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HEARING ON THE NOMINATION OF WILLIAM B. KILBRIDE TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

HEARING

BEFORE THE

SUBCOMMITTEE ON CLEAN AIR AND NUCLEAR SAFETY

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

JUNE 11, 2019

Printed for the use of the Committee on Environment and Public Works



Available via the World Wide Web: http://www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

37–303 PDF WASHINGTON : 2019

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED SIXTEENTH CONGRESS
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C O N T E N T S

Page

JUNE 11, 2019

OPENING STATEMENTS

Braun, Hon. Mike, U.S. Senator from the State of Indiana 1
Whitehouse, Hon. Sheldon, U.S. Senator from the State of Rhode Island 3
Carper, Hon. Thomas R., U.S. Senator from the State of Delaware, prepared statement 19

WITNESS

Kilbride, William B., nominated to be a member of the Board of Directors of the Tennessee Valley Authority 4
Prepared statement 7
Responses to additional questions from:
Senator Carper 11
Senator Braun 12

ADDITIONAL MATERIAL

Statement of support for Mr. Kilbride 23

HEARING ON THE NOMINATION OF WILLIAM B. KILBRIDE TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

TUESDAY, JUNE 11, 2019

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON CLEAN AIR AND NUCLEAR SAFETY,
Washington, DC.

The Committee met, pursuant to notice, at 2:30 p.m. in room 406, Dirksen Senate Building, Hon. Mike Braun (Chairman of the Subcommittee) presiding.

Present: Senators Braun, Whitehouse, Carper, and Rounds.

OPENING STATEMENT OF HON. MIKE BRAUN, U.S. SENATOR FROM THE STATE OF INDIANA

Senator BRAUN. Good afternoon. It is 2:30 p.m. Thanks to everyone for being here.

This hearing of the Clean Air and Nuclear Safety Subcommittee is called to order. Today, we will be considering the nomination of William B. Kilbride to be a member of the Board of Directors of the Tennessee Valley Authority.

Mr. Kilbride, welcome to the Subcommittee.

If confirmed as a member of the Board of Directors, you will be tasked with ensuring that the TVA's broad strategy goals and objectives are adequate for ratepayers in the region and that the TVA pursues an agenda that is in the best interest of the U.S.

Unfortunately, due to scheduling concerns, Senator Alexander was not able to be here to introduce our witness. However, he has sent the Committee a very favorable statement in support of you. I ask unanimous consent to enter the statement into the record.

Senator WHITEHOUSE. Without objection.

[The referenced information was not received at time of print.]

Senator BRAUN. I am going to recognize myself for a brief opening statement and then Ranking Member Senator Whitehouse, for his opening statement.

The Tennessee Valley Authority represents an important player in the Nation's electrical system. Its position as a Government owned utility provides unique challenges for the agency in fulfilling its somewhat conflicting mandates to ratepayers, recreationists, and industry.

At the same time, the TVA is well positioned and required by statute to be a leader in innovation—I think that is important—

and to be driving the leading edge of advanced technology deployment. Since the agency's creation in the 1930s, at times it has successfully balanced these obligations. Through the 1950s, the TVA was a leader in developing hydropower across the Southeast with 29 conventional hydroelectric sites.

Its investment provided not only clean sources of electricity, but also new recreational opportunities for the region. The results of these projects have been impressive. The U.S. energy industry is a global leader in emissions reduction and TVA is making serious contributions to that effort.

Since 2005, TVA has reduced carbon dioxide emissions by 51 percent. It has reduced sulfur dioxide emissions by 99 percent, and since 1997, nitrous oxide by 96 percent.

TVA has also been an important leader in investing in nuclear technology. The agency currently operates three nuclear plants including Watts Bar, America's most recent commercial nuclear reactor.

TVA is currently working closely with the Nuclear Regulatory Commission for an early site permit to build a small modular nuclear reactor in Oak Ridge, Tennessee. This project represents one of the first initiatives to commercialize the next generation of America's nuclear fleet, which I am hopeful will lead the way in reducing carbon even further. I am hopeful that TVA aggressively pursues this project.

However, the agency has also faced significant challenges with fiscal management, information security, and transparency, which bring into question its ability to successfully fulfill its mandate to ratepayers. The agency has often struggled to rein in overhead resulting in higher than market costs for electric generation. This long-term challenge resulted in TVA issuing billions in debt in order to finance its obligations.

In fact, a 2014 fiscal report by the Heritage Foundation noted that because of the TVA's high debt levels and low book equity, it may not be worth much more than its debt if it were sold on the private market, a place any entity never wants to get close to. In 2014, TVA began to address this issue, embarking on a 10-year debt reduction plan. At the time, TVA owed more than $26 billion to folks owning their debt, dangerously close to its statutory debt limit of $30 billion.

The agency has done well thus far in keeping to its debt reduction plan, eliminating nearly $3 billion of that debt. However, in 2016, the GAO noted that the agency also maintained nearly $6 billion in unfunded pension liabilities, a challenge for many entities. TVA responded that it intends to eliminate these liabilities within 20 years.

Mr. Kilbride, you have signed up for a tough job. If confirmed, you will be tasked with addressing these challenges. I believe you are well qualified for the task and look forward to hearing your testimony.

Now I would like to recognize the Ranking Member, Senator Whitehouse, for his opening statement.

OPENING STATEMENT OF HON. SHELDON WHITEHOUSE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Senator WHITEHOUSE. Thank you, Chairman Braun, and welcome, Mr. Kilbride.

