

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING

MARCH 16, 2005

LOCATION:

TENNESSEE VALLEY AUTHORITY
400 WEST SUMMIT HILL DRIVE
KNOXVILLE, TENNESSEE 37902

REPORTED BY:

KIMBERLY J. NIXON, RPR
NATIONAL REPORTING AGENCY
1255 MARKET STREET
CHATTANOOGA, TENNESSEE 37402
423.267.8059
800.261.8059
423.266.4447 (FAX)

25

2

1 MEMBERS OF THE REGIONAL RESOURCE STEWARDSHIP COUNCIL

2

3 MR. DAVE WAHUS (FACILITATOR)

4 MR. BRUCE SHUPP (COUNCIL CHAIR)

5 MR. TOM VORHOLT

6 MR. JIM JARED

7 MR. BILL FORSYTH

8 MR. TOM LITTLEPAGE

9 MR. KENNETH RAY DARNELL

10 MS. MILES MENNELL

11 MR. JOE SATTERFIELD

12 MR. PHIL COMER

13 MR. TOMMY ED ROBERTS

14 MR. BILL TITTLE

15 MR. GREER TIDWELL, JR.

16 MS. ROSEMARY WILLIAMS

17 MR. JIMMY BARNETT

18 MR. MIKE BUTLER

19 MR. AUSTIN CARROLL

20 MR. JIM FYKE

21 MS. JACKIE SHELTON

22 MR. W. C. NELSON, JR.

23 MR. KARL DUDLEY

24
25
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

TENNESSEE VALLEY AUTHORITY REPRESENTATIVE

KATE JACKSON, Ph.D.
EXECUTIVE VICE PRESIDENT
TENNESSEE VALLEY AUTHORITY
DESIGNATED FEDERAL OFFICER
400 WEST SUMMIT HILL DRIVE, WT11A-K
KNOXVILLE, TENNESSEE 37902

23

24

25

4

1

P R O C E E D I N G S

2

CHAIRMAN BRUCE SHUPP: Okay. Good

3

start for the morning session. And don't worry about

4

the schedule, we will catch up. We have some time in

5

there that we will make it up.

6

Yesterday we had an excellent briefing

7

session for the new members, and Kate and staff did a

8

good job of throwing a lot of information at them and

9

bringing them up to speed on some of the key issues.

10

And we did a round-robin of introductions like we

11

usually do, and I would like to do that again today

12

so that the past Council members can introduce

13

themselves to the new and vice versa.

14

So, Tom, let's start with you.

15

Introduce yourself and explain what you do and where

16

you're from.

17

MR. TOM VORHOLT: My name is Tom

18

Vorholt. I'm vice president of dry cargo sales with

19

Ingram Barge Company in Nashville, Tennessee. This

20

is my third year being involved with the Council,

21

second year actually on the Council. I served in an

22 advisory capacity. I was very involved in the ROS
23 study that took place.

24 Thanks.

25 MR. JIM JARED: My name is Jim Jared.

5

1 I am a mill controller at Temple Inland's New
2 Johnsonville Corrugated Knitting Mill, and I am here
3 as a representative of TVIC.

4 MR. BILL FORSYTH: I'm Bill Forsyth.

5 I was on the original council. I am an economic
6 developer for Cherokee County, North Carolina, also
7 serve the distributors as Chairman of Murphy Power
8 Board.

9 MR. TOM LITTLEPAGE: My name is Tom
10 Littlepage and I'm with the Alabama Office of Water
11 Resources in Montgomery. And we have been involved
12 in water quantity issues for the state and I have had
13 some interaction with the Board in the past and look
14 forward to this opportunity.

15 MR. KENNETH DARNELL: Kenny Darnell
16 from Murray, Kentucky. I have a real estate
17 appraisal business there. I have a lot of interest
18 in commercial industrial development in the western
19 Kentucky area.

20 MS. MILES MENNELL: I'm Miles Mennell.

21 I'm Director of the Association of Tennessee Valley
22 Governments. I was a member of the original Council
23 and I am delighted to be serving again this time
24 around. We represent all of the counties and cities
25 in the 201, seven state region of the TVA watershed.

6

1 MR. JOE SATTERFIELD: I'm Joe
2 Satterfield. I'm the distributor or manager at Blue
3 Ridge Mountain EMC in Young Harris, Georgia. We
4 serve -- our service area includes three counties in
5 Georgia and two in North Carolina, which one of them
6 Bill lives over in. He's a customer of ours.

7 I have been involved in the
8 Chairman -- I guess everything he talked about up
9 there that TVA is active in, the economic development
10 and the power and water issues. I'm very interested
11 in the things that the Council has achieved in the
12 past and am interested in looking at what we have got
13 to look at here in the future.

14 MR. PHIL COMER: My name is Phil Comer
15 and I live in Dandridge, Tennessee, about 35 miles
16 east of here on the shore of Douglas Lake, which
17 remained 13 feet higher this winter than it formally
18 did, which we're very grateful for. I am also the
19 oldest member of this Council, and everyone is, you

20 know, expected to give added deference to my
21 comments. You can see they do.

22 MR. BILL TITTLE: I can see they do.
23 I'm Bill Tittle from Chattanooga. I am Chief of
24 Emergency Management for Hamilton County. I deal
25 with TVA in a lot of different areas and in their
1 nuclear program. And I noticed yesterday and today
2 when you mentioned flooding, the name Chattanooga
3 follows pretty quickly behind. So we're -- we deal
4 with TVA a lot in that regard in a very positive way,
5 and I am pleased to be a member of this Council.

6 MS. ROSEMARY WILLIAMS: I am Rosemary
7 Williams from Corinth, Mississippi. I have worked as
8 a volunteer for the past 30 years dealing with
9 quality-of-life issues for the State of Mississippi
10 and our area.

11 For the last 12 years I have helped
12 with the National Park Service to develop a new park
13 unit, a Corinth unit of Shiloh National Military
14 Park. I have been very involved with the fund
15 raising for that project both from federal, state,
16 and private sources, and we opened our new
17 interpretive center this past summer.

18 MR. JIMMY BARNETT: I'm Jimmy Barnett,

19 general manager of Sheffield Utilities in Sheffield,
20 Alabama, which is in the northwest corner of the
21 state right on the river. I'm a river rat, as I
22 described myself to the very first Council. I grew
23 up playing around on the river and still play around
24 on the river and enjoy it.

25 I have a place -- a permanent -- my
1 home residence where I can sit out on the deck and 8
2 watch the River Queen or something come down and I
3 like that. I am looking forward to that because my
4 last day is the 31st of December. I am retiring. So
5 you won't have to put up with me too much longer.

6 I enjoy what I do. We have water,
7 waste water, gas and electricity. So I take water
8 out of the river and I trade it. So I want it to be
9 pretty clean because I don't want to have to spend
10 too much money cleaning it. Then we put it back in
11 the river, and contrary to what a lot of folks think,
12 maybe even folks like Tom over there, I don't know,
13 but we put it back in cleaner than we take it out.

14 And so everything that we do -- we
15 have a new golf course, as someone mentioned, on our
16 river in our neck of the woods. We have a brand new
17 industry down there, which I am very proud of, it's

18 brought a lot of jobs. It's eating up a lot of
19 power, excuse me, using a lot of power, and
20 everything that we have talked about since I have
21 been here I have got an interest in from a business
22 standpoint, just where I come from everything needs
23 to be thought out very carefully.

24 I have enjoyed working all the years
25 on the board, on the Council, and enjoy working with
1 everybody here. 9

2 MR. MIKE BUTLER: My name is Mike
3 Butler. I'm the Executive Director of The Tennessee
4 Wildlife Federation, which was formerly The Tennessee
5 Conservation League. Our offices are based in
6 Nashville. We're a 60-year-old organization.

7 I grew up spending summers at Pickwick
8 Lake, specifically Yellow Creek, and I have had the
9 privilege of living in all three grand divisions of
10 the State of Tennessee and recreating all across
11 the -- pretty much the entire Valley, the upper end
12 all the way down to what crosses over into Kentucky
13 over in Ken's neck of the woods.

14 MR. AUSTIN CARROLL: I'm Austin
15 Carroll. I'm the general manager at Hopkinsville
16 Electric System. It was a privilege to serve on the

17 other two Councils. I'm looking forward to serving
18 on this one.

19 I grew up in Middle Tennessee on the
20 Buffalo River. So I am a river rat myself. I
21 actually had an opportunity to work for TVA for about
22 11 years a couple thousand years ago, but I've been
23 at Hopkinsville about 18 now. So I'm looking forward
24 to this Council.

25 DR. KATE JACKSON: I'm Kate Jackson
1 with TVA and I'm the designated federal officer for
2 the Council. 10

3 FACILITATOR DAVE WAHUS: I am Dave
4 Wahus and I will be your facilitator during the
5 meeting today and tomorrow.

6 CHAIRMAN BRUCE SHUPP: Greer.

7 MR. GREER TIDWELL: I'm Greer Tidwell
8 from Nashville, Tennessee. I do environmental work
9 for Bridgestone/Firestone, which uses a fair bit of
10 TVA electricity. I'm trying to raise three kids in
11 Middle Tennessee. I'm glad to be back. We've done a
12 lot of good, hard work in the past and I'm looking
13 forward to what's coming up.

14 Thank you, Bruce.

15 CHAIRMAN BRUCE SHUPP: Okay. Dave,

16 would you like to go over our working procedures for
17 the council?

18 FACILITATOR DAVE WAHUS: Thank you,
19 Bruce.

20 First of all, I would like to remind
21 you that the mics that are in front of you are going
22 to be on the entire time. They are going to be at a
23 very low level. When you wish to speak, if you will,
24 put your name tent up and the gentlemen in the back
25 here will also see that and that will raise the
1 volume of your microphone so you will be able to be ¹¹
2 heard when you're called upon. So it's important not
3 only for Bruce or myself to see that you want to
4 speak but it's also important to keep the volume on
5 the microphone up.

6 Looking at the agenda, in a few
7 moments we're going to be hearing some opening
8 remarks from Kate Jackson. Then following that we're
9 going to be hearing four presentations on updates on
10 issues from previous Council terms. That will go
11 until about lunchtime. We will have lunch here in
12 the building in room 404, I believe that's the room
13 that we were in yesterday, but it's -- for those of
14 you who have been here before, it's down in the same

15 area that we have eaten lunch in the past.

16 At 1:00 Bridgette Ellis will introduce
17 the improving review of request for changes in land
18 plans, our subject of discussion for this meeting,
19 and then we will hear presentations from the U.S.
20 Army Corps of Engineers, from the Bureau of Land
21 Management and the U.S. Forest Service.

22 Following a break, we will have panel
23 discussion. We will have all three representatives
24 sitting at the front and you will have an opportunity
25 to ask them questions. So write down your tough
1 questions so that we can make them feel welcome and ¹²
2 have something for them.

3 Following that we will introduce the
4 questions. You-all received a series of six
5 questions that we will be addressing. We will start
6 the discussion on those this afternoon, adjourning
7 about 5:00 and then having dinner, and you will hear
8 more about that later on this afternoon.

9 Tomorrow morning we will reconvene at
10 8:00 and we will go right into the discussion of the
11 questions that we started -- we will start this
12 afternoon. Then at 9:30 we will stop the discussion
13 of questions and open the floor for public comments.

14 Now, for those of you that are new
15 with the Council, you will already have discussed
16 some of the responses to the questions and then we're
17 going to stop and listen to public comments, and you
18 may hear something during this public comment period
19 that makes you want to go back and change one of your
20 positions or several positions on what you decided on
21 the early part of the discussion.

22 Following the public comment period we
23 will have that opportunity. We will have a break
24 following that and then we will come back and we will
25 continue on the questions. And if you need to go
1 back and readdress some of the issues because of what ¹³
2 you heard during the public comment period, we will
3 have the opportunity to do that as well. And we do
4 this intentionally, giving you an opportunity to go
5 back, because you need to be able to react to the
6 public comment period or to the comments that come in
7 during the public comment section.

8 About 12:00 you and the Chair will
9 finalize your discussion notes for the presentation
10 to TVA and then we will address the next meeting or
11 meetings and we will look at some dates, looking to
12 adjourn about 1:00 tomorrow afternoon, and then lunch

13 will be served for those who wish to stay and box
14 lunches for those who wish to take the lunch with
15 them.

16 Does anyone have any questions about
17 the agenda of what we're planning to do over the next
18 day and a half?

19 CHAIRMAN BRUCE SHUPP: I would like to
20 make a comment.

21 FACILITATOR DAVE WAHUS: Please.

22 CHAIRMAN BRUCE SHUPP: On the public
23 comment period we may -- you never know what you're
24 going to -- what subject is going to be presented
25 during that period and it may be unrelated to our
1 discussion. If it is, we try not to -- we can ask 14
2 questions to the presenter but try not to engage in
3 any decision-making process for the comments that
4 come up.

5 We have options where we can table
6 something to talk about later or just thank the
7 person for their comments if it's not related to our
8 discussion because what we're doing this session,
9 this meeting is to focus on land use, and we want to
10 make sure that our recommendations to TVA all are
11 focused all on land use issues.

12 So don't be surprised when you hear
13 something completely unrelated to our land use topic
14 at the public comment period.

15 Any other comments?

16 Okay. We will move along on the
17 agenda and turn it over to Kate Jackson for her
18 opening remarks.

19 DR. KATE JACKSON: Thank you. I just
20 want to add my welcome to the Chairman's and to
21 Bruce's. I really appreciate all of you being here
22 and willingness to serve.

23 I thank all of those who have done
24 this before and you're willing to do it again, but I
25 also very much appreciate the new members and are
1 looking forward to your energy, new ideas, new and ¹⁵
2 challenging thoughts and hope that, you know, we have
3 an opportunity to fully wrestle through lots of those
4 issues.

5 I also want to thank Bruce for being
6 willing to serve again as the Chairman and to Tom
7 Vorholt for being the Vice Chair. We decided last
8 time around that we needed a Vice Chair just in case
9 Bruce couldn't be here we could still have meetings.
10 So we appreciate that, Tom, and very much appreciate

11 you, Bruce.

12 This term we plan to ask the Council
13 for advice on topics including reservoir land
14 planning, which is the topic of this meeting,
15 prioritization of stewardship activities and
16 recreation strategy.

17 The meeting format is going to
18 continue to be two days, and we anticipate that we
19 will have two additional meeting times for the
20 Council before this Council term expires in early
21 2006. We will talk about potential dates for those
22 tomorrow.

23 We plan to use a similar format to the
24 one we used last time, which is including
25 presentations of other agencies where it's
1 appropriate, panel discussion, and lots of time for
2 questions and answers. And then at each meeting we
3 will ask you to provide some responses to questions
4 that we develop ahead of time and provide you ahead
5 of time to the extent that we can.

6 We review those carefully internally.
7 The Board looks at those questions before we send
8 them out to make sure that they are going to be
9 focused on issues that the Board wants to get your

10 advice and views on.

11 During the meetings we will record
12 both minority and majority opinions as we did in the
13 last Council. My role will be to interpret those
14 questions and answer any questions that you might
15 have about those or about our perspective on why
16 those are important to us, and then we will
17 provide -- then I will provide that information to
18 the Board of Directors.

19 We will use that information and your
20 views in decision-making and then we will report back
21 to you on what we did with that information.

22 And just like we're doing today,
23 providing you some feedback on public involvement,
24 recreation, water supply, you'll also get an update
25 on the Reservoir Operations Study that you have heard
17
1 about this morning.

2 Tomorrow, again, there will be an
3 opportunity for the public to comment, and those
4 comments can influence what you think about the
5 questions or how you want to provide advice to us,
6 but I really want to sort of reiterate what Bruce
7 established.

8 Sometimes the public comments are in

9 areas that are completely unrelated. Sometimes they
10 are questions that you may feel you want to respond
11 to. I encourage you to listen to those, ask
12 clarifying questions. Please try not to get into a
13 debate with the public, that doesn't serve the
14 purpose for why they have come, which is to ask
15 questions maybe or to provide information or to
16 influence you.

17 There was a moment during the previous
18 Council which I very much appreciated. There was a
19 gentleman who came and just pretty much ripped our
20 policies apart and all the Council members jointly
21 sort of stood up and defended us, which is a very
22 nice thing and I really enjoyed that moment, however,
23 that's not -- that's not what the public has come for
24 and your role really is to listen.

25 So I encourage you not to debate with
1 them but make sure you're clear on what their ¹⁸
2 comments really are. And for those of you who
3 haven't been in that public comment environment much,
4 it is -- it can be odd.

5 I want to say a word about -- I have
6 already proselytized yesterday the new members, but I
7 will redo it here, our views on the roles and

8 responsibilities of Council members.

9 The first is to come to the meetings,
10 please. We very much want your views. We want to
11 have a quorum. You need to have 11 people to be able
12 to provide us advice. Those of you on the Council,
13 again, will remember that you were unable to provide
14 us advice during one Council meeting because there
15 were not enough of you here.

16 More importantly is the debate is much
17 richer and more exciting if every single one of your
18 views is represented around the table. So I really
19 encourage you all to come. We will try hard to
20 choose dates that satisfy your incredibly busy
21 schedules.

22 The second is talk to the people that
23 you represent. You-all -- this is a FICA, under the
24 Federal Advisory Council Act council, largely so that
25 you can come here representing other people as

1 opposed to just providing us your individual views. 19

2 So I encourage you to talk about issues of the
3 Council, ask questions of the people that care about
4 the things you care about and then bring those issues
5 here and then talk about what we did here when you
6 get back to your constituencies, that's very

7 important from our perspective.

8 I was going to take and say a few
9 things about the nine-member board, but the Chairman
10 did that for me. The only thing I will kind of add
11 to what he said is, as you know, you were all
12 appointed by the Board members and your advice goes
13 to the Board members and in a new world where we have
14 a part-time Board and a CEO that may change, and how
15 that changes is any one's guess.

16 You know, Bruce put it really well, I
17 think, when he said, well, they are going to be
18 wrestling with the roles and responsibilities and how
19 those change over time and whose role is now what.
20 So I think we're just going to have to be a little
21 bit organic about what I do with your advice and
22 views during that process. For now it stays the
23 same.

24 When the Chairman moves off the Board
25 there will still be two full-time Board members and
1 we will act just the same. So it's not until three²⁰
2 additional part-time board members are appointed and
3 those two full-time board members become part-time
4 board members that things will begin to change.

5 Finally, I just want to take a moment

6 to mention that last October the conservation
7 community lost a strong voice with the death of Ed
8 Williams. Ed was a member of the second term Council
9 and that -- the Council was one of many groups to
10 whom Ed provided sound counsel and advice on about
11 conservation issues.

12 He was a resident of Tellico,
13 Tennessee and was a retired Circuit Court Judge.
14 Just last March Ed was awarded the Z Carter Patent
15 award from the Tennessee Conservation League, which
16 is the State of Tennessee's highest award for
17 conservation.

18 The Tennessee Valley benefited from
19 Ed's years of committed service, and on behalf of the
20 Council a contribution was made in his name to the
21 partners of the Cherokee National Forest, which was
22 an organization he helped found to ensure that the
23 Cherokee National Forest would be managed with
24 multipurpose use, particularly keeping in mind issues
25 of the sportsmen.

21
1 Some of you who knew Ed might want to
2 say a few words, and I will hand it to Bruce.

3 CHAIRMAN BRUCE SHUPP: I certainly do,
4 but there's someone here that was very, very close to

5 Ed. I would like to ask Greer Tidwell to comment, if
6 you would.

7 Greer.

8 MR. GREER TIDWELL: Thank you, Bruce.

9 Ed Williams hired me straight out of law school to go
10 to work for him and Senator Baker up at their Johnson
11 City office where they did a lot of environmental
12 work for industries and municipalities and did a lot
13 of economic development work up there.

14 Ed was really over the years since
15 then a mentor. I learned pretty quickly as a young
16 lawyer that if Ed handed you a memo that you had
17 written and said, "Well, Young Tidwell, is this ready
18 to go," and he had been a judge and he knew how to
19 find the little bits and pieces that were wrong in
20 anything, that the right response was, "No,
21 Mr. Williams, let me look over it one more time,"
22 because he had found one or two things in there that
23 needed to be changed. He taught me a lot as a mentor
24 about getting things really as right as you could get
25 them.

22
1 As a friend my last memory of Ed alive
2 was this past summer fishing up on the South Fork of
3 the Holston River. Ed had cancer, bone cancer, and

4 those of you knew him while he was serving on the
5 Council here saw him in his Tom Cruise days, as he
6 liked to call it. He considered that to be quite a
7 distinguishing mark. Bruce, you have heard him say
8 that. Any lady who was in the room he'd walk up and
9 say, "Hi, I'm Tom Cruise."

10 And, of course, he had this huge piece
11 of flesh that had been replaced on the side of his
12 face to help him cure up from the cancer. He had
13 been taking a lot of steroids to deal with the
14 negative impact of the therapy he was going through.

15 I didn't realize how you could get
16 drunk on steroids. I mean, some of you may have been
17 around people who have been through that. I had been
18 around Ed enough to see him when he was really a
19 little bit drunk, let alone on the steroids, and he
20 was loud and boisterous.

21 We were floating down the South Fork
22 of the Holston River. Gary Myers and Ed were in one
23 boat and Don Galliber and I were in another boat. In
24 the loudest voice you can imagine with this kind of
25 commanding judicial presence, every time we saw
1 somebody on the river he would welcome them to his
2 river, and that's the way he felt about the rivers up

3 there in Northeast Tennessee. He was a great fishing
4 friend and an inspiration also.

5 Mike could speak to this as well as
6 any of you could on what Ed was involved with in
7 terms of conservation. Although we made our living
8 in East Tennessee practicing law representing
9 industries and bringing new, you know, economic
10 development to the area, he always gave a lot of time
11 to making sure those folks were doing the right
12 things and encouraging industrial clients to give
13 back in a conservation way.

