

Statement of Richard W. Moore
Inspector General, Tennessee Valley Authority
before the
Subcommittee on Water Resources and Environment
of the
Committee on Transportation and Infrastructure
United States House of Representatives

Madam Chairwoman Johnson, Ranking Member Boozman, and members of the Subcommittee, I appreciate the opportunity to testify before you on the eve of the one year anniversary of the Kingston ash spill. My written testimony covers the specifics of our assessment of the degree to which TVA has responded to the findings and recommendations in the recent OIG reports concerning the coal ash spill, clean-up operations, and TVA's overall environmental management. My statement this morning, however, will be a broader, higher level analysis of the current status of TVA.

As you know, my office issued two reports. The first report issued in June of this year evaluated TVA's (1) initial emergency response, (2) response to the media, and (3) reparations to the victims and restoration of the community. The second report was issued on July 23, 2009, and focused on (1) providing an independent peer review of the root cause analysis utilizing the services of Marshall Miller & Associates, and (2) reviewing TVA's ash management practices. These reports resulted in nine very broad recommendations designed to (1) improve specific business processes, (2) develop a more robust risk management program, and (3) take actions that would change TVA's culture to be more focused on developing sound business practices and driving compliance throughout the TVA organization.

Over the past year, we have seen TVA devote an extraordinary amount of time, money, and focus to addressing not only the recommendations of the OIG, but also the recommendations of the McKenna law firm which in many respects paralleled our findings and recommendations. TVA has extracted all of the detailed findings and recommendations, and they have cross-referenced the findings to develop a Gap Analysis and a tracking matrix. TVA has detailed the specific actions that need to be taken to address all findings and recommendations. They have contracted with a consultant to develop the necessary policies and procedures, and they are benchmarking other companies, including identifying best practices related to dry ash storage. TVA has hired another consultant, McKensey and Company, to analyze TVA's culture and to assist TVA in effectively changing the culture that contributed to the Kingston ash spill. Beyond these procedural changes are changes that are perhaps more difficult to measure but are just as significant. Changes in personnel, changes in the tempo of how quickly things are done, and changes in attitudes are evident to us as we track the work of TVA management.

This all leads me to believe that TVA is marching in the right direction. As you know, we have been perhaps TVA's harshest critic in terms of how they handled coal ash storage and how they handled the crisis after the fact. In many ways, the Kingston ash spill was TVA's darkest hour. Our impression now, however, is that TVA management is not just reacting to criticism to emerge from a crisis, but they are committed to transforming TVA into what we all hope it can be.

I would like to offer, however, some historical perspective on TVA in crisis. This is not the first time that TVA has been under the microscope nor the first time that findings and recommendation for significant change have been made. The McKenna report aptly points out that in 1987, in response to TVA's nuclear safety issues and sustained regular increases in TVA's rates, The Southern States Energy Alliance Board created an advisory committee which found some of the same problems with TVA in the 1980's as we are finding today. The McKenna report also notes that my office has issued reports citing process problems at TVA that continue to resurface over the years.

While it is true that none of the attempts to reform TVA focused on culture and risks to the extent that has been done in the aftermath of the Kingston spill, it is clear that there are some recurring themes in TVA history. One is that TVA has suffered from an insular culture that shuns views outside the "Valley." This defensive and protectionist philosophy has produced a tunnel vision that eschews input that might have aided in changing the very culture that has contributed to TVA's current woes. That same culture resisted system-wide standards and accountability. All of this is based on an underlying philosophy that TVA's uniqueness as a hybrid government agency exempted it from adherence to standards and uniform process.

My point here this morning is simply this: the challenge for TVA is a culture that is highly resistant to reform. The Kingston spill demonstrated that in a dramatic way. Changing a culture takes time. The same culture that existed on December 22, 2008, still exists today. Its residual effect is likely to be felt for years to come.

Despite all of this, I remain optimistic that the current efforts to effect meaningful changes at TVA will be successful for four reasons: (1) the kinds of reforms being implemented at TVA are system-wide process changes that have worked well in private sector companies and that have not had the system failures TVA has experienced; (2) TVA management has demonstrated a willingness to solicit input from culture experts outside the Valley, and they appear to be taking all of this very seriously; (3) TVA management has recently gone through an extremely robust evaluation of risks that is unparalleled in TVA history; and (4) TVA management has made personnel changes that, to me, provide credible evidence of a commitment to do whatever it takes to get this right.

Ultimately, the Office of Inspector General will measure the progress that TVA makes, and we will report the facts as we find them. We appreciate this Subcommittee's efforts to protect the citizens of the Tennessee Valley by focusing on these important issues. My office will work with this Subcommittee to track TVA's progress and to issue reports that may be helpful to you.

I look forward to answering any questions that you may have.