

# CONSIDER PENDING NOMINATIONS

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## HEARING

BEFORE THE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

THE NOMINATIONS OF **TERRENCE L. BRACY**, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION; **DENNIS BOTTORFF**, **ROBERT DUNCAN**, AND **SUSAN RICHARDSON WILLIAMS** TO BE MEMBERS OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY; **WILLIAM SANSOM**, **HOWARD THRAILKILL**, AND **DONALD DEPRIEST** TO BE MEMBERS OF THE TENNESSEE VALLEY AUTHORITY

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FEBRUARY 8, 2006

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



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U.S. GOVERNMENT PRINTING OFFICE

42-269 PDF

WASHINGTON : 2008

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ONE HUNDRED NINTH CONGRESS  
SECOND SESSION

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## CONSIDER PENDING NOMINATIONS

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WEDNESDAY, FEBRUARY 8, 2006

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

The committee met, pursuant to notice, at 9:30 a.m. in room 628, Senate Dirksen Building, Hon. James Inhofe (chairman of the committee) presiding.

Present: Senators Inhofe, Warner, Thune, Isakson, and Jeffords. Senator INHOFE. We will call this hearing to order.

What we are about to witness I think is unprecedented. I don't want you eight nominees to think this happens all the time. If you weren't very special, then this wouldn't be happening today.

While we are waiting, we have a couple more to get here, a couple more members who wanted to be involved in introductions. I would just mention with my colleague, Senator Jeffords, that this is the first meeting we have had this year. Last year we finished, of course, the Transportation bill. We are very proud to have passed to the floor both the WRDA bill and the Water Infrastructure bill. In fact, with the efforts of many members up here other than myself, we were able to get 78 signatures out of 100 Senators, asking our majority leader to bring up the WRDA bill.

I had breakfast, at the prayer breakfast, with Bill Frist this morning. He is going to be here to participate in this, and I want everyone to encourage him to bring up the WRDA bill before he leaves.

[Laughter.]

Senator INHOFE. We have a lot of things. We have the Endangered Species Reform bill and other things. We are going to have a very, very busy time here in this Environment and Public Works Committee.

What I would like to do, I have an opening statement that I am going to enjoy very much, and I think some of you will, too. It is talking about a little bit of the history of the TVA and how it relates to the history of something that happened, an entity we have in Oklahoma called the Grand River Dam Authority, kind of a miniature of the TVA, and some of the corruption we are going through now that the TVA went through about a decade and a half ago.

But before that, since we have several Senators and their time is very valuable, I would like to take the ones who are here in order of seniority, which will start from here and come this way, for the purpose of introducing whomever they have come here to introduce. Then I will give my opening statement and probably

your opening statement too, Senator Jeffords, then we will go on to the opening statements of our nominees.

I have to say this about our nominees, particularly the seven for the TVA. I have never seen a more impressive bunch of bios. I have read them all, and I just can't believe that they are willing to take this time to serve their country. I just applaud them in advance. I am looking forward to working with them.

So Senator Cochran, why don't we start with you, with whatever you have come here to do this morning.

**STATEMENT OF HON. THAD COCHRAN, U.S. SENATOR FROM  
THE STATE OF MISSISSIPPI**

Senator COCHRAN. Thank you, Mr. Chairman. We appreciate very much your inviting us to introduce members of the board of the Tennessee Valley Authority. I am pleased that one of the new members of the board is from my State of Mississippi. Don DePriest is a close personal friend of mine. He has been a very successful businessman in Columbus, MS. He is a native of Tennessee. He has friends across the mid-South, and he is one of the finest citizens we have in our State. The Tennessee Valley Authority is going to be well served, I'm sure, with Don DePriest serving as a member of the board of TVA.

We have a distinction in our State in which we are very proud. When the Tennessee Valley Authority was first established, Tupelo was the first municipality to get service from this new electric generation and distribution entity. It provided reasonably priced electric power to that town and then of course, spread throughout the TVA region. It has continued to be a very important part of our economy in our State of Mississippi. Consumers benefit from reasonably priced electric power, and I am sure this board, with Don DePriest being involved, will help ensure the continuation of the service and the outstanding record that TVA has provided.

TVA is an economic development tool as well. There are many activities of TVA that are largely unnoticed. TVA has done a great job in supporting agriculture, people who live in small towns, and rural communities, throughout this region of our country.

Don DePriest personally is a great success story. He went to college in Lambuth, TN, and at the University of Memphis. He came to Columbus and started establishing communication businesses, and manufacturing companies, in the health care area and textile area. Some of these businesses have gone on to be listed on the New York Stock Exchange and other exchanges. He is involved in investments throughout the world and in cellular telephone activities in Asia and Europe.

Don DePriest is really quite a success story. I don't know how he can keep up with all the things in which he is involved and still have time to serve as the head of our local manufacturing association in Columbus, MS. He is working as a volunteer in the Boy Scouts and is active in his church. He and his wife, Sandra, are well respected throughout Columbus. She is an Episcopal priest. Their children are talented and smart.

I am really proud to have known him as a friend for these many years and to recommend him to you today for confirmation.

Senator INHOFE. Thank you, Senator Cochran.

Senator Frist, before you came in, we said that we had a lot of requests from members, and we are taking them in order of seniority. We will recognize you now for any comments you want to make about the nominees.

**STATEMENT OF HON. WILLIAM H. FRIST, U.S. SENATOR FROM THE STATE OF TENNESSEE**

Senator FRIST. Thank you, Mr. Chairman. I will be very brief, in fact, I will not be commenting specifically on the nominees except to say that I know most all of them very well and have tremendous respect for them. This is exactly the sort of quality that was envisioned when this initial legislation, which changed the nature of the board, was proposed.

It is an expanded, modernized board. What we have really done through legislation which I proposed, I think about 9 years ago now, initially was to modernize this board and bring it up to date, consistent with any other \$7 billion company that is out there today. It was clear to me in the past from dealing with the TVA board that it was time to modernize it in the sense of having a CEO with a board that has the appropriate range of expertise, of qualifications, of experience. It is a range, as we will hear in our presentations today.

It was about a year ago that our legislation to modernize the board passed the Congress. It was enacted into law as part of the fiscal year 2005 Omnibus Appropriations bill. I think the quality of these nominees is a real testament to the fact that there is both a need but also that there will be a huge positive impact on the operation of TVA in the years ahead.

I of course am especially pleased to recognize the three nominees from Tennessee: Denny Bottorff, Bill Sansom and Susan Richardson Williams, all good friends, all of them experienced, all of them with the qualifications that I expect will be to the benefit of the TVA region but also the expanded region.

So Mr. Chairman, I simply wanted to come by and say thank you, thank you for holding the hearing in an expedited way. I know all my colleagues will be talking on the individual nominees. But this is exactly what was envisioned when we passed this legislation a year ago and it will be fulfilled. Thank you.

Senator INHOFE. Thank you, Senator Frist.

Senator McConnell.

**STATEMENT OF HON. MITCH McCONNELL, U.S. SENATOR FROM THE STATE OF KENTUCKY**

Senator McCONNELL. Thank you, Mr. Chairman. I am here today on behalf of a nominee from Kentucky, whom I have known since he was in college at Williamsburg College in southeast Kentucky in the early 1970s. He subsequently went to the University of Kentucky College of Law, has studied at Harvard Business School. He has been an outstanding banker and citizen in my State for a long time.

Mike has a big job, because this is probably not a completely appropriate forum to make this point, but Mike has a big job because Kentuckians are just not very happy with TVA. TVA rates for Kentucky customers are 30 percent higher than any other Kentucky

power providers. Put another way, if you are inside the TVA wall, you get high rates. If you are outside and you are in the service area of an investor utility, for example, you have lower rates. That cost Kentuckians about \$100 million last year.

In addition to that, TVA raised rates on its Kentucky customers by 7.5 percent last year. That is one of the largest rates in the history of TVA over a 73-year period. But they did find an opportunity to give \$60 million in bonuses to their employees last year.

We have had difficulty getting TVA to allow Kentucky customers the right to purchase power from more affordable providers. They have refused, in effect, the transmission of the power on their power lines, flouting a contract to the contrary they signed in 1997. Sorry to rain on the parade with a litany of complaints, but Mike is going to go on this board as a representative of our TVA customers in Kentucky with some real challenges in order to try to bring about the equity we have been seeking for a number of years.

I can't think of anyone better to do that, Mr. Chairman. He is a truly outstanding person, one of the finest people I have known in my entire life. I think he will be a fine addition to this newly reconstituted TVA board.

I would just like to ask unanimous consent that my full remarks on behalf of Mike be inserted into the record.

Senator INHOFE. Without objection.

Senator MCCONNELL. Thank you.

Senator INHOFE. Senator Lott.

**STATEMENT OF HON. TRENT LOTT, U.S. SENATOR FROM THE STATE OF MISSISSIPPI**

Senator LOTT. Thank you, Mr. Chairman and Senator Jeffords and the distinguished Senator from Georgia. Thank you very much for having this hearing and allowing us to appear before you.

I am sorry that Senator Frist did leave, because I wanted to commend him publicly for his leadership in helping produce the legislation that made this change in the Mississippi-Alabama-Kentucky-Tennessee Valley Authority. You will notice the way I said that. I do think that it is time that we made that change. This is a \$7 billion a year business. It is huge. It needs to be run more as a business, as well as a service entity. I think this new board gives us that opportunity, to have a CEO and board of directors.

So in that vein, I think it is very important that we have men and women on that board from all the States in the region that have unique capabilities and business experience. That is why I am just really delighted to support the nomination of Donald R. DePriest, who is clearly one of the most outstanding citizens in our State.

He has been a successful businessman, he is involved in civic affairs, he has just been supportive of every major positive effort we have had in our State. I think it is a great credit to TVA that he is willing to serve in this new position. He is married to his wife, Sandra, and they have four children, Sally, Robert, John and Warner. I mention that for the record because they also are going to make a sacrifice by Don serving in this position.

He has served as Chairman of the Columbus, Mississippi Utilities Commission, which is a TVA Authority power distributor. So



he is personally directly knowledgeable about what TVA does and what its needs and possibilities are. He is a member of the Mississippi Governor's Venture Capital Task Force and the State of Mississippi Audit Oversight Committee on Ethics, all of which will be helpful to him in dealing with the future at TVA.

He has been a very aggressive business leader. He has been CEO and Chairman of Charisma Communications, a former Union Planters Bank director, founder of MicroTek Medical, Inc. and Boundary Healthcare Products. He currently serves as CEO and Chairman of MCT Investors and Chairman of MCT Corporation. So he is an accomplished businessman, but he has taken time to work in Mississippi with our historic preservation.

He has been president of his area Scout council. He holds a silver beaver award from Scouts, and those of you in Scouts know that is their highest honor. The list goes on, everything up to and including serving as a trustee of the National Symphony Orchestra. I don't know how he has time to enjoy good music along with his other achievements.

So I am really delighted that he has been willing to serve here and the President has selected him to serve on the TVA board. I am expecting great things from him and this new board. I believe that the Tennessee Valley Authority will be better run, more responsibly run, and provide good power and good services to people in the region. I thank you very much for allowing me to participate in these hearings.

Senator INHOFE. Thank you, Senator Lott.  
Senator Sessions.

**STATEMENT OF HON. JEFF SESSIONS, U.S. SENATOR FROM  
THE STATE OF ALABAMA**

Senator SESSIONS. Thank you, Mr. Chairman. I am pleased that President Bush has nominated Howard Thraikill to serve on the board of directors of the Tennessee Valley Authority. How big is TVA? Well, it has a \$25 billion debt. That ought to tell us something. That is not a small, little entity. Howard has the kind of background, skills and interest to play an important role in making sure that TVA is relevant to the future.

I think the people of the Tennessee Valley are coming more and more to understand that the Tennessee Valley Authority is really contained now. It does not receive outside Federal dollars. So when moneys are wasted, it is money they have to pay in their rates. There are no free lunches. It is just a deal in which we have to keep those costs in a reasonable way, make good business decisions for the future, and eliminate some of the errors that have been made in the past that have actually been the cause of the debt that we now see.

So I think the new board has great potential. I am excited about it. Alabama has never had a member of the board. Senator Shelby and I are delighted that we have one now and that we have one as strong as Howard Thraikill.

His background as an engineer and successful businessman is extraordinary. He retired in September as president and chief operating officer of Adtran, a telecommunications and equipment maker in Huntsville, AL. Seventeen hundred employees, when they start-

ed they had zero employees. They are one of the world's great communication technology companies. It is a success story of an extraordinary nature.

He formerly served as president of the Computer Systems Division and corporate vice president of Motorola. He was vice president and general manager of the Composition Systems Division and Computer Systems Division of Harris Corporation. Additionally, Howard just completed a tour as chairman of the Huntsville-Madison County Chamber of Commerce, which is one of our most progressive and growing areas. In that capacity, he is known, and in other capacities, as a civic leader who is very well informed about the entire nature of the Tennessee Valley Authority.

So we are excited about his appointment. I think he is just the kind of person that should be on there. I am pleased that President Bush has seen fit to nominate him, because it indicates that he too is committed to having directors who have the capability to engage the top management of the TVA, to ask the tough questions, to help them make long-term, important decisions. If we get that kind of leadership, this new legislation will have been worthwhile.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Sessions.

Senator Bunning.

**STATEMENT OF HON. JIM BUNNING, U.S. SENATOR FROM THE STATE OF KENTUCKY**

Senator BUNNING. Thank you, Mr. Chairman, Senator Jeffords, Senator Isakson. I appreciate the opportunity to be here and to introduce my friend and fellow Kentuckian, Mike Duncan, to be a nominee for the Tennessee Valley Authority's new board. I have known Mike for many years and known him to be a man of integrity and fine character. He takes public service seriously and he is a man of compassion and fairness.

His educational and philanthropic endeavors to better the lives of Kentuckians is unmatched. Mike has been past president of the Kentucky Bankers Association and a director of the Cleveland Federal Reserve Bank, Cincinnati Branch. His banking and finance experience will bring a unique perspective when it comes to TVA's management and accounting of its finances and debt.

TVA certainly needs a board member who understands economics to help get its \$25 billion in debt under control. What I like about Mike is that he is not a yes man, or someone who simply gets going to go along. If there is a problem, Mike will identify it. He will work hard to fix the problem, even if it is not a popular solution. Mike takes his endeavors seriously and I know he will take this job as a TVA board member seriously, too.

TVA has its problems. It has issues with debt, it is unregulated by FERC. Some residents in the TVA region, as my senior Senator from Kentucky has said, pay higher costs for their electricity than those living outside the TVA fence. This defeats the purpose of TVA. I know that Mike will help bring these issues to light and as a board member, he will advocate common sense solutions.

Mike will help to work to ensure that citizens in the TVA region will receive reliable, efficient and cheap power for bettering their lives. I appreciate the Chairman's and Ranking Member's invita-

tion to introduce Mike Duncan, and I look forward to a swift confirmation in the committee and on the floor.

Thank you very much.

Senator INHOFE. Thank you, Senator Bunning.

Before we hear from our last Senator, let me just tell you nominees, this is unprecedented. I have never seen this many Senators show up to say so many good things about so many good people. Senator Alexander.

**STATEMENT OF HON. LAMAR ALEXANDER, U.S. SENATOR  
FROM THE STATE OF TENNESSEE**

Senator ALEXANDER. Thank you, Mr. Chairman, Senator Jeffords, members of the committee.

First I would like to compliment Senator Frist and former Senator Thompson. It was their legislation a few years ago that caused this to happen. It is exactly the right thing to do, in my judgment. An \$8 billion a year company, the largest public utility in America, needs a modern governance system and a chief executive officer. Since its inception in the early 1930s, mid-1930s, TVA has been run by a committee of three. Most of those members of the committee have been very good people.

But it is an awkward management process. It would be like having three committee chairmen or three Governors or three mayors. This makes much more sense. TVA does have some problems. But it has also done some things very well. In the Tennessee Valley region, as a former Governor, I have especially seen the importance of having large amounts of low-cost, reliable, clean energy available as we sought to raise our standard of living. That is important in Kentucky, Alabama and Mississippi, as well as it is in Tennessee.

I am chairman of the TVA congressional Caucus, and I am hopeful that with this new board, that our caucus can be more active and work together better to make sure that people in our region are better served. We have rapidly rising natural gas prices. We have rapidly rising gasoline prices. We don't need rapidly rising electricity prices. And that should be the focus of TVA.

The three nominees from Tennessee are people that I realize I have known for at least 30 years in each case. Dennis Bottorff, Denny Bottorff from Nashville, is widely regarded in our State as one of our most accomplished executives. He is from Vanderbilt, he is vice chairman of Vanderbilt University today. He is an engineer by background and a banker by profession. He is involved in activities throughout Nashville and is enormously well respected.

Bill Sansom is from Knoxville. He has been a leader in the University of Tennessee. He was the top graduate at Citadel, as a Marine. He was president of the Knoxville Area Chamber of Commerce when I invited him to come be the transportation commissioner and then the chief operating officer of the State Government.

Susan Williams has a distinguished career as well. It is a little different career. She comes from a TVA family. She may say this in her testimony. Her father worked for TVA from the time it was created. She was personnel commissioner in my cabinet as Governor. She has always been a pioneer among women in our State. She has a broad background and brings a lot to the board.

I also ought to say how much I respect the other nominees. Don DePriest I have known and known about for a long time. He has been interested in TVA for many years. Mike Duncan, I have known for a long time. He has a distinguished background. Mr. Thrailkill, I have not known as long, but I can't think of a stronger nominee from Alabama.

So I am delighted that we are moving from a committee of good people to a part-time board, a modern governance structure and a full time chief executive officer to run the Nation's largest public utility. I expect the citizens of the Tennessee Valley and especially my State of Tennessee to benefit from that by having better incomes and cleaner air and a more secure future.

Thank you, Mr. Chairman, for your courtesy.

Senator INHOFE. Thank you, Senator Alexander.

That completes our list that will be making comments about the TVA board. Any of you Senators who would like to stay here, you are certainly welcome. But we know you have other obligations. Anyone who wants to join the dais with us is certainly welcome to do so.

Also, Senator Jeffords, we have Congressman Udall here. We don't want to sell Terrence Bracy short, because this is primarily TVA. But if Congressman Udall would like to come forward to make any comments about the nominee to the Foundation, you are welcome to do so.

**STATEMENT OF HON. MARK UDALL, U.S. REPRESENTATIVE  
FROM THE STATE OF COLORADO**

Mr. UDALL. Thank you, Senator Inhofe. I have a bevy of Congressmen out there to match the Senators that you had up here earlier.

[Laughter.]

Mr. UDALL. I want to thank Senator Jeffords, my friends, Senator Thune and Senator Isakson, for holding the hearing today. I have a statement for the record, and I will just submit that if I might, and make a couple of comments about the Udall Foundation.

Senator INHOFE. Of course. Without objection, your entire statement will be made a part of the record.

Mr. UDALL. Thank you, Senator.

I am here to just express my strong support for Terry Bracy to continue on the Board of Trustees of the Udall Foundation. I think I speak for most of the Udall family, there are a lot of Udalls, so I can't claim I speak for every one of them. But we are all very pleased with what the Foundation has accomplished, and I know my father would be.

The Foundation focuses on training Native American leaders to run their governments effectively and efficiently. It also works with environmental leaders across the spectrum.

I think probably of real interest to this committee is the environmental mediation work that the Udall Foundation has been doing across the southwest. I think the model that it has been able to build is one that we could replicate around the country.

So I wanted to take the time to come over here today to see how things are unfolding over here on this side of the Capitol, and in

particular to express my gratitude to Terry Bracy. He has worked untold hours, unpaid, in a labor of love to keep the spirit of my father and his good work alive. With that, I would ask for his confirmation, and I appreciate the opportunity you are going to give him today to testify.

Senator INHOFE. Thank you, Congressman Udall. We are all very grateful for what you and your family have done for America. Thank you so much for being here this morning.

Mr. UDALL. Thank you very much, Senator.

**OPENING STATEMENT OF HON. JAMES M. INHOFE,  
U.S. SENATOR FROM THE STATE OF OKLAHOMA**

Senator INHOFE. We would ask now for the nominees to please take your place at the table. Let's see, I guess we have name tags here, so we will start with Mr. Bracy, you will be on the far right.

First, I want to welcome all of our nominees here this morning. We have seven very well qualified nominees before this committee. Six have been nominated to serve on the TVA, as we heard during the introductions, on the TVA's board of directors. That is Dennis Bottorff, Robert Duncan—Mr. Duncan, let me ask you a question. Are you related to any of the Duncans, Jimmy Duncan and so forth?

Mr. DUNCAN. Yes, we are distant cousins.

Senator INHOFE. Oh, you are? Good. I served with both Jimmy Duncans and enjoyed it very much over on the other side.

We have Susan Richardson Williams, Bill Sansom, Howard Thraikill and Donald DePriest. We also have Terrence Bracy, who has been renominated to the position of the board of trustees of the Udall Scholarship Foundation. We have so many TVA nominees here today because we have restructured the TVA board. It was restructured not only to modernize it, the old structure was in place since 1933, but also because there have been ethical concerns in the past boards.

Before we get into those issues, let me say that I have been very pleased with the current board, Bill Baxter, Skila Harris and the recently retired Glenn McCullough. They have all served the people very well and worked to serve the best interests of those in the Valley. I want to publicly voice my gratitude to them.

But in the past, specifically during the tenure of Chairman Craven Crowell, from 1993 to 2001, there were serious ethical concerns. It is no secret that there was overwhelming evidence of cronyism, no-bid contracts and other shady dealings that we would all consider unethical, excessive and abuse of the office. The abuse was chronicled by many major publications, including the Los Angeles Times and Time Magazine.

The TVA inspector general investigated the situation and called it, "public perception of favoritism, lack of TVA oversight and controls which allowed certain consultants to make excessive profits, over-bill and sometimes be unaccountable for their services and charges." While the laws may not have been broken, this is characteristic of corrupt people that get into power and they have all this money that they have control over that belongs to the public, they all are very careful not to break any laws. But we know it is wrong.

While the laws were not broken perhaps at that time, it is clear that these actions were unacceptable. Fortunately, new leadership at the TVA cleaned up the mess and the TVA was reformed. That reform continues today with the new board structure that is represented by these extremely qualified nominees.

I bring up this ethical issue, not only as a warning to nominees, but also because my constituents in Oklahoma are facing something very similar today by the CEO of the Grand River Dam Authority, headed by a former State Senator, Kevin Easley. The GRDA was created by the Oklahoma legislature in 1935, and is today very much Oklahoma's version of the TVA. It manages water systems and produces power for Oklahoma.

Much like the TVA of a decade ago, Chairman Easley appears to have taken the route of using the GRDA and its customers, my constituents, I might add, for his own benefit and for the benefit of his political cronies.

I have a special dog in this fight, in that my father-in-law, Glade R. Kirkpatrick, was in the State legislature, Senator Warner, many years ago, in the middle 1930s. He actually drafted the legislation that created the GRDA. He did so with the intent of the GRDA to serve the people in the interests of Oklahoma. Unfortunately, Chairman Easley appears to be using the people of Oklahoma to fill his appetite for luxury and excesses.

Let me highlight a few examples of what has been alleged by those who know the GRDA very well. I ask you nominees to recall the TVA a decade ago and see what parallels you see. I think what I am about to describe to you would make an excellent book. However, it would have to be a novel, because no one would believe that it could be true.

Let's start off with his creation of his new position. Chairman Easley, in his final term as State Senator, due to term limits, co-authored State legislation to overhaul the GRDA, removing the current board to provide for completely new appointments. This new board then hired Easley to serve as CEO, giving him a 3-year contract and a raise of \$15,000. His salary is now above the annual salary set by State law and more than the Governor of Oklahoma makes.

Let's be sure we understand that Chairman Easley's legislation, he legislatively created the job that he now holds. To pay for his excesses, he immediately started raising more money. Electrical rates went up, user fees went up in the lakes that were involved. Well, the legislative maneuvers through legislation sponsored by Chairman Easley, serving as the State Senator prior to his appointment as CEO, the GRDA was exempt from traditional State oversight, including the Open Records Act. That is comparable, I guess, I would say, on the Federal scale, to the Freedom of Information Act, FOIA.

A total of nine pieces of legislation have been passed by Easley and colleagues since 2001, eroding the transparency and limitations of this State agency. But not to worry, don't worry, because there is oversight. Easley's own mother, State Senator Mary Easley, currently serves as the Vice Chairman of the State Senate Energy and Environment Committee, which has oversight over the GRDA. So Mama's going to watch his every move.

Now, the unprecedented spending, never happened before, Chairman Easley purchased a \$550,000 jet helicopter used by Easley and his friends for their own travel. Easley has purchased three boats since 2004, all valued over \$50,000 apiece. His third boat purchase was a \$66,213 Cobalt, with a 10-disc CD player and sharkskin cover that Easley assures will become part of the lake patrol fleet.

Easley also purchased an \$11,884 Sea-Doo. That is a little water toy that Senator Easley rides around the lake, I guess. All of these new purchases have never before been required for GRDA operations. Allegations of extravagance in entertainment and meals and travel have also been made. I say to my friends who are nominees here today, your past TVA Chairman Crowell and Mr. Easley have a lot in common: abuse of corporate aircraft, excessive compensation, no-bid contracts, and the list goes on and on.

New office space, this is a good one here. You see, the GRDA, we have 77 counties in Oklahoma. They have jurisdiction in 24 counties. Oklahoma County, which is the county for Oklahoma City, is not one of those. GRDA has acquired a 2,200 square foot new office in downtown Oklahoma City. This office is being leased at over twice the cost of what other State agencies are paying in rent. Although Easley originally reported to the press the total cost of renovation was \$24,000, we now find out it has now exceeded \$135,000 to date for the renovations. It is a real play palace located in a trendy club and entertainment Bricktown area of Oklahoma City. I would invite all of you to come and visit Oklahoma City and see this beautiful area of fun and games.

The Bricktown area of Oklahoma City, this property is located above Hooters Restaurant and Bar, and next door to the Wild Coconut Tiki Lounge, a very appropriate location for a quasi-State agency to select to conduct its businesses. By the way, the new space is only going to accommodate one GRDA employee.

Since becoming CEO, Easley has allegedly awarded no-bid sole source contracts to friends and colleagues for lobbying, marketing and personal services exceeding State limits for such expenditures. Whether or not any of these actions are in violation of the law is something that Oklahomans are looking into. What is not in question is the fact that a culture of ethical corruption has found a home at the GRDA in my State of Oklahoma.

Just as with the TVA, I believe that only a change in leadership at the GRDA will bring about the cultural change to put it back in business of serving the people and out of business of the people serving the GRDA. You cleaned up your house, and now we need to clean up ours. Any time you have a gigantic budget, virtually no oversight, the temptation will be there. It is the insatiable appetite of unelected bureaucrats to spend money that is not theirs. You have corrected your problem at TVA, and we will do the same.

So it is my hope that the new TVA board that is sitting here today will continue to make ethical behavior a top priority, and I am sure you have. I said earlier, at the beginning of this meeting, I say to my Senators who were not here at the time, I don't recall in the 20 years that I have been here ever seeing a more qualified group of nominees as the seven of you sitting before us today. We are honored to have you here, willing to share your time, your expertise, and your abilities to make this a greater country.

With that, I will recognize the Ranking Minority Member, Senator Jeffords.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE  
STATE OF OKLAHOMA

I want to welcome all of our nominees here this morning. Today, we have seven very qualified nominees before this committee: six have been nominated to serve on TVA's Board of Directors: Dennis C. Bottorff, Robert M. Duncan Sr., Susan Richardson Williams, Bill Samson, Howard Thrailkill, and Donald DePriest. We also have Terrence Bracy, who has been renominated to a position on the Board of Trustees at the Morris K. Udall Scholarship Foundation.

We have so many TVA nominees here today because we have restructured the TVA Board. It was restructured, not only to modernize it—the old structure was in place since 1933 but also because there have been ethical concerns with past boards. Before we get into those issues, let me say that I have been very pleased with the current board; Bill Baxter, Skila Harris, and the recently retired Glenn McCullough—they have all served the people well and worked to serve the best interest of those in the Valley. I want to publicly voice my gratitude to them. But in the past, specifically during the tenure of Chairman Craven Crowell from 1993 to 2001, there were serious ethical concerns. It's no secret that there was overwhelming evidence of cronyism, no bid contracts, and other shady dealings that we would all consider unethical, excessive, and abuse of the office. The abuse was chronicled by many major publications, including the Los Angeles Times and Time Magazine. The TVA Inspector General investigated the situation and called it "public perception of favoritism" and there was "lack of TVA oversight and controls which allowed certain consultants to make excessive profits, overbill and sometimes be unaccountable for their services and charges." While laws may not have been broken, and it is certainly characteristic of the unethical to be very careful and try not to break the law, but it is clear that these actions were unacceptable. Fortunately, new leadership at TVA cleaned up the mess and the TVA was reformed. And that reform continues today with the new board structure that is represented by these extremely qualified nominees.

