

**HEARING ON THE NOMINATIONS OF VIRGINIA
T. LODGE AND RONALD A. WALTER TO BE
MEMBERS OF THE BOARD OF DIRECTORS OF
THE TENNESSEE VALLEY AUTHORITY**

HEARING
BEFORE THE
COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

NOVEMBER 13, 2014

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ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION

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HEARING ON THE NOMINATIONS OF VIRGINIA T. LODGE AND RONALD A. WALTER TO BE MEMBERS OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

THURSDAY, NOVEMBER 13, 2014

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 11:19 a.m. in room 406, Dirksen Senate Building, Hon. Barbara Boxer (chairman of the committee) presiding.

Present: Senator Boxer.

Senator BOXER. The committee is in order.

I apologize, we are running late. Both sides are having their leadership elections right now, so this is going to be a very unusually easy hearing for both of you.

Representative Cohen, I am going to call on you first. Thank you so much for being here from the Ninth District, and you are here to introduce Mr. Walter. So please proceed.

**OPENING STATEMENT OF HON. STEVE COHEN,
A MEMBER IN THE U.S. CONGRESS FROM THE STATE OF
TENNESSEE**

Mr. COHEN. Thank you, Senator. I appreciate the courtesy in allowing me to come and appear today.

Indeed, it is in my perspective an honor to be associated with Ron Walter, as it would be a credit to the TVA to be associated with Mr. Walter as well. He has been a model citizen to the city of Memphis.

And while he does have some political background, having worked with one of my predecessors, Congressman Harold Ford, Sr., in the 1980's, his life has not been as a political man, but a civic man. If you look through his vitae, he has been a member of the board or the president or chairman of the board of almost every important community and civic organization of the city of Memphis.

His life is one of moral rectitude and probity that would be the envy of anyone. He will do a great service to the TVA if he is affirmed. He has intellect and he has character and independence of judgment.

So I introduce to you my constituent and as fine a person as I know to serve on this board or any other board, Mr. Ron Walter.

**OPENING STATEMENT OF HON. BARBARA BOXER,
U.S. SENATOR FROM THE STATE OF CALIFORNIA**

Senator BOXER. Thank you so much, Congressman, and you are free to go. I know you have other things to attend to.

I want to begin by welcoming both of our nominees, Virginia Lodge and Ronald Walter, who have been nominated to serve as members of the TVA, the board of directors of the Tennessee Valley Authority. I appreciate both of you, your commitment to public service.

TVA has an essential responsibility to communities it serves, including providing power to approximately 9 million people. TVA should be a leader, in my view, in providing reliable power, but also reducing the dangerous air pollution our children and our families are forced to breathe. I urge you to continue TVA's increased focus on clean and renewable energy.

It is also important that TVA focus on the management of waste from its coal-fired plants. It has been almost 6 years since the tragic coal ash disaster at the TVA Kingston fossil plant in Tennessee. TVA must remain committed to reducing the dangers associated with coal ash ponds and ensuring that neighboring communities are kept safe. As nominees, I would like to hear how you will make sure this remains a top priority for the board of directors.

Another important area is the safety of nuclear power plants operated by TVA. Unfortunately, in recent years, the NRC has identified safety problems at TVA's nuclear power plants. Potential safety concerns cannot be ignored and must be addressed quickly, especially in the wake of the Fukushima nuclear disaster. And I want to share with both of you the fact that we had to close down a very large nuclear power plant, San Onofre, in California, because it was leaking radioactive, water with radioactivity in it. And it had to do with the re-engineering of the plant that was not well done.

So, caution, a cautionary tale. You are dealing with elements here that are very dangerous. I know you know that.

TVA has an important mandate, to be a national leader in technological innovation, in low cost power and in environmental stewardship. And I know, I read the charge, it was such a visionary act when it was created. So you are going to be part of history, if I have anything to say about it, and I look forward to hearing from you.

So why don't we start with you, Ms. Lodge.

[The prepared statement of Senator Boxer follows:]

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR
FROM THE STATE OF CALIFORNIA

Ms. Lodge and Mr. Walter, thank you for being here today.

The Tennessee Valley Authority is a unique component of government. It has a long, 80-some year history of providing electricity to the good folks in Tennessee and some of the surrounding states.

