

# Third Quarter Fiscal Year 2024 Investor Webcast

July 30, 2024

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# Introduction



**Tom Rice**  
**Vice President, Treasurer**  
**& Chief Risk Officer**

# Agenda

## Third Quarter Fiscal Year 2024 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

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# “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.

This presentation is intended to provide highlighted information of interest about TVA’s business and operations during its third quarter ended Jun. 30, 2024. This presentation should be read in conjunction with TVA’s Form 10-Q Quarterly Report for the quarter ended Jun. 30, 2024, filed with the Securities and Exchange Commission.

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# Third Quarter Fiscal Year 2024 Review



**Jeff Lyash**  
**President &**  
**Chief Executive Officer**

# Strategic Priorities



## People Advantage

Amplifying the energy, passion, and creativity within us all.



## Operational Excellence

Building on our best-in-class reputation for reliable service and competitively priced power.



## Financial Strength

Investing in the future while keeping energy costs as low as possible.



## Powerful Partnerships

Promoting progress through the shared success of our customers and stakeholders.



## Igniting Innovation

Pursuing innovative solutions for TVA and our customers and communities.

# Core Values



## Safety

We are uncompromising in our commitment to the safety and well-being of our teammates and the communities we serve.



## Integrity

We are honest and straightforward— always doing the right thing with integrity.



## Inclusion

We treat everyone with dignity and respect— emphasizing inclusion by welcoming each person's individuality so we can reach our potential.



## Service

We are proud to be of service in the communities in which we live, work, and play.

# Powerful Partnerships

*Promoting progress through the shared success of our customers and stakeholders*



Providing affordable, reliable power

96% of LPCs on 20-year agreements

78% of revenues FYTD

Supporting federal funding opportunities

# Operational Excellence

*Building on our best-in-class reputation for reliable service and competitively priced power*



Diverse fleet keeping costs lower

Meeting higher power demand

57% of power from carbon-free sources FYTD

Resiliency investments and capacity additions

58% mass reduction in carbon emissions\*

53% reduction in carbon emission rate\*

Aspiration to add 10,000 MW of solar by 2035

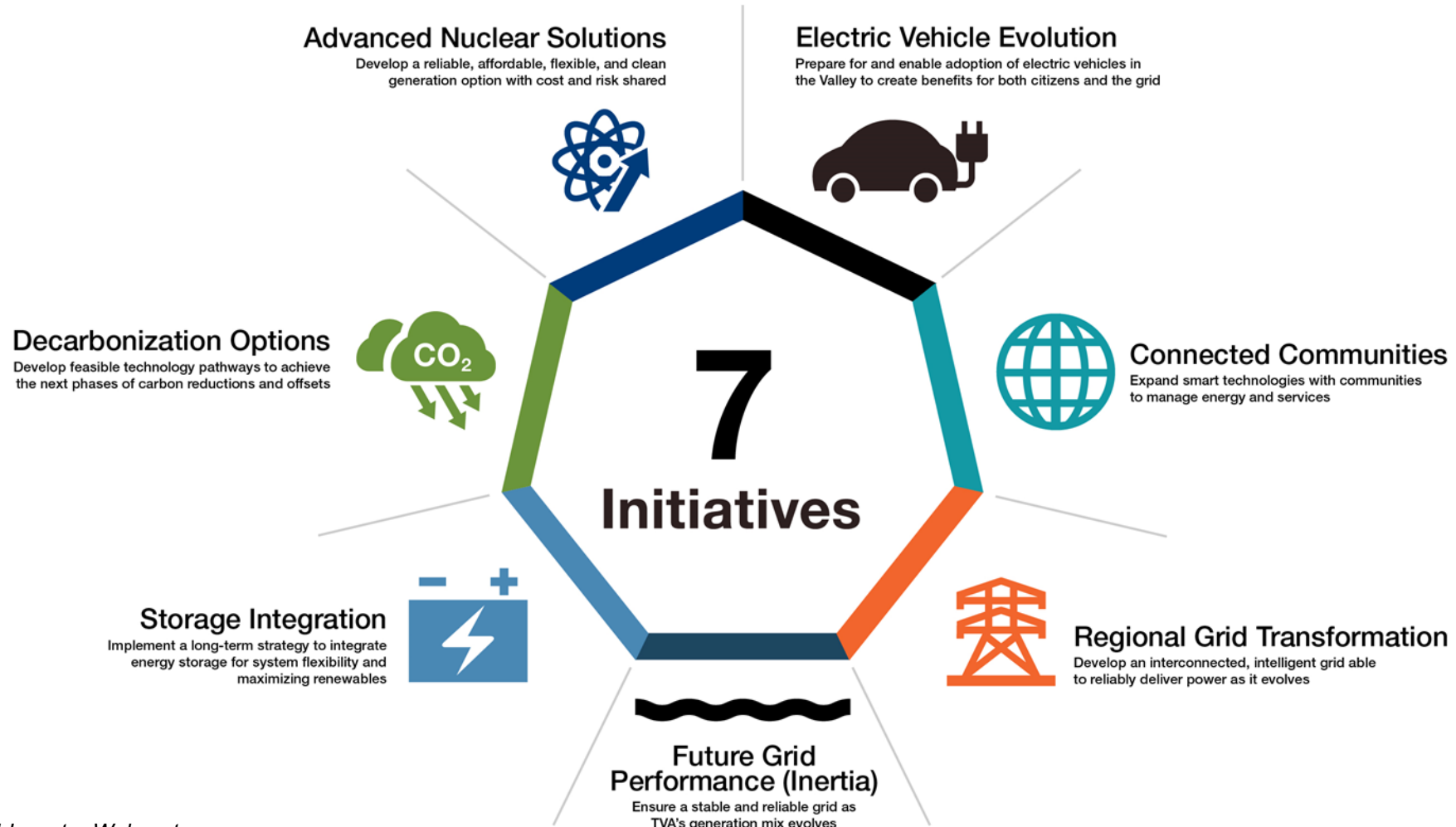
Partnerships for advancing new technologies

