

Please see page “4” of the attached abbreviated extract from the TVA Act.

Section 2 (i) (2) ANNUAL SURVEY.--The compensation plan shall be based on an annual survey of the prevailing compensation for similar positions in private industry, including engineering and electric utility companies, publicly owned electric utilities, and Federal, State, and local governments.

TENNESSEE VALLEY AUTHORITY ACT

AN ACT

To improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood water in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the “Tennessee Valley Authority” (hereinafter referred to as the “Corporation”). The Board of Directors first appointed shall be deemed the incorporator, and the incorporation shall be held to have been effected from the date of the first meeting of the Board. This Act may be cited as the “Tennessee Valley Authority Act of 1933.” [48 Stat. 58-59, 16 U.S.C. sec. 831]¹

Sec. 2. MEMBERSHIP, OPERATION, AND DUTIES OF THE BOARD OF DIRECTORS.

(a) MEMBERSHIP.--

(1) APPOINTMENT.--The Board of Directors of the Corporation (referred to in this Act as the “Board”) shall be composed of 9 members appointed by the President by and with the advice and consent of the Senate, at least 7 of whom shall be a legal resident of the service area of the Corporation.

(2) CHAIRMAN.--The members of the Board shall select 1 of the members to act as chairman of the Board.

(b) QUALIFICATIONS.--To be eligible to be appointed as a member of the Board, an individual--

(1) shall be a citizen of the United States;

(2) shall have management expertise relative to a large for-profit or nonprofit corporate, government, or academic structure;

(3) shall not be an employee of the Corporation;

(4) shall make full disclosure to Congress of any investment or other financial interest that the individual holds in the energy industry; and

(5) shall affirm support for the objectives and missions, of the Corporation, including being a national leader in technological innovation, low-cost power, and environmental stewardship.

¹ For the purpose of identifying the sections that appeared in the original Act of 1933 and those that have been brought into the Act by amendment, references have been placed at the end of the sections. For example, the reference at the end of section 1, 48 Stat. 58-59, indicates that this section will be found in volume 48 of the Statutes at Large on pages 58 and 59.

(c) RECOMMENDATIONS.--In appointing members of the Board, the President shall--

(1) consider recommendations from such public officials as--

(A) the Governors of States in the service area;

(B) individual citizens;

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

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

(2) seek qualified members from among persons who reflect the diversity, including the geographical diversity, and needs of the service area of the Corporation.

(d) TERMS.--

(1) IN GENERAL.--A member of the Board shall serve a term of 5 years. A member of the Board whose term has expired may continue to serve after the member's term has expired until the date on which a successor takes office, except that the member shall not serve beyond the end of the session of Congress in which the term of the member expires.

(2) VACANCIES.--A member appointed to fill a vacancy on the Board occurring before the expiration of the term for which the predecessor of the member was appointed shall be appointed for the remainder of that term.

(e) QUORUM.--

(1) IN GENERAL.--Five of the members of the Board shall constitute a quorum for the transaction of business.

(2) VACANCIES.--A vacancy on the Board shall not impair the power of the Board to act.

(f) COMPENSATION.--

(1) IN GENERAL.--A member of the Board shall be entitled to receive--

(A) a stipend of--

(i) \$45,000 per year; or

(ii)(I) in the case of the chairman of any committee of the Board created by the Board, \$46,000 per year; or

(II) in the case of the chairman of the Board, \$50,000 per year; and

(B) travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service under section 5703 of title 5, United States Code.

(2) ADJUSTMENTS IN STIPENDS.--The amount of the stipend under paragraph (1)(A)(i) shall be adjusted by the same percentage, at the same time and manner, and subject to the same limitations as are applicable to adjustments under section 5318 of title 5, United States Code.