The Tennessee Valley Authority was created in the midst of the Great Depression. It is now America's largest public utility, providing electricity to nearly 10 million people in Tennessee, Alabama, Mississippi, Kentucky, Georgia, North Carolina, and Virginia. That makes the TVA uniquely positioned to lead the development of American policies to support cheap and clean energy.

Last Congress, this Subcommittee helped clear five new members onto the TVA board. Today, we hear from William Kilbride, a Chattanooga business executive nominated to fill the final board vacancy. I appreciate very much the support of Senator Lamar Alexander.

I want to make two points today. First, the Authority must remain a non-partisan and independent regulator. It recently voted to close two of its coal plants despite political pressure from the Trump administration and Kentucky Republicans to keep the plants open.

TVA concluded that the two coal facilities were unreliable and inefficient, to use their words, and too expensive to repair or operate over time. Keeping them online would increase costs for consumers and increase pollution in our atmosphere.

It was refreshing to see a regulatory agency guided by facts and the good of its consumers rather than political pressures. I hope to hear from Mr. Kilbride today a strong commitment that his regulatory decisions will focus on what is best for his consumers.

Second, given the Authority's history and unique public charter, it should take particular care to remain independent of the fossil fuel industry's anti-climate grip. I was disappointed to learn that the Tennessee Valley Authority paid something called the Utility Air Regulatory Group nearly $7 million in membership fees since 2001. The so-called Utility Air Regulatory Group was a secret industry coalition that spent years attacking clean air regulations.

EPA Air Office Chief Bill Wehrum, sadly, a long-time fossil fuel lawyer, played a key role in this group. Thanks to congressional oversight, the group's activities were exposed, and its member utilities quickly sought to distance themselves from this public relations headache. The Utility Air Regulatory Group was disbanded.

Mr. Kilbride, today I want to hear that you will work to ensure that the Authority will not fall victim to the fossil fuel industry's longstanding political campaigns against climate action and clean air regulations in Congress, at the Executive agencies, and in the courts. There are many benign sounding trade associations like the U.S. Chamber of Commerce and the National Association of Manufacturers that I think, at the behest of the fossil fuel industry and with its secret funding, devote millions of dollars to opposing sound energy policies. The Authority should not be a member of any such groups while they continue to engage in this kind of misbehavior.

The push toward clean, cheap energy requires new, independent thinking. As the largest public utility, the Authority can and should lead the way. Regulators are there to ensure that prices are

fair for consumers and rules are not compromised for special interests.

I look forward to hearing from the witness.

I will say that there has been some happy talk out of groups like the National Association of Manufacturers and the U.S. Chamber of Commerce claiming that they don't oppose climate action and in fact, that inaction is not an option. And there has been happy talk out of the CEO suites of the big fossil fuel corporations saying they do not deny that climate change is real and that their product is causing it and that a price on carbon is necessary for the solution.

The extent to which that is just happy talk or actual corporate policy remains yet to be seen. So far, from my position on the receiving end of their political efforts, I see no sign that those statements have filtered through to action.

But I am willing to work with them to try to make sure they actually do take action consistent with their newly stated views. But I do think it is a significant signal that they at least feel the obligation to say those things even if they feel no obligation to live by what they have said.

Thank you, Chairman.

Senator BRAUN. Thank you, Senator Whitehouse.

Mr. Kilbride, I will now recognize you for 5 minutes for your opening statement and recognition of any family or friends that you may have with you. I want to remind you that your full written testimony will be part of the record. I look forward to your testimony.

STATEMENT OF WILLIAM B. KILBRIDE, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Mr. KILBRIDE. Chairman Braun and Ranking Member Whitehouse, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Trump to serve on the Tennessee Valley Authority Board of Directors.

With me today is my wife, Mary Kilbride, and two of my Washington based nieces, Elizabeth and Laura Kilbride. This is all part of their continuing education in democracy.

I would also like to thank Senator Lamar Alexander, Senator Marsha Blackburn, and former Senator Bob Corker for their support of my nomination and their confidence in my ability to serve as a member of the Tennessee Valley Authority Board of Directors.

I began my career in financial services in New York in positions largely centered on matters of finance, corporate planning, and corporate technology, before taking an executive position at Mohawk Industries based in northwest Georgia, Mohawk being one of the largest manufacturers and employers in the southeastern United States.

My family and I have been in Chattanooga then, ever since this move in 1992. In these years, I have intimately learned a great deal about the area, its residents, and their needs.

With Mohawk, I learned personally about the importance of low cost and reliable energy in large scale manufacturing businesses. Competing in a global economy requires companies to locate and

create jobs in areas where they can function most efficiently and most cost effectively.

At a point in time, I was asked by Mohawk to serve as their first Global Chief Sustainability Officer for that company. This was a new field for me, but I began to learn more about corporate and community sustainability responsibilities, and grew to be very invested in this role.

Mohawk's innovative thinking led it to begin a program that has grown to reclaim more than 3 billion plastic bottles, water bottles, soda bottles, each year and repurpose them into recyclable polyester fibers that could simultaneously increase profits for the company while decreasing adverse environmental impacts of plastic bottles in landfills across the country. Since 1999 when we began that, Mohawk has diverted over 30 billion bottles from landfills.

After retiring from Mohawk in 2014, I accepted the position as president of the Chattanooga Area Chamber of Commerce, where, as the name implies, I worked with counterparts across Tennessee, as well as in Georgia and Alabama to entice and attract businesses to grow or locate in that region. The purpose of that work was to add jobs to our communities and strengthen the economic bases of the region.