14 Thanks for giving me a chance to think
15 about Ed.

16 CHAIRMAN BRUCE SHUPP: Anybody else
17 that would like to make a comment?

18 I have two regrets with Ed's passing.
19 The first is, of course, he would have been a
20 fantastic Councilman. I mean, he never got the
21 benefits because he got sick right after he was
22 appointed, but he would have been a fantastic Council
23 member. He had everything going. He had all the
24 background and all of the contacts and all of the
25 motivation and the interest. He would have been a
1 great Council member.

2 The thing that really hurt was that
3 fishing trip that I had to decline to go with you on
4 because I was moving to Gunter'sville that very day,
5 that very week. I had one other experience with a
6 great person that I could have fished with that I had
7 to turn down, couldn't make the trip, and he died too
8 and I never got the opportunity. So that really hurt
9 me to look back at that.

10 MR. MIKE BUTLER: Bruce, I would add
11 that for those of y'all that didn't know him well,
12 the public has no concept of what the man
13 accomplished for conservation in the Tennessee
14 Valley, primarily because he knew how to get things
15 done without anybody ever being able to tell who did
16 it.

17 There's a nice size addition to the
18 Cherokee National Forest because of his work. There
19 are probably thousands of acres across the Valley
20 that he either directly or indirectly had his finger
21 on getting and taking care of and managing for public
22 use.

23 CHAIRMAN BRUCE SHUPP: Thank you.
24 Update on the previous comments made by the Council
25 to TVA, and Bridgette Ellis is going to make that

1 presentation.

2 I think this is an important
3 presentation in that, you know, with the Reservoir
4 Operations Study that was an obvious benefit of this
5 Council's activity, there have been others on a
6 smaller scale that I think the Council has helped TVA
7 with. So listen closely to what Bridgette talks
8 about.

9 MS. BRIDGETTE ELLIS: Good morning.
10 As you remember, for those of you that were on the
11 previous Council, we did two presentations about
12 public involvement and how we use public involvement
13 and how we make our decisions, whether it's in the
14 Reservoir Operations Study, whether it's about land
15 use, a wide variety of purposes for which we use
16 public involvement.

17 What I am going to do today is go over
18 a little bit of that presentation for those of you
19 that were not here previously and then also talk
20 about what the Council had provided us in terms of
21 comments and then what we have done to date, and I
22 will do that both for the public involvement and I
23 will also do it on recreation.

24 So if you remember, back in January of

25 2004 we talked about public involvement and what that
26
1 means to us and why we need that. Public
2 involvement, first and foremost for us, it provides
3 us those public opinions and values and what that
4 does is that allows -- that helps frame the issues.

5 It also helps us to develop reasonable
6 alternatives. It also provides us a basis for our
7 decisions. Without that public involvement we do not
8 know what those public values are, and that is really
9 critical to us in making those decisions. And as
10 Kate had mentioned earlier, it does enrich the
11 debate.

12 Without those comments we can't
13 clarify the perspectives. We don't really understand
14 the perspectives on one end of the Valley versus
15 another or on a specific proposal we would not
16 necessarily understand all of those if we didn't have
17 all of those various perspectives, and it allows us
18 to build that understanding of what those different
19 opinions are.

20 It also helps raise the issue early in
21 project planning. If you have some type of a
22 proposal or you have some type of an action that
23 needs to be taken and we can get that information

24 early in the process from the public, it will head
25 off some of those issues if we can understand what
1 those issues are early in it. It also provides a 27
2 basis for those sustainable decisions.

3 I like to use the Shoreline Management
4 Initiative as my example for that. For those of you
5 that remember, that is a policy that we have put in
6 for shoreline access across the Valley. There's
7 38 percent of the reservoir shoreline that's
8 available for residential and shoreline access,
9 whether it's for docks or barges or any of those
10 types of things.

11 And because of that extensive public
12 involvement we had in that, we had over 10,000
13 comments and different types of issues, and that has
14 been a sustainable policy and initiative for us for
15 the last five years because we did have such a broad
16 array of not only the opinions and the values that we
17 got from everyone, but it also helps make that more
18 of a sustainable decision.

19 It also builds support for the
20 decisions when the participants see their views in
21 the decision. There's nothing worse than to take
22 public input and then not clarify that in a way that

23 the public can see that you have actually considered
24 their opinions. So that's one thing that we highly
25 value and that's one reason why we also valued this
1 Council is because we want to make sure that we are
2 getting that input into our decisions as we move
3 forward.

28

4 And lastly, but still important, it
5 also fulfills our responsibilities under the National
6 Environmental Policy Act, NEPA as you will hear the
7 acronym. It does fulfill our responsibilities in
8 terms of making sure whenever we take some type of an
9 action we are looking at public issues.

10 How this guides our decision-making,
11 well, first and foremost, we use these comments to
12 create new alternatives. For those of you that were
13 involved in the Reservoir Operations Study, you know
14 that either through the public review group or
15 through what we came through with our draft
16 Environmental Impact Statement we went over 60
17 alternatives down to eight that was actually put out
18 and then that helped us with the public comments to
19 understand all the different views. It helped us
20 create a more blended alternative that we then put
21 forward to the public. So it does help us in

22 creating new alternatives.

23 It also helps in modifying the project
24 plans. Once we get that information from the public
25 in terms of their issues, then you can modify a
1 project based on the issues potentially. It may be ²⁹
2 that you can't, but that's really a good way for you
3 to get the information and understand how that might
4 be able to modify a specific plan.

5 Also, it helps develop mitigation
6 measures. If you have a type of project or you have
7 a type of policy that you're working on but you
8 understand that there can be issues associated with
9 it, just by getting the public input, that does allow
10 you to understand if you have an issue that can be
11 mitigated.

12 Is it an archeology site?

13 Is it threatened and endangered
14 species?

15 Is it a wetlands?

16 Is it other socioeconomic things that
17 need to be mitigated?

18 So once you look at all those
19 different types of things, public comments will allow
20 you to look at how you can mitigate those.

21 So back in January of 2004 we asked
22 three questions of the Council; and that was, what
23 are your comments on our approach?

24 What other techniques should we
25 investigate?

30

1 What are your suggestions for
2 improving our approach?

3 And this is kind of a high level
4 summary of a lot of the comments that you-all
5 provided us on that day. First you talked about that
6 we should have a more proactive approach and help
7 people understand the importance of participating.

8 One thing that you-all talked a lot
9 about was the fact that public participation is hard
10 and it's hard to get people to come and talk to you
11 about that.

12 So how are you going to make sure that
13 people have notice?

14 How are you going to make sure that
15 people understand that you do want them to engage?

16 How are you going to make sure that
17 once you have that type of information they
18 understand that you are listening to them?

19 So that's one thing you talked about.

19 little bit different than what we have done. Because
20 we had such a large project here that we were -- and
21 policy that we were trying to address, we did
22 community workshops across the Valley to make sure
23 that we understood all the different needs, as you
24 heard the Chairman talk earlier about the different
25 needs in upper East Tennessee or Virginia related to
1 the mountain reservoirs all the way to Kentucky. ³²

2 So when you think about that and have
3 all of those different and various needs and you have
4 a lot of people you're talking to you need to think
5 about, how are we going to get that kind of
6 information.

7 So we used computers where people
8 could come in and they could actually key their
9 information in there if they wanted to. Of course,
10 then we had the additional comment cards. We also
11 used the Internet and we allowed people to come in
12 and give comments via the Internet. We did random
13 telephone surveys.

14 So there was a lot of different
15 techniques that we used in the Reservoir Operations
16 Study in terms of making sure that we were getting
17 the broad spectrum of public involvement that we

18 wanted for that particular project.

19 Next you talked about stakeholder
20 involvement should include more than data gathering.
21 It should also address how the data is used in the
22 closed-loop process. In other words, don't just take
23 my information, tell me how you're using it, and that
24 was one thing that you asked us to take a look at.
25 How are you taking information and then showing --
1 putting that in your decision process and telling the 33
2 public that you're using it.

3 Then how should -- we should also
4 improve the web site to make it easier to contact the
5 public. I will talk a little bit about that in more
6 depth with what we're currently doing with the update
7 of the Watts Bar Reservoir Plan, but you did ask us
8 to make sure that we had easier access into TVA when
9 it comes to providing information.

10 So I believe Morgan is going to talk a
11 little bit about our web site with the Reservoir
12 Operations Study and how we have more up-to-date
13 types of information available about the levels and
14 all those different types of things. So I think
15 we're doing some things in those areas also.

16 You said public input is difficult to

17 obtain, and I think that's something that we all
18 recognize that it does take effort but it is valued
19 because it does make much more sustainable decisions
20 in everything that we do.

21 We need to have an employee training
22 program on public participation. You felt like there
23 were areas where maybe we could potentially get more
24 training for our employees, not only in the
25 stewardship areas but across TVA.

34

1 And then finally, you talked about
2 this approach needed to be improved and communicated
3 throughout the Agency, that, yes, we understand that
4 you're doing this in the stewardship area, whether
5 it's the land or the water, but you need to take that
6 approach and apply it across the company in terms of
7 those types of the things.

8 So that's kind of a high level summary
9 of the comments that you gave us back in January of
10 2004.

11 So what have we been doing?

12 We are putting a little bit more
13 emphasis on our planning for public involvement, and
14 let me talk specifically about the Watts Bar
15 Reservoir Plan and the update that we're doing on

16 that right now.

17 Because you have told us a lot of
18 these issues about public involvement, the first
19 thing we did is we made over 200 individual contacts
20 throughout the Watts Bar area, whether it was key
21 opinion leaders, lake user groups, conservation
22 organizations, a lot of different people saying, hey,
23 we're getting ready to start a process of updating a
24 plan, we want to know, first and foremost, would you
25 like a one-on-one briefing, because that way we
1 cannot only give them the head's up but we can also ³⁵
2 find out, you know, what issues do they think we
3 should be looking at.

4 Of that we got about 40 plus, yes, we
5 do want you to come and talk to us. So we did about
6 40 one-on-one briefings as it relates to we're
7 getting ready to start this update of this new plan
8 and trying to find out what types of things they
9 thought we should be considering in the update of
10 that plan.

11 Once we did that, and we ended up with
12 well over 2 to 300 comments, specific individuals
13 that either came and gave us comments either about --
14 either through those one-on-one sessions or maybe

15 they came in and they came to the actual public
16 meeting, but we also put a questionnaire and comment
17 area on our web site, again, for people to come in
18 and look at the Watts Bar plan that way.

19 So they could come in and they could
20 look and say, okay, yeah, I see all the different
21 things you're proposing and here are my comments or
22 here's a questionnaire that they could fill out. So
23 there was a lot of different ways they could get us
24 information. So by putting a little bit more
25 planning into that public involvement on the front
1 end, I think we got a much broader perspective, I
2 think, in terms of public comments going in.

36

3 And we're still in the process of
4 that. Right now we're not only reviewing all of
5 those comments, we're now looking at what our
6 allocations should be for Watts Bar. We will be
7 coming out with a draft plan for that probably this
8 summer, probably around the June time frame. So I
9 think that's really a good thing that we have been
10 able to accomplish.

11 We have -- it's not really a new
12 public involvement process but it is much more
13 standardized in the fact that our communications

14 group took your information about, you need to apply
15 this across much more of the organizations in TVA,
16 and they have taken that and they have created a much
17 more standard process for us to now look in terms of,
18 who do you involve in that? What are your
19 communication products going to be? Kind of a
20 checklist of, you know, how are you going to make
21 sure that you are keeping people involved?

22 And then once you go and you get the
23 initial information, how are you going to keep them
24 in the loop? So our communications group has done a
25 really good job of putting together kind of something
1 standard that we will use now across TVA. 37

2 Another thing we have been doing is we
3 got key opinion leader briefings. One thing that we
4 typically used -- well, what we used to do is we just
5 would send a county official or a local official a
6 letter saying, hey, we're getting ready to have this
7 public meeting, if you want to come, come on.

8 So what we decided this time during
9 the Watts Bar plan is we needed to go and sit down
10 specifically with them and understand what their
11 issues are, because as you heard the Chairman talk
12 earlier, the needs around every reservoir are

13 different. The socioeconomic drivers are different.
14 The environmental concerns are typically different.
15 The resource constraints and availability are very
16 different.

17 So we wanted to sit down with a lot of
18 different key opinion leaders. So we did that within
19 the Watts Bar plan, and that's something we're going
20 to continue doing as we move forward with other
21 initiatives like that.

22 Web site improvements, I have talked a
23 little bit about that, and I think Morgan will talk
24 quite a bit more in terms of ROS and in terms of how
25 we have more data available and more information
1 available about the river system in terms of 38
2 rainfall, runoff, where the levels are, those types
3 of things.

4 Information gathering tools, now we
5 are deliberately thinking about, what are the best
6 tools to be using depending on the project that we're
7 engaged in? We want to find the most cost-effective
8 and the most convenient way for people to give us the
9 information.

10 Sometimes if you're talking about a
11 much smaller type project you may not want to set up

12 computers for that, but in other cases you may want
13 to make sure that you always have the web site
14 available. So we were trying to make sure that we
15 understand, you know, when do you go in and you use
16 those information gathering tools.

17 I think the technology is getting to
18 the point now where we can probably start using that
19 more inclusive in terms of -- just about on any kind
20 of project in terms of whether it's a public notice
21 or whether it's just gathering information about a
22 specific project.

23 We also did meet with a training
24 consultant who really kind of critiqued a lot of our
25 training programs as it relates to public
1 presentation, listening, negotiations, all the 39
2 different types of things. And what came out of that
3 was that they felt like we had a lot of things in
4 place, we just needed to be using them a little bit
5 more.

6 So our communications group is now
7 working with us a lot on development of those skills
8 as it relates to public involvement and a lot of
9 those different things. So that's a lot of what we
10 have been doing.

10 public comments that they are being invited into the
11 decision-making process, but, in fact, that isn't
12 necessarily the case.

13 Looking at how you-all have handled
14 things over the years, you gather the public
15 comments. You digest it. Some things are not
16 doable. Some things are doable.

17 How do you handle or how have you-all
18 tried to address that issue of the public feeling
19 like they have been asked to participate in the
20 decision-making process when, in fact, it's not a
21 public decision-making process, it's a public comment
22 and information gathering process?

23 MS. BRIDGETTE ELLIS: Well, all of the
24 different federal agencies, and I think both the
25 Bureau and Corps can talk to this also, we have
1 federal responsibility under the National and 41
2 Environmental Policy Act that says, we need to
3 understand what the public issues are related to a
4 decision or a federal action that either TVA is
5 taking or the Corps is taking or those types of
6 things.

7 We feel like if we can make sure that
8 we understand what all the issues are, once we get

9 all of those -- that information, then the public
10 will say, I would rather you not put that marina
11 there and here are my reasons why.

12 The reason -- what we're not looking
13 at is the yes/no on the marina. We're wanting to
14 understand what the issues are they think we should
15 address in our decisions, you know, is it because
16 it's too shallow? Is it because it's congested? Is
17 it because it's great shallow habitat for some types
18 of fish and those types of things?

19 So what the NEPA process has you do is
20 to take all of that information in and then make sure
21 that you're addressing those comments.

22 And I think if you look at the
23 Shoreline Management Initiative and then you look at
24 the Reservoir Operations Study, that's exactly what
25 we're doing. We're trying to understand what all of
1 those issues are and develop alternatives and make
2 our decisions based on that input. So it's not a
3 yes/no, but it is a, what are the issues that the
4 public is bringing to us that we need to address?

5 MR. MIKE BUTLER: And I understand
6 that, but that's not really the question. I can talk
7 to you during the break and try to work it out. I

8 don't want to take up any more time.

9 MS. BRIDGETTE ELLIS: Okay.

10 DR. KATE JACKSON: Well, let me kind
11 of jump in. I think the issue is that's an enormous
12 challenge and all you can do is explain about 100
13 times, but we have that issue frequently, and I think
14 virtually every federal agency was.

15 I mean, this is not a democratic
16 choice. We cannot give decisions to the public to
17 make, that's not our responsibility. Our
18 responsibility is to use our judgment and be
19 influenced by the issues that are raised by the
20 public, but those are not revoked typically.

21 And all you can do is talk about it
22 and explain that, but, you know, the public doesn't
23 have a vested interest in understanding that. It's
24 much more appealing to them to vote on particular
25 topics. So I don't think that's a problem you can
1 ever solve. 43

2 CHAIRMAN BRUCE SHUPP: Tom.

3 MR. TOM LITTLEPAGE: Yeah. I think
4 that part of that process is also, as you alluded to,
5 Bridgette, is in the aftermath of a decision and as
6 you make that decision is to reinforce the factors

7 that went into it and the fact that you considered
8 things that were brought up with public input and
9 involvement and that they are reflective in the
10 thought process that ultimately led to the decision.
11 Even though it's not a public decision process, it's
12 an internal decision process that you need to sell
13 the fact or advertise the fact of how those
14 involvement initiatives helped in making that.

15 MS. BRIDGETTE ELLIS: Thank you.

16 CHAIRMAN BRUCE SHUPP: Any others?

17 Move on.

18 MS. BRIDGETTE ELLIS: Okay. I would
19 like to now give you an update on recreation and what
20 we talked about probably in -- I believe it was back
21 in September of 2003.

22 We did a briefing at that time about
23 what our role -- TVA's role is in recreation, how
24 that role has evolved over the years, where we used
25 to build campgrounds and we used to build residential
1 subdivisions, we used to build a lot of different
2 things, now we're much more in a facilitative role in
3 terms of what we do where we not only react to
4 potential requests, but also we spend a lot of time
5 in partnerships working on trying to put public parks

6 in place or look at commercial ventures and those
7 types of things.

8 So we put it in a regional context so
9 that everyone understood that we're not the only
10 recreation provider in the Tennessee Valley and on
11 the river system. We're not the only land based
12 provider and we're certainly not the only water based
13 provider of that recreation.

14 So putting that in context, you'll
15 remember that you heard also about the recreation
16 trends in the Valley in terms of what is going on in
17 terms of what types of recreation practices are
18 increasing and declining and those types of things.
19 So you had a pretty in-depth conversation about what
20 is the state of recreation in the Tennessee Valley at
21 the time right now.

22 So the three questions that we asked
23 the Council on that day had to do with, what do you
24 think are the most important national and regional
25 trends that we should be taking into consideration?

45

1 What should be the most critical
2 elements of a recreation strategy?

3 What should our program look like in
4 five years?

5 And from that you gave us a wide
6 variety of comments on that. Also, again, this is
7 just a high level overview of the types of comments
8 you gave us, the fact that you believe, as we all do,
9 that the trends on the recreation is increasing and
10 it's changing in character.

11 When we heard the discussion about
12 trends and the types of things, the things that we
13 heard was there's obviously a change in population
14 and growth and user demands is changing quite a bit
15 in the Tennessee Valley.

16 People are recreating closer to home.
17 There's a lot of people that are not going as far to
18 do their recreation. There are security issues that
19 now we have to deal with that probably we didn't deal
20 with 10 years ago or 20 years ago. We have to make
21 sure that we take those also into account.

22 There's an increase environmental
23 awareness in terms of, yes, we do like to recreate,
24 but we also think that we need to make sure that
25 there are -- we're protecting the environment
1 wherever that recreation is going on.

46

2 So making sure that continues to be --
3 one thing I believe we talked about was ecotourism

4 and the fact that there are a lot of different types
5 of recreational opportunities and the way they are
6 changing.

7 There's a change in the user demands,
8 which we talked about also, which included the fact
9 that individual activities are on the increase and a
10 lot of the other things are much more declining, like
11 a lot of the things that you do yourself or you do it
12 with your family, there's not a lot of the group
13 activities, and those types of trends have changed
14 quite a bit also.

15 You also said that we needed to
16 clearly understand what those trends are and changes.
17 So I think taking that information that we got there
18 and the fact that we are now working towards a user
19 survey that can be much more sustainable over the
20 years in understanding what the trends are within the
21 Valley, we did that for the Reservoir Operations
22 Study but that was only water based.

23 So now what we want to do is
24 understand what the broad spectrum of the user
25 preferences are. So that's something that we will be
1 initiating, which we talked about there, which is the
2 public surveys.

2 and talk to you some more about that. So that's kind
3 of where we are on the recreation.

4 So questions on this?

5 MR. GREER TIDWELL: General question,
6 Bridgette, how are things going with the kayakers?

7 They had a very strong voice in this
8 debate. I haven't heard much about them lately.

9 MS. BRIDGETTE ELLIS: In terms of?

10 MR. GREER TIDWELL: Do they seem to be
11 satisfied with the way TVA is handling the discharges
12 these days or is there still some specific concern
13 for that?

14 MS. BRIDGETTE ELLIS: Do you want to
15 talk to that one in terms of Ocoee or --

16 DR. KATE JACKSON: You might want to
17 wait for that until the ROS update because part of
18 that was committed flows on certain days and how
19 we're measuring ourselves and how we're posting that
20 information and that season has really only started.
21 So, so far so good, but we also had a lot of rain at
22 the end of last year. So we've got quite a bit to
23 work with, but Morgan will talk about that more.

24 CHAIRMAN BRUCE SHUPP: Any other
25 comments?

1 Thank you, Bridgette.

2 MS. BRIDGETTE ELLIS: Okay. Thanks.

3 CHAIRMAN BRUCE SHUPP: Let's move --
4 Gene, are you ready to go?

5 We'll move right along with the next
6 portion and get our break at 10:00. Gene is going to
7 update us on -- continue the updates on the previous
8 terms -- items from the previous terms.

