



SEPTEMBER 2020 NEWSLETTER

TVA Tax Equivalent Payments Total Nearly \$552 Million in FY2020

The Tennessee Valley Authority is providing nearly \$552 million in tax equivalent payments in fiscal year 2020 to state and local governments served by its energy generation or in areas supporting TVA properties.

At its quarterly business meeting, TVA's board of directors approved the final tax equivalent payments for the current fiscal year, which are approximately \$4 million more than 2019. The payments compensate state and local governments that cannot levy property or sales taxes on TVA as a federal entity.

TVA returns 5% of power sales revenues from the previous year in the form of tax equivalent payments to the eight states where it sells electricity or owns generating plants, transmission lines, substations and other assets and directly to 147 local governments where TVA owns power property. The funds are distributed in monthly payments, with final payments approved at the end of each fiscal year.

In fiscal year 2020, the following tax equivalent payments are being provided to each state:

Alabama - \$87,556,791
Georgia - \$9,158,429
Illinois - \$413,784
Kentucky - \$34,399,281
Mississippi - \$42,757,727
North Carolina - \$3,365,447
Tennessee - \$372,819,792
Virginia - \$1,241,353
TOTAL - \$551,712,604

State and local governments distribute the funds according to their own formulas and discretion to support a variety of initiatives, including schools, fire departments and other emergency response agencies, tourism and recreation, and human service organizations.

Since 1941, TVA has made more than \$14.6 billion in tax equivalent payments, with payments in the past 10 years totaling over \$5.4 billion, effectively becoming one of the leading business contributors to state and local budgets.



Now is a Great Time to Become a Naturalist

The astonishing world of nature and its many species is getting more connected around the globe, and even during COVID restrictions, you can be part of it. To be outdoors in the Tennessee Valley in nearly any season is to be surrounded by a riot of color, sound and movement. There is life, everywhere year round for this is one of the most biologically diverse regions of the United States, if not the entire world.

From wildflowers and trees to birds and bees and everything in between, there is much flora and fauna to observe in our region of plenty, and TVA public lands are great places to go and do it. In partnership with [Discover Life in America](#), TVA has hosted six BioBlitz events in which the public was invited to participate along with scientists and specialists in daylong biological inventories at locations along its waterways, including Norris, Tellico, Melton Hill, Nickajack, Watts Bar and Wilson.

“The BioBlitzes were a great way for us to get a realistic catalog of what’s on our lands to help us better manage and protect them,” explains Tiffany Foster, partnership and educational outreach specialist for TVA Natural Resources. “At the same time, they engaged the public in citizen science and ecology in a really fun way.”

Here in the Valley, you can help spot and identify new species. The BioBlitzes have been a fun time to do it, but you don’t have to wait for events to return. “You can download the iNaturalist app and go out on the trail at any time and take a picture of a leaf or bug or fish and upload it,” Foster explains. “The very active iNaturalist community will review your picture and identify it, and within a half-hour or so you’ll have an answer, and in many cases scientific grade data. “You might be the next person to upload something that’s brand-new, or adds new data that scientists didn’t have before.”

“Our lives depend on biodiversity, and part of TVA’s mission is to connect people with their public lands,” says Bucky Edmondson, TVA director of Natural Resources. “This gives people a chance to be a part of something bigger, learn about the area they live in and hopefully grow a passion for protecting these resources for future generations.”

Look But Don’t Touch Artifacts on TVA Public Lands

Three years of record rainfall have caused extensive erosion and flooding along the Tennessee River banks and public lands. TVA reminds public lands users to leave artifacts that may have been washed up to the surface right where they are. “We see an increase of artifacts being exposed on TVA public lands after heavy rains,” said TVA archaeologist Erin Dunsmore. “Unfortunately, we also see an increase of people being tempted to pick up arrowheads or other important cultural items that they find on the ground.” Dunsmore warns that artifacts found on TVA public lands are considered federal property and [it is against the law to remove them](#). In addition, the use of metal detectors on TVA public lands is strictly prohibited.

Dunsmore recommends that if you discover something that may be an artifact, the best thing to do is leave it in place and contact TVA via email at culturalresources@tva.gov “Use your smart phone to note its GPS location and take a photo. This helps us understand the context of the artifact in order for it all to make sense.”

Dunsmore reminds everyone that if you witness the looting of an archaeological site on TVA lands, or sees someone using a metal detector, call the TVA Police toll-free at (855) 476-2489.



Virtually Viewing the Valley

TVA is using virtual technology to showcase its 1,500-site portfolio to domestic and international companies who wish to locate operations in the Southeast. The agency's economic development assets are spread across a seven-state service region and consist of more than 700 buildings as well as 87 certified industrial sites that are turnkey ready.

With the safety hurdles and travel restrictions associated with the COVID-19 pandemic, business leaders from as far as Japan, Germany and California are now able to consider these site location options with the help of virtual site tours. Since the outbreak, TVA and local communities have used digital technology to perform hundreds of tours designed to court automotive, aerospace, energy-intensive corporations, as well as industrial, consumer and medical-manufacturing industries. Each of these clients bring anywhere from 100 to 2,000 jobs to the communities where they establish operations.

