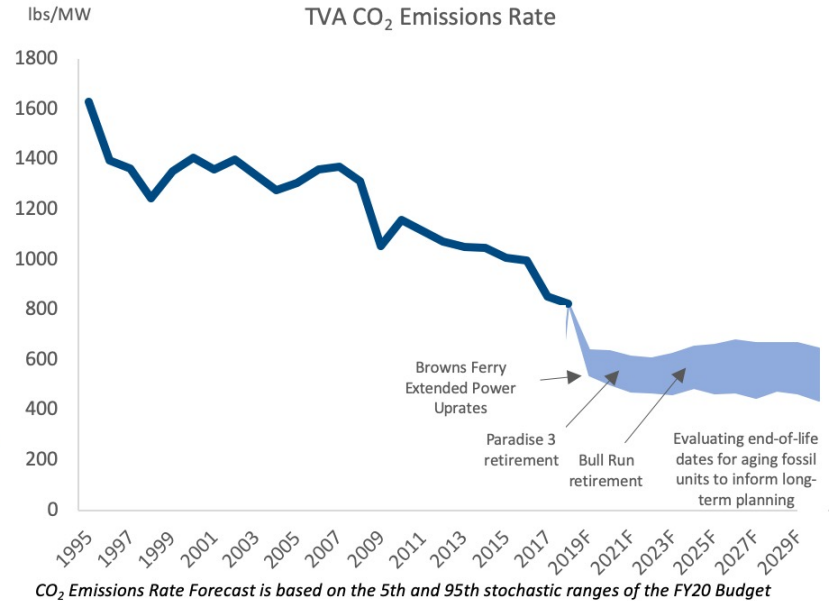
Graph represents energy. FY20 forecast is based on the [FY21 Strategic Power Supply Plan](#). EE includes TVA Energy Efficiency Program impacts on a Net Cumulative Realized at System basis, 2007 base year, and excludes energy efficiency effects from external factors.

TVA & LPCs – Delivering a Cleaner Energy Grid



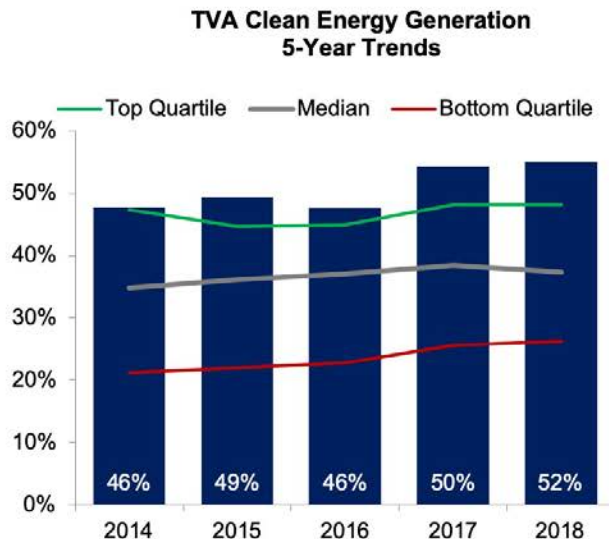
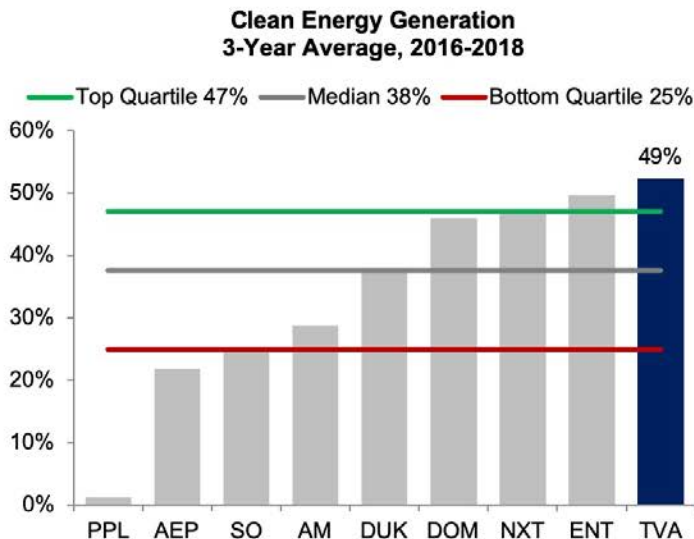
As of 2018, TVA has reduced its carbon dioxide emissions by over 50%.

TVA system carbon emissions rate is forecasted to approach a **60% reduction by 2020** and a **70% reduction by 2030** from a 2005 baseline.

