

No. 15-03

Approved by the Board of Directors  
at its November 20, 2015, meeting:

Original Signed by Sherry A. Quirk  
Executive Vice President, General  
Counsel and Secretary

MINUTES OF MEETING  
OF  
THE BOARD OF DIRECTORS  
TENNESSEE VALLEY AUTHORITY

August 21, 2015

A meeting of the Board of Directors of the Tennessee Valley Authority was held in the TVA West Tower Auditorium, 400 West Summit Hill Drive, Knoxville, Tennessee, on August 21, 2015. The meeting was called to order at 10:59 a.m. (EDT) after an approximately twenty minute break following the listening session, which began at 8:29 a.m. (EDT). The meeting was announced to the public on August 14, 2015. The meeting was open to public observation.

Board members in attendance were: Director and Chair Joe H. Ritch, and Directors Richard C. Howorth, V. Lynn Evans, Michael (Mike) McWherter, Marilyn A. Brown, Peter (Pete) Mahurin; Virginia Tyler (Gina) Lodge, Ronald A. Walter, and Eric M. Satz.

Also present were TVA officers, including William D. (Bill) Johnson, President and Chief Executive Officer; Sherry A. Quirk, Executive Vice President, General Counsel and

Secretary; John M. Thomas, III, Executive Vice President and Chief Financial Officer; Joseph J. (Joe) Hoagland, Vice President, Stakeholder Relations; Dwain K. Lanier, Vice President, Operational and Regulatory Assurance; and Rebecca Chunn Tolene, Vice President, Natural Resources and Real Property Services.

Chair Ritch presided over the meeting, which was duly called, notice to each Director having been delivered pursuant to section 1.2 of the Bylaws governing meetings of the Board of Directors of the Tennessee Valley Authority. A quorum was present.

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**15-03-1. Welcome**

Chair Ritch welcomed all and recognized several individuals, including Greg Williams, the newly elected Chair of the Tennessee Valley Public Power Association (TVPPA); Jack Simmons, President and Chief Executive Officer of the TVPPA; Jay Stowe, President of Huntsville Utilities and Chairman of Seven States Power Cooperative; and former TVA Board member Susan Williams. Chair Ritch then invited and received brief remarks from Greg Williams, Jay Stowe, and Pete Matthias, Chairman of the Tennessee Valley Industrial Committee (TVIC). Chair Ritch then thanked all representatives from TVA's local power companies for their attendance, recognized the presence of Richard Moore, TVA's Inspector General, and thanked all those watching the meeting online.

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**Old Business**

The Board approved the minutes of its May 7, 2015, meeting.

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**New Business****15-03-2. President's Report**

President and Chief Executive Officer William D. (Bill) Johnson welcomed Eric Satz to the TVA Board of Directors. He then discussed TVA's long-term planning and objectives, and progress made during FY 2015 towards meeting those objectives. Mr. Johnson reported on reductions of operating costs and outstanding debt, the status of Watts Bar Unit 2 and other ongoing generating asset projects, TVA's environmental stewardship efforts, and recent regional economic development achievements. Following this, Mr. Johnson provided information regarding the newly developed Integrated Resource Plan (IRP) and strategic pricing plan, and commented on the FY 2016 budget.

Copies of the slides used by Mr. Johnson in his report are filed with the records of the Board as Exhibit 8/21/15A.

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**15-03-3. Report of the External Relations Committee**

Director McWherter, Chair of the External Relations Committee, reported the Committee met August 6. Director McWherter stated the Committee received updates from management regarding customer relations with local power companies and directly served industrial

customers. The Committee also received updates on government relations and economic development programs, and Director McWherter thanked all TVA employees involved in bringing a Google data center to the Widows Creek Fossil Plant site in northern Alabama. Director McWherter then requested and received a report from Joe Hoagland, Vice President, Stakeholder Relations, regarding Minute Item 15-03-4. Following Mr. Hoagland's report, Director McWherter invited and received additional remarks on the same subject from Goodrich ("Dus") Rogers, President and Chief Executive Officer of the Jackson County (Alabama) Economic Development Authority, and current Chair of the Regional Energy Resource Council.

Copies of the slides used by Mr. Hoagland in his report on Minute Item 15-03-4 are filed with the records of the Board as Exhibit 8/21/15B.

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**15-03-4. Integrated Resource Plan**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer and the Executive Vice President and Chief External Relations Officer, dated July 23, 2015, and filed with the records of the Board as Exhibit 8/21/15C:

WHEREAS TVA issued an Integrated Resource Plan (IRP) and supporting Environmental Impact Statement (EIS), *TVA's Environmental & Energy Future*, in 2011; and

WHEREAS the 2011 IRP provided TVA the direction and flexibility to make energy resource decisions over the next 20 years in a dynamic, ever-changing regulatory and economic environment; and

WHEREAS the Board directed the Chief Executive Officer (CEO) to repeat the IRP process no later than 2015; and

WHEREAS TVA chose to initiate the IRP process earlier because several of the assumptions used to develop the 2011 IRP changed, including a lower demand for electricity and lower prices for natural gas, and in response to comments from stakeholders; and

WHEREAS in updating the 2011 IRP, TVA again used a comprehensive planning process including multiple opportunities for public review and comment; and

WHEREAS important components of the public involvement process included review by and recommendations from TVA's Regional Energy Resource Council (RERC) and frequent interaction with members of an IRP Working Group that provided input throughout the planning process; and

WHEREAS TVA used an integrated, least-cost system planning process that takes into account the demand for electricity on the TVA power system, energy resource diversity, reliability, costs, risks, environmental impacts, and the unique attributes of different energy resources in accordance with the requirement in the TVA Act to use a least-cost system planning process for the selection of new energy resources; and

WHEREAS TVA prepared a Supplemental EIS to support the 2015 IRP update; and

WHEREAS Section 2(g)(1) of the TVA Act states that the Board shall establish the broad goals, objectives, and policies of TVA and shall develop long-range plans to guide TVA in achieving its goals, objectives, and policies and shall assist the CEO in achieving these; and

WHEREAS the CEO has determined that the recommended planning direction in the IRP is in the best interest of TVA and the public it serves and has approved it;

BE IT RESOLVED, That the Board expresses appreciation of and thanks for the hard work of the members of the IRP Working Group during the planning process and the review by and recommendations from the RERC;

RESOLVED further, That the Board finds the 2015 IRP planning process is in accordance with the requirement that TVA use a multi-factor, least-cost system planning program in the selection of future energy resources;

RESOLVED further, That the Board affirms the merits of a diverse energy resource portfolio and maintaining the flexibility to make energy resource decisions consistent with least-cost planning that fall within the resource ranges depicted in Figure 9-3 of the Final 2015 IRP;

RESOLVED further, That the Board directs TVA to monitor future developments including the pricing and performance of energy efficiency and renewable resources, changes in the load forecast, the price of natural gas and other commodities, the impacts from new regulatory policy, including implementation of EPA's Clean Power Plan, and breakthrough technologies to help determine when deviations from recommended resource ranges should be made;

RESOLVED further, That the Board directs TVA to initiate an update of the 2015 IRP no later than 2020 and, if appropriate, earlier if future developments make this appropriate;

RESOLVED further, That the Board approves the planning direction recommended in the 2015 IRP and by the CEO.