I bring up this ethical issue, not only as a warning to the nominees, but also because my constituents in Oklahoma are facing something very similar today by the CEO of the Grand River Dam Authority, former State Senator Kevin Easley. The GRDA was created by the Oklahoma Legislature in 1935 and is today very much Oklahoma's version of the TVA. It manages water systems and produces power for Oklahoma. And much like the TVA of a decade ago, Chairman Easley appears to have taken the route of using the GRDA and its customers, my constituents, for his own benefit and for the benefit of his political cronies. I have a special dog in this, my father-in-law, Glade R. Kirkpatrick, wrote the legislation to create the GRDA and he did so with the intent of the GRDA to serve the people and interest of Oklahoma. Unfortunately, Chairman Easley appears to be using the people of Oklahoma to fill his appetite of luxury and excess. Let me highlight a few examples of what has been alleged by those who know the GRDA very well. And I ask you nominees to recall the TVA a decade ago. This would be a great book, but it would have to be a novel because no one would believe it.

Chairman Easley, in his final term as State Senator due to term limits, co-authored State legislation that overhauled the GRDA removing the current board to provide for completely new appointments. This new board then hired Easley to serve as CEO giving him a 3-year contract and a raise of \$15,000. His salary is now above the annual salary set by State law, and more than the Oklahoma Governor makes. Let's be sure we understand Chairman Easley legislatively created a job for himself to pay for his excesses the first thing he did was to raise rates and fees.

Through legislation sponsored by Chairman Easley serving as a State Senator prior to his appointment as CEO, the GRDA was exempted from traditional State oversight including the Open Records Act. A total of nine pieces of legislation have been passed by Easley or colleagues since 2001, eroding the transparency and limitations of this State agency. But not to worry, there is oversight. Easley's own mother, State Senator Mary Easley, currently serves as the Vice-chairman of the State Senate Energy and Environment Committee which has oversight of the GRDA. And Mama's watching his every move.

Chairman Easley purchased a \$550,000 jet helicopter used by Easley and his friends for their own travel. Easley has purchased three boats since 2004 all valued at over \$50,000. His third boat purchase was a \$66,213 Cobalt with a 10-disc CD



player and a sharkskin cover that Easley assures will “eventually” become part of the lake patrol fleet. Easley also purchased an \$11,884 Sea Doo now that’s a little water toy that he rides. All of these new purchases have never before been required for GRDA operations. Allegations of extravagant entertainment, meals, and travel have also been made. So, I say to my friends who are nominees here today, your past TVA Chairman Crowell and Mr. Easley have a lot in common. Abuse of corporate aircraft, excessive compensation, no-bid contracts, and the list goes on.

Now, how about this one: GRDA has acquired a 2,200 square foot new office in downtown Oklahoma City. GRDA serves 24 counties in Oklahoma—Oklahoma County is not one of them. This is the first time GRDA has “needed” an office in Oklahoma City. This office is being leased at over twice the cost of what other State agencies are paying in rent. Although Easley originally reported to the press the total cost of the renovation to be \$24,000, GRDA has spent over \$135,000 to date for the renovations. It’s a play palace located in the trendy club and entertainment, Bricktown area of Oklahoma City located above Hooters restaurant and bar and next to the Wild Coconut Tiki Lounge. A strange location for a quasi-State agency to select for conducting the business of its rate payers, don’t you think? By the way the new space will office only one GRDA employee.

Since becoming CEO, Easley has allegedly awarded no-bid, sole source, and inflated contracts to friends and colleagues for lobbying, marketing, and personal services—exceeding State limits for such expenditures.

Whether or not any of these actions are in violation of the law is something that Oklahomans are looking into, but what is not in question is the fact that a culture of ethical corruption has found a home at the GRDA.

Just as it was with the TVA, I believe that only a change in leadership at the GRDA will bring about the cultural change to put it back in business of serving the people and out of the business of the people serving the GRDA. You cleaned up your house, now we need to clean up ours. Any time you have a gigantic budget with virtually no oversight, the temptation will be there. It’s the insatiable appetite of unelected bureaucrats to spend the public’s money on themselves. You have corrected your problem at TVA, we need to do the same. It is my hope that the new TVA board, who is sitting here today, will continue to make ethical behavior a top priority.

Again, I want to thank the nominees for being here today and I look forward to getting you all confirmed and serving the interests of this country.

**OPENING STATEMENT OF HON. JAMES M. JEFFORDS,  
U.S. SENATOR FROM THE STATE OF VERMONT**

Senator JEFFORDS. Thank you, Mr. Chairman, for that very interesting introduction.

Welcome to all of you and your families. I would like to thank each of the nominees here today for their commitment to public service. One of our finest public servants, especially in serving to protect our environment, was Mo Udall, a good friend of mine. He gave us so much inspiration and wisdom, and encouraged us to be better environmental stewards. He is greatly missed, but still very much remembered. The Foundation that bears his name is a tribute to Mo and a living legacy that will promote environmental education and preservation for generations.

Mr. Bracy, I am sure you are very proud to serve on the board. And Mo would be proud of you for your service and your work in keeping his name synonymous with environmental responsibility. With these new nominees at the helm, the TVA needs to continue to provide its core product, wholesale electric power, competitively, with efficiency and reliability. The TVA needs to set a standard for public responsibility against which private companies can be measured. That standard needs to include better environmental and fiscal responsibility.

In 1998, the TVA unveiled a new clean air strategy to reduce the pollutants that cause ozone and smog. Modern equipment investments will help States and cities in the Tennessee Valley meet

new, more stringent air-quality standards while providing greater flexibility for industrial and economic growth in the region. But the TVA should do more than be focused on a technological solution. The TVA should also be increasing the use of renewables and enhancing its commitment to energy efficiency.

I look forward to hearing from all of the nominees and learning how they see the future for the organization under the new board structure. Thank you, Mr. Chairman.

[The prepared statement of Senator Jeffords follows:]

STATEMENT OF HON. JAMES M. JEFFORDS, U.S. SENATOR FROM THE  
STATE OF VERMONT

Welcome to all of you and your families. I would like to thank each of the nominees here today for their commitment to public service.

One of our finest public servants, especially in serving to protect our environment, was Mo Udall. He gave us so much inspiration and wisdom, and encouraged us to be better environmental stewards. He is greatly missed, but still very much remembered. The Foundation that bears his name is a tribute to Mo and a living legacy that will promote environmental education and preservation for generations.

Mr. Bracy, I am sure you are very proud to serve on the Board of the Udall Foundation, and Mo would be proud of you for your service and your work in keeping his name synonymous with environmental responsibility.

With these new nominees at the helm, the TVA needs to continue to provide its core product—wholesale electric power—competitively, efficiently and reliably. The TVA needs to set a standard for public responsibility against which private companies can be measured.

That standard needs to include better environmental and fiscal performance. In 1998, the TVA unveiled a new clean-air strategy to reduce the pollutants that cause ozone and smog. Modern equipment investments will help States and cities in the Tennessee Valley meet new, more stringent air-quality standards while providing greater flexibility for industrial and economic growth in the region. But the TVA can and should do more than be focused on a technological solution. The TVA should also be increasing its use of renewables and enhancing its commitment to energy efficiency.

I look forward to hearing from all of the nominees and learning how they see the future for the organization under the new board structure.

Senator INHOFE. Thank you, Senator Jeffords, for that excellent statement.

I would call upon my members to see if there are any other opening statements.

Senator Isakson.

**OPENING STATEMENT OF HON. JOHNNY ISAKSON,  
U.S. SENATOR FROM THE STATE OF GEORGIA**

Senator ISAKSON. Thank you, Mr. Chairman.

I have a complete statement for which I would like to ask unanimous consent be submitted for the record.

Senator INHOFE. Without objection.

Senator ISAKSON. I want to welcome the board members. I have had the time to read the resumes of each. They are extremely qualified and I am going to be delighted to vote for them in committee.

I will, however, Mr. Chairman, I want to tell you and Senator Frist, ask for, before we go to the floor, we need to hold for a second to take a look at some issues that have been raised to me and that I have raised with some of the other members, including the discussion I had a long time ago, some time back, with my distinguished friend from Tennessee, Senator Alexander. This legislation is great legislation. It creates a nine-member board, seven of which

have to be from States served by the TVA, two may be from the outside. It is a five-member staggered board, which is exactly what you need to ensure you don't get stale and you have some continuity of knowledge, but you also have new blood.

But it does not necessarily ensure that all the people served by TVA will in fact be represented on a board of directors. Going from a three-member executive committee to a nine-member board of directors portends that the oversight that the board will provide will be much like that of the oversight of a corporation to a full-time CT, CEO and its employees.

I want to submit also for the record TVA's Web site, its references to my State of Georgia that are on that Web site, which include the fact that 130,000 households in my State, 10 of the fastest growing counties in my State, 15,000 surfeit acres of water and 300 miles of shoreline are TVA properties in the State of Georgia. My predecessor, Zell Miller, in fact, introduced legislation a couple of years ago in anticipation of this event, trying to find a way to ensure that all the States would have, over time, representation on the TVA board since its going to a board of directors type of system.

So Mr. Chairman, I am going to ask you, in your kindness, and the leader, if they will, to discuss with me before we go to the floor on this final confirmation, ways that we can ensure that States like Virginia, North Carolina and Georgia, who are three of the seven members served by TVA who are not represented on the board might know that over time there would be a way to ensure equity of representation of those States that are served.

My desire to do this is no reflection at all on the quantity and the content of this distinguished panel. They are outstanding. I also recognize there is one other appointee left to come, but I understand that is probably going to be someone from within the four States that are represented here as well.

So on behalf of the State of Georgia that I represent and the almost half million people served in my State by the TVA, I think it is important as we go to this great mechanism of representation for TVA that we look to the future to ensure that all the citizens served are over time or in method represented equitably on the TVA board. I thank the Chairman for the time.

[The referenced document may be found on pages 152–153.]

[The prepared statement of Senator Isakson follows:]

STATEMENT OF HON. JOHNNY ISAKSON, U.S. SENATOR FROM THE STATE OF GEORGIA

Thank you, Chairman Inhofe, for holding this hearing. Today we undertake one of the most important roles we have as Senators, the role of "advise and consent". I appreciate the opportunity to hear from all the nominees.

I will, however, today focus my remarks on the nominees for the Tennessee Valley Authority Board, and specifically on the lack of diversity in representation amongst that board. Mr. Chairman, some months back I met in my office with Tom Kilgore, the president and chief operating officer of the TVA. During that meeting, I expressed to him my wish that the TVA diversify its board, to include a Georgian. Mr. Chairman today we have 6 nominees before us and as we speak the White House is currently in the process of selecting a 7th nominee, which I have been told from sources familiar with the process will also be from Tennessee. Each of the nominees before us is well qualified, but yet again my State of Georgia is not represented on the board. In fact, the State of Georgia has never been represented on the TVA board. This current board also does not represent the States of North Carolina, Vir-

ginia, and Mississippi which are all part of the TVA territory. This is extremely disappointing.

Mr. Chairman, I would like to submit for the record a document that my staff printed off the TVA Web site. This document is entitled "TVA in Georgia", and is a fact sheet for the year 2004 which I presume is the latest data available to the TVA. On this sheet it says the following:

"Distributors of TVA power sold nearly 1.9 billion kilowatt-hours to more than 123,000 households located in 10 north Georgia counties."

If we assume that each household houses on average three individuals, which I believe is a fair assumption, then that equals 369,000 constituents of mine who rely on TVA and yet have never been given a voice on their board.

Today I am giving them that voice.

Mr. Chairman, it is my intention to introduce legislation to expand the TVA board to 13 part-time members and to add a requirement that of these 13 members at least 1 member from each State in the TVA service area must be on that board.

I am sure that each of these members is well qualified, Mr. Chairman, and I will vote to move them out of committee when given the chance. However, I will place a hold on their nominations until I am given the opportunity by Senate Leadership to explore my options through legislation or amendments to expand the board to expand the board to include individuals from each State in the TVA.

Thank you Mr. Chairman, I yield back my time.

Senator INHOFE. Certainly I say to my friend, Senator Isakson, I give you that commitment, and I would hope that in your opening statements, some of you may address some of the concerns that were expressed by Senator Isakson.

We are honored to have the Senator with the most seniority on this committee, who would be Chairman except that he is Chairman of the Senate Armed Services Committee, and I am very grateful for that, here with us today, Senator Warner.

**OPENING STATEMENT OF HON. JOHN W. WARNER,  
U.S. SENATOR FROM THE COMMONWEALTH OF VIRGINIA**

Senator WARNER. Thank you, Mr. Chairman.

All of us spend lots of time listening around here, but I really enjoyed your opening statement and indeed, that of the Ranking Member. I think you said it all, and there is little left for me to add. But in following Senator Isakson's observation that our two States are left out of the representation, I noticed, having studied the distinguished resumes of all of you—and thank you for stepping forward as public servants.

Mr. Bottorff, you were in our State for some time. So we feel that we are going to be represented. Would you kindly acknowledge, the recorder does not put into the record that you are nodding yes.

[Laughter.]

Mr. BOTTORFF. Yes sir. I will acknowledge I had the good fortune to serve as the president of one of Virginia's major banks for 4 years. I also want to say that both of my sons were educated in Virginia's schools. One at the University of Virginia and the other attended Norfolk Academy. Both received excellent education and I feel privileged to have lived in Virginia.

Senator WARNER. I think, Senator Isakson, Virginia is represented on this board.

[Laughter.]

Senator WARNER. Perhaps at your convenience some day, you will take a look at the rate structure as it has been applied to my State, and I think possibly yours, where the rates are really not commensurate with the rural cooperative rate structure. We have a very fine, well-integrated rural cooperative network in our State.

Then the publicly owned power companies, again, it is just not what I would call a reasonable explanation of why the TVA rates should be so far afield of those two indices. So take a look at that, if you would, early on in your work.

It is refreshing to see how legislation in the Congress can engender and produce such an extraordinary panel as this to go in and correct the alleged wrongs of an institution which really goes back to the early days of our Republic, in many ways. This was the first of its type. Thank you very much.

I see our good colleague here, have you further to say, my dear friend?

Senator ALEXANDER. No, thank you. I have had my say and I am here to listen.

Senator WARNER. Thank you. Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Warner.

We have a required question for all of you to answer, and if you would respond audibly. Are you willing to appear at the request of any duly constituted committee of Congress as a witness?

[Witnesses respond in the affirmative.]

Senator INHOFE. Let the record reflect they all responded in the affirmative.

Do you know of any matters which you may or may not have thus far disclosed that might place you in any conflict of interest if you are confirmed in this position?

[Witnesses response in the negative.]

Senator INHOFE. Let the record reflect they all answered in the negative.

We will start off with you, Mr. Bracy and then we will work our way down. I would like to invite you to recognize any members of your families who may be here today prior to your opening statement. I would ask that you confine your statement to 5 minutes, since we have so many of you here. The rest of your statement will be included as part of the record.

**STATEMENT OF TERENCE L. BRACY, NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION**

Mr. BRACY. Mr. Chairman, thank you very much. Let me point to my wife, Nancy, my son, Michael and my oldest granddaughter, Eliza.

Senator INHOFE. Welcome, Eliza.

Mr. BRACY. She wants to be a Senator some day.

Mr. Chairman, you have a lot of witnesses here, and with the TVA board in attendance and our mediation operation at the Foundation, I view this as a marketing opportunity. But in any event, let me say that we really appreciate, on behalf of the Udall Foundation, the relationship that we have had with this committee, the help and the direction we have received from the members and the staff, and the participation in our Native American internship program. In your case, Senator Inhofe, you were one of the first to take our interns when you were in the House. It has become a highly regarded and much sought after program in Indian country.

The long and short of it is that we started off as a scholarship foundation, much like the Truman and the Goldwater. It has been a very successful scholarship program. Over the last 10 years we have given 1,107 academic awards. We are very proud of that program. It continues to grow.

The second job Congress gave us was to set up a graduate school for tribal leaders. In the era of self-governance, Tribes lacked many of the governance skills needed to succeed. We were asked to organize a graduate school for tribal leaders, which we have done with in partnership with the University of Arizona, which has the largest Indian studies department in the country and the Harvard Project on American Indian Economic Development. In the last 5 years, more than 1,700 tribal executives and leaders have enrolled in our executive education programs. We are very proud of that. NNI is thought of as the best in the country.

Finally, and most relevant to this committee, you have twice passed legislation creating at first what we all viewed as an environmental mediation center in the Federal Government. We were happy to take this job on. We didn't really know what we had.

In retrospect, we just had no idea what the market for this service was. It has just been enormous. We have been involved in hundreds of cases throughout the country, from the Everglades to the Hawaiian coral reefs. It is a very quiet Agency. We have 24 full-time staff working for us in Tucson, kind of hidden away from the cross-currents of politics. We have some 260 qualified private mediators from all over the country on our Roster, which serves as a resource to us and to other agencies looking for mediators with whom to contract.

You reauthorized the program and increased our resources reasonably. It is running extremely well. All I can tell you about the mediation program is that there is more business than we can handle. We are very grateful to this committee. Senator Chafee was one of the guiding hands originally, as was Senator McCain and others who serve on this committee, particularly, Senator Jeffords. We are very proud of that program. It is an amazing program. I would encourage you, far beyond my tenure or our board's tenure, to continue and work with it.

My final appeal is to remind the committee that I don't do this alone. We have a group of core trustees who have served at no cost, Anne Udall, Mike Rappoport, and Eric Eberhard, who head our committees and work tirelessly. I hope that their nominations will soon come before this committee. Thank you very much.

Senator INHOFE. Thank you very much, Mr. Bracy.

Mr. Bottorff.

**STATEMENT OF DENNIS BOTTORFF, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY**

Mr. BOTTORFF. Mr. Chairman, members of this committee, thank you very much for the opportunity to appear before you today. This is indeed an honor for me to be considered for the TVA board. I also want to thank the President, President Bush, for nominating me. I want to acknowledge my fellow Tennesseans, Senator Lamar

Alexander, and Senator Bill Frist, for their confidence, encouragement and support.

Most of my life, my adult working life, I have spent in the private sector, 32 years of which were in commercial banking. As Senator Warner mentioned, 4 of those years were in the State of Virginia, where I had the good fortune of being president of one of Virginia's banks. I retired from commercial banking about 5 years ago. After doing so, I became a venture capitalist.

During that time period, I really had no time for public service. The banking career did afford me some time for community service on a number of not-for-profit boards. The situation has been changing recently. In the State of Tennessee, I was given the opportunity to serve as the inaugural chairman of an instrumentality of the State of Tennessee, the Tennessee Educational Lottery. That occurred 2 to 3 years ago. I will say, that experience in public service has been rewarding, but also very challenging, to be part of a quasi-public organization, not unlike what I view the Tennessee Valley Authority to be.

We had a very successful launch of the lottery in Tennessee. All of the net proceeds goes for education. We have been able to fund all of the scholarships for all the qualified students and students' applications for college in Tennessee have gone up by 6 to 7 percent, stimulated by the scholarships available. So it has been, as I said, very rewarding to see the affordability of and the accessibility to higher education increase for the children of Tennessee.

If confirmed, I do welcome this opportunity for a chance to be more involved in public service as a member of the Tennessee Valley Authority Board of Directors. In studying the basic mission of TVA, I am enthused about its mission. I am enthused about the opportunity to accomplish that mission and the impact that will have on economic development and the quality of life of people in the region. Those two themes are the two focuses of community and more recently, public service to which I have been attracted.

As I begin to look at the strategic challenges facing TVA, I recognize full well the importance from transitioning from the operating board system to a policy board system: the more modern governance system that we would see today in much of corporate America. I am hopeful that my service on numerous boards, private sector boards, not-for-profit boards, and more recently quasi-public boards, can be helpful to my fellow team members here, today and those already serving on the board to navigate that journey. It is a difficult journey to go from an operating board to a policy board.

So Mr. Chairman, members of this committee, and members of the Senate, I am willing to serve on the TVA board if confirmed. What I assure you is I will do so with energy, with commitment, and with sound stewardship.

Senator INHOFE. Thank you very much, sir.

Mr. Duncan.

**STATEMENT OF ROBERT DUNCAN, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY**

Mr. DUNCAN. Thank you, Mr. Chairman. I appreciate the kind remarks from Senator McConnell and Senator Bunning and also

Senator Alexander on my nomination. I also appreciate the support of other members of the Kentucky delegation.

I thank President Bush for nominating me to the Tennessee Valley Authority board. I am honored that the President chose me for this very challenging position. I would like to recognize the help that we have received from your staff, Mr. Chairman, and Senator Jeffords, from your staff, in the hearing today and also the TVA staff in preparing us for this.

Mr. Chairman and Senators, as a young boy growing up in east Tennessee near the Tennessee-Kentucky border, I never imagined that I would one day appear before a Senate committee as a Presidential nominee. Being here today is a highlight in my life. I was born in a clinic served by the Tennessee Valley Authority, attended a two-room school provided power by the TVA, and observed first-hand during the 1950s and 1960s the difference that the Tennessee Valley Authority made in people's lives.

My father still lives in Scott County, TN, where Congressman Duncan and his father originated. Although I do not live in the part of Kentucky that is served by the Tennessee Valley Authority, I have a historic appreciation for the role that TVA has played in the region.

I have chosen to spend my life in rural Appalachia, and I am fortunate to have been involved in community and economic development at many different levels. My background enables me to appreciate TVA's primary mission of generating and transmitting safe, reliable and affordable power while respecting the environment and promoting economic development in the region. My decades of experience as a community banker provide a perspective in analyzing TVA's operation and financial efficiencies. I am pleased to see that TVA has an emphasis on financial flexibility through debt reduction. All financial issues must be viewed of course through the lens of changing competition.

The electric utility industry is constantly restructuring, and TVA's 158 power distributors, customers, 61 directly served industries and Federal agencies are constantly, as they should be, looking for lower cost power. Addressing the need to create clean and safe power is very important. Meeting clean air standards is essential. I applaud TVA for its continued investment in modification to the coal-fired plants. I am confident that TVA can be a leader in environmental stewardship.

As an attorney, I read most of the recent amendments to the TVA Act mandating sweeping change as a mandate for management change. I embrace the enumerated duties that the board is to undertake and, if confirmed, my obligation is to establish broad goals, objectives and policies while developing long range plans.

Arguably, the most important thing that we will do is to hire a chief executive officer with senior level experience and hold him or her accountable. To paraphrase President Bush, being considered for this position is not the ambition of a lifetime, but it is the opportunity of a lifetime. I promise that if confirmed, I will make the most of the opportunity by balancing the needs of the country, the Tennessee Valley residents and communities in which they live.



I look forward to answering the committee's questions today and, if confirmed, to working with each of you to ensure the success of the Tennessee Valley Authority. Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Mr. Duncan.

Ms. Williams.

**STATEMENT OF SUSAN RICHARDSON WILLIAMS, NOMINATED  
TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE  
TENNESSEE VALLEY AUTHORITY**

Ms. WILLIAMS. Good morning. I am honored to be here today, as well as the rest of my colleagues, as one of President Bush's nominees to the board of the Tennessee Valley Authority. I am very grateful to the Tennessee Senator, Senator Alexander, whom I have known for many years, longer than each of us would like to remember, I am sure, and to Senator Frist, for their support. To Congressman Duncan, my Congressman, Congressman Gordon, who came over this morning, as well.

Mr. Chairman, members of the committee, I really do appreciate the opportunity to be here today and to appear before you. The woman you see here today has been shaped and molded by the Tennessee Valley Authority. I grew up in Savannah, TN. It is a small town in rural west Tennessee on the banks of the Tennessee River.

My father, that Lamar mentioned, worked his entire life for TVA, 45 years, to be exact. Most of it at Pickwick Dam, which is near Savannah. He was a senior operator, he worked in the plant. He worked shift work. He belonged to the International Brotherhood of Electrical Workers. He bought Series E savings bonds every single month through TVA for my sister and me so we could go to college.

I can only imagine what he would think if he were here today to see his daughter nominated for this position. I am a daughter of the Tennessee Valley, and I consider it an incredible honor to serve on the board.

Having this background and knowledge of the Tennessee Valley I think gives me a unique perspective on the history and on the mission of the Tennessee Valley Authority. I appreciate what TVA has done for the people of the Valley. I also recognize that there are challenges facing the new board. I can tell you that I will work hard to understand the challenges and make determinations based on sound research and careful thought.

I have served on the University of Tennessee's board of trustees for almost 11 years. We obviously have had a lot of challenges there including large budgets. We have had many other very, very good challenges over the past several years. It has been an interesting experience.

I have run a State government agency that oversaw 40,000 employees. I have been in the private sector. I have spent 35 years in the public and private arenas in my career. I feel like my work, my life's experiences and my knowledge of the TVA, I think I can make a valuable contribution to the board, if you choose to confirm me.

I really appreciate the opportunity to be here before you. I do consider it an honor, and I ask for your confirmation. I look forward to the questions. Thank you.

Senator INHOFE. Thank you, Ms. Williams.  
Mr. Sansom.

**STATEMENT OF WILLIAM SANSOM, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY**

Mr. SANSOM. Thank you, Mr. Chairman. I am also honored to be here today and thank you for your time to listen to us and consider our nomination for this board. I also want to thank Senator Alexander and Senator Frist for their confidence and encouragement. I worked for Lamar for almost 5 years, and I know him well. I hope I can perform this job so you can still be proud, Senator.

By the way, Senator Isakson, I want to respond, because the Chairman asked that we respond to your comments, I have about 100 employees in Georgia, I own property in Georgia. I hope my 100 employees in Georgia think I represent them. So I hope I can help represent you on the TVA board and also make you proud.

Anyway, I grew up in Tennessee. I also dredged sand and gravel in the TVA lakes and river. I have been in the towing business on the river. I recognize the importance of the river system and its value to the Tennessee Valley and the whole region. I will continue to work, if confirmed on this board, to make your decision to change this board a wise decision. I think you have done a great thing doing this, and I think I have gotten to know these colleagues here in the last couple of days. I look forward to working with them and I will give you some time back.

Thank you for your consideration.

Senator INHOFE. Thank you, Mr. Sansom.  
Mr. Thrailkill.

**STATEMENT OF HOWARD THRAILKILL, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY**

Mr. THRAILKILL. Thank you, Mr. Chairman. It is a great privilege for me to appear before you and the distinguished members of this committee as you consider my nomination for the Tennessee Valley Authority board of directors.

In that regard, I also want to express my gratitude to Senator Richard Shelby, Senator Jeff Sessions and Congressman Bud Cramer, who have encouraged me to come before you today. I would also like to acknowledge a new friend whose thought about the future of TVA I have quickly gained so much respect for, and that is Senator Lamar Alexander.

Finally, I must also acknowledge my wife, Donna Thrailkill, who offers her support by her presence at these proceedings.

Mr. Chairman, I deeply respect the heightened importance of this particular confirmation hearing, the first to consider seating a restructured board of directors under broad amendments to the TVA Act that you have enacted. It is also the first following the signing of the Energy Policy Act of 2005 after so many years of debate. Therefore, I am mindful of the formidable obligation and re-

sponsibility I must shoulder if you choose to confirm my nomination.

If you do, you can rely upon my applying the full measure of my ability, background and experience for this endeavor. In my view, Congress has given TVA an historic opportunity to renew and to transform itself. You have pointed the way to a new horizon. The newly established board will now bear the responsibility for implementation of your vision, and you should hold us accountable for doing so.

Having met individually with each of the other current nominees and the two incumbent board members, I commend them to you and look forward to serving with them. Upon your confirmation, I am convinced this board has the breadth of knowledge and experience to move aggressively and to begin meeting your expectations. With their business acumen and maturity, I am confident they will move in a financially and socially responsible fashion as well.

Working together, I believe this board can guide TVA to achievement of new standards of excellence in the delivery of clean, low-cost, reliable electric power to its customers. TVA should accept nothing less than becoming best of class in this Nation.

As TVA crafts its future along the path you have charted, it is clear to me that the innovative application of technology will be critical to TVA's success. As a practical matter, no other approach will power continued economic development in the Tennessee Valley, while simultaneously meeting ever tighter, more stringent environmental standards for air and water quality.

Technology is also fundamental to TVA's delivering electric service to its customers at lowest cost and highest reliability. There are simply no practical alternatives in my mind that don't introduce downside consequences that are unacceptable, in my view. In this environment, I believe my background as an engineer, technologist and business executive could provide important balance and perspective that will augment the backgrounds of the other board members.

Throughout my career in private enterprise, organizations I have headed were built around large, complex engineering teams and programs not unlike those that TVA must undertake to succeed. There is little doubt that the new board will be called upon to endorse many complex, costly programs whose success hinges upon correct assessment of technical and financial alternatives. For more than three decades, that has been the nature of my work. I offer that experience and expertise to this effort without reservation.

In closing, I would like to affirm my love for the Tennessee Valley and the natural beauty of its rivers, lakes, hills and valleys. Even though my wife and I moved to Alabama from a home near the Columbia River Basin in Oregon, we have found a river basin managed by TVA to be no less stunning and fragile. On many occasions, traveling around the area, I have simply pulled over and marveled at the incredible vistas we have in our Valley.

If confirmed, I pledge my strong support of TVA's continued program of environmental stewardship and responsible management of the Tennessee River system and resources.

