

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13, 15(d), or 37 of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2019



TENNESSEE VALLEY AUTHORITY
(Exact name of registrant as specified in its charter)

A corporate agency of the United States created
by an act of Congress
*(State or other jurisdiction of incorporation or
organization)*

000-52313
*(Commission file
number)*

62-0474417
(IRS Employer Identification No.)

400 W. Summit Hill Drive
Knoxville, Tennessee
(Address of principal executive offices)

37902
(Zip Code)

(865) 632-2101
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Tennessee Valley Authority ("TVA") announced on February 14, 2019, that Jeffrey J. Lyash has been appointed as TVA's new President and Chief Executive Officer, effective no later than August 14, 2019. He will succeed William D. Johnson, who is retiring from his position with TVA.

Mr. Lyash, age 57, has been the President and Chief Executive Officer of Ontario Power Generation Inc. ("OPG"), an electric utility, since August 2015. Prior to joining OPG, Mr. Lyash served as the President of the Power Business Unit of Chicago Bridge & Iron Company N.V., an engineering, procurement, and construction company, from July 2013 to August 2015, as Executive Vice President of Energy Supply for Duke Energy Corporation, an electric utility, from July 2012 to December 2012, and as Executive Vice President of Energy Supply for Progress Energy, Inc. ("Progress Energy"), an electric utility, from June 2010 to July 2012. Mr. Lyash joined Progress Energy (formerly Carolina Power & Light Company) in 1993 and held a number of other positions before assuming the role of Executive Vice President of Energy Supply, including Executive Vice President of Corporate Development from July 2009 to June 2010, President and Chief Executive Officer of Progress Energy Florida, Inc., from June 2006 to July 2009, Senior Vice President of Energy Delivery for Progress Energy Florida, Inc., from November 2003 to June 2006, and Vice President of Transmission for Progress Energy Carolinas, Inc., from January 2002 to October 2003. He also held a wide range of management and executive roles in Progress Energy's nuclear program, including Operations Manager, Engineering Manager, Plant Manager, and Director of Site Operations. Mr. Lyash began his career in the utility industry in 1981 and worked for Pennsylvania Power & Light before joining the U.S. Nuclear Regulatory Commission ("NRC"), where he worked from 1984 to 1993. While at the NRC, Mr. Lyash held a number of senior technical and management positions and also worked from June 1984 to May 1985 as an engineer at Browns Ferry Nuclear Plant while on loan to TVA. Mr. Lyash has served as a director for the Electric Power Research Institute ("EPRI") since 2015 and is currently Chair of the EPRI Board, and he has served as a director for Granite Construction Inc. since June 2018.

Mr. Lyash will receive an annual salary of \$920,000. He will be a participant in TVA's Executive Annual Incentive Plan ("EAIP") with a target annual incentive opportunity of 150 percent of his annual salary. He will be eligible for an EAIP award for fiscal year 2019 as long as he commences employment by June 30, 2019, and the amount of the award will be prorated based on the number of months he is employed during the fiscal year, and based on individual and corporate performance.

Mr. Lyash will also be a participant in TVA's Long-Term Incentive Plan ("LTIP"). Under the long-term performance ("LTP") component of the LTIP, Mr. Lyash's target grant opportunity will be 220 percent of his annual salary on his commencement date. Effective October 1, 2019, Mr. Lyash will receive an initial LTP grant of \$2,024,000 for the three-year performance cycle ending on September 30, 2021, and will also receive an LTP grant of \$2,024,000 for the three-year performance cycle ending on September 30, 2022. Under the long-term retention ("LTR") component of the LTIP, Mr. Lyash's target opportunity will be 95.2 percent of his annual salary beginning in fiscal year 2020. Based on an annual salary of \$920,000, Mr. Lyash will receive an LTR grant of \$876,000 for the three-year retention period ending on September 30, 2022, and the grant will vest in one-third increments as long as Mr. Lyash remains employed by TVA on the applicable vesting dates: \$292,000 on September 30, 2020, \$292,000 on September 30, 2021, and \$292,000 on September 30, 2022.

