

No. 10-02

Approved:

Original Signed by Ralph E. Rodgers  
Acting General Counsel and  
Secretary

MINUTES OF MEETING  
OF  
THE BOARD OF DIRECTORS  
TENNESSEE VALLEY AUTHORITY  
APRIL 16, 2010

A meeting of the Board of Directors of the Tennessee Valley Authority was held at the TVA West Tower Auditorium, 400 West Summit Hill Drive, Knoxville, Tennessee 37902. The meeting was called to order at 9:05 a.m. immediately following the listening session at 8:30 a.m. (EDT). The meeting was announced to the public on April 9, 2010. The agenda was amended April 16, 2010 (75 Fed. Reg. 21391 (April 23, 2010)), to insert two additional items to be considered (items 10-02-13 and 10-02-14) upon the Board's finding that TVA business required additional items and that no earlier announcement of the amendment was possible. The Board members' unanimous vote on those findings is reflected in the transcript of the meeting, a copy of which is filed with the records of the Board as Exhibit 4/16/10A. The meeting was open to public observation.

Present were Robert M. (Mike) Duncan, Director and Chairman; Directors Dennis (Denny) Bottorff, Thomas C. (Tom) Gilliland, and Howard A. Thraikill. Director William H. Graves participated in the meeting by telephone. Also present were Tom D. Kilgore, President and Chief Executive Officer; Kenneth R. (Ken) Breeden, Executive Vice President, Customer Relations; Maureen H. Dunn, Executive Vice President and General Counsel; Kimberly S. (Kim) Greene, Group President, Strategy and External Relations; William R. (Bill) McCollum, Jr., Chief Operating Officer; David R. Mould, Senior Vice President, Communications; Anda A. Ray, Senior Vice President, Environment and Technology; Ralph E. Rodgers, Deputy General Counsel; and John G. Trawick, Senior Vice President, Commercial Operations and Pricing.

Chairman Duncan presided over the meeting which was duly called, notice to each Director having been duly 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 Duncan welcomed those in attendance, including the Chief Executive Officer and President of the Tennessee Valley Public Power Association, members of the public, and those attending by website.

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Chairman Duncan called the meeting to order.

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The Board approved the minutes of the meeting held February 11, 2010.

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**New Business**

**10-02-1. Chairman's Report**

Chairman Duncan provided an overview of TVA's efforts on a number of fronts, including keeping electric rates competitive, the Kingston cleanup, and TVA's effort to realign its organizational and management structure. Chairman Duncan then reviewed today's agenda items and asked the President and Chief Executive Officer to present the President's report.

A copy of the transcript of the Chairman's report is filed with the records of the Board as Exhibit 4/16/10B.

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**10-02-2. President's Report**

Tom D. Kilgore, President and Chief Executive Officer, briefed the Board on TVA's power sales and supply, operations, and financial status, including a performance summary, and provided a report on TVA's highlights and hardspots.

Mr. Kilgore outlined TVA's hardspots as an oil fire at Shawnee, higher than normal reportable environmental events, increase in the Fuel Cost Adjustment, and unforeseen problems at the Lagoon Creek combined cycle project. He outlined highlights as completion of the scrubber at Bull Run and the favorable ruling in the Bull Run lawsuit, improvement in the funding of the nuclear decommissioning trust fund, continued progress on the Kingston cleanup, the on schedule construction of Watts Bar Unit 2, and the tenth anniversary of the Green Power Switch program.

Finally, Mr. Kilgore announced that Daniel A. Traynor has been named TVA Vice President and Chief Information Officer.

A copy of Mr. Kilgore's report is filed with the records of the Board as Exhibit 4/16/10C.

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**10-02-3. Report of the Finance, Strategy, Rates, and Administration Committee**

Director Bottorff, Chairman of the Finance, Strategy, Rates, and Administration Committee, reported that the committee is recommending for consideration by the Board the item outlined in Minute Entry No. 10-02-4.

