

No. 11-04

Approved by the Board of Directors  
at its February 16, 2012 meeting:

Original Signed by Ralph E. Rodgers  
General Counsel and  
Secretary

MINUTES OF MEETING  
OF  
THE BOARD OF DIRECTORS  
TENNESSEE VALLEY AUTHORITY  
NOVEMBER 17, 2011

A meeting of the Board of Directors of the Tennessee Valley Authority was held in the Hunter Henry Center, One Hunter Henry Boulevard, Mississippi State University, Starkville, Mississippi, on November 17, 2011. The meeting was called to order at 9:50 a.m. (CST) after a fifteen-minute break following the listening session which began at 9:00 a.m. (CST). The meeting was announced to the public on November 10, 2011. The meeting was open to public observation.

All current Board members were in attendance, as follows: Director and Chairman Dennis C. (Denny) Bottorff, and Directors Marilyn A. Brown, Robert M. (Mike) Duncan, Thomas C. (Tom) Gilliland, William H. Graves, Barbara S. Haskew, Neil G. McBride, Richard C. Howorth, and William B. (Bill) Sansom.

Also present were TVA officers including Tom Kilgore, President and Chief Executive Officer; William R. (Bill) McCollum, Chief Operating Officer; John M. Thomas, Chief Financial Officer; Ralph E. Rodgers, General Counsel and Secretary; Kimberly S. (Kim) Greene, Group President, Strategy and External Relations; Janet C. Herrin, Executive Vice President, People and Performance; and Steve Byone, Vice President and Controller.

Chairman Bottorff 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 the Tennessee Valley Authority. A quorum was present.

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Chairman Bottorff called the meeting to order.

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**11-04-1. Welcome**

In his opening remarks, Chairman Bottorff thanked the City of Starkville and Mississippi State University for hosting the Board. He remarked that this was a big day in the state of Mississippi from an economic development standpoint, with the first vehicle scheduled to roll out of Toyota's new manufacturing plant in Tupelo later on the same day. Director Bottorff also noted that on the previous day there was a grand opening for the Servestal Columbus, Phase II, operation. Director Bottorff stated that later in the meeting Tom Kilgore, President and Chief

Executive Officer, would provide a review of TVA's annual performance, after which he recognized Jack Simmons, President of TVPPA, representatives of the North Mississippi Public Power Association and the Starkville Electric Department, and both John Van Mol and Pete Mattheis of the Tennessee Valley Industrial Committee.

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### **Old Business**

The Board approved the minutes of the meeting held August 18, 2011.

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### **New Business**

#### **11-04-2.                   President's Report**

Tom Kilgore, President and Chief Executive Officer, acknowledged the retirement of Bob Hart of audio visual services, then presented his report focusing on performance in terms of rates, reliability, and responsibility. With regard to rates, Mr. Kilgore noted that wholesale rates had remained fairly steady; but that TVA now ranks 40th in rates among the top 100 utilities while the goal is to be in the 25th percentile, and noted that TVA will be focusing on closing the gap to some extent in each upcoming year. On reliability, Mr. Kilgore reported that in Fiscal Year 2011, TVA had achieved 99.999 percent customer reliability for the 12th year in a row. He stated TVA also focuses on plant reliability, and that a new record continuous run of 129 days

had been established by two units at the Paradise Fossil Plant, with another record continuous run of 111 days having been established by all three units at Browns Ferry Nuclear Plant. With regard to responsibility, Mr. Kilgore discussed: the recent observation of the 100th anniversary of service by the Ocoee No. 1 Dam; Fiscal Year 2011 economic development milestones; and the community assistance efforts of TVA employees, including the Spring storm cleanup and annual Combined Federal Campaign fundraising. Mr. Kilgore then presented the TVA Engineer of the Year award to Jim Hagerman.

Copies of the slides used in Mr. Kilgore's report are filed with the records of the Board as Exhibit 11/17/11A.

