TVA Board Focuses on Strengthening Tennessee Valley Public Power

KNOXVILLE, Tenn. — The Tennessee Valley Authority board of directors approved a number of forward-looking actions designed to add flexibility and stability to the public power model serving more than 10 million people in TVA’s service territory at its meeting in Knoxville.

The board approved both an FY20 budget that does not increase wholesale power rates and sets a new strategic direction through 2030, and an updated Integrated Resource Plan that provides directional guidance for meeting the Tennessee Valley’s energy needs for the next 20 years.

“Since 2013, we’ve been focused on strengthening our financial foundation to allow us to better meet future needs,” said TVA President and CEO Jeff Lyash. “Through hard work and dedication to that goal, we’ve achieved many of our 10-year goals in only six years, which allows us to keep our wholesale rates steady.”

The $10.59 billion FY20 budget continues to emphasize efficiency and operational excellence while balancing investments existing assets, new capabilities and debt reduction.

“Our success to this point has come from a disciplined approach to how we run our business, which has allowed us to reduce our debt to its lowest point in 25 years and still invest in our generation and transmission system,” said TVA Chief Financial Officer John Thomas. “That same financial discipline will now allow us to maintain stable rates through 2030 and implement the initiatives recommended by the IRP.”

TVA’s updated IRP looks forward 20 years and calls for a continued reduction in TVA’s carbon footprint partially through the inclusion of up to 14 gigawatts of new solar capacity by 2038.

“The energy market continues to evolve and the IRP helps provide us flexible ways to keep delivering safe, reliable and cleaner power at the lowest feasible cost while supporting efficient use of energy,” said Lyash. “More importantly, the IRP reflects the collective thoughts and suggestions of the more than 1,200 people who commented on the plan, as well as the hundreds more who attended public meetings and webinars – all individuals who will directly benefit from the improvements the IRP recommends.”

The board also approved two actions that will further strengthen the Tennessee Valley public power model. The first is the adoption of a long-term partnership agreement
option between TVA and local power companies to better provide competitive rates and the flexibility to meet changing market needs.

A second board-approved initiative modifies TVA’s regulatory policies to provide local power companies options in financing investments to support broadband while maintaining oversight to ensure electric system operations do not subsidize other utility functions.

“For 86 years, our unique public power partnership has successfully served the needs of the people and, as those needs change, we must have the right tools to take advantage of new opportunities,” said Lyash.

In other business, the board approved:

- FY20 corporate performance goals and scorecards that continue to emphasize safety, financial health, operational excellence and economic development.
- Final FY19 tax equivalent payments to the eight states impacted by TVA’s operations that are 4.6 percent higher than FY18.
- Authority for TVA to issue power bonds and enter into other financial arrangements.
- An agreement to provide over 100 megawatts of firm power to an existing directly served customer.
- Modifications to TVA’s large generator interconnection procedures.
- Changes to TVA’s performance-driven compensation plans to better align with industry standard metrics and goals.
- Selection of an external auditor for FY20.

The Tennessee Valley Authority is a corporate agency of the United States that provides electricity for business customers and local power distributors serving nearly 10 million people in parts of seven southeastern states. TVA receives no taxpayer funding, deriving virtually all of its revenues from sales of electricity. In addition to operating and investing its revenues in its electric system, TVA provides flood control, navigation and land management for the Tennessee River system and assists local power companies and state and local governments with economic development and job creation.

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