

106TH CONGRESS
1ST SESSION

S. 1278

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.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 1999

Mr. FRIST introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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,*

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

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

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

3 “(a) MEMBERSHIP.—

4 “(1) APPOINTMENT.—The Board of Directors
5 of the Corporation (referred to in this Act as the
6 ‘Board’) shall be composed of 9 members appointed
7 by the President by and with the advice and consent
8 of the Senate, who shall be legal residents of the
9 service area.

10 “(2) CHAIRMAN.—The members of the Board
11 shall select 1 of the members to act as chairman of
12 the Board.

13 “(b) QUALIFICATIONS.—

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

16 “(A) shall be a citizen of the United
17 States;

18 “(B) shall have widely recognized experi-
19 ence or applicable expertise in the management
20 of or decisionmaking for a large corporate
21 structure;

22 “(C) shall not be an employee of the Cor-
23 poration;

24 “(D) shall have no substantial direct finan-
25 cial interest in—

1 “(i) any public-utility corporation en-
 2 gaged in the business of distributing and
 3 selling power to the public; or

4 “(ii) any business that may be ad-
 5 versely affected by the success of the Cor-
 6 poration as a producer of electric power;
 7 and

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

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

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

15 “(1) consider recommendations from such pub-
 16 lic officials as—

17 “(A) the Governors of States in the service
 18 area;

19 “(B) individual citizens;

20 “(C) business, industrial, labor, electric
 21 power distribution, environmental, civic, and
 22 service organizations; and

23 “(D) the congressional delegations of the
 24 States in the service area; and

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

4 “(d) TERMS.—

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

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

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

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

12 “(2) VACANCIES.—A member appointed to fill a
 13 vacancy in the Board occurring before the expiration
 14 of the term for which the predecessor of the member
 15 was appointed shall be appointed for the remainder
 16 of that term.

17 “(3) REAPPOINTMENT.—

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

21 “(B) APPOINTMENT TO FILL VACANCY.—

22 For the purpose of subparagraph (A), a mem-
 23 ber appointed to serve the remainder of the
 24 term of a vacating member for a period of more

1 than 2 years shall be considered to have been
2 appointed for a full term.

3 “(e) QUORUMS.—

4 “(1) IN GENERAL.—Six members of the Board
5 shall constitute a quorum for the transaction of
6 business.

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

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

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

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

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

1 “(g) DUTIES.—

2 “(1) IN GENERAL.—The Board shall—

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

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

13 “(C) ensure that those goals, objectives,
14 and policies are achieved;

15 “(D) approve an annual budget for the
16 Corporation;

17 “(E) establish a compensation plan for em-
18 ployees of the Corporation in accordance with
19 subsection (i);

20 “(F) approve the salaries, benefits, and in-
21 centives for managers and technical personnel
22 that report directly to the chief executive offi-
23 cer;

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

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

7 “(i) recommend to the Board an ex-
8 ternal auditor;

9 “(ii) receive and review reports from
10 the external auditor; and

11 “(iii) make such recommendations to
12 the Board as the audit committee con-
13 siders necessary;

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

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

19 “(i) the electric ratepayers in the serv-
20 ice area; or

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

24 “(K) establish the electricity rate schedule.

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

3 “(h) CHIEF EXECUTIVE OFFICER.—

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

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

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

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

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

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

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

22 “(ii) any business that may be ad-
23 versely affected by the success of the Cor-
24 poration as a producer of electric power;
25 and

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

3 “(i) COMPENSATION PLAN.—

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

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

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

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

24 “(5) POSITIONS AT OR BELOW LEVEL IV.—The
25 chief executive officer shall determine the salary and

1 benefits of employees whose annual salary is not
 2 greater than the annual rate payable for positions
 3 at level IV of the Executive Schedule under section
 4 5315 of title 5, United States Code.

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

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

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

19 (B) may not be reappointed.

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

21 Section 3 of the Tennessee Valley Authority Act of
 22 1933 (16 U.S.C. 831b) is amended—

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

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

9 (2) by striking “All contracts” and inserting
 10 the following:

11 “(b) WAGE RATES.—All contracts”.

12 **SEC. 3. CONFORMING AMENDMENTS.**

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

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

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

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

21 (1) by striking “The Comptroller General of the
 22 United States shall audit” and inserting the fol-
 23 lowing:

24 “(c) AUDITS.—The Comptroller General of the
 25 United States shall audit”; and

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

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

5 **SEC. 4. EFFECTIVE DATE.**

6 The amendments made by this Act take effect, and
7 7 additional members of the Board of the Tennessee Val-
8 ley Authority shall be appointed so as to commence their
9 terms on, May 18, 2000.

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