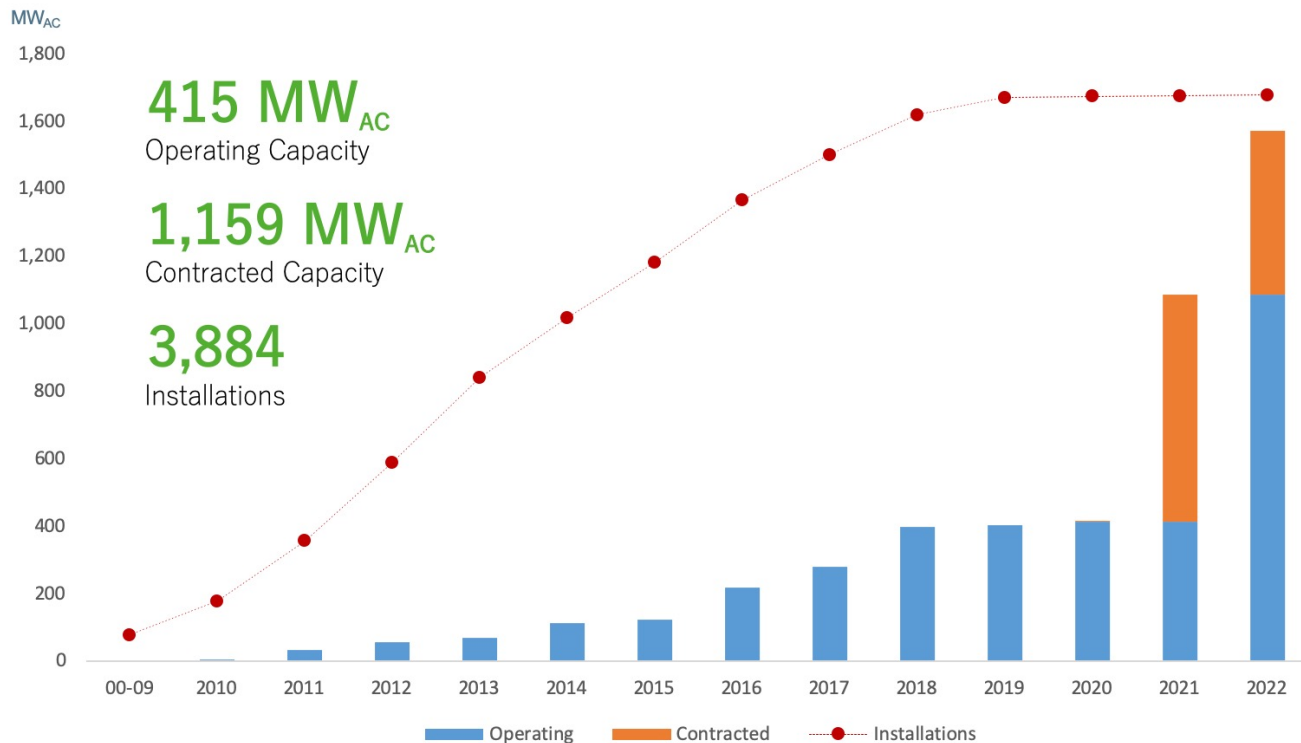


Clean Energy Generation

TVA is in the top quartile among regional peers for clean energy generation, and the proportion of clean sources to total generation is steadily increasing



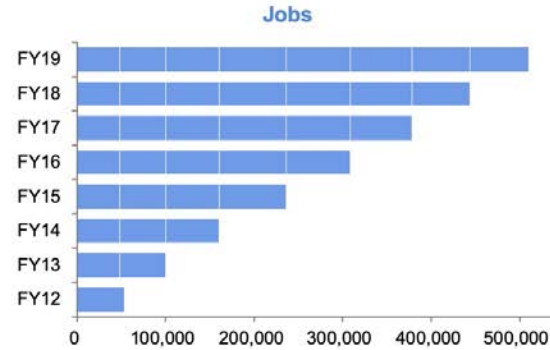
Tennessee Valley Solar Growth



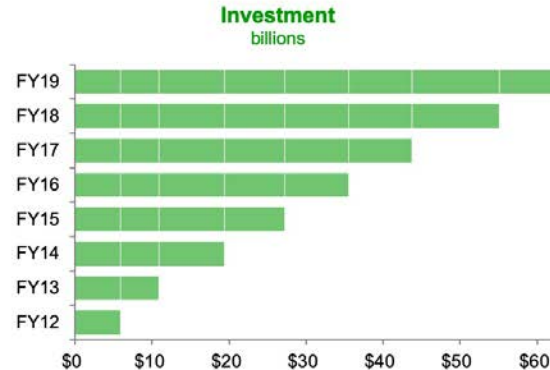
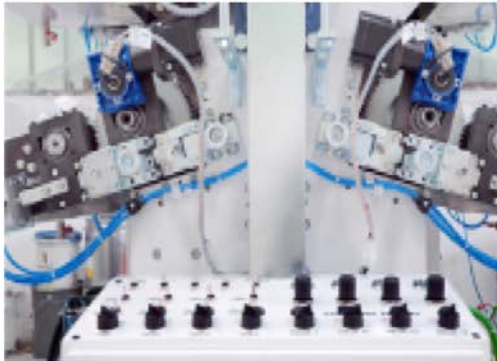


