

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.

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

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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