

Resolution 39

REJECT ANY ATTEMPT TO PRIVATIZE THE TENNESSEE VALLEY AUTHORITY

THE TENNESSEE VALLEY AUTHORITY (TVA) provides top quality power and energy to consumers throughout the Tennessee Valley. Today TVA provides electricity and other services to more than 9 million people spanning over 80,000 square miles. Citizens in Tennessee, as well as millions of others in parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina and Virginia are directly served by the TVA. While TVA is a federal government entity created by Congress in 1933 through the TVA Act, it is a fully self-sustaining utility provider completely supported by the millions of rate payers it serves.

TVA creation—an inspiring chapter in our nation’s history

The creation and evolution of the TVA is an integral and inspiring chapter in our nation’s history. As our nation struggled through the Great Depression in the 1930’s, President Franklin D. Roosevelt’s administration moved forward with policies that both promoted worker rights and meaningful investment in public interest projects, including state and city governments, railroads and our energy infrastructure. Known as the New Deal, President Roosevelt’s plan was comprised of such landmark bills as the Wagner Act of 1935, which gave most private sector workers the right to organize; the Social Security Act of 1935 to help lift our nation’s seniors out of poverty; and the Fair Labor Standards Act of 1938, which created the 40-hour work week and minimum wage requirements. Also part of the New Deal was passage of the Tennessee Valley Authority Act (TVA Act) on May 18th, 1933, marking the birth of what many historians argue is one of the most successful public works projects in the history of America. Indeed, today the TVA is still going strong as the largest public utility in the nation.

TVA mission is also an economic engine

TVA’s mission of providing inexpensive and reliable power services to those in the Tennessee Valley has also served as an incredibly successful economic engine for Tennessee and parts of the other six states it serves. With over 13,000 employees—many in family wage, union represented jobs—the TVA generates approximately \$11.2 billion in annual revenues. Since 2005 TVA has been responsible for saving and creating over 300,000 jobs and spurring \$32 billion in business investment in TVA serviced areas. TVA has 155 power distributor customers that they sell electricity to, and serves some 56 industries and federal entities. As Senate Energy and Natural Resources Committee Chairman Sen. Ron Wyden said earlier this year, federally owned energy providers like the TVA and the Bonneville Power Administration, “have been a bedrock of local economies.”

What many outside of the Tennessee Valley are unaware of is that in addition to the energy it creates, the TVA also provides other services and is fueling new technologies and innovation in the energy industry. For example, the TVA manages and operates forty-nine dams along the Tennessee River (the nation’s 5th largest) and its tributaries. These federal functions, performed by TVA federal employees, are crucial for maintaining good water quality, promoting safe and enjoyable recreation, creating reliable and safe power generation, and ensuring the free flow of commerce by ensuring efficient navigation and flood control. TVA is also a leading innovator in the industry when it comes to new energy technologies. Right now Authority employees are working toward developing modular nuclear reactors and smart grid technologies that will lead to the production of more clean and reliable energy sources.

Effort to Privatize TVA under false pretenses

Despite this great work performed by the TVA, and the reliable and inexpensive services that millions of families and businesses in the Tennessee Valley rely so heavily on, it was disappointing to see language in President Obama's Fiscal Year 2014 (FY14) budget that proposed to study the privatization of the TVA. This despite the fact that *no taxpayer money goes toward any of TVA's operation expenses*, which obviously includes TVA employee salaries, pensions and health care. Moreover, as a self-financing government corporation, TVA bonds are not a federal obligation; yet, its debts are inexplicably considered part of the federal deficit. While this smoke and mirror accounting gimmick has helped to serve as a false justification for undertaking an effort to privatize TVA, it will do nothing to obscure the simple truth that selling the TVA will not have any impact on the federal deficit, nor will it result in better services for TVA customers. As Tennessee Sen. Lamar Alexander pointed out in April following the release of the President's budget, "There is no assurance that selling TVA to a profit-making entity would reduce electrical bills in Tennessee, and it could lead to higher electricity rates."

Instead of pursuing the fiscally irresponsible approach of privatization, the more prudent course of action would be for the Obama Administration and the Congress to increase the TVA debt ceiling through the approval of a TVA reauthorization bill. After all, TVA's current \$30 billion ceiling was set by Congress some 34 years ago—back in 1979. With the retirement of some of the older power plants throughout the Tennessee Valley, and to meet the ever growing energy needs of its customers, TVA does require more capacity. However, while the need to increase the TVA debt ceiling should come as no surprise to the President or Congressional lawmakers, legislation to do so has yet to be introduced in the Congress, or pushed by the Obama Administration.

Both labor, and even Sen. Alexander, among others, have advocated for an increase in the TVA debt ceiling for quite some time. As Sen. Alexander correctly pointed out to the Chattanooga Times Free

Press on September 1st, 2011, "raising the \$30 billion, congressionally imposed limit on TVA borrowing might be appropriate given the growth in TVA and its power load." Increasing the TVA debt ceiling will give the Authority the flexibility it requires to sell bonds rather than taking the extraordinary step of selling its ownership rights in two Watts Barr Unit nuclear plants and the John Sevier Combined Cycle Plant gas plant.

In conclusion, the unions of the AFL-CIO believe that the logic used to support the privatization of the TVA is fundamentally flawed. We further believe that any effort to privatize the TVA will diminish the critical role that it plays not only as a provider of inexpensive electricity and economic development, but also as an environmental steward of the Tennessee River watershed. We believe it was the New Deal policies of labor protections, like those included in the Wagner Act, and investment in our nation's infrastructure through the passage of landmark legislation like the TVA Act of 1933, that are the very foundation that not only helped our nation recover from the Great Depression, but has also helped to build America's vibrant middle class. Unfortunately these very worker, wage and retirement security protections, along with an effort to privatize critical public services like the TVA, are now unjustly under attack.

The AFL-CIO therefore resolves to do the following:

- **To work with Congress in opposing any effort by the Obama Administration to undertake a study and/or move toward selling the TVA to private interests;**
- **To urge Congress to draft and pass TVA reauthorization legislation**—a bill to (1) Allow the Authority to expand capacity to meet future demand by increasing the \$30 billion TVA debt ceiling that has been in place since 1979; (2) De-link the TVA debt from the overall national debt, and; (3) Act on the 2003 GAO recommendation (which was referenced by GAO again as a part of their 2011 TVA financing report to Congress) to ensure that customer energy prepayments do not count against the overall TVA debt.