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### **11-04-3. Financial Report**

John Thomas, Chief Financial Officer, presented a Fiscal Year 2011 financial summary and a look ahead at projected finances in Fiscal Year 2012. Mr. Thomas reported that sales were in line with plan, but were 3 1/2 percent below the 2010 sales number, which was driven up by the unusually hot summer and cold winter experienced that year. He stated that non-fuel operations and maintenance had been a challenge, due mainly to the abnormally high number of nuclear refueling outages, storm damage, and the fact that the discount rate used to value the liabilities of the pension fund was lower this year, causing TVA to recognize more expense. In reviewing TVA's income statement, Mr. Thomas reported that fuel expense over the year had been generally good, specifically mentioning low gas prices, and that while the volume of

purchased power had been high the price of that power had been low, thus allowing TVA to purchase power at a cost lower than that of dispatching some of its higher cost generation. Mr. Thomas next reviewed TVA's Fiscal Year 2011 cash flow and noted that net cash flow was \$179 million better than plan, which allowed TVA to fund essentially half of the Magnolia Combined Cycle Plant acquisition. Mr. Thomas then spoke briefly about TVA's debt service coverage ratio and noted that TVA's improving coverage reflects the improving overall financial health of TVA.

With regard to Fiscal Year 2012, Mr. Thomas reported that previously projected growth of 2.6 percent had been revised down to an estimated 1.4 percent, and added that planning has also taken into consideration both "no growth" and "recessionary" scenarios in case things worsen over the year. He predicted that TVA will continue to see low interest rates and stable fuel prices throughout 2012, and stated that TVA is actively managing spending in light of events in the economy using a "savings and use approach" to identify opportunities for savings in dealing with economic conditions and emergent issues. Mr. Thomas mentioned that there are a significant number of construction projects that will be ongoing in 2012, and that TVA will need to be diligent in managing these projects. He also stated that despite recent volatility in financial markets affecting investments negatively in 2011, TVA is hoping for some improvement in the performance of TVA's investments in Fiscal Year 2012.

Copies of the slides used in Mr. Thomas's report are filed with the records of the Board as Exhibit 11/17/11B.

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**11-04-4. Report of the Customer and External Relations Committee**

Director Duncan, Chairman of the Customer and External Relations Committee, stated that the Committee continues its oversight of Energy Efficiency, Demand Response, and Renewables programs. A presentation was requested and received from Kim Greene, Group President, Strategy and External Relations, regarding the status of TVA's Energy Efficiency and Renewables programs overall, and Minute Item No. 11-04-5 in particular. Copies of the slides used in Ms. Greene's presentation are filed with the records of the Board as Exhibit 11/17/11C. Following Ms. Greene's presentation Director Brown provided a brief synopsis of the planned Energy Efficiency Forum to be held in Nashville on February 21 and 22, 2012. Director Duncan concluded by reporting that the Committee had received a report from TVA staff on TVA's Camp Right program, and he went on to describe the basic premise of that program.

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**11-04-5. Green Power Providers Program**

The Board adopted the following resolution as recommended in a memorandum from the Group President, Strategy and External Relations, dated October 20, 2011, and filed with the records of the Board as Exhibit 11/17/11D:

WHEREAS TVA has operated a Generation Partners program under various pilot arrangements since 2003 to develop and encourage the use of small-scale renewable generating sources throughout the Tennessee Valley; and

WHEREAS interest across the Tennessee Valley in residential, commercial, and industrial participation in Generation Partners has been, and remains, high; and

WHEREAS the TVA Vision includes becoming a leading provider of low-cost and cleaner energy by 2020, and TVA's 2011 Integrated Resource Plan sets gradually increasing targets for providing renewable generation to customers and distributors in order to realize TVA's Vision; and

WHEREAS replacement of the Generation Partners pilot with a long-term Green Power Providers program will provide an economic benefit to the Tennessee Valley through sales and job creation and help TVA realize its renewable generation goals; and

WHEREAS a memorandum from the Group President, Strategy & External Relations, dated October 20, 2011 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 11/17/11D, recommends that the Board approve the creation of a long-term Green Power Providers program that is more closely aligned with the expanding renewable energy portfolio of TVA's Green Power Switch® program and fully implements the modified net metering standard adopted by the Board in 2007;

BE IT RESOLVED, That the Board of Directors finds it to be appropriate and in the interest of TVA, and hereby approves the creation of a long-term Green Power Providers program as described in the Memorandum.

