



Third Quarter Fiscal Year 2019 Conference Call

August 2, 2019

Introduction



Tammy Wilson
Vice President, Treasurer &
Chief Risk Officer

Agenda

Third Quarter Fiscal Year 2019 Review

> Jeff Lyash, President & Chief Executive Officer

Review of Financial Performance

> John Thomas, Executive Vice President & Chief Financial Officer

Question and Answer Session

Closing Remarks

“Safe Harbor” Statement

This document contains forward-looking statements relating to future events and future performance. All statements other than those that are purely historical may be forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “project,” “plan,” “predict,” “assume,” “forecast,” “estimate,” “objective,” “possible,” “probably,” “likely,” “potential,” “speculate,” or other similar expressions. Although TVA believes that the assumptions underlying the forward-looking statements are reasonable, TVA does not guarantee the accuracy of these statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements. For a discussion of these factors, please see the annual, quarterly, and periodic reports that TVA files with the Securities and Exchange Commission. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the extent to which any factor or combination of factors may impact TVA’s business or cause results to differ materially from those contained in any forward-looking statement. TVA undertakes no obligation to update any forward-looking statement to reflect developments that occur after the statement is made.

Third Quarter Fiscal Year 2019 Review



Jeff Lyash
President &
Chief Executive Officer

Collaborating with our Stakeholders

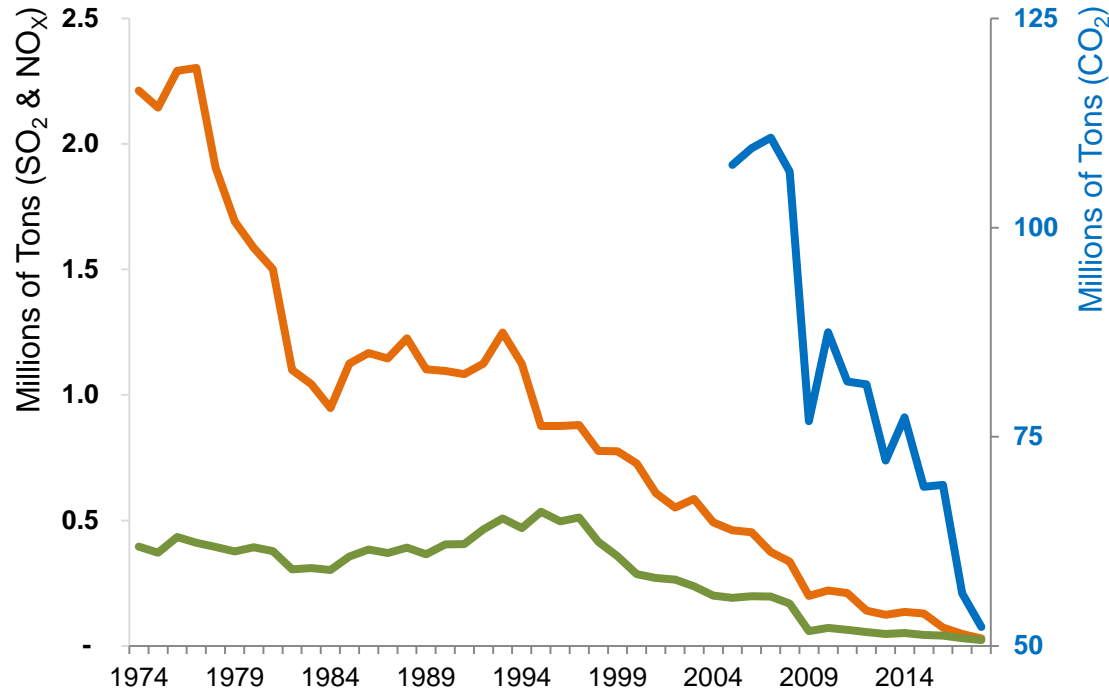


Key Achievements & Updates



Cleaner Energy in the Valley

Emissions from TVA-Owned Generation



Emissions data reported on a calendar year basis

CO₂

51%
from 2005

SO₂

99%
from 1977
peak

NO_x

96%
from 1995
peak

Integrated Resource Plan Update

Over the next

20

YEARS

4 to 9 GW

SOLAR additions (nameplate)