9 MR. GENE GIBSON: Yeah, for those of
10 you that don't know me, my name is Gene Gibson and I
11 am the manager of water supply. I would like to say
12 that I am sort of like -- I'm just Mel Gibson,
13 except -- that's an easy way to remember it, except
14 without the hair, without the talent or without the
15 money, but otherwise I am just like Mel Gibson. So
16 you can sort of remember me by that.

17 What I wanted to do this morning
18 before we start, it seems like every time I come and
19 talk to the Council I talk about the importance of
20 water supply and how we're not getting enough water
21 and it's always raining, and you notice again that's
22 happening today.

23 To sort of set the stage, what's
24 really happening in terms of water supply right now,

25 two of the most wettest regions of the United States
1 right now, specifically the pacific northwest right 50
2 now is in a dire drought situation.

3 And I was just reading in the paper
4 yesterday that the Governor is actually already
5 declared an emergency situation in the State of
6 Washington. The snow melt is only 26 percent of what
7 they normally get.

8 Since they have the prior
9 appropriation rights, it's first come/first serve in
10 water rights in Washington State. It means that
11 those who have the original water rights, when
12 there's a limited amount of water, the first ones
13 that had use of that get 100 percent of their
14 allocation.

15 Those junior partners or junior
16 receivers of water, they have to just take the hit.
17 So there's a number of communities out there now
18 trying to get along with about 18 percent or 20
19 percent of the water that's available out in
20 Washington State.

21 Here in the Tennessee Valley, I was
22 just sort of checking yesterday, and you might not be
23 aware of it, but the rainfall in the Tennessee Valley

24 can vary as much as plus or minus, say, 50 percent
25 from normal.

51

1 This particular year, this calendar
2 year to date, the rainfall in the Tennessee Valley is
3 running 65 percent of normal. So right now we're
4 35 percent below normal rainfall in the Tennessee
5 Valley.

6 The runoff is running around 75 or 80
7 percent of normal. So we're at a 20 percent deficit,
8 if you will, in terms of runoff that's going into the
9 reservoirs obviously. Obviously, that water is very
10 important for the multiple benefits that TVA provides
11 and manages.

12 With that said, there's two areas I
13 really want to talk to the Council about today. One
14 is specifically related to the status of the Valley
15 wide partnership. The Council has made a number of
16 recommendations to us over the last couple of years
17 recognizing that things were changing.

18 There's a moving emphasis away -- not
19 necessarily away from water quality, but there's a
20 greater emphasis being placed on water quantity
21 issues. Basically that's for two reasons really.

22 One is you have communities that

23 either have water or they are looking for water,
24 that's the situation that you're in, and for good
25 reason. I mean, there's nothing more required for
1 human health and economic growth than a good supply 52
2 of water.

3 The other issue I am going to talk a
4 little bit about is what's going on, a very
5 contentious issue, with interbasin transfers. So
6 with that said, this is probably a little bit hard to
7 see, but what I want to do is just show you, whether
8 we like it or not, we're in water war territory here
9 in the Tennessee Valley region.

10 Even though we have had plenty of
11 water in the past, if you will look right here, this
12 is the Appalachicola/Chattahoochee/Flint Basin that
13 you hear so much about in Alabama and Georgia.
14 You've got states going at each other, counties going
15 at each other.

16 So you have got these two basins there
17 that you have heard about that actually created the
18 acronym in the south for water wars. So they're
19 still at it. Now it's into the Federal Courts and
20 actually you're going to have Federal Courts deciding
21 water policy.

22 The other area I wanted to show was
23 right here, and we will talk about this a little bit
24 more lately, I mean later, the Black Warrior,
25 Tombigbee, and you can see where Birmingham is and
1 their potential interest in the Tennessee Valley 53
2 watershed. You see where Atlanta is. You see where
3 Memphis is.

4 I'm just showing Memphis because about
5 80 percent of the people in the Tennessee Valley use
6 surface water for their water supply, the remaining
7 is groundwater. It's a little different in the
8 Memphis area.

9 In this particular area and most of
10 Mississippi, they actually use groundwater as their
11 primary source of water supply. It's a very clean
12 supply of groundwater. And even though Memphis is
13 located right along the border with the Mississippi
14 River, they actually pump groundwater from the
15 Memphis Sands aquifer. It's much cheaper.

16 So what I am showing here is just a --
17 it's amazing the kind of articles that you continue
18 to see. I'm just kind of giving you a sample here of
19 what's going on.

20 These first two articles relate to --

21 I screwed up. Help. Okay. I'm trying to press the
22 laser button.

23 The first two articles here relate
24 basically to the ACTACF issue. The third and fourth
25 articles are basically talking about this -- an
1 interbasin transfer from Gunterville, Marshall
2 County in Alabama down to Blount County. And the
3 last one has to do with that area that I was just
4 showing you about Memphis where the State of
5 Mississippi has just issued or filed a lawsuit
6 against the City of Memphis for over pumping the
7 Memphis Sands aquifer. They are saying, hey, you're
8 impacting us over here.

54

9 The thing you have to realize is just
10 as you have watersheds above the surface, you have
11 these aquifers below the surface, and they cross all
12 of these different state boundaries and so forth. So
13 what I would like to say now is water wars has gone
14 underground when you look at Memphis.

15 Among the recommendations that the
16 Council had given us, they gave us a number of
17 recommendations that had to do with the planning and
18 researching the critical areas of shortage within the
19 Tennessee Valley.

20 Also, they had recommended that we
21 exercise judicially the 26(a) authority that we have
22 to be able to help manage water quantity issues.
23 They had indicated that we should establish a
24 basin-wide partnership. And for those of you that
25 were on the Council, you will recall that we had a
1 workshop where we talked about that. 55

2 What does this partnership need?

3 Who should it be between?

4 Who should be a part of that
5 partnership?

6 What does success look like?

7 How should this thing be funded?

8 What should be the objectives of the
9 partnership?

10 And the Council gave us some very good
11 recommendations on that. We sort of narrowed it down
12 and you came back with us and you said, okay, Gene,
13 you should really start with the states because
14 recognizing the states' water rights issues really
15 belong under the purview of the states. You should
16 start with the states, get the states on board.

17 Also bring in the EPA and USGS first
18 as there's a wealth of data that those entities

19 collect.

20 And as far as the role of TVA, this
21 should not be TVA's partnership. This should be the
22 various entities' partnership, and the role of TVA
23 would be to be a catalyst to bring these folks
24 together, basically facilitate the discussions on
25 water quantity issues between the states.

56

1 Well, what we did, I actually went
2 around and visited all seven states. I went to
3 Georgia. We came up with a standard presentation.
4 We went around and visited all the state water
5 officials. We visited with the EPA, the USGS. I
6 explained what the Council's -- what your Council's
7 recommendations were about cooperating across state
8 line and to work collaboratively on water quantity
9 type issues. We got contacts. We're established for
10 all states.

11 You can see here, here's four states
12 right here. And Tom, obviously, is a big player in
13 this, not literally, but I mean figuratively. So,
14 Tom, we had Alabama and we had Georgia. Here's
15 Tennessee and here's Kentucky. On the other side of
16 the table we had the other three states. We had the
17 EPA represented, as well as the USGS.

18 It was kind of interesting, because
19 when I met with the folks, I kind of got different
20 responses. Depending on how much of the Valley was
21 in their particular state, they were more interested.

22 For example, when I went up to
23 Kentucky and we talked to the Kentucky folks, they
24 said, well, the Valley is only about 2 percent of the
25 State of Kentucky. So we're probably interested
1 about 2 percent, you know, on what you're talking 57
2 about here, although we want to be involved. So --
3 whereas, in Tennessee like, you know, 50 or 60
4 percent of the watershed is in Tennessee and we're
5 very much interested.

6 It was also interesting to -- when I
7 was talking to the EPA folks about their interest.
8 They said, you know, Gene, cooperating across state
9 lines and working on a partnership is not kind of
10 like motherhood and apple pie, giving the spiel that
11 you have given us, how in the world could anybody
12 ever say, no, they don't want to participate or, no,
13 we don't want to collaborate or talk across state
14 lines.

15 So, anyway, we have had a -- we
16 developed an agenda. We have had a couple of

17 meetings, as I have indicated here. We also have
18 developed a draft mission statement for moving
19 forward, and I will share that with you, and then we
20 have got our third meeting that's scheduled for this
21 coming July.

22 What we did after the first meeting,
23 we were talking about, well, what do we want the
24 goals to be of this -- of our partnership?

25 And the first meeting sort of ended,
1 well, maybe TVA you should kind of take a crack at 58
2 this thing for us and give us something to kind of
3 shoot at, which we did.

4 We came together on the second meeting
5 and they immediately took that apart, you know, said,
6 no, no, we don't want to do that, and they actually
7 came up with this one, which is probably better than
8 what TVA -- than what we had proposed as a starting
9 point.

10 But you can imagine what happens when
11 you get seven different states in a room. I mean,
12 it's sort of -- and everybody is concerned when it
13 comes to water and water rights and no one wants to
14 give you anything and they are very concerned about
15 what's happening politically and what's the

15 between water quality and water quantity, it is
16 recognized that our partnership will start to
17 initially focus on water quantity related issues.

18 Now, that's basically all I wanted say
19 about the partnership. It remains to be seen, in my
20 opinion, how successful the partnership will be.
21 Maybe Tom can elaborate a little bit from his
22 perspective, as he has a different perspective
23 because he's representing the states' position on the
24 partnership, but then also -- but he understands
25 what's happening at the local level, too.

60

1 So he sees a little bit of what's
2 happening with the local dynamics of county versus
3 county versus the state, which is similar to the
4 position that TVA is in where we're looking at states
5 versus states but trying to decide what's best for
6 the region. So there's a lot of similarity in what's
7 happening in the states from Tom's perspective and
8 our perspective.

9 And I think it just takes -- time will
10 tell whether the partnership will evolve into
11 something that's -- what we hoped and the Council has
12 hoped would be maybe a model for other areas within
13 the United States in terms of managing shared water

14 resources.

15 Now, I wanted just quickly to talk a
16 little bit about the very contentious issue of
17 interbasin transfers.

18 And what is an interbasin transfer?

19 For those of you who are not familiar
20 with that, it's basically when some quantity of water
21 is transferred from one basin to another. So any
22 water that would be shifted out of this gray area,
23 for example.

24 Typically when you use water within
25 the basin, as Jimmy was alluding to, you pull the
1 water out, you use it, and then you put all or some ⁶¹
2 portion of it back in and it kind of flows on down
3 the stream here and it's available to be used by
4 others.

5 Well, what happens when you start
6 crossing those lines?

7 Well, you have water that may transfer
8 from the Tennessee River Basin to, say, the
9 Cumberland Basin or the ACT or ACF or Black Warrior,
10 you're shifting water from one basin watershed to
11 another.

12 And why is that -- why is that a

13 concern?

14 Well, there's a number of reasons that
15 the interbasin transfers are a concern. First of
16 all, 100 percent of the water is lost from the
17 system. When you pull that water out and you put it
18 in another basin, it's no longer available for other
19 downstream uses.

20 Another impact that most people don't
21 understand is when you're operating a system like the
22 TVA system and they pour water out of a particular
23 reservoir, what's the big deal?

24 I have got a huge quantity of water
25 here, I'm just wanting a little bit, but when you
1 recognize the fact that there's a finite amount of 62
2 water and you have got downstream commitments that
3 have to be met, such as navigation, and you're going
4 to maintain that certain quantity of water to support
5 navigation, when you pull that water out, it has to
6 be replaced from somewhere.

7 Where is it replaced from? Upstream,
8 those tributaries upstream.

9 So when you do an interbasin transfer
10 down in Alabama or wherever you might be doing that,
11 Mississippi, the impacts are not going to be

12 necessarily in that local area, they are going to be
13 up here and in Phil's home territory at Douglas where
14 the water -- TVA is going to move that water on down
15 to be able to meet those initial needs or Cherokee or
16 someplace else, and that's what people really don't
17 recognize. So the area affected is really maybe
18 500 miles away when you do an interbasin transfer.

19 Along with that, I mean, if the
20 interbasin transfer were big enough, it could impact
21 other TVA responsibilities, such as being able to
22 maintain navigation and all the -- maintain the
23 ecosystem balance and so forth.

24 Depending on the type of transfer you
25 have, it's one thing to have like a -- going to a
1 water treatment plant, you know, where there's
2 probably minimal impacts to the ecosystem. It's
3 another where you have maybe a pipeline that may be
4 going into another reservoir.

5 And there are situations where there's
6 discussions underway about actually putting a
7 pipeline in to transfer water from the Tennessee
8 system over into another watershed's water body, if
9 you will, and in that case there could be tremendous
10 environmental impacts, I mean, transferring invasive

11 species, plants and animals, that sort of thing. So
12 that's another issue.

13 And last, but certainly not least, is
14 any time you transfer water out of the TVA system,
15 that means that water is no longer available to
16 generate power downstream. So there's power impacts
17 as well on the TVA system. So that's basically the
18 concern that we have.

19 I'm just showing this slide to sort
20 of -- it's one thing to sort of look at the Valley,
21 it's another when you sort of look at, where does
22 this watershed -- how does it lay with regard to the
23 various counties?

24 And I'm showing this just to show, for
25 example, the watershed, it kind of divides counties.

1 So you can imagine what kind of situations you're
2 getting in when you're in the middle of a county, the
3 watershed -- this side of the street is in one
4 watershed, this side of the street is another
5 watershed, yet, the local water supply kind of
6 crosses these boundaries.

7 So what you really have is you have,
8 in some cases, water flowing into the Tennessee basin
9 from other basins just because the local public

10 supplies, for example, that are located on that
11 border. And vice versa, you have water that's
12 transferred from the Tennessee Basin into other
13 basins. It goes back and forth both ways.

14 And as -- I am just going to point out
15 here just for a minute, the location that we talked
16 about, here's Marshall County, you know, where
17 Guntersville is located, and this is Blount County
18 and then Jefferson County in Birmingham here, and
19 just kind of note that Blount County, just the very
20 tip of that is in the watershed in Poland County as
21 well, it's just a small amount of Poland County
22 that's actually in the watershed.

23 As a part of the Reservoir Operations
24 Study that we did, Kate and Janet had told me, hey,
25 you best get this thing figured out, big boy.

1 So what we did as a part of the ROS we
2 actually went around and tried to get figured out
3 exactly where all of the interbasin transfers were
4 currently taking place, do a water balance, if you
5 will, how much water is leaving the basin, how much
6 water is coming back into the basin, where are those
7 critical areas, where you're likely to have problems
8 in the future, those sorts of issues.

9 This is just a list of the ones that
10 we were able to capture. Where interbasin transfers
11 are already occurring, the positive number if water's
12 coming into the watershed, negative number if water
13 is going out, and I am only showing this because the
14 bottom line was we have roughly 11 million gallons a
15 day that is flowing out of the Tennessee basin into
16 surrounding watersheds, really no big deal in the
17 overall scheme of things. All of these transfers are
18 typically, again, water utilities that kind of
19 straddle the watershed boundary.

20 The other thing that we have sort of
21 done is tried to institute greater state involvement
22 with TVA and its deliberative process, deliberations,
23 and decision-making process, recognizing the states'
24 interest and the states' water right issues.

25 What we do now, which is a little
1 different than what we have done in the past, 66
2 whenever we get an application in to permit water
3 intake structure, typically there's a joint
4 application that comes in and goes to TVA and the
5 Corps and then we set about deciding what level of
6 environmental review and operational review we need
7 to do, decide how much water and whether we're going

8 to approve this or not.

9 What we're doing now, as soon as we
10 get that application, we're going to the various
11 Valley states, we're not going to one state, we're
12 recognizing that since the impact could be felt
13 elsewhere, we're bringing all seven states to the
14 table, if you will, and saying, here's what Alabama
15 is wanting to do, here's what Mississippi is wanting
16 to do, what are your thoughts on this issue from your
17 state's perspective, recognizing that everybody has a
18 stake in this shared resource, which is a little
19 different than what we have done in the past. So
20 we're really strengthening or trying to maintain and
21 engage the states in the dialogue.

22 What we do is we use that input to
23 basically help us decide what level of environmental
24 review or other review might be required.

25 The other thing we have sort of done
1 is, again, recognizing the water belongs to the 67
2 states, the state in which the intake is located,
3 what we're doing is saying, that state has to
4 concur -- not necessarily concur, they have to
5 provide a letter of no objection to us before we're
6 going to review that.

7 It's recognizing that it's the state's
8 water. If they want to do an interbasin transfer
9 within their state and the state officials are not on
10 board with that, then what right or what should we be
11 doing in terms of the Tennessee -- the Tennessee
12 Valley Authority in going ahead and approving that in
13 spite of what the state officials are saying.

14 So what we're saying is I am working
15 very closely with the various states, and when
16 there's any kind of interbasin transfer request
17 coming in, I go to that state, and I tell the
18 applicator, this is a state issue, you need to get on
19 board with your state officials before you ask TVA to
20 go through this laborious process of approving a
21 permit.

22 Then whatever happens, we're going to
23 document. We do document the impacts associated with
24 that water level review. Obviously, the larger the
25 transfer the more environmental review it's going to
1 get. It's one thing if you're approving, you know, ⁶⁸
2 one MGD way down in Kentucky, it's another if you're
3 approving 2 or 300 million gallons a day further
4 upstream in the system.

5 In any case, we document all of that.

6 We're keeping track now of all of the cumulative
7 impacts of these small ones and small ones that are
8 getting approved.

9 This led -- I basically just wanted to
10 kind of bring you up to speed on a couple of things
11 that are happening. This one shows basically
12 pipelines because pipelines are really the big
13 problem, in my view, of where the major controversy
14 is going to come, is when you're wanting to pipe
15 water over long distances.

16 This letter -- I don't know if you can
17 all see that, but what I have done is I have shown in
18 the existing -- where there's existing pipelines, and
19 there's only two or three small ones, if you will.
20 One is the -- we have got one here going to Ft.
21 Payne, Alabama. You can see Ft. Payne is right
22 outside the watershed. And the water comes here and
23 they are getting about 4 million gallons a day and
24 they could pull up to 6 million gallons a day.

25 We have got -- over here in Tupelo,
1 Mississippi they are pulling about 10 MGD. They can
2 pull up to 30 MGD. They are also interested in
3 increasing that permitted amount in Tupelo.

4 This is a little different situation

5 because this is actually -- where their intake is,
6 it's on the Tombigbee waterway -- not on the
7 waterway, it's on the old Tombigbee River that sort
8 of runs parallel to the waterway for some distance
9 and that's where their intake is located, but still,
10 the majority of the water that flows down the old
11 Tombigbee River and the waterway comes from the
12 Tennessee through that cut. Right now we're
13 providing -- about 200 million gallons a day of water
14 flows through the Tombigbee waterway. So you can see
15 there's a pipeline there that runs 15 miles or so
16 there.

17 Now, you have got those two, plus the
18 200 million gallons a day going down the Tombigbee,
19 which could go up to 800 or more million gallons a
20 day if it ever got to full capacity.

21 Now, there is some discussion going on
22 with the Corps of Engineers and the states there,
23 since they have gotten the barge traffic, there's a
24 lot of requests for water to come out of the
25 Tombigbee waterway downstream. The Tombigbee
1 waterway was not authorized for water supply. It was
2 authorized strictly for navigation and recreation.

3 So they would have to go back and

4 really re-authorize that project. And there's some
5 discussion about whether they should or shouldn't do
6 that because, again, that is probably going to be a
7 controversial decision. And again, if they did that
8 and went back to say, well, all right, let's
9 authorize it for water supply, let's increase the
10 amount of water, let's don't be dependent on the
11 barge traffic through here to provide water, there's
12 some discussion about putting a bypass structure
13 there around the locks present to provide water
14 supply, let's go ahead and provide that water down
15 through there, again, the impacts are going to be
16 felt upstream in the Tennessee Valley system
17 someplace.

18 Now, there is -- these other two over
19 there that I have sort of listed, in the case of
20 Corinth, they have actually already submitted an
21 application. We have gotten input from the states.
22 Obviously, the State of Mississippi is supportive of
23 that transfer. Most of the states didn't have a
24 problem with it. Tom's group voiced the most
25 opposition to it.

71

1 But in any case, we're going ahead and
2 reviewing that application to determine what the

3 potential impacts might be associated with
4 transferring that small amount of water over to
5 Corinth. And again, that's probably about 17 miles
6 that will be going over there to Corinth.

7 So you can see in that case, Corinth
8 is right again on the edge of the watershed and they
9 will be coming over and petitioning those counties of
10 where they are proposing to put the intake. That one
11 is not -- hasn't been to this point that
12 controversial.

13 The one that's raising -- that's
14 really stirring up a hornet's nest in Alabama, it's
15 in all the papers, and it seems to be in the papers
16 daily, is the potential Blount County transfer.

17 Now, what happened, several years ago
18 the Blount county folks just came to me and said,
19 hey, TVA, what would you think if we were to put in
20 a -- what would be the problem with us getting a
21 pipeline to pump water from, say, Guntersville here
22 to supply the county of Blount and maybe what we're
23 thinking here is maybe becoming a regional water
24 supplier and supply Culman County and supplying
25 Jefferson County. To make the economics work out, we
1 would probably need to have a big water transfer. I

2 am talking about 150 or 200 million gallons a day.

3 I explained that, hey, there's a
4 process. There's obviously water in the Tennessee
5 Valley system. We have a process that we go through
6 to evaluate all of these things. We don't make any
7 judgments about whether something can be approved or
8 won't be approved.

9 I pointed out some of the problems
10 that they would likely encounter. The fact that it
11 is an interbasin transfer would be one of those
12 issues. The fact they were not in the power service
13 area would be another issue, because if you transfer
14 this water into Blount County or down to Jefferson
15 County, for example, if you didn't -- if you just
16 transferred the water and didn't get any
17 reimbursement for it, then basically the ratepayers
18 would be subsidizing water supply outside the power
19 service area. So you're going to expect -- should
20 expect some opposition there, not to mention all of
21 the other environmental issues.