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**15-03-5. Report of the Finance, Rates, and Portfolio Committee**

Director Mahurin, Chair of the Committee, stated the Committee met three times during the quarter, including meetings on July 23 and August 5. Director Mahurin then requested and received a report from John Thomas, Executive Vice President and Chief Financial Officer, regarding Minute Items 15-03-6, 15-03-7, 15-03-8, and 15-03-9. Prior to voting on Minute Item 15-03-7, Director Mahurin also requested and received comments from Director Evans, Chair of the Audit, Risk, and Regulation Committee, regarding management's request to include language related to the Dodd-Frank End User Exemption in the annual budget. Following the votes on Minute Items 15-03-7, 15-03-8, and 15-03-9, Director Mahurin requested and received a report from John Thomas regarding Minute Items 15-03-10 and 15-03-11.

Copies of the slides used by Mr. Thomas in his report on Minute Items 15-03-6, 15-03-7, 15-03-8, and 15-03-9 are filed with the records of the Board as Exhibit 8/21/15D. Copies of the slides used by Mr. Thomas in his report on Minute Items 15-03-10 and 15-03-11 are filed with the records of the Board as Exhibit 8/21/15E.

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**15-02-6. Financial Performance Update**

John Thomas, Executive Vice President and Chief Financial Officer, updated the Board on TVA's financial performance during the third quarter of FY 2015, and presented the proposed FY 2016 budget.

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**15-03-7. Fiscal Year 2016 Financial Plan and Budget**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated August 21, 2015, and filed with the records of the Board as Exhibit 8/21/15F:

WHEREAS a memorandum from the Executive Vice President and Chief Financial Officer, dated August 21, 2015 (Memorandum), a copy of which is filed with the records of the Board of Directors as Exhibit 8/21/15F, recommends the approval of the proposed fiscal year (FY) 2016 budget and certain related items as described in the Memorandum including:

- a) Operating and capital budgets for FY 2016; and
- b) Proposed capital projects that exceed \$50 million and acquisition of land rights in connection with certain capital projects; and
- c) FY 2016 Fuel and Purchased Power Contracting Plan; and
- d) Retaining for use in the operation of the TVA power system the entire margin of net power proceeds remaining at the conclusion of FY 2016; and
- e) Delegation to the Chief Executive Officer (CEO) to enter into contracts for wholesale power and energy purchases and other forward capacity agreements with terms of up to 20 years, limited to 1,250 megawatts in the aggregate; and
- f) Continuing to capitalize interest and recognize certain regulatory assets and liabilities as it did in FY 2015; and

WHEREAS the Board of Directors previously approved TVA's use during FY 2015 of an exemption (the End-User Exemption) from the Dodd-Frank Wall Street Reform and Consumer

Protection Act's mandatory clearing requirement and TVA management has recommended that the Board of Directors extend this approval to FY 2016; and

WHEREAS as required under Section 9B of the Rules and Regulations of the TVA Retirement System (Retirement System), the Retirement System's Board of Directors has informed the Board of Directors of the minimum required FY 2016 contribution to the Retirement System and has further recommended to the Board of Directors a contribution amount greater than the required minimum so as to help the Retirement System meet the objectives of its long-term funding policy; and

WHEREAS after careful consideration of the minimum required and recommended contributions, TVA management has recommended that the Board of Directors approve a \$275 million contribution to the Retirement System for FY 2016;

BE IT RESOLVED, That the Board of Directors hereby approves the FY 2016 budget;

RESOLVED further, That the Board of Directors approves the projects listed in the Memorandum's Attachment 4 and delegates to the CEO the authority (1) to determine whether all required reviews have been completed, and (2) the final decision to proceed with an identified project subject to the budget approved by the Board of Directors;

RESOLVED further, That the Board of Directors approves acquiring the land rights associated with the capital projects listed in the Memorandum's Attachment 5, including acquiring the land rights through condemnation, contingent upon the CEO's approval for those projects for which such approval is required or upon such further review of any individual actions which the Board of Directors may subsequently require;

RESOLVED further, That the Board of Directors approves the FY 2016 Fuel and Purchased Power Contracting Plan attached to the Memorandum as Attachment 6;

RESOLVED further, That, in accordance with Section 26 of the TVA Act, the Board of Directors approves retaining the entire margin of net power proceeds remaining at the conclusion of FY 2016 for use in the operation of the TVA power system;

RESOLVED further, That, in addition to the contracting authorization that would result from approval of the FY 2016 Fuel and Purchased Power Contracting Plan, the Board of Directors delegates to the CEO the authority to enter into contracts for wholesale power and energy purchases and other forward capacity agreements with terms of up to 20 years, limited to 1,250 megawatts in the aggregate, provided that the CEO notifies the members of the Finance, Rates, and Portfolio Committee prior to entering into any such agreement;

RESOLVED further, That the Board of Directors approves (1) TVA's following the allowance for funds used during construction policy described in Attachment 7 of the Memorandum, and (2) TVA's recognizing regulatory assets and liabilities and accounting for certain regulatory

accounting matters as described in Attachment 7 of the Memorandum as such amounts are probable of collection (or probable of being refunded) in future rates;

RESOLVED further, That the Board of Directors hereby authorizes TVA to use the End-User Exemption in connection with (1) all swaps, and any amendments or modifications thereto, that TVA enters into during FY 2016 under the Financial Hedging Program established by the Board of Directors on May 17, 2005, and amended on August 1, 2007, February 12, 2009, and August 20, 2009, and (2) all of TVA's swaps outstanding on the date hereof as well as any amendments or modifications thereto that TVA enters into during FY 2016;

RESOLVED further, That the Board of Directors approves a contribution of \$275 million to the Retirement System for FY 2016 and finds this contribution to be sufficient to meet the requirements of Section 9B of the Retirement System Rules and Regulations and TVA's obligations under Section 11A of the Retirement System Rules and Regulations.

