

No. 11-02

Approved by the Board of Directors  
at its \_\_\_\_\_, 2011, meeting:

Original Signed by Ralph E. Rodgers  
General Counsel and  
Secretary

MINUTES OF MEETING  
OF  
THE BOARD OF DIRECTORS  
TENNESSEE VALLEY AUTHORITY  
APRIL 14, 2011

A meeting of the Board of Directors of the Tennessee Valley Authority was held at the TVA Chattanooga Office Complex, 1101 Market Street, Chattanooga, Tennessee, on April 14, 2011. The meeting was called to order at 9:33 a.m. after a short intermission following the listening session which began at 8:30 a.m. (EDT). The meeting was announced to the public on April 7, 2011. The meeting was open to public observation.

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

Also present were Tom Kilgore, President and Chief Executive Officer; William R. (Bill) McCollum, Chief Operating Officer; John M. Thomas, Chief Financial Officer; Ralph E. Rodgers, Acting General Counsel and Secretary; Kenneth R. (Ken) Breeden, Executive Vice President, Customer Relations; Van M. Wardlaw, Executive Vice President, Enterprise Relations; Anda A. Ray, Senior Vice President, Environment & Technology; and Sylvan R. (Russ) Steward, Vice President, Supply Chain.

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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**11-02-1. Welcome**

In his opening remarks, Chairman Bottorff commended Chattanooga and its leaders for the city's progress over the years and expressed TVA's pride at being a citizen of Chattanooga. Chairman Bottorff then drew a contrast with the dire situation faced by the people of Japan as they struggle with the disaster of the March 11 earthquake and tsunami. Chairman Bottorff reported that the Board and TVA have carefully monitored events at the Fukushima Daiichi

nuclear complex (Fukushima), noting that TVA experts are analyzing daily reports regarding those events and, together with outside experts, have been asked by the Board to evaluate what TVA could learn from those events, how those events might affect TVA, and what TVA might do differently to ensure the utmost safety in its nuclear program.

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**11-02-2. Nuclear Safety Review**

Bill McCollum, Chief Operating Officer, briefed the Board on efforts being made to analyze all information regarding events at Fukushima for lessons that can be applied to TVA's nuclear fleet in order to ensure the safety of current and future operations. Mr. McCollum provided a detailed chronology of events at Fukushima and explained differences in the design of TVA's nuclear fleet. Mr. McCollum reported that a TVA response team of nuclear and other experts had been formed immediately following events at Fukushima to collect and monitor information and, as a result, a wide range of potential occurrences that could affect nuclear operations, both natural and manmade, are being studied by TVA to identify possible vulnerabilities and provide short, intermediate, and long term recommendations for TVA sites. Mr. McCollum emphasized that events beyond design basis were being considered without regard to probability, including multiple simultaneous, or "stacked," events; again, seeking lessons that can be applied to TVA's defense-in-depth strategy. Copies of the slides used in Mr. McCollum's report are filed with the records of the Board as Exhibit 4/14/11A.

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**Old Business**

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

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**New Business**

**11-02-3.                   President's Report**

Tom Kilgore, President and Chief Executive Officer, presented his report addressing progress in achieving the TVA Vision goals regarding rates, reliability, responsibility, and leadership in cleaner air, energy efficiency and new nuclear energy production. He provided specific information regarding the basis for TVA's new pricing structure which, he emphasized, would be revenue neutral for TVA. Mr. Kilgore also discussed recent storm damage in the Valley, construction of the new, safer ash containment system at Kingston, hydro operations, the recently completed Natural Resources Plan, and progress in economic development, reduction of emissions, energy efficiency, and demand reduction. Finally, Mr. Kilgore reported on TVA's participation in an electric vehicle project planned for Tennessee.

Copies of the slides used in Mr. Kilgore's report are filed with the records of the Board as Exhibit 4/14/11B.

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**11-02-4. Financial Report**

John Thomas, Chief Financial Officer, presented a scorecard assessment showing that TVA's performance has been positive in most categories used to measure performance on rates, reliability and responsibility, with the exception being combined cycle Equivalent Availability Factor (EAF), which Mr. Thomas indicated TVA is concentrating efforts at improvement. Mr. Thomas then briefed the Board more specifically on TVA's financial performance through March, reporting that TVA is ahead of plan on revenue and net income, and below plan on operations and maintenance expenses as well as amortization and depreciation. Mr. Thomas stated that management is intentionally conserving cash in anticipation of higher costs expected later in the fiscal year, and explained this was consistent with TVA's role as a cost recovery organization as opposed to a for-profit business. Copies of the slides used in Mr. Thomas's report are filed with the records of the Board as Exhibit 4/14/11C.

