Good morning, everyone. And welcome to the Tennessee Valley Authority's first quarter fiscal year 2024 conference call. For your information, today's call is being recorded. Should you need assistance, please signal a conference specialist by pressing the * key followed by 0. After today's presentation, there will be an opportunity to ask questions.

To ask a question, you may press * then 1 on your telephone keypad. To withdraw your question, please press * then 2. At this time, for opening remarks, I would like to turn the call over to Mr. Tom Rice, TVA Vice President, Treasurer, and Chief Risk Officer. Mr. Rice, please go ahead.

Thank you, Gary. And good morning, everyone, and welcome to the Tennessee Valley Authority's first quarter fiscal year 2024 financial review. I have with me today TVA's Chief Executive Officer, Jeff Lyash, and TVA's Chief Financial and Strategy Officer, John Thomas. Jeff will begin with a business update, and then John will follow with a review of TVA's financial performance. And after our prepared remarks, we will open the call up to give you the opportunity to ask questions.

Before I hand it over to Jeff, let me mention that today's press release and TVA's quarterly report on form 10-Q for the first quarter ended 12/31/23, are available on our website, www.tva.com. A replay of this webcast will also be available on our website. And today's discussion may include forward-looking statements that are subject to various risks and uncertainties. Please refer to our quarterly report on form 10-Q for the quarter ended December 31, 2023, and our annual report, on form 10-K, for a discussion of these factors.

With that, I will now turn the call over to TVA's President and Chief Executive Officer, Jeff Lyash.

Thank you, Tom. Good morning, everyone. And thanks for your time today. At TVA, we work each day to carry out TVA's mission of service in providing affordable, reliable, and resilient power for the Tennessee Valley region.

As you know, our work in 2024 continues to be guided by five strategic priorities that will help TVA continue its mission for decades to come, including building powerful partnerships, maintaining a people advantage, operational excellence, igniting innovation, and maintaining financial strength. Today, I want to discuss two of these priorities in particular -- operational excellence and igniting innovation -- before handing it over to John to talk about financial strength.

Operational excellence is always a top priority at TVA. We operate one of the most reliable systems in the nation. And this priority is about providing power when it matters the most. As I've outlined in recent updates, TVA has been making investments to improve the reliability and resiliency of our system to better prepare for extreme, winter weather. These enhancements are already helping to ensure we deliver reliable energy through periods of extreme demand, like on January 17th, when we met the highest power demand peak ever experienced in TVA's service area. That morning, the average temperature dropped to 4° across the Tennessee Valley, and power demand exceeded 34,000 megawatts. The extreme cold continued to put pressure on TVA's system in the days that followed, leading to several other TVA demand records.
TVA began preparing to meet this challenge in the aftermath of winter storm Elliott and since then, TVA has invested nearly $123 million and completed 3,400 winter readiness activities to harden the system and enhance reliability and resilience at our facilities. Amid the extreme conditions, TVA’s nuclear fleet also continued to serve as a bedrock of our system. TVA’s Watts Bar Unit 2 returned to operation in late November, after successfully completing a planned outage that will help support decades of additional, reliable generation of carbon-free energy. The Watts Bar team completed more than 10,000 activities, including refueling the reactor, upgrading numerous safety-related components, and performing preventive maintenance that will allow us to continue providing safe, reliable, carbon-free electricity for the next 18-month operating cycle, and beyond.

TVA’s nuclear fleet provided 47% of TVA’s entire power supply in the first quarter. And each of TVA’s nuclear plants, Browns Ferry, Sequoia, and Watts Bar, has been recognized for industry-leading performance. The importance of our nuclear operations is only growing as TVA looks to further reduce carbon emissions. We will be seeking to renew the licenses of all of TVA’s nuclear units for extended 20-year terms. And our first renewal application was submitted to the Nuclear Regulatory Commission earlier this month for the three units at Browns Ferry. These are critical, reliable, non-carbon-emitting assets, and we look forward to many years of their continued service.