I will mention that one critical initiative, which came from our efforts at the Chamber to grow the economic base, was the undisputed importance of focusing on work force readiness of our older work force and youth and aligning our community leaders, our educators, and our businesses in this goal. While I have completed my service at the Chamber of Commerce, I continue to work with companies, non-profit organizations, two local universities, and community leaders in each of those critical endeavors.

I have served on boards—both public and private—have assisted management in developing plans for their future by serving in advisory capacities hoping to contribute to their base of experience. This experience, coupled with my own involvement in the executive side working with a corporate board on the other side, has provided me valuable knowledge of the value of this structure and efficient ways to operate in the appropriate world of corporate governance.

I would also like to mention that in my free time over the years and since again retiring from the Chamber, a primary pastime of mine, and sometimes my wife's, has been traveling the Tennessee River, over 300 miles every year, on the water. This has given me great appreciation for the importance of the waterways and surrounding geography to the residents and the visitors of the Valley as well as the environmental responsibility to protect such a precious asset.

I mention these segments of my background to say that my careers, together with the interests and the passions that I have, align with the mission of the Tennessee Valley Authority. The production of low cost, reliable power, participation in economic development of this region, and the environmental sustainability of the Tennessee Valley continue to be as important—and in many ways even more important—than they were in 1933. If confirmed, I would readily take on the task of continuing those vital objectives into the 21st century further, working with the rest of the TVA Board and its management team.

Thank you very much for allowing me to come before the Committee today, and I look forward to responding to your questions.

[The prepared statement of Mr. Kilbride follows:]



William B. Kilbride
President
Chattanooga Chamber of Commerce

President Trump nominated William B. Kilbride to serve as a member of the TVA Board of Directors on March 6, 2019. Mr. Kilbride formerly served as the president and CEO of the Chattanooga Chamber of Commerce from 2014 to 2017. Under his leadership, the Chattanooga Chamber of Commerce received the 2017 Chamber of the Year award. Prior to that, he served as president of the Home Division of Mohawk Industries, a global supplier of flooring based in Calhoun, Georgia, from 1993 to 2014; president and CEO of American Rug Craftsmen from 1992 to 1993; vice president of systems planning for Dean Witter Financial Services from 1985 to 1992; manager of corporate financial analysis for Dean Witter Financial Services from 1983 to 1984; director of market surveillance for the New York Stock Exchange from 1979 to 1983; and management trainee, branch manager, and assistant treasurer for Chemical Bank from 1973 to 1979.

Mr. Kilbride serves as a board member of the University of Chattanooga Foundation and a board member and former chairman of Tennessee Wesleyan College. He has served as a board member of the Chattanooga Enterprise Center; the Tennessee Arts Commission, where he also served as chairman; the Hunter Museum; First Centenary United Methodist Church; and Bright School. Mr. Kilbride was honored as distinguished leader of the Chattanooga United Way in 2018; outstanding leader of the Fashion Institute of Technology in 2003; and distinguished alumnus of Tennessee Wesleyan University in 1999. Mr. Kilbride received his B.S. from Tennessee Wesleyan University.

Statement of William "Bill" Kilbride
Nominee to the Tennessee Valley Authority Board of Directors
U.S. Senate Environment and Public Works Committee
Subcommittee on Clean Air and Nuclear Safety
June 11, 2019

Chairman Braun, Ranking Member Whitehouse, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored to have been nominated by President Trump to serve on the Tennessee Valley Authority Board of Directors.

I began my career in financial services in New York, in positions largely centered on matters of finance, corporate planning and corporate technology, before taking an executive position with Mohawk Industries, one of the largest manufacturers and employers in the southeastern United States.

My family and I have been in Chattanooga, Tennessee ever since this move in 1992. In these years, I have intimately learned a great deal about the area, its residents and their needs.

With Mohawk, I learned personally about the importance of low cost and reliable energy in a large scale manufacturing business. Competing in a global economy requires companies to locate and create jobs where they can function most efficiently and cost-effective.

At a point in time, I was asked to serve as the first Global Sustainability Officer for the company. This was a new field for me, but I began to learn more about corporate and community sustainability responsibilities and grew to be very invested in this role. This innovative thinking led Mohawk to begin a program that has grown to reclaim more than three billion plastic bottles each year and repurpose them into polyester fibers that could simultaneously increase profits for the company while decreasing adverse environmental impacts of plastic bottles at landfills across the country. Since 1999, Mohawk has diverted over 30 billion bottles from landfills.

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I will mention that one critical initiative, which came from our efforts at the Chamber to grow the economic base, was the undisputed importance of focusing on workforce readiness of our older workforce and youth and aligning our community leaders, educators and businesses in this goal. While I've completed my service at the Chamber of Commerce, I continue to work with companies, non-profit organizations, two local universities, and community leaders in each of these critical endeavors.

I have served on boards, both public and private, and assisted management in developing plans for their future by serving in advisory capacities hoping to contribute to their base of experience. This experience, coupled with my own involvement in executive management working with a corporate board on the other side, has provided me valuable knowledge of the value of this structure and the most efficient ways to operate.

I would also like to mention that in my free time over the years and since again retiring from the Chamber, a primary pastime of mine has been traveling the Tennessee River – over 300 miles each year. This has given me great appreciation for the importance of the waterways and surrounding geography to the residents and visitors of the Valley as well as the environmental responsibility to protect such an asset.

