

First Quarter Fiscal Year 2023 Investor Webcast

January 31, 2023

Introduction



Tammy Wilson
Vice President, Treasurer &
Chief Risk Officer

Agenda

First Quarter Fiscal Year 2023 Review

- Jeff Lyash, President & Chief Executive Officer

Review of Financial Performance

- John Thomas, Executive Vice President & Chief Financial and Strategy 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,” the negative of such words, 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.

First Quarter Fiscal Year 2023 Review



**Jeff Lyash
President &
Chief Executive Officer**

Strategic Priorities

Focused on key priorities that will help TVA continue to achieve its mission



**Powerful
Partnerships**



**People
Advantage**



**Operational
Excellence**



**Igniting
Innovation**



**Financial
Strength**

Powerful Partnerships

TVA and Local Power Companies - delivering low cost, reliable power

- **96% of LPCs on 20-year agreements ***
 - **78% of revenues** for Q1 2023
 - **\$48 million partner credits** Q1 2023
 - Cumulative partner credits **total \$613 million**
- **81 partners with flexibility agreements ***
- **\$53 million pandemic credits** for all customers Q1 2023
 - **\$502 million total** pandemic-related credits through Q1 2023



*As of January 30, 2023



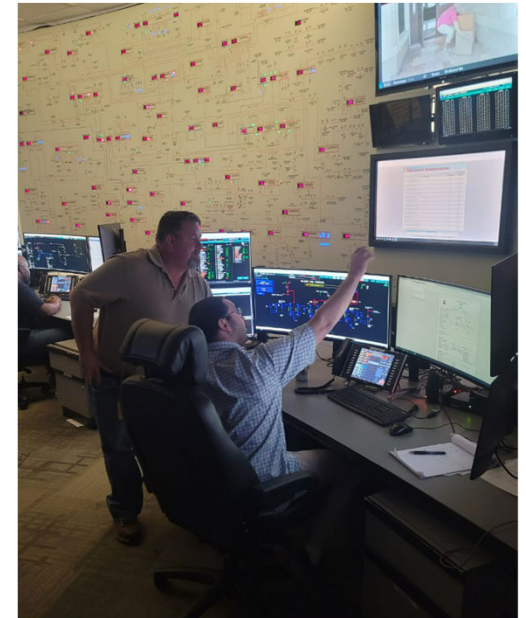
Winter Storm Elliott

TVA Power Demand Records Set:
Highest 24-hour demand (740 GWh)
Highest winter peak (33,427 MW)
Highest weekend peak demand

“There will be multiple lessons learned...that will inform future winter preparations. In addition to the load shedding in Tennessee and the Carolinas, multiple energy emergencies were declared and new demand records were set across the continent. This storm underscores the increasing frequency of significant extreme weather events...and underscores the need for the electric sector to change its planning scenarios and preparations for extreme events.” - *NERC President and CEO Jim Robb*

People Advantage

Amplifying the energy, passion, and creativity within each TVA employee



Operational Excellence

Building the Future...With Excellence

Evaluating resiliency learning opportunities

Diverse fleet keeping costs lower

56% of power from carbon-free sources Q1 FY2023

Executing Asset Strategy

Retirement of Cumberland Fossil Plant

5,000 MW Clean Energy RFP

Nuclear Top Quartile Fleet Performance



Operational Excellence - Major Projects

Significant investments to ensure a more resilient system

Reliable



Investments in Nuclear Fleet
Increasing reliability and resiliency to TVA's system