Mr. Chairman, I am energized by the prospect of service as a member of TVA's board of directors during this critical period,

when energy service providers are moving in new directions, thank goodness. I firmly resolve that the new TVA can be and will be worthy of its heritage.

Thank you for your consideration.

Senator INHOFE. Thank you, Mr. Thraillkill.

Mr. DePriest.

**STATEMENT OF DONALD DEPRIEST, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY**

Mr. DEPRIEST. Thank you, sir.

Mr. Chairman, members of the committee, there is probably no greater honor than to be asked by the President to serve the Nation. As President Bush's nominee as a director of the Tennessee Valley Authority, I am thankful for the opportunity to serve. Mississippi's two marvelous Senators, Thad Cochran and Trent Lott, have been unwavering in their support and encouragement, and I will be forever grateful to them.

I must also acknowledge my friend, Senator Alexander, of many years, and the support that I have received from Senator Frist. Congressmen Wicker and Pickering and Governor Barbour have also offered their assistance and advice. It is generous of you and the committee to act on these nominations as promptly as you have, and I deeply appreciate your kindness.

TVA has been important to me for my entire life. I can remember the day at age 6 when electricity was first turned on at our house in the country near Dyer, TN. The establishment of this great institution transformed an impoverished region into a flourishing and wonderful part of the world. I will do my part, if confirmed, to see that the Tennessee Valley Authority continues its mission in an ever-improving way.

I have lived in Columbus, MS since 1963. I moved there from Memphis to open an industry that continues to operate today and which depends on the reliable, low-cost electric power that is provided by TVA's distributor, Columbus Light and Water. I came to Mississippi from Tennessee, where I am the seventh generation of my family in the great Volunteer State. Gibson County Electric Membership Cooperative, now Gibson Electric, was formed and chaired by my uncle, Charles Garner, for 40 years. So I have a legacy to fulfill and continue and improve TVA's service.

TVA, as you know, is the largest power generator in the Nation and must continue to produce large quantities of low-cost, reliable and clean power. It is a mammoth enterprise that requires prudent management and financial integrity. It has a unique capacity to control its own rates and funding sources and operates primarily like a private enterprise with a public purpose.

In expanding the board of directors and creating the chief executive officer, Congress has restructured TVA to meet the challenges of a growing organization in the power generation industry. We should keep in mind that TVA is not just an enterprise, but a leader in electric power and it carries with its power generation mission the important task of aiding economic development in the TVA area. This arm of TVA is critical to America's future. This role means that TVA must accommodate shifting trends for this indus-

try, promote employment of citizens within its area, advance technological development and secure energy sources and protect national security.

My own experience in building and developing industries and new technologies should contribute to the decision to advance the objectives of TVA. I was a board member and chairman of one of TVA's distributors in Columbus, MS during the turbulent oil and energy crisis of the 1970s. This experience should be helpful in my role on the board of TVA.

I must note that the other nominees of the newly expanded board of TVA are quality, thoughtful people of diversified skills that will bring depth of experience and a variety of viewpoints to the organization which is vital to making decisions that will affect thousands of employees, 158 distributors and millions of users and customers. The board must deal with issues and opportunities associated with types of power generation and energy sources, financial planning, budgeting and execution regarding these issues on a giant scale.

Management of appropriate debt levels, commensurate with making appropriate power rates and capital expenditures, human resources, environmental matters, land uses, legal challenges, service areas and distributor relations, finding a world class CEO, corporate governance, mega-sites for industrial and economic development and countless other challenges must be effectively solved. This requires the skill sets and experience gained in dealing with large and diverse organizations and the new board must possess these skills and be prepared to act with precision.

If confirmed, I will bring my own experience to bear in having formed, managed and operated several companies of national and international scope in telecommunications, manufacturing and broadcasting. This also includes having established one of the two original cell phone carriers in all the major cities in the TVA region.

I respectfully commend you for these hearings and for your consideration. I hope you find your way to confirm this board of candidates, Mr. Chairman.

Senator INHOFE. Thank you, Mr. DePriest. I thank all seven of you for your excellent statements, your opening statements. I must say to the six nominees to the TVA that I am a little bit prejudiced. I spent 30 years of my life in the real world in paying for all this fun they are having up here, so I appreciate others willing to come in and participate.

I was going to ask you how you are going to respond to the needs of those States that are not represented on this board, but I will let Senator Isakson do that. First of all, Mr. Bracy, let me tell you that both Senator Jeffords and I had the honor of serving in the House with Mo Udall, and what a high regard we had for him. I remember him very, very well.

You have been there since the inception, I guess, of the Foundation. Is there anything you want to share with us that was not in your opening statement as to maybe where you want to go in the next few years?

Mr. BRACY. Mr. Chairman, I think that we try to stick to our knitting. What we try to do as an organization is fill the cracks in the system. We are a small organization in a governmental context,

with many, many big organizations. But what our advantage is as a small organization is we can find the cracks in the system and we can fill them.

One of the real cracks in the system is Indian health care. More and more money is being spent on this, but you don't see the needle moving. When you go out to the reservations, the diabetes is worse than it has ever been. Some of the health care facilities have been improved on many of the reservations, thanks to members of this committee and others. But we don't really see progress in terms of the overall health of the Native American community. We are very concerned about that as a board. That is certainly one of the things we want to focus on in the next few years.

Senator INHOFE. Good. To the six of you that are nominated for the TVA, I would ask, you heard me describing some of the problems that you had in your past and we currently have in Oklahoma. It will be your responsibility to choose a director, someone who is going to be running this and answering to you. What do you have in mind in terms of what type of person you are looking for and what safeguards do you think you could put in place to keep from resurrecting some of the unethical activities of the past? Anyone who wants to respond, starting with you, Mr. Bottorff.

Mr. BOTTORFF. I had the good fortune of chairing three search committees, one of which was for the chancellor of Vanderbilt University. The process that seems to work is to start with defining the knowledge, skills and attributes that are necessary. Those knowledge, skills and attributes need to link with the strategic mission of the organization. So what I would do is encourage us as a board to try to understand the strategic challenges and then define the basic characteristics, knowledge, skills and attributes required of the CEO.

In terms of the ethics, a friend of mine once said, "In God we trust, everybody else we audit."

[Laughter.]

Mr. BOTTORFF. Seriously, to have good ethics an organization must start with a good value statement. Then you must monitor behavior to ensure it complies with those values. There are a lot of good systems that are in place and are many. I would hope that we would employ some of those systems.

Senator INHOFE. Any other want to comment on that?

Mr. DUNCAN. I would agree with my colleague. I think we have some guidance from the statute that you provided us, and we have to look to that for senior level experience and some other things that you put in there. I think we have to understand the skill set.

On the ethics issue, I totally agree. This is a matter of personal accountability. We all have to take individual responsibility for the ethical issues that we face and know that the ground changes over a period of time, just as Congress is considering ethics today. I do think that our primary responsibility as a board is going to be to hire the chief executive officer and hold that person accountable for the organization.

Senator INHOFE. Yes, ethics is at the forefront. I think we joke around a little bit, but it is something that is there and something that can creep back in. It is just, as I said, the insatiable appetite

of unelected bureaucrats to spend somebody else's money is always there, for their own benefit.

Ms. Williams or anybody else care to respond as far as the directors are concerned?

Ms. WILLIAMS. I would just say, Mr. Sansom and I have both served on the University of Tennessee board and search committees there, and certainly know what goes on looking for management. I think ethics is very important to me. Personally, I have lived in the Tennessee Valley all my life—I have lived in Knoxville the last 18 years, so I know what you are speaking of. I am absolutely committed to getting the right person.

Senator INHOFE. Good. Anybody else? Thank you very much.

Senator Jeffords.

Senator JEFFORDS. Mr. Bracy, the U.S. Institute for Environmental Conflict Resolution is an integral part of the Udall Foundation, as you know. Its premise is simple: it is better to resolve Federal environmental disputes through mediation rather than through litigation.

Since Congress created the Institute in 1988, it has built an impressive record of accomplishments. Just a few months ago, the White House, the Office of Management and Budget and the Council on Environmental Quality issued a memorandum encouraging Federal agencies to draw on the services of the U.S. Institute to increase the effective use of the environmental conflict resolution.

However, the President's budget proposes less than \$700,000 to fund the Institute this fiscal year 2007 as compared to \$1.9 million appropriated by Congress this year. Mr. Bracy, if the Congress were to enact the President's proposed funding levels, please describe the impact that would have on the ability of the U.S. Institute to fulfill its mission.

Mr. BRACY. Well, Senator, let me first put it in perspective. You all have created this Institution, we have tried to manage it well for you. You have revisited this twice in terms of what the authorized level and needed level is. We agree with what you have done.

The cost of one major environmental lawsuit in the United States today exceeds the total appropriation for all our mediation services. One lawsuit. We have settled hundreds of things.

So the impact would be, I think, something that the committee would not be very happy about. We would certainly have to abandon many, many of the cases that we are involved in. We might even have to lay off staff. This kind of recommendation has come up here before. Once I was quietly complaining about this to a member of the Senate, and he said to me, well, you know, sometimes they send budget items up here that they know we are going to approve.

Given the OMB directive to the Federal agencies to go ahead and use our services as much as possible, I think that some recognition has to be given that we need the resources to do the job.

Senator JEFFORDS. Thank you. I would like to work with you to make sure that that gets done.

Mr. BRACY. Thank you, Senator.

Senator JEFFORDS. Mr. Bottorff, the new Energy Policy Act of 2005 encourages the development of distributed generation by allowing individuals to connect windmills or solar panels at their

home to the grid and expanding combined heat and power projects by standardizing the interconnection process. Do you think this legislation should apply only to the TVA?

Mr. BOTTORFF. Senator, I really haven't had a chance to look at that, but I will.

Senator JEFFORDS. I would appreciate it if you would, because we are very interested.

Mr. Duncan, would you support the TVA in electing to voluntarily adopt further measures to increase energy efficiency at its projects and among its ratepayers and increase the supply of electricity in the region?

Mr. DUNCAN. Senator, obviously that is something that we should consider. I do not have enough information to give you a specific answer at this time. I generally understand the issue of efficiency. On the one hand, we are generating electricity and trying to sell electricity. On the other hand, we are asking people to conserve. I think you can do both.

Senator JEFFORDS. I would like to continue to discuss that with you. I will as we go on.

Mr. DUNCAN. I would be happy to do that.

Senator JEFFORDS. Ms. Williams, in addition to hydropower, what portion of TVA's generation base should come from renewable energy sources?

Ms. WILLIAMS. That is a very good question, and something that I am very interested in. I know Senator Alexander spent a good deal of time looking at that issue as well. I can't give you a specific percentage. It is a small percentage right now, in TVA. Obviously, renewables are important. We need to, I think, increase those. Obviously, we have had issues with clean air, and that is something that could be very helpful in the Valley.

Again, I don't know the percentage, but I think it should be increased.

Senator JEFFORDS. I would appreciate your looking into some of these issues. I am deeply interested in this. We will be back to you.

Ms. WILLIAMS. Yes, sir. I understand that. I can commit to you that we will do that.

Senator JEFFORDS. Mr. Sansom, the effective of restructuring of the electric production and transmission industry in our country on reliable delivery of electric power will continue with lessons learned from the blackout in New York, the California crisis and the reliability struggles elsewhere. TVA must continue its earnest efforts to ensure reliable power delivery.

What else do you feel that TVA can do with neighboring utilities to ensure that we do not suffer additional regional blackouts?

Mr. SANSOM. Obviously that is important. In fact, I was just visiting Oak Ridge National Lab last week. They have people working on that same issue, of transmission, power loss in transmission. I think it is obviously something TVA has to be involved in. I don't know all the answers yet, not that I ever will, on how to work with other utilities in that regard. But we will sure pay attention to that, and we know it's important.

Senator JEFFORDS. We will be following up.

Mr. Thraikill, TVA announced plans in 1997 to cut its debt in half by the year 2007 and increase rates for its distributors specifi-



cally in order to reduce its debt. TVA has acknowledged that it will not meet its debt reduction targets and is only on a track to make a small dent in the overall debt. As part of the TVA board, do you plan to meet the original plan of reducing TVA's debt?

Mr. THRAILKILL. Senator, I do not have a specific target for reducing the debt. But I certainly know that that is something that needs to be addressed by this board. I am convinced that once we look at the financial affairs of this company in great depth, this Congress with its great wisdom has asked that we put together a strong audit committee and that we write a strategic plan.

I think those two mechanisms will ensure that we start to approach those issues in a very sensible and business-like fashion, and I pledge to you I will work hard toward that direction.

Senator JEFFORDS. I appreciate your saying that. We will be working hard to look after you.

Senator INHOFE. Senator Jeffords, I know you have one more question, but if you could hold that for just a moment until we go around to the rest of the panel, we will come back to that. Is that all right?

Senator JEFFORDS. OK. I only have one more, but that's all right.

Senator INHOFE. All right. Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman. I want to repeat what I said at the outset of my remarks, that this is a tremendous group of nominees, and I look forward to voting for your confirmation out of committee.

The reason that I raise the representation issue is that if not raised now, and it rises to a level of your attention after you go on the board, then it would be a mistake on my part not to see to it we've dealt with it forthrightly. I am glad the Hackney Company has 100 Georgians working for them. It was wise of you to hire all them. I want to thank you for that.

I am delighted that Mr. DePriest has the practical experience with municipal electric and cooperative deliveries. As you know, TVA sells power through five either municipal or electric cooperatives in Georgia. Being familiar with cooperatives, because I am a cooperative customer myself, as many of you may or may not know, cooperatives go to a great extent to ensure inclusion on the part of those that pay them in policy matters and coming before and meeting with the executives of the cooperative authority on a timely basis.

When TVA converts, as it should, and I commend Senator Frist for this creation, from a tightly knit three-member executive committee to a nine-member board, although you are appointed, you take on much more of a representative form of a governing body, if you will. In my State of Georgia, aside from the statistics that I mentioned in terms of the number of people served, the vital infrastructure and aesthetic beauty of lakes, their shorelines and other things directly controlled by TVA are something people in Georgia would be very disappointed if they did not feel like they had a seat at the table when vital decisions are made.

So rather than a question, it is like poor Judge Alito and Judge Roberts, you ask them what kind of a decision they are going to make before they are in a position to make a decision, they can't prejudice themselves. So I am not going to ask you to prejudice

yourself. However, I want to make this point. This is two-thirds of the future board sitting in the room, if the makeup stays at nine members. This is six, my Georgia math tells me that is two-thirds.

You could in yourselves make a decision. You are getting ready to be a part of hiring a CEO. If part of the hiring of that CEO is equitable representation of those that are served but do not have a board member, I would sure feel a lot better to know that that was an issue that was on his or her radar screen, for example.

Second, if you are going to be a board that represents several States, but only a few of the States are on the board, you might want to find a mechanism for those States to have advisory capacity within your own creation, so that when issues come forward to you, there is a mechanism for them to flow to the board that reflects the parochial interests of each of the States.

I can't address the States of North Carolina and Virginia. But I can address the State of Georgia, and I would presume their interests to be the same. There are going to be issues dealing with electric energy in the years to come that are going to be crucial to have customer buy-in and community buy-in. The absence of representation on a board like TVA and the reason for the reach that we went to to expand that board now is to ensure those are as smooth, timely and as cooperative as possible.

So I know you can't commit yourself to something before you have the opportunity to do it. But I am going to commit myself to make sure we have some dialog before we get to that confirmation to ensure that you are aware and others are aware that there must be a mechanism for a smooth flow of information to and from all those served. I am open as I can be to being as cooperative as I can be to being a part of that solution.

I don't apologize for raising the issue, because I have been on the board of banks that are audited. I was the first load management customer of a major cooperative. I have worked closely with electric generation in my 30 years in public life. I have seen issues like this not raised until it was too late and the problems were a whole lot bigger than they were if you raise them on the front end.

Last, Ms. Williams, were you part of hiring Pat Summitt?

[Laughter.]

Ms. WILLIAMS. I actually worked with Pat Summitt as associate women's athletic director for 8 years. She is my hero.

Senator ISAKSON. If you can get her to TVA, you all will make a good decision.

[Laughter.]

Ms. WILLIAMS. I have tried to get her to run for Governor a couple of times.

[Laughter.]

Senator ISAKSON. Thank you, Mr. Chairman.

Senator INHOFE. Thank you, Senator Isakson.

Senator Jeffords, you had one more question in your line of questioning, if you would like to ask that now, it would be an appropriate time.

Senator JEFFORDS. Mr. DePriest, what will you do to ensure that TVA aggressively reduces air pollution and aims to achieve at least the 1990 levels of carbon dioxide emissions?

Mr. DEPRIEST. I am not specifically familiar with the 1990 levels, but I am fully committed to producing clean power. In the area of producing power from coal energy, I would be very interested in coal gasification that would include the carbon recapture. So I believe that I will be a voice on this board, if confirmed, for very much clean power with every technology that we can find. I assure you that we will examine each one of those technologies.

Senator JEFFORDS. Thank you for that answer. I will be following up with you.

Senator INHOFE. Thank you, Senator Jeffords.

Senator Alexander, do you have any questions you would like to ask the panel?

Senator ALEXANDER. Thank you, Mr. Chairman, for inviting me to sit in, although I am not a member of the committee. I won't ask any questions. I would just say this. If the shareholders of the TVA are the citizens of the Tennessee Valley Authority region and the citizens of the United States, I think any shareholders in America would be fortunate to have as directors a group of men and women this distinguished and broad-gauged and serious about their purpose. I look forward to working with them.

Senator INHOFE. I certainly agree with that comment.

Let me just ask one further thing. Senator Sessions brought up the issue of the debt. Does anyone have any comment to make about how we are going to address that?

Mr. BOTTORFF. As a banker maybe I should comment. You might guess that my bias is prudence and conservatism in terms of debt levels. When I look at TVA, I will say I haven't really had a chance, though, to study cash-flows, coverage ratios. It's balance sheet, strengths, sensitivities and to define really what ought to be the debt capacity.

I also think that looking at TVA's balance sheet, it is very different than an investor-owned utilities balance sheet. What is important to understand, in any capital intensive industry is its cost of capital. We need to really understand the differences in TVA's balance sheet versus investor-owned utilities to determine its true cost of capital. That coupled with its debt capacity will have major impact on TVA's funding strategy.

So I come at the question from a conservative standpoint. I need to understand the facts before commenting specifically on TVA's debt service capabilities.

Senator INHOFE. An other comments on that issue?

Senator Jeffords or Senator Isakson, do you have any further questions?

Senator JEFFORDS. No, no further questions.

Senator INHOFE. Again, it is an honor to have this very distinguished panel before us. We are looking forward to working with you in the future. In fact, Senator Jeffords said something that is interesting to me quietly a minute ago. He said that maybe we should go down and look at this thing. I have to tell you, I have never been there. So you may have have some visitors.

With that, we are adjourned.

[Whereupon, at 11:06 a.m., the committee was adjourned.]

[Additional statements submitted for the record follow.]

## STATEMENT OF HON. JIM BUNNING, U.S. SENATOR FROM THE STATE OF KENTUCKY

Thank you, Mr. Chairman. I appreciate having the opportunity to introduce my friend and fellow Kentuckian, Mike Duncan, to be a nominee for the Tennessee valley authority's new board.

I have known Mike for many years. He is a man of integrity and fine character. He takes public service seriously. And he is a man of compassion and fairness. His educational and philanthropic endeavors to better the lives of Kentuckians is unmatched.

Mike has been past President of the Kentucky Bankers Association and Director of the Cleveland Federal Reserve Bank's Cincinnati Branch. His banking and finance experience will bring a unique perspective when it comes to TVA's management and accounting of its finances and debt. TVA certainly needs a board member who understands economics to help it get its \$25 billion in debt under control.

What I like about Mike is that he is not a 'yes man' or someone who simply 'goes along to get along'. If there is a problem, Mike will identify it. And he will work hard to fix the problem, even if it is not a popular solution.

Mike takes his endeavors seriously, and I know he will take the job as a TVA boardmember seriously, too.

TVA has problems. It has issues with its debt. It is unregulated by FERC.

Some residents in the TVA region even pay higher costs for their electricity than those living outside the TVA fence. This defeats the purpose of TVA.

I know that Mike will help bring these issues to light as a boardmember and he will advocate commonsense solutions.

Mike will work to help ensure that citizens in the TVA region will receive reliable, efficient and cheap power to better their lives.

I appreciate the Chairman's and Ranking Member's invitation to introduce Mike Duncan. I look forward to his swift confirmation in the committeeq and on the floor.

Thank you, Mr. Chairman.

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 STATEMENT OF HON. WILLIAM H. FRIST, U.S. SENATOR FROM THE STATE OF TENNESSEE

Mr. Chairman, I am delighted to be here today to welcome the first nominees to serve on the expanded, modernized Board of Directors of the Tennessee Valley Authority.

Nearly 10 years ago, shortly after I came to the Senate, I started working on legislation to reform the TVA Board. In my dealings with TVA as a Senator, it quickly became clear to me that the existing Board structure of three, full-time Board members, and no chief executive officer, was not working effectively. TVA needed a Board that operated like the Board of Directors of any other large, \$7 billion a year corporation. Its Board members needed to have more business and management experience, with less emphasis on political experience. And it needed a CEO to manage its day-to-day operations.

I am proud to say that, a little over a year ago, my legislation to modernize the TVA Board passed the Congress and was enacted into law as part of the fiscal year 2005 Omnibus Appropriations bill. The nominees who are here today to testify are the first group nominated by the President to serve on the new, expanded, part-time Board. They are an extremely well-qualified group. They have exactly the kind of business skills and management expertise that I had in mind in drafting my reforms. And I believe that the new Board structure will ensure that they, and the new CEO that they hire, are more accountable to the ratepayers and the citizens of the Tennessee Valley.

I am especially pleased, of course, that the President has nominated three distinguished Tennesseans to serve on the new Board—Denny Bottorff, Bill Sansom, and Susan Richardson Williams. They are truly excellent choices, with solid business backgrounds and lengthy records of leadership in their communities, and I am confident that they will serve with distinction if they are confirmed. I also have the pleasure of knowing several of the other nominees from other states, and I am excited about the future of TVA because they are such an experienced, highly qualified group.

Mr. Chairman, I want to thank you again for moving forward on these nominations so expeditiously, and for allowing me to be here this morning. I look forward to working with you and all of my colleagues to make sure that we get these very qualified nominees confirmed by the Senate as quickly as possible. Thank you.

## STATEMENT OF HON. TRENT LOTT, U.S. SENATOR FROM THE STATE OF MISSISSIPPI

Mr. Chairman, it is my honor and privilege to introduce my friend, the Hon. Donald R. DePriest, a fellow Mississippian and nominee of the President of the United States to become a member of the Tennessee Valley Authority Board of Directors.

Don is lucky to live in the great State of Mississippi. He lives there with his wife Sandra with whom he has four lovely children: Sally, Robert, John and Warner, who has the firmest handshake in the State!

Don has dedicated himself to the State of Mississippi through his service as Chairman of the Columbus, Mississippi Utilities Commission, a Tennessee Valley Authority power distributor, as a member of the Mississippi Governor's Venture Capital Task Force, and of the State of Mississippi Audit Oversight Committee of Ethics.

Don has complemented his service to Mississippi with his work in the private sector. He was founder, CEO and Chairman of Charisma Communications; a former Union Planters Bank director; and founder of Microtech Median Inc. and Boundary Healthcare Products. He currently serves as CEO and Chairman of MCT Investors; and Chairman of MCT Corporation.

Don is not only an accomplished businessman, but also an outstanding member of his community as a Rotarian, a founding member of the State of Mississippi Historic Preservation Commission, and as president of the Boy Scout Council.

Don holds the Silver Beaver Award from the Boy Scouts of America and has served multiple terms on the Atlanta Regional Panel for the Selection of White House Fellows. In 1974, the U.S. Small Business Administration awarded him the "Businessman of the Year" award for Mississippi. He is also a trustee for the National Symphony Orchestra.

As you can see, Don's gift for Communication and his deep understanding of the relationship between Government, community and business make him not only well qualified, but also deserving and prepared to serve as a Tennessee Valley Authority Board Member.

## STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM THE STATE OF ARIZONA

Mr. Chairman, thank you for this opportunity to offer my strong support for the reappointment of Terry Bracy to the Udall Foundation Board of Trustees.

As this committee knows, the Morris K. Udall Foundation was established by Congress in 1992 to honor the legacy of Morris Udall and his commitment to the preservation of the Nation's natural environment. The Foundation has been a great success and I know that Mo would be very proud of its many accomplishments in advancing important programs in environmental and Native American policy.

The Udall Foundation has competitively awarded hundreds of scholarships to college students throughout the United States. The Foundation also has developed and carried out a very successful native American Indian Summer Congressional Internship Program, and is well along in the effort to establish the Native Nations Institute that was authorized by Congress in 2000 to provide leadership and governance training for tribal officials. The Udall Foundation has also established and successfully operated the U.S. Institute for Environmental Conflict Resolution, created to assist in the resolution of federal environmental, natural resources, and public lands conflicts and controversies through facilitated negotiation, mediation, and collaborative problem-solving. It is so appropriate that the Conflict Resolution Institute is housed under the Morris K. Udall umbrella, as Mo was so adept at helping find common ground to forge resolutions from often diverse view points—resolutions that were of benefit not only to Arizona, but the Nation.

The Act establishing the Foundation created a Board of Trustees comprised of 13 members, almost all of whom are nominated by the President and confirmed by the Senate. Terry Bracy has been Chairman of the Board of Trustees for the Udall Foundation since 1994 and I am pleased to lend my strong support to his renomination. I have known Terry since 1982 when Mo Udall introduced us. Terry was one of Mo's closest friends and advisors throughout his life. Earlier he had served as perhaps Mo's key aide for 10 years before becoming Assistant Secretary of Transportation. Terry's leadership at the Foundation has been essential at every stage, from ensuring its solid inception to helping to advance its accomplishments and building continually upon its many successes. The Foundation has a promising future, and that is in large part due Terry's leadership and tireless dedication.

Mr. Chairman, Terry's contributions to the Foundation have been remarkable, and I urge the committee's support for his reappointment to the Morris K. Udall Foundation Board of Trustees.

STATEMENT OF HON. MARK UDALL, U.S. REPRESENTATIVE FROM THE  
STATE OF COLORADO

Mr. Chairman and Members of the committee, I want to express my strong support for Terrence L. Bracy and to urge the committee to recommend that the Senate advise and consent to his nomination for continued membership on the Board of Trustees of the Morris K. Udall Foundation.

Since the inception of the Foundation in 1994, Terry has served as a Foundation trustee, providing outstanding leadership and direction in the development of the Foundation's education programs and the U.S. Institute for Environmental Conflict Resolution.

Having previously been the chief legislative aide to my father, Representative Mo Udall, and then having served as Assistant Secretary of Transportation, Terry has brought invaluable government experience to the Foundation's board, provided essential guidance and support to senior staff on important management issues, and devoted untold hours of unpaid work to the Foundation.

I believe his continued membership on the board is vital for the continued success of the Foundation, especially because the board now includes a large number of recently-appointed trustees with more limited experience with the operations of the Foundation.

The Foundation has developed an array of scholarship, fellowship, and internship programs. I understand that more than 1,100 academic awards have been made to students in all 50 States who represent the next generations of environmental and Native American leaders.

In addition, since 1998 the Foundation has worked to promote alternative dispute resolution of environmental conflicts as a way to reduce litigation, and more recently has been charged by Congress to take steps to improve the skills of Native American leaders seeking to help their tribes' efforts at effective self-governance. Toward that end, the new Native Nations Institute has provided executive training to more than 1,700 leaders from more than 340 tribes.

Terry has been involved in all these efforts and I think his continued involvement as a Member of the Board of Trustees will greatly assist in their success.

I urge approval of his nomination.

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STATEMENT OF HON. MITCH MCCONNELL, U.S. SENATOR FROM THE  
STATE OF KENTUCKY

Mr. Chairman, Ranking Member Jeffords, Fellow Senators, it is my great honor and privilege today to introduce you to Mike Duncan, the President's nominee to be the newest member of the Board of Directors of the Tennessee Valley Authority.

I have known Mike for many years, and during the course of these hearings, I believe this distinguished committee will come to know what I know: that he is an intelligent, experienced, capable man of integrity who will bring all his talents and energy to the much-needed task of reforming the TVA.

Mike's professional experience is exactly what the TVA needs to correct its course. After graduating with honors from the University of the Cumberlands, he earned a degree from the University of Kentucky Law School and completed an executive education program at the Harvard Business School.

He is an accomplished business manager, having served as the Chairman and Chief Executive Officer for several financial institutions—the Community Thrift Holding Company, the Community Holding Company, Inez Deposit Bank, and Inez Deposit Bank FSB. All of these positions have left Mike extremely well versed in corporate governance and business management.

Mike was selected to become the White House Assistant Director of Public Liaison in 1989 and 1990, a position where he became accustomed to using the skills of outreach and communication that will be vital to his position at the TVA.

He has also served as the President and Chairman of the Kentucky Bankers Association, giving him an understanding of the financial tools necessary to rescue the TVA from its overwhelming debt.

