

PROPOSED BOARD RESOLUTION
(Non-Quorum Arrangements)

WHEREAS Section 2(e) of the Tennessee Valley Authority (TVA) Act provides that five members of the Board of Directors (the Board) shall constitute a quorum for purposes of transacting the business of TVA; and

WHEREAS in the absence of Senate confirmation of any of the persons nominated by the President to serve as members of the Board, fewer than five Board members will be in office upon the expiration of the current session of Congress; and

WHEREAS should the Board lose a quorum due to vacancies, it is uncertain how long a period of time will elapse until one or more additional appointments of Directors to serve as members of the Board will occur; and

WHEREAS Section 1.6 of the Bylaws of the Tennessee Valley Authority provides that during a period of time when the Board has fewer than five members due to vacancies, and thus is without a quorum, the Board members in office may, as a Board without a quorum, continue to exercise those powers of the Board "which are necessary to assure continuity of operations of [TVA] along the lines established while [TVA] was guided by a quorum of the Board"; and

WHEREAS although it is anticipated that most actions that would need to be taken by the TVA Board during a period in which it lacks a quorum would be within the authority of a non-quorum Board under Section 1.6 of the Bylaws, the Board has determined that, in order to avoid doubt and provide certainty as to TVA's authority to enter into or undertake certain transactions and arrangements that are reasonably likely or foreseeable as arising in the coming months, it would be prudent and appropriate, while the Board still has a quorum, to make certain authorizations and delegations as provided herein; and

WHEREAS adoption of this resolution does not in any way imply a lack of authority on the part of a non-quorum Board under Section 1.6 of the Bylaws to take such actions or similar actions in the future, nor does it imply a lack of existing authority on the part of the Chief Executive Officer (CEO) to take such actions or similar actions under the authority provided in Section 3.2 of the Bylaws; and

WHEREAS the authorizations and delegations made by the Board herein are subject, in all events, to the conditions set forth below under the heading Term and Requirements;

Joint Ownership Arrangements for Southaven Power Plant

WHEREAS on February 11, 2010, the Board authorized extension of interim arrangements with Seven States Power Corporation and its affiliate Seven States Southaven, LLC (collectively Seven States), under which, among other things, TVA's lease of Seven States' ownership interest in the Southaven Power Plant (Southaven) was extended for a period of up to three years expiring on April 30, 2013 (all of such agreements and arrangements in connection therewith being referred to as the Interim Arrangements), during which period the parties have attempted to reach agreement on long-term joint-ownership arrangements for the Southaven facility; and

WHEREAS it is anticipated that on or prior to April 30, 2013, TVA and Seven States will have concluded negotiations for the long-term arrangements or may determine, in facilitation of concluding such negotiations, that it is appropriate to further extend or otherwise modify the Interim Arrangements;

BE IT RESOLVED, That the Board authorizes the CEO to approve TVA's entry into lease, joint-ownership, lease-purchase, lease-leaseback, sale-leaseback, power purchase, or other comparable arrangements in connection with the Southaven facility including, if deemed necessary, further extension or other modification of the Interim Arrangements;

Financing Arrangements

WHEREAS on August 16, 2012, the Board authorized TVA to issue power bonds and enter into other financing arrangements in an aggregate amount not to exceed \$5,000,000,000 during fiscal year 2013 by approving (1) a supplemental resolution authorizing the issuance of up to \$5,000,000,000 in power bonds in fiscal year 2013, (2) a resolution authorizing the amendment of any previously issued supplemental resolution, (3) a resolution authorizing senior TVA officers to take certain actions to issue power bonds and execute interest rate hedges, and (4) a resolution authorizing TVA to enter into other financing arrangements (collectively, the Financing Resolutions); and

WHEREAS notification of the members of the Finance, Rates, and Portfolio Committee (or successor committee) and the approval of both the CEO and the Chief Financial Officer (CFO) are required for (1) the issuance of new power bonds, (2) the issuance of an additional installment of existing power bonds, (3) the execution of other financing arrangements, and (4) the execution of interest rate hedges in connection with either the issuance of power bonds or the execution of other financing arrangements (collectively, the Financing Activities);

BE IT RESOLVED, That if the Board lacks a quorum at the end of fiscal year 2013, the authorizations set forth in the Financing Resolutions will continue in full force and effect from the end of fiscal year 2013 until the Board regains a quorum (the Extension Period), provided that, during the Extension Period, the power bonds and other financing arrangements entered into by TVA shall not exceed in the aggregate the sum of (a) \$2,000,000,000 and (b) the amount of bonds and other financing arrangements that were authorized under the Financing Resolutions but not issued or entered into during fiscal year 2013;

Other Arrangements

WHEREAS the Board has previously delegated to the CEO the authority to approve modification and extension of TVA's power contract with the United States Enrichment Corporation (USEC) until December 31, 2013, and, in separate actions, approved arrangements whereby TVA (a) procures from Energy Northwest enrichment services performed by USEC at its Paducah, Kentucky, facility, and (b) provides power to USEC for such enrichment activities; and

WHEREAS TVA is from time to time involved in dispute proceedings where TVA is the initial or primary claimant and it is in TVA's interest to be able to promptly respond to, and take advantage of, any settlement opportunities that may arise in connection with such proceedings; and

WHEREAS the Board has reserved the authority to approve any contract committing TVA to supply new firm power loads of greater than 100 megawatts and it is in TVA's interest to be able to promptly consider, and act upon, any opportunities to serve such loads that may arise;

BE IT RESOLVED, That the Board delegates to the CEO the authority to (a) approve an extension of the existing power arrangements with USEC provided that the term of any such extension is not beyond December 31, 2014, and (b) enter into any enrichment or other nuclear fuel arrangements which facilitate or are otherwise in connection with the sale of power to USEC during such extension period;

RESOLVED further, That the Board delegates to the CEO the authority to approve settlement of any dispute proceeding in which TVA is the initial or primary claimant;

RESOLVED further, That the Board delegates to the CEO the authority to approve contracts committing TVA to supply new firm power loads greater than 100 megawatts;

Term and Requirements

BE IT RESOLVED, That the authorizations and delegations made in this resolution shall become effective only in the event the Board is without a quorum due to vacancies and, once effective, shall extend until the Board regains a quorum;

RESOLVED further, That prior to the taking of any actions authorized hereunder, the CEO shall (a) notify and consult with the then-current individual members of the Board regarding the proposed action (for Financing Activities this requirement shall replace the existing requirement to notify the members of the Finance, Rates, and Portfolio Committee), and (b) for Financing Activities, obtain the concurrence of the CFO as currently required under the existing Financing Resolutions.