



**Agency Equity Action Plan (EO 13985)
Tennessee Valley Authority (TVA)
January 20, 2022**

SECTION 1: EXECUTIVE SUMMARY

AGENCY NAME AND MISSION

TVA is the largest public power provider in the United States and the third-largest electricity generator in the nation, supplying energy to approximately 10 million people and over 750,000 businesses across the seven states of the Tennessee Valley region through a network of 153 municipal and/or cooperative local power companies (LPCs) and 57 directly served industrial customers. TVA also provides flood control, navigation, and land management for the Tennessee River system, and assists LPCs and regional governments with their economic development efforts.

TVA was established by Congress via the TVA Act in 1933 and charged with carrying out a mission of service to the people of the Tennessee Valley and to the nation. This unique, longstanding mission drives and inspires us daily to pursue new ideas and innovative solutions that enrich and improve the quality of life for the communities and people we are privileged to serve. The TVA Act requires that any municipality or cooperative that purchases electric power from TVA shall sell and distribute that power to the ultimate consumer without discrimination between consumers of the same rate class (typically residential, commercial, or industrial).

TVA delivers on this unique mission through three key areas: **Energy** that is reliable, resilient, and low-cost; **Economic Development** that brings jobs and capital investment to the region; and **Environmental Stewardship** of public lands, water, and air.

SUMMARY OF ACTION PLAN

TVA's Public Power Model has a primary mission of making life better for the 10 million people TVA serves. In recent years, that mission has expanded to include bringing a more proactive focus to strengthening and promoting inclusion with diversity in the communities across the Tennessee Valley. That expansion of mission, along with the information and resources Office of Management and Budget (OMB) has shared throughout the EO 13985 response process have informed TVA's approach and strategy for advancing racial equity and supporting underserved communities.

The next section of the document outlines TVA's early accomplishments around advancing racial equity and support for underserved communities since the signing of EO 13985 on January 20, 2021 (page 2). The remainder of the document contains the following detailed action plans:

- Advancing Civil Rights (pages 3-4)
- External Strategy (pages 5-6)
- Grants & Financial Assistance (pages 7-8)
- Procurement & Contracting (pages 9-10)



SECTION 2: SUMMARY OF EARLY ACCOMPLISHMENTS

Home Uplift: Initially piloted from 2018-2020, this program provides households at or below 200% of the federal poverty level with home energy improvements at no cost. TVA provides diagnostic energy audits to identify energy efficiency improvements to reduce energy costs and improve the comfort of homes. In 2021 alone TVA improved the efficiency of 768 homes.

School Uplift: Launched in May 2021, School Uplift is a 12-month training program that helps public schools across The Valley reduce energy waste and improve learning environments. TVA is currently working with 100 new schools each year and partnering with state agencies to create additional opportunities for participating schools. The program provides low- and no-cost behavior change training to help schools reduce energy consumption, thus decarbonizing schools and enabling savings to be reinvested in educating students. School Uplift supports underserved communities by prioritizing grants for areas with high childhood poverty. Once a school has completed the training program, it can apply for additional financial grants to further improve energy efficiency and reduce energy costs.

Community Centered Growth (CCG): Piloted in 2021, CCG helps local businesses in underserved communities make smart energy choices that save money and lead to decreased energy use, improved facilities, and reduced carbon emissions. TVA provides funding for facility improvements and manages the upgrade process for businesses in National Opportunity Zones—underserved areas identified by census data and factors like income and population.

Community Contributions: TVA recently completed an assessment of its Community Contributions program by benchmarking the charitable giving practices and organizational structures of peer utilities and analyzing past charitable contributions across TVA to identify improvement opportunities. In response to this assessment, TVA established a centralized governance structure to ensure a more consistent and equitable approach to financial giving and adopted formal Giving Pillars¹ and Giving Principles² to guide future contributions.

Environmental Justice: TVA now has a dedicated resource responsible for ensuring the lens of environmental justice is embedded into its decision-making processes. This individual ensures TVA incorporates the views of all impacted people in any decisions that could affect the environment (e.g., asset siting, waste removal, etc.).

Generating Justice Pro Bono Program: In 2021, TVA employees, in partnership with TVA OGC, provided more than 80 lower-income individuals across The Valley with pro bono legal services, the value of which is estimated at \$40,000. These services included hosting three pro bono virtual clinics, serving more than 20 individuals on wills and estate, family law, debt relief, housing/eviction support, and other legal issues. TVA OGC has also volunteered at eight monthly virtual legal clinics held in Shelby County, TN. As this program matures, TVA expects even more participation from employees and community partners.