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**15-03-8. Fiscal Year 2016 Financing Authority**

The Board adopted the following resolutions as recommended in a memorandum from the Executive Vice President and Chief Financial Officer , dated July 24, 2015, and filed with the records of the Board as Exhibit 8/21/15G:

Resolution #1

PROPOSED SUPPLEMENTAL RESOLUTION  
AUTHORIZING THE ISSUANCE OF UP TO \$2,000,000,000 OF  
TENNESSEE VALLEY AUTHORITY  
POWER BONDS

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BE IT RESOLVED by the Board of Directors of the Tennessee Valley Authority (the "Corporation") as follows:

## ARTICLE I

## AUTHORITY, DEFINITIONS, AND STATUS

SECTION 1.1. Authority. This Supplemental Resolution is adopted, and the Bonds to be issued hereunder are authorized, pursuant to the provisions of (i) the Tennessee Valley Authority Act of 1933, as amended, and (ii) the Basic Tennessee Valley Authority Power Bond Resolution adopted by the Corporation on October 6, 1960, as amended by an Amendatory Resolution on September 28, 1976, and by the Second Amendatory Resolution and the Third Amendatory Resolution on October 17, 1989, and by the Fourth Amendatory Resolution on March 25, 1992 (as so amended, the “Resolution”). The Bonds issued pursuant to this Supplemental Resolution may be issued as Book-Entry Bonds in accordance with the Book-Entry Procedures and a Fiscal Agency Agreement (the “Fiscal Agency Agreement”) dated as of October 7, 1997, between the Corporation and the Federal Reserve Banks, as fiscal agents (together, the “Fiscal Agent”), or such Bonds may be issued as Certificated Bonds, and such Certificated Bonds shall be executed on behalf of TVA by a Designated Officer (as defined in Section 2.2 of this Supplemental Resolution)—or such officer’s duly authorized representative—whose signature may be manual or facsimile.

SECTION 1.2. Definitions. All terms which are defined in the Resolution shall have the same meanings in this Supplemental Resolution. The term “New Power Bonds” shall mean the Bonds authorized by this Supplemental Resolution.

SECTION 1.3. Supplemental Resolution to Constitute a Contract. In consideration of the purchase and acceptance of the New Power Bonds by those who shall hold them from time to time, this Supplemental Resolution, including all terms and conditions set out in the Officer’s Certificate as described in Section 2.1 below, shall constitute a contract between them and the Corporation. The covenants and agreements of the Corporation contained in this Supplemental Resolution shall be for the equal benefit, protection, and security of all holders of New Power Bonds.

## ARTICLE II

## AUTHORIZATION OF NEW POWER BONDS

SECTION 2.1. Principal Amount, Establishment of Terms. There is hereby authorized for the purpose of providing capital for the Corporation in order to assist in financing the Corporation’s Power Program (including refunding of Evidences of Indebtedness issued for such purposes) one or more series of New Power Bonds in the aggregate principal amount of up to \$2,000,000,000, as that amount may be reduced by the sum of (1) the amount of other power financings commenced during fiscal year 2016 as described in the resolution of the Board of Directors of the Corporation (“Board”) dated August 21, 2015, entitled “FY 16 Financial Shelf - Execution of Other Financing Arrangements” and (2) the amount of power bonds issued under the resolution of the Board dated August 21, 2015, entitled “FY 16 Financial Shelf – Reopening of Existing Power

Bonds.” The New Power Bonds must be issued on or before September 30, 2016, and may be (1) issued as Book-Entry Bonds, and the Book-Entry Procedures shall be applicable thereto, or (2) issued as Certificated Bonds. Each series of New Power Bonds will be denominated in United States dollars. The terms and conditions of the New Power Bonds of each series shall be established in accordance with the provisions of Section 2.2 of this Supplemental Resolution, and set forth in an Officer’s Certificate, prior to the issuance of New Power Bonds of each series. Such terms and conditions of the New Power Bonds of each series, subject to any limitation set out in this Supplemental Resolution, may include:

(1) the title of the New Power Bonds of such series (which shall distinguish the New Power Bonds of such series from Bonds of all other series);

(2) the aggregate principal amount of the New Power Bonds of such series which may be issued and delivered pursuant to this Supplemental Resolution;

(3) the date or dates on which the principal of the New Power Bonds of such series is payable;

(4) the rate or rates at which the New Power Bonds of such series shall bear interest or the method by which such rate or rates shall be determined, whether the rate shall be fixed or floating, the date from which such interest shall accrue, and the interest payment dates on which such interest shall be payable;

(5) in the case of Certificated Bonds, designation of any paying agent, listing agent, or transfer agent therefore (which may be the Corporation);

(6) in the case of Certificated Bonds, the form and method of issuance and transfer of any New Power Bonds of such series;

(7) in the case of Certificated Bonds, the designation of a depository for the New Power Bonds of such series;

(8) designation of the New Power Bonds of such series as Book-Entry Bonds or Certificated Bonds;

(9) the period or periods within which, the price or prices at which, and the terms and conditions upon which New Power Bonds of such series may be redeemed at the option of the Corporation; and

(10) any other terms or conditions of such series (which terms and conditions shall not be inconsistent with the provisions of the Resolution or this Supplemental Resolution).

All New Power Bonds of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to this Supplemental Resolution and set forth in such Officer's Certificate.

The terms and conditions of each series of New Power Bonds shall be established as provided in Section 2.2 of this Supplemental Resolution. In the case of Certificated Bonds, the New Power Bonds of such series shall be substantially in the form established by the Designated Officer in the Officer's Certificate.

SECTION 2.2. Designated Officers. (a) The terms and conditions of each series of New Power Bonds shall be established by a designated officer of the Corporation (the "Designated Officer") appointed by this Supplemental Resolution and shall be set forth in an Officer's Certificate executed by the Designated Officer.

(b) The Designated Officers are the Chief Financial Officer and the Treasurer of the Corporation. Either of the Designated Officers is authorized to exercise any of the power and authority delegated herein to the Designated Officers.

(c) A Designated Officer may at any time prior to September 30, 2016, specify and determine the terms and conditions of the New Power Bonds of one or more series to be issued under this Supplemental Resolution and the terms and conditions of the sale of such New Power Bonds as permitted to be specified in Section 2.1 of this Supplemental Resolution, provided that:

(i) the aggregate principal amount of all New Power Bonds of all series issued hereunder prior to September 30, 2016, shall not exceed the amount authorized by this Supplemental Resolution (including any New Power Bonds of any series issued in future installments pursuant to Section 2.3 of this Supplemental Resolution);

(ii) the Maturity Date (the date on which the principal and any accrued and unpaid interest shall be due on any such series of Bonds issued hereunder) of the New Power Bonds of each series shall not be more than 50 years from the date of issuance thereof; and

(iii) the maximum effective interest cost on the New Power Bonds of each series having fixed interest rates shall not exceed 9 percent per annum, and the sale price of the New Power Bonds of each series shall not be less than 90 percent of the principal amount.

(d) The Designated Officers are authorized, separately or jointly, in the name and on behalf of the Corporation, to take any and all such actions and to do, or authorize to be done, all such things as the Designated Officers may deem necessary or appropriate to effectuate the issuance and sale of New Power Bonds under this Supplemental Resolution including, but not limited to, amending this Supplemental Resolution for the purpose of issuing a future installment of New Power Bonds as set forth in Section 2.3 hereof.