22 My point was that I thought that it
23 would probably be an uphill battle for them. And I
24 said, "I would suggest that you think carefully about
25 this in terms of looking at your alternatives before

1 you ever submit an application to TVA, because once
2 the application comes in, it sort of kicks off this
3 process. Whatever TVA does is going to be
4 transparent to the public and so forth."

5 So they went back and started looking
6 at all of this, and we still don't have an
7 application from them. The meetings and discussions
8 I have had with them have just been basically
9 informal.

10 What they have done is they have
11 actually gone to their federal -- Senator Shelby and
12 Congressman Aderholt, they had gone to them and said,
13 hey, we really need water bad here in Blount County
14 and we need some money to look at the options we
15 might look at for providing water supply, and lo and
16 behold, both of those folks in this ominous bill that
17 just recently passed, both of them gave like close to
18 a \$500,000 grant. So they got about a million
19 dollars to actually look at that.

20 Well, this sort of hit everybody by
21 surprise. I didn't know about it. I don't think the
22 State of Alabama knew anything about it. Obviously,
23 the folks in Marshall County where the transfer would
24 come from, they didn't know anything about it, but

25 there is a lot of concern that, hey, maybe a deal had
1 already been cut to transfer this water. So there's
2 been a tremendous outpouring of concern in this
3 particular area.

4 At the same time, I mean, you can
5 appreciate -- I can appreciate what the Blount County
6 folks are doing. I think they do need water, you
7 know, so I think they would be remiss if they were
8 not looking at the various alternatives they need to
9 provide their citizens a long-term supply of water.

10 Now, complicating this situation is
11 the fact that right here you have an inland lake
12 that's actually in Blount County, and this inland
13 lake was -- is owned and operated by the City of
14 Birmingham.

15 So Birmingham actually owns this lake
16 and this water that's up here in Blount County. They
17 are actually -- right now they pull 47 million
18 gallons a day out of Blount County. So Blount County
19 is saying, well, hey, if I didn't have to give all of
20 this water to Jefferson County, I wouldn't be looking
21 at TVA or anything else.

22 The Birmingham folks are saying, well,
23 hey, we're going to keep pulling water out of that.

24 We've got 47 million, we've got the rights to that,
25 and we're getting ready to up it to 60 million
1 gallons a day that we're going to pull out of that 75
2 reservoir with a peak of 90 million gallons a day.
3 So the Blount County folks are sort of between a rock
4 and a hard place in that regard.

5 The other thing that Blount County did
6 is they went up here in Marshall County on the shores
7 of Guntersville and they bought a couple of acres of
8 property where they proposed to locate their intake.
9 Now, you talk about stirring up a hornet's nest. I
10 mean, that's where they are right now.

11 So you have got all the local
12 politicians there and this is -- I'll show you these
13 headlines and everything. That is a quote from a
14 County Commissioner or head of the County Commission,
15 the Chairman of Marshall County, that just came out
16 in the paper a couple of days ago.

17 He said, "This is one of the most
18 serious, backhanded, covert, underhanded things I
19 have seen one government entity do to another
20 governmental entity." So you can see the pressure or
21 the feelings that are behind these kinds of
22 statements.

23 He was making this presentation to a
24 group of realtors. One of the realtors told the
25 Chairman there, he said, "Well, Bill, I have seen 76
1 them, they are laying waterlines already here in
2 Blount County. I have seen the pipes along the
3 roadways."

4 And then Ken, you know, had said -- he
5 said, "Well, I am going to have deputy sheriffs
6 posted at the county line when Blount County attempts
7 to cross into Marshall County territory." So you can
8 see how contentious of an issue this is.

9 So with that, I will stop and answer
10 any questions you might have.

11 MR. PHIL COMER: I have a question.
12 Do you want me to wait until after the break?

13 CHAIRMAN BRUCE SHUPP: No. We have
14 five minutes.

15 MR. PHIL COMER: Okay. This has to do
16 with the Tombigbee. Here your label is, existing and
17 proposed pipelines, is that literally the case in the
18 200 million gallons a day?

19 MR. GENE GIBSON: No.

20 MR. PHIL COMER: See, I read recently
21 in River Neighbors two years ago that it's either 2

22 or 6 billion gallons a day that flows from the
23 Tennessee into the Clear Creek.

24 MR. GENE GIBSON: It's 2 to 6 billion
25 a day?

77

1 MR. PHIL COMER: A day.

2 MR. GENE GIBSON: Down the Tombigbee?

3 MR. PHIL COMER: Yeah.

4 MR. GENE GIBSON: No.

5 MR. PHIL COMER: What is that number?

6 MR. GENE GIBSON: Right now it's 200.

7 And the only amount of water they get is through the
8 lock.

9 MR. PHIL COMER: Yes. Not pipeline?

10 MR. GENE GIBSON: Not pipeline. I

11 should have been more --

12 MR. PHIL COMER: That's okay. I

13 assumed that you were using that generally.

14 MR. GENE GIBSON: Right.

15 MR. PHIL COMER: So it's really

16 through that lock in Clear Creek?

17 MR. GENE GIBSON: Well, no, it's Bay

18 Springs. Bay Springs is where that --

19 MR. PHIL COMER: Is that the total

20 that goes from the Tennessee River into the

21 Tombigbee?

22 MR. GENE GIBSON: Yes.

23 MR. PHIL COMER: So it's not a billion
24 a day?

25 MR. GENE GIBSON: No. The billion a
1 day might have been the potential if they were
2 operating at maximum capacity. 78

3 MR. PHIL COMER: Okay.

4 MR. GENE GIBSON: What we get there
5 actually is there are a number of phantom lockages
6 that are occurring at Jamie Wooden Lock because they
7 can't get enough water downstream here to meet the
8 environmental needs and so forth. So what they do is
9 they have to open and close the locks to put another
10 10 or 12 million gallons down to keep the water
11 flowing.

12 MR. PHIL COMER: But is it fairly
13 accurate -- you say here 200 million gallons a day,
14 is that fairly accurate?

15 MR. GENE GIBSON: Yes.

16 MR. PHIL COMER: So it's not a billion
17 a day?

18 MR. GENE GIBSON: It's not a billion.

19 MR. PHIL COMER: Okay. That is water

20 that does not flow through Pickwick Dam?

21 MR. GENE GIBSON: Right.

22 MR. PHIL COMER: That is that much
23 water that does not generate electricity through
24 Pickwick Dam?

25 MR. GENE GIBSON: Or Kentucky, right.

1 MR. PHIL COMER: Right. Has that -- ⁷⁹

2 the cost of that loss of power generation ever been
3 calculated?

4 MR. GENE GIBSON: I guess we have
5 estimated it. I'm not sure exactly. Yes, we have
6 looked at that.

7 MR. PHIL COMER: It would be very easy
8 to do.

9 MR. GENE GIBSON: And we have done
10 that. I don't recall exactly what the number is, but
11 we have done that, yes.

12 MR. PHIL COMER: Does anyone pay for
13 that lost electricity?

14 MR. GENE GIBSON: No.

15 MR. PHIL COMER: Wonder if kayakers
16 know about that, because they are expected to pay for
17 the loss when it happens in a trickle by comparison?

18 MR. GENE GIBSON: That's a good point.

19 MR. PHIL COMER: I think we should
20 tell them. Don't you? Will you do that? This is
21 much more in your field, Greer, than mine. Would you
22 tell them?

23 CHAIRMAN BRUCE SHUPP: Miles.

24 MS. MILES MENNELL: Gene, educate me,
25 please, or clarify for me. The permitting processes
1 are enacted by general assemblies, like in Tennessee,⁸⁰
2 but when it comes to the Tennessee River, is it TVA
3 who ultimately has the authority to say yes or no,
4 you can't have that water?

5 Is that in conflict then with these
6 various --

7 MR. GENE GIBSON: No.

8 MS. MILES MENNELL: Okay.

9 MR. GENE GIBSON: What we do, there's
10 a multitude of permits that are required, and they
11 vary from state to state. In addition, TVA has to
12 issue a permit, as well as the Corps of Engineers.
13 The Corps of Engineers also has to issue a permit.

14 Typically what we do is we work with
15 the states, and when we issue our permit, we will
16 say, yes, this permit is okay and it's contingent
17 upon you also getting the required permits in these

18 other states where they may be required. So it's
19 kind of a layered or a combination of permits.

20 MS. MILES MENNELL: And you choose to
21 do it that way, but, in fact, would TVA have that
22 authority if they chose to have it?

23 MR. GENE GIBSON: To say yes or no?

24 MS. MILES MENNELL: To say yes or no,
25 just TVA.

1 MR. GENE GIBSON: Yes. We can deny 81
2 the permit, yes, if we said the impact --

3 MS. MILES MENNELL: But you choose to
4 work in cooperation with these entities.

5 MR. GENE GIBSON: Oh, absolutely.

6 MS. MILES MENNELL: But do you have to
7 do that?

8 MR. GENE GIBSON: Well, we have chosen
9 to do that.

10 MS. MILES MENNELL: I understand.

11 MR. GENE GIBSON: Because we think
12 that's the most appropriate way. In the past we have
13 not always done that. When we got requests in, we
14 did not necessarily go and engage the states in
15 dialogue.

16 MS. MILES MENNELL: Right.

17 MR. GENE GIBSON: But since there's so
18 much concern and a greater recognition of the
19 integrated impacts of the whole river system, if you
20 will, TVA, as well as the Council, has recommended
21 that, hey, this is the prudent thing for TVA to do.

22 MS. MILES MENNELL: I just wanted to
23 be sure I understood the process. So when it comes
24 to Blount County and this brouhaha that they are
25 engaged in with Marshall County, then these partners
1 ultimately can say yes or no, you can't have all of ⁸²
2 that water to sell to Birmingham again?

3 MR. GENE GIBSON: Right. They will
4 make recommendations or whatever. The partners would
5 provide comments on that.

6 But in addition to that though, in
7 following up on the Council's recommendations that we
8 use the authority that we have within the 26(a)
9 process, we have actually developed some initial --
10 recognizing that this is a problem that we didn't
11 know we used to have 20 years ago, we have now
12 instituted additional permitting requirements that we
13 put in all the permits.

14 We have already started putting that
15 in all the permits that we're issuing that says that

16 we're going to only permit a certain amount of water.
17 We may not permit what you requested because what
18 we're seeing is people are so concerned about this
19 that they are trying to reserve water.

20 Some of the states that are thinking
21 that, hey, somebody else is going to get there first,
22 they have only used four for the last 50 years, but
23 now they are coming in saying, I want a permit for
24 100 million gallons because I want to make sure that
25 my future is protected and that sort of thing.

83

1 So what we're doing is we're going and
2 saying, no, you have to have a need's analysis.
3 We're only going to permit what you can demonstrate
4 you need, first of all.

5 The second thing is we're going to put
6 a time limit on it, which is something we haven't
7 done in the past because, quite frankly, we have had
8 a number of these that has been issued in past years
9 that are no longer even in existence, they are on the
10 books. There's an active permit there for an intake,
11 but the industry has left. So the intake is sort of
12 abandoned.

13 So what -- to correct that, what we're
14 trying to do from this point forward is put in a date

15 as to when this permit has to be renewed so that we
16 can keep an ongoing tally of what's happening here
17 with the water balance.

18 And the last thing that we're doing is
19 we're saying, hey, whatever you have told us that
20 you're -- whatever we're permitting here, you cannot
21 transfer this water anyplace else, other than what's
22 prescribed in the permit without TVA's concurrence,
23 and not only can you not do that, you can't sell your
24 water and then replace it with Tennessee Valley
25 water.

84

1 MR. PHIL COMER: Don't you think this
2 is going to be a critical problem 50 years from now,
3 like out west?

4 MR. GENE GIBSON: Oh, absolutely. I
5 don't think it will be 50 years.

6 CHAIRMAN BRUCE SHUPP: Jim and then
7 Tom.

8 MR. JIM JARED: Just curious about an
9 answer you gave to Mr. Comer's question a minute ago
10 as to the water that's lost down the Tombigbee and it
11 prevents generation either at Pickwick and Kentucky
12 Dam as not costing anyone, but there has to be a cost
13 associated with that because it's the cheapest kind

14 of power we have.

15 MR. GENE GIBSON: Absolutely.

16 MR. JIM JARED: And if you lose that,
17 you have to pay for fuel to generate it.

18 MR. GENE GIBSON: That's exactly
19 right.

20 CHAIRMAN BRUCE SHUPP: Tom.

21 MR. TOM LITTLEPAGE: I guess I offer a
22 couple of comments. One of them is, as Phil alluded
23 to, I believe this may be one of the most decisive
24 issues that faces the region over the next 10, 15,
25 20 years. I don't think it will be lit 50 years
1 either. 85

2 As a veteran, if you will, of the
3 interstate negotiations between Georgia and Florida
4 and our state, I guess I have had an opportunity to
5 learn a lot of things. One of them was that some
6 people had the perception that there was, quote,
7 unquote, excess water in the systems, river systems,
8 and there are many people who will point out that
9 those high flow regimes serve a significant purpose
10 in rivers and there is no such thing as an excess
11 flow. Now, if you live in Chattanooga you may
12 disagree.

13 But the concept of taking those quote,
14 unquote, excess flows and diverting them out of the
15 basin has some significant ecological and
16 hydrological impacts to a system. So the concept
17 that TVA has this or this system has this excess
18 water that's just right for quote, unquote,
19 harvesting to support economic growth that may be
20 outside the basin, i.e., Birmingham metropolitan area
21 or Atlanta, is somewhat suspect to begin with
22 depending on who you talk to.

23 There are people that have that view
24 that the Tennessee system is really a bastion of
25 supply that can be used to drive a lot of economic
1 growth and development and is available for the 86
2 taking and it's something we have to carefully
3 consider, because as we have learned in the
4 negotiations, this is a difficult process.

5 But I am excited about the partnership
6 because it's an opportunity for the states to begin
7 this dialogue. One of the pleasant accomplishments
8 of the interstate negotiations between the states
9 that occurred under the Compacts is that we developed
10 a common basis of technical data and models.

11 And while it may sound subtle, one of

12 the significant accomplishments we were able to
13 achieve is we were discussing, arguing, if you will,
14 about model inputs and not model outputs. In other
15 words, if you don't have a consistent model that
16 everybody agrees will produce the same results, you
17 end up really chasing your tail in terms of
18 understanding what impacts may or may not occur in a
19 given scenario.

20 So I am very hopeful that this
21 partnership, cautiously hopeful may be the best words
22 to explain it, that this partnership will help us in
23 developing a good technical baseline of understanding
24 among the water resource professionals in each of the
25 states to begin to understand the complexity of these
1 issues and develop a technical basis of understanding
2 what the impacts are in coordination with the TVA
3 staff, because I think there's an opportunity there
4 to help mitigate what ultimately will become a very
5 political discussion and hopefully hold that down at
6 a technical level for as long as possible. So I am
7 excited about that.

8 I am concerned about the implications
9 of interbasin transfers and what they may mean to the
10 system and potentially the breakdown of what has been

11 a long history of strong interstate cooperation.

12 CHAIRMAN BRUCE SHUPP: Austin.

13 MR. AUSTIN CARROLL: And I thought Tom
14 was going to answer my question, and this is, I
15 think, very simplistic, you know, from probably my
16 point of view, but are there not times when -- you
17 know, when we're spilling water because of floods
18 when water is a problem, the excess water is a
19 problem that water could be diverted and fill up
20 reservoirs for some of these folks that are having
21 problems with the their water supply?

22 When it's a problem for us, we could
23 fill those up and then they could draw them down
24 through the year and, you know, kind of solve two
25 problems at the same time?

88

1 MR. GENE GIBSON: Yeah, I can answer
2 that. I think the answer is probably yes to that,
3 you know, but I think it's something that has to be
4 done very carefully.

5 The problems that you get into though
6 when you discuss that potential scenario is that in
7 most cases, like even when we have looked at this, we
8 have done a sensitivity analysis to say as a part of
9 the ROS, it's an attachment to the ROS, that what

10 would happen if these transfers actually did occur.

11 What the results of that sensitivity
12 analysis were is that, hey, in most cases in normal
13 years there wouldn't be a noticeable impact, you
14 know, in one year in ten, you know. In the drier
15 years, you know, you would start having some
16 potential impacts, and the folks that would be
17 impacted would be -- if it was a continuous need, if
18 you will, would be the folks up in the upper
19 tributaries.

20 You say, well, a few feet, what's a
21 couple feet to fill or 10 feet, you know, one in a
22 100 hundred years, whatever that year is that you
23 don't get up there and the reservoirs don't fill, you
24 know, the elevation doesn't come up and you say it's
25 not a big deal unless you're the one that's trying to
1 get your boat in the water. 89

2 MR. PHIL COMER: 1985 was a disaster,
3 as an example, because we only had 15 inches below
4 normal rainfall, and it was a disaster economically
5 that year.

6 MR. GENE GIBSON: But if there were
7 potential reservoirs in other states that you could
8 and it was agreed that it would just be done in

9 periods of excess, that's one thing, but then the
10 concern is always going to be, well, once the straw
11 is in there, it's not going to be just during times
12 of excess, it's going to be -- this is just the
13 beginning of a continuous negotiated flow.

14 MR. AUSTIN CARROLL: I mean, couldn't
15 you put the pipe at a certain level such that the
16 elevation has to be at flood stage before it even
17 flows? Do you see what I am saying?

18 MR. GENE GIBSON: You could probably
19 do something like that.

20 MR. PHIL COMER: The amount of spilled
21 water though, Gene, is minute in most years. Am I
22 not correct?

23 MR. GENE GIBSON: Morgan would
24 probably be the one that --

25 DR. KATE JACKSON: Let me say a couple
1 of things. One is, yeah, there probably could be
2 something like this. However, you still have all the
3 environmental issues associated with an interbasin
4 transfer, which are not insignificant.

5 You have the issue that you would
6 probably have massive public works expenditures to be
7 able to put reservoirs or holding ponds or dewatering

8 areas in places.

9 Plus, when you get that spill, the
10 flow is so massive, it's not just a little pipe. And
11 depending upon where the flow happens, it's different
12 every year.

13 Plus, when you have massive amounts of
14 rainfall, you don't need water typically in those
15 places that need water when it's dry. When they need
16 the water the most is when there would be the least
17 water available.

18 MR. GENE GIBSON: That's true.

19 DR. KATE JACKSON: I am not saying
20 that there isn't something to look at, but that's not
21 an easy analysis.

22 MR. GENE GIBSON: We all need water at
23 the same time.

24 MR. AUSTIN CARROLL: I knew it wasn't
25 easy. It just sounded too simple.

1 CHAIRMAN BRUCE SHUPP: Mike. 91

2 MR. MIKE BUTLER: Have y'all looked at
3 the interbasin transfers as a result of industry
4 along with the municipalities that are pulling?

5 And if you have, the second part of
6 this question unrelated is, would it make sense to

7 include the Tenn-Tom on that table?

8 I'm sure y'all considered when you did
9 that table showing the interbasin transfers whether
10 or not to include the Tenn-Tom or not because that
11 really takes that 11 million MGD and puts it at 211
12 million MGD and changes the whole landscape when
13 you're starting to talk about how much water we're
14 actually going to need to keep things running.

15 MR. GENE GIBSON: I think what happens
16 there, I mean, when you start taking a watershed
17 approach, you sort of have to draw a line around
18 wherever the watershed is. If we started trying to
19 expand that to the Tennessee Tombigbee then you'd be
20 talking about -- potentially you're getting into a
21 whole different can of worms, if you will, by getting
22 into another watershed.

23 MR. MIKE BUTLER: Actually, what I was
24 talking about, see where you have the arrows that
25 show interbasin transfer potential and you had your
1 table earlier that shows the communities that had --

2 DR. KATE JACKSON: You don't have the
3 Tenn-Tom on this table.

4 MR. MIKE BUTLER: What was the logic
5 or reasoning -- I'm sure that y'all consider that an

6 interbasin transfer, but how does that factor into
7 your presentation with the other transfers?

8 MR. GENE GIBSON: Right. Well, it
9 is -- yeah. Some argues it's not an interbasin
10 transfer, but the waterway is there.

11 Do you consider the flow from the
12 Tennessee over to Barkley, is that an interbasin
13 transfer because it's going around LBL, that sort of
14 thing?

15 For the purposes of our system, what
16 we're looking at, we do consider it -- it's a
17 transfer of water that's controlled or whatever. We
18 don't -- that list that we put together was basically
19 water supply utilities and that sort of thing when we
20 looked at about the flow going across those lines,
21 that's why we didn't put that. We handled it
22 separately, just as we would any large -- just as we
23 would the pipeline, for example, when we did the ROS.

24 MR. MIKE BUTLER: That gets back to
25 the first part of the question is, how -- what does
1 the volume look like for industrial uses or pipeline
2 uses as compared to municipality uses? Are those
3 included in those numbers?

4 MR. GENE GIBSON: They are included in

5 those numbers.

6 MR. MIKE BUTLER: Okay.

7 MR. GENE GIBSON: By and large, I
8 mean, the industrial users, there's not that much.
9 Most of the -- it stays within the basin primarily.
10 I mean, they use process water, cooling water. It
11 goes through the plant or the factory. They do
12 whatever they are going to do with it and they put it
13 back in the TVA system or either they hold it up
14 until the flows are sufficient to be able to transfer
15 the water back.

16 The amount of extraction -- the water
17 that's extracted is like 80 percent is for
18 thermoelectric cooling, and then the next largest
19 user is industry at about maybe 10 percent and
20 municipality is about 5 percent and agricultural
21 irrigation is only about 1 or 2 percent of the
22 extractions. It's not a big number.