Mike's many civic activities include service as the chairman of the Center for Rural Development from 2002 to 2004, service on the Appalachian Regional Commission in 2004, and service on the White House Conference on Small Business in 1995. Every one of these positions has given him insight into the types of problems the TVA faces.

In short, Mike's qualifications for this position are not a mystery to me at all. Over the decades of his professional career, and of our friendship, he has proven to me his honesty, intelligence, creativity, energy and organizational skills. What is

a mystery to me is why he is interested in this position. Taming the wild beast that is the TVA will surely be the hardest professional challenge he has ever faced.

Quite frankly, the TVA is broken. Created to solve the problems of a long-ago era, it has failed to even begin to grapple with the problems of today. The Nation's largest public power company is currently \$26 billion in debt.

The TVA is failing to provide its Kentucky customers with power at a fair, competitive price. TVA's rates in Kentucky are 30 percent higher than other power providers in the Commonwealth, costing Kentuckians who are forced to use TVA \$100 million more per year than they would pay if they could use other providers.

Rather than providing relief for these Kentuckians, TVA raised its rates by 7½ percent last October—one of the largest rate hikes in the bureaucracy's 73-year history. And now they are considering even greater rate increases. Even more outrageous, while TVA is sticking these rate hikes to their customers, they celebrated their record of financial mismanagement by awarding over \$60 million in bonuses last year. Clearly, this is an entity in need of new management.

TVA has shown contempt for its customers by refusing, despite contracts they signed in 1997, to allow them the right to purchase power from more affordable providers. They refuse to allow transmission of this power along their power lines—thus holding many Kentucky communities hostage, and costing Kentucky families trapped inside the TVA fence needless extra money on their monthly bills.

Despite his assurances for over a year that this flouting of a contract signed in good faith would be stopped, the current chairman of the TVA Board has yet to make an honest effort to fix this problem.

TVA has been completely unresponsive to the concerns of its Kentucky customers. As a new Board member, Mike Duncan's Herculean task will be to turn around the TVA's legacy of mismanagement, fraud, and feeble responsiveness. TVA must change.

Mike's confirmation can be the first step. He has the knowledge, the energy, the talent, and the patience the challenge requires. In fact, Mike likes challenges. Anyone who would take this assignment has to. I am convinced that Mike is the best person to take the giant, stale, bureaucratic lemon that is the TVA and begin to turn it into sweet lemonade.

I appreciate the committee's expeditious handling of Mike's nomination, and I look forward very much to his confirmation. I hope this committee will see Mike as TVA's best hope for becoming a responsible, stable power supplier in the Valley. Thank you for allowing me to testify on his behalf.

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STATEMENT OF TERRENCE L. BRACY, NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE MORRIS K. UDALL SCHOLARSHIP AND EXCELLENCE IN NATIONAL ENVIRONMENTAL POLICY FOUNDATION

Mr. Chairman and members of the committee, thank you for this hearing and for all you have done to support the activities of the Udall Foundation. Our role is to educate and mediate, and to do so with the spirit of civility and integrity that shaped the 30-year Congressional career of Mo Udall. I was proud to have him as a friend and lucky to have him as a mentor. Everything we have attempted as a Foundation was begun by asking a simple question: How would Mo Udall have approached this challenge?

Inspired by Mo's creativity and good humor, the Foundation board has found its way to unanimity in all of its decisions. As new challenges and assignments have come our way, under Democratic and Republican Administrations, our trustees have moved together to adopt policies and budgets which fulfilled our common responsibilities. Many of our trustees have given generously of their time and intellect, all without compensation, to develop the institution you envisioned. I hope and believe we have served you well.

Attached to my statement is a fact sheet, which lays out our record for the first 10 years. I will not repeat the details, but a few accomplishments are worthy of note. The Udall Foundation has developed a family of scholarship, fellowship, and internship programs which have become among the most popular on the campuses of American universities. To date, 1107 academic awards have been made to students in all 50 States. In these scholars, we seek to identify and recruit the next generations of environmental and Native American leaders and to teach them the overarching values of civility, integrity and consensus.

In 1998, you approved legislation that challenged us to build within the Federal Government a new agency to promote alternative dispute resolution of environmental conflicts. This was a logical response by Congress to relieve court dockets crowded with expensive and complicated lawsuits that took years and millions of

dollars to resolve. I remember Chairman Chafee telling me at the time that he didn't know if this approach would work, but it was sure worth trying. The committee approved a public/private partnership under which the Foundation was directed to build a core staff at our headquarters in Tucson, but then reach out to the private mediation community. Today we have a core staff of 24 at the U.S. Institute and more than 260 qualified private environmental mediators available for contract services or referrals in 46 States. This partnership has given our small agency vast outreach and explains why we have been involved in hundreds of cases, ranging from the Everglades to the Hawaiian corral reefs. We are grateful that the reauthorization bill you approved in 2003 significantly increased our resources.

We were also charged by legislation authored in the Indian Affairs Committee to build what is now known as the Native Nations Institute. Self-governance has brought the tribes many benefits but also many challenges. Of course, most tribes do not benefit from gaming revenues and are very poor. Often Native leaders have lacked the governance training and skills needed to succeed, and we were asked to take steps to fill that gap. NNI, as we call it, has over the last 5 years provided executive training to more than 1,700 Native leaders from more than 340 tribes, even as its youth programs, including the first-ever Native American congressional internship program, is seeking to identify and educate the leaders of the next generation.

Looking ahead, we ask for your continued support. As a relatively small and new institution within the Federal family, we have the ability to find the cracks in the system and fill them with creative thinking. Some of that thinking has been ours, and indeed some has been yours. We will continue to keep you and the committee staff fully informed of our activities and, as in the past, we will seek additional resources from you only when they are absolutely needed.

As we celebrate our first 10 years of operation, the trustees and our elite staff will be meeting for 4 days in April to lay plans for the decade ahead. Among the items already identified is the growing deficit in Indian health care, the need to recruit a new generation of career civil servants in environmental agencies, and a re-emphasis on one of Mo Udall's favorite topics, ethics. As always, we are most interested in any new ideas that the committee may generate.

Mr. Chairman, I hope and believe that we are developing an institution of growing importance and influence whose actions would make this committee and Mo Udall proud. I'll be pleased to answer any questions.





Morris K. Udall Foundation  
CIVILITY, INTEGRITY, CONSENSUS

### **Overview of Morris K. Udall Foundation**

The Morris K. Udall Foundation's activities include an educational program that provides scholarships, fellowships and internships and funds the Native Nations Institute at the University of Arizona. The Foundation also operates the U.S. Institute for Environmental Conflict Resolution, which provides mediation, facilitation and related services to assist in resolving federal environmental conflicts.

#### **Education Programs**

The Foundation's educational activities are supported by the income from a Trust Fund established by Congress, which was authorized at \$40 million. Through FY 2006, appropriations have totaled approximately \$35.6 million. The educational activities include:

##### Morris K. Udall Scholars

From 1996 through 2005, there have been 4,197 nominees competing for 756 Morris K. Udall Scholarships. Scholars are college juniors and seniors who intend to pursue careers related to the environment or who are Native Americans engaged in health care or tribal policy studies. They have come from 255 institutions and all 50 states. Through 2005, \$3,775,000 has been awarded in scholarships.

##### Morris K. Udall Fellows

Eighteen Morris K. Udall Fellows have been awarded graduate fellowships of \$24,000 each.

##### Native American Congressional/White House Interns

Since 1996, 114 Native Americans have been summer interns on Capitol Hill, in the Executive Office of the President and in selected agencies. The interns are generally college juniors or seniors or graduate students with an interest in public policy. The Foundation provides each intern with housing, per diem, and travel costs to Washington, DC, plus a \$1200 stipend upon successful completion of the program.

##### Parks in Focus

This program, in partnership with the Boys and Girls Clubs, instills an appreciation for nature in disadvantaged youth by teaching them photography while on trips to state and national parks.

##### Native Nations Institute

Native Nations Institute provides tribal leaders with executive and leadership training and policy advice necessary for effective tribal self-governance and economic growth. The Foundation has transferred \$2.75 million from Trust Fund appropriations to Native Nations Institute, pursuant to Congressional authorization in FY 2001 through 2005. An additional transfer of \$500,000 is anticipated in FY 2006.



Morris K. Udall Foundation  
CIVILITY, INTEGRITY, CONSENSUS

#### **U.S. Institute for Environmental Conflict Resolution**

The U.S. Institute for Environmental Conflict Resolution assists in resolving federal environmental disputes through mediation, facilitation and related services. The Institute received an appropriation of \$1.9 million for FY 2006, a substantial increase from the approximate \$1.3 million in appropriations it had received each year from 1999 through 2005. The Institute also is authorized to collect fees for services from parties to environmental conflicts.

Since its inception in FY 1999, the Institute has been directly involved in hundreds of conflicts around the country, providing services such as assessment, mediation and facilitation. It has also been involved in numerous trainings, workshops, and referrals to private sector mediators. Many of the projects have national significance -- for example, the Grand Canyon overflight noise controversy; interagency disputes in the Everglades restoration project; high-profile issues related to the Federal Highway Administration's environmental streamlining program; recreational shooting on public lands; endangered species and military training issues on the Barry M. Goldwater Range; water management issues in the Missouri River Basin; and stakeholder conflicts over timber sales, forest restoration efforts, grazing and environmental compliance on national forest lands.

In late 2005, the Office of Management and Budget and President's Council on Environmental Quality jointly issued a policy statement directing federal agencies to increase the effective use of environmental conflict resolution practices and build their capacity for collaborative problem solving. The policy statement encourages agencies to draw on the services of the U.S. Institute to review their internal mechanisms and strategies for increasing use of environmental conflict resolution and assist in developing performance and accountability measures. Agencies also are directed to consider using ECR to address environmental conflicts, including the services of the U.S. Institute.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

# INFORMATION

## REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:** Terrence L. Bracy

**Business Address:** Bracy Tucker Brown & Valanzano  
1615 L Street, NW, Suite 520  
Washington, DC 20036

**Business Phone:** 202-429-8855

**Home Address:**

**Home Phone:**

**UNITED STATES SENATE**  
**COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS**  
**STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

Name: Bracy Terrence Lester  
(Last) (First) (Middle)

Position to which nominated: Board of Trustees, Morris K. Udall Foundation

Date of Nomination: September 29, 2005

Date of birth: 17/12/42 Place of birth: St. Louis, MO

Marital status: Married Full name of spouse: Nancy Muhlitner Bracy

**Name and ages**

Of children: 1

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>University of Arizona</u>	<u>09/1964 to 06/1966</u>	<u>MA</u>	<u>06/1966</u>
	<u>St. Louis University</u>	<u>09/1960 to 06/1964</u>	<u>BS</u>	<u>06/1964</u>
	<u>St. Louis University H.S.</u>	<u>09/1956 to 06/1960</u>	<u>Certificate</u>	<u>06/1960</u>

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

02/1982 to Present, Bracy Tucker Brown & Valanzano, Chief Executive Officer, Self-employed

09/1979 to 02/1982, Alcalde, Fay, Associate, Formed own business

01/1977 to 07/1979, U.S. Department of Transportation, Assistant Secretary

06/1966 to 01/1977, Congressman Morris K. Udall, Legislative Assistant

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

McCarthy Award, Best Undergraduate Writer at St. Louis University

Fellowship in Political Science, University of Arizona

Congressional Fellowship, 1965

Many athletic awards and championships in football, baseball, tennis and golf.

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
<u>River Bend Golf and Country Club</u>		<u>1984 to Present</u>
<u>Economic Club of Washington</u>		<u>1988 to Present</u>

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

I have been Chair of the Morris K. Udall Foundation since its beginning in 1994. I believe its educational and mediation programs are highly regarded, but I must leave that for others to judge. Prior Government experience includes ten years of service as Congressman Morris K. Udall's Legislative Assistant and three years as Assistant Secretary of Transportation during the Carter Administration.

**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will continue as Chief Executive Officer of Bracy Tucker Brown & Valanzano of which I am a founding partner.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

I will continue as C E O of Bracy Tucker Brown, Inc. of which I am a founding partner.

3. Has anybody made a commitment to you for a job after you leave government?

NO

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

YES

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

NO

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

Left after 10 years of service to Congressman Udall to become Assistant Secretary of Transportation in 1977. Left DOT in August of 1979 when Secretary Adams resigned.

**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

NONE. Annual salary from Bracy Tucker Brown & Valanzano will continue.

2. Are any assets pledged?

NO

3. Are you currently a party to any legal action?

NO

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

YES

5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

NO

**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

NONE

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

NONE. I act as a consultant for cities and other clients who have relationships with the Government, but scrupulously avoid conflicts.

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

I will recuse myself as dictated by federal ethics laws. In addition, I have signed an ethics agreement specifying the steps I will take in order to avoid conflicts of interest in relation to my business. A copy is attached.

The Board of Trustees of the Udall Foundation has further adopted a conflict of interest policy that provides that the activities of the U.S. Institute for Environmental Conflict Resolution will be entirely independent of the involvement or influence of the Board, and that the Board will not have access to any confidential information related to projects handled by the Institute. A copy is attached.

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

See attached statement from agency ethics officer regarding relevant ethics laws and regulations.



1258 Beverly Road  
McLean, VA 22101  
October 7, 2005

Ms. Ellen Wheeler  
Chief Operating Officer and General Counsel  
Morris K. Udall Foundation  
130 South Scott Avenue  
Tucson, Arizona 85701-1922

Dear Ms. Wheeler,

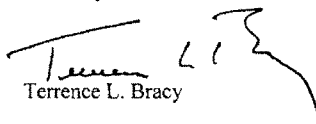
The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position on the Board of Trustees for the Morris K. Udall Foundation.

Pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of Bracy Tucker Brown, unless I first obtain a written waiver or qualify for a regulatory exemption.

Pursuant to 5 C.F.R. § 2635.502, I will not participate in any particular matter involving specific parties in which any client of Bracy Tucker Brown is or represents a party to such matter unless I am authorized to participate. I also will not participate in any particular matter involving specific parties in which any former client of Bracy Tucker Brown is or represents a party to such matter unless I am authorized to participate.

The Morris K. Udall Foundation is not a client of Bracy Tucker Brown. The firm files a lobbying report regarding the Udall Foundation in order to show my affiliation with the Foundation. The report further shows no lobbying activity and no revenue. The report is filed in the interest of full disclosure of all of my affiliations and activities.

Sincerely,

  
Terrence L. Bracy

CONFLICT OF INTEREST POLICY  
(Approved by the Board of Trustees, April 22, 1999)

The Board of Trustees of the Morris K. Udall Foundation maintains the following policy with regard to potential conflicts of interest that may arise with respect to matters before the U.S. Institute for Environmental Conflict Resolution.

1. Given that members of the Board of the Foundation may have interests or employment that could give rise to conflicts of interest for the Institute with respect to particular matters that come to the Institute for conflict resolution services, it is the policy of the Board and the Institute that:
  - A. The participants in any matter referred to the Institute for conflict resolution services shall be informed that the Institute is within the Morris K. Udall Foundation, which is governed by a Board of Trustees appointed by the President with the advice and consent of the Senate. The Institute shall inform participants of the policy presented below (in Paragraph (1)(B)) and of any potential conflicts related to the Board, to the extent that the Institute staff is aware of such potential conflicts. The participants shall also be informed that biographical information regarding the members of the Board is available on the Foundation web site for the participants to review.
  - B. The Board of Trustees believes that the impartiality, confidentiality and professionalism of the Institute must be preserved and protected. Accordingly, the Institute's operations with regard to specific conflict resolution projects shall be entirely independent of and without influence from the Board of Trustees. Board members shall not have access to confidential information held by the Institute.
2. Each staff member of the Institute shall immediately disclose to the Institute director and the participants in a conflict resolution project any potential conflicts of interest that may arise with regard to the staff member. The Institute may provide services only after disclosure of known potential conflicts and agreement in writing from the participants to engage or continue to utilize the Institute's services despite the disclosed potential conflict.
3. The term "conflict of interest," when used in this Policy, means an interest or relationship that creates a bias or might create an appearance of bias on the part of the Institute or an Institute employee, including:
  - A. a personal bias or prejudice concerning a participant or interest in the dispute resolution proceeding;

- B. present or prior employment or other affiliation with one of the participants or an interest represented by a participant in the dispute resolution proceeding;
- C. a financial interest in the subject matter of the conflict or in a participant to the proceeding, or any other interest that could be substantially affected by the proceeding, if the interest is held by the Institute employee/board member or such person's spouse or dependent children. (A five-percent or less ownership interest in a widely held entity shall not be deemed to create a conflict of interest under this policy, unless at least one other defining factor is present);
- D. any other interest or relationship that could be reasonably expected to create an appearance of bias.

**“Information Requested of Presidential Nominees” by Senate Committee on Environment and Public Works**

Attachment to Question 5 under Potential Conflicts of Interest

The following statement provided by:

Ellen K. Wheeler, Designated Agency Ethics Officer  
Morris K. Udall Foundation  
130 S. Scott Avenue  
Tucson, AZ 85701  
(520) 670-5650

The members of the Board of Trustees of the Udall Foundation are considered special government employees (SGE's). As such, they are governed by certain criminal conflict of interest statutes, as well as the Standards of Ethical Conduct for Employees.

**Summary of applicable laws:**

In summary, SGE's are governed by:

- 18 U.S.C. §203, which prohibits an employee from receiving, agreeing to receive, or soliciting compensation for representational services, rendered either personally or by another, before any court or Federal agency or other specified Federal entity, in connection with any particular matter in which the United States is a party or has a direct and substantial interest. It should be noted that section 203 applies not only to representational services provided by the employee personally, but also to services provided by another person with whom the employee is associated, provided that the employee shares in the compensation for such services, for example, through partnership income or profit-sharing arrangements.
- 18 U.S.C. §205, which prohibits an employee from personally representing anyone before any court or Federal agency or other specific Federal entity, in connection with any particular matter in which the United States is a party or has a direct and substantial interest, whether or not the employee receives any compensation for his or her representational activity.

Both of the above restrictions are limited in the case of SGEs in several ways, including that the restrictions apply only to particular matters involving specific parties (not to matters of general applicability, such as broadly applicable policies, rulemakings and legislation), and that these restrictions apply only to matters where the SGE has participated personally and substantially as a government employee or special government employee.

- 18 U.S.C. § 207, which imposes restrictions on post-employment activities, including various prohibitions on representing others in connection with matters in which the person was involved as an SGE.
- 18 U.S.C. § 208, which prohibits employees from participating personally and substantially in any particular matter that has a direct and predictable effect on their own financial interests or the financial interests of others with whom they have certain business or familial relationships.
- Standards of Ethical Conduct, which:
  - place restrictions on gifts from outside sources,
  - place restrictions on gifts from subordinates to superiors,
  - generally prohibit participation by an employee in matters if the employee knows that it is likely to affect the financial interests of a member of his or her household or others with certain specified business relationships if, in the employee's judgment, persons with knowledge of the facts would question his or her impartiality (except with specific authorization),
  - restrict participation in matters affecting the financial interests of someone with whom the employee is seeking future employment, under certain specified circumstances,
  - prohibit use of public office for private gain,
  - restrict service as an expert witness and certain fundraising activities, and
  - require annual confidential financial disclosure.

**Compliance with the foregoing laws:**

The Board of Trustees sets general policy for the Foundation, approves the annual budgets and approves overall program direction. The Foundation has no regulatory functions. The Board is not involved in day-to-day decisions such as contracting, and has delegated those activities to the executive staff of the Foundation.

It is unlikely, given the programs of the Foundation and the role of the Board, that a conflict of interest will occur. If a potential conflict arises, the Board member would be advised to recuse himself or herself from the relevant decision-making process.

In addition, members of the Board of Trustees receive annual training on ethics requirements and the laws regarding conflicts of interest, so that they are made aware of their responsibilities in those areas. They prepare and file with the Foundation the Form 450, Confidential Financial Disclosure, annually.

**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

Congressmen Norman Dix, Richard Gephardt, Raul Grijalva, Joseph Knollenberg, Jim Kolbe, David Obey, Ed Pastor, Martin Sabo, Mark Udall and Tom Udall

Senators Bill Bradley, Maria Cantwell, John McCain and Patty Murray

**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

- "LHC Commitment Making Difference for Colorado River", Hake Havasu City, News Heard, May 4, 2005
- "The Best of The Beltway", The 1997 Open, Summer 1997
- "Surviving a Transition: Advice for Appointees", Government Executive, April, 1988
- "Gramm-Rudman Is No Match For Congress", St. Louis Post-Dispatch, January 30, 1986
- "Westerners' Hart Is With Hart", Arizona Daily Star, March 6, 1983
- "Economics and Transportation: The Policy Is Chaos" Resources, November 1981
- "Transportation: A Hard Road Ahead", Arizona Daily Star and ST. Louis Post-Dispatch, February 8, 1981
- "To Keep Us Moving" New York Times, April 11, 1980
- "Scavenging the Junkyards for a Better Mousetrap", Arizona Daily Star, February 14, 1989
- "America in Transit: A Bridge to a New Era", August 20, 1979
- "Transportation and Energy": Proceedings of the Aspen Conference on the Future of Urban Transportation, June 7, 1979
- Through Their Eyes, Monograph, Published by the U.S. Department of Transportation, 10/1977
- "Udall-Private Citizen", Arizona Daily Star, August, 1976

**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

\_\_\_\_\_

2. Do you agree to appear before all Congressional Committees which seek your testimony?

YES \_\_\_\_\_

*Terrence L. Bracy*  
Terrence L. BRACY

**AFFIDAVIT**

ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this

*November 16*

day of  
2005

*Rosetta Jackson Carter*

*W*  
Notary Public

STATEMENT OF DENNIS BOTTORFF, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Mr. Chairman and members of the committee, I want to thank you for this opportunity to appear before you. It is indeed an honor for me to be considered by you for an appointment to the Board of Directors of the Tennessee Valley Authority.

I also want to express my appreciation to President Bush for nominating me and to my fellow Tennesseans, the Majority Leader, Senator Bill Frist and Senator Lamar Alexander for their support and confidence.

I have spent most of my adult working life in the private sector. Thirty two years of which have been as a commercial banker and the five years after my retirement from banking as a venture capitalist.

My banking career also afforded me many opportunities for community service through membership on numerous not-for-profit boards. But time constraints have not allowed me to enter public service. That is changing and I was recently appointed to the inaugural chairmanship of an instrumentality of the State of Tennessee; the Tennessee Educational Lottery Corporation. I have found that position both challenging and very rewarding. With the highly successful launch of the lottery, we have been able to fund scholarships for all of the qualifying high school graduates; thereby, improving the affordability of and accessibility to higher education for Tennessee children.

I welcome the opportunity to become even more engaged in public service as a member of the TVA Board of Directors.

In studying TVA's basic mission, I am enthused about the impact fulfilling that mission can have on the economic development and quality of life of the region. These have been two areas of interest in my other positions of community and public service. Areas for which I have a great passion.

As I begin to understand the strategic challenges facing TVA, I recognize the importance that effectively transitioning from an operating board to a policy board will have on addressing those challenges. I believe my experience as both an operating executive and as a member of numerous boards; private, not-for-profit and quasi-public, will be helpful to the team as we successfully navigate the journey.

Mr. Chairman, members of the committee, and members of the Senate, I am willing to serve as a member of the TVA Board. If confirmed, I assure you I will do so with energy, dedication and sound stewardship.

RESPONSES FROM DENNIS BOTTORFF TO ADDITIONAL QUESTIONS FROM SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. If I am confirmed, a major part of my responsibility will be to assure that TVA is taking the steps necessary to provide an adequate supply of reliable, low-cost, clean power for the people and businesses in the Tennessee Valley Region. This will require careful and conservative assessments of which, among the alternative means of power supply, would be the more fiscally responsible for TVA to pursue. The cost of capital and allocation of risk are significant issues in deciding whether to add new capacity, and I commit to carefully review all aspects of these issues if I were to consider adding power generating capacity in the future.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. I have not yet had the opportunity to learn exactly what processes TVA currently uses to make these types of acquisition and investment decisions. If confirmed, I can assure you that I would become fully acquainted with those processes and determine if any changes would be warranted. With regard to competition generally, I believe it can be a very important tool to help assure that low-cost decisions are made, while still acquiring the type and quality of generation resources required to maintain the reliability of the TVA power system.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I would be committed to carefully studying the costs and efficiency of TVA's operations and TVA's load growth, cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to assure that power



rates provide sufficient revenues and operating costs are at appropriate levels and to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards improving and maintaining efficiency and financial flexibility to enable TVA to make all necessary investments in the power system, including those for pollution control, in a timely manner.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. Before offering unqualified support for any particular TVA program, I would first like to have the opportunity, if confirmed, to learn more specifically about that program and how it is operating. However, with respect to the Green Power Switch program, I can say, from what I have publicly heard to date, that it sounds like a worthwhile approach toward encouraging investment in renewable generation in the Tennessee Valley Region through voluntary measures.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am not personally aware that such a disparity in TVA rate levels by region exists. If confirmed, as part of my specific duty to establish TVA's electric power rates, I will examine TVA's existing rate structure and rate-making process in greater detail to make certain that TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I do not currently have enough information about the plans for, and status of, TVA's pollution control compliance efforts to offer an informed opinion or make specific commitments concerning such efforts. I do recognize that environmental stewardship, along with low-cost power and technological innovation, is among TVA's important objectives and missions, and I also recognize that I have an obligation to ensure that TVA complies with applicable laws, including environmental laws. If confirmed, I will have the opportunity learn more about TVA's pollution control compliance actions and be in the position to assure that TVA is taking the appropriate steps in this area.

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RESPONSES FROM DENNIS BOTTORFF TO ADDITIONAL QUESTIONS FROM  
SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. It is my understanding that access to TVA transmission system service is a very important issue for distributors of TVA power generally, as well as for those located in Kentucky. Unfortunately, I have not had the opportunity to study the details of this situation sufficiently to be able to commit to a particular resolution to the varying points of view on this issue at this time.

I can assure that, if confirmed to the TVA Board, I would be committed to promptly devote my efforts to assure that TVA is seeking ways to address the interests of TVA's distributor customers who wish to have transmission access in a manner that would both be fair to all power customers in TVA's seven-state region and keep TVA on a sound financial basis.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. I believe in taking a conservative approach to debt levels. If confirmed, I would be committed to carefully studying TVA's cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards reaching financial flexibility. I recognize that managing TVA's debt in a fiscally conservative way is key to assuring TVA's financial soundness in the future.

I recognize that there has been disappointment with TVA's progress in meeting the debt reduction goals that it set forth in 1997.

Unfortunately, it is not possible to change the past. But, I can commit that I would oversee TVA's financial progress—to better assure that TVA will be able to provide reliable power at competitive rates, both now and into the future.

With regard to accounting procedures, if confirmed to the TVA Board, the Board will be establishing an Audit Committee, which, among other things, will be focused on overseeing TVA's accounting policies to assure that they are appropriate and transparent as to TVA's true financial condition.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a State public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. I do not yet have sufficient information about the details of TVA's rate-making process and experience with it to form an opinion as to whether having an outside entity regulate TVA would be better in terms of helping TVA fulfill its mission and objectives.

If I am confirmed to the TVA Board, it is clear that the TVA Act would place the duty upon the Board to establish the electricity rates charged by TVA in keeping with TVA's overall mission and objectives, including the objective that power be sold at rates that are as low as are feasible.

I can say without reservation that this duty would be one of the Board's more important ones—because TVA's provision of reliable, low-cost power is a critical factor in enhancing the economic vitality and development of the Tennessee Valley Region.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

### INFORMATION

### REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:** Dennis C Bottorff

**Business Address:** 150 2<sup>nd</sup> Ave N Suite 415, Suite 415  
Nashville, Tennessee 37201

**Business Phone:** 615-255-3707

**Home Address:** \_\_\_\_\_  
\_\_\_\_\_

**Home Phone:** \_\_\_\_\_

**UNITED STATES SENATE**  
**COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS**  
**STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

Name: Bottoff Dennis C  
(Last) (First) (Middle)

Position to which nominated: Board Member Tennessee Valley Authority

Date of Nomination: \_\_\_\_\_

Date of birth: 9/19/44 Place of birth: Clarksville, IN  
(Day) (Month) (Year)

Marital status: Married Full name of spouse: Jean Brewington Bottoff

Name and ages of children: \_\_\_\_\_  
 \_\_\_\_\_

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Northwestern University</u>	<u>09/1966 to 06/1968</u>	<u>MBA</u>	<u>1968</u>
	<u>Vanderbilt University</u>	<u>09/1962 to 06/1966</u>	<u>B.E.</u>	<u>1966</u>

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

<u>Chairman &amp; Partner</u>	<u>Council Ventures LP</u>	<u>Nashville, Tennessee</u>	<u>07/2000 to current</u>
<u>Chairman</u>	<u>AmSouth Bancorporation</u>	<u>Nashville, Tennessee</u>	<u>10/1999 to 01/2001</u>
<u>CEO</u>	<u>First American Bank</u>	<u>Nashville, Tennessee</u>	<u>11/1991 to 1999</u>
<u>COO</u>	<u>Sovran Financial<sup>1</sup></u>	<u>Norfolk, Virginia</u>	<u>04/1988 to 11/1991</u>
<u>President &amp; CEO</u>	<u>Commerce Union Bank<sup>2</sup></u>	<u>Nashville, Tennessee</u>	<u>mid 1968 to 4/1988</u>

<sup>1</sup> Became C&S Sovran in 1990.