¹ Giving Pillars are Education; Diversity & Inclusion; Health, Hunger, & Housing; Workforce Development & Training; Community Enrichment; Arts & Culture; and Disaster Relief & Emergency Response

² Giving Principles are Aligned (with TVA's mission, Giving Pillars, values, strategic goals), Balanced (distributing annual donations across Giving Pillars, urban/rural areas, and customer segments), Impactful (quantifiable local impact as measured by metrics like impact per dollar or hour of giving, effectiveness of recipient organization, etc.), Engaging (prioritize broad customer/stakeholder input, joint customer or business unit efforts), and Scalable (start small with established end date to avoid over-commitment)



SECTION 3: EQUITY ACTION PLANS

ACTION PLAN 1: ADVANCING CIVIL RIGHTS

TVA has no authority to enforce antidiscrimination laws in the public sector except in extremely rare circumstances. As an alternative to discussing the resources available to the agency's civil rights office, which TVA does not have, Section 5 of EO 13985 directs the agency to discuss its support of other organizations and programs charged with advancing equity for underserved communities.

TVA's Role as a Regulator

One of the regulatory objectives set forth in the TVA Act empowers the TVA Board to ensure the policies, programs, and rates of its local power companies (LPCs) are applied in a fair and consistent manner. In fulfilling its regulatory responsibility, the TVA Board strives to be fair and transparent to the people of the Tennessee Valley, to be prudent in its business decisions, and to accomplish TVA's mission of fostering a strong regional economy and good quality of life.

Congress has charged the TVA Board with defining its own role in regulating LPCs. As such, TVA's regulatory requirements make allowances for LPCs to contribute de minimis amounts of electric system revenues for charitable purposes to support charities dedicated to assisting disadvantaged communities in The Valley. Some of these charitable donations include financial support of programs described in Action Plan 3: Grants and Financial Assistance (pages 7 and 8).

Advancing Inclusion with Diversity

TVA's early approach to diversity and inclusion was to focus solely within the agency and its workforce. Recently, TVA expanded its approach to accelerate the impact of inclusion with diversity (IwD) – both within TVA and within the communities it serves. For example, TVA is exploring a diversity, equity, and inclusion pilot program to partner with LPCs and key stakeholders to advance IwD in the communities TVA serves. Additional potential opportunities for expanding TVA's focus on IwD include enhancing economic development and supplier diversity programs to support for women-owned, minority-owned, and veteran-owned businesses.

To ensure TVA stays true to its IwD commitments and delivers results, TVA has created an agency wide IwD Council. The Council champions, advises, and oversees all aspects of IwD initiatives, providing guidance and support to accelerate the impact of inclusion with diversity within TVA and the communities it serves. It is comprised of leaders from TVA's six strategic business units and reports directly to the Executive Leadership Team, demonstrating TVA's commitment to achieving the agency's goals around inclusion with diversity.

Generating Justice Pro Bono Program

Generating Justice is TVA's first voluntary pro bono initiative to serve lower-income individuals and organizations on important legal issues in the seven Valley states and beyond. In September 2020, TVA joined more than 50 federal agencies that have pro bono programs to assist lower-income individuals and the organizations that serve them, without charge to the individuals or organizations.



Early accomplishments of Generating Justice are provided in Section 2 of this report. It should also be noted that conversations with other federal agencies and White House Counsel around EO 13985 led to further discussions of access to justice with the Department of Justice's Pro Bono Coordinator. Of particular interest were TVA's clinics focused on providing non-conviction expungements, for which TVA and a local legal aid assisted in obtaining approximately 50 expungement orders. These conversations have affirmed that TVA's Generating Justice initiative is consistent with Presidential Executive Orders and Memorandums and the Attorney General's call to action for federal agency attorneys to provide pro bono services.



ACTION PLAN 2: EXTERNAL STRATEGY

A. BARRIER TO EQUITABLE OUTCOME(S)

Lack of Community Awareness of TVA Programs: Unlike traditional vertically integrated utilities, which generate electricity and sell it directly to the end customer, TVA’s primary customers are 153 local power companies (LPCs) that purchase power from TVA and then resell it to residential, commercial, and industrial customers. This operating model has historically created a separation and lack of visibility between the communities that consume TVA’s product, and the programs TVA has developed to support those communities. This separation limited the amount of region- and community-specific information available to TVA and resulted in a “one-size-fits-all” approach to designing externally facing programs, instead of tailored offerings designed to meet the unique needs of the various communities across the Tennessee Valley.