SECTION 2.3. New Power Bonds Issuable in Installments. Notwithstanding any limitations established pursuant to Sections 2.1 and 2.2 of this Supplemental Resolution relating to the aggregate principal amount of any series of New Power Bonds or the date by which New Power Bonds must be issued, New Power Bonds of each series may be issued in one or more future installments of such series as determined to be appropriate by a Designated Officer, and, if so provided in an amendment (which amendment, pursuant to Section 7.2(d) of the Resolution, shall not require the consent of holders of Bonds and, if within the then-current authorization of the Board for principal amount and time of issuance, shall not require approval of the Board) to this Supplemental Resolution, the aggregate principal amount of such future installments, together with all series initially issued hereunder, may exceed \$2,000,000,000 and the future installments may be issued after September 30, 2016. New Power Bonds of any series issued in future installments shall be identical in all respects with New Power Bonds of such series initially issued pursuant to Sections 2.1 and 2.2 of this Supplemental Resolution (with any appropriate related changes, including changes in the issue date, issue price, and interest commencement date).

SECTION 2.4. Interest, Maturity, and Place of Payment. Payments of principal (and premium, if any) and interest on the New Power Bonds will be made on the applicable payment dates to holders of the New Power Bonds (as described in Section 9.8 of the Resolution), which are holders as of the close of business on the Business Day preceding such payment dates, by credit of the payment amount to holders' accounts at the Federal Reserve Banks in accordance with the Book-Entry Procedures in the case of Book-Entry Bonds, unless otherwise specified in the Officer's Certificate. Such payments for Certificated Bonds shall be made in the manner described in the Officer's Certificate. Interest payable on New Power Bonds of each series shall be computed on the basis of a 360-day year of twelve 30-day months, unless otherwise specified in the Officer's Certificate.

In any case in which an interest payment date, redemption date, or the Maturity Date is not a Business Day, payment of interest or principal (and premium, if any), as the case may be, shall be made on the next succeeding Business Day with the same force and effect as if made on such interest payment date, redemption date, or the Maturity Date, unless otherwise specified in the Officer's Certificate. The term "Business Day" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in New York City are authorized or required by law or executive order to be closed, unless otherwise specified in the Officer's Certificate.

### ARTICLE III

#### DESCRIPTION OF NEW POWER BONDS

SECTION 3.1. General Description. In the case of Book-Entry Bonds, the New Power Bonds of each series will be issued and maintained and shall be transferable and exchangeable only in accordance with the Book-Entry Procedures on the book-entry system of the Federal Reserve Banks in minimum principal amounts set forth in the Officer's

Certificate for such series of New Power Bonds. Except as otherwise permitted in the Officer's Certificate referred to in Section 2.1 above, in the case of Certificated Bonds, the New Power Bonds of each series may be issued, may be maintained, and may be transferable and exchangeable in accordance with the procedures of the depository, if any, named in the Officer's Certificate referred to in Section 2.1 above or as otherwise provided in such Officer's Certificate. The New Power Bonds of each series will not be obligations of, nor will payment of the principal thereof or interest thereon be guaranteed by, the United States of America. Such principal and interest will be payable solely from the Corporation's Net Power Proceeds.

SECTION 3.2. Holder of New Power Bonds. The New Power Bonds of each series may, in the case of Book-Entry Bonds, be held of record only by depository institutions (as such term is defined in the Book-Entry Procedures). The New Power Bonds of each series may, in the case of Certificated Bonds, be held of record only by the depository designated in the Officer's Certificate or as otherwise provided in the Officer's Certificate. Such entities shall be deemed to be the holders of the New Power Bonds for all purposes of the Resolution and this Supplemental Resolution.

SECTION 3.3. Recital. The New Power Bonds of each series shall be issued, and shall be deemed to contain a recital that they are issued, pursuant to Section 15d of the Act.

SECTION 3.4. Global Securities. In the case of Certificated Bonds, the New Power Bonds of such series may be represented by one or more global securities ("Global Securities") registered in the name of a depository nominee for the accounts of participants. Such Global Security or Securities of each series shall be delivered to such depository (the "Depository"), or a nominee or custodian thereof. Arrangements for any such Global Security or Securities will be as provided for in the Officer's Certificate referred to in Section 2.1 of this Supplemental Resolution.

SECTION 3.5. Certificate of Authentication. In the case of Certificated Bonds, New Power Bonds, including any Global Securities representing such New Power Bonds, shall contain the following certificate of authentication:

This is one of the Tennessee Valley Authority Power Bonds described in the Basic Resolution and is a Tennessee Valley Authority Power Bond authorized by the Supplemental Resolution.

Tennessee Valley Authority

By \_\_\_\_\_  
Authorized Officer

SECTION 3.6. Transfer of New Power Bonds. In the case of Certificated Bonds, the New Power Bonds of such series issued may be transferred in such manner as described in the Officer's Certificate referred to in Section 2.1 of this Supplemental Resolution; provided, however, any such New Power Bonds may be transferred only for registered Certificated Bonds and may not be transferred for coupon Certificated Bonds.

#### ARTICLE IV

##### FISCAL AGENT

SECTION 4.1. Designation of Fiscal Agent. In the case of Book-Entry Bonds, the Federal Reserve Banks are hereby designated as Fiscal Agent for the New Power Bonds of each series, subject to all the provisions of the Book-Entry Procedures, the Resolution, and this Supplemental Resolution.

#### ARTICLE V

##### PUBLIC LAW NO. 105-62

SECTION 5.1. Public Law No. 105-62. Each holder of the New Power Bonds of each series, by such holder's acceptance thereof, shall thereby acknowledge and accept that, notwithstanding any language in the Resolution, any action that the Corporation may take pursuant to the paragraph captioned "TENNESSEE VALLEY AUTHORITY" in Title IV of the Energy and Water Development Appropriations Act, 1998, Pub. L. No. 105-62, 111 Stat. 1320, 1338 (1997) (such paragraph being hereinafter referred to as the "Appropriations Act Paragraph"), including, but not limited to, any use of revenues by the Corporation from its Power Program for "essential stewardship activities," as such term is used in the Appropriations Act Paragraph, shall not be considered an Event of Default or breach of any provision of the Resolution. The Appropriations Act Paragraph states:

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. ch. 12A), including hire, maintenance, and operation of aircraft, and purchase and hire of passenger motor vehicles, \$70,000,000, to remain available until expended, of which \$6,900,000 shall be available for operation, maintenance, surveillance, and improvement of Land Between the Lakes; and for essential stewardship activities for which appropriations were provided to the Tennessee Valley Authority in Public Law 104-206, such sums as are necessary in fiscal year 1999 and thereafter, to be derived only from one or more of the following sources: nonpower fund balances and collections; investment returns of the nonpower program; applied programmatic savings in the power and nonpower programs; savings from the suspension of bonuses and awards; savings from reductions in memberships and contributions; increases in collections resulting from nonpower activities, including user fees; or increases in charges to private and public utilities both

investor and cooperatively owned, as well as to direct load customers: *Provided*, That such funds are available to fund the stewardship activities under this paragraph, notwithstanding sections 11, 14, 15, 29, or other provisions of the Tennessee Valley Authority Act, as amended, or provisions of the TVA power bond covenants: *Provided further*, That the savings from, and revenue adjustments to, the TVA budget in fiscal year 1999 and thereafter shall be sufficient to fund the aforementioned stewardship activities such that the net spending authority and resulting outlays for these activities shall not exceed \$0 in fiscal year 1999 and thereafter.