Mr. Lyash will also be a Tier 1 participant in TVA's Supplemental Executive Retirement Plan ("SERP"). The prior employer offset will be waived, and the qualified plan offset will be calculated based on the pension benefit he would be eligible to receive as a participant in TVA's 401(k) plan. At the commencement of his employment, Mr. Lyash will be granted five years of credited service for calculating his SERP benefit. In the event of involuntary termination except for cause prior to five years of actual service, the vesting requirement will be waived and he will be entitled to the additional five years of granted credited service plus his actual years of service for calculating his SERP benefit. In the event of termination for cause or voluntary termination for any reason prior to five years of actual service, the vesting requirement will be waived and his SERP benefit will be calculated based on a total of five years of credited service. After five years of actual service with TVA, he will be granted five additional years of credited service for a total of 15 years of credited service for calculating his SERP benefit. In the event of termination for cause or voluntary termination for any reason after five years of actual service, his SERP benefit will be calculated based on a combined total of his actual years of service and the additional granted 10 years of credited service. Except for and subject to the vesting and other conditions stated above, in the event of termination (other than termination for cause), his termination will be considered an approved termination under

SERP and a benefit equal to that calculated for an approved termination will be payable upon termination according to the terms of the plan.

In connection with his move to Knoxville, Tennessee, TVA will pay for the actual and reasonable travel and moving expenses for Mr. Lyash and his immediate family. These relocation benefits must be repaid to TVA in full if, within one year of the effective date of his employment, (1) he voluntarily terminates his employment, unless the separation is for reasons beyond his control and acceptable to TVA, or (2) he is terminated for cause.

Mr. Lyash will also receive a recruitment and relocation incentive of \$1,784,000, which will vest and be paid in three installments as long as Mr. Lyash remains employed by TVA on the applicable vesting dates: \$400,000 on September 30, 2019, \$1,092,000 on September 30, 2020, and \$292,000 on September 30, 2021.

TVA will provide Mr. Lyash a sign-on bonus payment of \$380,000, which will be paid as soon as practical following the commencement of his employment. The sign-on bonus payment must be repaid in full to TVA if, within one year of the effective date of his employment, (1) he voluntarily terminates his employment, unless the separation is for reasons beyond his control and acceptable to TVA, or (2) he is terminated for cause.

In the event TVA terminates Mr. Lyash's employment without cause, TVA will pay him a lump-sum payment in an amount equal to one year's annual salary and one year's EAIP incentive based on 100 percent of his target opportunity.

There are no family relationships between Mr. Lyash and any director, executive officer, or person nominated or chosen to become a director or executive officer of TVA. Mr. Lyash does not have a direct or indirect material interest in any transaction or arrangement in which TVA is a participant other than in connection with his employment as described in this report.

Item 9.01 Financial Statements and Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.1	Offer Letter to Jeffrey J. Lyash Approved as of February 14, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Tennessee Valley Authority
(Registrant)

Date: February 14, 2019

/s/ John M. Thomas, III

John M. Thomas, III
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

This exhibit is filed pursuant to Item 5.02 hereof.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.1	Offer Letter to Jeffrey J. Lyash Approved as of February 14, 2019

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Section 2: EX-10.1 (EXHIBIT 10.1)

EXHIBIT 10.1

Board of Directors

February 4, 2019

Mr. Jeffrey J. Lyash
1104-25 Scrivener Square
Toronto, ON, Canada M4W 3Y6

Dear Jeff:

I am pleased to provide this proposal for the terms under which you would assume the position of President and Chief Executive Officer of the Tennessee Valley Authority ("TVA"). This offer and the initial terms of your compensation set forth herein, if accepted by you, are subject to formal approval by the TVA Board of Directors and are not final until such approval.

Your commencement date as President and Chief Executive Officer will be no later than August 14, 2019, with your best effort to start sooner. Upon employment in this position, TVA will provide you an annual salary of \$920,000, which will be payable on a bi-weekly basis.