Prior to 2021, most end customers viewed their designated LPC as the primary/only energy utility resource available to them for community enhancing programs and grants. For an end customer to benefit from a program offered by TVA, their LPC had to partner with TVA to offer that program. A recent survey of consumers across The Valley found that only 34% of respondents knew about TVA. That number dropped as low as 28%, as respondents’ distance to eastern Tennessee (where TVA’s two largest corporate offices are located — Chattanooga and Knoxville) increased.

B. ACTION AND INTENDED IMPACT ON BARRIER

In 2020, TVA began offering long-term partnership agreements with interested LPCs (i.e., 20-year electricity-supply contracts rather than the traditional 5-year contract). These agreements facilitate greater collaboration between TVA and its long-term LPC partners, enabling more flexibility in the sources of electricity LPCs request and receive (i.e., more renewable energy options) and more voice and consideration in TVA’s long-term strategy. The collaboration also enables TVA to work side-by-side with long-term LPC partners in developing and promoting programs for the communities that they serve.

The stability provided by the long-term partnership agreements enabled TVA to redesign its external engagement model to be more focused on and visible to the regions it serves. Dedicated offices are being established in four distinct regions to ensure programs are specifically tailored to the needs of the unique communities in each region. They are led by vice presidents who are hiring dedicated personnel to address the needs of the communities, LPCs, and the local governments in the regions. These dedicated local resources will be responsible for ensuring TVA’s end customers are aware of program and service offerings. Given their local presence, these resources will be able to better identify potential new community partners, previously unaddressed needs within communities, and programs to address those needs.

C. TRACKING PROGRESS

In the short-term (i.e., two to four years), TVA intends to evaluate its performance on reducing/eliminating the identified barriers by tracking the following metrics:

- Total number of employee hours volunteered.



- Results from TVA’s Powerful Partnerships survey, particularly responses from the general public.

As time progresses, TVA will leverage its partnerships in the regions (e.g., local non-profits, businesses, government representatives, etc.) to identify and develop mechanisms to track these metrics for underserved communities.

Building productive relationships with the communities TVA serves will not happen overnight and may take several years. Therefore, over the long-term (i.e., 5-8 years), TVA will view its efforts successful if there is an upward trend in how the general public and TVA’s partnering organizations (e.g., Urban League, local foodbanks, etc.) view TVA as measured via surveys and other feedback mechanisms. TVA will also see its efforts as successful if there is more active participation of underserved communities in the development of its programs, and if TVA is seen as a valuable resource in navigating the federal and state grant process by its community partners. As these processes can be cumbersome, TVA seeks to leverage its knowledge of local and state governments and its relationships with elected officials for the benefit of The Valley.

D. ACCOUNTABILITY

In addition to establishing metrics to track progress, TVA intends to hold itself accountable with both internal and external stakeholders. Internally, routine progress reporting of each of the metrics identified above will be provided to the TVA Board of Directors, the Executive Leadership Team (ELT), and the IwD Council. Additionally, incentive compensation for TVA executives is tied to the results of TVA’s externally facing survey(s).

Externally, TVA intends to provide information on its progress and performance on key metrics in its Annual Report and Sustainability Report. TVA will also communicate performance in this area throughout the year via briefings with local, state, and federal officials through TVA’s newly established regional offices. Additionally, progress will be communicated, and successes highlighted directly to the communities TVA serves via press releases, social media posts, and other communications forums.



ACTION PLAN 3: GRANTS & FINANCIAL ASSISTANCE

A. BARRIER TO EQUITABLE OUTCOME(S)

Like most utilities, TVA has several programs (e.g., Home Uplift, School Uplift, Community Centered Growth, etc.) that provide grants, financial assistance, and other expertise to end-use customers, particularly low-income customers with a high energy burden (i.e., percentage of gross income spent on energy costs) who are interested in reducing their energy costs or becoming more energy efficient. TVA has offered these programs for several years and after recently examining the racial profile of participants found that not all racial and ethnic populations were represented in some programs due to several barriers. For example, U.S. Census data indicates that 23.6% of Tennessee's population living under poverty is Hispanic and Latino, while 21.5% are African American, yet less than 3% of Home Uplift participants have been Hispanic or Latino and 32% have been African American.