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**11-02-5. Selection of Chairman**

Director Haskew made a motion that, pursuant to Section 1.1 of the TVA Bylaws (i) Chairman Bottorff serve as Board Chairman beyond the expiration of his current term, which expires May 18, 2011, for a term extending through the earlier of May 18, 2012 or the date Director Bottorff ceases to be a member of the Board, (ii) that the Board establish the temporary position of Vice Chairman ending May 18, 2012, (iii) that Director Sansom serve as Vice Chairman from May 18, 2011 through May 18, 2012, and (iv) that should Director Bottorff cease

to be a member of the Board or cease to be Chairman of the Board on any day prior to May 18, 2012, Director Sansom shall serve as Chairman of the Board for the remainder of the term ending May 18, 2012. The motion was seconded by Director Duncan and passed unanimously without objection.

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**11-02-6. Integrated Resource Plan**

Director Bottorff introduced Van Wardlaw, Executive Vice President, Enterprise Relations, who made a presentation to the Board regarding the newly completed Integrated Resource Plan. Copies of the slides used in Mr. Wardlaw's presentation are filed with the records of the Board as Exhibit 4/14/11D. Following Mr. Wardlaw's presentation and a brief period of comments and questions, the Board adopted the following resolution:

WHEREAS, the Board reaffirms its vision for TVA to be one of the Nation's leading providers of low-cost and cleaner energy by 2020; and

WHEREAS this vision will help TVA continue to carry out the missions established for it by Congress, including the objective of providing reliable electricity at the lowest rates feasible; and

WHEREAS TVA has completed an Integrated Resource Plan (IRP), entitled *TVA's Environmental & Energy Future*, that guides TVA in identifying resources to meet the energy needs of the Tennessee Valley region over the next 20 years; and

WHEREAS this IRP provides TVA planning direction and the flexibility to make sound choices in a dynamic, ever-changing regulatory and economic environment by providing guideline ranges for the primary components of the IRP; and

WHEREAS the process used to develop the IRP was comprehensive and involved multiple opportunities for the public to contribute to and influence the IRP through innovative communication methods; and

WHEREAS an important part of the public involvement effort was the creation of a Stakeholder Review Group consisting of individuals from various interests including TVA customers, state agencies, and business, civic, and environmental interests who provided TVA comments on and critique of IRP analyses and process steps as the IRP was developed; and

WHEREAS TVA also prepared and released for public comment an Environmental Impact Statement pursuant to the National Environmental Policy Act that carefully evaluated the potential environmental impacts of a range of resource planning directions and resource options; 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 Chief Executive Officer (CEO) in achieving these; and

WHEREAS the CEO has determined that the recommended planning direction in the IRP is in TVA's best interest and has approved it;

BE IT RESOLVED, That the Board of Directors hereby expresses appreciation of and thanks for the hard work and thoughtful comments and analyses provided to TVA by members of the IRP Stakeholder Review Group and directs the CEO to provide to each member of the Stakeholder Review Group an appropriate copy of this Resolution which shall include a list of Stakeholder Review Group members;

RESOLVED further, That the Board of Directors hereby determines that the IRP recommended planning direction is consistent with TVA's vision;

RESOLVED further, That the Board of Directors hereby accepts the IRP and authorizes the CEO to use the recommended planning direction in formulating TVA's proposed resource planning and selection activities;

RESOLVED further, That the Board of Directors directs the CEO to repeat this integrated resource planning process beginning no later than 2015 unless the Board specifically considers and waives this requirement as being unnecessary;

RESOLVED further, That acceptance of the IRP and the recommended planning direction does not constitute, nor does it commit TVA to, any strategic decisions on individual energy resource assets or projects, it being understood that all specific actions regarding such assets or projects will be subject to future Board consideration or approval as required by applicable TVA policies, procedures, and budgeting requirements and current circumstances, technology, and regulatory expectations.