Resolution #2

**PROPOSED BOARD RESOLUTION**

(FY 16 Financial Shelf - Reopening of Existing Power Bonds)

RESOLVED, That the Board of Directors hereby approves the amendment of any previously issued Supplemental Resolution and any related officers to act resolution to permit the issuance during fiscal year 2016 of an additional installment of power bonds under such previously issued Supplemental Resolution and hereby authorizes the Chief Financial Officer and the Treasurer, separately or jointly, to execute any such amendments, as long as (1) (a) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the issuance of the new power bonds and (b) both the Chief Executive Officer and the Chief Financial Officer approve the issuance of such bonds and (2) the amount of new power bonds issued pursuant to this resolution, together with (a) the amount of bonds issued pursuant to the Supplemental Resolution adopted on August 21, 2015, and (b) the amount of other power financings commenced during fiscal year 2016 as described in the resolution of the Board of Directors dated August 21, 2015, entitled “FY 16 Financial Shelf - Execution of Other Financing Arrangements,” shall not exceed \$2,000,000,000.

Resolution #3

**PROPOSED BOARD RESOLUTION**

(FY 16 Financial Shelf - Issuance of Bonds)

RESOLVED, That in connection with the issuance of Tennessee Valley Authority Power Bonds as authorized by a Supplemental Resolution adopted on August 21, 2015 (the “Supplemental Resolution”), the Board of Directors hereby authorizes senior TVA officials to take the following actions as long as (1) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the issuance of the new power bonds and (2) both the Chief Executive Officer and the Chief Financial Officer approve the issuance of such bonds:

The Chief Financial Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to (1) approve and execute underwriting agreements or subscription agreements with such underwriters or managers and incorporating such terms and conditions (not inconsistent with the Supplemental Resolution) as any such authorized individual may determine to be appropriate; (2) approve and issue invitations for bids for the purchase of bonds, accept and reject bids received, and execute any bond purchase contracts, incorporating such terms and conditions (not inconsistent with the Supplemental Resolution) as any such authorized individual may determine to be appropriate; (3) approve and execute documents for the listing of bonds authorized by the Supplemental Resolution on the New York Stock Exchange and other exchanges as any such authorized individual may determine to be appropriate; (4) in the case of Certificated Bonds, approve arrangements and execute documents for the issuance of bonds through the use of The Depository Trust Company or any other depository that any such authorized individual may determine to be appropriate; (5) approve and execute any agreement with any paying agent, listing agent, global agent, or transfer agent as any such authorized individual may determine to be appropriate; (6) in the case of Certificated Bonds, execute and deliver bonds authorized by the Supplemental Resolution; and (7) approve and sign any offering circulars or any offering circular supplements or amendments as may be utilized in connection with the sale of any bonds authorized by the Supplemental Resolution;

The Chief Financial Officer, the Treasurer, the Controller, the General Counsel, and the Associate General Counsel for Finance and Corporate Contracts, and their respective duly authorized representatives, or any one or more of them, are hereby authorized to execute and deliver, separately or jointly, and under the seal of TVA, or otherwise as may be required, all other such instruments, documents, and certificates, receive and make all such payments, and do all such other acts and things as in their opinion or in the opinion of any of them may be necessary or appropriate in order to complete the issuance of the Tennessee Valley Authority Power Bonds authorized by the Supplemental Resolution.

Resolution #4

**PROPOSED BOARD RESOLUTION**

(FY 16 Financial Shelf - Execution of Other Financing Arrangements)

RESOLVED, That the Board of Directors hereby authorizes TVA to enter into other financing arrangements in an amount that, when combined with the power bonds issued under the Supplemental Resolution adopted on August 21, 2015, and the power bonds issued under the resolution of the Board of Directors dated August 21, 2015, entitled “FY 16 Financial Shelf – Reopening of Existing Power Bonds,” does not exceed \$2,000,000,000, as long as on or prior to

September 30, 2016, (1) the Finance, Rates, and Portfolio Committee (or successor committee) is notified of the arrangement and (2) both the Chief Executive Officer and the Chief Financial Officer approve entering into the arrangement; such other financing arrangements may include, but are not limited to, lease, lease-leaseback, lease-purchase, power purchase, and similar agreements involving new generation facilities, or new assets that are substantially related to existing facilities such as clean air equipment, as well as electricity prepayments, which arrangements and related authorizations are described in more detail below:

The lease-purchase financing arrangements may include, but are not limited to, transactions whereby TVA sells new generation facilities or portions thereof, or new assets that are substantially related to existing facilities, to third-party lessor(s) and TVA leases such assets from such third-party lessor(s) for a term upon the expiration of which such facility or asset may be returned to TVA; in connection therewith, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements; the lease-purchase arrangements may also contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies during the term thereof; such lease-purchase may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree; TVA's rent payments under such lease-purchase financing agreements may be fixed or variable and may be in amounts sufficient to cover any debt service or equity returns of such third-party lessor(s); and such lease-purchase financing arrangements may contain such other terms and conditions as may be appropriate for such transactions at such time;

The lease, lease-lease, and sale-lease financing arrangements may include, but are not limited to, transactions whereby TVA leases or sells a generation facility or portion thereof, or new assets that are substantially related to existing facilities, to third-party lessor(s) for value and leases such facilities or assets from such lessor(s) for a term that may be for a period less than the expected useful life of the facility or asset; in connection therewith, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements; such arrangements may contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies; such arrangements may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree; TVA may agree under such arrangements to pay periodic rent and any payments related to repurchase of the facility or asset and other amounts as may be provided therein; and such arrangements may

contain such other terms and conditions as may be appropriate for such transactions at such time;