Additionally, you will be included as a participant in TVA's Executive Annual and Long-Term Incentive Plans. Under the Annual Incentive Plan, your target annual incentive opportunity will be 150 percent of your annual salary beginning in fiscal year 2019 (October 1, 2018 through September 30, 2019), as long as you commence employment by June 30, 2019. The actual calculated award amount will be prorated based on the number of months you are employed during the fiscal year and on achievement of goals established at the beginning of the performance period. Your annual incentive awards as calculated are then subject to adjustment at the discretion of the Board based on its review of your individual performance during the fiscal year.

Under the Long-Term Incentive Plan, performance and retention awards are granted annually on October 1st for three-year periods. Your annual Long-Term Performance grant target opportunity will be 220 percent of your commencement date annual salary. Effective October 1, 2019, you will receive a Long-Term Performance grant of \$2,024,000 for the FY 2019 - FY 2021 performance cycle which is equivalent to 2/3 of an initial employment grant of \$3,036,000. The actual calculated award amount will be based on company's performance and on achievement of goals established at the beginning of the performance period. Eligibility for each award payment requires that you be employed by TVA on the

vesting date for that payment.

Effective October 1, 2019, you will also receive a Long-Term Performance grant of \$2,024,000 for the FY 2020 - FY 2022 performance cycle. The full amount will vest on September 30, 2022. The actual calculated award amount will be based on achievement of goals established at the beginning of the performance period. Eligibility for each award payment requires that you be employed by TVA on the vesting date for that payment.

Your annual Long-Term Retention target opportunity will be 95.2 percent of your annual salary beginning in fiscal year 2020 (October 1, 2019 through September 30, 2020). Based on an annual salary of \$920,000, you will receive a Long-Term Retention grant of \$876,000 for the three-year period FY 2020 - FY 2022. This grant will vest in 1/3 increments: \$292,000 on September 30, 2020, \$292,000 on September 30, 2021,

and \$292,000 on September 30, 2022. Eligibility for each award payment requires that you be employed by TVA on the vesting date for that payment.

Annual and long-term performance incentive awards are generally paid out in the first quarter of the fiscal year following the fiscal year in which they are earned.

The Board on an annual basis will review all of the compensation elements set forth above at the beginning of each fiscal year. Following such annual review, the Board may approve adjustments to your compensation for such fiscal year based on a number of factors and considerations, which may include individual and corporate performance during the previous fiscal year and changes in chief executive benchmark compensation within TVA's peer group.

Due to the nature of this position, you will also be included as a participant in TVA's Supplemental Executive Retirement Plan (SERP) at the Tier 1 level with the following provisions:

- The "Prior Employer Offset" will be waived.
- The "Qualified Plan Offset" will be calculated based on the pension benefit you would be eligible to receive as a participant in TVA's 401 (K) plan.

At the commencement of your employment with TVA, you will be granted five years of credited service for calculating your SERP benefit. In the event of involuntary termination except for cause prior to 5 years of actual service, the vesting requirement will be waived and you will be entitled to the additional five years of granted credited service plus your actual years of service for calculating your SERP benefit. In the event of termination for cause or voluntary termination for any reason prior to five years of actual service, the vesting requirement will be waived and your SERP benefit will be calculated based on a total of five years of credited service.

After five years of actual service with TVA, you will be granted five additional years of credited service for a total of 15 years of credited service for calculating your SERP benefit. In the event of termination for cause or voluntary termination for any reason after five years of actual service, your SERP benefit will be calculated based on a combined total of your actual years of service and the additional granted 10 years of credit service.

Except for and subject to the vesting and other conditions stated above, in the event of termination (other than if you are terminated for cause as defined below), your termination will be considered an approved termination under the SERP and a benefit equal to that calculated for an "Approved Termination" will be payable upon termination according to the terms of the plan.

At your request, we will provide a general outline of how the SERP calculation works for you to use in your consideration of this offer.

In connection with your move to TVA's headquarters in Knoxville, Tennessee, TVA will pay for the actual and reasonable travel and moving expenses, including home closing costs, for you and your immediate family. TVA's relocation services program will also be available to assist you in the sale of your present home. These relocation benefits must be repaid in full to TVA if, within one year of the effective date of your employment, (i) you voluntarily terminate employment unless the separation is for reasons beyond your control and acceptable to TVA, or (ii) if you are terminated for cause.