Up to **3 GW**
STORAGE

additions

All portfolios point to a **TVA power system** that will be

LOW COST, **RELIABLE**, and **CLEAN**

2 to 16 GW

NATURAL GAS

additions



Evaluation of **additional coal and gas retirements**

Projected **70%**



in **CO₂** Intensity (lbs/MWh)

Average results from 2005 baseline

Economic Development Results

FYTD Results

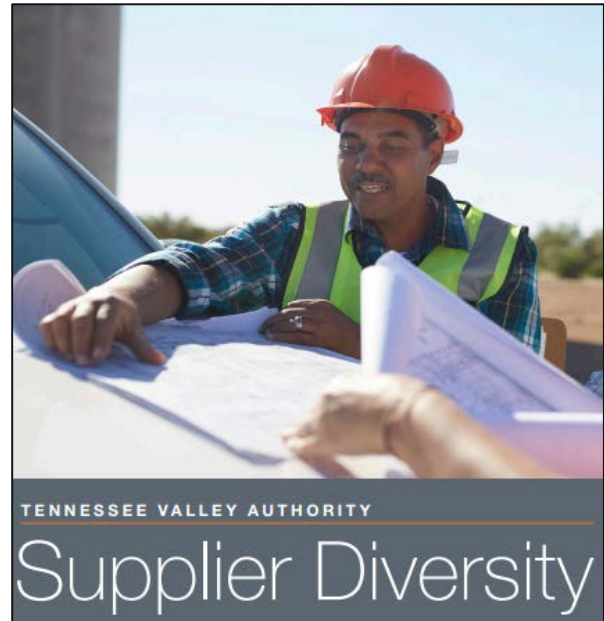
58,500+ jobs

Created or Retained

\$8 billion+

Invested

Supporting Suppliers



Review of Financial Performance



John Thomas
Executive Vice President &
Chief Financial Officer

Summary of Financial Results

For Nine Months Ended June 30, 2019 - Comparison to Prior Year

Operating revenues essentially flat

Driven by lower sales caused by milder weather

Operating expenses higher

Driven by noncash items