I mention these segments of my background to say that my careers, together with the interests and passions I have, align with the mission of the Tennessee Valley Authority. The production of low cost, reliable power, participation in economic development in its region, and the environmental sustainability of the Tennessee Valley continue to be as important, or even in some ways more important today, than they were in 1933.

If confirmed, I would readily take on the task of continuing these vital objectives into the 21st century, working with the rest of the TVA Board and management team.

Thank you very much for allowing me to come before the committee today and I look forward to answering your questions.

Senate Committee on Environment and Public Works
Subcommittee on Clean Air and Nuclear Safety
Hearing entitled, *"Hearing on the Nomination of William B. Kilbride to be a Member of the Board of Directors of the Tennessee Valley Authority"*
June 11, 2019
Questions for the Record for Mr. Kilbride

Ranking Member Carper:

Please provide a response to each question, *including each sub-part.*

1. I continue to encourage TVA to be an industry leader, not laggard, especially when it comes to clean energy and energy efficiency. I'm pleased with TVA's commitments to retiring old, dirty coal power plants and investing in clean energy. These clean energy investments have resulted in cleaner air and new economic opportunities for the people of the Tennessee Valley and surrounding areas.

    a. If confirmed, will you commit to continuing these clean energy investments and ensuring TVA is a leader in innovation and environmental stewardship?

    Yes, I will.

    b. Being an industry leader also means being the gold standard for workforce safety. I'm troubled by recent reports about workforce safety concerns at TVA's nuclear and coal plants. If confirmed, what will you do to ensure TVA has a culture of safety across its workforce?

    As I stated in my Hearing, I fundamentally believe that an organization's people are its most important asset. This means protecting that asset, the people, and assuring their well-being on the job. If I am confirmed, I want to learn as soon as possible what the culture of the workforce is at TVA. As a board member I would want to be assured that a culture of safety is clearly apparent, frequently measured and a constant focus for both the Board, management, and the TVA employees. Workforces change over time, thus the culture of safety requires constant reinforcement.

2. Do you agree with our nation's leading scientists that have concluded climate change is real, is caused by humans, and is impacting nation's environment and infrastructure?

    Yes

3. Do you commit to this committee that you, if confirmed, will not directly or indirectly interfere or undermine climate science?

    Yes

4. Do you agree companies like TVA need to make investments to help address climate change?

   Yes

5. If confirmed, what actions will you take on the TVA Board to ensure the Tennessee Valley and TVA's assets are more resilient in the face of a new climate change reality?

   I believe that TVA must ensure that its assets, and thus the entire TN Valley, are resilient for many reasons, including security, reliability, environmental stewardship and the mandate to provide low-cost energy. If confirmed, I would like a report from management soon thereafter on the status of all TVA assets and what work is being performed to ensure that they are all functioning as efficiently as possible and that the fleet is equipped not just for the immediate days, but for the years to come as well.

Senator Braun:

6. I appreciate your testimony about the importance of ensuring that the Tennessee Valley Authority is a national leader in implementing cutting edge technologies. However, you also have a statutory mandate to provide ratepayers low cost electricity. How do you balance the statutory mandate to be a technological innovator with the somewhat competing mandate to act in the best interest of ratepayers?

   I believe that the two responsibilities do not have to be mutually exclusive. While TVA must always consider its ratepayers when making decisions, I think there likely are technologically innovative investments that TVA can make moving forward that will benefit ratepayers in the long-term. In addition, TVA should leverage partnerships that might allow both entities to benefit financially and in technological leadership. For example, it is my understanding that TVA collaborates with Oak Ridge National Lab and has the great benefit of having the Lab's Director for Operations on the TVA Board. If confirmed, I look forward to discussing these matters with fellow Board members and TVA management.

7. When I met with you last week, we discussed ways in which TVA can bring substantial economic development benefits to the region.

   a. As we discussed, you have quite a bit of experience leveraging TVA's resources to bring manufacturing into the United States. For the benefit of this committee, can you elaborate on your experience in this area?

      I began my work at the Chattanooga Area Chamber after Volkswagen had announced their choice of Chattanooga for their new North American plant. While I was not part of the team that presented the economic attributes of Tennessee and Chattanooga to VW, I led the chamber when the plant was still under construction and worked successfully with VW and their First

Tier suppliers to bring additional jobs to the site. Those conversations included TVA as each of these manufacturers required assurance of the availability of reliable, uninterrupted power. As you can imagine, these plants are huge power consumers, thus the guarantee that power would be delivered at the lowest possible cost was also a requirement. These companies also sought the input from TVA for the engineering of the layout of the power access in their plants. This is one example of my working experience with TVA. There are others which sought and have received the same assurances and assistances from TVA.

b. How do you believe the TVA board can contribute to this effort? What role should it play?

The TVA Board must continue to recognize the economic value of TVA input, availability, and expertise in a strong economic development role. I think the Board should support the staff and management in maintaining a strong program as well as close working relationships with partners in these endeavors, including local power companies, Chambers of Commerce and elected officials. They may be the first to identify an opportunity, and often are vital partners throughout the process in either case.

c. As TVA continues to modernize its generation assets, do you believe that local economic impacts need to be considered in any decisions regarding the closure of generation plants or the shift away from fossil generation?

Yes I do, always.

d. Does the board consider the regional economic impacts these decisions have on local jobs and tax revenues?