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**11-04-6. Report of the Finance, Rates, and Portfolio Committee**

Director Sansom, Chairman of the Finance, Rates, and Portfolio Committee, reported the Committee had reviewed and discussed TVA's financial performance and ongoing capital projects. Presentations were requested and received from: Kim Greene, Group President, Strategy and External Relations, regarding Minute Item No. 11-04-7; Steve Byone, Vice

President and Controller, regarding Minute Item No. 11-04-8; and Bill McCollum, Chief Operating Officer, regarding Minute Item No. 11-04-9.

Copies of the slides used in Ms. Greene's, Mr. Byone's, and Mr. McCollum's presentations are filed with the records of the Board as Exhibits 11/17/11E, 11/17/11F, and 11/17/11G, respectively.

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**11-04-7. Off-Peak Pricing Overlay**

The Board adopted the following resolution as recommended in a memorandum from the Group President, Strategy and External Relations, dated October 20, 2011, and filed with the records of the Board as Exhibit 11/17/11H:

WHEREAS offering pricing incentives during certain targeted hours will encourage customers to add load in off-peak hours and enable TVA to optimize generating resources and potentially reduce overall operating costs; and

WHEREAS a memorandum from the Group President, Strategy & External Relations, dated October 20, 2011 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 11/17/11H, recommends that the Off-peak Pricing Product overlay described in the Memorandum be approved;

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 offering of an Off-peak Pricing Product overlay to the Seasonal Demand and Energy (SDE) rate schedules as set forth in the Memorandum;

RESOLVED further, That the Board of Directors approves the rate design set forth in the Attachment to the Memorandum.

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**11-04-8. Tax Equivalent Payments**

The Board adopted the following resolution as recommended in a memorandum from the Chief Financial Officer dated October 25, 2011, and filed with the records of the Board as Exhibit 11/17/11I:

WHEREAS section 13 of the Tennessee Valley Authority Act of 1933, *as amended* (16 U.S.C. §§ 831-831ee (2006 & Supp. II 2008)), directs the Board to pay amounts in lieu of taxes to the states and counties in which the power operations of TVA are carried on and in which TVA has acquired properties previously subject to state and local taxation, the payments to be computed in the manner specified in section 13 and to be charged against the power operations of TVA; and

WHEREAS said section provides that the Board shall make a determination as to the amounts due to the states and counties and shall make such payments in monthly installments for each fiscal year beginning July 1, 1940, upon a basis more particularly set forth in said section; and

WHEREAS pursuant to a resolution approved by the Board on November 4, 2010, such payments have been made during the fiscal year ending September 30, 2011, to the states and counties in accordance with the preliminary estimates approved in said resolution; and

WHEREAS there have now been prepared and reviewed with the states data showing the amounts actually due the states and counties for the fiscal year ending September 30, 2011; and

WHEREAS a report setting forth the basis upon which such amounts have been calculated and containing the aforesaid data accompanied a memorandum to the Chief Executive Officer and President, from the Chief Financial Officer dated October 25, 2011, which report and memorandum are filed with the records of the Board as Exhibit 11/17/11I; and

WHEREAS Schedules 1, 7, and 8 of Exhibit 11/17/11I include estimates of the amounts due to the states and counties under section 13 for fiscal year 2012; and

WHEREAS final determination of the amounts due under section 13 for fiscal year 2012 will require additional studies which may consume several months; and

WHEREAS the Board desires to make payments for fiscal year 2012 on the basis of the estimated annual payments for fiscal year 2012, subject to such adjustments therein during the fiscal year as may be necessary to make the respective sums of the payments conform to the total amounts finally determined to be payable for fiscal year 2011; and

WHEREAS section 15d(g) of the TVA Act provides the payment under section 13 due to a state where a power generating or related facility operated by TVA under a lease or lease-purchase agreement ("Leased Facility") is located shall be reduced by the amount which is determined or estimated by the Board to result from holding the Leased Facility or from selling electric energy generated from the Leased Facility to the extent taxes or tax equivalents are paid by the owners (or others) on account of the Leased Facility;