<sup>2</sup> Merged with Sovran in April 1988.

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Natl Conf for Community & Justice 2005 Human Relations Award

1998 Junior Achievement Free Enterprise Award

Tennessee Titans Hero of 1999

1995 Alexis de Tocqueville Society Award (joint with spouse)

Distinguished Alumnus Vanderbilt University, School of Engineering – 1999

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Tennessee Performing Arts Center	Board Member	1984-1987 and 1999-present
Tennessee Performing Arts Center	Chairman	7/01-6/03
Financial Services Roundtable	Member	1984-2001
Financial Services Roundtable	Board Member	1993-1997
American Bankers Association	Member	1966-2001
American Bankers Association	Board Member	9/96-9/99
Nashville Symphony Association	Board Member	1981-1988 and 2002-present
Nashville Symphony Association	President of Board	8/87-8/88
United Way of Middle Tennessee	Chair	1980-1981
Nashville Area Chamber of Commerce	Chair	1995-1996
Vanderbilt University	Vice Chairman	11/97-present
Vanderbilt University	Board Member	1990-present
Tennessee Education Lottery Corp	Chairman	7/03-present

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

Over the past 35 years, I have served in various management and board capacities with numerous and varied organizations; for profit, not-for-profit, and quasi-public. In my capacity as CEO, COO, Chairman and Board Member, I have gained substantial knowledge in governing and managing large, complex, and at times, diverse organizations. While I have not practiced electrical engineering, I was educated as such and believe that knowledge will also be helpful.

**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

No

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

N/A

3. Has anybody made a commitment to you for a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

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(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

N/A

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**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

See attached document  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Are any assets pledged?

Yes  
\_\_\_\_\_  
\_\_\_\_\_

3. Are you currently a party to any legal action?

No  
\_\_\_\_\_  
\_\_\_\_\_

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes  
\_\_\_\_\_  
\_\_\_\_\_

5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

No  
\_\_\_\_\_  
\_\_\_\_\_

**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

As the retired Chairman of Amsouth Bancorporation, I receive certain retirement and medical benefits for life; as a Director of Ingram Industries, I receive Director fees and hold a small amount of stock.

2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

My attached November 22, 2005 letter to TVA ethics official Ralph Rodgers lists interests which have been identified as posing potential conflicts.

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

None  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

As described in my attached November 22, 2005 letter to Ralph Rodgers, I will divest certain interests, and I will avoid participating in official matters that affect other interests I retain unless I obtain a written waiver or qualify for a regulatory exemption under the conflict of interest law.

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

In addition to my November 22, 2005 letter to Ralph Rodgers, also attached is a November 18, 2005 letter to me from Mr. Rodgers summarizing applicable laws and regulations.



**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

See attached list  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

I have only authorized one article that I recall which was published in the "Game Plans for the 90's" and was a paper delivered to the Federal Reserve Bank of Chicago Conference in 1990. I have given many speeches, most of which have been at investor conferences or trade association meetings.

**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

\_\_\_\_\_  
\_\_\_\_\_

2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

*Norris C. Baer*

**AFFIDAVIT**

Norris C. Baer ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this 28th  
December

day of  
, 2005

**Notary Public**

*Corina Smith*

My Commission Expires: 9-30-06

Potential Conflicts of Interest questions 2 and 4.

*November 22, 2005*

Mr. Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, Tennessee 37902-1401

Dear Mr. Rodgers:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed to the Board of Directors of the Tennessee Valley Authority.

As required by 18 U.S.C. § 208(a), and subject to the last sentence of this paragraph, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interest is imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or general partner; any organization in which I serve as officer, director, trustee, general partner, or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment. Section 208(a) includes a "knowledge" element, in that the restrictions on my participating apply only to those particular matters in which, to my knowledge, I (or any other person whose interests are imputed to me) have a financial interest.

In order to avoid potential conflicts of interest, I agree to divest my holdings in the following companies within 90 days of my confirmation: Allete, Centerpoint Energy, Centrica, CMS Energy, Consolidated Edison, Constellation Energy Group, Dominion Resources, Entergy, Exelon, National Grid, Nisource, PG&E, Progress Energy, Southern Company, and TXU. Until these divestitures have been completed, I will not participate personally and substantially in any particular matter that will have a direct

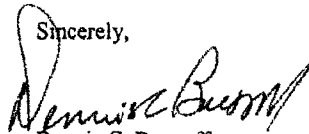
Mr. Ralph E. Rodgers  
Page 2

and predictable effect on the financial interests of any of these entities in which I own an interest, unless I first obtain a written waiver or qualify for a regulatory exemption.

I also understand that some of my other stock holdings present potential conflicts of interest under section 208(a), although it has been determined that it is not necessary at this time for me to divest these interests. Such holdings include Bowater, BP, DuPont, Occidental Petroleum, and Praxair, all of which are direct-serve power customers of TVA; General Electric, a major supplier to TVA; and fuel companies Chevron, Conoco, El Paso, Marathon, and Noble Energy. I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of any of these entities in which, to my knowledge, I (or imputed parties) then have a financial interest, unless I first obtain a written waiver or qualify for a regulatory exemption.

I may retain the outside positions I have listed on my financial disclosure form. Pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of any of these organizations in which I then hold a position, unless I first obtain a written waiver or qualify for a regulatory exemption.

Sincerely,



Dennis C. Bottorff

**Potential Conflicts of Interest question 5.**



Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

November 18, 2005

Mr. Dennis C. Bottorff  
1314 Chickering Road  
Nashville, Tennessee 37215

Dear Mr. Bottorff:

Congratulations on your nomination to be Member of the Tennessee Valley Authority Board of Directors. This letter is to provide you general advice on conflicts-of-interest and other ethics laws applicable to the position for which you have been nominated. In addition, the Senate Committee on Environment and Public Works has asked nominees about applicable conflicts laws, and you may find this letter helpful in responding to any inquiries.

Applicable statutes are:

1. Tennessee Valley Authority Act, sections 2(b) and 2(g) (to be codified at 16 U.S.C. § 831a(b), 831a(g), as modified by the recent restructuring amendments to the TVA Act contained in section 601 of the Consolidated Appropriations Act, 2005, Pub. Law 108-447 (Dec. 8, 2004), and which are applicable specifically to the TVA Board of Directors).

2. Statutes applicable to federal officers and employees generally, including:

The "Bribery, Graft, and Conflicts of Interest" provisions at 18 U.S.C. §§ 202, 203, 205, and 208.

The restriction on gifts to federal employees, 5 U.S.C. § 7353.

TVA Directors must also comply with the "Principles of Ethical Conduct for Government Officers and Employees," Executive Order No. 12,674 (Apr. 12, 1989, as amended), and the "Standards of Ethical Conduct for Employees of the Executive Branch," 5 C.F.R. pt. 2635.

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We are enclosing copies or synopses of the above laws and regulations for your reference.

You have completed and submitted a financial disclosure report (OGE Form 450), pursuant to the provisions of the Ethics in Government Act, which I have reviewed. It is my opinion that, in light of the points and commitments discussed below, no interest or position indicated on the financial disclosure report discloses a conflict of interest under applicable laws and regulations.

Under the restructuring amendments to the TVA Act, which become effective when at least three new Directors take office, the previous requirement of the TVA Act that Directors devote their services full-time to the work of TVA will no longer apply. Members of the expanded Board of Directors are therefore expected to serve in a part-time capacity. Some of the ethics laws that will apply to your service distinguish between full-time and part-time government employees. An employee who is expected to perform official duties no more than 130 days out of any period of 365 consecutive days is classified as a "Special Government Employee" ("SGE") and, as discussed below, is subject to somewhat less restrictive requirements than a regular employee under some of the laws. In addition, in some instances even further relaxations of ethics requirements are provided for SGEs who perform duties no more than 60 days in a year. Based on our analysis of the restructuring amendments to the TVA Act and on other factors, including discussions with you and with other nominees, I have concluded that it is reasonable to expect that Members of the expanded Board of Directors will perform their official duties for less than 130 out of 365 days and therefore will be SGEs, and that they also will likely serve less than 60 days per year as well. The Office of Government Ethics has informed us that they are in agreement with this determination.

The restructuring amendments to the TVA Act also remove the previous restriction on a TVA Director having any financial interest in any public utility corporation engaged in selling power to the public or in any business that may be adversely affected by TVA's success as a producer of fertilizer or electric power. Instead, under section 2(b) of the restructured Act, to be eligible to be appointed as a member of the Board, an individual must "make full disclosure to Congress of any investment or other financial interest that the individual holds in the energy industry." The disclosures made on your financial disclosure report appear to satisfy this requirement. In addition, the restructuring amendments (in new section 2(g) of the Act) will require the newly expanded Board of Directors to "adopt and submit to Congress a conflict-of-interest policy applicable to Members of the Board and employees of the Corporation."

Under 18 U.S.C. § 203, government employees may not seek, accept, or agree to accept any compensation for representational services rendered, even by someone other than

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the employee, before any federal agency, court, or commission in a matter in which the United States is a party or has a direct and substantial interest. Under 18 U.S.C. § 205, employees may not engage in such representational services, even if unpaid, nor assist for pay in prosecuting any claim against the United States. However, as an SGE, the restrictions in both of these statutes would apply to you only in relation to particular matters involving a specific party or parties in which you at any time participate personally and substantially as a government employee, unless your service as an SGE exceeds 60 days in a consecutive 365-day period, in which case these statutory prohibitions also would apply to any particular matters involving a specific party or parties which are pending before TVA, whether or not you personally and substantially participate in such matters.

Under 18 U.S.C. § 208, the general conflict-of-interest law, you must not participate personally and substantially (by approval, recommendation, or otherwise) on behalf of TVA in any particular matter affecting a financial interest of yours or of any party whose interests are imputed to you (your spouse, minor children, any entity with which you serve as officer, director, trustee, general partner, or employee, or any entity with which you are negotiating or have any arrangement concerning prospective employment). This includes financial interests by ownership of securities. Section 208 does not prohibit you from holding any interests—it prohibits your participation in matters affecting interests you do hold, and you may satisfy section 208 by recusing yourself from such participation. Section 208 exempts certain interests and official matters, including, but not limited to: (1) holdings in diversified mutual funds; (2) publicly traded securities of entities affected by contract actions or other matters involving specific parties where the aggregate value of holdings does not exceed \$15,000 in entities that are parties to the matter or \$25,000 in entities that are not parties to the matter; (3) publicly traded securities not exceeding \$25,000 value per any one entity or \$50,000 aggregate value affected by rulemaking or other general matters not involving specific parties; and (4) interests determined on a case-by-case basis to be insignificant.

You have committed to comply with the requirements of section 208. This commitment extends to your not participating in TVA matters affecting the financial interests of entities (such as firms seeking to do business with TVA) in which you or imputed parties then have a financial interest. In addition, while not strictly required, in order to avoid potential conflicts of interest you have agreed to divest holdings in certain electric utility companies following your confirmation. Based on these commitments, I see no section 208 issues with respect to you.

Aside from section 208, it may also be appropriate for you to consider recusing yourself from participation in matters affecting the financial interests of entities whose interests

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are not imputed to you under section 208 but with whom you have a relationship which might lead a member of the public to question your impartiality. This would be a judgment call on your part, in accordance with subpart E of the Standards of Ethical Conduct, and I will be glad to discuss with you any situation in this regard that may arise.

These are the only matters we have identified which appear to justify specific discussion at this time. I will be happy to confer with you at any time to discuss any questions or issues you may have.

Sincerely,

A handwritten signature in black ink that reads "Ralph E. Rodgers". The signature is written in a cursive style with a large, prominent initial "R".

Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official

Enclosures



STATEMENT OF ROBERT DUNCAN, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Thank you Mr. Chairman. I appreciate the kind remarks from Senators McConnell and Bunning on my nomination. I also appreciate the support of members of the Kentucky Congressional Delegation.

I thank President Bush for nominating me to the Tennessee Valley Authority Board. I am honored he chose me for this challenging position.

I appreciate the help of the Committee on Environment and Public Works and the TVA staff in preparing me for the confirmation hearings.

I thank my wife Joanne, son Rob, and daughter-in-law Valerie for their support and assistance. I regret that they could not be present today.

Mr. Chairman and Senators, as a young boy growing up near the Tennessee-Kentucky border, I never imagined I would one day appear before a Senate committee as a presidential nominee, and being here today is a highlight of my life. I was born in a clinic served by the Tennessee Valley Authority, attended the first year of school in a two-room building powered by TVA, and observed first hand during the 1950s and 1960s the difference TVA made in people's lives. My father still lives in Scott County, TN. Although I do not live in the part of Kentucky served by TVA, I have a historic appreciation of its role in the region.

I have chosen to spend my life in rural Appalachia and I am fortunate to be involved with community and economic development at many levels. My background enables me to appreciate the TVA's primary mission of generating and transmitting safe, reliable and affordable electricity while respecting the environment and promoting economic development.

My decades of experience as a community banker provide a unique perspective in analyzing TVA's operational and financial efficiencies. I am pleased to see TVA's emphasis on financial flexibility through debt reduction. All financial issues must be viewed through the lens of changing competition. The electric-utility industry is constantly restructuring and the TVA's 158 power distributors customers and 61 directly served industries and Federal Agencies are constantly looking for lower cost power.

Addressing the need to create clean and safe power is very important, and meeting clean air standards is essential. I applaud TVA's continuing investment in modifications to its coal-fired plants. I am confident that TVA can be a leader in environmental stewardship.

As an attorney, I read the most recent amendment to the TVA Act mandating sweeping change of the agency's management. I embrace the enumerated duties of the board and understand, if confirmed, that my obligation is to establish broad goals, objectives and policies while developing long range plans. Arguably, our most important decision is to hire a Chief Executive Officer with senior level experience and hold him or her accountable.

To paraphrase President Bush, being considered for this position is not the ambition of a lifetime, but it is the opportunity of a lifetime. I promise, if confirmed, I will make the most of the opportunity by balancing the needs of the country, the Tennessee Valley's residents and the communities in which they live.

I look forward to answering the committee's questions today, and if confirmed, to working with each of you to ensure the success of the Tennessee Valley Authority.

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RESPONSES FROM ROBERT DUNCAN TO ADDITIONAL QUESTIONS FROM SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. I am pleased to see TVA's emphasis on financial flexibility through debt reduction. TVA is responsible for providing an adequate supply of reliable, low-cost, clean power for the residents and businesses of the Tennessee Valley Region. If confirmed, I will consider growth in the region, cost of capital, alternative power sources and competition when considering additional generating capacity.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. I have insufficient information on TVA's competitive bidding process to fully answer the question, but I generally believe competitive bidding leads to better

financial results. The process must provide for differences in quality and reliability as well as price. It is imperative that the process be fair and transparent.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I am committed to implementing the new TVA statute. The Board will establish broad goals, objectives, and policies while developing long range plans. Arguably, our most important decision is to hire a Chief Executive Officer and hold him or her accountable. The Board will create committees, conduct public hearings, establish electricity rates, and approve the annual budget. I applaud TVA's continuing investment in modifications to its coal-fired plants. I am confident that TVA can be a leader in environmental stewardship.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. Generally, I support TVA's Green Power Switch program, but I lack sufficient information to evaluate its operation. I encourage volunteer measures to create investment in renewable generation.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am unaware of TVA charging higher electricity rates in some portions of the service territory. I am aware that other power companies offer lower rates to customers who border the TVA. If confirmed, I will examine the existing rate structure and ratemaking process to ensure TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I recognize that environmental stewardship, along with low-cost power production and technological innovation, is part of TVA's objectives and missions. I also recognize an obligation to ensure compliance with all laws including environmental statutes and regulations. I have insufficient information to specifically answer your question about TVA's plans for plant controls and timetables. If confirmed, I pledge to learn more about TVA's pollution control compliance and to direct and monitor future actions.

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RESPONSES FROM ROBERT DUNCAN TO ADDITIONAL QUESTIONS FROM  
SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. If confirmed to the TVA Board I will work promptly and diligently to offer a solution for the Kentucky distributors' needs for transmission service. All financial issues must be viewed through the lens of changing competition. Access to TVA's transmission system is an important issue for all TVA customers. I will work with other members of the Board to address the issue in a manner that is fair and fiscally responsible.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would

help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. If confirmed I will work to ensure that TVA follows proper accounting measures and I will advocate responsible debt reduction. The newly constituted TVA Board is required to create an audit committee that will focus on overseeing TVA's accounting policies to assure they are appropriate and transparent. I am pleased to see TVA's emphasis on financial flexibility through debt reduction. Although TVA did not meet its initial targets for debt reduction, I believe the new Board will take a conservative approach to debt levels.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a state public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. I have insufficient information to advocate or oppose an outside entity regulating TVA. The legislation establishing the TVA and recent amendments allow the Board to establish electric rates and conduct public hearings. I am not familiar with TVA's current ratemaking process, but I will carefully examine the process in light of your question. I believe the expanded board and delegation of authority to a Chief Executive Officer will strengthen the ratemaking process.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

### INFORMATION

### REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:**           **ROBERT MICHAEL DUNCAN, SR.**

**Business Address:**       **205 MAIN ST., P.O. BOX 365**  
**INEZ, KY 41224**

**Business Phone:**       **606-298-3511**

**Home Address:**

**Home Phone:**



- Senior Advisor to Kentucky's Governor, 700 Capitol Ave., Frankfort, KY, January 04-February 04. I served as the volunteer chairman of the Governors Transition Team beginning in November 2003 and was employed after the Inauguration for a short period of time to complete transition work.
- Chairman, CEO, Director, Community Holding Company, 205 Main St., Inez, KY, 1984-present. I'm responsible for the management of this one-bank holding company.
- Chairman, CEO, Director, Community Thrift Holding Company, 202 E Main St., Louisa, KY, 1999 to present. I'm responsible for the general management of this unitary thrift holding company.
- Director, Level Land Leasing, Inc., P.O. Box 331, Inez, KY, 1983 to 2005. This company was created to build and lease a storage building. The building has been torn down, and the company is being dissolved.
- Partner, Duncan and Duncan Attorneys at Law, 205 Main St., Inez, KY, 1975 to present. My wife and I occasionally perform work for non profit organizations. The firm is inactive, but we retain our Kentucky Bar Association membership.
- President, Community Real Estate, 101 Financial Center, Inez, KY, 1984 to 1986. I was responsible for general management of the company.
- President, Tax Professionals, 100 Financial Center, Inez, KY, 1984 to 1986. I was responsible for general management of this tax preparation company.
- Partner, Windhaven Farm, Old Frankfort Pike, Lexington, KY, 1980 to 1984. I was one of three partners in a real estate purchase and farm enterprise.
- Owner, Kirk Insurance Agency, 200 Main St., Inez, KY 1977 to 2000. I was a licensed insurance agent and managed the agency.
- Associate, McCoy and McCoy, Inez, KY 1974 to 1975. I was an associate in the firm taking depositions and completing paperwork.

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Vic Hillard Award for Public Service, KY Long-Term Research Policy Center 2004  
 University of Kentucky College of Law Hall of Fame 2002  
 College of the Ozarks, Doctor of Public Service 2002  
 East Kentucky Leadership Foundation, Private Individual Award - 2001  
 McConnell Scholars Chris Mattingly Award, 1999  
 CBS Sunday Morning Profile 1998  
 Marquis Who's Who in America 1998-2006  
 Institute of Certified Bankers – Certified Lender-Business 1994  
 Cumberland College, Doctor of Laws Degree 1990  
 Presidential Executive Exchange, Class XX 1989-90  
 Cumberland College Alumni Association Hall of Honor, 1988  
 U.S. Department of State: Delegate National Foreign Policy Conference, 1982-1983  
 Kentucky Jaycees: Outstanding Young Man of Kentucky, 1982  
 Cumberland College Outstanding Alumnus, 1976

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Center for Rural Development	Director	1996-
	Chairman	2002-2004
Christian Appalachian Project	Trustee	1996-
Council for Excellence in Government	Principal	1996-
UK College of Law Visiting Committee	Chair 1993	1985-
Consolidated Health Systems	Trustee	1984-
Martin County Economic Development Association	President	1980-
Highlands Regional Medical Center	Member	1980-
	Secretary	1994-
Kentucky Historical Society	Director	2001-
Alice Lloyd College	Trustee	1978-
	Chairman	1990
	Acting President, 1993-1994	
University of Kentucky Fellows	Member	1977-
Isaac Shelby Society	Member	1975-
Kentucky Center for Public Issues	Treasurer	1989-1990
Martin County Recreation Association	President	1987-1992
Kentucky Chamber of Commerce	Director	1983-1985
Kentucky, Tennessee Kiwanis District 16	Lt. Governor	1983-1984
Kentucky Educational Television	Member, Advisory Board	1980-1982
Martin County Kiwanis	Founding President	1980-1981
Kentucky Council on Economic Education	Director	1981
Kentucky Independent College Fund	Trustee	1980
<b>American Bankers Association:</b>		
Accreditation Oversight Board		1987-1990
Site Visit Accreditation Team		1987
Community Bankers Council		1986-1988
Professional Development Program		1986-1987
Education Policy and Development Council		1985-1988
Government Relations Council	1981-1983, 1988-1989, 1995-1996	
Leadership Conference	1981-1983, 1985-1986, 1988-1989	
<b>Kentucky Bankers Association:</b>		
Chairman of the Board		1986-1987
President		1985-1986
President Elect		1984-1985
Legislative Committee	1984-1989, 1990-1992	
Long Range Planning Committee		1984-1986
KBA School of Banking Trustee		1984-1986

Board of Directors, Member 1982-1984		
Group IX President		1981-1982
Group IX Vice President		1980-1981
UK School of Banking, Lecturer		1979-1989
<b>Bar Associations:</b>		
Supreme Court of the United States Bar	Member	1990-
American Bar Association	Member	1974-1993
Martin County Bar Association Law Library	Member Trustee	1974- 1994-
	Treasurer	1975-
Kentucky Bar Association House of Delegates	Member	1974- 1988-1990

**GOVERNMENT ORGANIZATIONS:**

Strengthening America's Communities Advisory Committee, US Department of Commerce	Member Special Government Employee	2005- 4-05-
Governor Fletcher Transition Team for Kentucky	Delegate and Chairman	11-03 to 12-03
President's Commission on White House Fellows	Member	2001-
Kentucky Governor's Scholars Program	Director	1989-
Big Sandy Regional Industrial Development Authority	Chairman	1998-
East Kentucky Corporation	Director	1991-
Governor Ernie Fletcher Governor's Alternate to Appalachian Regional Commission	Senior Advisor	2003-2004 2004
Big Sandy Regional Airport Board Member		2000-2002
Big Sandy ADD Regional Transportation Committee	Member	1998-2003
Martin County Health Corporation	Director	1996-2001
Kentucky Institute for Education Research	Director	1996-99
The White House Conference on Small Business	Delegate	1995
Governor's Appalachian Task Force	Member	1994
Martin County Economic Development Authority	Secretary and Director	1993-2001
The White House, Executive Office of the President, Office of Public Liaison	Assistant Director	1989-1990
Cleveland Federal Reserve Bank	Director Cincinnati Branch	1987-1989
Kentucky Tomorrow Commission	Member	1985-1986
Kentucky Financial Institutions Board	Member	1984-1987
Morehead State University Board of Regents	Chairman	1984-1986
Selective Service System Local Board	Member	1982-2001



**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

**I am qualified for the position of Director of the Tennessee Valley Authority pursuant to 16 USC §831a modified by P.L. 108-447 as follows:**

- 1) I am a citizen of the United States.
- 2) I have management expertise relative to large for profit or nonprofit corporate, government or academic structure. The accumulation of my education, experience and aptitude has qualified me to serve in this position. In addition to Bachelors and Juris Doctorate degrees, I have completed several executive education programs including the Owner/Manager Program at the Harvard Business School. This program exposed me to business leaders from all over America and several countries. I completed the "mini MBA" program in three sessions of three weeks over three years. In 1989-90, during a sabbatical from my business, I was a fellow for the President's Commission on Executive Exchange and spent the year studying the differences in public and private sector leadership. In addition to my assigned job as Assistant Director of Public Liaison in the White House, I attended weekly seminars taught by business and government leaders, including a one-week session at the Kennedy School at Harvard University.

My business experience includes over thirty years in commercial banking. I was the youngest Kentucky bank CEO in 1978. I developed skills in analyzing complex financial statements, dealing with a highly regulated industry, and marketing. As a bank CEO for over twenty-five years, I have dealt with a myriad of management issues. I owned a successful general lines insurance business for over twenty years.

I have been involved with several complex nonprofit organizations. The Christian Appalachian Project is one of the largest private social services organization in the country with a total budget over \$80 million. I have been a board member since 1996 and serve on the Executive Committee. I am a Trustee of Highlands Regional Medical Center and its holding company, Consolidated Health Systems. I served as Chairman of Morehead State University's Board of Regents and currently serve as Chairman of Alice Lloyd College.

My government experience includes service on the U.S. Commerce Department's Strengthening America's Communities Advisory Committee and for the last five years as a Commissioner of the President's Commission on White House Fellows.

I have been politically active at the local, state, and national levels. I've served as a precinct captain and state party Chairman. I've been a member of the Republican National Committee since 1992 and an officer since 2001.

- 3) I'm not employed by the Tennessee Valley Authority.
- 4) I have fully disclosed to Congress my investments and other financial interests in the energy industry.
- 5) I affirm my support for the objectives and missions of the Corporation including being a national leader in technological innovation, low-cost power, and environmental stewardship.

**Future employment relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

**The part-time nature of the position does not require that I sever connections with my current associations, organizations, or businesses.**

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

**This question is not applicable since I am not required to sever connections.**

3. Has anybody made a commitment to you for a job after you leave government?

**No**

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

**Yes**

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

**Not applicable.**

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(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

**As a participant in the President's Commission on Executive Exchange, I was assigned to the Office of Public Liaison in the White House in October of 1989 and served the agreed twelve-month period. I was named to the President's Commission on White House Fellows in 2001 and continue to serve at the pleasure of the President. I was named to the Department of Commerce's Strengthening America's Committees Advisory Commission earlier this year and continue to serve.**

**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

**This question is not applicable since the part-time nature of the position does not require severing connections with my previous employer.**

2. Are any assets pledged?

**There is a mortgage on my primary residence.**

3. Are you currently a party to any legal action?

**No**

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

**Yes**

5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

**Yes. An audit in the early 1990's and in 2001 did not result in tax liens for formal collection procedures. All matters were resolved satisfactorily. I paid a penalty of \$441.00 in 2001 due to an underpayment of estimated tax.**

**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

**None**

2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

**Community Holding Company's Qualified Profit Sharing Plan contains stock of Cinergy, Florida Power and Light Group and General Electric.**

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result

in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

**None.**

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

**I agreed to divest stock in Cinergy and Florida Power and Light within 90 days of confirmation and will not participate in matters concerning the entities until the stocks are sold. General Electric is a vendor to TVA, and I will not participate in matters with GE without a written waiver or exemption.**

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

**See attached letters from and to Ralph Rodgers, Assistant General Counsel and Designated Agency Ethics Official of the Tennessee Valley Authority (5a and 5b).**

**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

**Republican National Committee, 1992 to present National Committeeman from Kentucky  
Vice Chairman Rules Committee 1996-00, Vice Chairman 1997-2001  
Committee on Arrangements 1999-00, 2003-04  
Committee on Contests, 1999-00  
Executive Committee 1996 to present  
Treasurer 2001-2002  
General Counsel 2002 to present.  
Republican National Conventions  
General Counsel, 2004  
Chairman, Credentials Committee, 2000  
Regional Whip for Bush-Cheney 2000  
Member, Rules Committee, 2004  
Delegate, 2000, 2004  
Republican Party of Kentucky  
Member, State Central Committee 1992 to present  
Member, Executive Committee 1992 to present  
Chairman, Budget Committee 1996 to present  
National Committeeman 1992 to present  
Delegate at Large to Republican National Convention in 1992, 1996, 2000 and 2004  
Auxiliary and Campaign Organizations  
Chairman, Bunning for U.S. Senate, 1998  
Chairman, Bush for President – Central States, 1999-2000  
Chairman, Southern Republican Leadership Conference, 2000  
Pioneer, Bush-Cheney 2004**

**POLITICAL CONTRIBUTIONS:**

See Attachment.

**Published  
writings:**

List the titles, publishers and dates of any books, articles, or reports you have written.  
(Please list first any publications and/or speeches that involve environmental or related matters.)

**I have not authored any books, articles or reports. I delivered commencement addresses at Morehead State University 1985, Alice Lloyd College 1991, College of the Ozarks 2000, and a convocation speech at Cumberland College in 2003. I spoke at the Inauguration of Governor Ernie Fletcher in December of 2003. I speak extemporaneously at civic and political events. I have appeared as a political commentator for WYMT TV weekly since 1999.**

**Additional  
Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

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2. Do you agree to appear before all Congressional Committees which seek your testimony?