Because of this, I know that you are being affected by the relentless onslaught of rules against the utility industry by the President's EPA. It started with Utility MACT a few years ago; then came the 316(b) Water Rule this past year. Now climate change regulations are on the drawing board and a reduction in the ozone standard is in the works.

All of these regulations carry an enormous price tag: Utility MACT is estimated to cost about \$100 billion to implement, and one recent study by NERA Economic

Consulting estimated the climate change regulations for existing sources will cost between \$350 billion and \$500 billion to implement.

From an economic standpoint, these rules translate into millions of lost jobs across the economy, and they are coming at a time when Americans are increasingly wary of our economy's health. It's the No. 1 political issue.

The American people do not want more environmental regulations that increase energy costs and threaten job creation. In fact, Americans have consistently put environmental issues at the bottom of their priority list. Gallup's most recent poll, from just before the elections, had climate change listed as the very lowest priority among voters. This makes sense.

The impact of these rules on the consumer cost and the reliability of our electric system are two of the key things that TVA needs to evaluate on these rules. Just last week the North American Electric Reliability Corporation issued an alarming report that the EPA's existing power plant rule may have a negative impact on electricity reliability. TVA needs to evaluate how its specific region will be affected so that the people who live there know how EPA's policies are going to affect them. This is especially true given your exposure to nuclear, which EPA claims its rules will help while industry assures us they will not.

I know many people believe that the bulk of the costs imposed by the new climate change rules are going to be offset by efficiency improvements and savings generated from relying more heavily on natural gas. But efficiencies that save money don't need to be mandated, and we need look no further than our friends at the Sierra Club to understand the direction the EPA is headed on natural gas.

Michael Brune, the group's Executive Director, recently said that "Natural gas is a dirty fossil fuel. It's not a bridge. It's a gangplank. There's no way to build an economy fueled by clean energy that includes natural gas."

The great work this Committee has done over the years revealing the deep collusion that goes on between environmental groups and the EPA should confirm to us that the Agency's next move will be on the route of squeezing natural gas out of the energy mix.

EPA is underestimating the true impacts of its environmental rules to convince the American people that they aren't as bad or extreme as they really are.

We know better. The vision of our country under aggressive environmental policies like the ones being crafted by EPA is a gloomy one, and the questions of reliability and economic impact need to be fully evaluated and deeply understood by this Committee and the Congress. This is what I plan to focus on in the coming months, and I look forward to better understanding how these things will affect TVA and its customers.

STATEMENT OF VIRGINIA T. LODGE, NOMINATED BY PRESIDENT OBAMA TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Ms. LODGE. Thank you, Chairman Boxer.

I am honored to have been nominated by President Obama to serve on the Tennessee Valley Authority Board of Directors.

When I moved to Tennessee 36 years ago, I knew little about TVA other than history and government classes. What I learned quickly was how crucially important it was and is to the region. There was almost no one from my generation or older who doesn't have a vivid memory of TVA lines being run to their homes or their businesses and the life-changing effect it had. My mother-in-law's family lives in a small town called Gold Hill in Chambers County, Alabama. My father-in-law's family lives and runs a cast iron foundry in another small town, South Pittsburgh, Tennessee. It would be impossible to overstate the important role that TVA has held and continues to hold in their worlds.

Being commissioner of the Tennessee Department of Human Services for 8 years gave me valuable experience in the complexities of operating a large public entity. Perhaps at least as valuable was the experience of traveling to all 95 counties in Tennessee, vis-

iting DHS offices and meeting with local businesses and community leaders.

Much like our sister States in the region, these communities spoke of the need for economic development, the need for jobs, and the need to keep electricity rates low, both to attract business and to help the poor, especially the elderly, disabled and young children. We worked with TVA on weatherization and LIHEAP projects, which made dramatic improvements in the lives of our neediest citizens.

The greatest reward of being commissioner is the ability to effect changes in public policy to improve the lives of our citizens and their communities. Serving on the TVA board would offer that same benefit.

Since leaving State government, I have had the opportunity to experience the corporate sector. I was brought into my current company, FSI, as it was struggling to survive. There had been no strategic planning to guide the development and operation in the way that successful business require. We were able to turn the company around, make it profitable and continue to grow it.

I learned in both government and private business that the cornerstone of success is to gather good and unbiased data, set clear goals and use the data to inform important decisions about what resources will get you to those goals most efficiently.