23 CHAIRMAN BRUCE SHUPP: Ken.

24 MR. KENNETH DARNELL: Gene, have you
25 ever approached the critical threshold in water
1 supply in the basin?

94

2 MR. GENE GIBSON: Critical threshold,
3 you mean --

4 MR. KENNETH DARNELL: Getting close to
5 running out.

6 MR. GENE GIBSON: Not since I have
7 been at TVA, I don't think. We have had some
8 situations to where in extremely dry, dry years where
9 maybe reservoirs or -- the reservoirs are usually
10 okay because TVA is regulating that for navigation
11 purposes and the intakes are below what's required
12 for navigation. So if you have got enough water to
13 continue navigation, you have got enough water for
14 water supply.

15 The problems typically come in where
16 you may be in a downstream run of the river type
17 situation and where maybe your minimum flows aren't
18 quite sufficient to keep the water level up.

19 We have had a couple of instances over
20 the years where those flows -- we have had to
21 increase those flows because some local communities
22 have called and said, hey, we have only got a foot of
23 water over our intake area, we need help. So could
24 you release a little more water from upstream or
25 someplace else?

1 TVA obviously accommodates that. I
2 mean, we recognize the importance of water supply to

3 quality of life and so forth.

4 MR. PHIL COMER: The water quality
5 intake has been more of a problem than quantity in
6 drought years.

7 MR. GENE GIBSON: Right.

8 CHAIRMAN BRUCE SHUPP: Kate wants to
9 make a comment and then we will --

10 MR. JIM JARED: Has the water supply
11 ever been so low and the temperature of the water so
12 high that you've had to shut down power plants or
13 facilities?

14 DR. KATE JACKSON: The answer is yes,
15 but what typically happens is we have permits for
16 intakes and we have permits for Delta T, meaning what
17 the temperature is when it goes in and what the
18 temperature is when it comes out and the difference
19 between those two for the fossil plants and the
20 nuclears.

21 In addition, the nuclears have a plant
22 for temperature requirement in their technical
23 specifications with the Nuclear Regulatory Commission
24 for ultimate heat sensing temperatures. When the
25 temperature of the river water gets above a certain
1 temperature, you have got to shut that plant down.

2 Typically what we do is manage very
3 carefully, and Morgan will probably talk a little bit
4 about this, to make sure that we're operating at an
5 integrated way, to make sure that the derates that
6 are necessary, which is much more typical than a
7 shutdown for those thermal plants, are as little as
8 possible.

9 So we flow the water, recognizing that
10 when we meet all our other constraints that that
11 water temperature can be affected by the way we
12 manage the reservoir system.

13 There are times during the year
14 regularly when either cooling towers have to be put
15 on, that takes some electricity away and decreases
16 some of the efficiency of the plant to maintain the
17 Delta T or the temperature water requirements for
18 those thermal plants.

19 In addition, a lot of the plants take
20 derates in the summertime, the miserably hot times,
21 and we want to minimize that, to the extent that we
22 can.

23 MR. JIM JARED: Has this ever trickled
24 down to industries?

25 DR. KATE JACKSON: Yes.

1 MR. PHIL COMER: Tennessee Eastman and
2 Patrick Henry would be a good example where that's a
3 constant.

4 DR. KATE JACKSON: It's either for
5 waste assimilation, as Gene mentioned, or temperature
6 assimilation, but there are some flow restrictions
7 that we have we manage with some constraints to make
8 sure that intakes are recovered and there's enough
9 water that goes by some of those facilities.

10 MR. GENE GIBSON: And we work very
11 closely with industry. If industry has a problem
12 because there's not sufficient flows for them to
13 discharge, they have a certain amount of storage, and
14 they are on the phone talking to our reservoir
15 operations folks saying, hey, can you increase that
16 flow? I have got to keep the plant running here. I
17 have got to move this waste, and TVA tries its very
18 best to kind of accommodate those requests.

19 So, by and large, I think the industry
20 folks that I have talked to around the Valley, as
21 well as the municipal folks, they really have great
22 appreciation for TVA and the way TVA manages its
23 system and how accommodating TVA tends to be, to the
24 extent that they can be, to meet their needs.

25 FACILITATOR DAVE WAHUS: Mike, do you
1 have another question? 98

2 CHAIRMAN BRUCE SHUPP: Kate wants to
3 say something and then we're going to take a break.

4 DR. KATE JACKSON: I just want to
5 respond a second to the, why don't you charge for the
6 water that goes down the Tenn-Tom, let's remember
7 that the Tenn-Tom was created by an Act of Congress,
8 that that interbasin transfer not only was authorized
9 by but mandated by the U.S. Congress.

10 In addition, for years and years we
11 had a lot of water. We had a lot of power. Power
12 rates were not an issue. Competitive rates were not
13 an issue. So we didn't have policies that said, you
14 have got to pay if you use the water.

15 Since that time, since those -- all
16 those rules have been changing, the reality is that
17 we need people to charge to keep the ratepayers whole
18 for two reasons, one is the competitive rate issue,
19 and the second is we don't get appropriations to
20 subsidize that public use of the water.

21 So where Congress has gone over the
22 period of about the last 20 years is domestic
23 discretionary spending has gone down, and they

24 believe that the users of public resources need to
25 shoulder a greater burden of those costs.

99

1 So we have instituted gradually
2 grandfathering existing uses such that users pay.
3 That is true in the Ocoees. That is true in the
4 water supply, the interbasin transfer cases now. And
5 if somebody took water out above reservoirs and stuck
6 it in below reservoirs, we do do that calculation and
7 begin to negotiate with those folks about paying for
8 that water use if it bypasses a hydro facility. So
9 we do pay attention to that. There are times when
10 we're not in complete control of that.

11 CHAIRMAN BRUCE SHUPP: Thank you.

12 MR. GENE GIBSON: As you might have
13 guessed, I am going to hang around until lunch. So
14 if you have got any questions, you know, I would be
15 happy to talk to you about those.

16 CHAIRMAN BRUCE SHUPP: Thank you,
17 Gene. Thanks, Bridgette. The official time is 10:20
18 and the official start time after the break is 10:45.
19 So let's get back at 10:45.

20 (Brief recess.)

21 CHAIRMAN BRUCE SHUPP: Okay. Let's
22 get started. The next presenter is Morgan Goranflo.

23 He's going to continue with the updates on water
24 issues.

25 MR. MORGAN GORANFLO: All right. I'm
1 very glad to be here today. This is really sort of a ¹⁰⁰
2 two-parter. Those of you that have been on the
3 Council or were involved in the ROS, this may be a
4 little bit of a review for you. For some it will be
5 just a brief background of how we got to our current
6 reservoir operating policy.

7 For all of you the second part will be
8 a sort of blow-by-blow of what has happened on the
9 system since we implemented the policy back on the
10 1st of June.

11 As with all the presentations, feel
12 free to interject any comments you have at any time.
13 I will move right along through. There may be some
14 of these that warrant further clarification.

15 I understand that when some questions
16 came up in the earlier sessions that they said that I
17 would address those. If those are not addressed,
18 please just raise your hand or flip your card or
19 whatever you do so that we will know that you do have
20 a question.

21 I wanted to give a little bit of the

22 background of the ROS. It was initiated back in the
23 fall of 2001. Its intent was to do a comprehensive
24 review of how we operate the integrated Tennessee
25 River reservoir system. It was by far the most
1 comprehensive study that we had done. 101

2 I was involved in the Lake Improvement
3 Plan back in '91, that was a major effort then. This
4 far out-shadowed in terms of the freedom that we had
5 to look at all of the uses of the system. So this
6 was by far the most comprehensive look that had ever
7 been done by the Agency.

8 The purpose was to look and see if
9 there were changes that we could make in the
10 operating policy that would increase overall public
11 value.

12 Now, just a brief rehash of the
13 operating purposes that you heard from Wayne
14 yesterday; commercial navigation, flood risk
15 reduction, reliable electricity, water supply, water
16 quality and recreation.

17 One of the first things that we set
18 about actually looking at was, how do you actually
19 determine public values?

20 You have a set of values. The person

21 next to you has a set of values. From an operation's
22 perspective, I had a set of values. Everybody in the
23 Valley has a set of values.

24 How do we figure out how these values
25 work?

102

1 And what we wanted to do was to figure
2 out a way that we could get input from a broad
3 spectrum all across the Valley. We did this with
4 community workshops. There were like 21 community
5 workshops across the Valley where we had key pad
6 exercises. We did random telephone surveys.

7 I think there were 1,300 people
8 involved in the community workshops. There were
9 about 3,600 people involved in the random surveys.
10 We solicited written comments, of which we got about
11 6,000 individual comments. We had petitions signed
12 by more than 5,000 people. The other parts were, we
13 did have an inneragency team and a public review
14 group which we worked very closely with.

15 So these were the mechanisms by which
16 we looked to see how folks valued the uses of the
17 water in the Valley, and there were some -- there
18 were some differences depending on where we went in
19 the Valley, just like there was some differences in

20 how many participants we had across the Valley.

21 In the community workshops, recreation
22 was by far the highest valued commodity. In the
23 telephone surveys, supporting the environment was the
24 highest value, followed closely by power generation.

25 Once we had the stratification of the
1 data on how the public values the water, we had to do ¹⁰³
2 a lot of detailed technical analysis. This was very
3 broad but very detailed also. We had to be able to
4 look at what the water quality impacts of any policy
5 change were, what the flood risk impacts of any
6 policy change were, and we had to use some very
7 sophisticated economic models to help us evaluate and
8 value what these various operating policies -- the
9 impact that they would have on the regional economy.

10 It was an editive process. As you can
11 imagine, the Board gave us pretty much free rein in
12 terms of what we could look at. Some of the broader
13 guidelines were that we wanted to do nothing that
14 would increase flood risks for events as large as a
15 500-year flood. We did not want a degradation in the
16 water quality across the Valley.

17 With as many projects as we have and
18 as many purposes for which we operate, there is

19 literally an infinite number of operating policies
20 that we could look at. On a technical analysis, what
21 we had to do was figure out a way to windle those
22 down to some workable number. So that's why we say
23 it was an editive process.

24 We started off with about 65. We did
25 not do the full technical analysis on those 65. We
1 dwindled those down to eight that we did go through ¹⁰⁴
2 the full technical analysis, and those eight were
3 presented in the draft EIS. The draft EIS had those
4 eight, one of which, by NEPA requirements, was
5 base-case operation, meaning no change.

6 We had another series of community
7 workshops, not as many. We had 12, I think, where we
8 went out and solicited comments on the Draft
9 Environmental Impact Statement on those eight
10 options.

11 Each of those eight options had some
12 good things associated with it. Each of those had
13 some detrimental things, you know, as I think you
14 have heard over the last couple of days, that the
15 water uses often conflict with each other.

16 So the comments that we got under
17 these meetings where we reviewed the draft EIS with

18 the public, our charge was to go back and to come up
19 with yet another option to try to preserve the high
20 valued parts that were in these options but
21 eliminate, to the extent we could, as many of the
22 negative impacts as possible.

23 And in doing that we came up then with
24 what we called the preferred alternative, and that
25 combined the good parts and eliminated, as much as
1 possible, the bad parts. When I am talking about the ¹⁰⁵
2 bad parts, some of these options had a major
3 detrimental effect on flood risks. So we went back
4 to see, how could we change the policy and eliminate
5 or minimize those flood risk considerations?

6 We will talk about what was actually
7 done in terms of the policy. We will break that down
8 to where we looked at tributaries, as well as the
9 main river. And I want to emphasize a few things
10 here. The drawdown on those tributaries was limited,
11 I highlighted limited in red, limited is not the same
12 as eliminated, but the drawdown was limited from June
13 the 1st through Labor Day on those ten major
14 tributaries.

15 The limiting factor is that the amount
16 of drawdown is subject to each project meeting its

17 own minimum flow requirement, as well as a balance
18 share of the minimum system flow requirement, and we
19 will discuss that minimum system flow requirement
20 here in a minute.

21 We also made some changes in the
22 winter operating zones. This was an area that wasn't
23 looked at in the '91 study. So this was a whole new
24 concept that we would look at and see how much, if
25 any, we could raise the winter levels essentially
1 without impacting flood risks within the stated 106
2 limits.

3 And the winter operating zones, and
4 again, I have highlighted zones because we don't have
5 a certain targeted elevation that we operate at in
6 the wintertime, but the winter operating zones were
7 raised on 11 of the tributaries that you see here.

8 This was based on an extensive flood
9 risk analysis. This was the first time one of the
10 tools that was developed and utilized in the study
11 was a very comprehensive flood risk analysis that we
12 had never had in the Agency before that allowed us to
13 go back and look at about a 100-year historical
14 record.

15 These are standard hydrological

16 techniques that allowed us to extrapolate that up to
17 a 500-year event so that we could do the analysis.
18 So we had a very comprehensive tool that we could do
19 the flood risk analysis with. We looked at 56
20 different damage centers across the Valley as we made
21 that analysis.

22 What changed on the tributaries?

23 The first column, there again, these
24 are the 10 -- 11 major tributaries here in the east.
25 The January median level increased anywhere from 5
1 feet to as much as 15 feet at Nottley, and this was ¹⁰⁷
2 based, again, on the flood risk analysis. We did not
3 just go in and arbitrarily raise all the projects a
4 certain amount. We raised them to the extent that
5 the flood risk analysis said that we could without
6 violating our 500 year no incremental damage
7 guideline.

8 The Labor Day median, and by the
9 median we mean -- what we did was we actually
10 simulated a full 100 years of the hydrologic record,
11 the median is the 50 percentile. So 50 percent of
12 the time you will be higher than the median and
13 50 percent of the time you will be lower, but the
14 changes on Labor Day are shown in the second column

15 that ranged anywhere from zero at Boone to a maximum
16 of about 13 and 1/2 at Fontana. There again, those
17 are not all the time, you know, we did not look at
18 trying to keep everybody up at the same amount.

19 I will explain Boone. Boone already
20 had level elevations through Labor Day. So there
21 wasn't much room for improvement there.

22 Some of the other ones, when we looked
23 at how much they had been drawn in the past, there
24 was some inequities there. What this study did was
25 try to address those and make those fairer.

108

1 To give you an example, under the old
2 policy Douglas went down 4 feet usually between June
3 the 1st and the end of July, whereas, Cherokee would
4 typically go down about 11 feet.

5 So as a part of the study there was
6 obviously more room for improvement at Cherokee than
7 there was at Douglas. So we looked at trying to get
8 rid of some of the inequities that, for whatever
9 reason, had been built in the old operating policy.
10 So this gives you an idea of the type of changes that
11 we're talking about on the various projects.

12 I will use as an example. No engineer
13 can talk without grafts and figures and so on and so

14 forth. So I am going to have several. I want you
15 to -- and these are out on the web site, and this is
16 a mechanism by which we tried to relate to the public
17 what kind of changes they can expect on their
18 reservoir.

19 During the course of the study there
20 were many hydrological scenarios that we looked at.
21 There's wet years. There's dry years. There's,
22 quote, normal years, although I have never seen one,
23 because if it rains -- if you get all the rain in the
24 first six months and no rain in the last six months
25 you have, quote, had a normal year, but you have had
1 a couple of hellacious problems to deal with in the ¹⁰⁹
2 meantime.

3 So what we're trying to get across to
4 the public is the -- that we have a consistent
5 operating policy but you cannot really foretell the
6 results in any given year, and what we want to do is
7 to try to show the range in which they will see any
8 reservoir being operated.

9 So to get in this -- this is what we
10 call an operating guide. This is the elevation of
11 the reservoir. This is the months of the year. Now,
12 there's several pieces of information here that I

13 want you to recognize.

14 No. 1, let's start with the easy one.

15 This set of triangles right here is the operating
16 policy, the median of the policy before we changed it
17 last year. So on a median basis we would go down to
18 about a 1,030 at Cherokee. It would generally reach
19 its highest point about the beginning of June, and
20 then it would start down fairly steeply through the
21 summer and we would be at a low elevation again for
22 flood control at the beginning of the year. So that
23 is the pre-ROS operating -- I won't say it's the
24 policy, but it's the result of the operating policy.

25 After the policy changed what we would
1 expect would be a median curve that looks like this,¹¹⁰
2 higher in the winter because we have raised the
3 winter operating range. Then it goes up actually
4 slightly slower in the spring but it reaches about
5 the same maximum elevation because we are now
6 limiting the amount of drawdown between June 1st and
7 Labor Day. You can see that it's still lowered some,
8 but it does not go down as much, and then we bring it
9 down to the winter level.

10 You can see on Labor Day, which is
11 this point right there, that resulted in about an 11

12 foot change at Cherokee on the -- in a normal year or
13 on a median basis.

14 Some other features that you will see
15 on the guide curve that we will be looking at later
16 is that this is what we call a flood guide. This
17 upper line is the flood guide and that was
18 established through the flood risk analysis.

19 The flood guide means that this
20 much -- this is the top of the gates of the
21 reservoir. That means that at any time of the year
22 this much of the reservoir is reserved for flood risk
23 reduction. We are supposed to have that much room in
24 the reservoir to store high flows in but it allows
25 us -- to temporarily keep water from running down the
1 river we can store it in the reservoir temporarily,¹¹¹
2 and then we will recover the flood space to get it
3 back down to the flood guides.

4 And the fact that you need more space
5 in the wintertime than you do in the summertime is
6 reflective of the hydrology in the region that stays
7 your greatest risk of major flooding is during the
8 winter and early spring months.

9 Now, one other thing that I want to
10 point out is that when we look at a few of the other

11 projects after while, this does come down a little in
12 the summertime but it stays up fairly high. You will
13 see that that flood guide will have various shapes
14 for various reservoirs located in other parts of the
15 Valley because the historical record is not all the
16 same. The historical record suggest that in some of
17 the areas of the Valley we are prone to having
18 hurricanes, remnants of hurricanes later into the
19 fall that were manifested in the hydrologic record,
20 and therefore, just like we did not make wholesale
21 similar changes everywhere, the location of that
22 flood guide for any given project is dependent on the
23 hydrologic record for that project.

24 And the last thing -- the second to
25 the last thing, this is called the balancing curve. 112
1 We have never had a balancing curve before the ROS.
2 And simply what this means is that as we attempt to
3 or as we meet our downstream flow requirements, if
4 there's not enough natural water coming in to meet
5 those flow requirements and we have to draw water out
6 of these tributaries, we had to figure out a way of
7 doing that equitably.

8 We do that by having -- by looking at
9 the flood guide and the balancing guide and within

10 the limits of what mother nature gives us, if we need
11 water, we want to take a proportional amount out of
12 each of the reservoirs. That means that on any given
13 date, for example, Labor Day median, if you're this
14 close to the balancing guide at Cherokee, you should
15 be the same relative distance to the balancing guide
16 in all the other projects.

17 Now, if one reservoir had 5 inches of
18 rain in August and another reservoir only had 1 inch
19 of rain, we may or may not be able to balance them
20 completely, but the concept is that as we need water
21 we will pull it out of those pools in a proportionate
22 share.

23 The last thing that I want to
24 emphasize, and probably the newest thing on the web
25 site, and what we're really trying to emphasize is
1 that especially here in the summertime, this is now a ¹¹³
2 flow driven system. We do not tell people we are
3 targeting this elevation at Labor Day or this
4 elevation at Labor Day. What we have are flow
5 targets that we're trying to hit out of Chickamauga.

6 We will hit those flow targets, and
7 then if it's a wet year we will have to pull less out
8 of the tributaries than if it's a dry year. So the

9 shaded area now represents, based on the 100 years
10 worth of modeling, we expect to be within that shaded
11 band 80 percent of the time.

12 So we want folks to think about a
13 realistic look instead of being at a certain
14 elevation at a certain time of the year. We expect
15 the reservoirs to be in this range of elevation at a
16 certain time of the year. And that's about four out
17 of five years they should be within the shaded band.

18 You say, well, what happened to the
19 other one in five years?

20 Well, one in ten years we expect them
21 to be higher than the shaded band. One in ten years
22 we expect them to be lower than the shaded band.

23 We talked about downstream flow
24 requirements. Most of these projects have their own
25 minimum flow requirements that we have to meet.

114

1 Those are fairly small compared to the flow
2 requirements further downstream. The one that really
3 drives the system in the summertime is the flows out
4 of Chickamauga, and this is the tiered approach.

5 If you look at June the 1st -- whoops,
6 I hit the wrong button. Excuse me.

7 If you look at June the 1st through

8 Labor Day, we actually have two sets of minimum
9 flows. One set says that we will run 13,000 out of
10 Chickamauga for the first two months of the summer
11 and then for August through Labor Day we will run a
12 minimum flow of 25,000. This is if we have limited
13 storage in the tributaries.

14 We have kind of a -- if you can
15 envision kind of a composite reservoir where we add
16 them all together and look at the combined volume, if
17 that volume is fairly low, we will run the lower set
18 of minimum flows. If we're on the higher tier, it
19 actually starts at 14,000. It steps up 1,000 a week
20 during the month of June and steps up 2,000 a week
21 during the month of July, and then we will run at
22 29,000 on August 1st through Labor Day.

23 That higher tier is really the
24 preferred tier for a number of reasons. It enhances
25 water quality, the more water we can put through the
1 system. It helps us in terms of getting water 115
2 downstream for water supply, particularly for the
3 thermal plants. It helps out in terms of hydro
4 production in terms of the generally higher load part
5 of the season here.

6 So that is the flow targets that we

7 tried to hit starting June the 1st of last year, and
8 I will show you how we did on those here in a minute.