The power purchase arrangements may include, but are not limited to, transactions whereby TVA sells new generation facilities or portions thereof to a third party, including sales of in-service facilities pursuant to options granted during construction or operation, and TVA purchases the output thereof on terms that may require TVA to make fixed or variable payments, which payments may be based on cost of service or otherwise, and may be payable without regard to whether such facilities are completed, operating, or operable; in connection therewith, TVA may also enter into construction agreements pursuant to which TVA may agree to complete construction and start-up and test such facilities or assets for a fixed or capped price, or on a cost, cost-plus, or other basis, and by deadlines to be agreed under such agreements; such power purchase arrangements may also contain terms, conditions, and covenants related to the ownership, operation, and maintenance of such facility or assets as well as events of default and remedies; such power purchase arrangements may also include provisions related to early buyout, end-of-term purchase options, and termination purchase options upon the occurrence of various events at a price that may be pre-determined or may be the fair-market value or other value at such time as TVA may agree; and such power purchase arrangements may be executed in combination with other lease-purchase or lease financing arrangements in connection therewith;

The electricity prepayments may include, but are not limited to, transactions whereby customers of TVA power prepay TVA for certain electricity costs in exchange for reductions in the price that the customers pay TVA for electricity in the future, which reductions may be reflected as a credit or a discount on the customers' bill or otherwise and may be in amounts and for periods of time as agreed upon by TVA and the customers; in connection therewith, TVA may enter into commitment agreements, amend power contracts, and enter into other appropriate contractual arrangements; and such arrangements may contain such terms and conditions as may be appropriate for such transactions at such time;

The Board of Directors believes it is desirable for TVA to have the flexibility to enter into other financing arrangements, and that, subject to the other provisions of this resolution, the grant by the Board of Directors of authority for TVA to enter into other financing transactions should be construed broadly to permit TVA to enter into the other financing transactions in amounts and as described in this resolution or any similar transactions (including master financing facilities utilizing any one or more of these other financing arrangements) on such terms and conditions as market conditions dictate at the time of such financings;

The Chief Financial Officer, the Treasurer, and their respective duly authorized representatives, or any one or more of them, are hereby authorized, individually or jointly, to (1) engage advisors, appraisers, and independent engineers; (2) select equity investors and underwriters; (3) arrange for the listing of any lease debt; (4) approve

offering materials; (5) execute term sheets; (6) execute transaction documents; and (7) make applications and filings in connection with the other financing arrangements;

The Chief Financial Officer, the Treasurer, the Controller, the General Counsel, and the Associate General Counsel for Finance and Corporate Contracts, and their respective duly authorized representatives, or any one or more of them, are hereby authorized to execute and deliver, separately or jointly, and under the seal of TVA, or otherwise as may be required, all other such instruments, documents, and certificates, receive and make all such payments, and do all such other acts and things as in their opinion or in the opinion of any of them may be necessary or appropriate in order to complete the other financing arrangements.

Resolution #5

**PROPOSED BOARD RESOLUTION**

(FY 16 Financial Shelf – Borrowings and Letters of Credits Under Credit Facilities)

RESOLVED, That the Board of Directors delegates to the Chief Financial Officer, the Treasurer, and their duly authorized representatives, or any one or more of them, authority to borrow and request the issuance of letters of credit under TVA’s credit facilities from time to time in an aggregate amount not to exceed at any one time the then-full amount of TVA’s credit facilities and to take other ancillary actions as may be necessary or desirable in connection with such borrowings or requests. For the avoidance of doubt, this delegation extends beyond fiscal year 2016 and will remain in place until revoked by the Board of Directors.

Resolution #6

**PROPOSED BOARD RESOLUTION**

(FY 16 Financial Shelf – Authorization to Open and Maintain Accounts with the Federal Reserve Bank of New York)

RESOLVED, That TVA is authorized to open and/or maintain one or more accounts in its name with Federal Reserve Bank of New York (“FRBNY”), to obtain services from and incur obligations to FRBNY and other Federal Reserve Banks, and to agree to all of the provisions of Federal Reserve Bank operating circulars covering such accounts and/or services;

RESOLVED further, That the Chief Executive Officer, the Chief Financial Officer, the Treasurer, and the Director, Treasury Management, and each of their successors in office, are each hereby authorized to transmit to the Federal Reserve Banks a list of the names, titles, and

signatures of persons to be recognized as authorized to apply for or to maintain an account in TVA's name, execute agreements relating to such accounts or any Federal Reserve Bank services, issue instructions on TVA's behalf to any Federal Reserve Bank, and transact business with any Federal Reserve Bank on TVA's behalf;

RESOLVED further, That the officials designated in the resolution above are each hereby authorized to do any and all acts that may be necessary for or incidental to any transaction authorized by these resolutions or that may be designed to carry out the purpose of these resolutions; and

RESOLVED further, That these resolutions and all the powers granted by these resolutions shall continue in full force until written notice of their revocation has been received by FRBNY and FRBNY has had reasonable time to act on such notice.

\* \* \*

#### **15-03-9. Rate Adjustment/Fuel Cost Adjustment**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Operating Officer, dated July 27, 2015, and filed with the records of the Board as Exhibit 8/21/15H:

WHEREAS the terms and conditions to TVA's wholesale power contracts provide that TVA may adjust rates "from time to time... in order to assure TVA's ability to continue to supply the power requirements of (Distributors) and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible;" and

WHEREAS those terms and conditions also provide for TVA to implement any such adjustment by publishing an Adjustment Addendum, setting forth the adjustments that TVA determines are needed to assure revenues to TVA are adequate to meet TVA Act requirements and bond requirements; and

WHEREAS the rate schedules incorporated into TVA's power supply contracts with its directly served customers also provide for rates to be adjusted as set forth in such an Adjustment Addendum; and

WHEREAS a memorandum from the Chief Financial Officer and Executive Vice President, Financial Services, dated July 27, 2015 (Memorandum), a copy which is filed with the records of the Board as Exhibit 8/21/15H, recommends approval of the proposed Adjustment Addendum attached to that Memorandum and related recommendations described in the Memorandum;

BE IT RESOLVED, That the Board of Directors hereby approves the proposed Adjustment Addendum set forth in Attachment A to the Memorandum, which Adjustment Addendum incorporates the needed adjustments to the wholesale rate schedules and the schedules of directly served customers to reflect (1) changes to the wholesale rate structure, including changes to the Fuel Cost Adjustment, and (2) an across-the-board increase in the base rates designed to produce an additional \$200 million during TVA fiscal year 2016;

BE IT RESOLVED, That as so approved, the Adjustment Addendum shall remain in effect indefinitely, subject to any future rate change or rate adjustment;

RESOLVED further, That TVA staff is authorized and directed to calculate the retail adjustment amounts needed for each distributor's Adjustment Addendum as described in said Attachment A;

RESOLVED further, That the Vice President, Pricing and Contracts, or that officer's designee, is further authorized and directed to publish the Adjustment Addendum to each distributor and directly served customer.

