Memorandum from the Office of the Inspector General

November 10, 2026

Michael D. Skaggs

OFFICE OF THE INSPECTOR GENERAL – INDEPENDENT REPORT ON THE AGREED-UPON PROCEDURES FOR TVA FISCAL YEAR 2026 PERFORMANCE MEASURES

We have performed the procedures enumerated in Attachment 1, Agreed-Upon Procedures and Findings, which were requested and agreed to by Tennessee Valley Authority (TVA) management solely to assist management in determining the validity of the Winning Performance (WP)/Executive Annual Incentive Plan (EAIP) measures for fiscal year (FY) ending September 30, 2026. TVA management is responsible for the WP measures data provided.

In summary, we found:

- FY 2026 WP goals for the enterprise measures were properly approved. The TVA Board of Directors approved changes to the goals for the Strategic Business Unit Controllable Operating and Maintenance and Base Capital Spend Measure on August 20, 2026.
- Actual FY to-date results for the enterprise measures agreed with the underlying support, without exception.
- FY 2026 WP and EAIP payout percentages provided by the Enterprise Financial and Performance Reporting organization on November 4, 2026, were mathematically accurate and agreed with the Office of the Inspector General's recalculation. The TVA payout percentages are included in Attachment 2.

The procedures performed and corresponding detailed findings are presented in Attachment 1.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or a review of the matters addressed herein, the objective of which would be the expression of an opinion or limited assurance on WP measures. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States that require us to be independent of TVA management and to meet other ethical responsibilities.

TVA management determined the agreed-upon procedures to be performed and therefore, the sufficiency of these procedures is the responsibility of TVA management. In addition, TVA management acknowledged the procedures performed are appropriate to meet the intended purpose of the engagement. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

This report is intended solely to assist TVA management in determining the validity of the WP measures and is not suitable for any other purpose.

We appreciate the cooperation and support provided by your staff. If you have any questions or would like to discuss further, please contact me at (865) 633-7367.

Greg Stinson
Assistant Inspector General
(Audits and Evaluations)

MCC:KDS
Attachments
cc (Attachments):

TVA Board of Directors
Hannah S. Clements
Jessica Dufner
Stephen H. Gaby
Morgan W. Hopkins
Rebecca L. Jones
Lesli A. Lowry
Jill M. Matthews
Edward C. Meade
Thomas C. Rice
Ronald R. Sanders II
Bevin R. Taylor
William M. Trumm
Ben R. Wagner
Diane T. Wear
OIG File No. 2026-17658

AGREED-UPON PROCEDURES AND FINDINGS

Agreed-Upon Procedure	Findings
1. Compare the approved measures, weights, and goals (threshold, target, and stretch) of the enterprise measures found on the approved definition sheets with the measures, weights, and goals (threshold, target, and stretch) used in the calculations for fiscal year (FY) ending September 30, 2026, and trace all differences to approved change forms obtained from the Enterprise Financial and Performance Reporting organization.	The enterprise scorecard and associated definition sheets were approved by the Tennessee Valley Authority (TVA) Board of Directors on July 23, 2025. We compared the approved measures, weights, and goals (threshold, target, and stretch) on the approved definition sheets with the measures, weights, and goals (threshold, target, and stretch) used in the calculations for FY-ending September 30, 2026. The TVA Board of Directors approved changes to the goals for the Strategic Business Unit Controllable Operating and Maintenance and Base Capital Spend Measure on August 20, 2026. No exceptions were found as a result of applying the procedure.
2. Compare the actual year-to-date results for the enterprise measures to the underlying support.	We compared the actual FY to-date results for the enterprise measures to the definition sheets and the respective supporting documentation, without exception.
3. Mathematically check the accuracy of the FY 2026 Winning Performance and Executive Annual Incentive Plan scorecard results.	The FY 2026 Winning Performance and Executive Annual Incentive Plan payout percentages provided by the Enterprise Financial and Performance Reporting organization on November 4, 2026, were mathematically accurate and agreed with our recalculation. The TVA payout percentages are included in Attachment 2.

AGREED-UPON PROCEDURES AND FINDINGS

Scorecard	*Payout Percentage*
Winning Performance	99.6% above target
Executive Annual Incentive Plan	99.6% above target