Barrier 1 - Lack of Visibility into TVA Programs: As previously described, there was often a lack of visibility into the programs offered by TVA to support local communities, particularly if an LPC chose not to participate in or promote a program, which resulted in low participation in some areas.

Barrier 2 - Documentation Requirements: Many of TVA's programs require applicants to provide formal documentation of household income, citizenship, and proof of account with their LPC to be eligible. Though this documentation is a regulatory requirement for TVA to offer these types of programs, it can create barriers for individuals unable to provide sources of income (i.e., those who participate exclusively in the cash economy), are not able to prove U.S. citizenship, or do not have their name listed on the account.

Barrier 3 - Lack of Multilingual Program Materials: Most of the marketing materials and application forms associated with TVA's programs are only provided in English. The lack of multilingual program information hinders awareness of and applications to these programs by individuals who do not speak English.

Barrier 4 - Limited Publicity of Program Offerings: As these types of programs have limited capacity, TVA has intentionally limited publicity to avoid high demand and long waitlists for services. Rather, TVA has partnered with local organizations which typically target specific communities that may or may not include all the underserved populations that could potentially benefit from these programs.

B. ACTION AND INTENDED IMPACT ON BARRIER

In response to these barriers, TVA has and will continue to seek the advice and consultation of organizations and trusted advocates in disadvantaged communities to better understand ways to reduce or eliminate barriers to participation in these programs. TVA is engaging with Centro Hispano to build stronger ties with the local Latino community and identify best practices and recruitment strategies to increase Latino participation in its Home Uplift program. Based on these discussions, TVA has identified several actions to reduce the barrier for this community, as well as others throughout The Valley. These actions include:

- Conducting a demographic profile of market areas where Home Uplift is offered to better understand the demographics of the community.

- Proactively engaging community leaders to communicate the benefits of programs.
- Creating marketing materials and strategies that target underserved communities.
- Translating program materials into other languages.
- Creating a case management guide to help local community groups aid participants through the Home Uplift process.
- Ensuring program materials are easily understood by English speakers with limited proficiency (e.g., leveraging graphics instead of text).
- Providing language interpretation services for participants reaching out to the program call center as well as support for onsite visits.
- Allowing greater flexibility for documentation requirements (e.g., income, citizenship, identification, etc.) and incorporating alternative means to verify income (e.g., national databases that can streamline the process).
- Proactively engaging the targeted populations of its programs to better understand their life experiences and create more accessible programs.
- Reevaluating the methodology for scoring grant applications to better consider the unique challenges faced by underserved communities.
- Incorporating participants' ethnic and racial profiles in standard program progress reporting to determine the effectiveness of program changes.

C. TRACKING PROGRESS

TVA tracks the application rate for Home Uplift, gathering feedback from case management and field staff to collect information on incomplete applications. TVA is also developing several metrics to better measure the impact of actions taken, including application completion rate, market demographic served, and community partners engaged. Once TVA has better demographic data on program participants, which may take one to two years of quantitative research, it will establish formal participation rate targets that are more reflective of community racial and ethnic profiles. The targets will also include goals for end use customers with disabilities as well as those who live in distressed counties as defined by state/federal governments.

In the longer term, demonstrated success will include a reduction in the overall energy burden in the Tennessee Valley, wider representation of underserved communities that participate in TVA programs, and greater involvement from underserved communities in the development of TVA programs.

D. ACCOUNTABILITY

Internally, the leaders of TVA's Commercial Energy Solutions (CES) group, which develops and executes these programs, reviews performance on its key metrics monthly to ensure targets are being met. Each quarter there is also a formal review of performance with TVA's Financial Services group. Externally, TVA will add a new section to its annual Energy Services and Program Report to show progress against targets for underserved communities. TVA will also share performance via its Annual Report and Sustainability Report.



ACTION PLAN 4: PROCUREMENT & CONTRACTING

Through its Supplier Diversity Program, TVA gives maximum practicable opportunities to small disadvantaged, women-owned, veteran-owned, and service-disabled businesses as well as businesses located in HUBZones. In accordance with TVA’s statutory mission to foster economic development within its service territory, TVA also seeks to maximize opportunities for local businesses. As an example, TVA works to connect small and/or local businesses with its business units so they are front of mind when contracting opportunities arise. TVA also has intentional spending strategies focused on providing more equitable opportunities for business from underserved communities to compete for TVA contracts.