\* \* \*

**15-03-10. Rate Change**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated August 3, 2015, and filed with the records of the Board as Exhibit 8/21/15I:

WHEREAS on January 30, 2015, TVA proposed certain structural changes in the rates and charges for electric power; and

WHEREAS the terms and conditions to TVA's wholesale Power Contracts provide that TVA may change the rate structure "from time to time ... in order to assure TVA's ability to continue to supply the power requirements of [Distributors] and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible;" and

WHEREAS a memorandum from the Executive Vice President and Chief Financial Officer, Financial Services, dated August 3, 2015 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 8/21/15I, recommends approval of the proposed rate changes as they have been further developed through discussions with both distributor customers and directly served customers;

BE IT RESOLVED, That the Board of Directors hereby approves (1) the proposed rate changes to be made effective (a) for bills rendered from wholesale meter readings scheduled to be taken on and after October 2, 2015, and (b) for resale bills rendered from resale meter readings taken for the distributors' October 2015 revenue month; (2) the proposed Wholesale Schedule WS applicable to distributors where the Schedule of Rates and Charges in the Power Contracts includes resale schedules, as described in Attachment I, Exhibit 1D; (3) the proposed Wholesale Schedule WSA applicable to distributors where the Schedule of Rates and Charges in the Power Contracts no longer includes resale schedules, as described in Attachment I, Exhibit 1E; (4) the proposed default rates and guidelines establishing parameters governing the types of distributor resale rates to which TVA will agree, as described in Attachment II; (5) continuation of the General Manufacturing Credit program as modified, as described in Attachment II; (6) the proposed changes to the Direct Service Power Rate Schedules as described in Attachment II, Exhibit 2; and (7) the proposed standard form agreement for use in amending the wholesale Power Contracts to provide for the proposed rate changes, as set out in Attachment III;

RESOLVED further, That the Board hereby authorizes and directs the Vice President, Pricing and Contracts, or that officer's designee, to (i) put the rate changes into effect in accordance with the provisions of the Power Contract; (ii) execute amendatory agreements for the purpose of memorializing customers' adoption of the rate changes; and (iii) enter into contract amendments with distributors as necessary to (a) approve revisions to the resale rate schedules as described in the Memorandum and (b) continue the modified General Manufacturing Credit program.

\* \* \*

#### **15-03-11. Strategic Pricing and Products**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated July 27, 2015, and filed with the records of the Board as Exhibit 8/21/15J:

WHEREAS TVA staff has worked on a collaborative basis with customers to design and implement pricing structures and products that support the goals of the TVA power system and the needs of customers; and

WHEREAS in order to improve TVA's rate and product offerings revisions to previously approved design parameters for the development of interruptible products are necessary, as are certain other revisions to previously approved rate and pricing products; and

WHEREAS a memorandum from the Executive Vice President and Chief Financial Officer, Financial Services, dated July 27, 2015 (Memorandum), a copy which is filed with the records of

the Board as Exhibit 8/21/15J, recommends approval of the recommendations described in the Memorandum;

BE IT RESOLVED, That the Board of Directors finds it to be appropriate and in the interest of TVA, and hereby approves the recommendations described in the attached Memorandum.

\* \* \*

Prior to the receiving the report of the Audit, Risk, and Regulation Committee, Chair Ritch requested and received a report from Director Walter, which concludes that Director Evans is qualified to serve as the Audit, Risk, and Regulation Committee's financial expert under Securities and Exchange Commission (SEC) regulations, and will state this fact in TVA's next annual report in the fall.

\* \* \*

**15-03-12. Report of the Audit, Risk, and Regulation Committee**

Director Evans, Chair of the Committee, stated the Committee met twice since the last Board meeting, via videoconference on July 30, and to conduct regular business on August 5. During the July 30 meeting, the Committee reviewed the quarterly 10-Q report. TVA's external auditors participated in the meeting and agreed that the process used by management supports the production of financial statements that are fairly presented with appropriate disclosures. At the August 5 meeting, the Committee received a report from Inspector General Richard Moore and his staff providing an independent assessment of activities at TVA. Director Evans reported that for the months of April through June, the Inspector General began twelve audits and evaluations, and identified possible cost savings of over \$7 million. Director Evans expressed

appreciation for the professionalism of the Inspector General's staff as they carry out their duties. At the August 5 meeting, the Committee also met in separate executive sessions with TVA's external auditors and TVA's internal regulatory assurance group, both of which groups offered independent assessments of TVA's financial reporting and other activities. Staff also updated the Committee on a number of topics, including regulatory assurance and enterprise risk, and management reviewed some of the pricing initiatives previously referenced during the report of the Finance, Rates, and Portfolio Committee.

At this point, Director Evans presented a report regarding Minute Item 15-03-13. Following the vote on Minute Item 15-03-13, Director Evans requested and received a report from Sherry Quirk, Executive Vice President and General Counsel, regarding Minute Item 15-03-14. Following Ms. Quirk's report and the vote on Minute Item 15-03-14, Director Evans presented a report on Minute Item 15-03-15.

Copies of the slides used by Ms. Quirk in her report on Minute Item 15-03-14 are filed with the records of the Board as Exhibit 8/21/15K.

\* \* \*

**15-03-13. Fiscal Year 2016 External Auditor Selection**

The Board adopted the following resolution as recommended in a memorandum from the Audit, Risk, and Regulation Committee, dated August 21, 2015, and filed with the records of the Board as Exhibit 8/21/15L:

WHEREAS in an August 21, 2015, memorandum to the TVA Board, the Audit, Risk, and Regulation Committee recommended, in consultation with the Inspector General, that the TVA Board approve engaging Ernst & Young LLP ("EY") as TVA's external auditor for fiscal year 2016;

BE IT RESOLVED, That the TVA Board hereby approves engaging EY as TVA's external auditor for fiscal year 2016.

\* \* \*

**15-03-14. Billing Adjustment Policy**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated July 24, 2015, and filed with the records of the Board as Exhibit 8/21/15M:

WHEREAS when TVA has to make invoice revisions for a local power company or directly served customer due to a metering or other billing error, TVA does not limit the period of liability in determining the amount TVA will seek to collect from, or pay to, the customer; and

WHEREAS at the request of its local power company customers, TVA has reevaluated this policy; and

WHEREAS modification to TVA's policy addressing invoice revisions would provide more clarity and better allocate the risk and impact of metering and billing errors among customers and TVA; and

WHEREAS a memorandum from the Chief Financial Officer (CFO) and Executive Vice President, Financial Services, dated July 24, 2015 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 8/21/15M, recommends that the Board approve a revision to TVA's policy on invoice revisions to limit the period of time for which TVA will seek collection or repayment of such amounts as described in the Memorandum;

BE IT RESOLVED, That after review of said Memorandum, the Board of Directors finds it to be appropriate and in the interest of TVA to approve a revision of TVA's policy regarding the time period of revisions for collection or repayment of underbilled or overbilled amounts resulting from metering and other billing errors as described in the Memorandum.

