

107TH CONGRESS  
1ST SESSION

# S. 821

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

MAY 3, 2001

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

MAY 10, 2001

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) shall profess a belief in the feasibility  
15 and 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) QUORUM.—

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.—

16 “(1) IN GENERAL.—A member of the Board  
 17 shall be entitled to receive—

18 “(A)(i) a stipend of \$30,000 per year; plus

19 “(ii) compensation, not to exceed \$10,000

20 for any year, at a rate that does not exceed the

21 daily equivalent of the annual rate of basic pay

22 prescribed under level V of the Executive

23 Schedule under section 5316 of title 5, United

24 States Code, for each day the member is en-

25 gaged in the actual performance of duties as a

1 member of the Board at meetings or hearings;  
2 and

3 “(B) travel expenses, including per diem in  
4 lieu of subsistence, in the same manner as per-  
5 sons employed intermittently in Government  
6 service under section 5703 of title 5, United  
7 States Code.

8 “(2) ADJUSTMENTS IN STIPENDS.—The  
9 amount of the stipend under paragraph (1)(A)(i)  
10 shall be adjusted by the same percentage, at the  
11 same time and manner, and subject to the same lim-  
12 itations as are applicable to adjustments under sec-  
13 tion 5318 of title 5, United States Code.

14 “(g) DUTIES.—

15 “(1) IN GENERAL.—The Board shall—

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

19 “(B) develop long-range plans to guide the  
20 Corporation in achieving the goals, objectives,  
21 and policies of the Corporation and provide as-  
22 sistance to the chief executive officer to achieve  
23 those goals, objectives, and policies, including  
24 preparing the Corporation for fundamental  
25 changes in the electric utilities industry;

1           “(C) ensure that those goals, objectives,  
2           and policies are achieved;

3           “(D) approve an annual budget for the  
4           Corporation;

5           “(E) establish a compensation plan for em-  
6           ployees of the Corporation in accordance with  
7           subsection (i);

8           “(F) approve the salaries, benefits, and in-  
9           centives for managers and technical personnel  
10          that report directly to the chief executive offi-  
11          cer;

12          “(G) ensure that all activities of the Cor-  
13          poration are carried out in compliance with ap-  
14          plicable law;

15          “(H) create an audit committee, composed  
16          solely of Board members independent of the  
17          management of the Corporation, which shall—

18               “(i) recommend to the Board an ex-  
19               ternal auditor;

20               “(ii) receive and review reports from  
21               the external auditor; and

22               “(iii) make such recommendations to  
23               the Board as the audit committee con-  
24               siders necessary;

1 “(I) create such other committees of Board  
2 members as the Board considers to be appro-  
3 priate;

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

6 “(i) the electric ratepayers in the serv-  
7 ice area; or

8 “(ii) the economic, environmental, so-  
9 cial, or physical well-being of the people of  
10 the service area; and

11 “(K) establish the electricity rate schedule.

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

14 “(h) CHIEF EXECUTIVE OFFICER.—

15 “(1) APPOINTMENT.—The Board shall appoint  
16 a person to serve as chief executive officer of the  
17 Corporation.

18 “(2) QUALIFICATIONS.—To serve as chief exec-  
19 utive officer of the Corporation, a person—

20 “(A) shall be a citizen of the United  
21 States;

22 “(B) shall have management experience in  
23 large, complex organizations;

24 “(C) shall not be a current member of the  
25 Board or have served as a member of the Board



1           within 2 years before being appointed chief ex-  
2           ecutive officer; and

3                 “(D) shall have no substantial direct finan-  
4           cial interest in—

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

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

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

14               “(i) COMPENSATION PLAN.—

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

19                “(2) ANNUAL SURVEY.—The compensation plan  
20                shall be based on an annual survey of the prevailing  
21                salaries, benefits, and incentives for similar work in  
22                private industry, including engineering and electric  
23                utility companies, publicly owned electric utilities,  
24                and Federal, State, and local governments.

1           “(3) CONSIDERATIONS.—The compensation  
2           plan shall provide that education, experience, level of  
3           responsibility, geographic differences, and retention  
4           and recruitment needs will be taken into account in  
5           determining salaries of employees.

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

11          “(5) POSITIONS AT OR BELOW LEVEL IV.—The  
12          chief executive officer shall determine the salary and  
13          benefits of employees whose annual salary is not  
14          greater than the annual rate payable for positions  
15          at level IV of the Executive Schedule under section  
16          5315 of title 5, United States Code.

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

24          (b) CURRENT BOARD MEMBERS.—A member of the  
25          board of directors of the Tennessee Valley Authority who

1 was appointed before the effective date of the amendment  
2 made by subsection (a)—

3 (1) shall continue to serve as a member until  
4 the date of expiration of the member's current term;  
5 and

6 (2) may not be reappointed.

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

8 Section 3 of the Tennessee Valley Authority Act of  
9 1933 (16 U.S.C. 831b) is amended—

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

12 “(a) APPOINTMENT BY THE CHIEF EXECUTIVE OF-  
13 FICER.—The chief executive officer shall appoint, with the  
14 advice and consent of the Board, and without regard to  
15 the provisions of the civil service laws applicable to officers  
16 and employees of the United States, such managers, as-  
17 sistant managers, officers, employees, attorneys, and  
18 agents as are necessary for the transaction of the business  
19 of the Corporation.”; and

20 (2) by striking “All contracts” and inserting  
21 the following:

22 “(b) WAGE RATES.—All contracts”.

23 **SEC. 3. CONFORMING AMENDMENTS.**

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

1           (1) by striking “board of directors” each place  
2           it appears and inserting “Board of Directors”; and

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

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

7           (1) by striking “The Comptroller General of the  
8           United States shall audit” and inserting the fol-  
9           lowing:

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

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

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

16 **SEC. 4. EFFECTIVE DATE.**

17          The amendments made by this Act take effect, and  
18 7 additional members of the Board of the Tennessee Val-  
19 ley Authority shall be appointed so as to commence their  
20 terms on, May 18, 2002.

