

---

## Resolution

Whereas, on December 22, 2008, the Tennessee Valley Authority's Kingston Fossil Plant suffered a catastrophic spill (the "Spill");

Whereas, TVA has worked continuously to provide restitution to the community and the individuals who have sustained damages as a direct result of the Spill;

Whereas, the Board is committed to TVA "being a national leader in technological innovation, low cost power and environmental stewardship";

Whereas, the Spill has eroded public trust in TVA and called into question TVA's commitment to environmental stewardship;

Whereas, the Board expresses its regret for the occurrence of the Spill, acknowledges that mistakes were made and is committed to assist, and as necessary, direct management in the clean up and to ensure a more robust risk management system;

Whereas, on January 9, 2009, the Board, in accordance with its fiduciary responsibility, retained McKenna Long & Aldridge, LLP ("McKenna") to advise the Board as to its legal obligations, corporate governance structure and processes, and appropriate remediation actions to prevent future spills and other risks and to conduct an independent review of the facts relating to the Spill;

Whereas, the Board has received McKenna's factual report and acknowledges that inadequacies in systems, controls, standards and a culture of accountability were uncovered by McKenna;

Whereas, the Board desires to address the identified inadequacies in systems, controls, and standards and institute a culture of accountability by taking the below initial actions which are based upon McKenna's factual report, its briefings from McKenna, various Inspector General Reports and Senior Management briefings;

Now therefore, be it resolved, that the Board adopts the following resolutions and authorizes and directs TVA's Chief Executive Officer and Senior Management to implement the following resolutions:

1. The Board directs Senior Management to provide a formal Fossil Remediation Plan, covering not only the Kingston clean-up but all other Fossil ponds including all mitigation plans or remediation actions that are in process, prior to August 20, 2009. The plan should have metrics, timelines, and cost estimates that address health, safety and environmental risks. The Board shall be kept fully informed on the remediation actions and all policy issues shall be presented to the Board promptly for resolution.
2. The Board authorizes and directs Senior Management by August 20, 2009 to present a remediation plan to eliminate identified deficiencies in systems, standards, controls and culture of accountability in order to earn and maintain public trust. The Board authorizes the use of an outside management consulting/ organization development firm to assist with the examination and installation as necessary.

3. The Board recognizes TVA must ensure that its Enterprise Risk Management System identifies top financial and non-financial risks, and informs the Board in a timely manner, of these risks along with appropriate responses for management of such risk. The Board authorizes and directs Senior Management to present to it an Enterprise Risk Management System plan designed to achieve these goals.

4. The Board recognizes that the compliances functions for the areas of environment, health, and safety need to be reviewed to ensure design functions, operational procedures and maintenance practices do not allow undetected risks such as occurred at Kingston. The Board authorizes and directs Senior Management to present a plan to review these areas to ensure best practices and incorporate them into the Enterprise Risk Management System.

5. The Board authorizes and directs Senior Management to establish a Compliance and Performance Assessment group, as a complement to the TVA Inspector General's audit function, to provide Senior Management and the Board of Directors with assessments of compliance and performance of TVA's programs, activities and functions relative to best practices or established standards.

6. The Board authorizes and directs Senior Management to institute a Situation Alert process which will utilize state-of-the-art communication technologies to inform the CEO, his direct reports and certain other key employees of incidents that could have material impact on TVA, to allow Senior Management to ensure that risks are being handled at the appropriate level of knowledge and support of Senior Management. The Situation Alert Process should be appropriately incorporated into the Enterprise Risk Management System and Board should receive regular reports of incidents and their disposition.