As we work to meet the Valley’s growing power needs, TVA’s existing generation assets, from nuclear to combustion turbines, to pump storage and hydropower dams are critical to our ongoing success. That’s why TVA continues to modernize and expand its existing fleet, even as we pursue new technologies. In fact, TVA has invested $20 billion in capacity expansion and base capital in our system since 2014. And our business plan expects $15 billion in additional capital expenditures over just the next three years alone.

These investments will help ensure an energy supply for the Tennessee Valley that is low cost, reliable, resilient, and clean for years to come. And we’re making progress. TVA’s Colbert Combustion Turbine site in north Alabama came online last July, ahead of schedule and under budget, adding more than 680 megawatts of modern natural gas-fired power capacity to our fleet. Additionally, the three new units at TVA’s Paradise Combined Cycle site in Kentucky began commercial operation in December. These state-of-the-art units can reach full power within 11 minutes to assist with meeting demand peaks.

Together, the Colbert and Paradise investments add almost 1,400 megawatts of capacity that we did not have just last winter. Many of these new units are replacing older, less efficient assets, improving reliability. TVA’s Bull Run Fossil Plant was recently retired after 56 years of operation. When Bull Run was built in 1967, it was the largest in the world in the volume of steam produced. And the plant was awarded for having the “best heat rate” in the U.S. 14 times.

Bull Run was originally built to meet energy demand from the thriving city of Knoxville. And today, the plant’s geographic location remains important for TVA’s system for the future. As TVA moves away from traditional fossil generation and towards cleaner energy, we have to find new and creative ways to ensure the stability and reliability of the power system. Once we remove a spinning resource from the grid, by retiring a generating asset like Bull Run, we reduce our capability to maintain frequency and system support in that area. Without careful planning, this could lead to instability.

One of the options TVA is considering for the Bull Run site is to convert it to a synchronous condenser, which spins and can support the transmission grid, but doesn’t produce power. Some of our older fossil plants are perfect for converting to synchronous condensers. They already have
the supporting infrastructure and transmission lines, and in the case of the Bull Run site, located in a largely populated area where voltage support is needed.

As TVA retires older plant assets, adds new generation, and integrates more renewables to the grid, creative solutions and investments in transmission and grid support will continue to be needed. TVA is investing nearly $3 billion in transmission system improvements through 2027 alone. And with TVA’s aspiration of adding 10,000 megawatts of solar by 2035, the need for innovative solutions and grid investments will be even more critical.

On the topic of renewables, I’m very happy to report that TVA signed agreements in December, securing over 600 megawatts of new solar energy and 20 megawatts of battery storage capacity, which are expected to come online in calendar year 2028. These opportunities are the successful outcome of TVA’s large clean energy request for proposals that we’ve talked about over the past two years, and we’re very happy with the results so far.

Pursuing innovation is another top priority for TVA. For the electricity sector to make substantial progress and to sustain transition to net-zero carbon emissions, we know that new clean energy technologies, such as new nuclear, must be developed and deployed. On that topic, TVA was honored to host U.S. Energy Secretary Jennifer Granholm in Tennessee in December, to showcase TVA’s advanced nuclear technology program at our Clinch River Nuclear site. During her visit, the Secretary remarked on the importance of the United States developing clean energy resources at home.

TVA’s Clinch River small modular reactor project is positioned to lead in the commercialization of new nuclear technologies and could help spawn a wave of fast followers. TVA’s nuclear innovation is being powered by collaboration, and TVA’s work with GE Hitachi, and others to develop the GE Hitachi BWRX-300 standard design, remains ongoing. We’ve not yet committed to completing the project, but have developed a roadmap to carefully advance the project in phases. Later this year, TVA hopes to complete its environmental review and apply for a construction permit.

