

105TH CONGRESS  
1ST SESSION

# S. 1268

To amend the Tennessee Valley Authority Act of 1933 to modify provisions relating to the Board of Directors of the Tennessee Valley Authority, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 8, 1997

Mr. FRIST introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

OCTOBER 22, 1997

Committee discharged; referred to the Committee on Environment and Public Works

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## A BILL

To amend the Tennessee Valley Authority Act of 1933 to modify provisions relating to the Board of Directors of the Tennessee Valley Authority, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CHANGE IN COMPOSITION, OPERATION, AND**  
 2 **DUTIES OF THE BOARD OF DIRECTORS OF**  
 3 **THE TENNESSEE VALLEY AUTHORITY.**

4 (a) IN GENERAL.—The Tennessee Valley Authority  
 5 Act of 1933 (16 U.S.C. 831 et seq.) is amended by strik-  
 6 ing section 2 and inserting the following:

7 **“SEC. 2. MEMBERSHIP, OPERATION, AND DUTIES OF THE**  
 8 **BOARD OF DIRECTORS.**

9 “(a) MEMBERSHIP.—

10 “(1) APPOINTMENT.—The Board of Directors  
 11 of the Corporation (referred to in this Act as the  
 12 ‘Board’) shall be composed of 9 members appointed  
 13 by the President by and with the advice and consent  
 14 of the Senate, who shall be legal residents of the  
 15 service area.

16 “(2) CHAIRMAN.—The members of the Board  
 17 shall select 1 of the members to act as chairman of  
 18 the Board.

19 “(b) QUALIFICATIONS.—

20 “(1) IN GENERAL.—To be eligible to be ap-  
 21 pointed as a member of the Board, an individual—

22 “(A) shall be a citizen of the United  
 23 States;

24 “(B) shall have widely recognized experi-  
 25 ence or applicable expertise in the management

1 of or decisionmaking for a large corporate  
2 structure;

3 “(C) shall not be an employee of the Cor-  
4 poration;

5 “(D) shall have no substantial direct finan-  
6 cial interest in—

7 “(i) any public-utility corporation en-  
8 gaged in the business of distributing and  
9 selling power to the public; or

10 “(ii) any business that may be ad-  
11 versely affected by the success of the Cor-  
12 poration as a producer of electric power;  
13 and

14 “(E) profess a belief in the feasibility and  
15 wisdom of this Act.

16 “(2) PARTY AFFILIATION.—Not more than 5 of  
17 the 9 members of the Board may be affiliated with  
18 a single political party.

19 “(c) RECOMMENDATIONS.—In appointing members  
20 of the Board, the President shall—

21 “(1) consider recommendations from such pub-  
22 lic officials as—

23 “(A) the Governors of States in the service  
24 area;

25 “(B) individual citizens;

1           “(C) business, industrial, labor, electric  
2           power distribution, environmental, civic, and  
3           service organizations; and

4           “(D) the congressional delegations of the  
5           States in the service area; and

6           “(2) seek qualified members from among per-  
7           sons who reflect the diversity and needs of the serv-  
8           ice area of the Corporation.

9           “(d) TERMS.—

10           “(1) IN GENERAL.—A member of the Board  
11           shall serve a term of 5 years, except that in first  
12           making appointments after the date of enactment of  
13           this paragraph, the President shall appoint—

14           “(A) 2 members to a term of 2 years;

15           “(B) 1 member to a term of 3 years; and

16           “(C) 2 members to a term of 4 years.

17           “(2) VACANCIES.—A member appointed to fill a  
18           vacancy in the Board occurring before the expiration  
19           of the term for which the predecessor of the member  
20           was appointed shall be appointed for the remainder  
21           of that term.

22           “(3) REAPPOINTMENT.—

23           “(A) IN GENERAL.—A member of the  
24           Board that was appointed for a full term may  
25           be reappointed for 1 additional term.

1 “(B) APPOINTMENT TO FILL VACANCY.—

2 For the purpose of subparagraph (A), a mem-  
 3 ber appointed to serve the remainder of the  
 4 term of a vacating member for a period of more  
 5 than 2 years shall be considered to have been  
 6 appointed for a full term.