Resilient



System Operations Center
Keeping reliability high and costs low

Responsible



Clean Energy
Investing in a cleaner energy future

Igniting Innovation

Aggressively working to build the energy system of the future

Carbon reduction leadership

Adding 10,000 MW of solar by 2035

5,000 MW Clean Energy RFP

New Nuclear Program

Partnerships for advancing new technologies

Repurposing retired fossil plant sites

Powering an EV transformation



Leadership in Economic Development

FYTD 2023 Results



~21,700 Jobs

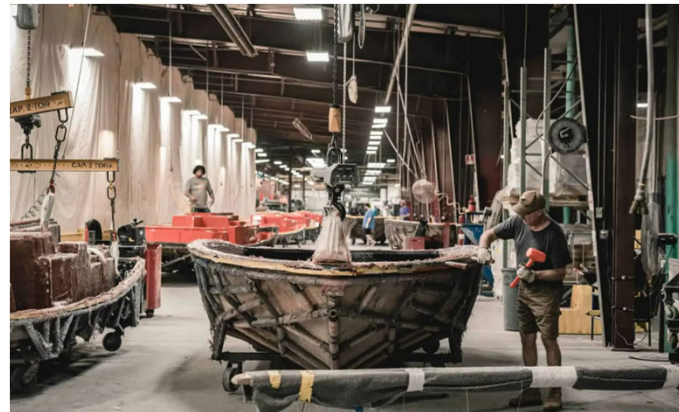
Expected to be Created & Retained



\$2.7 Billion+

Projected Capital Investment

Attract **new** companies and to engage **existing** businesses and industries to help them grow in a **sustainable way**



Review of Financial Performance



John Thomas
Executive Vice President &
Chief Financial and
Strategy Officer

Summary of Financial Results

For Three Months Ended December 31, 2022 - Comparison to Prior Year

Operating revenues 17% higher

Driven by higher fuel cost recovery revenue due to higher fuel rates and higher sales

Effective rates benefiting from stable base rates, credits, system

Base rate unchanged for FY23 (4th consecutive year in 2022)

Average base rate unchanged in Q1 from FY22 average 4.9 cents/kWh

Partners benefiting from credits, all customers benefiting from pandemic recovery credits

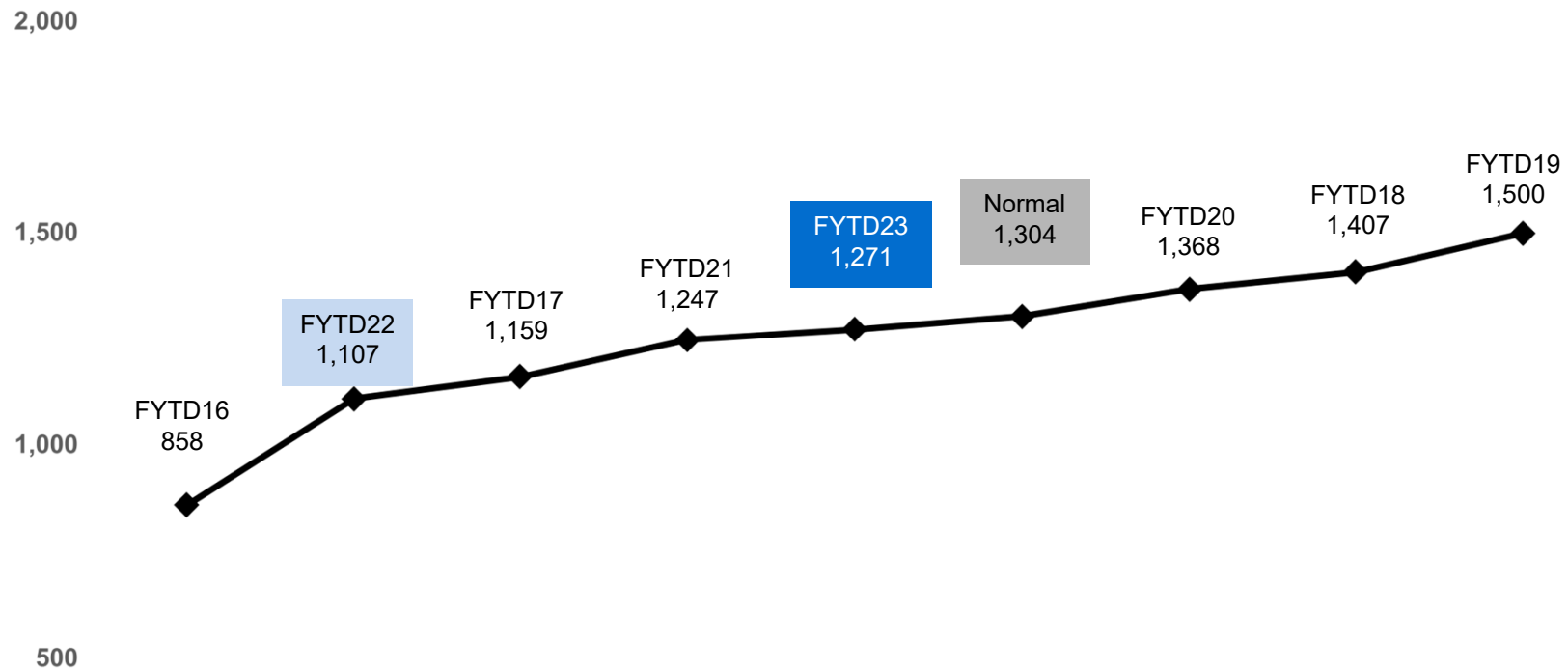
Diverse power system and TVA's hedging activities helping keep energy costs lower