BE IT RESOLVED, That the Board of Directors, in accordance with section 13 of the Tennessee Valley Authority Act, as amended, hereby finally determines that the amounts set out in Schedules 2 and 5 of Exhibit 11/17/11I are the amounts due and payable for the fiscal year ending September 30, 2011, to the respective states and counties named in said schedules; provided, however, that if there is any property for which TVA has a contingent tax replacement responsibility determinable by an assessment not yet made or not yet brought to TVA's attention or determinable by other factors not yet resolved, appropriate adjustments shall be made, in accordance with established procedures, in the amounts payable under section 13 for this or any subsequent fiscal year after such tax replacement responsibility has been determined;

RESOLVED further, That the Chief Financial Officer is hereby authorized and directed to make payments to said states and counties in accordance with the aforesaid schedules and to adjust the payments heretofore or hereafter made so that the respective sums of the payments for fiscal year 2011 will conform to the amounts shown in said schedules;

RESOLVED further, That the Board authorizes and directs the Chief Financial Officer to make, or cause to be made, payments, including monthly installment payments not in excess of one-twelfth of the estimated annual payments for the fiscal year ending September 30, 2012, to the respective states and counties for the month of October 2011 and each month thereafter in fiscal year 2012, all as provided in Exhibit 11/17/11I, until the Board has made a final determination of the respective amounts due for said fiscal year; provided that the Chief Financial Officer is hereby authorized to make, or cause to be made, as soon as administratively feasible, payments in lieu of taxes to any additional states and counties found to be entitled thereto for fiscal year 2012 on account of power property purchased and operated by TVA during fiscal year 2011, said payments to be later confirmed and adjusted when the final amounts payable for fiscal year 2012 shall have been determined and approved by the Board in accordance with established procedures;

RESOLVED further, That it is the Board's determination that both the amount attributable to holding a Leased Facility and the amount attributable to selling electric energy generated from a Leased Facility shall be used under section 15d(g) in determining the amount by which TVA shall reduce the section 13 payment to the state in which the Leased Facility is located;

RESOLVED further, That the Board determines that in determining under section 15d(g) the amount of the reduction of the section 13 payment otherwise due a state, the contribution of the Leased Facility to the section 13 payment attributable to holding the Leased Facility shall be

determined based upon how TVA accounts for the Leased Facility and the contribution of the Leased Facility to the section 13 payment attributable to selling electric energy generated from the Leased Facility shall be calculated using the assumption that the sales of electricity from the Leased Facility are apportioned among the various states in TVA's service area using the same proportion that the states contribute to TVA's gross power proceeds under section 13;

RESOLVED further, That the Chief Financial Officer shall cause to be explained to the appropriate state and county officials that said payments for fiscal year 2012 are based upon preliminary estimates and are subject to later adjustment.

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**11-04-9. John Sevier Combined Cycle Plant Contractual Service Agreement**

With both Chairman Bottorff and Director Gilliland abstaining due to potential conflicts arising from certain personal investments, the Board adopted the following resolution as recommended in a memorandum from the Chief Operating Officer dated October 24, 2011, and filed with the records of the Board as Exhibit 11/17/11J:

WHEREAS upon completion of TVA's John Sevier Combined Cycle plant, TVA will have a need for replacement parts and inspection, outage, and other services for the plant; and

WHEREAS to obtain such parts and services, a memorandum from the Chief Operating Officer dated October 24, 2011, and attached hereto as Exhibit 11/17/11J, recommends that the Board authorize TVA to enter into a long-term service agreement with General Electric International, Inc., with a contract monetary limitation of \$120 million and a term of up to 20 years;

BE IT RESOLVED, That, subject to any necessary final negotiations, the Board authorizes the award of a long-term service agreement to General Electric International, Inc., for the John Sevier Combined Cycle plant, as recommended in the Chief Operating Officer's October 24, 2011, memorandum.

