



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Lynnise Roehrich-Patrick
Executive Director

DATE: 31 January 2014

SUBJECT: TVA PILOTS: Electric Generation and Transmission Cooperatives and Related Issues—Annual Update for Commission Approval

The Electric Generation and Transmission Cooperative Act (Public Chapter 475, Acts of 2009) directed TACIR to

- consider whether the current wholesale power supply arrangements between the Tennessee Valley Authority and municipal utilities and electric cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from the Tennessee Valley Authority to the state and to its local governments;
- report written findings to the Commerce, Labor and Agriculture Committee of the Senate; the Commerce Committee of the House of Representatives; the Finance Committee of the Senate; and the Finance Committee of the House of Representatives; and
- include recommendations, if any, on adjustments to the state tax system that would keep the state and local governments whole from such future changes.

The following year, the General Assembly passed Public Chapter 1035, Acts of 2010, based partly on TACIR's June 2010 report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*. Public Chapter 1035 made the study an annual requirement.

The attached report is submitted for your approval as the Commission's 2014 report to the General Assembly.