Flat Interest expense

Driven by lower interest on long-term debt, offsetting higher short-term rates

Total Degree Days Below Normal

Overall FYTD weather closer to normal and 15% higher than the prior year



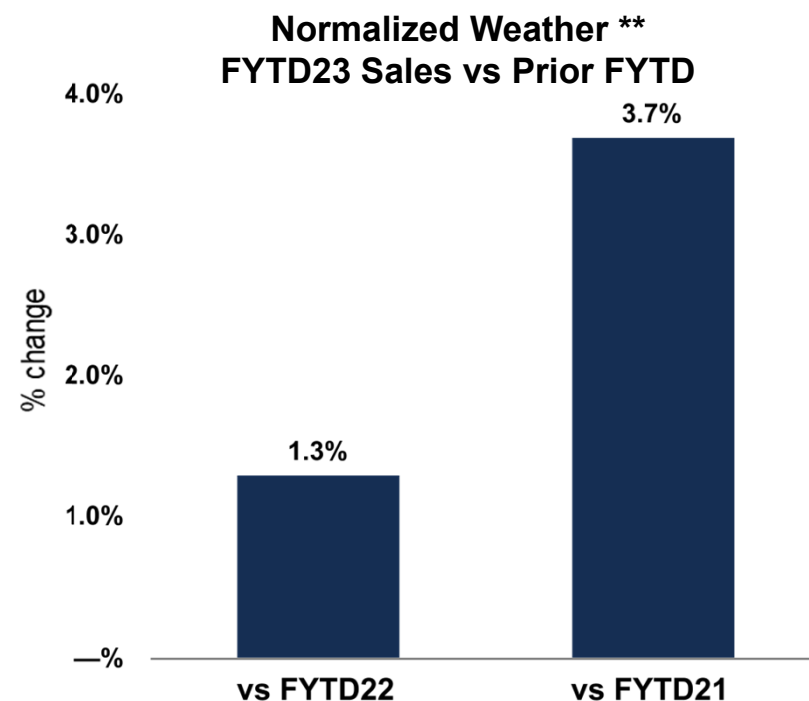
FY16 - FY17 data has been adjusted in order to incorporate a change in TVA's current calculation of total degree days

Sales & Revenue

Three Months Ended December 31	2022	2021	Change	Percent Change
Power Sales (GWh)	38,006	36,988	1,018	2.8 %
Total Operating Revenues (\$ millions)	\$3,015	\$2,583	\$432	16.7 %
Base Revenue	1,878	1,736	142	8.2 %
Fuel Cost Recovery	1,081	801	280	35.0 %
Average Base Rate (¢/kWh)	4.9	4.7	0.2	4.3 %
Average Fuel Rate	2.8	2.2	0.6	27.3 %
Total Effective Rate*	7.8	6.9	0.9	13.0 %