7 “(e) QUORUMS.—

8 “(1) IN GENERAL.—Six members of the Board  
 9 shall constitute a quorum for the transaction of  
 10 business.

11 “(2) MINIMUM NUMBER OF MEMBERS.—A va-  
 12 cancy in the Board shall not impair the power of the  
 13 Board to act, so long as there are 6 members in of-  
 14 fice.

15 “(f) COMPENSATION.—A member of the Board shall  
 16 be entitled to receive—

17 “(1)(A) a stipend of \$25,000 per year; plus

18 “(B) compensation, not to exceed \$10,000 for  
 19 any year, at a rate that does not exceed the daily  
 20 equivalent of the annual rate of basic pay prescribed  
 21 under level V of the Executive Schedule under sec-  
 22 tion 5316 of title 5, United States Code, for each  
 23 day the member is engaged in the actual perform-  
 24 ance of duties as a member of the Board at meet-  
 25 ings or hearings; and

1 “(2) travel expenses, including per diem in lieu  
2 of subsistence, in the same manner as persons em-  
3 ployed intermittently in Government service under  
4 section 5703 of title 5, United States Code.

5 “(g) DUTIES.—

6 “(1) IN GENERAL.—The Board shall—

7 “(A) establish the broad goals, objectives,  
8 and policies of the Corporation that are appro-  
9 priate to carry out this Act;

10 “(B) develop long-range plans to guide the  
11 Corporation in achieving the goals, objectives,  
12 and policies of the Corporation and provide as-  
13 sistance to the chief executive officer to achieve  
14 those goals, objectives, and policies, including  
15 preparing the Corporation for fundamental  
16 changes in the electric utilities industry;

17 “(C) ensure that those goals, objectives,  
18 and policies are achieved;

19 “(D) approve an annual budget for the  
20 Corporation;

21 “(E) establish a compensation plan for em-  
22 ployees of the Corporation in accordance with  
23 subsection (i);

24 “(F) approve the salaries, benefits, and in-  
25 centives for managers and technical personnel

1           that report directly to the chief executive offi-  
2           cer;

3           “(G) ensure that all activities of the Cor-  
4           poration are carried out in compliance with ap-  
5           plicable law;

6           “(H) create an audit committee, composed  
7           solely of Board members independent of the  
8           management of the Corporation, which shall—

9                   “(i) recommend to the Board an ex-  
10                  ternal auditor;

11                   “(ii) receive and review reports from  
12                  the external auditor; and

13                   “(iii) make such recommendations to  
14                  the Board as the audit committee consid-  
15                  ers necessary;

16           “(I) create such other committees of Board  
17           members as the Board considers to be appro-  
18           priate;

19           “(J) conduct public hearings on issues that  
20           could have a substantial effect on—

21                   “(i) the electric ratepayers in the serv-  
22                  ice area; or

23                   “(ii) the economic, environmental, so-  
24                  cial, or physical well-being of the people of  
25                  the service area; and

1 “(K) establish the electricity rate schedule.

2 “(2) MEETINGS.—The Board shall meet at  
3 least 4 times each year.

4 “(h) CHIEF EXECUTIVE OFFICER.—

5 “(1) APPOINTMENT.—The Board shall appoint  
6 a person to serve as chief executive officer of the  
7 Corporation.

8 “(2) QUALIFICATIONS.—To serve as chief execu-  
9 tive officer of the Corporation, a person—

10 “(A) shall be a citizen of the United  
11 States;

12 “(B) shall have management experience in  
13 large, complex organizations;

14 “(C) shall not be a current member of the  
15 Board or have served as a member of the Board  
16 within 2 years before being appointed chief ex-  
17 ecutive officer; and

18 “(D) shall have no substantial direct finan-  
19 cial interest in—

20 “(i) any public-utility corporation en-  
21 gaged in the business of distributing and  
22 selling power to the public; or

23 “(ii) any business that may be ad-  
24 versely affected by the success of the Cor-



1                   poration as a producer of electric power;  
2                   and

3                   “(3) TENURE.—The chief executive officer shall  
4                   serve at the pleasure of the Board.

