



Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902

April 25, 2019

The Honorable Diana DeGette  
Chair  
Subcommittee on Oversight and Investigations  
One Hundred Sixteenth Congress  
Congress of the United States  
House of Representatives  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515-6115

Dear Chair DeGette:

In response to your inquiry dated April 11, 2019, Tennessee Valley Authority (TVA) is providing the following information about its membership in the Utility Air Regulatory Group (UARG).

TVA's mission is to make life better for the Tennessee Valley region. TVA is a wholly owned corporate agency of the United States that provides electricity for business customers and local power companies serving 10 million people in parts of seven southeastern states. TVA receives no taxpayer funding, deriving virtually all of its revenues from sales of electricity. In addition to operating and investing its revenues in its electric system, TVA provides flood control, navigation and land management for the Tennessee River system and assists local power companies and state and local governments with economic development and job creation. Low rates for all customers is a TVA priority; and TVA's objective is to supply the Valley's consumers and businesses with clean, reliable energy at the lowest feasible cost.

**1) When did TVA join UARG?**

Based on a review of its purchasing contracts, TVA determined that it joined UARG in 1977 for an approximate duration of a year. While the date TVA rejoined UARG is unclear from a review of the records conducted so far, TVA can confirm from the records review that it has been a member of UARG since September 1987.

**2) Please identify the total amount of money TVA has contributed to UARG since joining.**

Based on a search of its financial records, TVA determined that it has contributed \$7.3 million to UARG since August 2001.

**3) What is the source of the funds TVA contributes to UARG?**

TVA's membership in UARG is funded solely with the funds of TVA's self-financing power program that are not subject to the congressional appropriations process.

Congressional appropriations to the TVA power program ended in 1959. Since that time, the TVA power program has been funded with revenues derived from power sales and proceeds from its power system financings, which are, expressly by law, not obligations of or guaranteed by the United States. TVA uses power funds to pay for its UARG membership because UARG works on the development and implementation of regulations under the Clean Air Act (CAA) that will apply to, and affect the operations of, many important facilities which TVA operates as part of its power program.

**4) Please explain how TVA ensures that none of its contributions to UARG fund UARG's litigation activities, as claimed by a TVA spokesman in 2016.**

TVA's current agreement with UARG prohibits UARG or UARG-retained counsel from representing TVA before any legislative, judicial, or other body to take any legal or policy positions on behalf of TVA, unless TVA provides its approval in writing. There have been no instances in which TVA has provided the group its approval under this agreement to represent TVA before a legislative, judicial or other body. Similar prohibitions on representing TVA are included in earlier membership agreements between TVA and UARG. These earlier agreements, since rejoining in 1987, also limited the use of TVA's membership dues only for developing technical information on air pollution control issues and associated administrative expenses.

**5) Please explain, with detailed specificity, what benefits TVA believes it derives from its annual contribution to UARG.**

TVA uses its membership in UARG to help understand, plan for, and comply with highly technical and complex regulations developed under the CAA. The legal and technical expertise available through this group helps TVA evaluate proposed rules, develop comments in response to those proposals, and ensure that compliance is achieved with the finalized rules on sound legal and technical bases. This expert guidance, with the experience and operational knowledge of TVA's industry peers, ultimately helps TVA's power program to operate in compliance with the CAA. Moreover, UARG provides TVA the opportunity to share the costs of technical analyses of existing and emerging air pollution regulatory programs. The group has a number of technical committees that cover a variety of CAA regulatory programs, making available to TVA considerable expertise on these technical issues that is not readily available elsewhere. UARG membership provides TVA cost savings compared to retaining or acquiring this level of expertise on an individual basis. Membership also provides TVA the opportunity to interact with other electric power providers that are affected by these same regulatory programs and better understand their views and positions.



**6) Please explain how contributing nearly \$500,000 per year to a litigation group dedicated to defeating public health and welfare regulations is consistent with TVA's mission "to improve the quality of life in the [Tennessee] Valley" and to care for and be reasonable stewards of the natural resources of the Tennessee Valley.**

As explained in question 4, TVA does not participate in UARG litigation. With respect to the quality of life in the Tennessee Valley, the implementation of regulations developed under the CAA together with TVA's pro-active efforts to reduce its environmental footprint has resulted in significant improvements in air quality in the Tennessee Valley. All areas in the vicinity of TVA's power plants are in attainment with Environmental Protection Agency (EPA) ambient air quality standards. TVA's carbon dioxide (CO<sub>2</sub>) emissions are down 51 percent below 2005 levels and are on track to be about 60 percent below 2005 levels by 2020. Likewise, TVA has reduced sulfur dioxide (SO<sub>2</sub>) emissions 99 percent below peak (1977) levels, nitrogen oxide (NO<sub>x</sub>) emissions 96 percent below peak (1995) levels, and mercury (Hg) emissions 95 percent below peak (2007) levels. Between 1970 and 2018, TVA spent approximately \$6.7 billion to improve air quality.

**7) Please explain why the hundreds of thousands of dollars TVA contributes to UARG annually is consistent with the TVA Act's objective "that power be sold at rates as low as feasible."**

In comments on rules proposed by EPA that affect TVA's power program, TVA supports effective regulations that base solutions on demonstrated technologies, sound science, and realistic assessments of the costs and benefits of compliance. Through its participation in UARG, TVA engages in rulemakings undertaken by EPA to advance the development of reasonable and achievable regulations that are protective of public health and welfare, while preserving TVA's ability to provide affordable and reliable electricity. TVA's participation helps it develop cost-effective plans for complying with those regulations. The development of cost-effective regulations that achieve the paramount purpose of protecting public health and welfare ultimately helps TVA meet its statutory objective of selling power at rates as low as are feasible. Additionally, membership in UARG affords TVA the opportunity to share the costs of technical analyses of existing and emerging air pollution regulatory programs, yielding cost savings that would otherwise not be available if this level of expertise were to be retained or acquired individually.

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