\* \* \*

**15-03-15. TVA Regulatory Policy - Local Rate Adjustment Process**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President and Chief Financial Officer, dated July 24, 2015, and filed with the records of the Board as Exhibit 8/21/15N:

WHEREAS on April 18, 2013, the TVA Board approved a revised process for administration of resale rate provisions of the wholesale power contract (Revised Rate Review Process); and

WHEREAS on August 22, 2013, the TVA Board approved modifications to the Revised Rate Review Process authorizing TVA staff to review and approve certain limited distributor resale rate requests, and to make recommendations to the TVA Board through the Audit, Risk, and Regulation Committee for other rate requests; and

WHEREAS modification is needed to better define the process under which only those rate requests that are determined to involve new, special, or novel considerations proceed to the Audit, Risk, and Regulation Committee; and

WHEREAS a memorandum from the Chief Financial Officer and Executive Vice President, Financial Services (CFO), dated July 24, 2015 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 8/21/15N, recommends that the Board approve a modified Revised Rate Review Process and delegate certain authority to the CFO as described in the Memorandum;

BE IT RESOLVED, That after review of said Memorandum, the Board of Directors finds it to be appropriate and in the interest of TVA to approve the modified Revised Rate Review process and the delegation of authority to the CFO as described in the Memorandum.

\* \* \*

**15-03-16. Report of the People and Performance Committee**

Director Howorth, Chair of the Committee, stated the Committee met on August 6. Director Howorth then requested and received a report from John Thomas, Executive Vice President and Chief Financial Officer, regarding Minute Item 15-03-17. Following the votes on Minute Item 15-03-17, Director Howorth reported that the Committee engaged the services of an outside consultant to assist on various matters, including a detailed, forward-looking analysis of

corporate goals. Director Howorth stated the Committee spends considerable time each quarter tracking management's performance against the goals.

Copies of the slides used by Mr. Thomas in his report on Minute Item 15-03-17 are filed with the records of the Board as Exhibit 8/21/15O.

\* \* \*

### **15-03-17. Corporate Goals**

The Board adopted the following resolutions as recommended in two memoranda from the President and Chief Executive Officer, each dated August 10, 2015, and filed with the records of the Board, respectively, as Exhibit 8/21/15P and Exhibit 8/21/15Q:

WHEREAS in a memorandum dated August 10, 2015, a copy of which is filed with the records of the Board as Exhibit 8/21/15P (Memorandum), the Chief Executive Officer (CEO) recommended approval of measures to assess performance for purposes of the Corporate Multiplier under the Winning Performance Team Incentive Plan (WPTIP) and Executive Annual Incentive Plan (EAIP) for FY 2016; and

WHEREAS the People and Performance Committee has reviewed the Corporate Multiplier performance measures for FY 2016, as described above, and recommends their approval;

BE IT RESOLVED, That the Board approves the WPTIP and EAIP Corporate Multiplier performance measures and goals for FY 2016 as set out in the Memorandum and its attachments;

RESOLVED further, That the Board hereby authorizes the CEO to set and approve the performance measures and goals for each Strategic Business Unit (SBU) and Business Unit (BU) for FY 2016 to be used with the Corporate Multiplier in determining incentive awards under the WPTIP and EAIP.

\* \* \*

WHEREAS in a memorandum dated August 10, 2015, a copy of which is filed with the records of the Board as Exhibit 8/21/15Q (Memorandum), the Chief Executive Officer (CEO) recommended approval of the following Executive Long-Term Incentive Plan (ELTIP)

performance measures for the FY 2016 – FY 2018 performance cycle: Wholesale Rate Excluding Fuel, Load Not Served, and External Measures; and

WHEREAS the People and Performance Committee has reviewed the proposed ELTIP measures and goals, as described above, and recommends their approval;

BE IT RESOLVED, That, with regard to ELTIP measures and goals for the performance cycle of FY 2016 - FY 2018, the Board approves the Wholesale Rate Excluding Fuel, Load Not Served, and External Measures metrics and goals (including accompanying definition sheets), as set forth in the Memorandum and Attachment A thereto.

\* \* \*

#### **15-03-18. Report of the Nuclear Oversight Committee**

Director Brown, Chair of the Committee, stated the Committee met August 4 at the Watts Bar site. During the meeting, Joe Grimes, Executive Vice President and Chief Nuclear Officer, reported on overall nuclear fleet performance. Kevin Walsh, Watts Bar Nuclear Site Vice President, gave a presentation on the performance of Watts Bar Unit 1. Mike Skaggs, Senior Vice President, Watts Bar Nuclear Operations and Construction, provided the Committee with an update on the completion of Watts Bar Unit 2, which continues to progress in accordance with the estimate to complete developed by TVA and approved by the Board in 2012. Director Brown reported that Watts Bar Unit 2 construction is 99 percent complete, key system and start-up testing is in progress, hot functional testing has been completed, and TVA has submitted a letter to the Nuclear Regulatory Commission (NRC) stating that construction is substantially complete. Director Brown reported that current Watts Bar site activities are focused on integration of the operation of the second unit with that of the first unit. During their meeting, the Committee also discussed the complexities of operating multiple units on a single site.

\* \* \*

**15-03-19. Committee Assignments**

The Board adopted the following resolution upon the motion of Chair Ritch, which was duly seconded:

WHEREAS Section 2(g)(1) of the TVA Act requires that the Board create and maintain an “audit committee” and directs the Board to create such other committees of Board members as the Board considers to be appropriate; and

WHEREAS Section 2.1 of the Bylaws further provides that appointees for the membership of committees shall be submitted by the Chair of the Board to the Board for its approval as a single slate of appointees; and

WHEREAS the Chair hereby recommends the following slate of committee members:

**Audit, Risk, and Regulation Committee**

Lynn Evans, Chair  
Eric Satz  
Ron Walter

**People and Performance Committee**

Richard Howorth, Chair  
Lynn Evans  
Gina Lodge  
Pete Mahurin

**External Relations Committee**

Mike McWherter, Chair  
Marilyn Brown  
Eric Satz  
Ron Walter

**Nuclear Oversight Committee**

Marilyn Brown, Chair  
Richard Howorth  
Gina Lodge  
Joe Ritch

**Finance, Rates, and Portfolio Committee**

Pete Mahurin, Chair  
Richard Howorth  
Mike McWherter  
Joe Ritch

BE IT RESOLVED, That the Board of Directors hereby approves the slate of committee members as recommended by the Chair, with said assignments to become effective immediately and to continue in place as provided in the Bylaws or until modified by further action of the Board.

\* \* \*

The meeting was adjourned at 1:24 p.m. EDT.