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**11-04-10. Report of the Nuclear Oversight Committee**

Director Brown, Chairman of the Nuclear Oversight Committee, reported that the Committee had met during the prior week, along with the Committee's outside advisor Bernie Beasley, at Browns Ferry Nuclear Plant. While there the Committee held a meeting with Carl Terry, Chairman of the Nuclear Safety Review Board ("NSRB"), and discussed with him the findings, conclusions and suggestions of the NSRB resulting from its visit to Browns Ferry in mid-July. Director Brown also reported the Committee had discussed the Nuclear Regulatory Commission's red finding resulting from a malfunctioning valve, and stated TVA had already taken measures to ensure that valve and all similar valves at Browns Ferry were repaired. In addition, Director Brown reported the Committee and its advisors had reviewed information regarding the performance of each of TVA's operating nuclear facilities over the last quarter, including the status of construction at Watts Bar Unit 2, the status of construction of the cooling tower at Browns Ferry, and the status of licensing at Bellefonte Unit 1. Director Brown stated the Committee and its advisors will continue to review the nuclear program at TVA, and will be visiting the Watts Bar Nuclear Plant in February at the time of its next meeting.

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**11-04-11. Report of the Audit, Risk, and Regulation Committee**

Director Gilliland, Chairman of the Audit, Risk, and Regulation Committee, reported the Committee had reviewed TVA's draft annual report to be filed with the Securities and Exchange Commission and had met with TVA's external auditors and the Office of the Inspector General

regarding the report. He went on to state that he expected the 10-K report would be filed on the date of the instant meeting after incorporation of changes, if any, necessitated by the Board's actions during the meeting. In addition, Director Gilliland reported that at the Board's request TVA staff was in the process of reviewing regulation of retail rates and service practices applied by distributors of TVA power, and that TVA plans to address these areas through a public rulemaking process after issuance of a background paper and proposed rules followed by a request for public input and comment. Director Gilliland stated the Committee had reviewed the process and requested receipt of regular updates on progress. Director Gilliland then gave a brief presentation regarding Minute Item No. 11-04-12.

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**11-04-12. Selection of Ernst & Young as TVA's External Auditor**

The Board adopted the following resolution as recommended in a memorandum from the Chairman of the Audit, Risk, and Regulation Committee dated November 17, 2011, and filed with the records of the Board as Exhibit 11/17/11K:

WHEREAS in a November 17, 2011, memorandum to the TVA Board, the Audit, Risk, and Regulation Committee recommended, in consultation with the Inspector General, that the TVA Board approve selecting Ernst & Young LLP ("E&Y") as TVA's external auditor for 2012;

BE IT RESOLVED, That the TVA Board hereby approves selecting E&Y as TVA's external auditor for 2012.

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### **11-04-13. Report of the People and Performance Committee**

Director Graves, Chairman of the People and Performance Committee, reported the Committee had a number of items to present for the Board's consideration. He stated the Committee had met to discuss issues regarding employee compensation and performance incentives and had also spent time reviewing TVA's performance over the past year. A presentation was then requested and received from Tom Kilgore, President and Chief Executive Officer, regarding TVA's performance. Mr. Kilgore assigned the following letter grades for each of TVA's six Vision goals and provided a brief explanation of each grade:

Rates:	C
Reliability:	A
Responsibility:	A
Clean Air:	B+
New Nuclear:	D
Energy Efficiency:	B

In explaining the grade for New Nuclear, Mr. Kilgore noted that TVA will not hit its budget or schedule on Watts Bar Unit 2, though thirty-nine of about eight-five systems had achieved startup, and, although TVA received significant power output from its existing nuclear plants, work still needs to be done to improve performance at those plants.

Presentations were next requested and received from Janet Herrin, Executive Vice President, People and Performance, with regard to Minute Item Nos. 11-04-14 and 11-04-15, and Director Graves himself gave brief presentations regarding Minute Item Nos. 11-04-16 and 11-04-17.

Copies of the slides used in Ms. Herrin's presentations are filed with the records of the Board as Exhibit 11/17/11L and Exhibit 11/17/11M.