**Yes.**

**AFFIDAVIT**

**ROBERT M. DUNCAN, SR. ss**, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

*Robert M. Duncan, Sr.*

Subscribed and sworn before me this

1st

December

day of

, 2005 .

Notary Public

*John Roberts*

My Commission Expires: 2-09-2009





Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

November 18, 2005

Mr. Robert M. Duncan  
P.O. Box 331  
Inez, Kentucky 41224

Dear Mr. Duncan:

Congratulations on your nomination to be Member of the Tennessee Valley Authority Board of Directors. This letter is to provide you general advice on conflicts-of-interest and other ethics laws applicable to the position for which you have been nominated. In addition, the Senate Committee on Environment and Public Works has asked nominees about applicable conflicts laws, and you may find this letter helpful in responding to any inquiries.

Applicable statutes are:

1. Tennessee Valley Authority Act, sections 2(b) and 2(g) (to be codified at 16 U.S.C. § 831a(b), 831a(g), as modified by the recent restructuring amendments to the TVA Act contained in section 601 of the Consolidated Appropriations Act, 2005, Pub. Law 108-447 (Dec. 8, 2004), and which are applicable specifically to the TVA Board of Directors).
2. Statutes applicable to federal officers and employees generally, including:
  - The "Bribery, Graft, and Conflicts of Interest" provisions at 18 U.S.C. §§ 202, 203, 205, and 208.
  - The restriction on gifts to federal employees, 5 U.S.C. § 7353.

TVA Directors must also comply with the "Principles of Ethical Conduct for Government Officers and Employees," Executive Order No. 12,674 (Apr. 12, 1989, as amended), and the "Standards of Ethical Conduct for Employees of the Executive Branch," 5 C.F.R. pt. 2635.

We are enclosing copies or synopses of the above laws and regulations for your reference.

You have completed and submitted a financial disclosure report (OGE Form 450), pursuant to the provisions of the Ethics in Government Act, which I have reviewed. It is my opinion that, in light of the points and commitments discussed below, no interest or position indicated on the financial disclosure report discloses a conflict of interest under applicable laws and regulations.

Under the restructuring amendments to the TVA Act, which become effective when at least three new Directors take office, the previous requirement of the TVA Act that Directors devote their services full-time to the work of TVA will no longer apply. Members of the expanded Board of Directors are therefore expected to serve in a part-time capacity. Some of the ethics laws that will apply to your service distinguish between full-time and part-time government employees. An employee who is expected to perform official duties no more than 130 days out of any period of 365 consecutive days is classified as a "Special Government Employee" ("SGE") and, as discussed below, is subject to somewhat less restrictive requirements than a regular employee under some of the laws. In addition, in some instances even further relaxations of ethics requirements are provided for SGEs who perform duties no more than 60 days in a year. Based on our analysis of the restructuring amendments to the TVA Act and on other factors, including discussions with you and with other nominees, I have concluded that it is reasonable to expect that Members of the expanded Board of Directors will perform their official duties for less than 130 out of 365 days and therefore will be SGEs, and that they also will likely serve less than 60 days per year as well. The Office of Government Ethics has informed us that they are in agreement with this determination.

The restructuring amendments to the TVA Act also remove the previous restriction on a TVA Director having any financial interest in any public utility corporation engaged in selling power to the public or in any business that may be adversely affected by TVA's success as a producer of fertilizer or electric power. Instead, under section 2(b) of the restructured Act, to be eligible to be appointed as a member of the Board, an individual must "make full disclosure to Congress of any investment or other financial interest that the individual holds in the energy industry." The disclosures made on your financial disclosure report appear to satisfy this requirement. In addition, the restructuring amendments (in new section 2(g) of the Act) will require the newly expanded Board of Directors to "adopt and submit to Congress a conflict-of-interest policy applicable to Members of the Board and employees of the Corporation."

Under 18 U.S.C. § 203, government employees may not seek, accept, or agree to accept any compensation for representational services rendered, even by someone other than the employee, before any federal agency, court, or commission in a matter in which the United States is a party or has a direct and substantial interest. Under 18 U.S.C. § 205, employees may not engage in such representational services, even if unpaid, nor assist for pay in prosecuting any claim against the United States. However, as an SGE, the restrictions in both of these statutes would apply to you only in relation to particular



matters involving a specific party or parties in which you at any time participate personally and substantially as a government employee, unless your service as an SGE exceeds 60 days in a consecutive 365-day period, in which case these statutory prohibitions also would apply to any particular matters involving a specific party or parties which are pending before TVA, whether or not you personally and substantially participate in such matters.

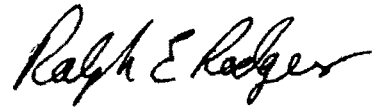
Under 18 U.S.C. § 208, the general conflict-of-interest law, you must not participate personally and substantially (by approval, recommendation, or otherwise) on behalf of TVA in any particular matter affecting a financial interest of yours or of any party whose interests are imputed to you (your spouse, minor children, any entity with which you serve as officer, director, trustee, general partner, or employee, or any entity with which you are negotiating or have any arrangement concerning prospective employment). This includes financial interests by ownership of securities. Section 208 does not prohibit you from holding any interests—it prohibits your participation in matters affecting interests you do hold, and you may satisfy section 208 by recusing yourself from such participation. Section 208 exempts certain interests and official matters, including, but not limited to: (1) holdings in diversified mutual funds; (2) publicly traded securities of entities affected by contract actions or other matters involving specific parties where the aggregate value of holdings does not exceed \$15,000 in entities that are parties to the matter or \$25,000 in entities that are not parties to the matter; (3) publicly traded securities not exceeding \$25,000 value per any one entity or \$50,000 aggregate value affected by rulemaking or other general matters not involving specific parties; and (4) interests determined on a case-by-case basis to be insignificant.

You have committed to comply with the requirements of section 208. This commitment extends to your not participating in TVA matters affecting the financial interests of entities (such as firms seeking to do business with TVA) in which you or imputed parties then have a financial interest. In addition, while not strictly required, in order to avoid potential conflicts of interest you have agreed to divest holdings in certain electric utility companies following your confirmation. Based on these commitments, I see no section 208 issues with respect to you.

Aside from section 208, it may also be appropriate for you to consider recusing yourself from participation in matters affecting the financial interests of entities whose interests are not imputed to you under section 208 but with whom you have a relationship which might lead a member of the public to question your impartiality. This would be a judgment call on your part, in accordance with subpart E of the Standards of Ethical Conduct, and I will be glad to discuss with you any situation in this regard that may arise.

These are the only matters we have identified which appear to justify specific discussion at this time. I will be happy to confer with you at any time to discuss any questions or issues you may have.

Sincerely,

A handwritten signature in black ink that reads "Ralph E. Rodgers". The signature is written in a cursive style with a large, prominent initial "R".

Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official

Enclosures

November 21, 2005

Mr. Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, Tennessee 37902-1401

Dear Mr. Rodgers:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed to the Board of Directors of the Tennessee Valley Authority.

As required by 18 U.S.C. § 208(a), and subject to the last sentence of this paragraph, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner; any organization in which I serve as officer, director, trustee, general partner, or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment. Section 208(a) includes a "knowledge" element, in that the restrictions on my participating apply only to those particular matters in which, to my knowledge, I (or any other person whose interests are imputed to me) have a financial interest.

In order to avoid potential conflicts of interest, I agree to divest my holdings in Cinergy and FPL Group within 90 days of my confirmation. Until these divestitures have been completed, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on these entities, unless I first obtain a written waiver or qualify for a regulatory exemption.

I will not participate personally and substantially in any particular matter that would have a direct and predictable effect on the financial interest of General Electric, which I recognize is a vendor to TVA, or in any other entity in which to my knowledge I or

Mr. Ralph E. Rodgers  
Page 2

imputed parties then have a financial interest, unless I first obtain a written waiver or qualify for a regulatory exemption.

I may retain the outside positions I have listed on my financial disclosure form. Pursuant to 18 U.S.C. § 208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of any of these organizations in which I then hold a position, unless I first obtain a written waiver or qualify for a regulatory exemption.

Sincerely,

Robert M. Duncan



**BEN CHANDLER**  
MEMBER OF CONGRESS  
SIXTH DISTRICT, KENTUCKY

1504 Longworth House Office Building  
Washington, DC 20515

February 3, 2006

Marty Hall  
Deputy Staff Director  
Senate Committee on Environment and Public Works  
410 Dirksen Senate Office Building  
Washington, DC 20510-6175

Dear Mr. Hall,

It is with a great sense of pride that I write to recommend Mike Duncan for a position on the board of the Tennessee Valley Authority (TVA). I believe his strong involvement in the community, commitment to public service and professional success make him an ideal candidate for this position.

I have known Mike for several years and I have a great respect for his strong values and commitment to public service. He has gained a deep understanding of what it means to serve a community and nation through his work as a commentator on the local CBS affiliate and his time in the White House and his work for the Governor of Kentucky.

Additionally, Mike has been active civically. He has worked with the Christian Appalachian Project, the Center for Rural Development, the Governor's Scholars Board, and is a trustee for Alice Lloyd College and the Highlands Regional Medical Center. In 2004, he received the prestigious Vic Hellard Award for Public Service and he has been inducted into the University of Kentucky, College of Law Hall of Fame.

Not only has Mike been successful in the areas mentioned, but he is a good person, who I know will share the mission and goals of the Tennessee Valley Authority. The TVA's mission of affordable power, economic development and conservation are all concerns Mike shares with the surrounding community.

For these reasons I strongly recommend without hesitation Mike Duncan to serve on the board of the TVA. Feel free to contact me if I can provide further information.

Sincerely,

Ben Chandler  
Member of Congress

ED WHITFIELD  
1ST DISTRICT, KENTUCKY  
  
WASHINGTON OFFICE:  
301 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-1701  
(202) 225-3115  
FAX: (202) 225-3547  
HOMEPAGE: www.house.gov/whitfield

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1701

COMMITTEE ON  
ENERGY AND COMMERCE  
  
SUBCOMMITTEES:  
OVERSIGHT AND INVESTIGATIONS  
SCIENCE  
ENERGY AND AIR QUALITY  
TELECOMMUNICATIONS AND  
THE INTERNET

February 6, 2006

The Honorable James M. Inhofe  
Chairman, Committee on Environment and Public Works  
United States Senate  
410 Dirksen Senate Office Building  
Washington, DC 20510-6175

Dear Chairman Inhofe:

It is my pleasure to write in support of the nomination of Mr. Michael (Mike) Duncan to the Board of Directors for the Tennessee Valley Authority (TVA).

As the Representative from the First District of Kentucky, I recognize the importance of TVA and the guiding role played by its Board of Directors. TVA is a vital source of power generation and transmission for communities in my District. My position on the House Energy and Commerce Committee, which has jurisdiction over TVA, has also enabled me to work closely with them and gain a greater understanding of the history, structure and future needs of this body and the entire region.

In considering the future of TVA, I believe Mike would be an excellent addition to the Board of Directors. I have known Mike for quite some time, and he brings to the table both business experience and knowledge of the needs of the people served by TVA. Mike has a long history of public service and civic engagement, which would lend well to his role on the Board. He has given of his time and efforts to colleges and universities throughout the state of Kentucky to improve the quality of education. In addition, his experience in various economic development initiatives would be a valuable asset to the Board as they promote economic development throughout the Valley. For these reasons, I am pleased to support the nomination of Mike Duncan to the TVA Board of Directors.

Thank you for your consideration of my recommendation.

Sincerely,



Ed Whitfield  
Member of Congress

EW:ls

FIRST FLOOR  
1403 SOUTH MAIN STREET  
HORNERSVILLE, KY 42040  
(270) 885-8079  
(800) 328-5629  
FAX: (270) 885-6598

SUITE F  
200 NORTH MAIN  
TOMPKINSVILLE, KY 42167-1548  
(270) 487-9509  
FAX: (270) 487-0519

DISTRICT OFFICES

SUITE 224  
222 FIRST STREET  
HENDERSON, KY 42420  
(270) 826-4180  
FAX: (270) 826-6783

ROOM 104  
109 FOUNTAIN AVENUE  
PADUCAH, KY 42001  
(270) 442-6901  
FAX: (270) 442-6805

HAROLD ROGERS  
8TH DISTRICT, KENTUCKY  
COMMITTEE ON APPROPRIATIONS  
CHAIRMAN  
SUBCOMMITTEE ON THE DEPARTMENT OF  
HOMELAND SECURITY  
SUBCOMMITTEE ON THE DEPARTMENTS OF  
TRANSPORTATION, TREASURY,  
JUDICIARY, AND HUD



Congress of the United States  
House of Representatives  
Washington, DC 20515-1705

February 6, 2006

PLEASE RESPOND TO:

- WASHINGTON OFFICE:  
2401 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-1726  
(202) 226-4301
- DISTRICT OFFICE:  
801 CLIFTY STREET  
SOMERSET, KY 40301  
(502) 478-4346 ON  
7-000-454-2558
- 401 MAIN STREET  
HARRISBURG, KY 41031  
(502) 432-0754
- 110 RESOURCE COURT  
SUITE A  
PRAIRIEVILLE, KY 41063  
(502) 888-0644

Senator James Inhofe  
Senate Environment & Public Works Committee  
410 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Inhofe:

I am writing to recommend Robert "Mike" Duncan for appointment to the board of the Tennessee Valley Authority.

Mike is a very successful individual who has a diverse professional background that includes business, non-profit and government organizations. As a United States Congressman, I have seen first hand the positive impact he has made throughout Kentucky, where he has been active and influential in promoting business and economic development initiatives for more than two decades.

Mike has a clear understanding of what it takes to successfully operate both private and non-profit entities. With leadership roles in various financial institutions and the American and Kentucky Bankers Associations, he has earned a reputation for his smart business sense and ability to produce results. In his role as the Director and former Chairman of The Center for Rural Development in Somerset, Kentucky, Mike has played an integral role in promoting innovative and sustainable community development solutions throughout southern and eastern Kentucky. Through his work with the East Kentucky Corporation, the Big Sandy Regional Development Authority, and scores of other civic, financial, and educational organizations, he has provided leadership and support for business and economic development efforts that are helping make our region a better place.

As you have no doubt seen from his extensive resume, Mike's list of involvements and accomplishments speak volumes about his qualifications. In short, he is a dynamic, talented and effective business and civic leader.

It is with great pleasure that I recommend Mike to you for consideration. I don't believe you could find a more qualified person to serve on the board of the Tennessee Valley Authority.

Sincerely,

  
HAROLD ROGERS  
Member of Congress

STATEMENT OF SUSAN RICHARDSON WILLIAMS, NOMINATED TO BE A MEMBER OF THE  
BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Good morning. I am honored to be here today as one of President Bush's nominees to the Board of the Tennessee Valley Authority. I am very grateful to Tennessee's Senators, Majority Leader Bill Frist and Lamar Alexander and to my Congressman John Duncan, Jr., for their support.

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today. The woman you see here has been shaped and molded by the Tennessee Valley Authority. I grew up in Savannah, TN, a small town in west Tennessee on the banks of the Tennessee River. My father worked his entire life for TVA, 45 years at retirement, most of it as a Senior Operator at Pickwick Dam near Savannah. He was a shift worker who belonged to the International Brotherhood of Electrical Workers. He bought Series E savings bonds every month through TVA so that my sister and I could attend college. I can only imagine what he would think if he were here today to see his child nominated to serve on the TVA Board. I am a daughter of the Tennessee Valley and would consider it an incredible honor to serve on this Board.

Having this background and knowledge of TVA gives me a unique perspective on the history and mission of the agency. I appreciate what TVA has done for the people of the Valley but I also recognize that there are challenges facing this new Board. I can tell you that I will work hard to understand the challenges and make determinations based on sound research and careful thought. I have served on the University of Tennessee's Board of Trustees for almost 11 years and have run a State government agency overseeing over 40,000 employees. My 35-year career has been in both the public and private arenas. Based on my work, my life's experiences and my knowledge of TVA, I believe I can make a valuable contribution to the Board of the Tennessee Valley Authority if you choose to confirm me.

Thank you again for this opportunity and I look forward to answering any questions you may have for me.

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RESPONSES FROM SUSAN RICHARDSON WILLIAMS TO ADDITIONAL QUESTIONS FROM  
SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. As a general rule, I support public/private partnerships if they make sense for both entities. If I am confirmed, a major part of my responsibility will be to assure that TVA is taking the steps necessary to provide an adequate supply of reliable, low-cost, clean power for the people and businesses in the Tennessee Valley Region. This will require careful and conservative assessments of which, among the alternative means of power supply, would be the more fiscally responsible for TVA to pursue. The cost of capital and allocation of risk are significant issues in deciding whether to add new capacity, and I commit to carefully review all aspects of these issues if I were to consider adding power generating capacity in the future.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. If confirmed, I will have the opportunity to learn exactly what processes TVA currently uses to make these types of acquisition and investment decisions. I can assure you that, after becoming fully acquainted with those processes, I would assess whether any changes would be warranted. With regard to competition generally, I believe it can be a very important tool to help assure that low-cost decisions are made, while still acquiring the type and quality of generation resources required to maintain the reliability of the TVA power system.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I would be committed to carefully studying the costs and efficiency of TVA's operations and TVA's load growth, cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to assure that power rates provide sufficient revenues and operating costs are at appropriate levels and to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards improving and maintaining effi-



ciency and financial flexibility to enable TVA to make all necessary investments in the power system, including those for pollution control, in a timely manner.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. If confirmed, I look forward to the opportunity to learn more specifically about the Green Power Switch program and how it is operating. I can say, from what I have publicly heard to date, that it sounds like a worthwhile approach toward encouraging investment in renewable generation in the Tennessee Valley Region through voluntary measures.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am not personally aware that such a disparity in TVA rate levels by region exists. If confirmed, as part of my specific duty to establish TVA's electric power rates, I will examine TVA's existing rate structure and rate-making process in greater detail to make certain that TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I do not currently have enough information about the plans for, and status of, TVA's pollution control compliance efforts to offer an informed opinion or make specific commitments concerning such efforts. I do recognize that environmental stewardship, along with low-cost power and technological innovation, is among TVA's important objectives and missions, and I also recognize that I have an obligation to ensure that TVA complies with applicable laws, including environmental laws. If confirmed, I will have the opportunity learn more about TVA's pollution control compliance actions and be in the position to assure that TVA is taking the appropriate steps in this area.

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RESPONSES FROM SUSAN RICHARDSON WILLIAMS TO ADDITIONAL QUESTIONS FROM SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. It is my understanding that access to TVA transmission system service is a very important issue for distributors of TVA power generally, as well as for those located in Kentucky. Unfortunately, I have not yet had the opportunity to study the details of this situation sufficiently to be able to commit to a particular resolution to the varying points of view on this issue at this time.

I can assure that, if confirmed to the TVA Board, I will be committed to putting this issue on my personal TVA study agenda promptly to assure that TVA is seeking ways to address the interests of TVA's distributor customers who wish to have transmission access in a manner that would both be fair to all power customers in TVA's seven-state region and keep TVA on a sound financial basis.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that

goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. I take a conservative approach to managing my own debt and I believe TVA should take a conservative approach to its debt levels. If confirmed, I would be committed to carefully studying TVA's cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards reaching financial flexibility. I recognize that managing TVA's debt in a fiscally conservative way is key to assuring TVA's financial soundness in the future.

I recognize that there has been disappointment with TVA's progress in meeting the debt reduction goals that it set forth in 1997.

Unfortunately, it is not possible to change the past. But, I can commit that I would oversee TVA's financial progress—to better assure that TVA will be able to provide reliable power at competitive rates, both now and into the future.

With regard to accounting procedures, if confirmed to the TVA Board, the Board will be establishing an Audit Committee, which, among other things, will be focused on overseeing TVA's accounting policies to assure that they are appropriate and transparent as to TVA's true financial condition.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a state public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. If confirmed, I will have the opportunity to gain sufficient information about the details of TVA's ratemaking process and experience with it. With that information and experience, I would be in a better position to form an opinion about whether having an outside entity regulate TVA would be better in terms of helping TVA fulfill its mission and objectives.

It is clear that the TVA Act would place the duty upon the Board to establish the electricity rates charged by TVA in keeping with TVA's overall mission and objectives, including the objective that power be sold at rates that are as low as are feasible.

I can say without reservation that this duty would be one of the Board's more important ones—because TVA's provision of reliable, low-cost power is a critical factor in enhancing the economic vitality and development of the Tennessee Valley Region.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

# INFORMATION

## REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:** Susan Richardson Williams

**Business Address:** 137 S. Gay Street  
Knoxville, Tennessee 37902

**Business Phone:** 865-524-0270

**Home Address:** 9000 Legends Lake Lane  
Knoxville, Tennessee 37922

**Home Phone:** 865-690-4674

**UNITED STATES SENATE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

Name: Williams Susan Richardson  
(Last) (First) (Middle)

Position to which nominated: Tennessee Valley Authority Board of Directors

Date of Nomination: \_\_\_\_\_

Date of birth: 29 October 1945 Place of birth: Florence, Alabama  
(Day) (Month) (Year)

Marital status: Married Full name of spouse: William Dickson Williams

Name and ages of children:

\_\_\_\_\_

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	University of Tennessee	1963-1967	B.S.	March-1967

\_\_\_\_\_

\_\_\_\_\_

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

- Current Position-** Owner- Susan Williams Public Affairs/dba SRW & Associates; Formed June, 2004, Knoxville, Tennessee. Public and Government Relations consultant.
- 1996-2004-** Managing Partner, Consultant, The Ingram Group, Knoxville, Tennessee. Statewide Public and government relations firm.
- 1995-96-** Commissioner of Personnel, State of Tennessee, Nashville, Tennessee. Appointed by Governor Don Sundquist to oversee testing, employment of 40,000 employees
- 1988-1995-** Associate Athletics Director, Women's Athletics, University of Tennessee, Knoxville, Tennessee. Raised scholarship funds for female athletes.
- 1987-** President and CEO- Television Center Nashville, Inc.- oversaw post production for videos, television productions.

**1986-87-** Political and Fundraising Consultant. Self-employed. Nashville, Tennessee  
**1982-85,** State Chairman, Tennessee Republican Party, Nashville, Tennessee. Elected by State Republican Executive Committee to oversee Tennessee Republican party operations.  
**1980-82-** Special Assistant to Governor Lamar Alexander, State of Tennessee. Handled appointments to Tennessee Boards and Commissions for the Governor. Nashville, Tennessee.  
**1979-80-** Assistant Commissioner, Department of Correction, State of Tennessee. Handled legislative affairs and public relations for Commissioner of Department. Nashville, Tennessee  
**1979-** Assistant to the Commissioner, Department of Personnel, State of Tennessee. Worked with Commissioner on appointments and community relations. Nashville, Tennessee.  
**1978-** Organizational Director, Tennessee Republican Party. Directed all legislative campaigns in Tennessee for the State Chairman. Nashville, Tennessee.  
**1973-77-** State Press Director for United States Senator Bill Brock. Handled media relations for state of Tennessee for Senator Brock. Nashville, Tennessee.  
**1972-73-** Executive Assistant to State Archaeologist, State of Tennessee, Department of Conservation. Nashville, Tennessee.  
**1971-72-** Executive Assistant to Commissioner of Conservation Bill Jenkins, State of Tennessee. Nashville, Tennessee.  
**1970-** Transition Staff of Governor-elect Winfield Dunn, Nashville, Tennessee  
**1967-70-** Teacher, Maryville Junior High School, Maryville, Tennessee. Taught history and civics.

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Alpha Lambda Delta Honorary Society; Phi Kappa Phi Honorary Society; Selected Statesman of Year by Tennessee Republican Party, 2000;

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
University of Tennessee	Board of Trustees, Exec. Committee	1995-current
Executive Women's Association	member	1996-current
Leadership Knoxville	alumnus	1998-current
Juvenile Court Advisory Board	member	2004-current
Knoxville Opera Board	Chair, Nominations	1997-2005
East Tennessee Historical Society Board	Special Events	2002-current
Salvation Army Capital Campaign		1994
Franklin Road Academy	Board of Trustees, Fundraising Chair	1985-88
University of Tennessee Alumni Assoc. Nashville Chapter Board		1985-87
Zeta Tau Alpha Alumnae	President, Nashville	1973-74

Zeta Tau Alpha Sorority	Officer	1964-65
Student Government Association	Secretary, Univ. of Tennessee	1965

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

My father started working for TVA at Wilson Dam when he was 19 years old and retired as a Senior Operator from Pickwick Dam 45 years later. Obviously TVA has played a significant role in my life from helping educate me to literally putting food on our table. I have lived my entire life in the Valley and have a deep understanding and appreciation of the historic role TVA has played in the development of our state and region. I also understand that TVA is facing some significant changes in the coming years as they become more competitive in the utilities market. I am fully aware of the challenges the Board faces to reduce the TVA debt and at the same time attempts to become more competitive in the market place. Having lived in Knoxville, the home of TVA, for the past 17 years, I certainly know the history and the issues surrounding the agency.

On a personal note, I have served on the University of Tennessee's Board of Trustees for the past 10 years and have voted on billion dollar budgets, tuition increases, changes in leadership and other issues similar to those facing TVA's new board. I serve on the Executive Committee and chair the Advancement and Public Affairs Committee of the Board and being a local trustee, have been integrally involved in the University's Board operation over the past 10 years.

I served as Commissioner of Personnel for the State of Tennessee during Governor Don Sundquist' administration. As Commissioner, I oversaw the testing, employment and human resource development for around 40,000 state employees. I managed several hundred employees in the Department directly, interacted daily with all other departments of state government and their Commissioners and reported directly to the Governor on all personnel matters. During Governor Lamar Alexander's term, as a senior staff assistant and as a Cabinet member, I was involved in an administration that expanded economic development greatly and was responsible for recruiting the automobile industry to Tennessee in record numbers. Economic development is a key initiative of TVA. I think all of this experience will serve me well if confirmed to the TVA Board.

**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.  
**Since this appointment is a part-time Board position, it is my intention to continue my public relations consulting business.**

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2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

**See above answer.**

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3. Has anybody made a commitment to you for a job after you leave government?

**no**

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4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

**yes**

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(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

**N/A**

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(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

**None**

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**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

I have a retirement plan from both the State of Tennessee and the University of Tennessee. The State of Tennessee has just started producing retirement benefits this month and I do not know the amount yet but it will be relatively small (\$500-600 monthly level). I have not started receiving retirement income from my service with the University of Tennessee at this time.

2. Are any assets pledged?

Small mortgage on home

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3. Are you currently a party to any legal action?

No

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

No

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**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

**Again, the State of Tennessee and the University of Tennessee retirement accounts are pending my retirement. I have a current client, EPRI Solutions, Inc. whom I consult with, that does some business with TVA, but I handle public and community relations for them, not business development, so I don't expect to be conflicted.**

2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

**\_See above discussion regarding EPRI Solutions, Inc.**

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

**\_To the best of my knowledge, none**

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

**I will not participate personally and substantially in any particular matter that to my knowledge has a direct effect on my financial interests or those of any other person whose interest is imputed to me unless I first obtain a written waiver or qualify for a regulatory exemption.**

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

See attached.

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**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

**East Tennessee Chair, Senator Bill Frist Re-Elect Campaign, 2000; Co-Chair, Bush Cheney, Second Congressional District, 2000; East Tennessee Finance Chair, Governor Don Sundquist Re-elect Campaign, 1998; Second Congressional District Chair, Dole-Kemp Campaign, 1996; Alternate Delegate, Republican National Convention, 1996,2000; Delegate Republican National Convention, 2004; Committee on Permanent ??????; Inaugural Co-Chair, Governor Don Sundquist, 1998; Van Hilleary for Governor, Campaign Advisor, 2002;**

**To the best of my knowledge, I have made contributions to Lamar Alexander for Senate; Senator Lamar Alexander Re-elect Campaign; Van Hilleary for Governor; Don Sundquist for Governor; Senator Bill Frist; Congressman John Duncan, Jr. ; Bob Corker for Senate**

**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

N/A

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**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

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2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

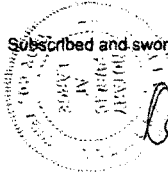
**AFFIDAVIT**

Tuan Williams ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this

5<sup>th</sup>

day of January, 2006



Anna Jewel, Knox County, Tennessee  
Notary Public

My Commission expires 10/2/06

November 21, 2005

Mr. Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, Tennessee 37902-1401

Dear Mr. Rodgers:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed to serve on the Board of Directors of the Tennessee Valley Authority.

As required by 18 U.S.C. § 208(a), and subject to the last sentence of this paragraph, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interest is imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor child, or any general partner; any organization in which I serve as officer, director, trustee, general partner, or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment. Section 208(a) includes a "knowledge" element, in that the restrictions on my participating apply only to those particular matters in which, to my knowledge, I (or any other person whose interests are imputed to me) have a financial interest.

I understand that section 208 financial interests may arise through ownership of securities or other investments in a business. While I understand that none of the current investments in entities I have disclosed appear likely to present a potential conflict of interest under section 208(a), I remain obliged not to participate personally and substantially in any particular matter that will have a direct and predictable effect on any entity in which, to my knowledge, I or an imputed party have an interest, unless I first obtain a written waiver or qualify for a regulatory exemption.

