

# **TVA** NEWS RELEASE

## **TVA reports second quarter fiscal year 2022 financial results**

- TVA's diversified generation portfolio helped maintain low energy rates despite higher fuel prices
- Economic growth served as the primary driver for agency's approximately 2% increase in energy sales the first half of the year
- Customers continue to benefit from the lowest debt balance in over 30 years

KNOXVILLE, Tenn. — The Tennessee Valley Authority reported strong financial results and increased energy sales for the second quarter of fiscal year 2022. With \$5.5 billion in total operating revenues on 78 billion kilowatt-hours of electricity sales for the six months ended Mar. 31, 2022, the agency continues to deliver quality service to customers while maintaining low rates.

Total operating revenues increased 12% over the same period last year primarily due to an increase in fuel cost recovery revenue driven mainly by higher fuel rates.

Sales of electricity increased approximately 2% compared to the same period of the prior year. The increase in sales volume was primarily driven by economic growth in the Tennessee Valley.

"While the cost of providing highly reliable service is increasing, TVA's diverse, robust, and increasingly clean energy system continues to provide a significant advantage for those we serve," said Jeff Lyash, TVA president and CEO. "Fifty-seven percent of TVA's energy comes from carbon-free sources -- nuclear, hydroelectric and renewable energy, which provides a major source of price stability."

Fuel and purchased power expense increased \$554 million in the first half of 2022 over the same period of the prior year, primarily due to higher fuel prices. Depreciation and amortization expense increased \$263 million primarily due to a change in depreciation rates following an updated depreciation study. The study included planning assumptions

that potentially retire the remainder of TVA's coal-fired fleet by 2035. Operating and maintenance expense increased by \$188 million over the same period last year. This was driven by a number of factors, including: an increase in nuclear, natural gas, and coal outage days; natural gas maintenance projects; routine nuclear maintenance work; labor escalation, and additional inventory reserves and write-offs.

Interest expense decreased by \$30 million for the six months ended Mar. 31, 2022 – a 5% decrease from the prior year – due to lower average rates and long-term debt balances.

“TVA continues to work together with local power companies to deliver energy at the lowest cost,” said John Thomas, TVA's chief financial and strategy officer. “TVA's effective wholesale rate remains the same rate as a decade ago, while our financial strength and stability has allowed TVA to give back over \$100 million in pandemic recovery credits to customers in just the first half of the year.”

TVA's net income was \$220 million for the first half of fiscal year 2022, which was \$420 million lower than the same period of the prior year due mainly to higher operating expenses.

*Additional highlights from TVA's second quarter fiscal year 2022 include:*

- TVA published its first ever Diversity, Equity, Inclusion and Accessibility (DEIA) report, which highlights TVA's progress and key programs to promote DEIA within its workforce and across the seven states it serves.
- TVA announced partnerships with Oak Ridge National Laboratory and Ontario Power Generation to help drive continued development in advanced nuclear technology, carbon capture, electric vehicle charging programs and other explorations to help meet decarbonization goals.
- As of May 11, 2022, 146 of 153 local power companies have long-term partnerships with TVA.

- Bill credits to local power company long-term partners totaled \$93 million for the first half of fiscal year 2022.
- In 2021, the TVA Board approved a 2.5% monthly base rate credit for all customers, the Pandemic Recovery Credit, which is effective for 2022. These pandemic credits apply to service provided to TVA's LPC's, their large commercial and industrial customers, and TVA directly served customers. For the six months ended March 31, 2022, pandemic credits totaled \$105 million, which is money staying in local communities to help with recovery efforts.
- In November 2021, the TVA Board approved a 1.5% extension of the Pandemic Recovery Credit for 2023, which is expected to be \$133 million.
- Rainfall and runoff in the Tennessee Valley during the first half of 2022 were 114% and 123% of normal, respectively.
- TVA's economic development efforts, combined with TVA's reliable, resilient, low-cost, and cleaner energy portfolio, continue to help attract and encourage the expansion of business and industries in the Tennessee Valley, with over \$7.3 billion in investments and more than 40,900 jobs created or retained through the second quarter of 2022.

Selected Financial Data – Six Months Ended March 31		
Sales, Revenues & Expenses	2022	2021
Sales (millions of kWh)	77,935	76,431
Operating Revenues (\$ millions)	\$ 5,467	\$ 4,876
Fuel & Purchased Power Expense	1,767	1,213
Operating & Maintenance Expense	1,547	1,359
Interest Expense	527	557
Net Income	220	640
<b>Net Cash Provided by / (Used in) (\$ millions)</b>		
Operating Activities	\$ 1,459	\$ 1,570
Investing Activities	(1,290)	(1,092)
Financing Activities	(166)	(480)

TVA's executive management team will host a conference call to discuss second quarter fiscal year 2022 results at 9:30 a.m. ET, on Thursday, May 12. 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, by calling toll free 877-344-7529 in the United States or 412-317-0088 outside the United States and using the conference number 7394331. A webcast replay and transcript will also be available for one year on TVA's website at <http://www.tva.com/investors>.

TVA's quarterly report on Form 10-Q provides additional financial, operational, and descriptive information, including unaudited financial statements for the quarter ended Mar. 31, 2022. TVA's quarterly 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 companies 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.

# # #

Media Contact: Jim Hopson, Knoxville, 865-632-8860  
TVA Media Relations, Knoxville, 865-632-6000  
[www.tva.com/news](http://www.tva.com/news)

Follow TVA news on [Facebook](#) and [Twitter](#)

Investor Relations: Tammy Wilson, Knoxville, 865-632-3366 or 888-882-4975  
Josh Carlon, Knoxville, 865-632-4133 or 888-882-4975  
<http://www.tva.com/investors>

(Distributed: May 12, 2022)