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**11-04-14.                    Winning Performance Corporate Measures for Fiscal Year 2012 and Executive Long-Term Incentive Plan Measures and Goals**

The Board adopted the following resolution as recommended in a memorandum from the Chief Executive Officer dated November 7, 2011, and filed with the records of the Board as Exhibit 11/17/11N:

WHEREAS in a memorandum dated November 7, 2011, a copy of which is filed with the records of the Board as Exhibit 11/17/11N (Memorandum), the Chief Executive Officer (CEO) recommended approval of the TVA corporate measures for Fiscal Year (FY) 2012 which contain proposed goals on which TVA's performance will be measured and awards under the Winning Performance Team Incentive Plan (WPTIP) and Executive Annual Incentive Plan (EAIP) may be made for FY 2012; and

WHEREAS in that same Memorandum the CEO recommended the following with regard to the Executive Long-Term Incentive Plan (ELTIP): (a) approval of adjustments to the previously approved goals of the ELTIP FY 2011 - FY 2013 performance cycle in order to align the Retail Rate measure and goals to the current proposal to set goals that reflect percent gap improvements to Top Quartile and to remove the Stakeholder Survey measure and goals as set forth in the Memorandum and its attachments, and (b) approval of the performance measures and goals for the FY 2012 - FY 2014 performance cycle as set forth in the Memorandum and its attachments; and

WHEREAS the People and Performance Committee has reviewed the proposed TVA corporate measures and goals for the WPTIP and EAIP for FY 2012 and the proposed revision and addition of ELTIP measures and goals, as described above, and recommends their approval;

BE IT RESOLVED, That the Board approves the TVA corporate measures and goals for FY 2012 (including the accompanying definition sheets) for the WPTIP and EAIP, as set forth in Attachment A to the Memorandum;

RESOLVED further, That, with regard to the ELTIP performance cycle ending September 30, 2013, the Board approves the adjustments to the goals of the Retail Rate measure to align to the current proposal to set goals that reflect percent gap improvements to Top Quartile (including the accompanying definition sheet) and to remove the Stakeholder Survey measure and goals, as set forth in Attachment B to the Memorandum;

RESOLVED further, That, for the ELTIP performance cycle ending September 30, 2014, the Board approves the performance measures of Retail Rate, Load Not Served, and Organizational Health, the goals for these measures, and the definition sheets for such measures and goals, as set forth in Attachment C to the Memorandum.

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**11-04-15.                    Revision of Design of Executive Annual Incentive Plan and Winning Performance Team Incentive Plan**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President, People and Performance, dated October 25, 2011, and filed with the records of the Board as Exhibit 11/17/11O:

WHEREAS a memorandum from the Executive Vice President, People and Performance, dated October 25, 2011 (Memorandum), recommends that the Board approve revisions in the design of TVA's Executive Annual Incentive Plan (EAIP) and Winning Performance Team Incentive Plan (WPTIP) beginning in FY 2012 as set out in that Memorandum and attachment; and

WHEREAS those revisions have been discussed with and reviewed by the Board's People and Performance Committee in conjunction with the Committee's independent compensation consultant; and

WHEREAS upon the recommendation of the People and Performance Committee, the Board has determined that revisions will, among other things, strengthen line-of-sight between corporate and business unit performance and more closely align the compensation plans with those of market competitors;

BE IT RESOLVED, That the Board approves the EAIP and WPTIP design revisions as set out in the Memorandum and attachment effective beginning in FY 2012;



RESOLVED further, That the Board hereby authorizes the Chief Executive Officer, or designee, to take actions necessary or desirable to implement the Board-approved design revisions to include, without limitation, the revision of EAIP and WPTIP documents and related policies and procedures.

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**11-04-16. Fiscal Year 2012 Salaries in Excess of Executive Schedule Level IV**

The Board adopted the following resolution as recommended in a memorandum from the Executive Vice President, People and Performance, dated October 25, 2011, and filed with the records of the Board as Exhibit 11/17/11P:

WHEREAS the People and Performance Committee has reviewed and made information available to other Board members regarding the employees other than the Chief Executive Officer with salaries in excess of Executive Schedule Level IV;

BE IT RESOLVED, That the Board hereby delegates to the Chief Executive Officer the authority to approve a list of TVA employees other than the Chief Executive Officer whose salaries will exceed Executive Schedule Level IV for Fiscal Year 2012.