(g) DUTIES.--

(1) IN GENERAL.--The Board shall--

(A) establish the broad goals, objectives, and policies of the Corporation that are appropriate to carry out this Act;

(B) develop long-range plans to guide the Corporation in achieving the goals, objectives, and policies of the Corporation and provide assistance to the chief executive officer to achieve those goals, objectives, and policies;

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

- (D) approve an annual budget for the Corporation;
 - (E) adopt and submit to Congress a conflict-of-interest policy applicable to members of the Board and employees of the Corporation;
 - (F) establish a compensation plan for employees of the Corporation in accordance with subsection (i);
 - (G) approve all compensation (including salary or any other pay, bonuses, benefits, incentives, and any other form of remuneration) of all managers and technical personnel that report directly to the chief executive officer (including any adjustment to compensation);
 - (H) ensure that all activities of the Corporation are carried out in compliance with applicable law;
 - (I) create an audit committee, composed solely of Board members independent of the management of the Corporation, which shall--
 - (i) in consultation with the inspector general of the Corporation, recommend to the Board an external auditor;
 - (ii) receive and review reports from the external auditor of the Corporation and inspector general of the Corporation; and
 - (iii) make such recommendations to the Board as the audit committee considers necessary;
 - (J) create such other committees of Board members as the Board considers to be appropriate;
 - (K) conduct such public hearings as it deems appropriate on issues that could have a substantial effect on--
 - (i) the electric ratepayers in the service area; or
 - (ii) the economic, environmental, social, or physical well-being of the people of the service area;
 - (L) establish the electricity rates charged by the Corporation; and
 - (M) engage the services of an external auditor for the Corporation.
- (2) MEETINGS.--The Board shall meet at least 4 times each year.
- (h) CHIEF EXECUTIVE OFFICER.--
- (1) APPOINTMENT.--The Board shall appoint a person to serve as chief executive officer of the Corporation.
 - (2) QUALIFICATIONS.--
 - (A) IN GENERAL.--To serve as chief executive officer of the Corporation, a person--
 - (i) shall have senior executive-level management experience in large, complex organizations;
 - (ii) shall not be a current member of the Board or have served as a member of the Board within 2 years before being appointed chief executive officer; and
 - (III) shall comply with the conflict-of-interest policy adopted by the Board.
 - (B) EXPERTISE.--In appointing a chief executive officer, the Board shall give particular consideration to appointing an individual with expertise in the electric industry and with strong financial skills.
 - (3) TENURE.--The chief executive officer shall serve at the pleasure of the Board.

(i) COMPENSATION PLAN.--

(1) IN GENERAL.--The Board shall approve a compensation plan that specifies all compensation (including salary or any other pay, bonuses, benefits, incentives, and any other form of remuneration) for the chief executive officer and employees of the Corporation.

(2) ANNUAL SURVEY.--The compensation plan shall be based on an annual survey of the prevailing compensation for similar positions in private industry, including engineering and electric utility companies, publicly owned electric utilities, and Federal, State, and local governments.

(3) CONSIDERATIONS.--The compensation plan shall provide that education, experience, level of responsibility, geographic differences, and retention and recruitment needs will be taken into account in determining compensation of employees.

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

(5) POSITIONS ABOVE LEVEL IV.--On the recommendation of the chief executive officer, the Board shall approve the salaries of employees whose annual salaries would be in excess of the annual rate payable for positions at level IV of the Executive Schedule under section 5315 of title 5, United States Code. [48 Stat. 59, as amended by 119 Stat. 2963-2966, 16 U.S.C. sec. 831a]

Sec. 3.

(a) APPOINTMENT BY THE CHIEF EXECUTIVE OFFICER.--The chief executive officer shall appoint, with the advice and consent of the Board, and without regard to the provisions of civil service laws applicable to officers and employees of the United States, such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of the business of the Corporation.

(b) WAGE RATES.--All contracts to which the Corporation is a party and which require the employment of laborers and mechanics in the construction, alteration, maintenance, or repair of buildings, dams, locks or other projects shall contain a provision that not less than the prevailing rate of wages for work of a similar nature prevailing in the vicinity shall be paid to such laborers or mechanics.

In the event any dispute arises as to what are the prevailing rates of wages, the question shall be referred to the Secretary of Labor for determination, and his decision shall be final. In the determination of such prevailing rate or rates, due regard shall be given to those rates which have been secured through collective agreement by representatives of employers and employees.

Where such work as is described in the two preceding paragraphs is done directly by the Corporation the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

Insofar as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916 as amended, shall extend to persons given employment under the provisions of this Act. [48 Stat. 59-60, as amended by 86 Stat. 206 and 118 Stat.2966, 16 U.S.C. sec. 831b]

Sec. 4. Except as otherwise specifically provided in this Act, the Corporation—