To the best of my knowledge at this point, yes, I believe the Board takes the consequences of such decisions with the highest level of concern and consideration. If I am confirmed, I look forward to learning more about the assistance to affected communities in the present and past.

Senator BRAUN. Thank you.

Before we take questions from members on the Subcommittee, I have to ask the following questions which we ask of all nominees on behalf of the Committee.

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 the appropriate and necessary security protections with respect to your responsibilities?

Mr. KILBRIDE. Yes, absolutely.

Senator BRAUN. Do you agree to ensure that testimony, briefings, documents in electronic and other forms of information will be provided to this Committee and its staff and other appropriate committees of jurisdiction in a timely manner?

Mr. KILBRIDE. Yes, I do.

Senator BRAUN. Do you know of any matters which you may or may not have disclosed that might place you in any kind of conflict of interest if you are confirmed?

Mr. KILBRIDE. No, I don't.

Senator BRAUN. I appreciate those responses.

I will begin by recognizing myself for 5 minutes of questions.

The Knoxville News reported last week that the TVA began a restructuring of its Whistleblower Protection Program. TVA has issued a statement noting that it is simply bringing these programs in-house. The workers who were let go are alleging that this was done in bad faith.

I ask unanimous consent to insert the Knoxville News article into the record.

Senator WHITEHOUSE. Without objection.

[The referenced information was not received at time of print.]

Senator BRAUN. I recently visited the Cook Nuclear Power Plant in Michigan and was impressed with the safety features that surrounded that operation. However, in these environments, it is critical that adequate procedures be in place so that workers can feel comfortable reporting safety concerns.

Do you agree, and do you want to comment any further on that?

Mr. KILBRIDE. I firmly believe that one of the primary obligations of any employer is that of the safety and well being of the work force, without question. I have felt that way for a long time.

I have read exactly what you have quoted from. That is, at this point, the extent of my knowledge, But having said what I have said, it would be critically important for me for what I have just said that should you choose to approve my nomination, to be completely comfortable as a board member of the TVA that they are in synch with me on this issue.

Now, as to whistleblowers, if people are your most important asset in a business, and you have determined appropriately to put in place a whistleblower structure, you have to honor that. You owe it to the employees to listen to what they have to say. You have asked them to do this. And so I would be curious to know, ultimately be it your wish, to understand this and dig into it and make myself comfortable that either, wait a second, there is always more to the story, or this wasn't the way I would have preferred to see it handled, and let's talk about it some more.

Senator BRAUN. Thirty-seven years as a CEO, I always thought that was like free consulting when you would have someone from your own company come up and freely be willing to tell you what needs to be improved. We don't know the outcome of this case particularly. It sounds like you would commit to taking the issue of whistleblower protections seriously.

Mr. KILBRIDE. Absolutely.

Senator BRAUN. I think in order for the U.S. to have a successful nuclear industry, especially in advanced technologies and with the history of nuclear energy up to this date, and to protect billions of dollars of investment in this technology, we must not risk any actions that would erode public confidence in safety. This Subcommittee takes this issue very seriously. I appreciate your response.

TVA has a statutory mandate to be a national leader in technological innovation. How do you see TVA fulfilling this mandate? One area that you might talk about of particular interest to me is nuclear technology, advanced. Just this last week the Subcommittee held a hearing examining ways Congress can further support developments in advanced nuclear here at home.

I understand that the TVA has made significant investments in nuclear technology. You currently have three plants: Browns Ferry, Sequoyah, and Watts Bar. Further, TVA is currently working on a project with the Department of Energy to develop a small module reactor near Oak Ridge, Tennessee, which I think is at the leading edge.

Do you think that TVA has an obligation to continue leading the energy sector in making these investments?

Mr. KILBRIDE. I absolutely do. In fact, I am going to expand on your question just a little bit, winging off the word technology that you used.

I think there are many areas in the operations of the Tennessee Valley Authority where technology should be in the first sentence of mission, whether it is in things like grid security, if it is in things like industry standards, if it is in things the technology around nuclear or any of their other power sources.

The 1933 Act, the TVA Act, challenged TVA to be a leader in technology, and it did not limit that set of instructions. So I take that very broadly, and I think there are many areas within the organization where a board member—where this board member, should that be—would want to see evidence that this is world class, world leading. I think if done right, we could serve as an example and help others with some of those findings.

Senator BRAUN. Thank you.

Senator Whitehouse.

Senator WHITEHOUSE. Thank you, Chairman.

Mr. Kilbride, as I mentioned in my opening remarks, I am interested in hearing from you that in the discharge of your duties, your regulatory decisions will be based on what is best for the consumers you serve and not other considerations.

Mr. KILBRIDE. Absolutely. I do not know how to offer proof to that other than to give you my word and tell you that is the way I operate.

Senator WHITEHOUSE. Absolutely is good enough for me.

We all live in an environment in which the fossil fuel industry has put an enormous amount of effort into trying to manipulate politics, regulatory proceedings, and Congress into trying to protect something they very much want to protect, which is their ability to pollute massive amounts of carbon dioxide into the atmosphere for free, a super deal, if you can get it, and if everybody else has to pick up the cost.

I am hoping that, as a TVA member, you will not be a party to that kind of an effort and will call balls and strikes, as you see them, right down the middle.

Mr. KILBRIDE. Absolutely.

Senator WHITEHOUSE. One of the areas in which we have shown, I think, considerable bipartisan success has been on the question of carbon capture. We passed a carbon capture utilization and sequestration bill, believe it or not, in the Senate by unanimous consent—everybody.