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**11-04-17. Chief Executive Officer FY 2012 Compensation**

The Board adopted the following resolution:

WHEREAS in accordance with the Tennessee Valley Authority Act, as amended, and the TVA Compensation Plan, as approved by the Board, the Board reviews and approves the compensation of TVA's Chief Executive Officer (CEO); and

WHEREAS the People and Performance Committee has conducted a review of the compensation of the CEO including discussions with the Board's independent compensation advisor, and

recommends that the Board not adjust the CEO's compensation for Fiscal Year 2012 from the levels previously established for Fiscal Year 2011;

RESOLVED, That the Board hereby determines that it will not adjust the CEO's compensation for Fiscal Year 2012 from the levels previously established for FY 2011, which compensation levels are set forth in the summary filed with the records of the Board as Exhibit 11/17/11Q.

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**11-04-18. Extension of Term of Next Board Chairman**

Upon a motion made by Director Haskew and unanimously approved, Director Sansom's upcoming term as Chairman of the Board, previously scheduled to take effect upon the departure of Chairman Bottorff and to expire no later than May 18, 2012 [pursuant to a resolution adopted by the Board during its April 14, 2012, meeting (Minute Item No. 11-02-5)], was extended to run through and including December 31, 2013.

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**11-04-19. Board Committee Appointments**

The Board adopted the following resolution:

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 Chairman of the Board to the Board for its approval as a single slate of appointees; and

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

**Audit, Risk, and Regulation Committee**

Neil McBride, Chair  
Bill Sansom  
Barbara Haskew

**Customer and External Relations Committee**

Richard Howorth, Chair  
Marilyn Brown  
Neil McBride

**Finance, Rates, and Portfolio Committee**

Bill Sansom, Chair  
William Graves  
Barbara Haskew

**People and Performance Committee**

Barbara Haskew, Chair  
William Graves  
Richard Howorth

**Nuclear Committee**

Marilyn Brown, Chair  
Bill Sansom;

BE IT RESOLVED, That the Board of Directors hereby approves the slate of committee members set forth above, with said assignments to become effective immediately upon the expiration of the current term of Directors Bottorff, Duncan, and Gilliland and to continue in place until modified by further action of the Board.

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**11-04-20. Board Practice Amendments**

The Board adopted the following resolution:

WHEREAS the Board has from time to time adopted certain practices to address various Board and Board Committee processes and activities or to provide guidance in interpreting provisions of the Bylaws of the Tennessee Valley Authority; and

WHEREAS the Board has reviewed the existing practices and desires to make amendments to reflect the functions of the various Board Committees rather than the formal Committee names; and

WHEREAS the Board believes it would be useful and appropriate to adopt a practice allowing the grouping of non-controversial, ministerial items together for Board consideration at a public board meeting when considered appropriate by the Chairman of the Board and the Chief Executive Officer;

BE IT RESOLVED, That the Board hereby amends the TVA Board Practices to make such administrative changes as reflected in the document attached hereto and filed with the records of the Board as Exhibit 11/17/11R; and

BE IT RESOLVED, FURTHER, That the Board hereby adopts the TVA Board Practice entitled Consent Agenda as reflected in the same Exhibit.

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**11-04-21. Resolutions Honoring Service to TVA by Chairman Dennis C. Bottorff, Director Thomas C. Gilliland, and Director Robert M. (Mike) Duncan**

The Board adopted the following resolutions:

WHEREAS the Consolidated Appropriations Act, 2005, amended the TVA Act by restructuring the TVA Board from three full-time members to nine part-time members; and

WHEREAS the TVA Board is responsible for, among other things, establishing broad goals, objectives, and policies for TVA and establishing long-range plans to carry out these goals, objectives, and policies; and

WHEREAS Dennis C. Bottorff, who was among the first group of Directors first appointed to the expanded TVA Board, joined the TVA Board in March 2006 and is now completing his term; and

WHEREAS as a member of the Board of Directors and in the leadership positions of Chairman of the Finance, Strategy, Rates, and Administration Committee, Chairman of the Ad Hoc Committee on Energy Efficiency, Demand Response, and Renewable Energy, and Chairman of the Board of Directors, he has worked tirelessly to further TVA's missions and objectives,

including the objectives of providing reliable, low-cost electricity, economic development, and environmental stewardship; and

WHEREAS Chairman Bottorff has earned respect for his knowledge, leadership, and business acumen, which he has diligently devoted to his work on the Board for the benefit of the people of the Tennessee Valley and the United States;

BE IT RESOLVED, That the Board of Directors of the Tennessee Valley Authority honors Dennis C. Bottorff for his TVA service.