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**11-02-7. TVA Environmental Future and Implementing Agreements**

Tom Kilgore briefed the Board on proposed settlement agreements with the federal Environmental Protection Agency (EPA), four states, and three environmental advocacy organizations, including a discussion of the origins of the agreements and their impact on specific units within TVA's coal fleet. Mr. Kilgore then introduced Anda Ray, Senior Vice President, Environment & Technology, who detailed the terms of the proposed agreements, including a description of various parties to the agreements, and provided an overview of the hardspots and highlights associated with TVA entering into the agreements. At the conclusion of Ms. Ray's presentation, Mr. Kilgore recommended that the Board adopt the proposed resolution authorizing TVA to enter into the agreements. Copies of the slides used in Mr. Kilgore's and Ms. Ray's presentations are filed with the records of the Board as Exhibit 4/14/11E.

Director McBride made a motion to adopt the resolution and that motion was seconded by Director Gilliland. Before the vote on the motion, Director Duncan explained that he would vote against adoption of the resolution, stating the following as concerns: (a) his belief that the agreement is not in the best interest of TVA pursuant to the U.S. Constitution and the Tennessee Valley Authority Act, (b) the settlement is not just with EPA or even the states, but also includes outside groups, (c) the settlement gives up ground gained by TVA in past litigation successes (d) the settlement will be very expensive to implement, perhaps the most expensive in the country on a megawatt basis, with obvious financial implications for TVA, (e) the settlement takes some flexibility away from TVA with regard to capacity expansion, given future uncertainty and the fact



that all potential generation options, including nuclear, water, gas, wind, and solar, are under attack for various reasons, and it may therefore be difficult for TVA to replace coal generation lost due to the settlement. Mr. Duncan also noted that approval of the settlement and the Integrated Resource Plan are not in fact coupled, even though the impression has been conveyed at times that this is the case. Following some additional discussion, the Board adopted the following resolution by a vote of seven to one with Director Duncan voting against adoption:

WHEREAS, the Board has set forth its vision for TVA to be one of the Nation's leading providers of low-cost and cleaner energy by 2020, including specifically leading the Nation in improving air quality and maintaining rates as low as feasible; and

WHEREAS the Integrated Resource Plan has confirmed the value of reducing some coal-fired capacity; and

WHEREAS TVA has conducted long-range financial planning which demonstrates that idling or retirement and replacement of older, unscrubbed coal capacity, comprised of John Sevier Units 1-4, Johnsonville Units 1-10, Shawnee Unit 10, and Widows Creek Units 1-6, is economical and consistent with the Board's vision and the IRP recommended planning direction; and

WHEREAS financial planning also demonstrates that TVA's other coal generating units which also are unscrubbed should be studied further for possible addition of scrubbers and other emissions controls, repowering, or retirement and replacement; and

WHEREAS financial planning further demonstrates that the coal units in which TVA already has invested the addition of scrubbers and other controls should be maintained for long-term continued use; and

WHEREAS obtaining financial flexibility to enable TVA to manage future investments with an appropriate mixture of borrowings, alternative financing arrangements, and rates is important to maintaining affordable electric rates; and

WHEREAS the Office of Management and Budget has acknowledged its view that TVA can use alternative financing arrangements in conjunction with appropriate borrowings for actions that support and are related to its plans to reduce emissions and to rely on cleaner energy resources; and

WHEREAS the U.S. Environmental Protection Agency (“EPA”) and the Sierra Club, the National Parks Conservation Association, and Our Children’s Earth Foundation (collectively, “Citizen Groups”) have asserted that maintenance projects at utility coal-fired generating plants have violated the Clean Air Act’s New Source Review (“NSR”) program, including projects at TVA plants; and

WHEREAS TVA has successfully defended targeted maintenance projects in court, but challenges continue to be brought, exposing TVA to substantial litigation risk and undermining TVA’s environmental reputation; and

WHEREAS TVA has negotiated a proposed resolution of this ongoing NSR dispute with EPA and the Citizen Groups and has brought into the negotiations and resolution the states of Alabama, Kentucky, North Carolina, and Tennessee (collectively, “States”); and

WHEREAS the agreements implementing the proposed resolution provide that all civil claims that could have been alleged against TVA maintenance projects commenced before the date of execution of the agreements based on NSR and related requirements are resolved, thereby substantially eliminating associated significant liability risks; and

WHEREAS the Chief Executive Officer has determined that entering into these agreements with EPA, the Citizen Groups, and the States is in TVA’s best interest and recommends approval;

BE IT RESOLVED, That the Board accepts plans to continue operation and maintenance of coal units in which TVA has invested the addition of scrubbers and other emissions controls, and directs the Chief Executive Officer to bring to the Board plans for the future addition of controls, repowering, or retiring and replacement of TVA’s remaining existing coal capacity;