It was a great piece of legislation, but what was significant about it was that it added tax credits for captured carbon. The reason that was important is because as long as it is free to pollute, it is really hard to generate a market signal, a revenue proposition for carbon capture, for remedies to the carbon dioxide pollution problem we have.

So I am interested in your thoughts on where carbon capture might fit into your role, your portfolio of concerns at TVA. Specifically, because you run nuclear facilities, one of the things we have seen is perfectly safely operating nuclear facilities having to close down because natural gas is cheaper.

So you build a new natural gas polluting power plant and the only reason you are doing that is economics. The only reason the economics make sense is because the nuclear plant isn't getting the value of the carbon free nature of its power.

You put the two side by side, and it is an unfair competition, because you have clean nuclear power here, you have polluting natural gas here, and they pay no difference for it. So the nuclear plant ends up not being able to compete.

Several States have actually stepped in and said, we are going to support our nuclear fleet with a payment to reflect the carbon free nature of the power, the benefit of it, if you will, very like what we did with the carbon capture bill, to give a benefit to that.

I am just wondering, as you think about that suite of issues, the carbon free nature of nuclear emissions, the difficulty of trying to have carbon capture succeed, as the technology denotes, is an important one, and the general proposition that if you pollute, you should pay for it, how does that all work together in your view in the future of TVA?

Mr. KILBRIDE. I understand the question completely.

Senator WHITEHOUSE. That is impressive because that was a long and contorted question, so I appreciate that.

Mr. KILBRIDE. To give you an answer, a couple of things go through my mind.

No. 1, I would want the financial experts at TVA—at an appropriate time, should I get there—to translate that into a spreadsheet that I can look at and understand.

What I think is going to impact TVA from the top of the house is that when you have the diverse composition of the power generating plants, you would have a formula for nuclear carbon capture, you might have a formula for solar, and so on. They don't have to be normalized. I am not sure, from an investment perspective, without even getting into the tax implications, whether they should be normalized, but they will be different.

Unless you went into TVA and said, we are going to rank your five or six different power sources, and here are your scores for each one, so let's all agree we are going to keep these three and get rid of these other two, or come back to me and tell me why there should be tax legislation that will subsidize my keeping two that don't perform on paper the way the other two do.

I am not getting you where you want, but I look forward to studying that and having the experts explain all the ramifications of that in this particular footprint, when and if I have the chance as soonest to do that.

Senator WHITEHOUSE. Fair enough.

Thank you.

Senator BRAUN. Senator Carper.

Senator CARPER. Thanks, Mr. Chairman.

To our Ranking Member, I was here too late to catch maybe some of your opening comments.

There are three women sitting over your right shoulder, one in a white outfit with a green blouse underneath and there are two older women sitting next to her. I was wondering who is the one sitting on your far right in black. Who is that?

[Laughter.]

Mr. KILBRIDE. The one on my far right is not my wife. The one on my nearest right is my wife. The two stunning young ladies sitting on my right are both my nieces, Laura and Elizabeth Kilbride.

Senator CARPER. I just wanted you to know on your answers to the questions so far, both of your nieces are rolling their eyes. Not really. Your wife is rolling her eyes; how did he get into this?

[Laughter.]

Mr. KILBRIDE. I have no problem if you want to repeat the question.

[Laughter.]

Senator CARPER. We are happy you are all here. It is great to see Laura. You can be very proud of her and the work that she does.

I want to build on Senator Braun's question a bit earlier about establishing a culture of safety at TVA or strengthening the culture of safety at TVA.

I want to talk about TVA's handling of something that occurred about 11 years ago. That was the Kingston coal ash spill which dumped, I am told, about 7 million tons of coal ash into the local community and the waterways. I believe that was in 2008. According to TVA's reporting, this coal ash contained, you may recall, high levels of toxic heavy metals that are known to cause cancer, liver damage, neurological complications, among other health problems.

Last year, a Federal jury in the U.S. District Court for the Eastern District of Tennessee found that the contractor used by TVA to clean up the Kingston coal ash spill—I think it is called Jacobs

Engineering Corporation or Group—apparently did not adhere to worker safety or health requirements, potentially causing sickness and death.

Although TVA was not on trial, there were troubling testimonies from workers that called into question TVA's conduct during and after the cleanup efforts. The court's decision allows families of the workers affected to seek compensation for medical treatment and damages.

Just last month, three east Tennessee municipalities near the Kingston plant filed a lawsuit against TVA and Jacobs Engineering accusing both of continuously misleading the public about the danger of the coal ash spill. To date, there are reports that over 40 Jacobs Engineering Group workers have died—have died—since working on the Kingston coal ash cleanup efforts, and hundreds of others are sick.

If confirmed, will you commit to ensuring that TVA is a good actor and is transparent with the employees and families that are impacted by this issue?

Mr. KILBRIDE. Yes, I will.

Senator CARPER. As a follow up question, do you agree that coal ash can be dangerous to health if ingested or inhaled?

Mr. KILBRIDE. Yes, I do.

Senator CARPER. Finally, would you allow a member of your family to clean up coal ash without a mask or proper safety gear?

Mr. KILBRIDE. Absolutely not.

Senator CARPER. Thank you.

The Utility Air Regulatory Group was an influential group of electric utilities and trade associations that fought EPA's Clean Air Act rules. It has been reported that TVA has spent over $7 million in ratepayer dollars to fund this organization. Again, the organization is called the Utility Air Regulatory Group; over $7 million in taxpayer dollars to fund this organization since 2001.