\* \* \*

WHEREAS the Consolidated Appropriations Act, 2005, amended the TVA Act by restructuring the TVA Board from three full-time members to nine part-time members; and

WHEREAS the TVA Board is responsible for, among other things, establishing broad goals, objectives, and policies for TVA and establishing long-range plans to carry out these goals, objectives, and policies; and

WHEREAS Thomas C. Gilliland, who was among the first full complement of nine Directors to serve on the expanded TVA Board, joined the TVA Board in March 2008 and is now completing his term; and

WHEREAS as a member of Board of Directors and in the leadership positions of Chairman of the Audit, Risk, and Regulation Committee and its predecessor committee, the Audit and Ethics Committee, he has worked tirelessly to further TVA's missions and objectives, including the objectives of providing reliable, low-cost electricity, economic development, and environmental stewardship; and

WHEREAS Director Gilliland has earned respect for his knowledge, leadership, and business acumen, which he has diligently devoted to his work on the Board for the benefit of the people of the Tennessee Valley and the United States;

BE IT RESOLVED, That the Board of Directors of the Tennessee Valley Authority honors Thomas C. Gilliland for his TVA service.

\* \* \*

WHEREAS the Consolidated Appropriations Act, 2005, amended the TVA Act by restructuring the TVA Board from three full-time members to nine part-time members; and

WHEREAS the TVA Board is responsible for, among other things, establishing broad goals, objectives, and policies for TVA and establishing long-range plans to carry out these goals, objectives, and policies; and

WHEREAS Robert M. (Mike) Duncan, who was among the group of new Directors first appointed to the expanded TVA Board, joined the TVA Board in March 2006 and is now completing his term; and

WHEREAS as a member of the Board of Directors and in the leadership positions of Chairman of the Audit and Ethics Committee, Chairman of the Customer and External Relations Committee, and Chairman of the Board of Directors, he has worked tirelessly to further TVA's missions and objectives, including the objectives of providing reliable, low-cost electricity, economic development, and environmental stewardship; and

WHEREAS Director Duncan has earned respect for his knowledge, leadership, and business acumen, which he has diligently devoted to his work on the Board for the benefit of the people of the Tennessee Valley and the United States;

BE IT RESOLVED, That the Board of Directors of the Tennessee Valley Authority honors Robert M. (Mike) Duncan for his TVA service.

\* \* \*

Following adoption of the above mentioned honorific resolutions the Board reviewed a short video presentation of 2011 performance highlights.

\* \* \*

**Information Items****11-04-22                    Corrected Adjustment Addendum**

As recommended in an application for Notational Board Approval, a copy of which is filed with the records of the Board as Exhibit 11/17/11S, the individual Board members notationally approved a corrected Adjustment Addendum to be effective October 1, 2011, to replace the Adjustment Addendum that was approved by the Board at its August 18, 2011, meeting.

\* \* \*

**11-04-23                    Amendments to the Rules and Regulations of the TVA Retirement System and to Provisions of the TVA Savings and Deferral Retirement Plan**

As requested in a memorandum from the Executive Secretary, TVA Retirement System (“System”), dated October 7, 2011, and filed with the records of the Board as Exhibit 11/17/11T, the Board did not veto, and therefore approved, amendments to the Rules and Regulations of the TVA Retirement System and to Provisions of the TVA Savings and Deferral Retirement Plan previously approved by the TVA Retirement System Board at its quarterly meeting on September 15, 2011, providing System credit for certain lump-sum payments made by TVA to employees in lieu of base wage or salary increases for Fiscal Year 2012.

\* \* \*

The meeting was adjourned at 11:39 a.m. CST.