5                   “(i) COMPENSATION PLAN.—

6                   “(1) IN GENERAL.—The Board shall approve a  
7                   compensation plan that specifies salaries, benefits,  
8                   and incentives for the chief executive officer and em-  
9                   ployees of the Corporation.

10                  “(2) ANNUAL SURVEY.—The compensation plan  
11                  shall be based on an annual survey of the prevailing  
12                  salaries, benefits, and incentives for similar work in  
13                  private industry, including engineering and electric  
14                  utility companies, publicly owned electric utilities,  
15                  and Federal, State, and local governments.

16                  “(3) CONSIDERATIONS.—The compensation  
17                  plan shall provide that education, experience, level of  
18                  responsibility, geographic differences, and retention  
19                  and recruitment needs will be taken into account in  
20                  determining salaries of employees.

21                  “(4) SUBMISSION TO CONGRESS.—No salary  
22                  shall be established under a compensation plan until  
23                  after the compensation plan and the survey on which  
24                  it is based have been submitted to Congress and  
25                  made available to the public for a period of 30 days.

1           “(5) POSITIONS AT OR BELOW LEVEL IV.—The  
 2       chief executive officer shall determine the salary and  
 3       benefits of employees whose annual salary is not  
 4       greater than the annual rate payable for positions at  
 5       level IV of the Executive Schedule under section  
 6       5315 of title 5, United States Code.

7           “(6) POSITIONS ABOVE LEVEL IV.—On the rec-  
 8       ommendation of the chief executive officer, the  
 9       Board shall approve the salaries of employees whose  
 10      annual salaries would be in excess of the annual rate  
 11      payable for positions at level IV of the Executive  
 12      Schedule under section 5315 of title 5, United  
 13      States Code.”.

14      (b) CURRENT BOARD MEMBERS.—A member of the  
 15      board of directors of the Tennessee Valley Authority who  
 16      was appointed before the effective date of the amendment  
 17      made by subsection (a)—

18                   (A) shall continue to serve as a member  
 19                   until the date of expiration of the member’s  
 20                   current term; and

21                   (B) may not be reappointed.

22      **SEC. 2. CHANGE IN MANNER OF APPOINTMENT OF STAFF.**

23      Section 3 of the Tennessee Valley Authority Act of  
 24      1933 (16 U.S.C. 831b) is amended—

1 (1) by striking the first undesignated paragraph  
2 and inserting the following:

3 “(a) APPOINTMENT BY THE CHIEF EXECUTIVE OF-  
4 FICER.—The chief executive officer shall appoint, with the  
5 advice and consent of the Board, and without regard to  
6 the provisions of the civil service laws applicable to officers  
7 and employees of the United States, such managers, as-  
8 sistant managers, officers, employees, attorneys, and  
9 agents as are necessary for the transaction of the business  
10 of the Corporation.”; and

11 (2) by striking “All contracts” and inserting  
12 the following:

13 “(b) WAGE RATES.—All contracts”.

14 **SEC. 3. CONFORMING AMENDMENTS.**

15 (a) The Tennessee Valley Authority Act of 1933 (16  
16 U.S.C. 831 et seq.) is amended—

17 (1) in the first section, by striking “board of di-  
18 rectors” and inserting “Board of Directors”; and

19 (2) by striking “board” each place it appears  
20 and inserting “Board”.

21 (b) Section 9 of the Tennessee Valley Authority Act  
22 of 1933 (16 U.S.C. 831h) is amended—

23 (1) by striking “The Comptroller General of the  
24 United States shall audit” and inserting the follow-  
25 ing:

1       “(c) AUDITS.—The Comptroller General of the Unit-  
2 ed States shall audit”; and

3               (2) by striking “The Corporation shall deter-  
4 mine” and inserting the following:

5       “(d) ADMINISTRATIVE ACCOUNTS AND BUSINESS  
6 DOCUMENTS.—The Corporation shall determine”.

7 **SEC. 4. EFFECTIVE DATE.**

8       The amendments made by this Act take effect, and  
9 7 additional members of the Board of the Tennessee Val-  
10 ley Authority shall be appointed so as to commence their  
11 terms on, May 18, 1999.

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