9 Now, the next -- if you'll remember,
10 what we're trying to do is to be fair on the
11 tributaries and to run the tributaries in a balanced
12 fashion. And if you think about the balancing guides
13 and the flood guides, if we were perfectly balanced
14 all the reservoirs would be -- there would be an
15 equal distance between the balancing guides and the
16 flood guides.

17 So now I am going to get into what
18 happened actually starting June the 1st of last year.
19 That doesn't look real balanced. If you look -- this
20 is what we call a balancing ratio, and I don't want
21 to wear you out with a lot of terms here, but
22 essentially if you were at the lower curve, if you
23 were at the balancing guide, you're at zero. If
24 you're at the flood guide you're at one.

25 So, you know, we did this study. A
1 lot of the staff worked on this for two and a half
2 years. It's exciting and rewarding and frustrating
3 and challenging and all of that. The Board voted
4 this in in May and then they come in and say, okay,
5 now, we have to make it work. So this is kind of

6 what we were up against on June the 1st of last year.

7 Last year was a very good example of
8 the case of the have's and have not's in terms of
9 reservoir levels at the beginning of the year. The
10 southeastern part of the Valley, including Fontana,
11 Nottley, Hiwassee, Blue Ridge had not gotten enough
12 rain to fill the pools.

13 So on June the 1st they were just
14 barely -- as matter of fact, Fontana wasn't even at
15 its balancing guide yet, nor was Hiwassee. Nottley
16 was right at the balancing guide. Whereas, these
17 guys were at or higher than flood guides. So that is
18 a matter of where the rain happened to fall within
19 the spring period. So this is the way the system was
20 unbalanced at the beginning of June due to mother
21 nature.

22 So what we did, we started without
23 running at minimum flow requirements out of
24 Chickamauga. In addition to, because these guides
25 were above flood guides, we're trying to get them
1 back down. So we're trying -- we start off at the
2 1st of June working at trying to fill these four and
3 we're worried about flood control on these. We're
4 worried about getting them back down to flood guides.

5 So I will show you another snapshot
6 now. By July the 4th, based on the weather that we
7 had and the operating policies that we went through,
8 we had done a pretty good job of, at least, having
9 better balance on the system. We're still
10 fighting -- June was a pretty wet month last year.
11 We're still fighting to get these down to flood
12 guides.

13 Essentially we backed off and used
14 Fontana very little. This was one of the changes
15 that happened as a result of the ROS. Because it was
16 a have not at the beginning of the summer, we did not
17 use it much. Nottley, Hiwassee, still trying to get
18 them up to flood guides, but essentially by the 4th
19 of July we had made a pretty good effort to bring
20 everybody up to the same relative position.

21 Now, one thing that we did do below
22 Hiwassee, below Appalachia, which is immediately
23 downstream of Hiwassee, it uses Hiwassee release
24 water.

25 Another part of the ROS was a rec
1 schedule for the tailwater release downstream of
2 Appalachia, which I think it calls for about eight
3 hours of two-unit use every day of the week.

4 Because Hiwassee was not where we
5 wanted it to be, we actually curtailed that rec
6 schedule and ran much fewer hours out of Appalachia
7 in an attempt to leave more water in the Hiwassee
8 pool.

9 So that's one of the trade-offs that
10 we made. We sent notices out to the outfitters that
11 they would have a reduced rec schedule until Hiwassee
12 got back up near where it should be for that time of
13 year. So that's a snapshot on July the 4th.

14 The snapshot on August the 1st is that
15 everybody is in fairly good shape now, except for
16 Hiwassee. We just can't get Hiwassee up. It just
17 doesn't have the rainfall. Everybody else is just
18 within striking distance of the flood guides. So
19 they are up about as high as allowed on August the
20 1st except for Hiwassee.

21 Now, if there is a silver lining in
22 every cloud, it would be that we were doing some
23 spillway pier work at Hiwassee. So if there had to
24 be -- and I'm sorry, Bill, but if there had to be one
25 project that wasn't completely full, we would have
1 picked Hiwassee for it not to be completely full 119
2 because we were doing some work on the spillway pier,

3 but this is the snapshot on August the 1st.

4 So everybody is in good shape now.
5 We're not getting any letters. Actually, we're
6 getting a thank you letter every now and then, which
7 is almost unheard of.

8 MR. BILL FORSYTH: Hiwassee was even
9 better.

10 MR. MORGAN GORANFLO: Huh?

11 MR. BILL FORSYTH: Hiwassee was even
12 better.

13 MR. MORGAN GORANFLO: So we go now to
14 looking at what happens between August 1st and Labor
15 Day, and these grafts are at the same scale.

16 Okay. This is Labor Day. So what has
17 happened is that we have met the targeted flow out of
18 Chickamauga, 29,000. August turned out very dry. So
19 we're pulling water out of all the pools. And you
20 can see now that, by and large, we're fairly well
21 balanced, except for Hiwassee and for Blue Ridge.

22 I will show you why that happened here
23 in a minute, but you have essentially come down from
24 almost flood guides on August 1st to about an average
25 of 20 percent of the distance between the balancing
1 guides and the flood guides for all of the

2 tributaries.

3 You say, well, what happened to
4 Hiwassee? They didn't get full and now it's the end
5 of the summer and they are not even as good a shape
6 as others.

7 Well, what happens on some of these,
8 on Labor Day, this is an example of, remember how the
9 Cherokee flood guides stayed high well over through
10 here because the flood risk analysis said that that
11 was acceptable. That was not acceptable at Hiwassee.

12 As a matter of fact, Hiwassee has a
13 very narrow band right here on Labor Day. So if they
14 are a few tenths of a foot out of kilter compared to
15 the rest of the reservoirs, it looks very bad on the
16 balancing ratio because that operating zone is so
17 small. That's about a foot and a half zone there.
18 Whereas most of the other zones are 10 feet or so.

19 So if we ended up, say, maybe
20 three-tenths of a foot low there, it shows up as a
21 horrendous out of balance when it's not really as bad
22 as the graft suggests, but there was another reason
23 for that; and that is, you know, normally you get
24 through the summertime and through Labor Day and you
25 have gotten through the hydrothermal season. You're

1 not worried about keeping the thermal plants on-line.
2 You can sort of kick back and work on your budgets
3 for the next fiscal year and work on your indicators
4 for the current year, but that wasn't to be because
5 what happens starting about the 1st of September was
6 three hurricanes decided to come through.

7 So part of this right here, the first
8 hurricane was expected to hit the southeast corner of
9 the Valley more. So we did not -- really, we
10 actually intentionally pulled a little extra water
11 out of those projects because of the hurricanes
12 forecast. Little did we know that that was just the
13 tip of the iceberg.

14 Whoops, I had the Cherokee in there.
15 You can make the comparison. This is the zone. This
16 is the balancing guide and flood guide at Cherokee.
17 This is the distance that we have to work with at
18 Hiwassee. There again, that's what makes the
19 balancing ratio vary a lot on Labor Day.

20 Before we get into the hurricane
21 season I am going to show you -- reshown you what the
22 targeted minimum flows out of Chickamauga were and
23 what we actually ran out of Chickamauga.

24 The red is what we actually ran.

25 Remember, we have the lower tier minimum flow
1 requirements, the blue line. We have the green tier. 122

2 And we had enough storage in the system that we were
3 actually targeting the green line for last summer,
4 and this is what we actually ran.

5 You can say, well, why in the world
6 did you run so much during the months of June?

7 Why did we run so much more than the
8 targeted minimum out of Chickamauga?

9 It was because those four big
10 reservoirs in this part of the Valley in the
11 northeastern and the eastern part of the Valley were
12 higher than flood guides and we were running water
13 out of those trying to get those down at the same
14 time we were trying to fill the other projects.

15 So this water right here above the
16 minimum requirements is water that we moved to get
17 those projects back down to flood guides. That was a
18 result of the wet June. And in fact, we did not get
19 everybody down to a flood guide until about the
20 middle of July. And as soon as everybody got down to
21 flood guide, then we start running the actual minimum
22 flow requirements.

23 And we really take this very seriously

24 in the forecast center. The first week this was kind
25 of a cake walk because we didn't have to worry. We
1 had so much water that we didn't have to worry about ¹²³
2 whether we were exactly hitting the minimum flow
3 requirements.

4 Finally, when we got things down, then
5 we want to hit this. This was -- 21,000 was the
6 target and we actually ran 21,300 that week. So it's
7 not bad, but we weren't happy with that, and part of
8 implementation rules says that if you run extra one
9 things you run less the next week.

10 So if you see the difference the
11 between green line, the next week we ran that much
12 less. Next week the flow was 23,000, so we ran at
13 22,7000 so that it actually met what the minimum flow
14 requirement was over the two-week period.

15 Our indicated is that we want to be
16 within a certain percentage of the targeted minimum
17 flow each week. The criteria is like 500 CFS but we
18 also want a running limit throughout the summer, a
19 cumulative limit of no more than 500 CFS. Therefore,
20 if we run more than we should have one week, we will
21 make it up and run less the next week, unless we're
22 doing it for flood control.

23 We got over here right at the end.
24 This is when the hurricane came in. We got there
25 with the first forecast and we felt that there was
1 prudence to go ahead and run a little extra water, 124
2 mainly out of those southeastern projects getting
3 ready in case the hurricane happened as forecasted.
4 So that was our guidelines for operating during the
5 summertime and how we did it.

6 There were some exceptions on the
7 recreation flows. I think one of the questions is,
8 how did the outfitters get along last year?

9 Part of the ROS, we did more
10 predictable recreation flows out of Watauga, out of
11 Norris, out of Appalachia, and out of Ocoee No. 1.
12 This was another fairly unusual circumstance
13 because -- I keep hitting the wrong button -- because
14 of the low Hiwassee pools, we actually had to curtail
15 the amount of recreation irons that we did downstream
16 of Appalachia.

17 However, at the same time we're doing
18 that, because Norris had excess water in the
19 reservoir and one of the recreation flows at Norris
20 for fishing is that we're off for ten hours in the
21 morning and then we go to one unit use for four hours

22 and then we go to two knit use for two hours.

23 Because we had so much water in the
24 pool, we had to curtail those recreation flows of
25 zero hours and actually run water. So in one part of
1 the Valley you're cutting back on the amount of water ¹²⁵
2 you're running for recreation flow, which was
3 interrupting recreation, and in another part of the
4 Valley you're running more water than they use for
5 recreation. So those were two of the exceptions.

6 There again, as we went over it, we
7 did balance the system to the extent that it's
8 possible, yet, with a wide range of special
9 hydrological variability. You know, those are good
10 engineering terms meaning that it rained some places
11 and didn't rain others.

12 The rest of the story: The story does
13 not stop on Labor Day. We had an extremely wet fall
14 overall. Most of the fall was spent trying to get
15 down to flood guides at many locations. Hurricanes
16 affected parts of the Valley on three occasions.
17 Probably the most staggering statistic was two
18 consecutive events at Mount Mitchell that dumped a
19 total of 35 inches of rain on Mount Mitchell in the
20 month of September, which was in the Douglas

21 watershed.

22 Many of the tributary reservoir users
23 saw what we would consider unusually high levels
24 during much of the fall. We had a large December
25 flood. This was primarily down on the lower part of
1 the system downstream of Chattanooga. We had an 126
2 average of eight or ten inches of rain on the lower
3 part of the system.

4 And, of course, about the time we get
5 rid of that excess water, then the winter has been
6 dryer than normal, down to about 65 percent of normal
7 rainfall for the winter, and we had had what I call
8 intermittent excursions below flood guides.

9 Now we're going to actually look at
10 what this meant in terms of some of the reservoirs.
11 Well, this is Douglas. By the way, this is kind of a
12 snapshot of what the new web page is going to look at
13 pending approval.

14 Again, we have got the shaded band
15 that we expect to be in 80 percent of the time, the
16 blue curve is the flood guide. Now, this actually
17 starts back last June, just about the time you get to
18 looking at a flood guide, it goes from January
19 through December, we're going to throw an 18-month

20 one up that starts back in June.

21 The red line is where we actually
22 operated the reservoir in June, July and August. You
23 can see how much it went down during the months of
24 August through Labor Day as we met the downstream
25 minimum flows.

127

1 We got hit with one Hurricane that
2 popped us back up to well above the flood guides,
3 released a lot of water trying to get it back down
4 before the next one come in and it popped up, didn't
5 completely fill the reservoir, but we were running an
6 awful lot of water out of Douglas last year.

7 Then we were chasing this flood guide
8 all the way down, essentially did not get down to
9 flood guide until after the first of the year. And
10 when I say that many reservoir users saw unusually
11 high levels, remember, four out of five you expect to
12 be within the gray bands. So this was that one in
13 ten wet years in terms of the fall.

14 What happened when we finally got down
15 here and hit the flood guide, a lot of people think
16 that you stop when you get to the flood guide, you
17 know, that was never the intent of the ROS. There is
18 still an operating zone in the wintertime that allows

19 us when it gets dry to go ahead and use some of the
20 pool.

21 So I think this was somewhat -- well,
22 we received a lot of comments from people when we did
23 not -- I think that's 954 at Douglas and the day
24 after we went below 954 the e-mails started coming
25 in. Essentially this allows us to -- just like this
1 year when we have some dry periods in the wintertime,¹²⁸
2 this allows us to use some of the pool to keep water
3 going down the river for multiple purposes. That's
4 why I think it's important that as we work with the
5 constituents that we emphasize that we have an
6 expected operating range that we will be in 80
7 percent of the time.

8 If we look at Tims Ford, and I have it
9 on here for another reason, it did not have any
10 changes on its operating guide. The flood risk
11 suggested that we could not raise the levels at Tims
12 Ford any. For anybody in the room that wonders if we
13 ever run out of storage in a reservoir, here's an
14 example where we ran out of storage in a reservoir.

15 These are midnight elevations. We
16 actually got right up at the top of the gates. This
17 is on the lower end of the system. We completely

18 utilized every inch of storage in the Tims Ford
19 reservoir during the December flood.

20 So is it possible that these
21 reservoirs will fill up and not have enough storage
22 capacity, yes, it is. We came awful close to seeing
23 that back in Hurricane Ivan, some of us did, and the
24 rainfall did not materialize as was forecasted
25 overall for most of the Valley. Had it we would
1 have -- if it had been as heavy as forecasted, we 129
2 would have had a catastrophic flood event with the
3 potential amount of rainfall that was associated with
4 that system.

5 I don't want to forget the main river
6 changes. Some of those haven't been seen yet.
7 Filling operations on Fort Loudoun, Watts Bar and
8 Chickamauga will now occur in two stages, and that
9 will be happening within the next three or four
10 weeks.

11 Spring fill will start April 1st given
12 some rainfall as it always have. However, we will
13 only fill those pools halfway up during the first
14 week and then we will gradually fill them to the full
15 summer pool by May the 15th.

16 Now, remember, these main river pools,

17 they don't have near as much fluctuation. You're
18 only talking about an average of 6 feet between the
19 winter level and the summer level. This will
20 actually give us additional flood damage reduction on
21 the Tennessee River for those late April, early May
22 flood events.

23 We spent some time -- Phil, I don't
24 know if you read the article by Bob Hodge in the
25 paper or not. We tried to display it. When we did
1 this, a lot of the main river people felt like we 130
2 were delaying their fill so we could have more water
3 in the tributary reservoirs. And if nothing else, I
4 hope that article in the Sentinel, at least,
5 decoupled that because it's not an issue of having to
6 make up for water that we gave away in the tribs.

7 What happened was that we had had --
8 in the historic record we had had one large May flood
9 that occurred back in 1984 that did cause some fairly
10 severe flooding at Chattanooga. Well, a May flood is
11 what we would have considered at that time somewhat
12 out of season. That's very late. You kind of
13 scratch your head and wonder, well, where is that an
14 outlier in the hydrologic record. It's only happened
15 once that we had a large May flood.

16 As luck would have it or unluck, or
17 however you want to look at it, nearing the
18 completion of the ROS study we had another large
19 early May flood at Chattanooga and we felt like, hey,
20 you know, this has happened twice in the last 20
21 years now, are we filling these main river pools too
22 fast?

23 Essentially the way we used to operate
24 them was you go from maximum flood storage capacity
25 on March the 31st to minimum flood storage capacity
1 on April the 15th and does that flood risk really ¹³¹
2 change that much over a two-week period?

3 We went back and relooked at the
4 analysis, and that is how we came up with not
5 actually completing the fill on the main river
6 reservoirs until May the 15th.

7 The summer operating zones, we did
8 maintain the pools higher through Labor Day at
9 Chickamauga, Guntersville, Wheeler and Pickwick.
10 They were extended formally from August 1st to
11 November 1st at Watts Bar, and the only winter change
12 we made on the main river was to raise the Wheeler
13 minimum elevation by one half a foot to give us the
14 11 foot channel all the way up through Wheeler

15 Reservoir.

16 To show you how this was actually
17 operated, this is at Watts Bar, again, the shaded
18 area is kind of the normal operating range. This
19 used to fill all the way up here by the middle of
20 April and now you can see we start the fill at the
21 same time but then we kind of taper it over.

22 Here's an example of what happens
23 during Hurricane Ivan if we have a normal range of
24 740 to 741 at that time of year. However, based on
25 those rainfall forecasts being so heavy, we actually
1 took a foot -- an extra foot out of Watts Bar right ¹³²
2 ahead of Hurricane Ivan. And then, of course, they
3 did get some of the rainfall. They went up to about
4 744 there.

5 You can see how we -- there again,
6 this is regulating floods during the last part of
7 November, early December, but that's how we have
8 operated Watts Bar since the ROS.

9 The other changes, as I have
10 mentioned, we did do four new recreation releases.
11 Those were Ocoee 1, Appalachia Norris and Watauga
12 Wilbur. We increased the minimum -- excuse me. We
13 increased the minimum flow out of South Holston.

14 We have the provision to increase the
15 minimum flows out of Kentucky Dam. When the Ohio
16 River is at flood stage, we will go up to as much as
17 25,000 steady flow out of Kentucky in order to
18 maintain a higher tailwater there.

19 One of the other things that we did
20 change was to maintain a minimum flow below
21 Appalachia Dam -- between Appalachia Dam and
22 Appalachia Powerhouse, which was normally a dry
23 section of the river because the penstock actually
24 bypasses the river.

25 We did that -- and that's the slide
1 that I am going to end up with. We did that by 133
2 actually spilling water through the spillway. It
3 looks like a lot of water. It's really only 25 CFS,
4 but that is the way that we're meeting the minimum
5 flow requirements in that cutoff downstream of
6 Appalachia.

7 I think at that I am going to quit and
8 answer any questions. Any TVA staff that deferred
9 questions to me that I haven't answered or if you
10 have questions that you want to ask, please feel free
11 to do so.

12 CHAIRMAN BRUCE SHUPP: Questions?

13 Tom.

14 MR. TOM VORHOLT: Morgan, I would have
15 been interested to see a chart of the flows through
16 Chickamauga September through December because there
17 was some periods where there were some hellacious
18 flows through there.

19 Did that -- did that cause any
20 constraints with the new operating plan and the ROS?
21 Did Chickamauga come close to being a pinch point as
22 far as the flows through there?

23 MR. MORGAN GORANFLO: No. At that
24 time of year we were down low enough in the tribs
25 that we could store -- we were able to store what we
1 could in the trib. 134

2 What Tom is referring to is that when
3 we are moving -- if we have to go to a release of
4 90,000 CFS out of Chickamauga, that water gets so
5 turbulent downstream of the lock that they -- the
6 Coast Guard actually halts commercial navigation. So
7 that means that lock is closed. There's no way to
8 get on the upper river.

9 This is particularly -- I think in
10 this particular instance it was very critical to
11 Bowater Corporation who -- Olin, Olin, excuse me, who

12 has a distance time inventory policy. They probably
13 had may 10 to 14 days of salt for one of the
14 projects. We had all the salt sitting on barges
15 downstream of Chickamauga with no way to get it
16 through the lock at Chickamauga, and I think that
17 lock was closed maybe 12 to 14 days. I do not think
18 that it would have been any different under the older
19 operating policy.

20 The main river pools was still down
21 and we were still storing water up in the tribs. It
22 was just an awful lot of water for that time of year.

23 MR. TOM VORHOLT: It was Olin who was
24 in a critical situation. I think it was probably, at
25 least, 14 days that the river was closed.

1 Again, my -- in the larger context, I 135
2 don't remember what the largest flow through there
3 was during that period. I mean, if you go back to
4 your earlier presentation, in the summer you were
5 running -- I think you had 45,000?

6 MR. MORGAN GORANFLO: Right.

7 MR. TOM VORHOLT: And I -- do you
8 know -- I know navigation stops at 90,000 CFS.

9 MR. MORGAN GORANFLO: We were up at
10 about probably 130,000 maximum.

11 MR. TOM VORHOLT: So you weren't
12 stressing or pushing the system as far as moving
13 water through there?

14 MR. MORGAN GORANFLO: Well, we were --
15 there's people down in South Pittsburg and -- of
16 course, now, we were putting out -- I'm trying to --
17 I may be making an assumption of where you -- we were
18 not near the critical flood stage at Chattanooga. So
19 one question would be, well, if we had gone on up in
20 the discharge at Chattanooga and got the water passed
21 there faster, would we have gotten the lock open
22 earlier?

23 MR. TOM VORHOLT: Yeah, I mean, that's
24 part of the question.

25 MR. MORGAN GORANFLO: Okay. The 136
1 reason that we would not have wanted to have done
2 that is that this was a very large flood on the lower
3 part of the system. We were putting 400,000 CFS out
4 of Pickwick and a lot of flooding down in the
5 Savannah area immediately downstream of Pickwick.

6 If we had gone up higher out of
7 Chickamauga they would have had to deal with that
8 water faster. So we were kind of rationing it out
9 there so as not to make it any worse than we had to

10 further down the system.