RESOLVED further, That the Board accepts plans to idle or retire John Sevier Units 1-4, Johnsonville Units 1-10, Shawnee Unit 10, and Widows Creek Units 1-6 and to continue to operate them for a permissible period;

RESOLVED further, That the Board of Directors authorizes the Chief Executive Officer to execute the agreements with EPA, Citizen Groups, and the States that implement the proposed resolution, copies of which are filed with the records of the Board as Exhibit 4/14/11F;

RESOLVED further, That the Board of Directors determines that TVA may use regulatory accounting treatment for the specific commitments undertaken pursuant to such agreements.

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**11-02-8. Report of the Nuclear Oversight Committee**

Director Brown, Chairman of the Nuclear Oversight Committee, reported that the Committee had been very active in collecting information regarding TVAs' nuclear fleet, and indicated that since the occurrence of events in Japan, the Committee's attention had turned to continuous monitoring of the disaster at Fukushima and evaluation of the implications for TVA. Director Brown indicated the Committee supports TVA management's view that in light of events in Japan, a broad spectrum of potential threats must be examined, particularly "stacked" events, keeping in mind the question of whether TVA is prepared to deal with such occurrences. Director Brown also reported the Committee had engaged two nuclear experts to advise the Committee: Sam Collins, former Northeast Regional Administrator for the Nuclear Regulatory Commission; and, James Barney Beasley, former Chairman, President and CEO of Southern Nuclear Operating Company, a subsidiary of Southern Company, and current member of the Board of EnergySolutions.

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**11-02-9. Report of the Audit, Risk, and Regulation Committee**

Director Gilliland, Chairman of the Audit, Risk, and Regulation Committee, reported the Committee met on March 30, and is presently focused primarily on enterprise risk, insurance issues, and reviewing TVA's current role in establishment of regulatory policies governing distributors. Director Gilliland stated the Committee also received a joint briefing with the Nuclear Oversight Committee on events in Japan and that those events might well result in a regulatory

impact on TVA's nuclear program as the Nuclear Regulatory Commission and others move forward with their evaluations. Director Gilliland stated the Committee believes there is a need for increased attention to TVA's policies regarding transparency in its role as regulator, and recommended the Board direct management to undertake a comprehensive review of all aspects of TVA's regulatory policy and make recommendations for Board action by September 30 of this year. In addition, Director Gilliland stated the Committee recommends the Board approve management's continued suspension, during such comprehensive regulatory review, of a policy which allows distributors to self-regulate in certain areas falling within the regulatory authority granted to TVA under the TVA Act. Upon Director Gilliland's motion in connection with the Committee's recommendations, the Board then adopted the following resolution:

WHEREAS, under section 10 of the TVA Act the Board is expressly "authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of [the TVA] Act"; and

WHEREAS TVA management, the Inspector General, and the Audit, Risk, and Regulation Committee of the Board (Audit Committee) have been reviewing TVA's regulatory policy and the procedures and practices by which that policy is implemented; and

WHEREAS these reviews have demonstrated a need for increased attention to (1) how TVA regulation of distributors carries out the purposes of the TVA Act, (2) transparency in such TVA regulation, and (3) oversight of such distributor regulation by the Board and its Committees; and

WHEREAS in 2002, the Board approved the offering of retail regulation flexibility options under which distributors could elect to eliminate TVA's contract authority and contract obligations regarding (a) distributor resale rates (with the exception of the nondiscrimination provisions required by section 12 of the TVA Act) and (b) distributor Rules and Regulations; and

WHEREAS the availability of these options was suspended by management in 2007 pending further consideration by the Board of the retail regulation flexibility options;

BE IT RESOLVED, That after consideration of the recommendation of the Audit Committee, the Board of Directors finds it to be appropriate and in the interest of TVA to undertake a comprehensive review of TVA's role as regulator;

RESOLVED further, That TVA management, in coordination with the Board committees having jurisdiction over the various aspects of TVA regulatory policy and related matters, is hereby directed to (1) complete a comprehensive review of all aspects of TVA regulatory policy, (2) solicit input from the public as a part of that comprehensive review, and (3) make recommendations for Board action by no later than September 30, 2011;

RESOLVED further, That the management suspension of the availability of agreements with distributor customers to eliminate TVA's contract authority and contract obligations regarding (a) distributor resale rates and (b) distributor Rules and Regulations shall be continued until further Board action on the matter.