Successfully commercializing advanced nuclear and other technologies is critical to building the energy system of the future and meeting future energy growth. And we remain focused on the important work to inform our long-range planning during this time of significant change through our integrated resource plan. TVA’s next integrated resource plan is under development now, and will serve as a guide to how TVA can best meet energy demand in the coming decades. I look forward to updating you on our progress on Clinch River and the IRP later this year.

I’ll now turn the call over to John Thomas to discuss our financial results.

**John Thomas**

Thanks, Jeff. So, I’ll begin with the highlights. Overall, we had a lower effective rate for our customers this quarter versus the first quarter of last year. That’s always good. Operating revenues were lower, mainly due to weather and fuel cost. I’ll talk a little bit more about that later. Slightly higher net income, driven by lower, overall operating expenses. So, in terms of the weather, which is always a factor, this last year was mild for the first quarter. And this year was even milder. You wouldn’t know that, based off the January results that Jeff was talking about, but the first quarter itself was one of the mildest in the last decade.

And so, if you look, overall, at power sales, and our power sales were down 1.8%. Our operating revenues were down $250 million, quite a bit, and that really is the story of fuel cost recovery. So,
I'll talk more about that in a moment. But overall gas prices were significantly lower than what they were in the first quarter of last year. But as I said, even though TVA did enact a base rate increase this year, the lower fuel rate more than offset that. And so, our overall effective rate to our customers was $0.073 or just over 6% lower, year-over-year.

An item of note, also, if you look at the right side of this chart, we did see a rebound in the first quarter of overall industrial sales on a weather-normalized basis. But sales, overall, the local power companies down about 1.5%. Again, this is weather normalized. And only up about 0.7% over the two-year period, which is about half of what we're expecting, in terms of future load growth.

In terms of the fuel and energy supply, as I said, you can see the natural gas prices, and so, for the first quarter, considerably lower and that had a significant impact on our overall fuel cost recovery revenue and our fuel cost.

If you look to the right, in terms of the power supply, fewer nuclear refueling outages this year. So, we had strong performance -- 47% of our electricity came from our nuclear fleet. If you look at the hydro and other renewables, we have been in a drought period. And so, we are seeing lower production out of the hydro fleet. Hopefully, With the weather we've seen here in January, that'll start to turn itself around. Overall, the rest of the resources were essentially flat to the prior year.

In terms of the income statement, I covered the revenue items. And then, we move into, as you would expect, the fuel and purchase power -- lower fuel and purchase power expense, driven by lower natural gas prices, was also in alignment with the lower fuel cost recovery. Our overall operating and maintenance expenses were up $40 million. These were planned investments that we're making, some in our -- what we're calling our power operations improvement plans, hardening for resiliency of the asset that Jeff talked about; the work we're doing at the Clinch River site, on new nuclear; and just general wage escalation. So overall, $40 million increase. Again, that's in line with what we planned. Slightly lower depreciation and amortization expense. And then, overall tax equivalents, driven by the lower revenues, slightly lower tax equivalents. So, you end up with $127 million worth of net income or $26 million higher than what we had expected.

If we move to the statement of cash flow, overall operating activities slightly lower than the first quarter, at $46 million. This is really just timing associated with working capital, from payables and receivables coming out of the summer, and then moving into the first quarter. Overall higher investing activities, $126 million. This is associated with these capital investments in the new gas resources that we're adding. And we expect that to continue to be higher, year-over-year, as we have this strong investing program that Jeff talked about. And then, overall financing activities, $169 million higher, with a slightly lower operating cash flow and a higher investing. Then you see higher financing. And then, overall, our total debt and financing obligations, debt just over $20 billion.

So, in summary, overall lower effective power rates for our customers that we're happy about; lower sales, due to the weather; lower operating expenses; our cash flow was still strong; and we're looking forward to significant capital investment plan, moving forward. But we started the year with low debt and financially healthy.

And with that, I'll turn it back over to you, Gary, to get questions.
QUESTION AND ANSWER

Operator
Thank you. Ladies and gentlemen, at this time, we will begin today’s question and answer session. TVA would like to provide the financial community with the first opportunity to ask questions. To ask a question, you may press * then 1 on your telephone keypad. If you are using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press * then 2.