11 400,000 CFS is a lot of water out of
12 Pickwick. It was, I think, about a one in ten year
13 flood at some of the locations immediately downstream
14 at Pickwick. So we did not want any more water
15 downstream.

16 MR. TOM VORHOLT: It was an incredible
17 situation. And for those around the table and in the
18 room, I would like to say TVA's River Operations
19 Group did a fantastic job through this situation, and
20 it's a group of true professionals, in my opinion.

21 MR. MORGAN GORANFLO: Thank you. Any
22 other questions or compliments?

23 MR. MIKE BUTLER: I had asked a
24 question. I think I had talked to Bridgette about
25 this several months back, and I know this is early on
1 in the application of the new ROS and the new guide ¹³⁷
2 curves and things like that, but is there a plan that
3 has been developed or are you in the process of
4 developing a monitoring plan to look at -- I know
5 there's ongoing water quality monitoring that y'all
6 do. I know there's other things that you do that
7 are -- that have been monitoring in terms of physical
8 characteristics of water.

9 Is there any other plan to look at in
10 conjunction with maybe state agencies or other people
11 that could go out and monitor the effects of the
12 changes that the ROS may be having upon the physical
13 environment of the river system?

14 MR. MORGAN GORANFLO: I think there's
15 what, 156 various studies monitoring work that's
16 going on this year as a part of the ROS and actually
17 part of our performance indicators for the RSO&E
18 group. So that is being looked at very close.

19 I am not very familiar with all of the
20 specifics of all the areas being looked at. One
21 thing that I failed to mention that I should have
22 mentioned is that we are enhancing two aeration
23 facilities at nine of the projects this year. When
24 you retain water in the reservoirs longer, our
25 studies indicated that we needed enhanced aeration
1 capabilities at several of the projects. 138

2 So we are adding either oxygen
3 diffusers with oxygen tanks. We're looking at some
4 more aerating runners and so on. So we are making
5 some fairly significant capital expenditures to
6 enhance our aeration capability hopefully in time for
7 this fall's aeration season.

8 MR. MIKE BUTLER: There's no question
9 that y'all have been a leader internationally in
10 tailwater improvement and I wish -- if you have any
11 of those things left over, please give them to the
12 Corps of Engineers so we can take them and put them
13 on the --

14 MR. MORGAN GORANFLO: Actually, the
15 group that does that gets a lot of requests for
16 information. Some of the retirees from TVA that were
17 involved in some of those earlier studies have also
18 started helping other federal agencies. So the word
19 and the expertise is actually gradually filtering
20 out.

21 Right now we have got our hands full
22 with the -- you know, we have got a very aggressive
23 schedule this year in terms of getting new aeration
24 equipment in, and we're working very hard and heavy
25 on our own projects this year.

1 CHAIRMAN BRUCE SHUPP: The order that 139
2 came up, Bill.

3 MR. BILL TITTLE: Morgan, I want to
4 mirror what Tom said, I too commend your River
5 Operations people. We started lobbying in September
6 when we saw the forecast for rain, and we appreciate

7 TVA's balanced approach, but I will have to admit we
8 were lobbying to forget balance and forget Douglas
9 and navigation and flow and dump that water above us
10 so you can hold back this rain that's coming and, you
11 showed that you-all did some of that. And I know,
12 again, you practiced a balance approach, but our job
13 was to lobby for all the water dumping we could get
14 to prevent that from happening.

15 If that rain had come what you did
16 helped, but it would have been really catastrophic
17 because it would have been more water than you could
18 have handled, but we appreciate on a continuing
19 basis -- back in May 2003 when we had the big flood,
20 your folks were very responsive 24 hours a day. We
21 even had cell numbers of Chris Hughes and others that
22 we could reach, and we appreciate that.

23 MR. MORGAN GORANFLO: Okay. Thank
24 you.

25 MR. PHIL COMER: I wanted to comment
1 to Morgan and to others around the table that on 140
2 Douglas there are five significant commercial
3 marinas, there are more than that but there are five
4 bigger ones, and this is the first year, this winter
5 that just past is the first time that they -- these

6 five large marinas have not had to move certain of
7 their covered slips or their docks clear out into the
8 water, which is a massive expensive thing for them to
9 do, but the additional, and I am going to call it
10 13 feet, although that's not correct, Morgan, and I
11 know that, made that much difference and they were
12 very, very appreciative.

13 I mean, you know, I got phone calls
14 from them and I encouraged them to send you phone
15 calls and emails because it really was an enormous
16 benefit for these five big marinas, the fact of that
17 additional footage.

18 The email you got when you dip below
19 the 953, which I -- I knew 953 was not a sacred
20 bottom at all, but because of old habits we all
21 tended to think in terms of 953, even though we knew
22 better by looking on the website, and that became
23 951.4 touched bottom for one of the major commercial
24 marinas and that's when they really got panicked
25 because they were going to lose, you know, \$100,000
1 if it went another foot down. So there were many 141
2 prayers that it wouldn't go any lower. Overall, the
3 new thing has been a real commercial benefit to those
4 marinas.

5 An anecdotal reaction that I get
6 around the Douglas Lake area is that, to my surprise,
7 wintertime fishing has apparently been significantly
8 higher, just that much of added improved winter level
9 has apparently made a significant difference from --
10 I don't mean commercial fishermen but the commercial
11 effect of people coming from Kentucky and North
12 Carolina to go fishing on that lake. So it has
13 really been a significant improvement.

14 CHAIRMAN BRUCE SHUPP: Ken.

15 MR. KENNETH DARNELL: Can you
16 elaborate more on the increase flow out of Kentucky
17 Dam and what effects that has on the Kentucky
18 reservoir?

19 MR. MORGAN GORANFLO: Okay. What
20 happens is if the Ohio River gets low and we use the
21 Paducah stage, we try to maintain a tailwater
22 elevation, I think, of, I would have to look, either
23 301 or 302. 302 is the tail water. And if the Ohio
24 River gets low enough, we will run as much as 25,000
25 CFS out of Kentucky Dam on a continuous basis. In
1 other words, we will stop using it for peaking power ¹⁴²
2 where you have got maybe 50,000 part of the day and
3 only 10,000 part of the day. We will level that out

4 so as to try to maintain that minimum tailwater so
5 that they will have 12 feet of clearance over that
6 lower seal on the Kentucky lock.

7 It doesn't actually -- it will rarely
8 be required. It's just kind of a safeguard to help
9 us keep that tailwater from dropping out. I don't
10 really think you will see a difference on Kentucky
11 Lake because we'll actually be moving the water all
12 the way down the river.

13 It's not -- I'm not saying that we
14 will drop the levels out of Kentucky in order to do
15 that. We would look at where we're going to get that
16 water from throughout the whole system.

17 CHAIRMAN BRUCE SHUPP: Morgan, I have
18 a statement and a question. The statement is that
19 this was a tremendous achievement by TVA and a
20 significant change to a lot of people's lives.

21 My question is: Have you taken
22 advantage of the public relations potential of this
23 to tell people of the Valley, number one, what
24 happened with these changes, what it means to them
25 and what it cost TVA?

1 Have you made any efforts to do that?

2 That's the question to the whole staff.

3 DR. KATE JACKSON: I mean, the answer
4 is yes. We have worked really hard on communicating
5 that, not just via the web site, but Morgan has been
6 on the road, as have many of Janet's staff to talk
7 about this, but the issue is -- it doesn't generate a
8 lot of interest so that it doesn't end up in the
9 newspaper very frequently because it's not a good
10 story. I mean, it's a good story, but it doesn't
11 sell newspapers.

12 So, you know, the issue is, it's hard
13 to propagate that discussion. I mean, we have tried
14 really hard to talk about it.

15 CHAIRMAN BRUCE SHUPP: What can your
16 partners do to help?

17 DR. KATE JACKSON: You can talk about
18 it.

19 CHAIRMAN BRUCE SHUPP: And Miles, your
20 group certainly --

21 MS. MILES MENNELL: We have talked
22 about it.

23 DR. KATE JACKSON: We invite you to
24 talk about it.

25 CHAIRMAN BRUCE SHUPP: Austin.

1

MR. AUSTIN CARROLL: Of course, on the

2 Kentucky Reservoir it's still being operated
3 according to the old program. There were no changes
4 made there.

5 There was some -- and I understand
6 that it was primarily the Corps of Engineers blocked
7 that because of concerns of what would happen if it
8 was held up longer on the lower Ohio and Mississippi.

9 There was some talk about doing a
10 study to see what those effects would be and to see
11 if it would be -- you know, actually be detrimental.

12 Has there been any progress on looking
13 at that or initiating any kind of study of that?

14 MR. MORGAN GORANFLO: The Corps of
15 Engineers as far as -- one of the -- you know, we
16 could draw a boundary around the system that we
17 wanted to look at in terms of flood control.

18 When we change -- we had to prove
19 essentially to the Corps that we were not
20 significantly changing the inflows to Kentucky
21 Reservoir as they would impact flooding further down
22 the Ohio and the Mississippi.

23 Their main concern is if we change the
24 flood guide, hold more water in Kentucky later, how
25 it effects the lower Ohio and the Mississippi River.

1 We just had to model 40,000 square
2 miles. When you start talking about trying to do a
3 similar flood risk model for large floods on the Ohio
4 and the Mississippi River, that is a very major job.

5 But don't forget, the only -- the
6 Corps was only one of the concerns raised about
7 extending levels down at Kentucky. U.S. Fish &
8 Wildlife had concerns and the state resource agencies
9 also had concerns. So it's not -- it wasn't just the
10 Corps, it was several agencies down there.

11 CHAIRMAN BRUCE SHUPP: All right. Any
12 more questions?

13 MR. MORGAN GORANFLO: I think
14 getting -- now that I have said what I said, to
15 answer your question, I'm not aware that the Corps is
16 seeking funding to do any major study on the lower
17 Ohio and the Mississippi River. I think that was the
18 question. I don't think they are moving that way at
19 all.

20 MR. TOM VORHOLT: Do you know if they
21 are doing anything with Olmstead? I know Olmstead is
22 under construction coming on-line 2010, 2011. They
23 may be doing some of that in conjunction with that
24 lock. I don't know.

25 MR. MORGAN GORANFLO: I don't think 146
1 so. That's essentially, more or less, a run of the
2 river low -- what we would call a low navigation dam,
3 and I'm not aware that they would have done any flood
4 studies in the context of doing that project.

5 MR. TOM VORHOLT: I would like to see
6 the Corps step up and do something. I mean, like
7 everybody else, they've only got so much money to
8 work with.

9 CHAIRMAN BRUCE SHUPP: Thank you very
10 much, Morgan. Good job. Appreciate it. Lunch down
11 the hall past the elevators, right at the end of the
12 hall where we were yesterday for our little meeting,
13 and there's a sign. We will be back here at 1:00.

14 (Lunch recess.)

15 CHAIRMAN BRUCE SHUPP: Okay. We're
16 going to begin the afternoon session with Improving
17 Review of Requests for Changes in Land Plans, and
18 Bridgette Ellis is going to kick that off, and then
19 we have some outside speakers.

20 Bridgette.

21 MS. BRIDGETTE ELLIS: Thanks, Bruce.
22 Okay. I guess my job this afternoon is to try and
23 keep you guys awake after that really good lunch,

24 right?

25 Okay. Here we go. All right. I am
1 going to do this somewhat similar to what I did this ¹⁴⁷
2 morning. I am going to go over some background
3 information and the context for this particular
4 subject that we have been on.

5 First and foremost, we will go through
6 some previous presentations and the highlights of
7 some of those, also what our ownership patterns look
8 like and how much land we own all across the
9 reservoirs, and then also give you a high level
10 overview of the planning process, how we go about
11 planning for the lands across the Valley, and then
12 also, how do we look at land use reviews.

13 I want to articulate a little bit
14 about how that is different maybe from requests we
15 get former permitting for shoreline access and make
16 sure we understand the differences there.

17 Then I want to talk a little bit about
18 the comments that you-all have raised and the advice
19 that you have given us in previous councils and then
20 what we have done to that with date and then
21 introduce the subject really, which is the questions
22 we're asking you to talk about this afternoon.

23 That's our draft guidance for how we would look at
24 changes in allocations of land that we manage.

25 If you go back to the original intent 148
1 of TVA and go back to the Act, Section 22 of the Act
2 does give TVA broad emission responsibilities as it
3 relates to not only the use, the conservation, and
4 the development of the natural resources of the
5 Tennessee Valley drainage basin.

6 Because we have those responsibilities
7 and that broad responsibility, it does give us a much
8 different responsibility than maybe some other
9 federal agencies that you're familiar with. Because
10 we have both a development and stewardship
11 responsibility, that's the reason why you -- we look
12 at a lot of different uses of TVA land and in that
13 broad context all those multiple purposes that we
14 talked about.

15 Our policy pretty much as it relates
16 to the management of those lands is to manage those
17 lands for multiple public benefits, and that includes
18 conservation, recreation and economic development.
19 Those are part of that broad mission that we have.
20 Because we have those responsibilities, that does
21 give us a broad flexibility to meet a lot of ranges

22 of needs.

23 You heard the Chairman this morning
24 talk about the needs from one part of the Valley is
25 very different than what you would see in another
1 part of the Valley. So by having this type of a
2 mission and policy statement, that does allow us to
3 do that. 149

4 Now, you might think and a lot of
5 people talk about the fact that they think that TVA
6 is divesting of land and that we are selling off all
7 of our lands and those types of things, but the
8 history of the Agency is we have made land available
9 for a wide variety of purposes for a wide number of
10 years.

11 Even in the '50s we were transferring
12 a lot of land for the national forest and for the
13 state parks. And once we determined we did not need
14 those for the purposes of the reservoirs, then those
15 lands were transferred for a lot of those different
16 purposes.

17 We did sell a lot of back lying
18 property away from the reservoirs in those years
19 also. So there has been a history that as part of
20 our mission that once those lands are not deemed

21 needed by the company, then those lands have been
22 made available for a wide variety of purposes, both
23 conservation and development.

24 If you look at the assets that TVA
25 owns or has owned, we acquired 1.3 million acres of
1 land when we developed all the projects. Of that 150
2 there's been about a half a million that's been sold
3 or transferred since the Agency has been around. A
4 majority of that has been transferred for state and
5 federal agencies, as I have talked about previously,
6 that for recreation purposes, national forest
7 purposes, state parks, wildlife management areas. So
8 a lot of that land has been transferred over the
9 years.

10 Another 160 acres has been sold for
11 development. If you remember back in the '50s, TVA
12 actually designed residential areas and we sold those
13 lands associated with those areas as we did that.
14 Also, those were sold for a lot of different -- with
15 no restrictions on how they would be used, just they
16 were sold outright.

17 Another 4,000 acres were sold for
18 commercial recreation, group camps, different types
19 of private club restrictions. Now, those were sold

20 with some type of restriction. In other words, they
21 would have to be used for that purpose. And as long
22 as they are used for that purpose, they would have
23 the use of that.

24 Now, if they ever decided they wanted
25 to do anything different, then they would come back
1 to TVA for approval of that purpose because those ¹⁵¹
2 were sold for a specific purpose.

3 Of the lands that TVA still manages,
4 we have about 35,000 acres that are for our power
5 properties, and that's primarily the fossil plants
6 and the nuclear plants. That doesn't include the dam
7 reservations. So that's primarily just for the power
8 system. Plus, the dam reservations are included in
9 the 293,000 acres, which I will go over a little bit
10 more in a minute.

11 There's about 270,000 acres that we
12 still own that is inundated. Now, when the projects
13 were built, those lands were flooded. However, we do
14 own those lands. Then there's 293,000 acres that we
15 manage around the reservoirs. So that's the land
16 that the majority of what you hear about in terms of
17 issues and in terms of concerns about the balance of
18 how we manage those lands, we're talking about that

19 293,000 acres.

20 So to manage that 293,000 acres of
21 land, we use the reservoir land management process to
22 put all of those lands into specific zones, and I am
23 going to go over those zones in just a minute, but
24 just to highlight, in the entire reservoir system
25 94 percent of that 293,000 acres of land is planned
1 in some type of zone. The remaining 6 percent still ¹⁵²
2 hasn't been planned, and those are in areas around a
3 lot of the mountain reservoirs, in the upper East
4 Tennessee area.

5 And in those areas we really don't own
6 as much land in a lot of those areas. There's only
7 like 17,000 acres in those others that you see. So
8 there's not a lot of land that we really own around
9 those reservoirs.

10 Currently we are updating the Watts
11 Bar reservoir plan. That's the one you see there in
12 the middle of the slide.

13 Now, our property ranges from very
14 small slivers of land to some large contiguous
15 tracts. However, we have very few tracts that are
16 over 500 acres in size. The majority of the land
17 that we own is around those reservoirs because most

18 of those lands, as I have already talked about, have
19 either been sold or transferred for other purposes.
20 So we own a very small amount of land.

21 Now, that varies from reservoir to
22 reservoir. Some reservoirs it's just a narrow
23 sliver. All of the land around a reservoir is
24 privately owned and we may only own an easement for
25 flowage rights. Other tracts -- other reservoirs we
1 own a lot of land. Like on Kentucky we own over 153
2 60 -- over 66,000 acres of land.

3 So depending on the reservoir, the
4 land rights are different and the ownership patterns
5 are different. So to compare one reservoir to the
6 other is very hard to do in terms of the benefits
7 that come off one reservoir area to the other.

8 Some other interesting things about
9 the land around these reservoirs, there's about 9,000
10 archeology sites that are known right now, and I say
11 known simply because we have done surveys that say
12 they are there or we have contracted to find out what
13 those are. That doesn't mean that we have looked at
14 all of the acreage left across the Valley, but right
15 now we know that there are 9,000 known sites.

16 That's pretty obvious when you think

17 about the history of the Valley and the fact that the
18 majority of the civilization, the Native Americans
19 specifically all lived around the reservoirs anyway.
20 So we know there's a lot of sites where they have
21 lived around these reservoirs for years and years and
22 years.

23 Also, there are 96 species of
24 threatened and endangered plants or animals that live
25 in the Tennessee River watershed, and that's that
1 yellow outline area. Of those 96, about 59 of those ¹⁵⁴
2 live within 1 mile of the reservoir. So there's a
3 lot of threatened and -- federally threatened and
4 endangered species, both plant and animals, that are
5 around those reservoirs. A majority of those are
6 mussel species. If you think -- and obviously, those
7 are close to the reservoir.

8 This is a high level overview of our
9 planning process. I thought I'd take a minute and go
10 through this so that you can see how we actually
11 prepare a plan.

12 We initiated planning back in 1979.
13 That was the first time we actually started this
14 process. And the idea here is to understand, first
15 and foremost, what the stakeholder issues are and

16 define what our objectives are for a specific
17 project.

18 Once we understand that, then we can
19 decide and analyze, you know, what do we know about
20 the resources around that reservoir?

21 Do we know about archeology sites?

22 Do we know about wetlands?

23 Do we know about threatened and
24 endangered species?

25 What are the issues that we really
1 know about those types of things? 155

2 Then what we do is once we know those
3 types of information, we will actually do a
4 preliminary land allocation to take to the public.
5 And the reason why we do that is because a lot of
6 times in the past we have just said, what do you want
7 to do on this reservoir and how do you think it ought
8 to look?

9 What we have found is that the public
10 has a better time of looking at a preliminary
11 analysis and allocation and saying, yeah, I know
12 where that tract is and, yeah, that ought to be used
13 for conservation. Yeah, I know that has deep water
14 there and that's probably a good industrial

15 development site.

16 So I think what we have found is that
17 we do a preliminary -- go ahead and put them in
18 allocations so that the public can react to those.
19 That is just so we can start getting their input.

20 Once we have that, we identify those
21 needs that come out of those public meetings. Now,
22 once we have got it out there we are trying to
23 understand, you know, what are the issues that the
24 public has about each specific tract?

25 Do they think it should be used for
1 conservation or for recreation or economic 156
2 development purposes?

3 Once we have gotten a lot of that
4 information, we then identify if there's any other
5 resource information needs that we need to go
6 collect.

7 Is there other sites that we need to
8 have more information about archeology, other sites
9 that we need to know more about threatened and
10 endangered species, wetlands, those kind -- you know,
11 has the public said to me, have you looked at that
12 site over there? I think that's a really good
13 wetland. And if we haven't looked at it, then that

14 would be a good indication that we ought to go and
15 now take a look at that.

16 Once we have all of that information,
17 then we will put together a land allocation and then
18 we will present that to the public. We do that in
19 the form of a Draft Environmental Impact Statement,
20 along with a plan. What we will do is go out and we
21 will have similar what I talked about this morning.
22 We'll do one-on-one meetings and we'll have public
23 meetings and we'll say, okay, here's our plan. What
24 do you think?

25 We come back and ask. Once we have
1 that information, we will change it and see what we 157
2 need to do in terms of what the public has told us
3 and then we will then send it to the Board for
4 approval. The Board does approve all plans in terms
5 of making those allocations.

6 As we talked about this morning, we're
7 continuing that process. As we get into a part-time
8 nine-member Board, we don't know how that is going to
9 change, but we're pursuing these the same way. It's
10 just going to be the decision point at the end, how
11 will all of that play out, you know, with the
12 part-time board and a CEO.

13 So today, of that 293,000 acres of
14 land that we manage that currently have plans for
15 them, 13,000 acres are in project operations; and
16 that is, the dam reservations. Those are the lands
17 around most of the dams that we're keeping there for
18 that purpose to manage for the dam operations.

19 Sensitive resource management,
20 31,000 acres of land, that is specific to known sites
21 where there are threatened and endangered species,
22 archeology sites, wetlands, any other scenic or
23 unique areas that we feel like should be protected
24 for those purposes.