If confirmed, I pledge to work closely with you, my fellow board members and the staff of TVA to promote TVA's mission to keep rates low, aid in economic development and work toward addressing environmental issues. I appreciate your consideration of my nomination and thank you for the opportunity to be here today.

[The prepared statement of Ms. Lodge follows:]

STATEMENT OF VIRGINIA T. LODGE, NOMINATED BY PRESIDENT OBAMA TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Good morning, Chairman Boxer, Ranking Member Vitter, and distinguished members of the Committee. I am honored to have been nominated by President Obama to serve on the Tennessee Valley Authority Board of Directors

When I moved to Tennessee, thirty-six years ago, I knew little about TVA other than from history and government classes. What I learned quickly was how crucially important it was and is to the region. There is almost no one from the region, my generation and older, who doesn't have a vivid memory of TVA lines being run to their home or business and the life changing effect it had. My mother-in-law's family lives in the small town of Gold Hill, Alabama in Chambers County. My father-in-law's family lives and runs a cast iron foundry in another small town, South Pittsburgh, Tennessee. It would be impossible to overstate the important role that TVA has held and continues to hold in their worlds.

Being Commissioner of the Tennessee Department of Human Services for 8 years gave me valuable experience in the complexities of operating a large, public entity. Perhaps at least as valuable was the experience of traveling to all ninety-five counties in Tennessee visiting the DHS offices and meeting with local business and community leaders. Much like our sister states in the region, these communities spoke of the need for economic development, the need for jobs and the need to keep electricity rates low both to attract business and to help the poor, especially the elderly, disabled and young children. We worked with TVA on weatherization and LIHEAP projects which made dramatic improvements in the lives of our neediest citizens. The greatest reward of being a Commissioner is the ability to effect changes in public policy to improve the lives of our citizens and their communities. Should I be confirmed, serving on the TVA Board would offer that same benefit.

Since leaving State government, I have had the opportunity to gain experience in the corporate sector. I was brought in to my current company, FSI, as it was struggling to survive. There had not been strategic planning to guide the development and operation in the way that successful businesses require. We were able to turn

the company around, make it profitable and continue to grow it. I learned in both government and private business that the cornerstone for success is to gather good and unbiased data, set clear goals, and use the data to inform important decisions about what resources will enable you to achieve those goals most effectively.

If confirmed, I pledge to work closely with you, my fellow board members and the staff of TVA to promote TVA's mission to keep rates low, aid in economic development, and work toward addressing environmental issues.

I appreciate your consideration of my nomination and thank you for the opportunity to be with you today.

RESPONSES BY VIRGINIA T. LODGE TO ADDITIONAL QUESTIONS
FROM SENATOR BOXER

Question 1. Will you commit to visiting Bellefonte Nuclear Plant as a TVA Board Member and meeting with local community and business leaders about the role of TVA in the county and the plant's impact?

Response. If confirmed as a TVA Board Member, I will want to visit the Bellefonte Nuclear site and commit to engaging with local community leaders and ratepayers.

Question 2. As electricity demand rises in the Tennessee Valley region, will you also commit to examining the costs and benefits associated with completion and operation of one or more nuclear reactors at the Bellefonte Nuclear Plant?

Response. If confirmed, I commit to examining the costs and benefits of a fully operating Bellefonte Nuclear Plant.

Senator BOXER. Thank you.

Mr. Walter.

STATEMENT OF RONALD A. WALTER, NOMINATED BY PRESIDENT OBAMA TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Mr. WALTER. Madam Chairman, I am enormously honored to be nominated by President Obama to serve on the Board of Directors of TVA.

I thank my good friend, Congressman Cohen, who brought me to the attention of the President, the congressional Black Caucus and others who have supported my nomination.

I also thank my wonderful wife of 27 years, 5 months and 1 day, who is seated behind me, Mary Ann Walter. I also thank you for your consideration as I appear before you to seek your approval.

My entire adult working life, I have been fortunate to have had great opportunities in both the public and private sectors. In 1980, I was hired by Memphis Light, Gas and Water, TVA's largest customer, as assistant to the president. One of my first assignments was working with TVA representatives on a conservation project in a challenged urban area of Memphis. This joint venture taught low-income residents how to insulate their homes efficiently and inexpensively, helping them achieve conservation and financial savings.