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**11-02-10. Report of the Customer and External Relations Committee**

Director Duncan, Chairman of the Customer and External Relations Committee, reported the Committee met by teleconference on March 21, and had been occupied with briefing new members of the Board, as well as with discussions regarding energy efficiency and natural resources. Director Duncan then spoke of the Natural Resources Plan and related how the Plan tells the untold story of TVA's role as trustee of vast land and archeological holdings for the benefit of the people in the Tennessee Valley, noting it is a task accomplished without any government subsidy. Director Duncan also announced the Committee would host a solar solutions conference in August, 2011.

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[At this point Chairman Bottorff absented himself and Director Gilliland presided at Chairman Bottorff's request.]

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**11-02-11. Report of the People and Performance Committee**

Director Graves, Chairman of the People and Performance Committee, reported the Committee met March 24 in Nashville, and was encouraged by progress made to improve performance and health throughout the organization. Director Graves also reported the Committee had received briefings on compensation issues and the status of the pension plan, and that outside advisors had provided additional information on compensation, including relevant market data.

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[At this point Chairman Bottorff returned and resumed presiding.]

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**11-02-12. Report of the Finance, Rates, and Portfolio Committee**

Director Gilliland, in the physical absence of Director Sansom, Chairman of the Finance, Rates, and Portfolio Committee, reported that the Committee met March 30. Director Gilliland then reported the Committee was recommending for consideration by the Board the items outlined in Minute Entry Nos. 11-02-13 through 11-02-17. Presentations were requested and made on certain of those items from Ken Breeden, Executive Vice President, Customer Relations (Minute Entry No. 11-02-13), Russ Steward, Vice President, Supply Chain (Minute Entry No. 11-02-15), and Bill McCollum, Chief Operating Officer, (Minute Entry No. 11-02-17). Director

Gilliland made brief presentations himself with regard to Minute Entry Nos. 11-02-14 and 11-02-16.

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**11-02-13. Valley Investment Initiative - Eligibility Pilot Program**

The Board adopted the following resolution:

WHEREAS the Valley Investment Initiative (VII) categorically excludes load with certain adverse load characteristics defined by the Board (Nonconforming Load) from participation in the VII economic development program; and

WHEREAS TVA may be able to induce Nonconforming Load to take action to mitigate the impacts of adverse load characteristics by conditioning VII eligibility on such mitigation; and

WHEREAS a Memorandum from the Group President, Strategy and External Relations, dated March 15, 2011, a copy of which is filed with the records of the Board as Exhibit 4/14/11G, recommends that the Board approve the offering of two-year pilot arrangements under which a Nonconforming Load that is currently seeking to participate in VII could become eligible by agreeing to specified actions to reduce negative system impacts and a delegation to the Chief Executive Officer to determine that certain features would be included in the pilot arrangements;

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 both the proposed two-year pilot arrangements and the related delegation to the Chief Executive Officer, or that officer's designee, all as described in the Memorandum.

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During his presentation associated with the foregoing resolution, Mr. Breeden indicated that upon completion of the proposed pilot, TVA management will report back to the Board with a recommendation on going forward with expansion, continuation or discontinuance.

**11-02-14. Power Contracts**

The Board adopted the following resolutions:

WHEREAS TVA is currently supplying electric power and energy to a directly served customer under a contract that will expire on June 30, 2011 (Power Contract); and

WHEREAS TVA and the directly served customer's subsidiary are currently parties to an Exchange Agreement under which TVA purchases the entire electric energy output of the subsidiary's generation project and dispatches the generation for benefit of the TVA system; and

WHEREAS the Exchange Agreement is also scheduled to expire on June 30, 2011; and

WHEREAS the parties are discussing new purchase and sales arrangements, as well as replacement arrangements for other matters currently covered by the Exchange Agreement; and

WHEREAS a memorandum from the Group President, Strategy and External Relations, which contains information that is confidential, dated March 22, 2011 (Confidential Memorandum), a copy of which is filed with the records of the Board as Exhibit 4/14/11H, recommends that the Board approve a delegation to the Chief Executive Officer (CEO), or his designee, to enter into new purchase and sales arrangements with the directly served customer as described in the Confidential Memorandum; and

WHEREAS the Confidential Memorandum also recommends extension of the existing arrangements for a period of up to one year to allow time for the proposed new purchase and sales arrangements and related replacement arrangements to be put in place;

BE IT RESOLVED, That after review of said Confidential Memorandum, the Board of Directors finds it to be appropriate and in the interest of TVA to delegate to the CEO, or that officer's designee, the authority to enter into both the extension and the new purchase and sales arrangements as set forth in the Confidential Memorandum.