Interest expense lower

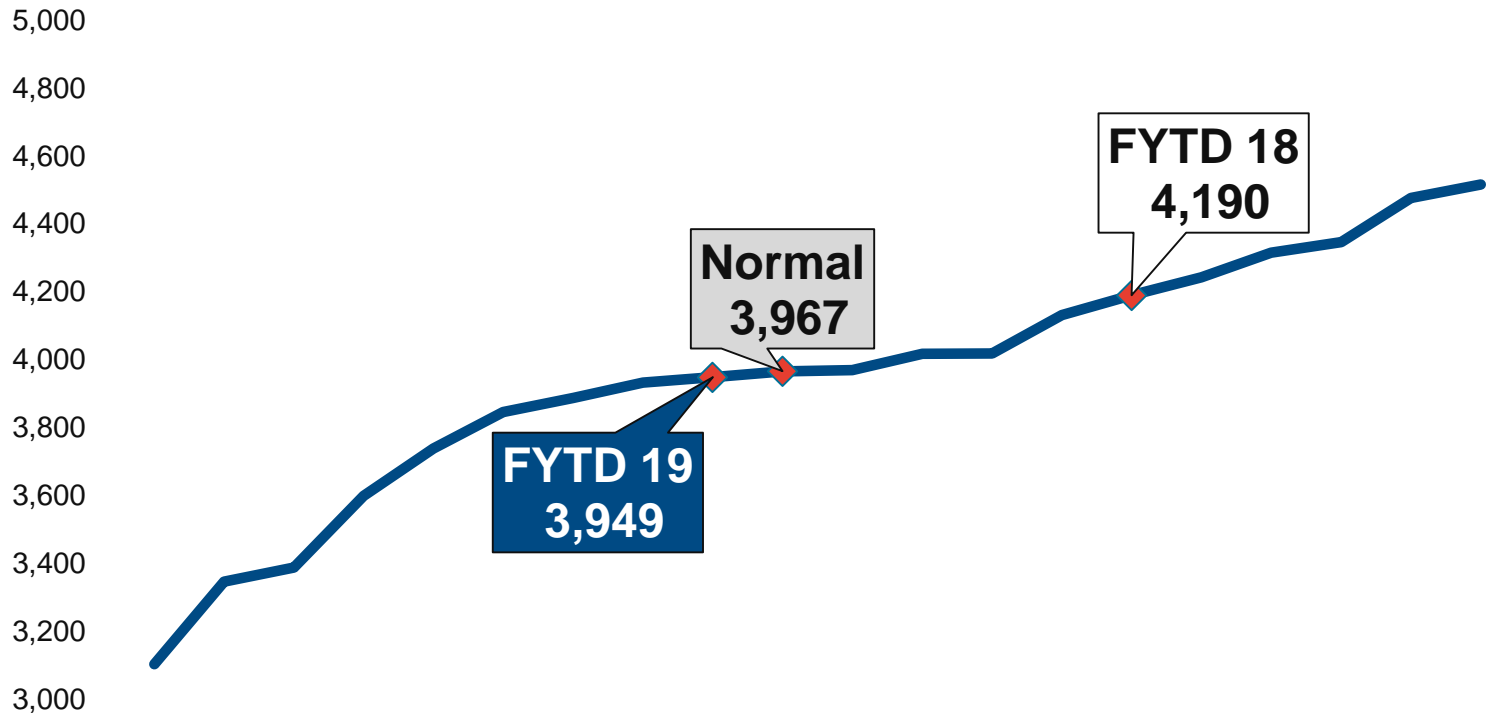
Driven by lower debt

Net income lower

Driven by noncash items

Closer to Normal Weather

FYTD *total* degree days slightly below normal and 6% lower than the prior year



Sales & Revenue

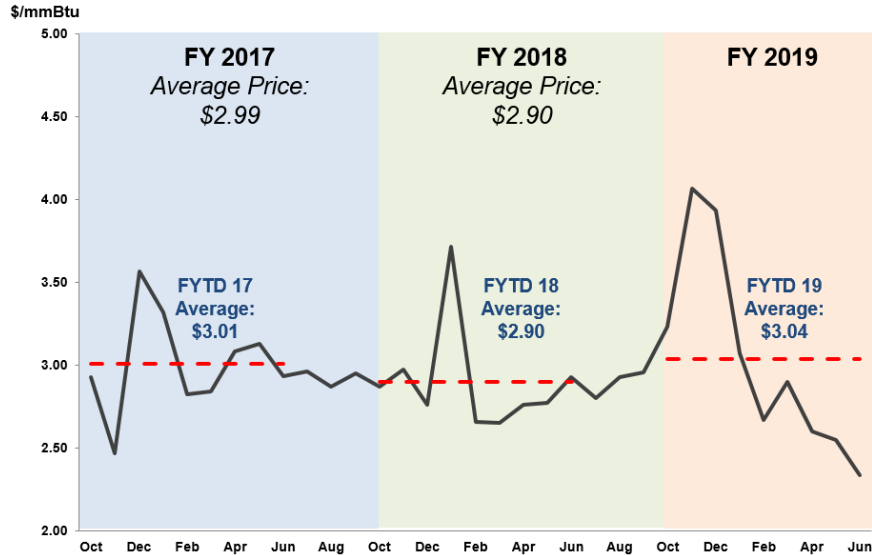
Nine Months Ended June 30	2019	2018	Change	Percent Change
Power Sales (GWh)	113,609	115,968	(2,359)	(2)%
Total Operating Revenues (\$ millions)	\$ 8,079	\$ 8,048	\$ 31	0 %
Base Revenue	5,894	5,777	117	2 %
Fuel Cost Recovery	2,061	2,148	(87)	(4)%
Average Base Rate (¢/kWh)	5.19	4.99	0.20	4 %
Average Fuel Rate	1.82	1.86	(0.04)	(2)%
Total Effective Rate*	7.01	6.85	0.16	2 %

* Excludes other revenue and off-system sales impact; *total* effective rate numbers based on unrounded base and fuel rates