*\*Since 2005. CO2 emissions are reported on a CY basis*



# Igniting Innovation - Transformative Technologies

*Pursuing innovation solutions for TVA and our customers and communities*



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# Recap: FYTD Business Highlights

*Providing low cost, reliable, resilient, and sustainable power for the Tennessee Valley*

Meeting power demand peaks

57% of power from carbon-free sources FYTD

Focused on resiliency and new capacity capital investments

Leadership in carbon reduction

# Review of Financial Performance



**John Thomas**  
**Executive Vice President &**  
**Chief Financial and**  
**Strategy Officer**

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# Summary of Financial Results

*For Nine Months Ended June 30, 2024 - Comparison to Prior Year*



## Lower effective power rate

*Benefiting from system diversity and lower fuel and purchased power costs*

## Higher base rate offset by lower fuel rate

*Higher effective base rates and higher sales volume*

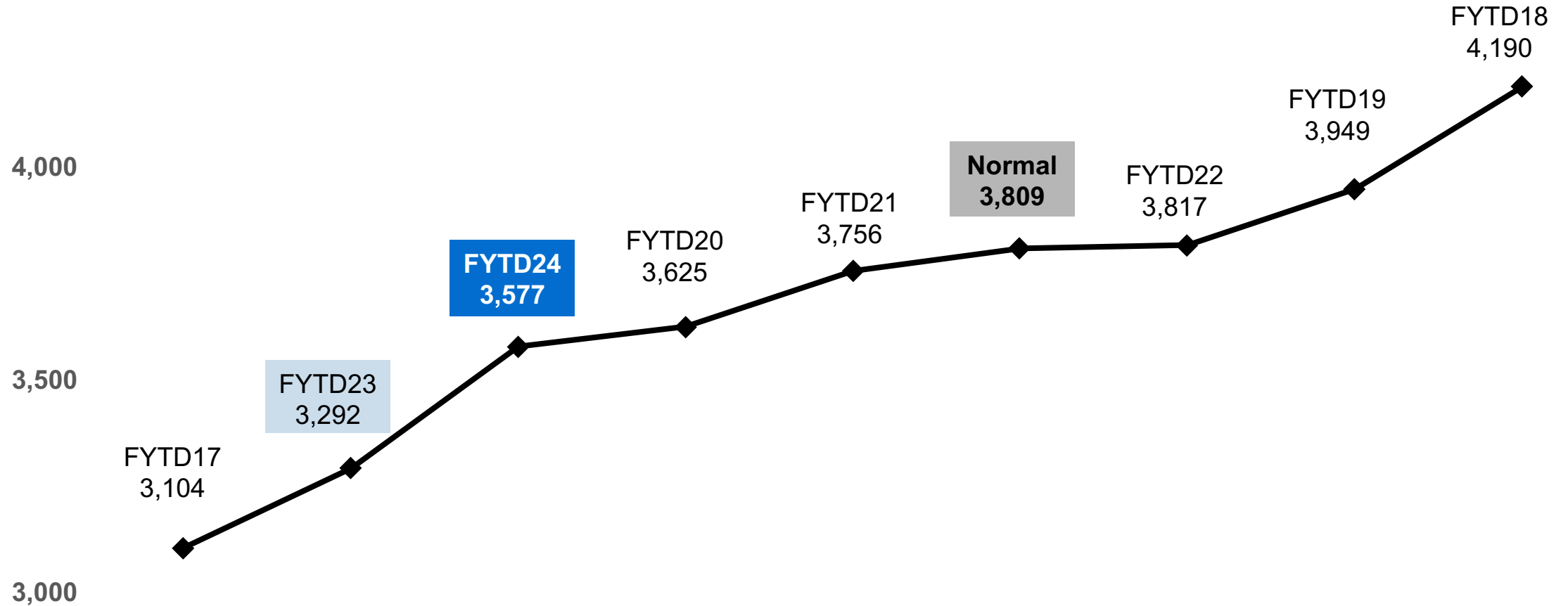
*Offset by a 18% decrease in fuel cost recovery revenues*