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WHEREAS a Memorandum from the Group President, Strategy and External Relations, which contains information that is confidential, dated March 14, 2011 (Confidential Memorandum), a copy of which is filed with the records of the Board as Exhibit 4/14/2011I, recommends that the Board approve an annual price quote under confidential long-term power supply arrangements between TVA and a directly served industrial customer;

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 annual price quote recommendations set forth in the Confidential Memorandum.



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**11-02-15. Transformer Contracts**

The Board adopted the following resolution:

WHEREAS TVA has an ongoing need to obtain large and medium power transformers across the enterprise; and

WHEREAS a memorandum from the Chief Financial Officer dated March 18, 2011, attached as Exhibit 4/14/2011J, recommends that the Board delegate to the Chief Executive Officer (CEO) the authority to approve one or more long-term (five years) blanket contracts with ABB, Inc., Siemens Energy, Inc., and/or Waukesha Electric Systems, Inc., for the supply of such items, subject to a total contract ceiling of three hundred, twenty-five million dollars (\$325,000,000);

BE IT RESOLVED, That, subject to final negotiations, the Board delegates to the CEO the authority to approve one or more blanket contracts to ABB, Inc., Siemens Energy, Inc., and/or Waukesha Electric Systems, Inc., for large and medium power transformers, as recommended in the Chief Financial Officer's March 18, 2011, memorandum.

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**11-02-16. Bellefonte Nuclear Plant - Extension of Decision and Budget**

The Board adopted the following resolution:

WHEREAS in August 2010, as part of the fiscal year 2011 budget, the Board of Directors approved a budget request in the amount of \$248 million for the Bellefonte Unit 1 ("BLN1") project which included funding for initial engineering and design, development of a regulatory framework, asset preservation and facilities preparation, and procurement of long-lead components (collectively, the "Initial Workslope") to maintain BLN1 as a viable option for new nuclear generation to meet TVA's Vision; and

WHEREAS the aforementioned approval by the Board stated that only expenditures for FY2011 were approved and that any potential termination charges that may be incurred in the event the Board does not subsequently determine to proceed with the construction and completion of BLN1 must be within the approved \$248 million budgeted amount; and

WHEREAS the recent earthquake and tsunami-related events affecting several of Japan's reactors have delayed the Board's consideration of whether to proceed with final project authorization for BLN1 while the impacts of such events are being evaluated; and

WHEREAS as a result of this delay and in order to facilitate a study of these extraordinary events in the ongoing engineering and design reviews for BLN1, an authorization to extend previously authorized work into 2012 and use the portion of the \$248 million budgeted funds that had been reserved for payment of potential termination charges is needed;

BE IT RESOLVED, That the Board of Directors hereby authorizes (i) use of the portion of the \$248 million budgeted funds which had been reserved for payment of potential termination charges for current expenditures associated with the BLN1 Initial Workscope, it being understood that should additional funding be necessary to pay any such termination charges, a subsequent approval of such funding may be required, and (ii) use of any amounts of the previously approved \$248 million remaining at the end of FY2011 for the funding of continued work in FY 2012 associated with Initial Workscope activities.

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**11-02-17. Coal Combustion Product Process Conversions**

The Board adopted the following resolution:

WHEREAS TVA has made a public commitment to close all wet ponds containing coal combustion residuals and, as part of this commitment, TVA commenced the initial study phase of a project whereby a bottom ash/gypsum dewatering facility would be constructed at Bull Run Fossil Plant (the "BRF Project") and a project whereby a bottom ash dewatering facility would be constructed at Kingston Fossil Plant (the "KIF Project"); and

WHEREAS a memorandum from the Chief Operating Officer dated March 14, 2011, which is filed with the records of the Board as Exhibit 4/14/11K, recommends that the Board approve the BRF Project with a project budget of \$93.3 million and approve the KIF Project with a project budget of \$49 million;

BE IT RESOLVED, That the Board approves the BRF Project with a project budget of \$93.3 million and approves the KIF Project with a project budget of \$49 million, as recommended in the Chief Operating Officer's March 14, 2011, memorandum.

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The meeting was adjourned at 11:36 a.m. EDT.