Calculations may be impacted by rounding

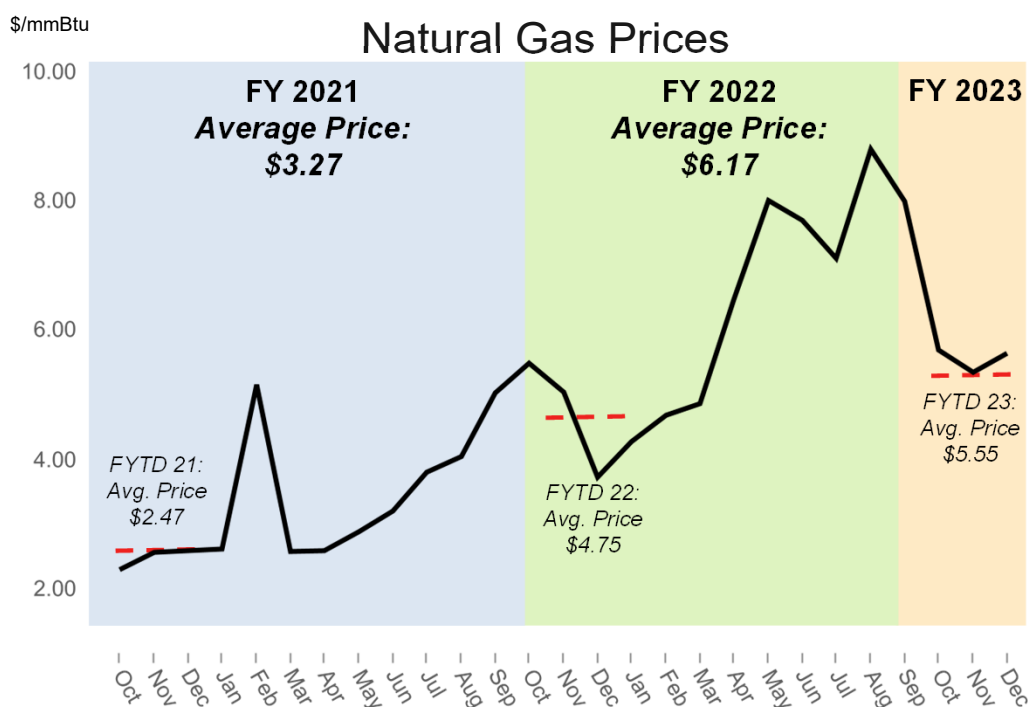
* Excludes other revenue and off-system sales impact; total effective rate numbers based on unrounded base and fuel rates



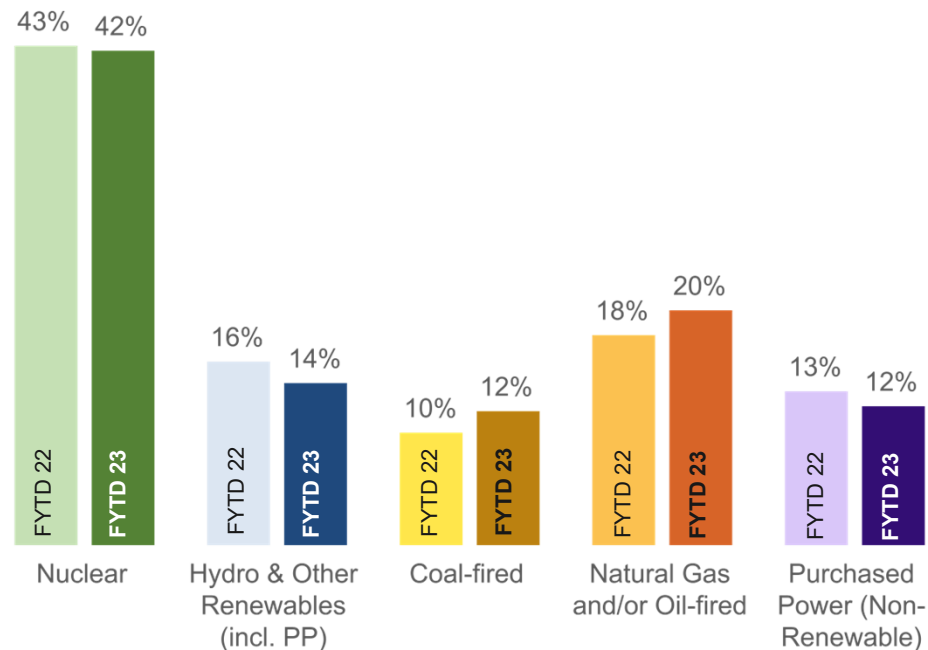
**See Appendix - Regulation G Reconciliation