There have also been recent reports that TVA may have agreed to pay the legal bills of the troubled engineering firm involved in the Kingston coal ash spill, which could cost millions of dollars as well. I am troubled to see TVA rate dollars going to support lawsuits against public health protections in the Valley.

My question is, as a current ratepayer, what do you think about your dollars going toward litigation rather than investments in upgrading technology, infrastructure upkeep, the work force, and outstanding debt? How do you feel?

Mr. KILBRIDE. I don't, as a ratepayer, like being in that position. Obviously, it is not a good use of the money I worked hard to make. At the end of the day, somebody is going to pay. I want to answer a couple of parts of that.

In his introductory statement, Senator Whitehouse mentioned two organizations that he feels invest in many different things that dues paying members might or might not agree with. I have been on our side of both of those organizations that he mentioned, whether through dues or something else and all of a sudden, they were pursuing, each of them were pursuing something that not only did my organization—forget me personally—my organization not believe in, not condone, not want to be any part of. It happens. This is the way more and more things are schemed up to work.

I think it is important to know who you are doing business with. It means you have to crawl through all these organizations—if not all of them, most of them—unless you are dealing perhaps with the Boy Scouts, to determine what it is they are doing and have you changed the stripes on that zebra. It is a challenge, but it is work that has to happen. I have been in this position in past lives, so I know exactly what you are talking about.

Senator CARPER. My time has expired. I just want to get to this question.

If you end up in the position for which you have been nominated, if you should be confirmed, what would you do, if anything, differently?

Mr. KILBRIDE. I think that the board should have a clear policy as to when you are contributing. I don't know yet if I care if it is $100 or $7 million. Your name is going to be attached to it probably. But there should be a policy at the board level that says this is what we are looking for, and this is what, at all cost, we want to absolutely avoid. That is how I feel.

Senator CARPER. Thank you so much. I will probably have some follow up questions for the record.

Thank you.

[The prepared statement of Senator Carper follows:]

STATEMENT OF HON. THOMAS R. CARPER,
U.S. SENATOR FROM THE STATE OF DELAWARE

For some time, I have encouraged Tennessee Valley Authority (TVA) to be an industry leader, not a laggard, especially when it comes to clean energy and energy efficiency.

In recent years, TVA has made decisions that are in line with the actions that many utilities are taking across the country to boost their bottom lines and reduce their carbon footprint by phasing out uneconomic, heavier polluting coal fired power plants and transitioning to cleaner forms of energy. These decisions—which have been based on economics, science, and adherence to TVA's mission—demonstrate that utilities can do well by doing what is good, and in particular, good for our environment.

Unfortunately, however, there have been reports that TVA may not have been a good actor when it comes to worker safety and whistleblower protections. That is unacceptable. Being an industry leader means embracing and enforcing a culture of safety across the workforce. It also means being a good neighbor and protecting the community from potential hazards.

Today, I am interested in hearing Mr. Kilbride's views on these issues and better understanding what he will do, if confirmed, to ensure TVA is the gold standard of utilities.

Thanks very much.

Senator BRAUN. Today, more and more utilities are exploring ways to implement renewable, clean power generation, an effort I greatly applaud. American innovation has brought the cost of many of these technologies down to a level where they are competitive in the marketplace.

TVA, in particular, has made impressive strides in cleaning up emissions from its generation. As noted earlier, carbon dioxide has been reduced by 51 percent since 2005, sulfur dioxide by 99 percent since 1977, and nitrous oxide 96 percent since 1995.

Unfortunately, we cannot run the grid on wind and solar alone, as they are not reliable producers of baseload power. As the winter storms proved recently, we need to ensure the grid is able to serve demand during all conditions. As utilities look toward modernizing their fleets, it is critical that we keep this in mind.

Can you briefly discuss the importance of being able to generate reliable, cost effective, baseload power? Do you see TVA being able to provide that type of reliability without using at least some generation of coal or natural gas?

Mr. KILBRIDE. I have several responses to all of that.

TVA produces today the power that it sees needed for the foreseeable future measured in years not in days or weeks. So the fleet, as they call it, is what it needs to be. As we know, those assets are composed of all of the different generators that you mentioned, wind, solar, gas, coal, and nuclear.

Bringing the Watts Bar 2 online in 2016 after a long time of construction, because it takes a long time, that provided the additional nuclear power, the additional power, that would take up any spikes in the interim.

Coal for TVA now is under 20 percent of the composition, and hydro is under 10 percent. We see, in the storms we had in the first quarter of this year, the incredible job the TVA did in managing the waterway in east Tennessee so that a good part of my town and Chattanooga wasn't under water as it has been in the past.

I think it is important to recognize the work that they do there. We get used to it in Chattanooga. We almost take it for granted in Chattanooga, but I think it is important to look at what is happening there and the effective job that they do.

Technology in each of those, and we talked about technology here at the outset. I am not sure, as a layman, what additional technology can be engaged in hydropower. I think solar is a fertile field. Wind power might be. Tennessee doesn't lend itself well to wind power; solar is a different story. TVA has many pilots going on in that area.

To have a coal plant that could also switch over to gas is a good thing. Gas is cheap right now. Maybe it will stay that way, but maybe it won't. So as they balance this portfolio—not on a spreadsheet on Monday mornings, but almost hour to hour in their operating center—I think that where technology comes into play in that management is significant.

