

CHEROKEE VALLEY SUBDIVISION

FINDING OF NO SIGNIFICANT IMPACT REQUEST FOR SECTION 26a APPROVAL OF PROPOSED FACILITIES IN FLOODPLAIN OF LOST BRANCH AND WALDEN CREEK SEVIER COUNTY, TENNESSEE

Mountain Ridge LLC (Mountain Ridge) proposes to construct a box culvert in Lost Branch to provide for an entrance road for its proposed Cherokee Valley Subdivision along Walden Creek. Mountain Ridge also proposes to construct an encased aerial sewer line crossing Walden Creek, a storm water outfall into Walden Creek, and place road fill within the limits of the 100-year floodplain of Walden Creek. Placement of these structures and fill in Lost Branch, Walden Creek, and their floodplains constitute permanent obstructions and, therefore, approval under Section 26a of the Tennessee Valley Authority (TVA) Act is required. Mountain Ridge purchased the 15.6-acre property along Wear Valley Road in Pigeon Forge to develop it for the benefit of its owners and investors.

The project involves potential development affects on natural floodplain values, subject to Executive Order 11988 (Floodplain Management). It also involves consultation with the Tennessee State Historic Preservation Officer (SHPO) and development of measures to mitigate adverse affects to an archaeological site determined to be eligible for the National Register of Historic Places (NRHP). TVA has prepared the attached environmental assessment (EA) to document its consideration of the potential impacts of the proposed development, with emphasis on floodplains and historic properties.

This EA evaluates three alternatives: (1) No Action, (2) the Proposed Action, and (3) the Proposed Action with Mitigation. The economic viability of the project depends on locating some houses in the floodplain. Under Alternative 3, the preferred alternative, Mountain Ridge would minimize its floodplain and historic properties impacts.

The subject EA concludes that impacts to air quality, water quality, aquatic life, wildlife, vegetation, recreation, aesthetics, land-based transportation, and natural features would be minor and insignificant. No wetlands or federally or state-listed threatened or endangered species are known from the site or vicinity and no-listed species or wetlands would be impacted by the proposal. Socioeconomic impacts are expected to be minimally positive and beneficial. The proposed development would adversely affect an archaeological site eligible for listing on the National Register of Historic Places. A final Memorandum of Agreement (MOA) to address the mitigation of these adverse effects was executed among TVA, the SHPO, and Mountain Ridge on November 6, 2006. This mitigation is incorporated into Alternative 3. TVA concurs that there is no practicable alternative to locating houses in the Walden Creek floodplain. The city of Pigeon Forge (City) participates in the National Flood Insurance Program (NFIP). In order to minimize adverse impacts and consistent with local floodplain regulations, the City and TVA would require Mountain Ridge to build the lowest floor of habitable structures in the 100-year floodplain to an elevation at least 1 foot above the 100-year flood elevation. No fill material would be placed within the Walden Creek floodway so there would not be

unacceptable increases in upstream flood elevations. Under the selected alternative (Alternative 3), anticipated impacts on local flooding and floodplain values would be insignificant. Additional downstream projects in Pigeon Forge which obtain federal and state authorization are not expected to adversely affect floodplains or historic properties, and cumulative effects on these resources would not be significant.

Cherokee Valley Subdivision received preliminary approval from the Pigeon Forge Planning Commission in December 2005. These plans would ensure that the development meets the requirements of local ordinances, including floodplains. TVA also consulted with various agencies during the environmental review process.

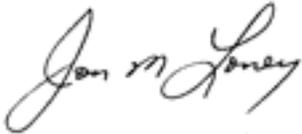
Mitigation

In addition to routine General and Standard Conditions, TVA would require the following mitigation measures to reduce impacts to cultural resources and floodplain values:

- Mountain Ridge would carry out the stipulations of the MOA regarding the monitoring, reporting, and data recovery at archaeological site 40SV183 prior to commencement of any ground-disturbing activities within the site boundaries.
- Mountain Ridge would adhere to TVA and the City's conditions listed in the attached EA regarding the placement of fill and construction of houses within the floodplain.

Conclusion and Findings

Based on the EA, we conclude that the Section 26a approval of the Mountain Ridge's floodplain facilities would not be a major federal action significantly affecting the environment. Accordingly, an environmental impact statement is not required. This Finding of No Significant Impact is contingent upon adherence to the permit conditions in the associated EA and the mitigation measures described above.



January 23, 2007

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Date