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**10-02-4. Annual Quote for a Directly Served Customer**

The Board adopted the following resolution:

WHEREAS a memorandum from the Group President, Strategy and External Relations, dated March 29, 2010 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 4/16/10D, 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 said memorandum.

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**10-02-5. Report of the Operations, Environment and Safety Committee**

Director Thrailkill, Chairman of the Operations, Environment, and Safety Committee, reported that TVA management briefed the committee on its assessment of

TVA's fossil generating facilities, including safety, performance, and cost. He also reported that the committee considered several business matters, including coal fleet strategy, compliance with electric reliability standards, transmission projects, and construction of Watts Bar Unit 2. No Board actions were recommended.

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**10-02-6. Report of the Audit, Governance, and Ethics Committee**

Director Gilliland, Chairman of the Audit, Governance, and Ethics Committee, reported that the committee is recommending for consideration by the Board the item outlined in Minute Entry No. 10-02-7.

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**10-02-7. Designation of Corporate Secretary**

The Board adopted the following resolution:

WHEREAS Maureen H. Dunn was designated and appointed Corporate Secretary of the Tennessee Valley Authority (Minute Entry 1526-8), effective January 2, 2001, with such designation and appointment to continue for such time as Ms. Dunn is General Counsel of the corporation or until further action of the Board; and

WHEREAS Ms. Dunn is retiring from TVA and will cease being General Counsel as of midnight April 16, 2010; and

WHEREAS the Chief Executive Officer has designated and appointed Ralph E. Rodgers Acting General Counsel;

BE IT RESOLVED, That the Board of Directors hereby designates and appoints Ralph E. Rodgers Corporate Secretary of the Tennessee Valley Authority effective April 17, 2010, with all the powers and duties of said office, such designation and appointment to continue until such time as Mr. Rodgers is no longer performing the duties of the General Counsel or until further action of the Board;

RESOLVED further, That the designation and appointment of Maureen H. Dunn as Corporate Secretary of the Tennessee Valley Authority are hereby terminated, effective midnight April 16, 2010.

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**10-02-8. Report of the Community Relations and Energy Efficiency Committee**

Director Graves, Chairman of the Community Relations and Energy Efficiency Committee, reported that the committee is recommending for consideration by the Board the items outlined in Minute Entry Nos. 10-02-9 through 10-02-12.

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**10-02-9. Public Auction for Industrial Development Purposes**

The Board adopted the following resolution:

WHEREAS TVA has no further need of the fee interest in approximately 13.6 acres of land in Tishomingo County, Mississippi, on Pickwick Reservoir, such land being designated as Tract No. XYECCR-18 in TVA land records and shown on a map filed with the records of the Board as Exhibit 4/16/10E; and

WHEREAS there is no permanent dam, hydroelectric power plant, or munitions plant located on Tract No. XYECCR-18, and TVA has no need of said land for any of the purposes of the Tennessee Valley Authority Act of 1933, as amended; and

WHEREAS it has been determined that the proposed sale is not a major federal action having a significant impact on the human environment and that, accordingly, an environmental impact statement is not required; and

WHEREAS disposal of this property for industrial purposes is consistent with the TVA Land Policy, adopted by the TVA Board on November 30, 2006;

BE IT RESOLVED, That the Board of Directors hereby finds and declares that Tract No. XYECR-18 is not necessary to carry out any plans or projects actually decided upon and is otherwise surplus to TVA's needs, and hereby authorizes and directs the Manager, Realty Services, or the designee thereof, to sell said land at public auction for industrial purposes pursuant to Section 31 of the TVA Act of 1933, as amended, and to execute and deliver to the successful bidder a special warranty deed in such form as the General Counsel, or the designee thereof, shall approve, subject to such terms and conditions as may be necessary to cover and protect TVA's statutory obligations, program requirements, and other interests.

