



**Statement from Chairman William B. Sansom on Watts Bar Unit 2
April 26, 2012**

No one likes to miss the mark and that is what happened at Watts Bar Unit 2.

We now know the original estimates in 2007 were incomplete and the execution was inadequate. I know; I was there.

Tom Kilgore and his leadership team, particularly Mike Skaggs, who in August 2011 became the leader for nuclear construction, went to work to understand what happened, where the process broke down and how to fix it.

I have had meetings with the Inspector General and his staff to discuss what went wrong. I am comfortable with his investigation and what he has learned. The OIG advised our Audit Committee in August 2011 of problems with the schedule and budget at the Watts Bar Unit 2.

This is one reason the Board agreed at its August 2011 meeting that construction at Bellefonte Unit 1 would not start until fuel is loaded at Watts Bar Unit 2.

The IG and his team have worked with TVA management to understand the issues. In his draft report, the IG has acknowledged that appropriate remediation is under way. I feel that we understand what happened and agree with the IG's draft recommendations.

TVA has asked the right questions. A thorough review of the leadership, oversight, planning and execution has been done. Corrective actions are either under way or are being put in place to finish Unit 2. A new TVA leadership team is in charge and managing the project. A process to verify progress based on time, cost and transparency is in place.

The TVA board has been kept apprised of the review at Watts Bar Unit 2. Our concurrence today to complete the facility is not only one of support for nuclear energy as an important part of TVA's balanced energy mix to meet the needs of our seven-state region. It also is an endorsement of the leadership and actions by Tom Kilgore as President and CEO and his team on issues of importance to TVA and to the Tennessee Valley.

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