At this time, we will pause momentarily to assemble our roster. Again, to ask a question, please press * then 1. Our first question today comes from Carrie Saint Louis with Fidelity. Please go ahead.

Carrie Saint Louis
Hi. Good morning.

Jeff Lyash
Good morning, Carrie.

Carrie Saint Louis
How are you? Thanks so much for the call today. I just wanted to chat on a couple things. First, on the capital expenditures because it does look like you’re going into an elevated period. So, you’re saying, $15 billion of CapEx over the next three years. I just wanted to know, is that kind of like a ramping number or could you give any type of cadence to how that kind of should come at -- should be tracked over the three years?

John Thomas
Carrie, this is John. It does ramp up. It -- getting pretty high in 2025 and 2026. Those are the two, peak years. But you'll definitely see it -- we will see it increasing this year. But next year and the year after are the big years.

Carrie Saint Louis
Do you give a point forecast for the coming year? A lot of companies do. I didn't know if you did.

John Thomas
No, we don’t.

Carrie Saint Louis
Okay. Okay. Great. Okay. And then, on nuclear -- so -- just -- did I hear you correctly, so you said you filed for license extension on Browns Ferry?

Jeff Lyash
Yes. That's right, Carrie. We're doing -- we filed for the subsequent life extension. That's the first of the units in our fleet to make that filing. And so, we're -- we anticipate, over time, we'd make that filing for all the units. But Browns Ferry is in the lead position.

Carrie Saint Louis
And that's 60 to 80. Right? Or am I -- or are you just going to direct fee?

Jeff Lyash
No, that’s correct. (Inaudible).
Carrie Saint Louis
And do you -- just how long -- could you just remind me of how long that approval generally takes?

Jeff Lyash
Generally, you can think about it as a two-year process, sometimes a little quicker, sometimes a little slower, depending on the request for additional information. We feel pretty good about the Browns Ferry submittal, so I’d anticipate about two years. And that puts us with the license extension in hand before the units approach the end of their current life.

Carrie Saint Louis
Yeah. Okay. And then, just remind me -- I forgot how you guys -- I don’t know if it’s anything on - - in the IRA for the nuclear unit is applicable to you guys. Could you just remind me if that -- is there a benefit that might be available to you or not?

Jeff Lyash
There are. We are increasing capacity of those units. And some of what we’re going to do does increase capacity. Then, there’s eligibility for the tax credits. And if you recall, the tax credits -- we can get those in cash now.

Carrie Saint Louis
Okay. All right. So, as you increase capacity on some of the units, you’ll be eligible for tax credits, which you can take in the form of cash now.

Jeff Lyash
That’s correct.

Carrie Saint Louis
And when do you envision that starting to be potentially a cash help to you guys?

Jeff Lyash
Well, we’re still laying out the specific implementation plan. But we expect to begin to make the physical improvements to Browns Ferry that will set it up for those longer license lives, beginning in, perhaps, a bit this year, but ramping up in ’25 and ’26.

Carrie Saint Louis
Okay. Great. And then, on the advanced nuclear technology -- congratulations on that continuing to move forward. You said you’re completing the environmentals review and hope to have applied for the construction permit. That’s kind of -- if you apply later in ’24, is that kind of the thinking?

Jeff Lyash
That’s correct. We are--under the technical collaboration agreement, we continue to make great progress with GE Hitachi, OPG, and Synthos on developing the standard design. And of course, that is one of the inputs to development of the construction permit application, which is ongoing. And we would expect to be in a position to make the decision on submitting that construction permit application to the U.S. Nuclear Regulatory Commission some time in the middle of this year.

Carrie Saint Louis
Okay. Great. And then, that would be, like a two-year process for that, or you’re not sure about that?
Jeff Lyash
Yeah, the NRC indicated 24 to 36 months, as the likely review time frame.