## Higher Net Income

*Mainly due to higher base revenues*

# Total Degree Days Below Normal

*FYTD weather 6% below normal and 9% higher than the prior year*



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

# Sales & Revenue

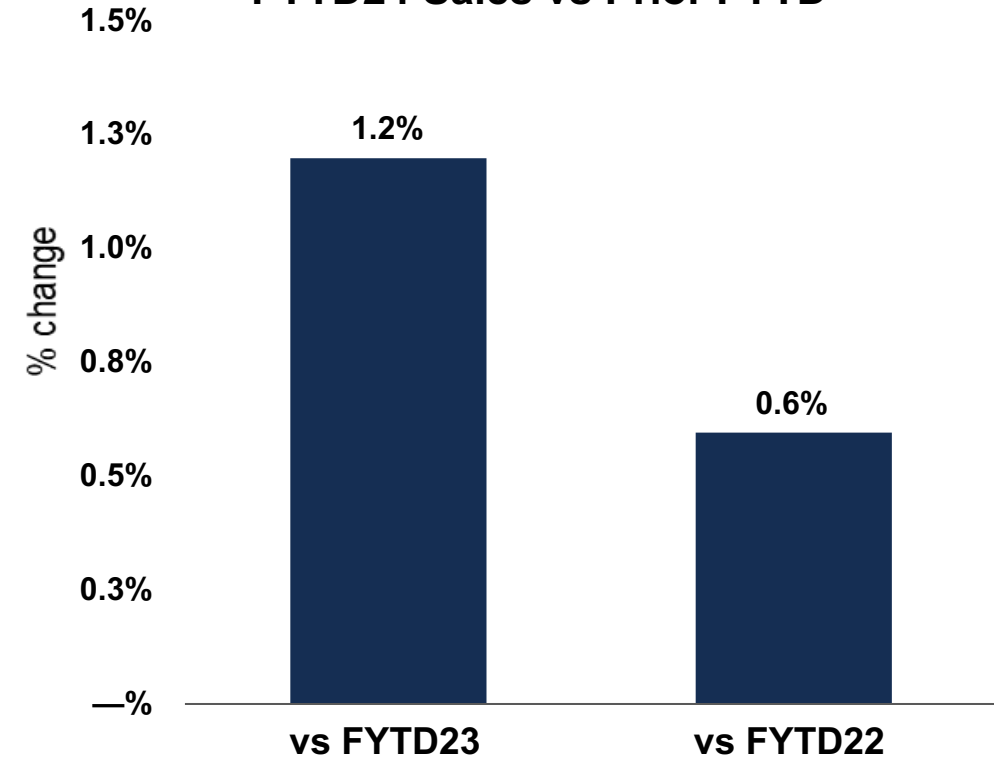


Nine Months Ended Jun. 30	2024	2023	Change	Percent Change
Power Sales (GWh)	117,313	112,685	4,628	4.1 %
Total Operating Revenues (\$ millions)	\$8,798	\$8,672	\$126	1.5 %
Base Revenue	6,193	5,554	639	11.5 %
Fuel Cost Recovery	2,455	2,988	(533)	(17.8)%
Average Base Rate (¢/kWh)	5.3	4.9	0.4	8.2 %
Average Fuel Rate	2.1	2.7	(0.6)	(22.2)%
Total Effective Rate*	7.4	7.6	(0.2)	(2.6)%