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**10-02-10. Land Allocation Zone Changes**

The Board adopted the following resolution:

WHEREAS TVA has developed reservoir land management plans for approximately 268,000 acres of its reservoir properties around the Valley; and

WHEREAS a number of deeds to private property around the Valley sold by TVA grant the backlying owners general ingress and egress rights (access rights) across the adjacent TVA shoreline property to the reservoir; and

WHEREAS the Board's 1999 Shoreline Management Policy recognized these access rights and confirmed that backlying property owners could request TVA approval of private water-use facilities and the Board's 2006 Land Policy preserved this; and

WHEREAS during the land planning process, staff generally allocates TVA shoreline fronting private property to match the current use of the private backlying land, and uses of this private backlying property may change from time to time; and



WHEREAS TVA receives requests to change the allocation of TVA shoreline parcels encumbered by access rights from Industrial/Commercial or Developed Recreation to Shoreline Access when backlying property uses have changed and it is consistent with existing deeded access rights; and

WHEREAS a delegation to the Chief Executive Officer of the authority to revise reservoir land management plans to change the allocation of parcels with access rights from Industrial/Commercial or Developed Recreation to Shoreline Access in accordance with TVA’s Shoreline Management Policy would support TVA’s effort to be responsive to affected members of the public; and

WHEREAS in support of this proposed delegation, the Chief Executive Officer has directed that staff strengthen and clarify the existing guidelines to implement TVA’s § 26a regulations governing the size, density, and placement of private water use facilities that will clearly address the potential demand for these water-use facilities that could result from an allocation change;

BE IT RESOLVED, That the Board of Directors hereby delegates to the Chief Executive Officer, the authority to revise reservoir land management plans to change the allocation of parcels from Industrial/Commercial or Developed Recreation to Shoreline Access where general ingress and egress rights exist across the TVA property, provided such change is consistent with any restrictions in the deed regarding those rights and provided, further, that staff brief the appropriate committee of the Board when the Chief Executive Officer’s guidelines have been prepared.

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**10-02-11. Land Allocation Change for Tennessee Department of Transportation I-24 Interchange**

The Board adopted the following resolution:

WHEREAS on September 19, 2001, the Board of Directors approved the Guntersville Reservoir Land Management Plan (Land Plan) for the use and management of approximately 40,236 acres of public land; and

WHEREAS the Tennessee Department of Transportation (TDOT) has requested that TVA, as agent of the United States of America, grant it a permanent easement affecting approximately 15.2 acres of land on Guntersville Reservoir in Marion County, Tennessee, to allow infrastructure improvements to the Interstate Highway 24/U.S. Highway 72 interchange, such land being designated as Tract No. XTGR-181H in TVA land records and shown on a map filed with the records of the Board as Exhibit 4/16/10F; and

WHEREAS Tract No. XTGR-181H is a part of a larger parcel of TVA land which is known as Parcel 167 in the Land Plan and currently designated for Industrial use; and

WHEREAS it has been determined that the approximately 26.3-acre Parcel 167 is suitable for Project Operations, and TDOT has requested that TVA revise the Land Plan accordingly to support the planned infrastructure improvements; and

WHEREAS it has been determined that the proposed Land Plan revision and grant of easement are not major federal actions having a significant impact on the human environment and that, accordingly, an environmental impact statement is not required; and

WHEREAS the Board has determined that the granting of the aforesaid easement will not be adverse to the interests of the United States of America or TVA; and

WHEREAS the proposed revision and grant of easement are consistent with the TVA Land Policy, adopted by the TVA Board on November 30, 2006;

BE IT RESOLVED, That the Board of Directors hereby authorizes the Senior Vice President, Environment and Technology, to revise the Guntersville Reservoir Land Management Plan to change the allocation of Parcel 167 to Project Operations;

RESOLVED further, That the Board of Directors, pursuant to 40 U.S.C. § 1314, hereby authorizes and directs the Senior Manager, Realty Services and Land Records, or the designee thereof, to execute and deliver to TDOT a grant of easement in such form as the General Counsel, or the designee thereof, shall approve, subject to such terms and conditions as may be necessary to cover and protect TVA's statutory obligations, program requirements, and other interests.