I will continue my public relations business, Susan Williams Public Affairs, a sole proprietorship that in association with four other independent contractors does business as SRW & Associates. In accordance with section 208, I will recuse myself from participating personally and substantially in any particular matter that will have a direct and predictable effect on Susan Williams Public Affairs, unless I first obtain a written waiver or qualify for a regulatory exemption. Recent clients include Atmospheric Glow

Mr. Ralph E. Rodgers  
Page 2

Technologies, Gulf and Ohio Railways, EPRI Solutions, Inc., Volunteer Landing Developers, Southeastern Mobile Diagnostics, Patel Developers, Northeast Knox Utility District, Child and Family Tennessee, Arrowmont School for the Arts, Krispy Kreme, Merit Construction, Inc., BWXT Y-12, AmSouth Bank, Interspace Airport Advertising, The Graham Corporation, and Utilities Management Federation. While it is unlikely that my clients will have matters coming before the TVA Board, pursuant to 5 C.F.R. § 2635.502, I will not (unless authorized by you) participate in any particular matter involving specific parties in which to my knowledge any party or representative of a party is one of my current clients or a client for which I have performed services within the 12 months prior to the particular matter.

I left the Knoxville Opera Board in July 2005, but I may retain the other outside positions I have listed on my financial disclosure form and I may enter other positions with other entities. As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of any entity the interests of which are imputed to me, unless I first obtain a written waiver or qualify for a regulatory exemption.

My spouse conducts an insurance and financial services business through The Plateau Group. While it is unlikely that The Plateau Group will have matters or will represent parties in matters coming before the TVA Board, in accordance with section 208, I will recuse myself from participating personally and substantially in any particular matter involving The Plateau Group that will have a direct and predictable effect on my spouse's employment or salary, unless I first obtain a written waiver or qualify for a regulatory exemption. Further, under 5 C.F.R. § 2635.502, I will not participate in any particular matter involving specific parties in which to my knowledge The Plateau Group is or represents a party (even if my spouse is not personally affected), unless I am authorized to participate.

Sincerely,



Susan R. Williams

STATEMENT OF WILLIAM SANSOM, NOMINATED TO BE A MEMBER OF THE BOARD OF  
DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

I'm honored to appear before you today and be considered as a member of this new nine member TVA Board. I want to thank Senator Bill Frist and Senator Lamar Alexander for their support and encouragement.

I appreciate President Bush recommending me as one of the new board members to your committee and the Senate.

I think you have made a wise decision to change the board structure, and I'll do all I can to make that a right decision for you and the TVA customers. I'll support TVA's missions including providing reliable, competitive and environmentally clean electricity to the people in this region.

I've dredged sand and gravel and operated towboats on the Tennessee River, plus done a lot of water skiing on the TVA lakes. I recognize the navigation requirements, the need to protect the environment, provide flood prevention, and effectively use our water resources.

I look forward to helping set up this new board and providing leadership and strategic direction for TVA.

I think this board can be thoughtful, objective, inquiring and deliberate about issues facing TVA today, and I look forward to working with you and your goals for TVA and making intelligent business decisions.

Thank you for this opportunity to appear before you today and your consideration.

RESPONSES FROM WILLIAM SANSOM TO ADDITIONAL QUESTIONS FROM  
SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. If I am confirmed, a major part of my responsibility will be to assure that TVA is taking the steps necessary to provide an adequate supply of reliable, low-cost, clean power for the people and businesses in the Tennessee Valley Region. This will require careful and conservative assessments of which, among the alternative means of power supply, would be the more fiscally responsible for TVA to pursue. The cost of capital and allocation of risk are significant issues in deciding whether to add new capacity, and I commit to carefully review all aspects of these issues if I were to consider adding power generating capacity in the future.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. I have not yet had the opportunity to learn exactly what processes TVA currently uses to make these types of acquisition and investment decisions. If confirmed, I can assure you that I would become fully acquainted with those processes and determine if any changes would be warranted. With regard to competition generally, I believe it can be a very important tool to help assure that low-cost decisions are made, while still acquiring the type and quality of generation resources required to maintain the reliability of the TVA power system.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I would be committed to carefully studying the costs and efficiency of TVA's operations and TVA's load growth, cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to assure that power rates provide sufficient revenues and operating costs are at appropriate levels and to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards improving and maintaining efficiency and financial flexibility to enable TVA to make all necessary investments in the power system, including those for pollution control, in a timely manner.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. Before offering unqualified support for any particular TVA program, I would first like to have the opportunity, if confirmed, to learn more specifically about that program and how it is operating. However, with respect to the Green Power Switch program, I can say, from what I have publicly heard to date, that it

sounds like a worthwhile approach toward encouraging investment in renewable generation in the Tennessee Valley Region through voluntary measures.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am not personally aware that such a disparity in TVA rate levels by region exists. If confirmed, as part of my specific duty to establish TVA's electric power rates, I will examine TVA's existing rate structure and rate-making process in greater detail to make certain that TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I do not currently have enough information about the plans for, and status of, TVA's pollution control compliance efforts to offer an informed opinion or make specific commitments concerning such efforts. I do recognize that environmental stewardship, along with low-cost power and technological innovation, is among TVA's important objectives and missions, and I also recognize that I have an obligation to ensure that TVA complies with applicable laws, including environmental laws. If confirmed, I will have the opportunity learn more about TVA's pollution control compliance actions and be in the position to assure that TVA is taking the appropriate steps in this area.

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RESPONSES FROM WILLIAM SANSOM TO ADDITIONAL QUESTIONS FROM  
SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. It is my understanding that access to TVA transmission system service is a very important issue for distributors of TVA power generally, as well as for those located in Kentucky. Unfortunately, I have not had the opportunity to study the details of this situation sufficiently to be able to commit to a particular resolution to the varying points of view on this issue at this time.

I can assure that, if confirmed to the TVA Board, I would be committed to promptly devote my efforts to assure that TVA is seeking ways to address the interests of TVA's distributor customers who wish to have transmission access in a manner that would both be fair to all power customers in TVA's seven-state region and keep TVA on a sound financial basis.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. I believe in taking a conservative approach to debt levels. If confirmed, I would be committed to carefully studying TVA's cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes con-

tinuous progress towards reaching financial flexibility. I recognize that managing TVA's debt in a fiscally conservative way is key to assuring TVA's financial soundness in the future.

I recognize that there has been disappointment with TVA's progress in meeting the debt reduction goals that it set forth in 1997.

Unfortunately, it is not possible to change the past. But, I can commit that I would oversee TVA's financial progress—to better assure that TVA will be able to provide reliable power at competitive rates, both now and into the future.

With regard to accounting procedures, if confirmed to the TVA Board, the Board will be establishing an Audit Committee, which, among other things, will be focused on overseeing TVA's accounting policies to assure that they are appropriate and transparent as to TVA's true financial condition.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a state public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. I do not yet have sufficient information about the details of TVA's rate-making process and experience with it to form an opinion as to whether having an outside entity regulate TVA would be better in terms of helping TVA fulfill its mission and objectives.

If I am confirmed to the TVA Board, it is clear that the TVA Act would place the duty upon the Board to establish the electricity rates charged by TVA in keeping with TVA's overall mission and objectives, including the objective that power be sold at rates that are as low as are feasible.

I can say without reservation that this duty would be one of the Board's more important ones—because TVA's provision of reliable, low-cost power is a critical factor in enhancing the economic vitality and development of the Tennessee Valley Region.



# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

### INFORMATION

#### REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:** William B. Sansom

**Business Address:** 502 S. Gay Street, Suite 300  
Knoxville, TN 37902

**Business Phone:** 865-546-1291

**Home Address:** \_\_\_\_\_  
\_\_\_\_\_

**Home Phone:** \_\_\_\_\_

**UNITED STATES SENATE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

**Name:**  
Sansom William B  
(Last) (First) (Middle)

**Position to which nominated:** TVA Director

**Date of Nomination:** Nov. 18, 2006

**Date of birth:** 17/07/41 **Place of birth:** Johnson City, Tennessee  
(Day) (Month) (Year)

**Marital status:** Married **Full name of spouse:** Elisabeth Shafer Sansom

**Name and ages of children:** \_\_\_\_\_  
 \_\_\_\_\_

**Education:**

Institution	Dates attended	Degree received	Dates of degrees
<u>The Citadel</u>	<u>1960-64</u>	<u>B.S. Civil Engineering</u>	<u>6/64</u>

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

- 1964-78, American Limestone Company, Div. Of ASARCO engineer, engineering work, plant design  
 Manager, managed sand and gravel operations and quarries  
 President, responsible for all operations and reporting to ASARCO
- 1979-81, Commissioner of Transportation, State of Tennessee
- 5/81-83, Commissioner of Finance & Administration, State of Tennessee
- 1983 to present, The H.T. Hackney Co, Chairman/CEO

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

US Marine Corps Commandant's Trophy, 1962  
Regimental Commander, The Citadel, 1964  
Honorary degree, Doctor of Science conferred by The Citadel, 05/13/00  
Inducted into The Citadel Business Hall of Fame, Leader of Principle Award, 2005  
Engineer of the Year, Middle Tennessee Chapter Civil Engineers, Engineering Organizations of Nashville  
John O. Wilson Ring, The Citadel

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
<u>Attachment #1</u>		
_____		
_____		
_____		

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

Attachment #2

Attachment #1

Albers, Inc. (Past Board Member)  
Astec Industries (Current Director)  
Cherokee Products (Current Director)  
Citadel Trust (Current Chairman)  
Citadel Foundation (Current Board Member, Past President)  
First Horizon (Current Director)  
Great Smokey Mountain Council (Current Board Member, Past President)  
Knoxville Community Development Corporation (Past Chairman, Past Board Member)  
Leadership Knoxville (Current Board Member)  
Martin Marietta (Current Board Member)  
Maryville College (Past Board Member)  
National Crushed Stone Association (Past Board Member)  
National Wholesale Grocers' Association (Past Board Member)  
Northern Tier High Adventure (Current Board Member)  
Oak Ridge National Laboratory, UT Batelle Board (Current Board Member)  
Tennessee Business Round Table (Past President)  
University of Tennessee Foundation (Current Board Member)  
University of Tennessee Trustec (Past Board Member & Past Vice Chairman)  
Virginia Vermiculite (Current Director)  
Wake Forest University (Past Board Member)

Attachment #2

I'm not sure anyone can be totally qualified to serve on anyone's board. Relative to the TVA board, as I've listed in all the attached information, I have worked in state government and was responsible, with others, for nearly a \$4.5 billion budget, which included all departments of state government and higher education.

I've spent a number of years on 3 university or college boards, 3 public company boards, and a number of not for profit boards, most of which are listed in this information.

I'm currently, with a lot of help, running the H.T. Hackney Company, which has 3500 employees and approximately \$3.5 billion in sales.

Besides growing up in the TVA service area, I've worked with TVA people over the years in many areas, including river operations, economic development, and many others. In addition to many years on these various boards and jobs where I represented taxpayers, shareholders and employees, I think I can represent the TVA ratepayer on this board.

I have an independent mind and I think I can be thoughtful, objective, inquiring and honest regarding issues relative to TVA and its board.

**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

NO

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

N/A

3. Has anybody made a commitment to you for a job after you leave government?

N/A

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

YES

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

N/A

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

NO

**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

ASARCO, Tennessee Consolidated Retirement System, First Horizon Corporation deferred stock, Astec Industries deferred stock & stock options, Martin Marietta Corporation deferred stock and stock options, the H.T. Hackney profit sharing plan & 401k. As I have not exercised my options, I cannot report exact amounts.

\_\_\_\_\_

\_\_\_\_\_

2. Are any assets pledged?

Yes

\_\_\_\_\_

3. Are you currently a party to any legal action?

No

\_\_\_\_\_

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

\_\_\_\_\_

5. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

\_\_\_\_\_

**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I plan to continue to hold the executive and board positions shown on my financial disclosure report, but it is unlikely these entities will be affected by policies I will influence.

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2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

None. I recently sold my interest in Arch Coal, which was a potential conflict, as discussed in my attached November 18, 2005 letter to ethics official, Ralph Rodgers.

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3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

None

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4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

As I described in my attached letter to Ralph Rodgers, I will avoid participating in official matters that affect interests I retain unless I obtain a written waiver or qualify for a regulatory exemption under the conflict of interest statute.

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In addition to my letter to Ralph Rodgers. Also attached, is a November letter to me from Mr. Rodgers summarizing applicable laws and regulations.

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**THE H. T. HACKNEY CO.**

CORPORATE OFFICES  
FIDELITY BUILDING 502 S. GAY STREET  
KNOXVILLE, TENNESSEE 37902

WILLIAM B. SANSON  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER

November 18, 2005

Mr. Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, TN 37902-1401

Dear Mr. Rodgers:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed to serve on the board of directors of the Tennessee Valley Authority.

As required by 18 U.S.C., 208(a), and subject to the last sentence of this paragraph, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or general partner, any organization in which I serve as an officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment. Section 208(a) includes a "knowledge" element, in that the restrictions on my participating apply only to those particular matters in which, to my knowledge, I (or any other person whose interests are imputed to me) have a financial interest.

I understand that section 208 financial interests may arise through ownership of securities or other investments in a business. I will not participate personally and substantially in any particular matter that would have a direct and predictable effect on the financial interest of Arch Coal, which I recognize is a vendor to TVA, or any other entity in which

Mr. Ralph E. Rodgers  
November 18, 2005  
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To my knowledge I, or an imputed party, then have a financial interest, unless I first obtain a written waiver or qualify for a regulatory exemption.

I may retain outside positions I have listed on my financial disclosure form. As required by 18 U.S.C., 208(a), I will not, as long as I hold such positions, participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of those entities, unless I first obtain a written waiver or qualify for a regulatory exemption.

Sincerely,

William B. Sansom



Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

November 18, 2005

Mr. William B. Sansom  
2153 Duncan Road  
Knoxville, Tennessee 37919

Dear Mr. Sansom:

Congratulations on your nomination to be Member of the Tennessee Valley Authority Board of Directors. This letter is to provide you general advice on conflicts-of-interest and other ethics laws applicable to the position for which you have been nominated. In addition, the Senate Committee on Environment and Public Works has asked nominees about applicable conflicts laws, and you may find this letter helpful in responding to any inquiries.

Applicable statutes are:

1. Tennessee Valley Authority Act, sections 2(b) and 2(g) (to be codified at 16 U.S.C. § 831a(b), 831a(g), as modified by the recent restructuring amendments to the TVA Act contained in section 601 of the Consolidated Appropriations Act, 2005, Pub. Law 108-447 (Dec. 8, 2004), and which are applicable specifically to the TVA Board of Directors).
2. Statutes applicable to federal officers and employees generally, including:

The "Bribery, Graft, and Conflicts of Interest" provisions at 18 U.S.C. §§ 202, 203, 205, and 208.

The restriction on gifts to federal employees, 5 U.S.C. § 7353.

TVA Directors must also comply with the "Principles of Ethical Conduct for Government Officers and Employees," Executive Order No. 12,674 (Apr. 12, 1989, as amended), and the "Standards of Ethical Conduct for Employees of the Executive Branch," 5 C.F.R. pt. 2635.

Mr. William B. Sansom  
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We are enclosing copies or synopses of the above laws and regulations for your reference.

You have completed and submitted a financial disclosure report (OGE Form 450), pursuant to the provisions of the Ethics in Government Act, which I have reviewed. It is my opinion that, in light of the points and commitments discussed below, no interest or position indicated on the financial disclosure report discloses a conflict of interest under applicable laws and regulations.

Under the restructuring amendments to the TVA Act, which become effective when at least three new Directors take office, the previous requirement of the TVA Act that Directors devote their services full-time to the work of TVA will no longer apply. Members of the expanded Board of Directors are therefore expected to serve in a part-time capacity. Some of the ethics laws that will apply to your service distinguish between full-time and part-time government employees. An employee who is expected to perform official duties no more than 130 days out of any period of 365 consecutive days is classified as a "Special Government Employee" ("SGE") and, as discussed below, is subject to somewhat less restrictive requirements than a regular employee under some of the laws. In addition, in some instances even further relaxations of ethics requirements are provided for SGEs who perform duties no more than 60 days in a year. Based on our analysis of the restructuring amendments to the TVA Act and on other factors, including discussions with you and with other nominees, I have concluded that it is reasonable to expect that Members of the expanded Board of Directors will perform their official duties for less than 130 out of 365 days and therefore will be SGEs, and that they also will likely serve less than 60 days per year as well. The Office of Government Ethics has informed us that they are in agreement with this determination.

The restructuring amendments to the TVA Act also remove the previous restriction on a TVA Director having any financial interest in any public utility corporation engaged in selling power to the public or in any business that may be adversely affected by TVA's success as a producer of fertilizer or electric power. Instead, under section 2(b) of the restructured Act, to be eligible to be appointed as a member of the Board, an individual must "make full disclosure to Congress of any investment or other financial interest that the individual holds in the energy industry." The disclosures made on your financial disclosure report appear to satisfy this requirement. In addition, the restructuring amendments (in new section 2(g) of the Act) will require the newly expanded Board of Directors to "adopt and submit to Congress a conflict-of-interest policy applicable to Members of the Board and employees of the Corporation."

Under 18 U.S.C. § 203, government employees may not seek, accept, or agree to accept any compensation for representational services rendered, even by someone other than

Mr. William B. Sansom  
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the employee, before any federal agency, court, or commission in a matter in which the United States is a party or has a direct and substantial interest. Under 18 U.S.C. § 205, employees may not engage in such representational services, even if unpaid, nor assist for pay in prosecuting any claim against the United States. However, as an SGE, the restrictions in both of these statutes would apply to you only in relation to particular matters involving a specific party or parties in which you at any time participate personally and substantially as a government employee, unless your service as an SGE exceeds 60 days in a consecutive 365-day period, in which case these statutory prohibitions also would apply to any particular matters involving a specific party or parties which are pending before TVA, whether or not you personally and substantially participate in such matters.

Under 18 U.S.C. § 208, the general conflict-of-interest law, you must not participate personally and substantially (by approval, recommendation, or otherwise) on behalf of TVA in any particular matter affecting a financial interest of yours or of any party whose interests are imputed to you (your spouse, minor children, any entity with which you serve as officer, director, trustee, general partner, or employee, or any entity with which you are negotiating or have any arrangement concerning prospective employment). This includes financial interests by ownership of securities. Section 208 does not prohibit you from holding any interests—it prohibits your participation in matters affecting interests you do hold, and you may satisfy section 208 by recusing yourself from such participation. Section 208 exempts certain interests and official matters, including, but not limited to: (1) holdings in diversified mutual funds; (2) publicly traded securities of entities affected by contract actions or other matters involving specific parties where the aggregate value of holdings does not exceed \$15,000 in entities that are parties to the matter or \$25,000 in entities that are not parties to the matter; (3) publicly traded securities not exceeding \$25,000 value per any one entity or \$50,000 aggregate value affected by rulemaking or other general matters not involving specific parties; and (4) interests determined on a case-by-case basis to be insignificant.

You have committed to comply with the requirements of section 208. This commitment extends to your not participating in TVA matters affecting the financial interests of entities (such as firms seeking to do business with TVA) in which you or imputed parties then have a financial interest. Based on this commitment, I see no section 208 issues with respect to you.

Aside from section 208, it may also be appropriate for you to consider recusing yourself from participation in matters affecting the financial interests of entities whose interests are not imputed to you under section 208 but with whom you have a relationship which might lead a member of the public to question your impartiality. This would be a

Mr. William B. Sansom  
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judgment call on your part, in accordance with subpart E of the Standards of Ethical Conduct, and I will be glad to discuss with you any situation in this regard that may arise.

These are the only matters we have identified which appear to justify specific discussion at this time. I will be happy to confer with you at any time to discuss any questions or issues you may have.

Sincerely,

A handwritten signature in black ink that reads "Ralph E. Rodgers". The signature is written in a cursive, slightly slanted style.

Ralph E. Rodgers  
Assistant General Counsel and  
Designated Agency Ethics Official

Enclosures

**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.  
This is correct to the best of my records.

Contributions in Excess of \$1,000

Alexander for Senate \$2,000, 5/21/02

Bush/Cheney 2004, \$2,000

Road To Victory PAC, \$5,000, 9/20/05

Honorary Campaign Chairman - Frist for Senate

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**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written.  
(Please list first any publications and/or speeches that involve environmental or related matters.)

None

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**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

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2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes



**AFFIDAVIT**

William B. Sansom *William B. Sansom*, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this

*10<sup>th</sup>*

day of *January*, 20*06*

*Kyle Dugger*  
Notary Public



STATEMENT OF HOWARD THRAILKILL, NOMINATED TO BE A MEMBER OF THE BOARD  
OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Thank you, Mr. Chairman. It is a great privilege for me to appear before you and the distinguished members of this committee, as you consider my nomination for the Tennessee Valley Authority Board of Directors. In that regard, I also want to express my gratitude to Senator Richard Shelby, Senator Jeff Sessions and Congressman Bud Cramer who have encouraged me to come before you today. Finally, I must also acknowledge my wife, Donna Thraikill, who offers her support by her presence at these proceedings.

Mr. Chairman, I deeply respect the heightened importance of this confirmation hearing, the first to consider seating a restructured Board of Directors under broad amendments to the TVA Act, as recently enacted by Congress. It is also the first following passage of the Energy Policy Act of 2005, after so many years of debate. These are fundamental changes in direction for TVA and the Nation. Therefore, I am mindful of the formidable obligation and responsibility I must shoulder, if you choose to confirm my nomination. If you do, you can rely upon my applying the full measure of my ability, background and experience to this endeavor.

In my view, Congress has given TVA an historic opportunity to renew and to transform itself. You have pointed the way to a new horizon. The newly established Board will now bear the responsibility for implementation of your vision, and you should hold it accountable for doing so.

Having met individually with each of the other current nominees and the two incumbent Board members, I commend them to you and look forward to serving with them. Upon your confirmation, I am convinced this Board has the breadth of knowledge and experience to move aggressively and begin meeting your expectations. With their business acumen and maturity, I am confident they will move in a financially and socially responsible fashion as well.

Working together, I believe this Board can guide TVA to achievement of new standards of excellence in the delivery of clean, low-cost, reliable electric power to its customers. TVA should accept nothing less than becoming "best of class" in this Nation.

As TVA crafts its future along the path you have charted, it is clear to me that the innovative application of technology will be critical to TVA's success. As a practical matter, no other approach will power continued economic development in the Tennessee Valley, while meeting ever tighter environmental standards for air and water quality. Technology is also fundamental to TVA's delivering electric service to its customers at lowest cost and highest reliability. There are simply no practical alternatives that don't introduce downside consequences that are unacceptable in my view.

In this environment, I believe my background as an engineer, technologist and business executive could provide important balance and perspective that will augment the backgrounds of other Board members. Throughout my career in private enterprise, organizations I have headed were built around large, complex engineering teams and programs not unlike those TVA must undertake to succeed. There is little doubt that the new Board will be called upon to endorse many complex, costly programs whose success hinges upon correct assessment of technical and financial alternatives. For more than three decades, that has been the nature of my work, and I offer that experience and expertise to this effort without reservation.

In closing I would like to affirm my love for the Tennessee Valley and the natural beauty of its rivers, lakes, hills and valleys. Even though we moved to Alabama from a home near the Columbia River basin in Oregon, my wife and I have found the river basin managed by TVA to be no less stunning and fragile. On many occasions while traveling around the area, I have pulled over and marveled at the incredible vistas we have in our valley. If confirmed, I pledge my strong support for TVA's continued program of environmental stewardship and responsible management of the Tennessee River system and resources.

Mr. Chairman, I am energized by the prospect of service as a member TVA's Board of Directors during this critical period when energy service providers are moving in new directions. I firmly believe that the new TVA can be and will be worthy of its heritage.

Thank you for your consideration.

RESPONSES FROM HOWARD THRAILKILL TO ADDITIONAL QUESTIONS FROM  
SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. If I am confirmed, a major part of my responsibility will be to assure that TVA is taking the steps necessary to provide an adequate supply of reliable, low-cost, clean power for the people and businesses in the Tennessee Valley Region. This will require careful and conservative assessments of which, among the alternative means of power supply, would be the more fiscally responsible for TVA to pursue. The cost of capital and allocation of risk are significant issues in deciding whether to add new capacity, and I commit to carefully review all aspects of these issues if I were to consider adding power generating capacity in the future.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. I have not yet had the opportunity to learn exactly what processes TVA currently uses to make these types of acquisition and investment decisions. If confirmed, I can assure you that I would become fully acquainted with those processes and determine if any changes would be warranted. With regard to competition generally, I believe it can be a very important tool to help assure that low-cost decisions are made, while still acquiring the type and quality of generation resources required to maintain the reliability of the TVA power system.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I would be committed to carefully studying the costs and efficiency of TVA's operations and TVA's load growth, cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to assure that power rates provide sufficient revenues and operating costs are at appropriate levels and to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards improving and maintaining efficiency and financial flexibility to enable TVA to make all necessary investments in the power system, including those for pollution control, in a timely manner.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. Before offering unqualified support for any particular TVA program, I would first like to have the opportunity, if confirmed, to learn more specifically about that program and how it is operating. However, with respect to the Green Power Switch program, I can say, from what I have publicly heard to date, that it sounds like a worthwhile approach toward encouraging investment in renewable generation in the Tennessee Valley Region through voluntary measures.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am not personally aware that such a disparity in TVA rate levels by region exists. If confirmed, as part of my specific duty to establish TVA's electric power rates, I will examine TVA's existing rate structure and rate-making process in greater detail to make certain that TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I do not currently have enough information about the plans for, and status of, TVA's pollution control compliance efforts to offer an informed opinion or make specific commitments concerning such efforts. I do recognize that environmental stewardship, along with low-cost power and technological innovation, is among TVA's important objectives and missions, and I also recognize that I have

an obligation to ensure that TVA complies with applicable laws, including environmental laws. If confirmed, I will have the opportunity learn more about TVA's pollution control compliance actions and be in the position to assure that TVA is taking the appropriate steps in this area.

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RESPONSES FROM HOWARD THRAILKILL TO ADDITIONAL QUESTIONS FROM  
SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. It is my understanding that access to TVA transmission system service is a very important issue for distributors of TVA power generally, as well as for those located in Kentucky. Unfortunately, I have not had the opportunity to study the details of this situation sufficiently to be able to commit to a particular resolution to the varying points of view on this issue at this time.

I can assure that, if confirmed to the TVA Board, I would be committed to promptly devote my efforts to assure that TVA is seeking ways to address the interests of TVA's distributor customers who wish to have transmission access in a manner that would both be fair to all power customers in TVA's seven-state region and keep TVA on a sound financial basis.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. I believe in taking a conservative approach to debt levels. If confirmed, I would be committed to carefully studying TVA's cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards reaching financial flexibility. I recognize that managing TVA's debt in a fiscally conservative way is key to assuring TVA's financial soundness in the future.

I recognize that there has been disappointment with TVA's progress in meeting the debt reduction goals that it set forth in 1997.

Unfortunately, it is not possible to change the past. But, I can commit that I would oversee TVA's financial progress—to better assure that TVA will be able to provide reliable power at competitive rates, both now and into the future.

With regard to accounting procedures, if confirmed to the TVA Board, the Board will be establishing an Audit Committee, which, among other things, will be focused on overseeing TVA's accounting policies to assure that they are appropriate and transparent as to TVA's true financial condition.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a State public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. I do not yet have sufficient information about the details of TVA's rate-making process and experience with it to form an opinion as to whether having an outside entity regulate TVA would be better in terms of helping TVA fulfill its mission and objectives.

If I am confirmed to the TVA Board, it is clear that the TVA Act would place the duty upon the Board to establish the electricity rates charged by TVA in keeping

with TVA's overall mission and objectives, including the objective that power be sold at rates that are as low as are feasible.