In addition to supplying the region with low-cost, reliable power, TVA actively partners with communities to build strategic industrial sites, which are designed to bolster each local economy. According to Adam Murray, TVA senior target market specialist, the interest in TVA's ready-to-go inventory is largely influenced by the region's location assets and business-friendly climate.

"If you're looking to distribute throughout North America, this is the place to be," Murray said. "We just closed with an automotive supplier whose contract requires them to produce parts by the end of the year. That's 300 new jobs that will be here this fall." The automotive and transportation infrastructure segment of TVA's direct-serve customers experienced a swift and immediate impact from the pandemic beginning in late March, with many choosing to curtail or suspend operations. As of June, this sector is beginning to show signs of recovery.

In the last five years, TVA has helped recruit roughly \$53 billion worth of investment into the Tennessee Valley, bringing with it more than 350,000 jobs. Despite the impacts of COVID-19, TVA remains committed to economic development.

"Economic development is directly tied to TVA's mission to create a better quality of life for the people of the Valley," said John Bradley, senior vice president of Economic Development. "That's done in part, by serving with our partners to help to create job opportunities and investment in our region." Katrina Smith is a community development consultant who assists economic development partners in preparing for economic growth. Smith works to educate and equip communities with the tools needed to not only effectively sell a building or piece of real estate, but to paint a complete picture of the surrounding area.

The local perspective gives each client critical insight into the social, educational and recreational considerations that future talent and their families will evaluate before choosing to relocate to an area for long-term employment.

"By providing training and equipping each community with the tools they need to be successful, local economic developers can craft a sales pitch that embodies the spirit and culture of their individual communities." Smith said. "They live and engage in these towns and cities every day, and that in-depth knowledge and experience is invaluable."

"Virtual tours allow more communities to get involved and showcase their community's product, which ultimately increases visibility and the opportunity for impactful economic growth," Smith said. "If a company has a limited timeframe to make a site location decision, virtual tours can expedite the process



and alleviate perceived risks on the front end. With in-person tours, a client can only see four or five sites, and logistics often limit their options to a particular state or region.”

Smith said the digital walk-throughs are not a replacement for the final boots-on-the-ground decisions that clients must inevitably make before committing to a site. However, the technology does allow TVA to tailor its extensive portfolio to the needs of each prospect, which improves the likelihood of another job creator generating economic dividends to the Tennessee Valley for years to come.

Flexible Generation Grows Throughout the Valley

TVA has planted the seed of flexibility throughout the Valley and is now watching new projects flourish within the public power model as local power companies’ move to create their own generation. Less than two months ago TVA made a big announcement: For the first time in its history, it would allow the local power companies participating in its Long-Term Partnership Agreement the flexibility to generate 3 to 5 percent of their own average energy needs locally. Which raises a big question: What, exactly, does that mean?

Quite a lot, as it turns out. Flexibility is foremost quite flexible, meaning that it will be used in different areas for different purposes. “We are partnering with local power companies to position them to meet evolving customer needs; they are the local trusted energy advisors,” says Dan Pratt, TVA vice president, Customer Delivery. “And it’s impressive to watch the diverse and creative solutions that are now beginning to sprout up all around the Tennessee Valley.”

For instance, in Chattanooga, EPB will use flexibility to improve reliability on its system. “We’re looking to triple our customers’ value by choosing projects that enhance reliability, resilience, and sustainability,” said David Wade, EPB President & CEO. At Cumberland Electric Membership Corporation (CEMC), the target is lower rates. “Installing our own solar would possibly contribute to keeping rates low for our members, which is always our goal,” Chris Davis, general manager of CEMC. For Appalachian Electric Cooperative in New Market, Tennessee, it’s economic development. “Flexibility opens a huge door of opportunity that we can bring to market to help meet the needs of commercial and industrial members,” says Greg Williams, AEC executive vice president and general manager. At Huntsville Utilities (HU), the sky is the limit. “We are immediately exploring the possibility of partnering with others to install a solar electric vehicle charging station in front of the Saturn Rocket at the U.S. Space and Rocket Center,” says Wes Kelley, president and CEO of HU. Low rates, reliability, innovation, public service, economic development it all has a familiar ring to Pratt’s ear. “What’s striking is how much these projects mirror TVA’s own mission of service,” he says. “We’re so pleased to see the public power model flourish in new ways.”

TVA Board Approves \$200M Pandemic Relief Credit, Additional Community Support

Based on the operational and financial performance of TVA employees this past year and the continued strength of the Tennessee Valley public power model, the Tennessee Valley Authority Board of Directors took three significant actions at its meeting on August 27th to further extend support to citizens, communities and businesses that continue to be challenged by the COVID-19 pandemic.