Also in this project, supplies were bought where possible at local businesses to benefit the community. So in a very small way, this was a seed planted in the neighborhood to grow and nurture economic development. This experience gave me a great appreciation of the outreach of TVA and had a significant impact on me. In later years, as MLGW vice president of customer relations, I communicated and worked with key stakeholders dealing with budgets, developing strategic initiatives and carrying out departmental and corporate objectives. I learned much about government and business from that assignment.

Fine tuning my business skills and work with government continued at WREG TV, the CBS affiliate in Memphis, where I serve

as president and general manager. I am proud to add, it is the No. 1 station in Memphis. Managing this station requires budget achievement, evaluation of new technologies, interfacing with the FCC, creation and implementation of short and long term goals, problem solving and teamwork.

My volunteer life includes service on community, State and regional boards, ranging from higher educational institutions, including my alma mater, Clark University in Worcester, Massachusetts, hospitals, and civil rights groups to charitable entities whose goals are the meet the needs of the people. This board work and these professional experiences have one thing in common: a focus on and a good understanding of the operations and compliance with rules and regulations that govern them.

When institutional challenges are faced, sound solutions must be sought. Quite often, there are no easy fixes or shortcuts. Board members must work hard and smart as they evaluate matters and render decisions. Objectivity and independence are essential.

Board members of TVA have similar responsibilities as they ponder TVA's diverse challenges, such as choosing and developing alternate power sources, dealing with pension reform, debt reduction, rates, river management and protecting the environment and generation of power. As a successful person in business and a community servant, I feel, if approved, I can assist TVA in these and other tasks.

Finally, as a fourth generation Memphian and a fourth generation member of the Tennessee Valley, it is my belief that TVA must be preserved for future generations. I welcome the opportunity to serve on this board, should I be approved by you.

Thank you.

[The prepared statement of Mr. Walter follows:]

STATEMENT OF RONALD A. WALTER NOMINATED BY PRESIDENT OBAMA TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Madam Chairman, ranking member Vitter and distinguished members of the Committee, I am enormously honored to be nominated by President Obama to serve on the board of directors of the Tennessee Valley Authority. I thank Congressman Cohen, who brought me to the attention of the President, the congressional Black Caucus and others who have generously supported my nomination. I also thank you for your consideration as I appear before you to seek your consent and approval.

My entire adult working life, I have been fortunate to have great opportunities in both the public and private sectors.

In 1980, I was hired by Memphis Light Gas and Water Division (MLGW)—TVA's largest customer—as Assistant to the President. Prior to that, I defined TVA as a complex and large wholesaler of power, which in fact it primarily is. However, one my first assignments at MLGW enhanced that perception. I was assigned to work with TVA field representatives on a conservation project in a challenged urban area of Memphis. This joint venture between TVA and MLGW showed low-income residents how to insulate their homes efficiently and inexpensively, helping them achieve consumption and financial savings thereby improving their well-being.

We also bought supplies, where possible, at local businesses to benefit the community. In a very small way, this was a seed planted in the neighborhood to grow and nurture economic development. This experience gave me a greater appreciation of the outreach of TVA and had a significant impact on me.

Working at MLGW really opened my eyes. Through my later experience there as Vice President of Customer Relations, I communicated and worked with key utility stakeholders: customers, company colleagues, the media, community and political leaders and others. I dealt with budgets, and developed strategic initiatives and executed departmental plans as well as worked with the management team in carrying out the company's greater objectives. I learned much about government and business from that assignment.

Fine tuning my business skills and work with government continued in my role at WREG-TV, the CBS Affiliate in Memphis, Tennessee, where I serve as President and General Manager. Managing this television station, which is the No. 1 station in the Memphis Television Market, requires my team and me to achieve budgets, evaluate new technologies, manage professional staffs, interface with the FCC, create and implement short and long-term goals and solve difficult problems. It is a deliberate team effort.

My extensive volunteer life includes service on community, State and regional boards, ranging from universities and colleges, hospitals and civil rights groups to charitable entities whose goals are to meet the needs of people. My board and work experiences have this in common: a keen focus on and a good understanding of operations and compliance with rules and regulations that govern them.