I can say without reservation that this duty would be one of the Board's more important ones—because TVA's provision of reliable, low-cost power is a critical factor in enhancing the economic vitality and development of the Tennessee Valley Region.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

# INFORMATION

## REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

**Name of Nominee:** Howard Allen Thrailkill

**Business Address:** 200 Clinton Avenue, Suite 301B

Huntsville, AL 35801

**Business Phone:** 256-518-2268

**Home Address:**

**Home Phone:**

**UNITED STATES SENATE**  
**COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS**  
**STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

**Name:**                    Thraikill            Howard            Allen  
    (Last)                    (First)                    (Middle)

**Position to which nominated:** TVA Board Member

**Date of Nomination:** 21 December, 2005

**Date of birth:**    28 December 1938    **Place of birth:** DeLand, FL  
    (Day)    (Month)    (Year)

**Marital status:** Married    **Full name of spouse:** Donna Rowe Thraikill

**Name and ages of children:**

<b>Education:</b>	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Georgia Institute of Technology</u>	<u>1956-1961</u>	<u>Bachelor, Electrical Engrg</u>	<u>6/10/1961</u>
	<u>Florida Institute of Technology</u>	<u>1969-1971</u>	<u>MS, Electrical Engrg</u>	<u>6/12/1971</u>

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

Work/Study Student; Raytheon Company; Wayland, MA; July 1961-June 1962  
Engineer; Engineering Mgr; Chief Engineer; VP Engineering; Division General Mgr;  
Harris Corp; Melbourne, FL; June 1962-Sept 1983  
Division President & Corporate VP; Motorola, Inc; Cupertino, CA;  
Sept 1983-July 1986  
President & CEO; Saxpy Computer Corp; Sunnyvale, CA; July 1986-Feb 1988  
President & CEO; Floating Point Systems, Inc; Beaverton, OR; Feb 1988-Dec 1991  
Exec VP & COO; President & COO; Adtran, Inc.; Huntsville, AL Jan 1992-Sept 2005

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Schlumberger Scholarship (Georgia Tech); Tau Beta Pi (Honor Society-Georgia Tech); Graduated with Highest Honors (Georgia Tech); Academy of Distinguished Engineering Alumni (Georgia Tech); 2005 Distinguished Service Award (Huntsville/Madison County Chamber of Commerce)

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Alabama Certificate of Need Review Board	Board	2003
Huntsville/Madison County Chamber of Commerce	Board/Chairman	1997-2005
Business Council of Alabama	Board	2002-2005
United Way of Madison County	Board	1997
Huntsville Symphony Orchestra	Trustee	1996-1997
Huntsville Committee of 100	Board	2003-2006
Huntsville Botanical Gardens	Board	1997-1998
Mobular Technologies, Inc.	Board	2004-2006
Tennessee Valley BRAC Committee	Member	2002-2006
Analytical Services, Inc.	Board	2004-2006
Dynetics, Inc.	Board	2005-2006
Institute of Electrical and Electronics Engineers	Member	1970-2006
Regions Bank	Board (local)	2004-2006

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

As a seasoned corporate executive, technologist and board director, I believe I can bring sound judgment and perspective to TVA's Board of Directors, if confirmed. I am prepared to devote considerable time and effort to this endeavor. My many years of experience leading economic development initiatives in the Tennessee Valley could add important insight to the new Board, as it considers and defines TVA's role in the Valley's future development. Having managed large engineering programs for many years, I am also well prepared to address the complex challenge of delivering reliable, clean, low-cost power in an era of increasingly stringent environmental and financial constraints



**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I retired as President and Chief Operating Officer of Adtran, Inc., in September, 2005, severing that relationship.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

Currently, I have no plans to resume any such relationship.

3. Has anybody made a commitment to you for a job after you leave government?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes, if confirmed

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

Not applicable; I have been appointed to a definite term, subject to confirmation.

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

Not applicable; I have held no such previous position

**Financial  
Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

I am scheduled to receive payment from the deferred compensation plan at Adtran, Inc. on or before April 1, 2006 in the approximate taxable amount of \$580,000.

2. Are any assets pledged?

No

3. Are you currently a party to any legal action?

No

4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

Yes

5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

Yes, no changes required

**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I plan to continue some of the executive and board positions and compensation plans shown on my financial disclosure report, and I have recently joined the board of Dynetics, Inc. (Huntsville, AL). It is unlikely that these entities will be affected by policies I will influence at TVA.

2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

None. As discussed in my attached November 22, 2005 letter to TVA ethics official Ralph Rodgers, my spouse has withdrawn from the investment club which held stock in Duke Energy.

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

I know of none. However, TVA may have purchased a small amount of Adtran products, directly or indirectly, during my tenure as President & COO

4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

As described in my letter to Ralph Rodgers referenced above, I will avoid participating in official matters that affect interests I retain unless I obtain a written waiver or qualify for a regulatory exemption under the conflict of interest statute.

5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

In addition to my letter to Ralph Rodgers referenced above, also attached is a November 18, 2005 letter to me from Mr. Rodgers summarizing applicable laws and regulations.

**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

Ten-year total contributions per my records were as follows: Gil Aust Campaign-\$2,000; Robert Aderholt for Congress-\$2,000; Bluedog PAC-\$1,000; Bush-Cheney '04-\$2,000; Jo Bonner for Congress-\$1,000; Kit Bond for Senate-\$1,000; Defend America PAC-\$10,000; Terry Everett Campaign-\$1,000; Friends of Bud Cramer-\$4,750; Friends of Sessions Senate Comm.-\$8,000; Georgians for Isakson-\$1,000; Bart Gordon Comm.-\$1,000; Re-elect Congressman Duncan Hunter-\$1,000; Hilleary for Senate-\$1,000; National Republican Senatorial Comm.-\$1,500; Parker for Congress-\$1,500; Republican Party-\$1,000; Tallatchie Creek PAC-\$1,000; Alabama Senatorial Campaign-\$2,500; Madison County Republican Party-\$1,250; Orr for Senate-\$1,000; Pachyderm North Alabama PAC-\$25,000; Riley for Governor-\$2,000; Loretta Spencer for Mayor-\$2,250; Alabamians for Luther Strange-\$1,000; Lacy Ward Campaign-\$1,000

**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

I have written no such documents, but I have prepared reports for shareholders and investors as required of Corporate Officers by SEC and stock exchange rules. I have not published or spoken on environmental or related matters.

**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

None

2. Do you agree to appear before all Congressional Committees which seek your testimony?

Yes

**AFFIDAVIT**

Harold H. Merrill ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement for Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this

16<sup>th</sup> day of January  
2006

*Sharon Williams*  
Notary Public

My Commission Expires 01-08-08

STATEMENT OF DONALD DEPRIEST, NOMINATED TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Mr. Chairman, members of the committee. There is probably no greater honor than to be asked by the President to serve the Nation, and as President Bush's nominee as a Director of the Tennessee Valley Authority, I am thankful for the opportunity to serve. Mississippi's two marvelous Senators, Thad Cochran and Trent Lott, have been unwavering in their support and encouragement, and I will be forever grateful to them. Congressmen Wicker and Pickering, as well as Governor Barbour, have offered their assistance and advice. It is generous of you, Mr. Chairman, and members of the committee, to take the time to so promptly address our nominations. I appreciate your kindness.

TVA has been important to me for my entire life. I can remember the day at age 6, electricity was first turned on at our house in the country near Dyer, TN. The establishment of this great institution transformed an impoverished region into a flourishing and wonderful part of the world. I will do my part, if confirmed, to see that the Tennessee Valley Authority continues its mission in an ever improving way.

I have lived in Columbus, MS, since 1963. I moved there to open an industry that continues to operate today, and which depends on reliable, low-cost electric power provided by Columbus Light & Water, a TVA distributor. I came to Mississippi from Tennessee, where I am the seventh generation of my family in the State. Gibson County Electric Membership Co-Operative, now Gibson Electric, was formed and chaired by my uncle, Charles Garner, for 40 years. So I have a legacy to fulfill in continuing and improving TVA's service.

The Tennessee Valley Authority is the largest power generator in the Nation, and must continue to produce large quantities of low-cost, reliable and clean power. It is a mammoth enterprise that requires prudent management and financial integrity. It has a unique capacity to control its own rates and funding sources, and operates primarily like a private enterprise with a public purpose. In expanding the Board of Directors and creating the Chief Executive Officer, Congress has restructured TVA to meet the challenges of a growing organization in the power generation industry. We should keep in mind that TVA is not just an enterprise, but a leader in electric power, and it carries with its power generation mission the important task of aiding economic development in the TVA area. This arm of TVA is critical to America's future. This role means that TVA must accommodate shifting trends for this industry, promote employment of citizens within its area, advance technological development, secure energy sources, and protect national security.

My experience in building and developing industries and new technologies should contribute to the decision to advance the objectives of TVA. I was a board member and Chairman of one of TVA's distributors in Columbus, MS, during the turbulent oil and energy crisis of the 1970s. This experience should be helpful in my role on the Board of TVA.

I must note that the other nominees to the newly expanded board of TVA are quality, thoughtful people of diversified skills that will bring depth of experience and a variety of viewpoints to the organization, which is vital to making decisions that affect thousands of employees, 158 distributors, and millions of users/customers. The board must deal with issues and opportunities associated with types of power generation and energy sources, financial planning, budgeting and execution regarding these issues on a giant scale. Management of appropriate debt levels commensurate with making appropriate power rates and capital expenditures, human resources, environmental matters, land use, legal challenges, service areas and distributor relations, finding a world-class CEO, corporate governance, megasites for industrial/economic development, and probably countless other challenges must be effectively solved. This requires the skillsets and experience gained in dealing with large and diverse organizations, and the new board must possess these skills and be prepared to act with precision. If confirmed, I will bring my own experience to bear in having formed, managed, and operated several companies of national and international scope in telecommunications, manufacturing, and broadcasting. These include having established one of the two original cellular carriers in all the TVA region's major markets.

To summarize my thoughts about TVA's future and its challenges:

1. TVA must continue to produce large amounts of low cost, reliable, and clean power while positioning itself as a technology leader in these areas. TVA should maintain excess emergency generating capacity, and must have back-up plans at all times to insure there is never a service interruption.

2. The Tennessee Valley Authority is in a unique position with its form of organization/governance, rate making, and power generating to have the highest credit

rating. TVA must keep this rating by being consistent with proper debt levels and capital expense.

3. TVA should maintain the best of relations with all of its people (publics). This includes distributors, industrial customers, trade groups, all levels of government, economic development organizations, employees/labor unions, and others.

4. The organization must take the lead in encouraging energy conservation at all levels.

5. TVA must maintain/take the lead in nuclear power generation, coal gasification (including work on carbon recapture) and other technologies that produce clean power.

6. The management of the Tennessee River system must be constantly revisited and strategic plans kept in place and implemented for this valuable economic and recreational resource.

7. The highest standards of corporate governance should consistently be maintained, and the professional standards of the organization, from top to bottom, must set the mark for confidence for public or private companies.

8. The board must always keep in mind that the people own this organization, and that the public good prevails. The conduct of the business of TVA must be performed with this as the guiding principle.

Mr. Chairman, I thank you and all members of this committee for your work and kind consideration in this confirmation process, and, if I am confirmed, I pledge to fulfill the duties of this board position in a vigorous and energetic way, always keeping first in my mind the needs of TVA's owners.

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RESPONSES FROM DONALD DEPRIEST TO ADDITIONAL QUESTIONS FROM  
SENATOR JEFFORDS

*Question 1.* Do you think that TVA, which has more than \$24 billion in debt, should take on additional debt to finance new powerplants when private industry is willing to accept the financial risk of constructing new plants?

Response. If I am confirmed, a major part of my responsibility will be to assure that TVA is taking the steps necessary to provide an adequate supply of reliable, low-cost, clean power for the people and businesses in the Tennessee Valley Region. This will require careful and conservative assessments of which, among the alternative means of power supply, would be the more fiscally responsible for TVA to pursue. The cost of capital and allocation of risk are significant issues in deciding whether to add new capacity, and I commit to carefully review all aspects of these issues if I were to consider adding power generating capacity in the future.

*Question 2.* Do you feel that TVA should institute some kind of competitive bidding for new projects to ensure that the taxpayers of the Tennessee Valley region are paying the lowest possible price for their power, and that new generation is constructed in a cost-effective manner?

Response. I have not yet had the opportunity to learn exactly what processes TVA currently uses to make these types of acquisition and investment decisions. If confirmed, I can assure you that I would become fully acquainted with those processes and determine if any changes would be warranted. With regard to competition generally, I believe it can be a very important tool to help assure that low-cost decisions are made, while still acquiring the type and quality of generation resources required to maintain the reliability of the TVA power system.

*Question 3.* What will you do to ensure that TVA is being operated as a very efficient business so that financial resources are available to continue its investments in state-of-the-art air pollution control technology?

Response. If confirmed, I would be committed to carefully studying the costs and efficiency of TVA's operations and TVA's load growth, cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to assure that power rates provide sufficient revenues and operating costs are at appropriate levels and to define the appropriate debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards improving and maintaining efficiency and financial flexibility to enable TVA to make all necessary investments in the power system, including those for pollution control, in a timely manner.

*Question 4.* Do you support TVA's Green Power Switch program, which allows families and companies to voluntarily accept a small surcharge on their monthly bill in order to purchase blocks of electricity generated from renewable sources?

Response. Before offering unqualified support for any particular TVA program, I would first like to have the opportunity, if confirmed, to learn more specifically about that program and how it is operating. However, with respect to the Green

Power Switch program, I can say, from what I have publicly heard to date, that it sounds like a worthwhile approach toward encouraging investment in renewable generation in the Tennessee Valley Region through voluntary measures.

*Question 5.* TVA is an \$8 billion entity. TVA charges higher electricity rates in some portions of the service territory. An uneven playing field makes increased energy costs even more painful. Would you, as a member of the TVA Board, seek to make uniform TVA customers' rates?

Response. I am not personally aware that such a disparity in TVA rate levels by region exists. If confirmed, as part of my specific duty to establish TVA's electric power rates, I will examine TVA's existing rate structure and rate-making process in greater detail to make certain that TVA's rates are fair.

*Question 6.* The TVA currently has 11 coal-fired powerplants in its system. Of these 11, 5 plants are currently without any modern pollution controls at all. Many emitting units within the TVA system remain uncontrolled today and EPA predicts that even with its latest rules, nearly 50 units in the TVA system will not have scrubbers by 2015. These powerplants are large sources of emissions emitting millions of pounds of pollution into the air. What are TVA's specific plans for installing controls on these powerplants? Will you commit to controlling all of these plants within a specific timeframe?

Response. I do not currently have enough information about the plans for, and status of, TVA's pollution control compliance efforts to offer an informed opinion or make specific commitments concerning such efforts. I do recognize that environmental stewardship, along with low-cost power and technological innovation, is among TVA's important objectives and missions, and I also recognize that I have an obligation to ensure that TVA complies with applicable laws, including environmental laws. If confirmed, I will have the opportunity learn more about TVA's pollution control compliance actions and be in the position to assure that TVA is taking the appropriate steps in this area.

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RESPONSES FROM DONALD DEPRIEST TO ADDITIONAL QUESTIONS FROM  
SENATOR BUNNING

*Question 1.* Kentucky TVA customers pay more for power than Kentucky customers who use other utilities. Because of this, many Kentucky TVA utilities have elected to exercise the rights they have under their contracts with TVA and leave the system in order to secure cheaper power from other suppliers for their customers. Senator Bunning, along with Senator McConnell, introduced legislation last year to provide FERC authority to require TVA to provide transmission line access to these Kentucky utilities. They have been working with TVA on this issue for over a year now. TVA has repeatedly said it would work with Senators Bunning and McConnell and so far they have not provided a proposal to the satisfaction of the Senators to resolve this critical issue for the Kentucky distributors. If you are confirmed to the TVA Board, will you pledge to work promptly and diligently to craft a resolution on the Kentucky distributor's need for transmission service from TVA?

Response. It is my understanding that access to TVA transmission system service is a very important issue for distributors of TVA power generally, as well as for those located in Kentucky. Unfortunately, I have not had the opportunity to study the details of this situation sufficiently to be able to commit to a particular resolution to the varying points of view on this issue at this time.

I can assure that, if confirmed to the TVA Board, I would be committed to promptly devote my efforts to assure that TVA is seeking ways to address the interests of TVA's distributor customers who wish to have transmission access in a manner that would both be fair to all power customers in TVA's seven-state region and keep TVA on a sound financial basis.

*Question 2.* TVA's debt now stands at over \$25 billion. One of the main reasons Senator Bunning supported expanding the TVA Board was my hope that it would help TVA get its accounting books and finances in order. TVA said 10 years ago it would cut its debt in half by 2007, but it hasn't made a lot of progress towards that goal. The President's Fiscal Year 2007 Budget states that TVA will reduce its debt by 30 percent by 2016. So basically, a decade after its first target date TVA will achieve only 60 percent of its initial debt reduction target. If you are confirmed to the TVA Board, will you work to ensure that TVA follows proper accounting measures and significantly reduces its debt?

Response. I believe in taking a conservative approach to debt levels. If confirmed, I would be committed to carefully studying TVA's cash flows, coverage ratios, balance sheet strengths and sensitivities and other factors to define the appropriate



debt capacity of TVA. I would then work diligently to assure that TVA makes continuous progress towards reaching financial flexibility. I recognize that managing TVA's debt in a fiscally conservative way is key to assuring TVA's financial soundness in the future.

I recognize that there has been disappointment with TVA's progress in meeting the debt reduction goals that it set forth in 1997.

Unfortunately, it is not possible to change the past. But, I can commit that I would oversee TVA's financial progress—to better assure that TVA will be able to provide reliable power at competitive rates, both now and into the future.

With regard to accounting procedures, if confirmed to the TVA Board, the Board will be establishing an Audit Committee, which, among other things, will be focused on overseeing TVA's accounting policies to assure that they are appropriate and transparent as to TVA's true financial condition.

*Question 3.* TVA has announced it plans to increase rates in the near future. This rate increase comes after a 7.4 percent increase just 4 months ago. While most utilities have some form of outside oversight, such as a state public service commission and FERC, TVA does not. Are you opposed to an outside entity regulating TVA?

Response. I do not yet have sufficient information about the details of TVA's rate-making process and experience with it to form an opinion as to whether having an outside entity regulate TVA would be better in terms of helping TVA fulfill its mission and objectives.

If I am confirmed to the TVA Board, it is clear that the TVA Act would place the duty upon the Board to establish the electricity rates charged by TVA in keeping with TVA's overall mission and objectives, including the objective that power be sold at rates that are as low as are feasible.

I can say without reservation that this duty would be one of the Board's more important ones—because TVA's provision of reliable, low-cost power is a critical factor in enhancing the economic vitality and development of the Tennessee Valley Region.

# UNITED STATES SENATE

## COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROOM 410 DIRKSEN BUILDING

WASHINGTON, DC 20510

### INFORMATION

### REQUESTED OF PRESIDENTIAL NOMINEES

In order to assist the Committee in its consideration of nominations, each nominee is requested to complete the attached Statement For Completion By Presidential Nominees. The Statement is intended to be publicly available. In the event that a nominee asks that a specific answer be kept confidential, he or she should notify the Chairman and Ranking Member.

The original and forty (40) copies of the requested information should be made available to the Honorable James M. Inhofe, Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, DC 20510 (Attn: Marty Hall: Deputy Staff Director) as soon as possible.

<b>Name of Nominee:</b>	_____ DONALD R. DEPRIEST
<b>Business Address:</b>	_____ 206 8th Street North _____ Columbus, MS 39701 _____
<b>Business Phone:</b>	_____ 662-328-4477
<b>Home Address:</b>	_____ _____ _____
<b>Home Phone:</b>	_____

**UNITED STATES SENATE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES**

**Name:** DEPRIEST DONALD RAY  
(Last) (First) (Middle)

**Position to which nominated:** Board of Directors Tennessee Valley Authority

**Date of Nomination:** \_\_\_\_\_

**Date of birth:** 25 8 39 **Place of birth:** Gibson County, TN  
(Day) (Month) (Year)

**Marital status:** Married **Full name of spouse:** Sandra Moss DePriest

**Name and ages of children:** \_\_\_\_\_  
 \_\_\_\_\_

<b>Education:</b>	<b>Institution</b>	<b>Dates attended</b>	<b>Degrees received</b>	<b>Dates of degrees</b>
	Lambuth University	1957-1959	N/A	
	University of Memphis	1961	N/A	
<u>Numerous professional and management university courses and seminars.</u>				

**Employment record:**

List all positions held since college, including the title and description of job, name of employer, location, and dates. If you were terminated involuntarily from any position(s), please note the circumstances.

See ATTACHMENT I

UNITED STATES SENATE  
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
PRESIDENTIAL NOMINEE INFORMATION  
OF  
DONALD R. DEPRIEST

EMPLOYMENT RECORD  
ATTACHMENT I

1959-1961

**Dun & Bradstreet, Inc.**

Memphis, TN

Financial Analyst and Credit Reporter

1961-1967

**Western Textile Products Co.**

Memphis, TN/St. Louis, MO/Columbus, MS

Corporate Development/Assistant to CEO 1961-1962

Sales and Marketing 1962-1963

Plant Manger/Sales & Marketing National Accounts 1963-1965

Division Manager for three plants/National Accounts Manager 1966-1967

1967- 1992

**Humboldt Products Corp. and Affiliate Companies of:**

**Ultratek Industries, Microtek Medical, TeknaMed Corp., Fabritek LaRomana, and  
Boundary Healthcare Products Corp.**

Columbus, MS

Founder and CEO/Chairman

1982-1987

**Charisma Communications Corporation and Affiliates**

Washington, D.C.

Founder and CEO/Chairman

1987-Present

**MCT Investors, L.P. and MedCom Development Corp.**

(Fifteen Investee Companies)

Alexandria, Va and Columbus, MS

Founder and CEO/Chairman

**Honors and awards:**

List significant scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Small Business Administration Man of the Year Mississippi Southeast and National Runner Up 1974

Silver Beaver Award, Pushmataha Boy Scout Council

President's Commission on White House Fellowships

Leadership Mississippi Initial Class

Historic Natchez Restoration Award

President's Committee Memphis Chamber of Commerce

Golden Heart Award for Employment of the Handicapped by Allied Enterprises of Mississippi

**Memberships:**

List significant memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
SEE ATTACHMENT II		

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

My business career extends over a 45 year period starting with internal training at Dun & Bradstreet in financial analysis and analytical reporting on business operations of all types. My subsequent experience has included diverse general management and chief executive officer positions, primarily through enterprises I have started from concept to financial exit. I have had no business failures even though there have been many trying times in my ventures.

I have experience on publicly owned and private businesses as a board member and as chairman of the board of companies with national and international scope with thousands of employees. I have always maintained good standing with my peers, employees and with the public and private sector. At the same time, I have been deeply involved in charitable and civic service activities both in leadership, capital formation and personal giving.

I was chairman of a TVA distributor, Columbus Utilities Commission, for several years in the 1970s which was during a period of rapid expansion and policy development of this electric, water and sewer utility.

On many occasions in peer related activities, including the formative years of the United States cellular phone industry, I was elected chairman of eleven of the partnerships comprised of large and small companies in the top ninety markets. I was also chairman of the principal settlement committee of the top thirty cellular phone markets.

This experience and my willingness to work in an ethical, creative way qualifies me for this position.

UNITED STATES SENATE  
 COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS  
 PRESIDENTIAL NOMINEE INFORMATION  
 OF  
 DONALD R. DEPRIEST

MEMBERSHIPS  
 ATTACHMENT II

<b>Organization</b>	<b>Office Held</b>	<b>Date</b>
Columbus Utilities Commission	Chairman	1972-1975
Here's Life to Africa	Director	2000-Present
Columbus Lowndes Community Fund and United Way	Director	Various
Pushmataha Council of Boy Scouts of America	Director & Two Term President	1970-1980
Rotary Club	Director	Various
Tombigbee Industrial Club composed of 35 Industries	Director & President	1965-1974
Columbus Board of Zoning Adjustments	Director & Chairman	1970-1973
North Mississippi Industrial Development Association	Director	1972-1975
Southern Growth Strategies Policy Board	Mississippi Representative	2004-Present
Mississippi Historic Trust	Founder & Director	1994-2000
National Small Business Association	Director	1972-1976
National Symphony Orchestra	Trustee	1999-2003
American MENSA	Founder/Memphis Branch	1962-Present
Predecessor to Cellular Telecommunications & Internet Association	Co-Founder & Director	1984-1986

**Future  
employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

The TVA Board position is part time. I will maintain all other connections  
which I believe are non-conflicting. I will sever any conflicting connections.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization.

See 1 above.

3. Has anybody made a commitment to you for a job after you leave government?

See 1 above.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

YES

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future?

No limitations.

(c) If you have previously held any Schedule C or other appointive position in the Executive branch, irrespective of whether the position required Congressional confirmation, please state the circumstances of your departure and its timing.

**Financial Statement:**

Note: The Office of Government Ethics will provide the Committee with a copy of your Executive Personnel Financial Disclosure Report (SF-278).

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF-278, Schedule A.

See Note above.

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2. Are any assets pledged?

YES

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3. Are you currently a party to any legal action?

YES

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4. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain the circumstances.

YES

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5. Has the Internal Revenue Service ever audited your Federal tax return? if so, what resulted from the audit?

My tax return has not been audited in the last 25 years or more. I recall one audit many years ago where I received a de minimis overpayment.

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**Potential conflicts of interest:**

1. Describe any financial or deferred compensation agreements or other continuing of interest: dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE

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2. List any investments, obligations, liabilities, or other relationships that might involve potential conflicts of interest, or the appearance of conflicts of interest, with the position to which you have been nominated.

I KNOW OF NONE.

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3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest, or an appearance of conflict of interest, with the position to which you have been nominated.

I KNOW OF NONE

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4. Explain how you will resolve any potential conflict of interest, or appearance of a conflict of interest, that may be disclosed by your responses to the above items.

If any conflict or appearance of conflict occurs, I will sever that  
connection or situation.

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5. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. For this purpose, you may utilize a statement by the relevant agency Ethics Officer.

See my statements provided to and through TVA to OGE.

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**Political affiliation and activities:**

List all memberships and offices held in, or financial contributions (in excess of \$1,000), and services rendered to any political party or election committee during the last 10 years.

See ATTACHMENT III / CONTRIBUTIONS

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Lowndes County Republican Party Chairman 1972-1976

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Chairman's Advisory Board RNC and TEAM 100

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**Published writings:**

List the titles, publishers and dates of any books, articles, or reports you have written. (Please list first any publications and/or speeches that involve environmental or related matters.)

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I have given many speeches to civic groups, historical societies, schools and universities and have retained no copies of these. I have touched on environmental matters (as to protection and preservation) even though the central theme was on other topics.

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**Additional Matters:**

1. If there is any additional information that you believe may be pertinent to the Members of the Committee in reaching their decisions, you may include that here.

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My experience as board member and chairman of a TVA distributor provides a useful insight to TVA's activities.

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2. Do you agree to appear before all Congressional Committees which seek your testimony?

YES

**AFFIDAVIT**

*[Signature]* ss, being duly sworn, hereby states that he/she has read and signed the foregoing Statement of Completion by Presidential Nominees including the Financial Statement and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

Subscribed and sworn before me this     fifteenth     (15th)

day of November, 2005.



*Belinda W. Hudson*  
Notary Public Belinda W. Hudson

NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE  
MY COMMISSION EXPIRES: Jan 4, 2009  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

## state

### TVA in Georgia

#### ENERGY SALES

- In fiscal year 2004, TVA sold approximately 3.6 billion kilowatt-hours of electricity to two municipal and three cooperatively owned power companies serving customers in north Georgia: Chickamauga Electric System, Electric Power Board of Chatanooga, North Georgia Electric Membership Corporation, Blue Ridge Mountain Electric Membership Corporation, and Tri-State Electric Membership Corporation.
- Distributors of TVA power sold nearly 1.9 billion kilowatt-hours of electricity to more than 123,000 households located in 10 north Georgia counties.
- Distributors of TVA power served more than 22,000 commercial and industrial customers in fiscal year 2004, with sales of approximately 1.5 billion kilowatt-hours. In addition, distributors in Georgia sold more than 29 million kilowatt-hours to outdoor lighting customers.
- TVA revenues from power distributor purchases in Georgia totaled nearly \$174 million in fiscal year 2004, or 2.3 percent of all TVA operating revenues.

#### SERVICE AREA

- The Georgia counties served by TVA power are Catoosa, Chattooga, Fannin, Floyd, Gordon, Murray, Towns, Union, Walker, and Whitfield.
- The TVA service area in Georgia covers about 3,300 square miles.

#### POWER GENERATION AND TRANSMISSION

- In Georgia, TVA owns and operates two hydroelectric dams with a combined generation capacity of 37 megawatts. The dams are Blue Ridge in Fannin County and Nottely in Union County.
- TVA owns and/or maintains 14 substations and switching stations and 423 circuit miles of transmission line in north Georgia.

#### LAND AND WATER STEWARDSHIP

- The TVA reservoirs located in Georgia are Blue Ridge, Nottely, and the upper portion of Chatuge. All are located among the scenic mountains of north Georgia, and they have a combined surface area of 14,522 acres and 300 miles of shoreline.
- TVA has conveyed thousands of acres of land around these reservoirs to other public agencies for recreation purposes. Commercial recreation areas provide marina services, camping, overnight lodging, and other accommodations.



**state****PERSONNEL**

- Georgia is home to more than 780 TVA retirees and their families.

**TAX-EQUIVALENT PAYMENTS**

- TVA paid \$5,430,125 in lieu of taxes to the State of Georgia in fiscal year 2004, based on power sales and power property values in the state.

**ECONOMIC DEVELOPMENT**

- Since 1995, TVA has invested more than \$2.4 million in economic development loans for new and expanding businesses in north Georgia. These loans have helped create 550 new jobs and leveraged \$14.4 million in additional investments from public and private sources.

**TVA SUPPLIERS**

- TVA purchased \$51.3 million worth of fuel, materials, and services from Georgia vendors in fiscal year 2004—\$49.7 million in materials and services, \$0.5 million in fossil fuel, and \$1.1 million in nuclear fuels.

