



NEWS RELEASE

TVA Delivers Strong Financial Results and Strengthens Partnerships in FY 2019

KNOXVILLE, Tenn. — The Tennessee Valley Authority reported \$11.3 billion in operating revenues for fiscal year 2019, a one percent increase over fiscal year 2018. The financial performance reflected lower sales based on overall milder weather in 2019 than in 2018, and lower fuel cost recovery revenues, offset by higher base rates.

“TVA’s success at reducing costs and reducing debt while investing in cleaner generation is paying off”, said Jeff Lyash, TVA’s president and chief executive officer. “TVA delivered another year of financial and operational successes, maintaining high reliability for our customers in 2019 while making important investments for the future.”

TVA’s total operating expenses in fiscal year 2019 were 2 percent lower in 2019 than in 2018, driven by lower fuel expense and lower depreciation and amortization expense. TVA’s fuel and purchased power expense was four percent lower in 2019 than in 2018, due to a \$153 million decrease in fuel expense. Lower natural gas prices and increased hydroelectric generation helped lower fuel expenses. TVA’s depreciation and amortization expense was \$554 million lower in 2019 than in 2018, primarily due to a \$1.1 billion decrease in amortization of deferred nuclear generating units and nuclear training costs regulatory assets from the previous year.

Operating and maintenance expense was \$492 million higher in 2019 than in 2018, primarily due to:

- \$266 million of accelerated recovery of deferred environmental costs.
- \$170 million of project write-offs and inventory write-offs and reserves related to the anticipated retirement of certain generating units.
- \$39 million of increased outage expense due to additional planned nuclear outage days.

Interest expense was \$45 million, or four percent, lower in 2019 than in 2018, reflecting lower short-term and long-term debt balances.

“TVA’s debt is the lowest level in almost 30 years, and we have taken the actions necessary to keep power rates stable for customers going forward,” said John Thomas, TVA’s chief financial officer. “Our success in recent years is inspiring our customers to enter long-term partnership agreements with TVA, demonstrating strong confidence in our shared future and the public power model.”

Additional highlights of TVA’s fiscal year 2019 include:

- Net income of \$1.4 billion, an increase of 27 percent from 2018.
- At its August 2019 meeting, the TVA Board approved a 20-year Partnership Agreement option that better aligns the length of local power company contracts with TVA’s long-term

commitments. Participating LPCs will receive benefits including a 3.1 percent wholesale bill credit in exchange for their long-term commitment, which enables TVA to recover its long-term financial commitments over a commensurate period.

- At its August 2019 meeting, the TVA Board also approved TVA's new Integrated Resource Plan, which will provide direction on how to best meet future electricity demand so that TVA can continue to provide low-cost, reliable electricity, support environmental stewardship, and spur economic development in the Tennessee Valley over the next 20 years.
- TVA's economic development efforts continue to attract and encourage the expansion of business in the Tennessee Valley, with over \$8.9 billion in investments and approximately 66,500 jobs created or retained in fiscal year 2019.
- As of September 30, 2019, TVA had completed all physical work for the Extended Power Uprate project at Browns Ferry nuclear plant, which will add 465 megawatts to the generation capacity of the plant.

| Selected Financial Data – Twelve Months Ended September 30 | | |
|---|-------------|-------------|
| Sales, Revenues & Expenses | 2019 | 2018 |
| Sales (millions of kWh) | 158,443 | 160,338 |
| Operating Revenues (\$ millions) | \$ 11,318 | \$ 11,233 |
| Fuel & Purchased Power Expense | 2,903 | 3,022 |
| Operating & Maintenance Expense | 3,090 | 2,598 |
| Interest Expense | 1,198 | 1,243 |
| Net Income | \$ 1,417 | \$ 1,119 |
| Net Cash Provided by / (Used in) (\$ millions) | | |
| Operating Activities | \$ 3,720 | \$ 3,938 |
| Investing Activities | (2,243) | (2,269) |
| Financing Activities | (1,477) | (1,658) |

TVA executive management will host a conference call to discuss fourth quarter fiscal year 2019 results at 9:15 a.m. ET, on Friday, Nov. 15. The event will be conducted as a webcast and as a dial-in teleconference. Participants will be able to hear the discussion and see slides via webcast, but will need telephone access to ask questions. Pre-registration for the conference call is required. Please click [here](#) to pre-register. Once pre-registered, the dial-in number will be

provided via an email. If you are unable to pre-register, you may access the conference call by dialing toll free 844-308-6432 in the United States, or 412-717-9611 outside the United States.

A replay will be available one hour after the end of the conference call until 9:30 a.m. ET, Dec. 15, by calling toll free 877-344-7529 in the United States or 412-317-0088 outside the United States and using the conference number 10135504. A webcast replay and transcript will also be available for one year on TVA's website at <http://www.tva.com/investors>.

TVA's annual report on Form 10-K provides additional financial, operational and descriptive information, including audited financial statements for the year ended Sept. 30, 2019. TVA's annual report and other SEC reports are available without charge on TVA's website at <http://www.tva.com/investors>, on the SEC's website at <http://www.sec.gov>, or by calling TVA toll free at 888-882-4975.

This release may contain forward-looking statements relating to future events and future performance. Although TVA believes that the assumptions underlying these statements are reasonable, numerous factors could cause actual results to differ materially from those in the forward-looking statements. Please refer to TVA's most recent annual report on Form 10-K and quarterly report on Form 10-Q for a discussion of factors that could cause actual results to differ from those in the forward-looking statements.

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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