Carrie Saint Louis
Great. And then, lastly, just on 2024 calendar year funding -- can you just remind me of what you're thinking is, with maturities and elevated CapEx?

John Thomas
Yeah, so we've got, Carrie, $1 billion maturing late summer. As we said, we're ramping up this capital spending this year. I think our business plan would call for just over $1 billion from that, as well. So later on, you know, as we get into the summer months and we see how these capital projects progress, I think you could expect us to be active.

Carrie Saint Louis
Great. Thanks so much. Good luck with everything.

Jeff Lyash
Thank you, Carrie.

Operator
Once again, if you have a question, please press * then 1. Please stand by as we poll for questions. The next question is from Jessica Sondgeroth from Energy Intelligence. Please go ahead.

Jessica Sondgeroth
Hi. Thanks for taking this call. This is Jessica with Nuclear Intelligence Weekly. I was just calling to get a little bit more color on the Clinch River BWRX-300 SMR. Can you tell us more about the right to use the design and how those might generate economic benefits for TVA?

Jeff Lyash
Yeah. We -- of course, we entered into a technical collaboration agreement, as I mentioned, with GE Hitachi, Ontario Power Generation, and Synthos. And under that agreement, we are working together to develop a standard design that could be licensed and deployed in the U.S., Canada, and Poland. And under that agreement, we're sharing the cost of that. So, it's a cost-sharing arrangement and a risk mitigator for us.

And through our design center working group, we're bringing the experience of all four of those organizations to bear on making sure the design is not just licensable, but constructible, operational, maintainable. And under that agreement, we then have the rights to deploy this at our Clinch River site and at potentially other sites in the Tennessee Valley, if we decide to do that.

You know, those decisions are out ahead of us yet. We want to see the standard design complete. We want to see the construction permit application submitted and continue to gain confidence and de-risk the project. But if it continues on, we would expect to, potentially to construct up to four of these at Clinch River and, perhaps, other sites beyond that, just depending on the cost effectiveness and the demand.

Jessica Sondgeroth
Okay. Great. Thank you. And just on the fuel side, the nuclear fuel side -- can you talk a little bit about, like TVA's typical procurement habits, and whether a price increase or a shortage of
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Jeff Lyash
Yeah, so TVA doesn’t purchase any uranium enrichment services from Russia. We -- our supplies, particularly conversion enrichment, are all domestic. Our uranium ore supplies are from a diverse set of sources that are our allies. And, of course, we take fuel from -- we take a down-blend from the military, as well. And so, our -- we don’t suffer that risk, from a ban on Russia directly.

Of course, it could affect the market and drive prices up, in the long-run for the market. And TVA would see that secondary effect. But we stagger our procurement, conversion, enrichment, and manufacturing contracts out quite a long way. So, we wouldn’t expect to see that immediately. We would expect to see any price pressure over the coming years. Now, I’m optimistic that the U.S. and our allies will see a ramp up in conversion and enrichment that’ll balance this loss of Russian capability over the coming years. And the industry is focused on doing just that.

Jessica Sondgeroth
Okay. Great. Thank you. If I have just a little bit more time, just on the BWRX-300 -- can you provide a status on the design?

Jeff Lyash
Yeah, we are working through the standard design. We are somewhere around 40 to 45% complete on that design. And we anticipate reaching a 60 to 65% complete on the design later this year. Of course, it’s a first of a kind, so we’re mindful that it has to be done right, not just quickly. That’s important, because that puts us in a position to develop estimates and schedules for deploying it with a greater degree of confidence. And that’s what we’ll be looking to do fourth quarter of this year, first quarter of ’25.

Jessica Sondgeroth
Okay. Great. Thank you so much. I appreciate it.

Operator
The next question is from Melanie Faizer with WUOT News. Please go ahead.

Melanie Faizer
Good morning, Melanie Faizer, WUOT. I have a couple questions about crypto mining operations. A lot of crypto mining are setting up in the TVA’s region, because favorable rates and being shut out in other regions. Is there any concern about how crypto operations could affect rates and capacity?