Green Invest
NES | VANDERBILT UNIVERSITY | TVA

Leading in Economic Development



510,500 jobs



\$64 billion investment

Value of the River System

\$11.9
Billion

**ECONOMIC
IMPACT**

of Recreation on
TVA Reservoirs in 2016

\$1.035Billion

Residential/Shoreline **PROPERTY OWNERS**



THAT'S A
BOAT LOAD
OF JOBS

Jobs
130,503



Data provided from Visitor and Property Owner Surveys on Chickamauga, Norris, and Watts Bar Reservoir in Summer 2016, a report submitted to the Tennessee Valley Authority by the University of Tennessee Institute of Agriculture (UTIA).

STEM Education





Dr. Noelle Currey
2020 Ike Zeringue
Engineer of the Year

Value of the Integrated Public Power System

- Financially Healthy with Competitive and Stable Rates
- Balanced and Clean Generation Fleet
- Industry Leading Environmental Performance
- Record Economic Development
- Tourism, Flood Control and More



President's Report

JEFF LYASH
President and CEO



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External Relations Committee





Federal Advisory Committee Act (FACA) Charter Renewals

JOE HOAGLAND

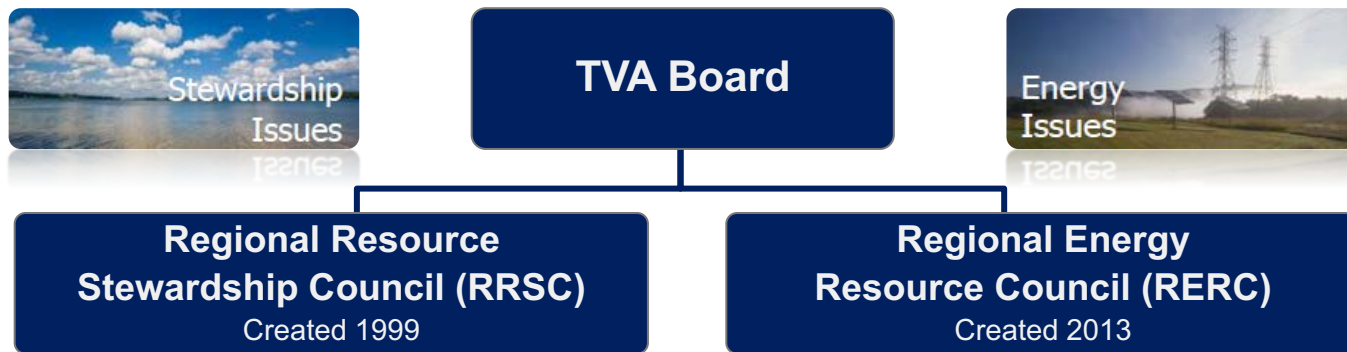
Vice President,
Innovation & Research

Background

U.S. Congress formally recognized the merits of seeking advice and Assistance with Federal Advisory Committee Act (FACA) of 1972. The Act assures that advisory committees provide advice that is relevant, objective and open to the public, and comply with record keeping requirements. Key Elements of FACA Groups:

- Attended by a designated federal officer
- Filed charters expire after two years and must be renewed
- Records available for public inspection and subject to the Freedom of Information Act
- Public access – meetings are reasonably accessible and timely notice is required

TVA Federal Advisory Committee (FAC) Overview



- Balanced stakeholder perspectives
- Includes public listening session
- Provides specific advice on topics
- Advice is directed to the External Relations Committee

Examples of TVA FAC Involvement

Regional Resource Stewardship Council (RRSC)

- Stewardship Strategy and Natural Resource Plan (NRP)
- Floating Cabins
- Reservoir Operations Study (ROS)

Regional Energy Resource Council (RERC)

- 2019 Integrated Resource Plan (IRP)
- TVA's Coal Combustion Residuals (CCR) management
- Wholesale Rate Change Guiding Principles and Stakeholder Engagement

FAC Membership Overview

Each council consists of up to 20 members with membership balanced to include a broad range of diverse views and interests.

