

FINDING OF NO SIGNIFICANT IMPACT
TENNESSEE VALLEY AUTHORITY
SECTION 26A APPROVAL OF PROPOSED STREAM
ENCAPSULATIONS ON UNNAMED TRIBUTARIES TO THE WEST
PRONG LITTLE PIGEON RIVER IN PIGEON FORGE, SEVIER
COUNTY, TENNESSEE

Pigeon Falls, LLC (PFLLC), has requested that TVA issue the required approval under Section 26a of the TVA Act for the encapsulation of 3,347 linear feet of two unnamed tributaries to the West Prong Little Pigeon River (WPLPR). This proposed action is part of an 85-acre commercial development known as Pigeon Falls Village (PFV) located north-northeast of the intersection of Jake Thomas Road and Teaster Lane in Pigeon Forge, Sevier County, Tennessee. The proposed development would include hotels, retail space, recreational attractions, a residential development, a parking garage, and a water feature.

The purpose of this project is to provide additional local and regional economic development opportunities. Related actions include the planned construction of Pigeon Falls Lane (PFL), for which TVA previously issued a separate Section 26a permit. Additionally, the City of Pigeon Forge (CPF) plans to make improvements to Teaster Lane and Jake Thomas Road and to construct a regional parking facility near PFV. These roadway and parking improvements also require Section 26a approval, and the necessary environmental review is in progress. These projects would serve a variety of existing and future developments including the proposed PFV. The scope of the subject environmental review for the PFV development includes the entire 85-acre tract.

The U.S. Army Corps of Engineers (USACE) prepared an environmental assessment (EA) of their related permitting action for PFV in July 2008. TVA was a cooperating agency in the preparation of this EA. The EA evaluates three alternatives: 1) the No Action Alternative, 2) the Applicant's Final Proposal, and 3) the Applicant's Final Proposal with Added Special Conditions. Under the No Action Alternative, TVA would not issue the Section 26a permit, and the proposed construction of PFV likely would not occur. Under either Action Alternative, TVA would issue the Section 26a permit necessary to construct PFV. The two Action Alternatives differ in the number of special conditions and mitigation measures imposed to reduce potential environmental impacts; many of the conditions included in Alternative 3 are standard requirements for TVA permits. TVA has independently reviewed the USACE EA on PFV and concurs with its conclusions, and the EA is incorporated by reference.

Impact Assessment

The proposed action would result in the encapsulation of approximately 3,347 linear feet of two unnamed tributaries to the WPLPR. These two streams are of poor quality, and a portion of the WPLPR is on the list of impaired waters compiled by the Tennessee Department of Environment and Conservation (TDEC) pursuant to Section 303(d) of the *Clean Water Act*. PFLLC proposes to mitigate the loss of stream habitat by either making physical habitat improvements to an already degraded offsite stream in the area or by making an In-Lieu-Fee (ILF) payment of \$200/linear foot to the Tennessee Stream Mitigation Program if no qualified offsite habitat can be located.

Excavation and grading activities would result in a minor short-term localized increase in turbidity and siltation. However, employment of sound construction techniques, including use of effective erosion and sedimentation control measures, would minimize impacts on the streams, and with the previously described mitigation, impacts to streams, water quality, and associated aquatic life would be insignificant. TDEC issued a Water Quality Certification, which included the mitigation measures for the PFV project, on December 7, 2007.

No federally or state-listed endangered or threatened species or habitat to support these species are known from the project area. Consequently, no impacts to endangered or threatened species are anticipated. The U.S. Fish and Wildlife Service (USFWS) concurred with this determination in a letter dated August 31, 2007. Impacts to wildlife and vegetation would be insignificant.

A Phase I archaeological survey was completed in 2004. Based on the results of the survey, USACE and TVA have concluded that no archeological sites are present. One historic structure was identified within view of the project area; however, it was recommended ineligible for the National Register of Historic Places. In a letter dated August 6, 2007, the Tennessee Historical Commission (THC) concurred with the USACE that no properties listed in or eligible for the National Register of Historic Places would be affected.

The proposed action would not adversely affect air quality, and no land emissions of pollutants, hazardous waste, or waste requiring special handling and disposal, or significant negative social or socioeconomic impacts, are anticipated. No designated floodways or floodplains would be affected. Impacts of the proposed action to recreation, aesthetics, and noise would be insignificant. Both Action Alternatives would provide a development offering commercial, residential, and recreational attractions, which would be beneficial to the economy and result in increased permanent employment positions.

Public and Intergovernmental Review

TDEC held a public meeting on June 28, 2007, concerning applications for state water quality permits from PFLLC and other applicants. Comments were received from one federal agency, one private non-governmental conservation organization, and four private citizens. Comments on the PFV proposal have been addressed in the USACE EA.

On August 1, 2007, USACE and TVA issued Joint Public Notice No. 07-68 to advertise their proposed actions. The comment period ended September 2, 2007. Comment

letters were received from the USFWS and the THC, both of which concurred that the proposed action would not affect their trust resources.

Mitigation and Special Permit Conditions

TVA would require that PFLLC adhere to general and standard conditions for water quality protection contained in the Section 26a permit. In-stream construction activities would be performed during lower water conditions. As described above, PFLLC proposes to mitigate impacts to streams through off-site physical habitat improvements or through ILF payment to the Tennessee Stream Mitigation Program. PFLLC also proposes to implement the other measures included in its state water quality certification. TVA has not identified the need for other mitigation to further reduce potential impacts.

Conclusion and Findings

TVA has independently reviewed the USACE EA and found it to be adequate. TVA is therefore adopting this EA. TVA has determined that the issuance of the Section 26a permit for the proposed stream encapsulation project would not be a major federal action significantly affecting the quality of the environment. Accordingly, an environmental impact statement is not required. This FONSI is contingent upon adherence to the permit conditions and completion of the mitigation measures described above and in the attached USACE EA.



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Date Signed