



Memorandum from the Office of the Inspector General

September 21, 2026

Melanie E. Farrell
Gregory J. Henrich
Robert Bryan Williams

REQUEST FOR FINAL ACTION – EVALUATION 2026-17608 – PROCUREMENT OF LONG-LEAD TRANSMISSION MATERIALS

The Tennessee Valley Authority (TVA) must continually invest in transmission assets to ensure reliable power delivery. In recent years, lead times for transmission materials, including some power circuit breakers and transformers, switch houses, conductors, and poles, have increased substantially. The TVA Risk Portfolio includes extended lead times as an emerging issue within supply chain and states that delayed materials could threaten timely project completion. Due to the importance of having materials and equipment available when needed, we performed an evaluation to determine if TVA was effectively managing procurement of long-lead transmission materials.

We determined TVA effectively managed the procurement of long-lead transmission materials. Specifically, procurement of long-lead transmission materials did not delay the in-service date for completed projects and had not impacted approved in-service dates for ongoing projects we reviewed. However, we determined the project management software assigns a default duration for long-lead materials that is significantly shorter than actual time frames, which could result in inaccurate project planning.

We recommend the Senior Vice President, Generation Projects and Fleet Services, take steps to ensure that milestone durations for procurement and delivery of long-lead materials reflect the actual lead times for those materials. In response to our draft report, TVA management agreed with our recommendation and provided planned actions to address the recommendation. See the Appendix for TVA's management's complete response.

BACKGROUND

TVA operates one of the largest transmission systems in North America, with over 16,000 miles of line connecting power from generating plants to millions of customers by way of local power providers across 80,000 square miles. TVA must continually invest in these transmission assets to ensure reliable power delivery. In recent years, lead times for transmission materials, including some power circuit breakers and transformers, switch houses, conductors, and poles, have increased substantially. For example, between 2020 and 2024, the lead time for 161 kilovolt (kV) circuit breakers increased from under 1 year to about 4 years and the lead time for 500 kV transformers increased from 1 year to over 5 years. Lead times have increased due to a limited number of suppliers and increased demand, among other factors.

TVA has implemented practices to begin the procurement process earlier in the project life cycle, which can mitigate the impacts of extended lead times. One way TVA does this is by reserving manufacturing slots with vendors to guarantee that predetermined allotments of long-lead materials, such as circuit breakers and transformers, are available to meet future project needs. For example, according to TVA, they have an average of 50 annual production slots for circuit breakers with one supplier and will have two production slots starting in 2029 to support its 500kV transformer replacement program. TVA-SPP-34.000, *Project Management*, also allows for early purchases of long-lead materials. Due to the importance of having materials and equipment available when needed, we performed an evaluation of TVA's procurement of long-lead transmission materials.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this evaluation was to determine if TVA was effectively managing procurement of long-lead transmission materials. The scope of the evaluation was (1) open Transmission projects initiated in calendar years 2024 and 2025, and (2) completed Transmission projects initiated between calendar years 2022 and 2025. To achieve our objective, we:

- Interviewed Transmission, Supply Chain, and Generation Projects and Fleet Services personnel and reviewed documentation to identify long-lead materials and understand TVA's process for obtaining those materials to support future projects.
- Reviewed all 7 completed Transmission projects in our scope that included circuit breakers (161 kV and above), conductors, poles, or switch houses to identify any variances between approved and actual in-service dates to determine if procurement impacted the schedule change.
- Reviewed all 11 ongoing Transmission projects in our scope that included circuit breakers (161 kV and above), conductors, poles, or switch houses to determine if lead times were impacting the approved in-service dates.
- Reviewed the 16 ongoing or upcoming projects requiring transformers (161kV and above) with in-service dates in the next 6 years to determine if lead times were impacting the approved in-service dates.

This evaluation was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

FINDING

We determined TVA effectively managed the procurement of long-lead transmission materials. Specifically, procurement of long-lead transmission materials did not delay the in-service date for completed projects and had not impacted approved in-service dates for ongoing projects we reviewed. However, we determined the project management software assigns a default duration for long-lead materials that is significantly shorter than actual time frames, which could result in inaccurate project planning.