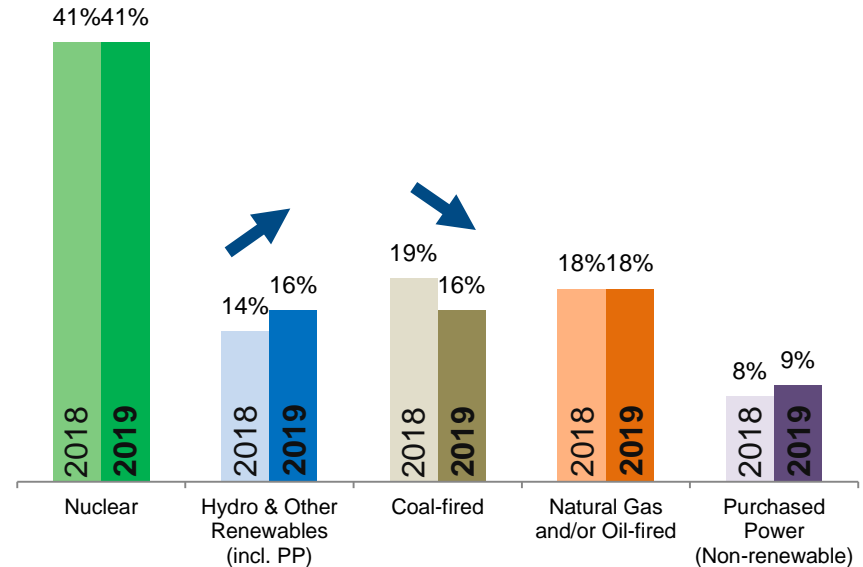
Power Supply Summary – FYTD

58% of power from carbon-free sources

Natural Gas Prices



FYTD Power Supply by Source



Expenses & Net Income

Nine Months Ended June 30	2019	2018	Change	Percent Change
Total Operating Revenues (\$ millions)	\$ 8,079	\$ 8,048	\$ 31	0 %
Fuel & Purchased Power Expense	\$ 2,134	\$ 2,204	\$ (70)	(3)%
Operating & Maintenance Expense	2,289	1,881	408	22 %
Bull Run & Paradise Write-Offs	160	-	160	-
Accel. Recovery of Kingston Environmental Costs	162	-	162	-
Operating & Maintenance excl. Additional Items [†]	1,967	1,881	86	5 %
Depreciation & Amortization	1,387	1,263	124	10 %
Tax Equivalents	396	379	17	4 %
Interest Expense	902	942	(40)	(4)%
Net Income*	\$ 829	\$ 1,220	\$ (391)	(32)%

* Net income includes Other income (expense), net and Other net periodic benefit cost

[†] See Appendix - Regulation G Reconciliation

Cash Flow & Balance Sheet Metrics

Nine Months Ended June 30			
Net Cash Provided by / (Used in) (\$ millions)	2019	2018	Change
Operating Activities	\$ 2,479	\$ 2,537	\$ (58)
Investing Activities	(1,533)	(1,546)	13
Financing Activities	(945)	(979)	34

Select Balance Sheet Metrics⁽¹⁾			
(\$ millions)	Jun. 30	Sept. 30	Change
	2019	2018	
Total Debt and Other Financing Obligations ⁽²⁾	\$ 23,362	\$ 24,281	\$ (919)

(1) See Appendix - Regulation G Reconciliation

(2) Statutory Debt balance that counts towards TVA's \$30 billion debt ceiling was \$21.9 billion at 6/30/19

Recap of Financial Results

For Nine Months Ended June 30, 2019 - Comparison to Prior Year

Operating revenues essentially flat

Operating cash flow and debt reduction consistent with prior year



Questions

Appendix

Regulation G Reconciliation

	June 30, 2019	September 30, 2018
Operating & Maintenance Expense excluding Additional Items	\$ 1,967	
<i>(for the nine months ended June 30, 2019)</i>		
Bull Run & Paradise write-offs	160	
Accelerated recovery of Kingston environmental costs	162	
Operating & Maintenance Expense	\$ 2,289	
Total Debt and Other Financing Obligations, gross ("TFO")	\$ 23,362	\$ 24,281
<i>(as of the date listed)</i>		
Energy prepayment obligations	-	(10)
Notes payable	(23)	(69)
Leaseback obligations	(263)	(301)
Membership interests of variable interest entity subject to mandatory redemption	(29)	(30)
Debt of variable interest entities	(1,157)	(1,175)
Bonds and Notes, gross	\$ 21,890	\$ 22,696
Exchange loss / (gain)	(167)	(147)
Unamortized discounts, premiums, issue costs, and other	(144)	(154)
Notes payable	23	69
Debt of variable interest entities	1,157	1,175
Total outstanding debt	\$ 22,759	\$ 23,639

Note: Numbers may be adjusted for rounding