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

Weather Normalized\*\*  
FYTD24 Sales vs Prior FYTD



\*\*See Appendix - Regulation G Reconciliation

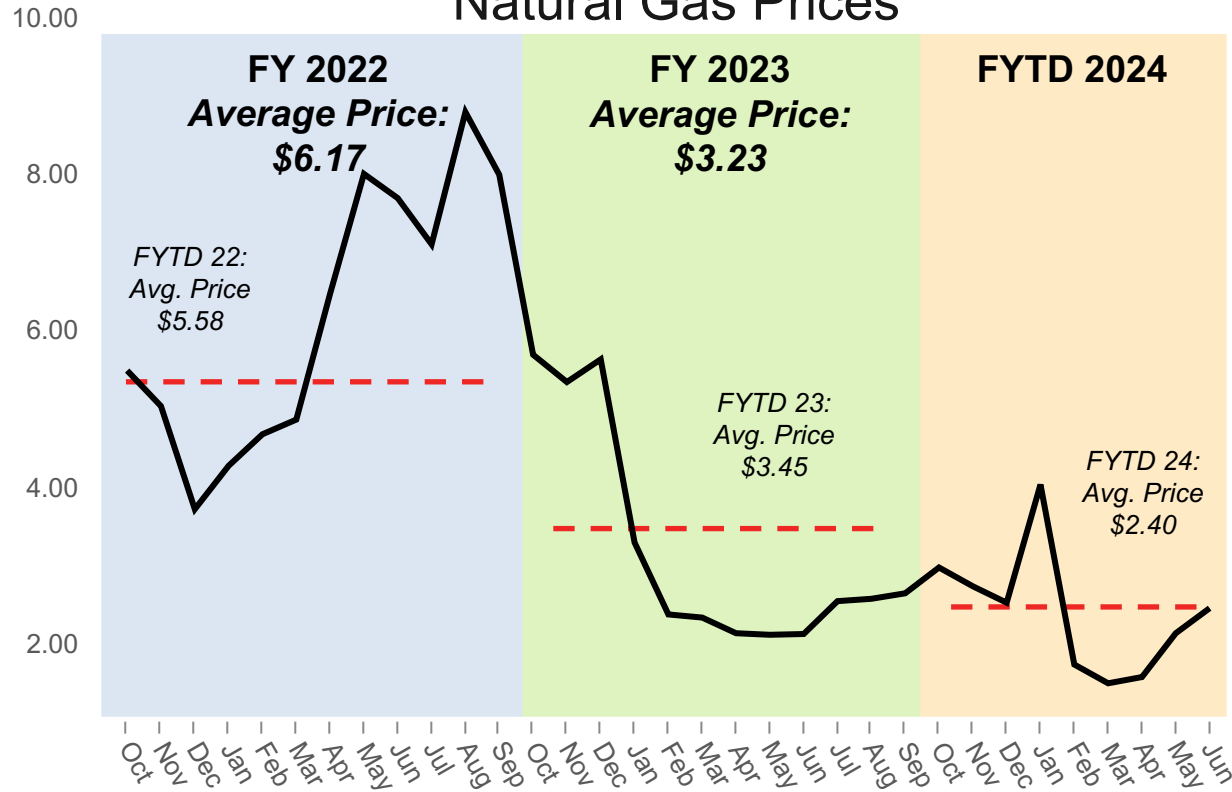
# Power Supply Summary - FYTD



*Benefiting from a diverse power system and lower fuel costs*

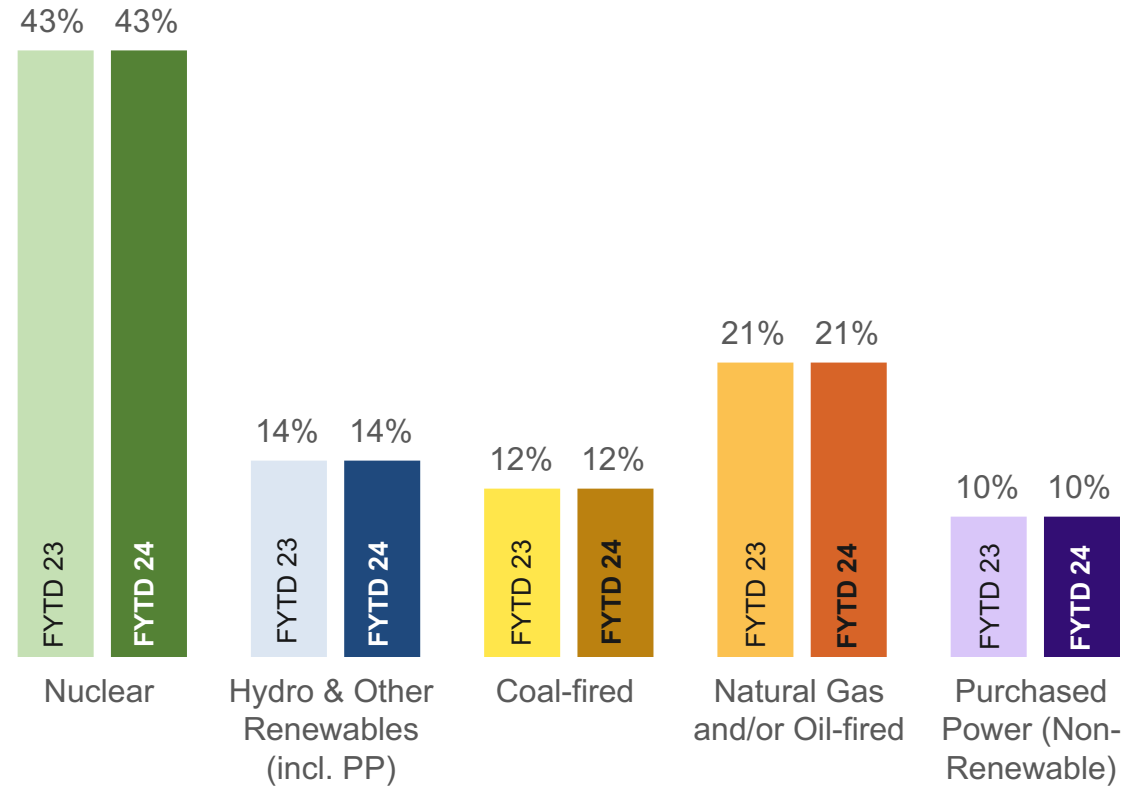
\$/MMBtu

## Natural Gas Prices



Source: Henry Hub Historical Prices

## Power Supply by Source



# Expenses & Net Income



Nine Months Ended Jun. 30	2024	2023	Change	Percent Change
Total Operating Revenues (\$ millions)	\$8,798	\$8,672	\$126	1.5 %
Base Revenue	6,193	5,554	639	11.5 %
Fuel Cost Recovery	2,455	2,988	(533)	(17.8)%
Fuel & Purchased Power Expense	2,700	3,079	(379)	(12.3)%
Operating & Maintenance Expense	2,671	2,546	125	4.9 %
Depreciation & Amortization	1,593	1,631	(38)	(2.3)%
Tax Equivalents	405	435	(30)	(6.9)%
Interest Expense	795	794	1	0.1 %
Net Income*	\$615	\$91	\$524	575.8 %

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



# Cash Flow & Balance Sheet Metrics



## Nine Months Ended Jun. 30

Net Cash Provided by / (Used in) (\$ millions)	2024	2023	Change
Operating Activities	\$1,939	\$1,776	\$163
Investing Activities	(2,546)	(2,233)	(313)
Financing Activities	607	457	150

## Select Balance Sheet Metrics<sup>(1)</sup> (\$ millions)

	Jun. 30 2024	Sept. 30 2023	Change
Total Debt and Other Financing Obligations	\$21,167	\$20,525	\$642
Cash and Cash Equivalents	501	501	—