LONG-LEAD MATERIAL TIME FRAMES COULD BE IMPROVED

TVA uses project management software to forecast in-service dates for projects. The schedule of each project includes procurement/delivery of long-lead materials. TVA informed us that the default lead time in the scheduling tool is 120 days. However, the materials for projects we reviewed had significantly longer lead times than 120 days. We reviewed all purchase orders associated with the 27 ongoing projects in our scope and found the average duration between purchase order initiation and forecasted vendor delivery date for long-lead material was 997 days. A TVA employee suggested the default duration for the procurement of long-lead Transmission materials should be longer to better reflect the lead times for those materials.

We identified 1 ongoing project that will not meet its approved in-service date because the expected delivery of the long-lead materials is longer than the default 120-day lead time and the date was not updated in the system. The project has an approved in-service date of June 9, 2027; however, the forecasted delivery date for the long-lead material is April 14, 2028. While we found no indication the purchase order was not initiated timely, the failure to update the 120-day default milestone duration for procurement and delivery of the material resulted in a project in-service date which cannot be met.

RECOMMENDATION

We recommend the Senior Vice President, Generation Projects and Fleet Services, take steps to ensure that milestone durations for procurement and delivery of long-lead materials reflect the actual lead times for those materials.

TVA Management's Comments – TVA management agreed with the recommendation and provided the following actions to be taken: (1) review and update the default long-lead material durations in the schedule template, (2) provide communication and training for engineers on the importance of providing schedule information and updating procurement activities when items are sourced outside of inventory, (3) update scoping checklist items to include delivery date confirmation for all non-inventory long-lead materials, and (4) modify engineering schedule input forms to include material lead time verification. See the Appendix for TVA's complete response.

Auditor's Response – We agree with TVA management's planned actions.

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This report is for your review and final action. Your written comments, which addressed your management decision and actions planned, have been included in the report. Please notify us when final action is complete. In accordance with the Inspector General Act of 1978, as amended, the Office of the Inspector General is required to report to Congress semiannually regarding evaluations that remain unresolved after 6 months from the date of report issuance.

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If you have any questions or wish to discuss our observations, please contact Lindsay J. Denny, Director, Evaluations – Operations at (865) 633-7349. We appreciate the courtesy and cooperation received from your staff during the evaluation.

A handwritten signature in black ink that reads "Greg Stinson". The signature is fluid and cursive, with the first name "Greg" and last name "Stinson" clearly legible.

Greg Stinson
Assistant Inspector General
(Audits and Evaluations)

LWC:FAJ

cc: TVA Board of Directors

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OIG File No. 2026-17608

September 16, 2026

Mr. Greg Stinson, WT 2C-K

RESPONSE: REQUEST FOR COMMENTS – DRAFT AUDIT 2026-17608 – PROCUREMENT OF LONG-LEAD TRANSMISSION MATERIALS

Reference: Request for Comments – Draft Audit 2026-17608 - Procurement of Long-Lead Transmission Materials OIG Memorandum, dated August 17, 2026

Thank you for the opportunity to respond to OIG DRAFT Evaluation 2026-17608 regarding the effective management of long lead material procurement. We concur with the recommendation provided and have outlined the corresponding actions. Transmission's Corrective Action Program will be used to ensure accountability of the implementation of this plan.

Recommendation: We recommend the Senior Vice President, Generation Projects and Fleet Services, take steps to ensure that milestone durations for procurement and delivery of long-lead materials reflect the actual lead times for those materials.

To ensure actual material procurement lead times are captured and do not adversely impact project planning, the following actions listed below will be taken.

- Review and update the default long-lead material durations in the P6 schedule template with Supply Chain and Transmission Engineering to reflect current market conditions.
- Provide communication and training for engineers on the importance of providing schedule information and updating procurement activities when items are sourced outside of inventory.
- Update scoping checklist items to include delivery date confirmation for all non-inventory long lead materials.
- Modify engineering schedule input forms to include material lead time verification.

We would like to thank auditor Lucas Cotter and his team for their professionalism and cooperation during this evaluation.

If you have further questions, please contact Tracy McCrory at tdmccrory@tva.gov.



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VP & Chief Procurement Officer
Supply Chain



Gregory J. Henrich
SVP, Transmission



R. Bryan Williams
SVP, Generation Projects
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BH:ALH

Attachment

cc (Attachment): Request for Comments – Draft Audit 2026-17608 - Procurement of Long-Lead
Transmission Materials OIG Memorandum

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