

Congress of the United States
Washington, DC 20510

September 29, 2015

Mr. William Johnson
Chief Executive Officer
Tennessee Valley Authority
400 West Summit Hill Drive
Knoxville, Tennessee 37902

Dear Mr. Johnson:

On October 24, 2013, we wrote urging the Tennessee Valley Authority (TVA) to maintain its use of coal for electricity generation at the Paradise Fossil Plant (Paradise) Units One and Two. As we stated in our letter, Paradise directly employed 400 full-time employees and provided Muhlenberg County with over \$13.19 million in tax receipts in 2012. The operation of the three coal-fired units at Paradise contributes to Kentucky's low electric rates, which helps sustain and attract business to our state. For this reason, we were extremely disappointed that the TVA Board of Directors voted on November 14, 2013, to retire Paradise Coal Units One and Two and convert these units to a single natural gas plant as part of TVA's strategy to comply with the Environmental Protection Agency's (EPA) Mercury and Air Toxics Standards (MATS) regulation.¹ We have serious concerns that this decision is likely to cut the workforce at Paradise in half and could contribute to higher electric rates.

Furthermore, earlier this year, the Supreme Court of the United States overturned the MATS regulation because the EPA failed to consider the compliance costs of the rules before deciding how to regulate mercury emissions from power plants. The decision sends the legal challenges to the MATS regulation back to the lower court where it may be vacated and, at a minimum, any obligation to comply with the rule will be delayed indefinitely.

The Supreme Court's decision provides TVA with a unique opportunity to reconsider its decision to retire Coal Units One and Two, and its planned \$1.1 billion conversion of these units to natural gas. Given that the future of the MATS emission standard is, at the very least, in peril, TVA need not idle or retire any additional coal-fueled capacity to comply with this regulation.

Furthermore, the Supreme Court's decision also serves as a cautionary tale. Although one might assume that a judicial rebuke of this level might cause the Administration to adjust its aggressive and ideological regulatory war path, the EPA continues to issue controversial regulations that ignore certain jurisdictional limitations under federal statute and that fail to take into account the real economic impact. For these reasons, it is very likely that legal challenges against this Administration's regulations, like the forthcoming challenges against the EPA's misguided and so-called "Clean Power Plan," will only continue, and we may see the judicial branch reject more of their outlandish regulations in the future. Therefore, we urge the TVA to proceed with caution as you continue in future planning. As an entity owned by the United States, it is incumbent on TVA to have better clarity as to the requirements and legality of future regulations before embarking on irreversible compliance initiatives that only serve to hurt workers, businesses, and families dependent on low electric rates. Attempted compliance with

¹ http://www.tva.gov/news/releases/octdec13/board_files/Fact_Sheet_Paradise_Fossil_11_14_13.pdf

regulations where the legality of such mandates is questionable is not only nonsensical, but also an unnecessary gamble with TVA's financial resources.

The TVA's plan to move away from coal-fueled generation will have a profound impact on Kentucky's economy that extends well beyond the boundaries of the coalfields. This will not only put Kentucky coal miners out of work, but it will also damage the livelihoods of many other Kentucky families. As you may know, at least three other Kentuckians are employed to support every one miner.

The most sensible approach is to suspend or cancel any activities related to the idling or retirement of TVA's existing coal-fueled units until more certainty is provided in the regulatory environment.

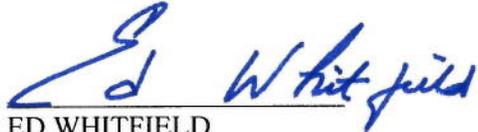
Sincerely,



MITCH MCCONNELL
U.S. SENATE MAJORITY LEADER



RAND PAUL
UNITED STATES SENATOR



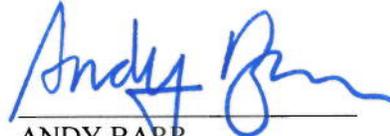
ED WHITFIELD
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BRETT GUTHRIE
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ANDY BARR
U.S. HOUSE OF REPRESENTATIVES



THOMAS MASSIE
U.S. HOUSE OF REPRESENTATIVES

CC: TVA Board of Directors
ATTN: Joe Ritch, Chair