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**10-02-12. Valley Investment Initiative Program Change**

The Board adopted the following resolution:

WHEREAS economic development, when performed in conjunction with energy efficiency, demand reduction, and rates with proper price signals, benefits both Tennessee Valley communities and the TVA power system by, among other things, helping to keep rates low for all ratepayers; and

WHEREAS prior to the recently implemented Valley Investment Initiative, much of TVA's economic development effort had historically been embedded in various rate products; and

WHEREAS Enhanced Growth Credit is an existing rate product that provides an economic development incentive to new, expanded, or restarted customer load in a manner that no longer fully aligns with TVA's strategic objectives; and

WHEREAS in order to better manage TVA's economic incentives through targeted programs and direct budgeting methods, and to better attract and retain load that will benefit the Valley economy and all customers of the TVA power system, a memorandum from the Group President, Strategy and External Relations, dated April 13, 2010 (Memorandum), a copy of which is filed with the records of the Board as Exhibit 4/16/10G, proposes that the Enhanced Growth Credit program be replaced with an expanded and modified Valley Investment Initiative;

BE IT RESOLVED, That after review of the staff recommendations contained in said Memorandum, the Board of Directors finds it to be appropriate and in the interest of TVA to approve the expansion and modification of the Valley Investment Initiative as set forth in the Memorandum;

RESOLVED further, That the Enhanced Growth Credit program shall be terminated as set out in the Memorandum.

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Following consideration of the Community Relations and Energy Efficiency Committee items, Chairman Duncan reviewed his tenure as Chairman of the TVA Board

and then announced that he has accepted new responsibilities on behalf of a national political fund-raising group, American Crossroads, and consistent with his belief that the role of the Chairman should rotate periodically, he asked the Board to accept his resignation as Chairman, effective May 18, 2010.

Chairman Duncan then asked Director Gilliland, Chairman of the Audit, Governance, and Ethics Committee, to present the two items added to the meeting agenda.

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**10-02-13. Resolution Honoring the Retiring General Counsel**

At the request of the Board, Tom Kilgore, President and Chief Executive Officer, presented the following resolution, a copy of which is filed with the records of the Board as Exhibit 4/16/10H, to Maureen H. Dunn, Executive Vice President and General Counsel, in recognition of her service to TVA.

The Board adopted the following resolution:

WHEREAS following the date of this Board meeting Maureen H. Dunn will be retiring from TVA and is completing her tenure as Executive Vice President, General Counsel and Secretary; and

WHEREAS Ms. Dunn has been an attorney for TVA for 32 years, having joined TVA's Office of the General Counsel in 1978, assumed the position of Assistant General Counsel in 1986, and served as TVA's Executive Vice President and General Counsel since 2001; and

WHEREAS Ms. Dunn has served as TVA's chief legal officer with the utmost ability, integrity, and distinction, and during her tenure as General Counsel has successfully provided legal guidance to the Board during periods of significant transition and on the many legal challenges faced by TVA; and

WHEREAS the Board wishes to recognize the outstanding contributions of Ms. Dunn on the occasion of this last Board meeting at which she is serving as General Counsel and Secretary to the agency;

BE IT RESOLVED, That the Board of Directors hereby honors and recognizes Ms. Dunn for her distinguished service to TVA and, on behalf of the Board and all of TVA's stakeholders, expresses its gratitude for her many years of dedication, effort, and tireless work to help TVA accomplish its missions for the benefit of the people of the Tennessee Valley and the United States.

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**10-02-14. Proposal to Select Chairman of the Board**

Director Gilliland then asked for nominations for Chairman of the TVA Board, and Director Graves nominated Director Dennis Bottorff. The Board voted unanimously to approve Director Bottorff as the TVA Board's newly elected Chairman, effective May 19, 2010.

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The meeting was adjourned at 10 a.m. EDT.

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