Total Debt and Other Financing Obligations Net of Cash and Cash Equivalents	20,666	20,024	642

(1) See Appendix - Regulation G Reconciliation

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# Recap of Financial Results



*For Nine Months Ended June 30, 2024 - Comparison to Prior Year*

Lower effective power rate for customers

Lower fuel and energy costs offsetting base rate increase FYTD

Higher sales due to weather and industrial growth

Operating cash flow remains strong

Capital plan on track - lower debt than plan due to timing

# Question & Answer Session



**TVA**

**TENNESSEE  
VALLEY  
AUTHORITY**

# Appendix – Regulation G Reconciliation

	June 30, 2024	September 30, 2023	
<b>Total Outstanding Debt</b>	<b>\$20,933</b>	<b>\$20,266</b>	
Exchange Gain - LT	91	109	
Unamortized Discounts, Premiums, Issue Costs and Other	126	132	
Debt of Variable Interest Entities	(957)	(974)	
<b>Bonds and Notes, Gross</b>	<b>\$20,193</b>	<b>\$19,533</b>	
Membership Interests of Variable Interest Entity Subject to Mandatory Redemption	17	18	
Debt of Variable Interest Entities	957	974	
<b>Total Debt and Other Financing Obligations, Gross ("TFO")</b>	<b>\$21,167</b>	<b>\$20,525</b>	
<b>TVA Weather-Normalized Sales* (millions of kWh)</b>	<b>Q3 FY24</b>	<b>Q3 FY23</b>	<b>Q3 FY22</b>
Total LPC Power Sales	101,281	97,058	101,313
Normalized Total LPC Power Sales	101,494	100,495	100,619
Difference (Normalized Weather Adjustment)	<b>213</b>	<b>3,437</b>	<b>(694)</b>

**\*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