Through extraordinary conditions, TVA employees have continued to deliver reduced operating and maintenance costs through the improved productivity, efficiency and reliability of generating and

transmission assets over the past ten months. Today, 62% of the area’s energy comes from carbon-free sources and fuel costs are at their lowest point in the past 10 years. Most importantly, safety performance



is at industry top decile levels even while team members were faced with the added demands of pandemic precautions.

Local power companies have overwhelmingly supported the Long-Term Partnership Agreement they jointly developed late last year with TVA. Currently, 92% of the local power companies in TVA's service area have chosen to participate in the voluntary program, which has already returned more than \$108 million in customer credits through the end of June. Based on TVA employee performance and

consultation with TVA's public power partners about ongoing needs in the region, the Board approved an additional \$2 million contribution to the Community Care Fund. Similar to the initial contribution in April, these funds will be matched by local power companies and other community groups to benefit local organizations that assist families and businesses most in need. To date, similar matched funds ultimately provided more than \$4.5 million to nearly 300 groups across the area.

Secondly, the Board extended TVA's Back-to-Business credit program, which encourages large customers to resume operations as quickly as possible. To date, about one-third of eligible large customers have benefited from the program.

Lastly, the Board approved a special \$200 million Pandemic Relief Credit for the coming fiscal year to help communities and businesses recover more quickly from the pandemic. TVA is providing this relief as a credit to allow each recipient the flexibility to apply the savings in the best way possible to invest in their communities and support those they serve.

The 2.5% base rate credit will be applied beginning in October and will remain in effect through the end of FY2021 for all of the customers TVA serves, local power companies and directly served customers and to the large commercial and industrial customers served by local power companies.

With the Pandemic Relief Credit, Tennessee Valley public power's industrial and commercial rates will be lower than they were a decade ago, an important factor in short-term economic recovery and long-term economic growth.

"The continued impact of this pandemic on our communities is unprecedented and creates continued economic uncertainty," said Jeff Lyash, TVA president and CEO. "Because of the TVA team's strong operational and financial performance under challenging circumstances this past year, we have an opportunity and responsibility to use TVA's resources and expertise to provide continued support for customers, businesses and communities. Our financial results remain strong and we are in a good position to do the right thing for our customers, providing people with the help they need when they need it most, while we continue to deliver our mission of service."

In TVA's recently reported third quarter results, power sales were about 5% lower than the same period last year due to milder weather and the impacts of the pandemic. Operating revenues, fuel costs and operating and maintenance expenses were all lower, as was interest expense based on a total debt that remains at its lowest point in 30 years.

"Despite the pandemic, the TVA team's success at reducing debt and holding the line on operating and maintenance budgets have us at or ahead of plan, which results in no base rate increase in FY21 and none anticipated through the end of FY30," said John Thomas, TVA chief financial officer.



Association of Tennessee Valley Governments

Fall Meeting October 27th & 28th, 2020
Gatlinburg Courtyard Marriott: 865-436-2008

Preliminary Agenda

Tuesday, October 27, 2020 (Eastern Time Zone)

- 4:00 p.m. ATVG Board Meeting**
- Officer Elections
- Budget Approval
- Discussion of 2021 Meeting Sites
- 6:30 p.m. Dinner at Calhoun's Banquet Center**
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Wednesday, October 28, 2020

- 9:00 a.m. Local Activity (Optional)**
12:00 Noon Box Lunches in Courtyard
1:00 p.m. ATVG Meeting
Welcome *Mayor Larry Chesser; ATVG Board President*

TVA Update *Bert Robinson; TVA*

TVA Transformative Innovation

"TVA Green" Program

Status of MLGW (Memphis) Negotiations and Actions

Covid 19 Impacts Discussion:

- TVA Power Sales
- Decreases in PILOT
- Revision to IRP
- Virtual Home Energy Audits
- Incentives for Installation of UV-C Lights
- General Discussion with Q&A

5:00 p.m. Social Reception in Marriott Lobby

6:30 p.m. Dinner at Park Grill

******Please wear a mask to all meetings and dinners – Masks will be provided if needed******

Please help us make necessary arrangements by letting us know if you will be attending.

Send the enclosed registration form by email to: registration@atvg.org or by U.S. mail to:

ATVG, P.O. Box 3578, Clarksville, TN 37043.

REGISTRATION FORM NEXT PAGE



Association of Tennessee Valley Governments Meeting Registration Form

Registration Fee: \$100.00 for members and affiliates; \$200.00 for non-members

Name:

E-Mail:

Spouse's Name:

Registration Fee for spouse is included/No additional charge

Company/Organization:

Full Address:

Make checks payable to: Association of Tennessee Valley Governments- P.O. Box 3578 – Clarksville, TN 37043

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ATVG is a 501(c) (4), not-for-profit, public interest organization.

ATVG advocates for the interests of county and city/town governments residing within the seven-state TVA region and their partners in the public and private sectors.

For details about ATVG's mission and program of work, visit us on line at: www.atvg.org