Mr. Jeffrey J. Lyash
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February 4, 2019

In addition to relocation benefits, TVA will provide you a recruitment and relocation incentive of \$1,784,000, which will vest and be paid to you in three installments, \$400,000 on September 30, 2019, \$1,092,000 on September 30, 2020 and \$292,000 on September 30, 2021, less any applicable taxes and withholdings. Eligibility for each installment requires that you be employed by TVA on the vesting date for that payment.

TVA will provide you a sign-on bonus payment in the total amount of \$380,000, which will be paid to you in one lump sum payment, less any applicable taxes and withholdings. The payment of \$380,000 will be made as soon as practical following the commencement of your employment. The sign-on bonus payment must be repaid in full to TVA if, within one year of the effective date of your employment, (i) you voluntarily terminate employment unless the separation is for reasons beyond your control and acceptable to TVA, or (ii) you are terminated for cause.

In the event TVA terminates your employment without cause, TVA will pay you a lump-sum payment in an amount equal to one year's annual salary and one year's executive annual incentive based on 100 percent of your target opportunity. In such event, this lump-sum will be paid to you within sixty (60) days following your separation from service. For purposes of this provision, termination without cause includes constructive termination which will be deemed to occur if you terminate your employment because you are asked to take a new position with TVA with a material reduction in level of authority, duties, compensation, and benefits. This provision shall not apply, and no lump-sum payment will be made, in the event you voluntarily terminate your employment, voluntarily retire, or your employment is terminated "for cause" (as defined below).

For purposes of this offer letter, termination "for cause" shall be defined as termination as a result of any act on your part resulting in or involving any of the following: (1) insubordination, intentional neglect of duties, or refusal to cooperate with investigations of your or TVA's business practices; (2) criminal indictment or conviction of a felony or crime of moral turpitude; or (3) misconduct involving dishonesty, fraud, or gross negligence that directly results in significant economic or reputational harm to TVA.

You will be entitled to annual leave accrued at the initial rate of six (6) hours per pay period, sick leave accrued at the rate of six (6) hours per pay period, and paid holidays in accordance with applicable Federal leave laws and laws establishing Federal holidays contained in Title V of the United States Code. In your capacity as President and Chief Executive Officer, it is recognized that you will be required to work outside and beyond normal work hours. Accordingly, administrative leave for additional time off may be made available as agreed upon between you and the Chair of the Board.

During your employment, you will be eligible to participate in all TVA-sponsored employee benefits plans and qualified retirement plans available to new management and specialist employees at TVA. Information and materials regarding these plans, including the benefits provided under them, will be provided to you. Your employment will be subject to the usual employment procedures and satisfactory results of a security investigation, which will include a drug screen. This position will also require, and is subject to your receiving, a top-secret security clearance and a nuclear security/safeguards clearance.

Jeffrey J. Lyash
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February 4, 2019

You have informed the Board that you currently serve as a member of the Board of Directors of one outside publicly traded company. As the President and CEO of TVA, your membership on a board (whether in your personal or official capacity, and whether paid or unpaid) is subject to various provisions of federal law, standards of conduct, TVA's Code of Conduct, and the Board's Conflict of Interest Policy. The Board is willing to consider permitting you to remain on the Board of this outside publicly traded company while you are President and CEO of TVA, subject to the Chair's determination that your service is and remains consistent with all applicable federal law, standards of conduct, TVA's Code of Conduct, and the Board's Conflict of Interest Policy.

If you have questions, or if I can be of assistance in any way, please do not hesitate to call me. We look forward to your acceptance and, subject to approval of the TVA Board of Directors, your joining the TVA team.

Please sign below indicating your acceptance of this offer.

Sincerely,

/s/ Richard C. Howorth
Richard C. Howorth
Chair

/s/ Jeffrey J. Lyash
Jeffrey J. Lyash

February 5, 2019
Acceptance Date

Date of Approval by TVA Board of Directors

February 14, 2019
Date

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