

TVA Board Practice

Notational Approvals

Background

Section 1.7 of the ***Bylaws of The Tennessee Valley Authority*** provides that the TVA Board may take action by a majority vote of all Members, at times other than during a Board meeting, by notational approval by individual Board Members, subject to the following requirements:

- Personal notice of the notational item is provided to individual Board Members by electronic mail or as otherwise specified by individual Board Members;
- Board Members have at least seven calendar days within which to submit their individual votes, unless the Board Chairman specifies an earlier deadline (but in no event fewer than three calendar days).

By adopting this ***TVA Board Practice***, the TVA Board wishes to set forth supplemental policies, processes, and criteria to govern the notational approval process and to guide and direct Management, Board Committees, and individual Board Members as to how requests for notational approvals are to be handled.

Guiding Principle

The notational approval process is to provide a means by which the Board may take timely and appropriate action on matters between Board meetings. This notational approval process must be carried out in a way that is fully consistent with the Board's responsibility to exercise careful and prudent oversight and their ability to lead TVA with integrity and open and transparent accountability.

Criteria for Notational Approvals

To be eligible for notational consideration by Board Members, a proposed action item must meet one or more of the following Criteria. The Board Approval Memorandum which transmits any action item for notational approval must designate one or more of these Criteria as being applicable and must provide appropriate supporting information to inform the Board as to the basis for such applicability.

1. Time Sensitive

- a. Deadline -- *Example*: An externally-established deadline for TVA action will expire before the date of the next scheduled Board meeting, with no reasonable opportunity for obtaining an extension.
- b. "Fleeting Opportunity" -- *Example*: An uncertain amount of time exists during which TVA will have a chance to take advantage of an opportunity before it is seized by another or otherwise will cease to exist.

- c. Negative Cost/Value Trend -- *Example*: The passage of time will likely cause TVA's costs under the action item to increase or the value to TVA of approving the action item to decrease.

2. Confidential

- a. Individual Privacy -- *Example*: Action item includes personal information about one or more individuals, which either is protected under the Privacy Act, is otherwise exempt from disclosure under the Freedom of Information Act (FOIA), or is otherwise considered sensitive.
- b. Other's Proprietary/Confidential Information -- *Example*: Action item includes information that is proprietary/confidential information of a party other than TVA which is either prohibited from disclosure under the Trade Secrets Act or exempt from disclosure under FOIA. This Criteria also would apply to TVA's annual budget submissions to the Administration, because public disclosure of the contents of such submissions is routinely prohibited by order of the President until the President's Budget is submitted to Congress, as well as being exempt from disclosure under FOIA.
- c. TVA's Proprietary/Confidential Information -- *Example*: Action item includes information that TVA considers to be "business sensitive" or to be proprietary/confidential and which would be otherwise exempt from disclosure under FOIA.

3. Not of Material Public Interest

Example: Action item involves subject matter which can be reasonably considered to not be of material interest to members of the public, and consideration and approval of such action item would not be an efficient use of Board time during meetings. This will often be an approval item that is considered routine and noncontroversial, but for some reason (e.g., statutory) requires action by the Board.

Personal Notice to Individual Board Members

The Chief Executive Officer, in consultation with the appropriate Committee Chair when applicable, will assure that a process is in place under which all Board Members, to the extent feasible, will be personally notified by nonelectronic or other effective means when any action item which is potentially significant or controversial is being provided to them individually for notational approval.

Pre-voting Review Period

For each action item being proposed for notational approval by the Board, the Chair of the Committee proposing the approval, or the Chairman of the Board in the absence of a Committee recommendation, shall specify the number of calendar days during which individual Board Members will have the opportunity to review the proposed action item and make inquiries and/or comments in advance of the date on which notational voting will commence.

In the absence of such a specification, the date on which voting shall commence on a notational approval action item shall be three calendar days after the day on which information on that action item is provided to the individual Board Members.

Openness and Transparency

In a manner consistent with the requirements of applicable Federal law, the Chief Executive Officer shall assure that disclosure to the public is made of those action items that have been notationally approved by the Board in at least the following two ways:

1. Board Meeting Agendas -- Each action item notationally approved by the Board between Board meetings shall be disclosed and appropriately identified as an "Information Item" on the agenda for the upcoming Board meeting, which is required by the Government in the Sunshine Act to be published in the *Federal Register* at least one week in advance of the meeting.

The Chief Executive Officer, in consultation with the appropriate Committee Chair when applicable, shall further assure that TVA is prepared to respond, in a manner consistent with the limitations of applicable Federal law, to public inquiries about any notational approval item that appears as an "Information Item" on the agenda for a Board meeting.

2. Board Meeting Minutes -- Each action item notationally approved by the Board between Board meetings shall be disclosed and appropriately identified in the Minutes of the next public Board meeting, which Minutes shall be publicly available.

*Approved by the Board of Directors of the Tennessee Valley Authority
November 30, 2006*