There is no doubt that in my volunteer and professional work, institutional challenges are faced and sound solutions are sought. Quite often, there are no easy fixes or short cuts. Board members and staff must work hard and smart as they properly evaluate matters and render decisions. Objectivity and independence are essential.

Board members of TVA have similar responsibilities as they consider TVA's diverse challenges such as choosing and developing alternative power sources, dealing with pension reform, debt reduction, rates, river management, and protecting the environment in the generation of power. As a successful businessman and a community servant, I feel I can assist this venerable organization in these and other tasks.

And finally, as fourth-generation resident of the Tennessee Valley, it is my belief that TVA must be preserved for future generations, and I welcome the opportunity to serve on this board, if confirmed. Thank you again for holding this hearing. I look forward to taking your questions.

RESPONSES BY RONALD L. WALTERS TO ADDITIONAL QUESTIONS
FROM SENATOR SESSIONS

Question 1. Will you commit to visiting Bellefonte Nuclear Plant as a TVA Board Member and meeting with local community and business leaders about the role of TVA in the county and the plant's impact?

Response. In my experience, community input and close-up exposure are valuable factors in making business decisions. If confirmed, I would gladly visit the Bellefonte Nuclear site and meet with ratepayers and area leaders to gather their important counsel.

Question 2. As electricity demand rises in the Tennessee Valley region, will you also commit to examining the costs and benefits associated with completion and operation of one or more nuclear reactors at the Bellefonte Nuclear Plant?

Response. If confirmed, I commit to analyze the costs and benefits of TVA completing construction work on the Bellefonte Nuclear Plant.

Senator BOXER. To me, as I look over your dedication, I don't question it, so I am very excited that you are willing to take this on.

So I just want to make sure, with a yes or a no, do you share my view, and if you don't, please explain why, that making sure that your priorities are low-cost energy and safe, clean energy, those would be what you look for?

Mr. WALTER. Yes.

Ms. LODGE. Yes.

Senator BOXER. Because that is key, and I don't see those conflicting at all, by the way. I think they really do go hand in hand. Here is the reason. If you just focus on low cost energy but you don't look at safe energy and something happens, the cost to clean up is going to be absolutely enormous.

So I am going to ask you two questions, which are official questions. Do you agree, if confirmed, actually it is three, do you agree, if confirmed, to appear before this committee or designated members of this committee and other appropriate committees of the Congress and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities? Ms. Lodge?

Ms. LODGE. I do.

Senator BOXER. Mr. Walter.

Mr. WALTER. Yes, I do.

Senator BOXER. Second, do you agree to ensure that testimony, briefings, documents and electronic and other forms of communication of information are provided to this committee and to its staff and other appropriate committees in a timely manner?

Ms. LODGE. I do.

Mr. WALTER. Yes, I do.

Senator BOXER. And last, do you know of any matters which you may or may not have disclosed that might place you in any conflict of interest if you are confirmed?

Ms. LODGE. I do not.

Mr. WALTER. No, I do not.

Senator BOXER. Well, the reason there are not more people here is not a lack of interest. I can tell you that. We feel it is very important to fill these slots because you can't operate an organization as great as TVA with empty slots. We tried hard to work with the Republicans on the committee, but what turned out to be a small, a shorter meeting, turned out to be a longer one. Even my meeting is still going on with my leadership but I ran out to do this.

So they are not here. So we are going to do this. We are going to keep the record open for how long for the questions?

Staff. Friday at 5 o'clock and they need to be back Monday at 5 o'clock.

Senator BOXER. OK, so we are going to get your questions to them?

Staff. We will get them to you Friday at 5 o'clock.

Senator BOXER. Friday at 5, you will get the questions. And then you, do you agree to get those back to us very quickly, by Monday?

Mr. WALTER. Yes.

Ms. LODGE. Yes.

Senator BOXER. OK. Well, welcome, congratulations on these nominations. It is such a strange time in between Congresses. The gavel is going to change right here, and as I have said before, elections have consequences, and I grabbed that one back from James Inhofe and I am going to hand it back. But I am working on not grabbing it too tight, because that is what he did to me.

[Laughter.]

Senator BOXER. But right now I have it, and I am proud to have held it for 8 years. I welcome you here and I hope that you get these nominations confirmed as soon as possible. Because we need you.

Thank you. We stand adjourned.

[Whereupon, at 11:33 a.m., the committee was adjourned.]