It is important to note that TVA has independent procurement authority under the TVA Act and is not subject to Federal Acquisition Regulation (FAR) requirements. That being said, TVA abides by the applicable portions of the Small Business Act (SBA) and has implemented the use of certain authorized set asides and has subcontracting programs that are compliant with the SBA.

A. BARRIER TO EQUITABLE OUTCOME(S)

Barrier 1 - Supplier Size and/or Experience: The size and experience of suppliers pose barriers particularly for small and diverse businesses in terms of opportunities to be included in bid competitions, thus impacting the ability to work with TVA. Feedback from suppliers indicates this barrier occurs when work scopes are large and/or complex, when response timelines are short, or when financial strength demonstration is required. These constraints typically occur with Engineering, Procurement, and Construction (EPC) or other larger-scale projects. Some suppliers have indicated they are unable to meet the financial requirements associated with a scope of work or are only able to perform some elements of the scope of work, not all elements.

Barrier 2 - Internal TVA Coordination and Data Visibility: Historically, there has been a lack of effective processes to connect diverse suppliers with opportunities available within TVA. Furthermore, supplier diversity data has been available at the prime contractor level with less visibility at the subcontractor level, creating reporting and accountability challenges.

B. ACTION AND INTENDED IMPACT ON BARRIER

Barrier 1 - Supplier Size and/or Experience: Supplier Diversity is an established priority and TVA is taking the following actions to support contracting with small and diverse businesses:

- Establishing TVA’s Supplier Diversity Stakeholder Advisory Council to set expectations, review performance quarterly, provide greater visibility to upcoming opportunities for introducing small and diverse suppliers. The Council is comprised of executives from across the Agency and is responsible for developing and enforcing policies and practices to strengthen supplier diversity strategies. Members serve as supplier diversity champions by participating in supplier outreach events and liaisons between TVA and external stakeholders, businesses, and Diversity Alliance partners.
- Implementing a “Rule of One” (ROO) inclusion rate metric, encouraging the inclusion of at least one supplier of each diversity category in every competitive bid.



- Modifying the project planning process to ensure project managers consider how to best engage diverse suppliers for the project. One example is a new process step to identify potential scoping opportunities for small and diverse businesses.

Barrier 2 - Internal TVA Coordination and Data Visibility: As TVA's Supplier Diversity program continues to mature, there are plans underway to:

- Develop a Supplier Mentoring Program to help mentees develop relationships within TVA and to better prepare them to participate in TVA's contracting and procurement processes. The program will start in 2022 and is designed to culminate in actual work/business with the mentee during the program. The Supplier Diversity Council will be heavily involved in supporting the establishment of this program.
- Improve accountability of prime contractors for subcontracting by setting higher expectations for diversity, improving the reporting process, and holding suppliers accountable through newly developed tools that provide visibility into subcontracting diversity goals and performance.
- Identify purchasing categories where few diverse suppliers are registered in TVA's system and work with sourcing departments and business units (BUs) to identify suppliers for inclusion.

C. TRACKING PROGRESS

TVA will continue to track diversity spend as measured by its inclusion rate metric and economic impact. TVA also benchmarks peer utilities in this area and has raised its goal for diverse spend to top quartile (16%) starting in FY22. It will take at least two years to achieve this goal. In the next 1-2 years TVA is exploring ways to measure the impact of the inclusion metric to determine if it is driving the desired behaviors. Longer-term goals include:

- Increasing the proportion of contracts awarded to small and diverse businesses.
- Increasing the number of small and diverse businesses with whom TVA contracts.
- Increasing spend with small and diverse businesses overall.

D. ACCOUNTABILITY

TVA has created visibility into BU level direct spend through a purchasing dashboard and is currently working to establish BU level targets and similar visibility into subcontracting spend, which will aid in identifying further opportunities to utilize small and diverse suppliers. Greater stratification of spend data will help TVA identify categories where the use of diverse suppliers is a challenge and develop strategies to focus on these areas.

Prior to FY21, diverse spend was measured only on the Supply Chain department level scorecard and reported monthly. Beginning in FY21, diverse spend was elevated to the Resource Management and Operations Support BU level scorecard and is discussed monthly in the COO's Management Performance Review meeting. These changes widen the visibility of diverse spend and drive shared ownership across a larger population at TVA.

Externally, TVA has a website dedicated to supplier diversity where performance on key metrics is reported as well as resources for current and potential diverse suppliers ([LINK](#)). Beyond maintaining the data on the site, TVA will also communicate information regarding supplier diversity in its Annual Report, Sustainability Report, and investor presentations.