Jeff Lyash
Well, TVA is growing. You know, Tennessee is growing at three times the national average. So, we’re focused on growth in our service territory, driven by in-migration, economic growth, and electrification. That’s really why we’re ramping up this capital investment program in the transmission system and the generation fleet, to make sure we can serve that growth. You’re correct, we do have a pretty considerable number of crypto-currency miners in the region, because of the low cost and reliable power that we provide.

As a matter of fact, I just two weeks ago, met with about 300 crypto-currency miners here in the footprint, to talk about just these issues. It’s a very flexible load. They can curtail their load quickly,
on peaks, and as a matter of fact, they did during this recent winter storm – curtailed their load when we needed that. And so, they’re quite good to work with.

So, I think, then, the issue becomes not just peak load, but how much of this load will we see and what generation resources will we have to build. And we’re going to work pretty closely with them to make sure we take maximum advantage of their ability to shape the load.

Melanie Faizer
Just quickly – in terms of working with them, I know that TVA stopped offering VIP grants to the crypto companies last year, I think. Can you speak to reasons for the change in that policy?

Jeff Lyash
Yeah. Our price, our rates, our reliability, and our resiliency and our carbon emissions are already some of the lowest in the industry. So, we are selective about where we layer economic development incentives over top of that. And we did not think we needed to provide the incentive to attract this type of load, because, after all, we are a low price. And this type of economic development doesn’t bring the sheer number of jobs that other entities might.

So, we’ve chosen to focus our economic development incentives on companies that bring the maximum number of jobs to the Tennessee Valley service territory, particularly disadvantaged or challenged communities. And we think that’s the right balance. The crypto-miners are coming because of the low rates and that allows us to focus our economic development resources on the most jobs.

Melanie Faizer
Super. Thank you, so much.

Operator
The next question is from Amy Kelly with the Sierra Club. Please go ahead.

Amy Kelly
Hi. Good morning. Yes, my question is about the debt ceiling. I believe TVA has a set cap of $30 billion, by statute, from the TVA Act. And I was wondering, after all the current and proposed gas is built, how much room will be left in TVA’s debt ceiling.

Jeff Lyash
Yeah, thanks for the question. And I’ll turn it over to John for a little color. But I will start out by pointing out that TVA is currently at the lowest debt level we’ve been in 30 years. So, we’ve been very successful at reducing our debt level, strengthening our financial health to put us in a position to be able to build assets -- renewables, transmission, gas, storage -- to support the growth. So, we start out from a strong position as we manage rates and cash flow and debt during this expansionary period. John?

John Thomas
Yeah, so we’re -- we have a $30 billion statutory debt limit. We’re at $20 billion today. So we have $10 billion of head room. And we generate about $3 billion of operating cash flow every year. And so, yeah, our capital program to build the capacity necessary to support the economy is growing. But you can’t look at everything as incremental to that as well. And we have sufficient head room.
Jeff Lyash
Yeah, I do want to point out, Amy, that we’re really excited, because just a couple of months ago, we launched a dramatic expansion of our energy efficiency and demand response programs -- $1.5 billion investment in those programs from the announcement in October. We’re beginning to get traction and we think that also will help reduce the amount of growth that we see and the amount of assets in the end that we have to build.

Amy Kelly
Yes, thank you. I think at one of the board meetings, you showed a slide where it looked like, maybe, $26, $27 billion in debt in the next few years. Maybe you could talk about that a little bit? And how much is small modular reactors – you know, what’s needed?

John Thomas
You’re remembering correctly. Directionally, that’s about right. That’s this capacity expansion program that Jeff was talking about earlier, to meet the economic load growth that we’re seeing. So, you layer in that capital program, you net that of what our operating cash flow is that we’re generating, and you end up with our debt rising slightly. That’s right.