Again, they should be able and free to invest in that every way they possibly can and find the great partners as I mentioned earlier. Oak Ridge is right up the road. TVA has a board member who is the deputy director of Oak Ridge. I do not even need a phone number if this should happen.

I do not know if that answers your question. Ideas that looked good sometimes in the early 1940s, by the time it is 50, 60, or 70 years later, maybe they do not look quite so good. I think the goal here is not so much to be on the bleeding edge but to be on the leading edge with these so that we don't get caught up down the road saying, gee, we should never have done that. If that addresses your issue.

Senator BRAUN. I think that my concern is as we need to speed toward carbon free emissions for electric generation, I see most of what would do it reliably as a bird in the bush and not in the hand. To me, it looks like advanced nuclear technology could be the scalable thing that might work in a reasonable amount of time. I know TVA has typical conventional plants, and I didn't know how

much you have paid attention. Basically, I just learned about it myself recently and how close that is to becoming something that might be the closest thing to a universal solution, if it can get beyond the stigma of what nuclear energy brings to power generation anyway.

Mr. KILBRIDE. I believe because of TVA's investment in there that they approached that prudently. Therefore, there is a strong belief in their mind.

Senator BRAUN. I would just ask you, as a board member, to push as hard as you can, because to me, if we are going to quickly get to carbon free, it might rest there.

Mr. KILBRIDE. I agree with you. I agree with you.

Senator BRAUN. Senator Whitehouse, do you have any further questions?

Senator WHITEHOUSE. I have two quick points before we wrap up.

The first is that the so-called U.S. Chamber of Commerce, the organization whose behavior I object to, has no relation whatsoever to local chambers of commerce like the Chattanooga Chamber of Commerce. I have multiple chambers of commerce in my home State of Rhode Island. I work with them. I get along with them. They often support me. They are honorable, community minded and very public spirited organizations for whom I have a lot of respect.

I appreciate your work for the Chattanooga Area Chamber of Commerce. I just wanted to make sure that I drew a very clear distinction between the local chambers of commerce, which I think serve their communities very honorably and well. I appreciate your service on it.

I suppose back in the day, the U.S. Chamber of Commerce was like that, but at some point, I think the fossil fuel industry, through secret money, got in there, and the next thing you know, the nominal member corporations are chumps out front while the decisions being made are being made in a back room with people whose funding is not even made public.

We will find out more about that before it is all over, but I do want to make that distinction. I appreciate these local chambers of commerce, and I am grateful to you for your service to yours. I draw no aspersions on any of the local ones from my experience.

Mr. KILBRIDE. Thank you. That was my understanding.

Senator WHITEHOUSE. The second thing is I hope you do not feel bad that there were not many Senators who attended.

Mr. KILBRIDE. I am honored.

Senator WHITEHOUSE. I think you should be. My experience at these hearings is that the smaller the attendance, the greater the likelihood of smooth confirmation. Congratulations.

Mr. KILBRIDE. I am honored.

Senator BRAUN. Thank you, Senator Whitehouse.

In the short time I have been here, I have noticed that very seldom is there a full house in a Committee meeting. I am on the Budget Committee, and I think there are 22 of us. In what I think should be the most important committee in the Senate, about five or six of us show up. I am there every time.

I think we have concluded the questions. Anyone here can submit a follow up question for the record by 5 p.m. on Wednesday, June 12.

Mr. Kilbride, please respond to those written questions by 5 p.m. on Monday, June 17, if there are any.

I want to thank you for your willingness to appear before this Subcommittee today. Thank you very much.

Mr. KILBRIDE. Thank you.

Senator BRAUN. The hearing is adjourned.

[Whereupon, at 3:15 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows:]

WILLIAM H. KILBRIDE
TENNESSEE VALLEY AUTHORTY

Chairman Barrasso and Ranking Member Carper, I strongly support William Kilbride's nomination to serve as a member of the Board of Directors of the Tennessee Valley Authority (TVA), and I encourage both of you and the members of this subcommittee to support his nomination as well.

Bill is an accomplished businessman and understands the importance of providing low cost, reliable, and clean power to the residents and businesses in the seven state TVA region.

TVA is on a good path. In recent years, TVA has placed pollution control equipment on all of its coal plans, built new natural gas plants, and opened the first nuclear power reactor in the 21st century.

Electric power is reliable, rates are competitive, TVA's debt is smaller, and Tennessee's air is cleaner because of TVA's leadership.

All of this is good news for jobs and economic development in the TVA region.

Bill understands TVA's mission to and I have no doubt he will be an outstanding TVA Board Member.

He has more than two decades as an executive at a Fortune 500 company, having served as president and chief sustainability officer of Mohawk Industries.

Bill also served as president and CEO of the Chattanooga Chamber of Commerce, where he created the Greater Chattanooga Economic Partnership and worked with Volkswagen to establish a new workforce development program.

Under Bill's leadership, the Chattanooga Chamber of Commerce received the 2017 Chamber of the Year Award.

Bill has also been active in the Chattanooga community as a member of Bright School Board of Trustees, chairman of the Tennessee Arts Commission, a former chairman of the University of Tennessee at Chattanooga Chancellor's Advisory Board, past chairman of Tennessee Wesleyan College, and a past member of the board of the Chattanooga Metropolitan Airport Authority.

I strongly support Bill's nomination and I encourage the members of this committee to support his nomination as well so his nomination can quickly be considered by the full Senate.

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