	RRSC	RERC
Nominated by Valley states Governors	7	7
TVA Customers (Local Power Company, Direct Served Industrial, Trade Organizations)	4	4
Economic and Community Development	-	2
Academic and Research Interests	-	2
Environment and/or Energy Representatives	1	2
Tribal, Navigation, Flood Control, Recreation	4	-
At-Large	4	3
Totals	20	20

Recommendation

1. Approval of additional terms for both of TVA's Federal Advisory Committees:
Regional Resource Stewardship Council (RRSC) – 11th term and Regional Energy Resource Council (RERC) – 5th term
 - Approve and authorize charter renewals for an additional term
 - Name a Designated Federal Officer for the Committees
2. Delegate authority to the CEO to approve the membership for the above terms for each Committee and fill any vacancies that arise during the term



External Relations Committee





Finance, Rates, and Portfolio Committee



Financial Performance Update

JOHN THOMAS

Executive Vice President
and Chief Financial Officer



Q1 Fiscal Year 2020

Operating Revenues were \$165M above budget

Net Income was \$203M favorable to budget

Total Financing Obligations (TFO) were \$208M less than budget

Q1 Summary Income Statement

\$203M favorable due to higher operating revenue and lower expenses

\$ million	FYTD 2020			FYTD 2019	
	Actual	Budget	Variance Fav/(Unfav)	Actual	'20 v '19 Fav/(Unfav)
Total Operating Revenue	\$ 2,578	\$ 2,413	\$ 165	\$ 2,725	\$ (147)
Fuel & Purchased Power	642	614	(28)	738	96
Total O&M	689	665	(24)	745	56
Taxes, Depreciation, Other	768	838	70	517	(251)
Interest	287	307	20	302	15
Net Income (Loss)	\$ 192	\$ (11)	\$ 203	\$ 423	\$ (231)

Q1 Summary Cash Flow Statement

TFOs were \$208M favorable to budget

\$ millions	FYTD20			FYTD19	
	Actual	Budget	Variance	Actual	'20 v '19
Net Cash Provided by / (Used in)					
Operating Activities	\$ 838	\$ 805	\$ 33	\$ 502	\$ 336
Investing Activities	(590)	(563)	(27)	(601)	11
Financing Activities	(243)	(242)	(1)	101	(344)
Ending Debt and Financing Obligations	\$ 22,572	\$ 22,780	\$ 208	\$ 24,387	\$ 1,815

Q1 Summary (Results v. Plan)

Higher Revenues – Weather impacts increased demand and energy revenue

Lower Expenses – Lower depreciation and interest expense

Lower Debt Balance – FY19 performance driving FYTD20 favorability

A blurred background image of a business meeting. Several people in business attire are seated around a table, with their hands visible holding pens and writing on documents. The image is slightly out of focus, emphasizing the text overlay.

Flexibility Option

DOUG PERRY

Vice President,
Commercial Energy Solutions

Background

Under section 2 (e) of the Long-Term Agreement (LTA) with local power companies, TVA is committed to develop and provide enhanced power supply flexibility, with agreed-upon pricing structures, for 3-5% of the Valley Partner's energy, by no later than October 1, 2021.

Flexibility Principles (1/2)

1. Energy resource sites must be documented, metered, operated, and connected in a manner consistent with applicable TVA standards
2. Valley Partner energy resources will either displace demand and energy usage that TVA would have otherwise charged to the Valley Partner under the prevailing wholesale power rate structure; or, Valley Partner energy resources will be treated in accordance with an economically equivalent wholesale crediting mechanism
3. Each Valley Partner may deploy energy resources in an aggregated capacity amount not to exceed the greater of (1) 5% of that Valley Partner's energy, where energy is the average hourly capacity usage, initially over TVA fiscal years 2015 through 2019, or (2) one megawatt of aggregated capacity

Flexibility Principles (2/2)

4. All Valley Partner energy resource facilities must be distribution scale and located within the service territory of the Valley Partner. Exceptions to the location requirement, due to circumstances such as restrictive siting, may be approved by the CEO after notice to the Finance, Rates, and Portfolio Committee.
5. Valley Partner energy resource output must be provided or distributed only to the Valley Partner's end-use customers
6. A Valley Partner's energy resource implementation must be consistent with TVA's Integrated Resource Plan to ensure that TVA's system carbon position is improved

Recommendation

1. Implementation of a Flexibility Option, to be implemented on the later of June 1, 2020, or the date on which all required environmental reviews are satisfactorily completed, in a manner consistent with the Flexibility Principles
2. Authorize the CEO, or his designee, to further develop and revise standard terms to be included in an amendment to the wholesale power contract that will implement the Flexibility Option in a manner consistent with the Flexibility Principles contained here, or as adjusted after review by the Finance, Rates, and Portfolio Committee
3. Authorize the CEO, or his designee, to execute amendments to the wholesale power contract that will implement the Flexibility Option
4. Authorize the CEO, or his designee, to revise existing contracts, products, and programs as necessary to address interactions with the Flexibility Option



Finance, Rates, and Portfolio Committee





People and Performance Committee





Nuclear Oversight Committee



Audit, Risk, and Regulation Committee





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