Operator
The next question comes from David Flessner with the Chattanooga Times Free Press. Please go ahead.

David Flessner
Hi. Thanks for taking the call, very much. Want to ask you real quick, in the 10-K, there was reference to the four power purchase agreements for 600 megawatts of solar generation and 20 megawatts of battery storage. Is that the first contracts that you’ve awarded from the RFP that you put out in July of 2022, or what’s the total amount that you’ve now awarded from that RFP?

John Thomas
They are. You’re right, Dave. So, we’re -- it takes a while. You do this RFP and then, you’ve got to work through with all the developers and negotiate terms, conditions, and takes, really, months to get through that process. But now, we’re getting to the end of that. And you should expect to see more contracts being awarded. But, yeah, this is the start of that process. That’s right.

David Flessner
Can you talk at all about the price points that you see, as you move forward on that, and you requested 5,000 megawatts. This is only 12% of what you requested. And you got 14 gigawatts of proposals. So, what -- was it just taking this long, or the price points weren’t what you want, or what -- why are you only at this point at 12% of what you requested two years ago?

John Thomas
Obviously, we don’t talk about specific price points in contracts, for competitive reasons. We want to make sure that we can negotiate the best price for our customers. But I’d say that this is really about working through the terms and conditions and the developers and the viability of their projects. And then, you have the whole transmission interconnection process.

So, this is kind of normal work. I think this one has a lot of visibility, because we came out with 10,000 megawatts, so people are paying attention to the timing of this. But these are kind of typical processes we work through. We just did it as one, big lump instead of, in the past, we’d do 500 megawatts a year, something like that. And they were kind of under the radar.
David Flessner
Another quick question -- on the 47% share of nuclear generation in the last quarter -- was that - - have you been higher than that before? And as you move forward with SMRs and stuff like that, what share of the power portfolio do you see nuclear playing?

John Thomas
It’s a good question, Dave. I don’t -- we can get you an answer to that. I don’t know. I don’t remember 47% before. It might be the highest.

Jeff Lyash
Yeah, it could be. We’ll get you an answer, Dave -- typically 42, 43%. Our units ran extremely well in the first quarter. And we had less nuclear planned refueling outages. And that drives that number higher. You know, as the system grows, you would expect that to be diluted a bit. But at the same time, we’re investing in those plants in the way we talked about earlier, which increases their reliability and capacity. So, it’s a bit of give and take there. But we’ll give you some historic numbers, Dave.

David Flessner
Thanks. And on the renewals, can you just speak to what you see as the ultimate life span of these nuclear plants? Can they go on forever, or what?

Jeff Lyash
Yeah. Well, It’s a good question, Dave. I mean, we’ve -- the original license life of these plants wasn’t an engineering number. It was a regulatory number -- 40 years. And we extended 40 to 60. And now, with Browns Ferry, we’re extending 60 to 80. And with this extension now, we will make substantial investment in these plants, changing components that have reached end of life.

And so, we really don’t see any safety or reliability reason why we can’t extend them all 60 to 80. And frankly, I don’t see a reason why you couldn’t extend them 80 to 100. I think it all depends on how effective you are at maintaining and operating and what investment we want to make in ensuring the reliability and safety of those plants. And we’re committed to it.

David Flessner
Thanks a lot.

Operator
This concludes our question and answer session. I would like to turn the conference back over to Jeff Lyash for any closing remarks.

CONCLUSION

Jeff Lyash
All right. Well, thank you for your time today. I, again, want to thank our employees for their dedicated efforts in recent weeks to keep our system stable and to meet record power demands through the extended period of extremely low temperatures we experienced early in January.

Through 2024, we’re going to remain focused on supporting our communities each day with low cost power that’s reliable when it matters the most and making critical investments in our system to power the Tennessee Valley’s energy transition. We look forward to briefing you on our
performance and continued progress in these important areas throughout the coming year. Thank you.

Operator
The conference is now concluded. Thank you for attending today’s presentation. You may now disconnect.