Power Supply Summary – FYTD 2023

56% of power from nuclear, hydroelectric, other renewables – providing stability against rising energy prices



Power Supply by Source



Expenses & Net Income

Three Months Ended December 31	2022	2021	Change	Percent Change
Total Operating Revenues (\$ millions)	\$3,015	\$2,583	\$432	16.7 %
Base Revenue	1,878	1,736	142	8.2 %
Fuel Cost Recovery	1,081	801	280	35.0 %
Fuel & Purchased Power Expense	1,106	835	271	32.5 %
Operating & Maintenance Expense	827	780	47	6.0 %
Depreciation & Amortization	533	510	23	4.5 %
Tax Equivalents	151	133	18	13.5 %
Interest Expense	262	263	(1)	(0.4)%
Net Income*	\$101	\$11	\$90	818.2 %

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

Cash Flow & Balance Sheet Metrics

Three Months Ended December 31

Net Cash Provided by / (Used in) (\$ millions)	2022	2021	Change
Operating Activities	\$439	\$493	\$(54)
Investing Activities	(876)	(734)	(142)
Financing Activities	437	249	188

Select Balance Sheet Metrics⁽¹⁾ (\$ millions)

	Dec. 31 2022	Sept. 30 2022	Change
Total Debt and Other Financing Obligations	\$20,783	\$20,336	\$447
Cash and Cash Equivalents	500	500	—
Total Debt and Other Financing Obligations Net of Cash and Cash Equivalents	20,283	19,836	447

(1) See Appendix - Regulation G Reconciliation

Recap of Financial Results

For Three Months Ended December 31, 2022 - Comparison to Prior Year

No change in base rates for FY23 - 4th consecutive year

Partner and pandemic credits reducing effective rates

Diverse generating fleet helping mitigate higher fuel prices

Maintaining TVA's best financial health in decades

Question & Answer Session





A Year of Celebration

1933-2023
#TVA90

Appendix – Regulation G Reconciliation

	December 31, 2022	September 30, 2022	
Total Outstanding Debt	\$20,519	\$20,034	
Exchange Gain - LT	114	150	
Unamortized Discounts, Premiums, Issue Costs and Other	129	132	
Debt of Variable Interest Entities	(1,013)	(1,013)	
Bonds and Notes, Gross	\$19,749	\$19,303	
Leaseback Obligations	—	—	
Membership Interests of Variable Interest Entity Subject to Mandatory Redemption	21	20	
Debt of Variable Interest Entities	1,013	1,013	
Total Debt and Other Financing Obligations, Gross ("TFO")	\$20,783	\$20,336	
TVA Weather-Normalized Sales* (millions of kWh)	Q1 FY23	Q1 FY22	Q1 FY21
Total Power Sales	38,006	36,988	36,672
Normalized Total Power Sales	38,413	37,907	37,058
Difference (Normalized Weather Adjustment)	407	919	386

***TVA Weather-Normalized Sales:** TVA's expected power sales for a period based on normal weather. Normal weather estimates are based on long-term typical values of a meteorological parameter (i.e., temperature) for the Tennessee Valley region. Actual sales, as reported, differ from Weather-Normalized Sales based on the difference in actual weather from normal weather over the same time period.

Note numbers may be adjusted for rounding