25 There's 181,000 acres that are
1 allocated for natural resource conservation. These 158
2 are the lands that a majority of the people recreate
3 on informally. And what I mean by that, it could be
4 anything from hiking to hunting to picnicking, you
5 know, to a lot of different informal type of
6 recreation.

7 And then we also manage those lands
8 for wildlife habitat enhancements. We work a lot
9 with the different user groups, such as Quail
10 Unlimited and Turkey -- Wild Turkey Federation. I
11 don't know what I was thinking with Turkey Unlimited.

12 They work with us quite a bit on these conservation
13 lands in terms of manipulating wildlife habitat for
14 those purposes for a lot of those different wildlife
15 species.

16 Industrial/commercial, that is our
17 economic development tag. Those lands are identified
18 in terms of capability and suitability to have. They
19 have the physical characteristics to be able to put
20 any different type of industry on there, whether they
21 need deep water for reservoir access. What's the
22 infrastructure? They have all the -- the
23 relationship of close to infrastructure, those
24 different type of things.

25 Recreation, that is developed 159
1 recreation. There's 27,000 acres for that. That is
2 your developed campgrounds, resort marinas, those
3 different types of things that you would have in
4 recreation.

5 Shoreline access, those are narrow
6 slivers of land around the reservoir where you have
7 access to the water for the purposes of docks, ramps,
8 boathouses, those areas. That 17,000 acres of land,
9 that is about 38 percent of the shoreline.

10 I was trying to see how I wanted to

11 say that. Of about 38 percent of the shoreline
12 miles, 11,000 miles of shoreline around our
13 reservoirs is where we have access, and that is a
14 portion of that 38 percent. That's the land that we
15 own. The 38 percent is also made up of that
16 privately owned land also where they have access on
17 their lands also. Then we still have 17,000 acres to
18 plan.

19 One thing I wanted to do was go over
20 our land use review process. I know you-all had some
21 questions and comments about that yesterday, and I
22 thought it would be really good to go over that with
23 the entire Council.

24 First, let me talk about the
25 difference between permitting and land use because
1 they are two different processes. Permitting, which ¹⁶⁰
2 is under the Section 26(a) of TVA Act, says that TVA
3 will review anything that could have some type of an
4 impact on flood control, navigation or public lands,
5 and those things would be permitted by TVA.

6 Typically what that is are your ramps,
7 your boat docks, boathouses, barge terminals, and so
8 on. Those can be standalone actions. In other
9 words, even if it is privately owned land, we will

10 still ask for permit for that purpose so that we can
11 make sure that it's not impacting those
12 responsibilities.

13 The Corps has other responsibilities
14 also. So we have a joint process for permitting for
15 access. Land use reviews can be anything -- can be
16 joined with that. In other words, they may want to
17 use a piece of land and they want access also or it
18 may just be totally separate from that.

19 For example, they may want to put a
20 campground there and they may want a license
21 agreement from TVA for use of that land or they may
22 want to put a golf course and resort and those types
23 of things, that would be a land use of some time. So
24 land is about sales, transfers, easements, license
25 agreements, lease arrangements, those different types
1 of things. 161

2 All of those, regardless of the
3 transaction, go through the same process, except for
4 the final part, which is, if we are going to sell
5 land or land rights, either give someone an easement
6 or we're actually going to sell the land, then that
7 requires Board approval.

8 If I am going to give you some interim

9 use, such as a license agreement, then those can be
10 done locally. However, if we are going to sell the
11 land or we're going to sell some type of land right,
12 then the Board is required to approve those.

13 So typically what happens when you get
14 a land use request of any type, that's almost always
15 initiated by that party. That's not something that
16 TVA is going out and saying, you know, we want
17 somebody to tell us -- because we have allocated a
18 lot of these lands for different purposes. However,
19 we're not necessarily marketing a lot of those
20 different tracts.

21 So there may be a tract that is for
22 developed recreation and we will have a party come to
23 us and say, yeah, I would like to put a campground
24 there. So what will happen is, first and foremost,
25 we're going to evaluate it for consistency with our
1 own objectives and assure that it's compatible with ¹⁶²
2 other things that we have going on there.

3 For example, we wouldn't necessarily
4 allow a large marina to come into an area where, you
5 know, there's a shallow cove. You know they are not
6 going to have deep water. So we may eliminate that
7 right off of the get-go in terms of them saying,

8 yeah, I would like to do that here, and we're saying,
9 no, that land is, one, probably not allocated for
10 that because it's not capable of that, and two, it
11 just doesn't hit that -- it's not compatible with
12 physical characteristics around that cove.

13 Then secondly we would make sure that
14 it's aligned with our operational needs. Obviously,
15 we can't have something going on there that may
16 impact us. Like on our dam reservations, we would
17 probably want to look for compatibility with our uses
18 on the dam reservation. We want to make sure that
19 we're protecting and managing our power facilities in
20 terms of the responsibilities we have there.

21 We would protect navigation interest.
22 We wouldn't allow something to be placed there that
23 could then have an impact on navigation interest. So
24 we could look at those things also.

25 Then we would also consider issues of
1 reservoir access. Remember, if it's a land use 163
2 proposal, that doesn't mean they have to have -- they
3 are asking for access. They would be two separate
4 actions. So if they are looking to have access, then
5 depending on what those land rights are, they would
6 also have to ask for those particular land right

7 access responsibilities.

8 So once we have done a lot of those
9 types of things, a lot of times the requests end
10 right there. Those are things that you probably
11 don't even see in the public venue because we have
12 not started any of our review process because we have
13 some basically a preliminary review and have told
14 that applicant or that party that, you know, we don't
15 see the compatibility here, and, you know, there may
16 be other places that we can work with you, but this
17 doesn't work here. So there's a lot of times you
18 will see a request that won't go any further simply
19 because of that.

20 Once we have made those determinations
21 about evaluation of consistency, then we will
22 actually start our environmental review and
23 programmatic and public review, and those three fit
24 together.

25 We do the public involvement. We want
1 to understand what the public thinks about that
2 particular use in terms of proposed use for that
3 piece of property.

4 We will also do our programmatic
5 interests, because we will also talk to the nuclear

6 folks and the transmission folks and the river
7 operations folks and make sure that there aren't any
8 issues in terms of, you know, where they are going in
9 the future in terms of programmatic interest.

10 Then we will also do the environmental
11 review. We have a wide variety of databases that we
12 use from an environmental standpoint to actually do
13 our environmental reviews from, and then we go out
14 and we look on the ground there to see if there's
15 anything else there that we need to review. So we
16 look, again, at the threatened and endangered
17 species. We look at the archeology.

18 We may have already done that in a
19 plan, but it might not have been for that specific
20 use. So we are going to do that, again, to make sure
21 that we understand what could be the environmental
22 issues out there on that particular piece of
23 property.

24 Then also, you know, whatever the
25 public brings up, you know, we want to take that
1 information in also and evaluate that against this 165
2 proposal, whatever it may be.

3 So once we have done that and we have
4 determined that it is something that we should

5 recommend on to the Board, then we would then make
6 that recommendation, and then the Board would have to
7 approve any land disposals of land or land rights,
8 whether it's an easement or a sale or a transfer, and
9 they also approve the land plans themselves and any
10 changes in allocations, if there are any in any case.

11 So that's kind of a real quick
12 overview of the land use process. I wanted to make
13 sure that we had that because the context of the
14 questions that you're going to get introduced to this
15 afternoon are about this type of action.

16 If we get a question about changing an
17 allocation for a different use, then what type of
18 guidance should we have in place to look at those
19 because you-all have given us comments about that
20 before and now we have drafted some guidance and
21 we're going to go over that.

22 This should be pretty common to the
23 majority of you in terms of what those issues are.
24 You have heard these a lot. You probably have heard
25 them in a wide variety of issues in terms of the use
1 of public lands for public uses versus private use. 166

2 What is that balance between public
3 use, stewardship and economic growth?

4 With our lands, you know, we do have
5 those multiple benefit responsibilities. So how do
6 we balance those things?

7 The private development of public land
8 taken by eminent domain and then no net loss of
9 conservation lands. Those are the primary issues, if
10 I put them into a nutshell, that you hear day in and
11 day out in terms of changes in request, changes in
12 allocations, the use of conservation lands for
13 development purposes, no net loss of any public land
14 or any conservation land.

15 Along with that, there's a lot of
16 subset of other things, like diversity of habitat,
17 loss of Native American sites. You know, all of the
18 environmental things are always assumed issues we
19 always have.

20 Previous comments from the Council, if
21 you remember, the first thing we talked about is we
22 had -- we also had some other federal agencies come
23 in and talk about their process for reviewing
24 requests of land and you did note that they have
25 policies that do not allow them to make federal land
1 available for development without rigorous review. 167
2 In fact, you talked specifically about you felt TVA

3 made inconsistent decisions as to which new land
4 proposals should be considered.

5 Every reservoir is different. I
6 remember we talked a little bit about the fact that
7 the resources and the socioeconomic drivers around
8 each reservoir is different. So those things should
9 be taken into consideration.

10 Once a plan has been developed, it
11 should have integrity for a period of time with no
12 change unless the request passes a very strict review
13 process and offers broad public benefits. You said,
14 you know, once you put a plan in place, it ought to
15 be in place for a while.

16 That also relates to the last bullet
17 there of they should obviously be reviewed on a
18 regular basis because the socioeconomic drivers, the
19 public values, a lot of things change, you know, over
20 time. So therefore, you know, you need to revisit
21 those plans very often also, in that five- to
22 seven-year time frame. So those are some of the
23 comments that you gave us when we had this previous
24 discussion.

25 Also, you said we should develop a
1 comprehensive Valley-wide policy. Now, if I remember

2 correctly, the suggestion that we develop this policy
3 didn't have a consensus opinion, there was a wide
4 variety of opinions on the Council in terms of
5 whether or not we should have a comprehensive
6 Valley-wide policy.

7 As we talked about that, a lot of the
8 things that came up is what I talked about earlier,
9 the reservoirs are different. The opportunities for
10 economic development versus conservation are very
11 different, from the mountain reservoirs to maybe
12 Kentucky to maybe Douglas, so on and so forth. So we
13 ought to be looking at each reservoir in terms of
14 trying to make a Valley-wide policy.

15 We should have a clear planning
16 process and criteria to identify when a plan should
17 be reopened. Land use proposals made five to seven
18 years of a plan should meet a higher set of criteria
19 and bring sufficient public benefits. Overall, there
20 should be no net loss of TVA conservation land, and
21 then, TVA should take a critical look at residential
22 development.

23 On residential development, you also
24 said some of you-all considered residential
25 development to be the least acceptable use of public

1 land and others said that in some areas there are few
2 opportunities to increase a local tax base except
3 with residential development. So that's kind of the
4 context of the comments we got previously.

5 Results to date: We have reaffirmed
6 the use of the planning process, and the plans do
7 allow us to give that consideration on a
8 reservoir-by-reservoir basis. What I want to finish
9 up with and make sure we have time to get through is
10 we have prepared guidance for review of changes in
11 allocation.

12 This guidance does now -- could
13 formalize our practices in terms of what we have been
14 using recently on several land use -- large land use
15 proposals that we have had, Rarity Point, and the one
16 we're currently reviewing right now, Little Cedar
17 Mountain. The proposed guidance also provides a
18 strict review process.

19 You should have in front of you a
20 hand-out that has this draft criteria in front of
21 you. I am going to go through this fairly quickly
22 because I know this will be the discussion -- the
23 majority of the discussion anyway, but I did want to
24 introduce it here for you.

25

Now, an applicant must demonstrate

170

1

broad public and economic benefits before we're going

2

to start a formal review of the proposal. And those

3

criteria and guidance are going to be in three major

4

areas, public interest, land use and financial.

5

If you look at the public interest

6

criteria, the key considerations in this is that,

7

first and foremost, it should have the degree to

8

which that proposal has multiple data support of

9

public benefits.

10

In other words, does it have job

11

creation, tax base increases, improved public access,

12

other stewardship benefits, enhanced recreational

13

opportunities?

14

Does it have multiple public benefits?

15

Are there public amenities actually

16

planned as part of that particular proposal?

17

Are there low impact development

18

practices in place or could they be in place, such as

19

wetland protection, shoreline buffers?

20

Are they putting those types of low

21

impact types of practices in place?

22

Is it consistent with our shoreline

23

policy in terms of reservoir access?

24 Are they looking at -- do they want
25 more access?

171

1 Does that mean they have the
2 wherewithal to extinguish those rights elsewhere?

3 Is there regional, local, multi-county
4 support for this type of a proposal?

5 Then is there the potential to
6 mitigate any known issues already or do they have the
7 wherewithal to address those anticipated stakeholder
8 issues that we may know about?

9 So that's briefly some of the public
10 interest guidance. I know I am going to go through
11 these quick, but I am getting the five over here.

12 Land use guidelines, what's the age of
13 the existing reservoir plan?

14 The amount of time since it has been
15 in place, if it's less than five years you would not
16 consider it unless it brings those extraordinary
17 public benefits. There would be extraordinary
18 circumstances that would provide for that. And the
19 reason we do that is we want that flexibility in case
20 things do change in a specific area.

21 And the example I like to use there is
22 if a small part of a TVA tract can be used with an

23 adjoining back-lying tract and you get a Mercedes
24 plant because of that, I don't think I am going to
25 sit here and say that I would not change that
1 allocation on that particular tract of land simply 172
2 because it could bring broader benefits to that
3 county, to that area in terms of jobs, tax benefits,
4 everything. So I think -- that's the reason why we
5 want to talk about extraordinary benefits.

6 Whether the site has been preapproved
7 for mixed-use development, there is concepts out
8 there about mixed use that deal with that
9 live-work-play concept of people that like to not
10 only live but work in the same area and can we target
11 some sites across the Valley in terms of coming up
12 with some targeted sites that could be used for this
13 concept in terms of an economic development driver?

14 Is the site in an economically
15 distressed county? And we would base that simply on
16 the low per capita income or the high unemployment
17 rates or high poverty rate. You know, is this a
18 proposal that's coming into an area where it could
19 provide some benefits?

20 Provisions for no net loss of
21 conservation lands, particularly there the proposal

22 must include that provision by offering some type of
23 mitigation exchange land as part of the proposal.
24 There are other mitigation land use that I am not
25 going to go over.

173

1 However, are there other mitigated
2 land use or other impacts that are negligible or this
3 particular developer has the wherewithal to look at
4 those and make a difference?

5 Also, is there a demonstrated market?

6 Does a demonstrated market exist for
7 this particular proposal and is the requested site
8 obviously suitable for that need?

9 Okay. Financial, real quickly. The
10 financial wherewithal of the particular developer or
11 the particular party that is requesting this
12 development, one of the qualifications is the
13 business reputation of the requesting party.

14 Is it an experienced developer and an
15 entity that has the capability to complete this type
16 of a project?

17 They are -- not only that, do they
18 have the financial capacity and the credit
19 worthiness?

20 Can they actually do this type of a

21 proposal?

22 What is the credibility and integrity
23 of that requesting party to actually complete this?

24 Do they have the wherewithal to do
25 that?

1 Second, do they have the commitment to
2 spend the time and the money to address the issues?

3 A lot of times when you get into this
4 type of a proposal, a lot of requesting parties don't
5 really understand that this is a public process and
6 this is something that does take a long time and it's
7 an iterative process. It takes time to get through
8 this and understand what all the issues are,
9 determine if you have a -- if you can move forward or
10 not.

11 So do they have the wherewithal to do
12 that?

13 Are they committed to compensating us
14 for the review of all of our costs?

15 A lot of people don't realize that
16 this is a zero-based activity for TVA. We do not pay
17 for these types of reviews. The applicant pays as
18 they go in terms of that. We bill them monthly if
19 they are interested in doing this and with no

20 guarantees that the Board will approve this at the
21 end when we get to the finish line. So that's one
22 thing that we want to make sure is understood.

23 Then all approved sales, if it's a
24 sale, remember, I'm talking about if it was just a
25 license agreement or an easement, those types of
1 things wouldn't necessarily be the same, but if TVA 175
2 is going to dispose of the land in a sales
3 arrangement we would do those at public auction,
4 which has also been a point of consideration with a
5 lot of the stakeholders in terms of wanting us to do
6 those at public auction.

7 So I think with that, I am going to
8 quit. We do have this broad development
9 responsibility and we do manage our lands based on
10 that, with that balance of conservation, recreation
11 and economic development.

12 We also feel like this strict review
13 process will actually help us and strengthen the way
14 we do our planning and also the way we steer the
15 review of the changes and allocations.

16 CHAIRMAN BRUCE SHUPP: Okay. Thanks,
17 Bridgette. We're not going to go to questions
18 regardless of time. We're going to get through the

19 whole panel and then we will go into questions at
20 that point.

21 Our next speaker is from the U.S. Army
22 Corps of Engineers in Nashville. It's Maurice
23 Simpson. The bios of these speakers is in your
24 package in your notebook. So I'm not going to go
25 through the entire bio, but Maurice was a team leader
1 for development of a draft national land and water ¹⁷⁶
2 use policy dealing with recreational issues on Corps'
3 lands. So that's right up the alley of what we're
4 talking about.

5 So Maurice, thank you.

6 MR. MAURICE SIMPSON: Okay. Thank you
7 very much. I am glad to be here. I have had
8 feedback in the past that I look so serious, you
9 don't look like you're glad to be there, but I am
10 happy on the inside. So when you're looking up here
11 and I look glum or serious, really I am happy inside.
12 So I will start with that.

13 TVA and the Corps really have similar
14 missions and responsibilities and challenges when we
15 come to this topic that we're talking about right
16 now, land use, and that was the topic I was asked to
17 speak about today.

18 So let me just very briefly, before I
19 get to this slide, tell you what my involvement has
20 been besides the bio. I have worked for the National
21 District, just one district now for almost 30 years.
22 It's hard to believe. I have had some stints in our
23 division office headquarters. I have a feel for what
24 goes on across the county, but I think in some way
25 I'm just fortunate to have that much knowledge of
1 just one district. 177

2 So I worked in aquatic plant
3 management, animal damage control, a lot of areas,
4 but the thing I have been working the most in the
5 last 15 years has been the land use policies that
6 we're talking about.

7 We also work or I work very closely
8 with our real estate division. The two work
9 hand-in-hand in order to manage the lands that we
10 have.

11 The reason for this slide up here is
12 that I just returned two weeks ago from a three week
13 trip to Kenya, Africa. I don't know if anybody here
14 has been to Africa or not, but it's something I have
15 wanted to do all my life. We've got at least one
16 person that has been to Africa. We've got two,

17 three.

18 So I was in Kenya, which is right on
19 the Equator, and all my life I wanted to go and see
20 the big animal parks. So we were lucky and able to
21 be -- we traveled 2300 miles in a Land Rover.

22 My daughter-in-law was born over
23 there. She wanted to -- a year ago she said, "We're
24 going to go back and visit the country, do you want
25 to go?" I jumped on the chance because my wife
1 didn't never want to go. She was afraid of the
2 snakes and the big animals. So I can talk to the
3 people afterwards about the trip if you're
4 interested, but one thing that kind of struck me.

178

5 I really didn't think about this when
6 I was over there, I was at Amazon National Park,
7 which is at the foot of Mount Kilimanjaro, where
8 elephants and all sorts of things wander the park.

9 We went in the park so excited about
10 seeing the elephants and the rhinos and all the big
11 animals and somebody pointed over there and said,
12 "Now, what are those?"

13 There was a whole bunch of animals
14 that were there but they were multi-colored. We got
15 closer and closer and the closer we got they looked

16 like cows, and they were cows. What happened was
17 that it was the dry season and the land outside the
18 parks were drying up. So messiah herdsmen had
19 encroached illegally on to the park and had all these
20 animals. So we have land use conflicts everywhere.

21 The next day we had a bunch of Kenyan
22 wildlife officers we saw had gathered to drive the
23 herdsmen and the cows out. So land use things or
24 problems are not just restricted to us here.

25 The Corps also has land management
1 programs that are divided into two parties, pretty 179
2 much like you just heard with TVA. We have the
3 permitting part, which falls under our shoreline
4 management.

5 The shoreline management program deals
6 with private and exclusive use for people who live
7 around the shoreline, adjacent property owners.
8 Again, that would be the docks, retaining walls,
9 mowing as you can see here, what the private property
10 owners are allowed to do and what they are not
11 allowed to do.

12 We have had the shoreline management
13 program in place since 1973. We have shoreline
14 management plans for the various lakes that allow

15 shoreline management. Not all lakes that the Corps
16 manages has private and exclusive use privileges.
17 It's only those that had private and exclusive
18 privileges prior to law being passed that we have it.

19 So in the Nashville district where we
20 have ten multipurpose projects, there are five that
21 actually have shoreline use permits. So the public
22 or anybody can look these up on the Internet. The
23 plans are there for public review.

24 Now, we involve the public to the
25 greatest extent we can in the updates of the
1 shoreline management plan. Every five years we
2 totally update the plan, but in between times every
3 year we have annual meetings with the public where we
4 invite them to come in and talk about shoreline
5 management concerns, present their requests for
6 change and allocation. Whatever they think we are
7 not doing right, we invite them to come in on an
8 annual basis.

9 Every five years we totally update
10 each shoreline management plan. We send out
11 newsletters to the adjoining property owners to keep
12 them aware of any changes that might be coming up,
13 and also just useful facts about the Corps'

14 properties, such as hunting and camping and things
15 like that.

16 We try very hard to avoid any kind of
17 off-cycle changes. I know that's one thing that TVA
18 was concerned about. Unless we just made a mistake
19 in something, we don't change the plan in between
20 this five-year update process. And if something
21 comes up that is not covered specifically in the
22 plan, the last paragraph of the plan says, here is
23 how we will handle that. So we have a procedure to
24 handle things that might be unique that we have not
25 covered in the plan.

1 And as far as we know, we're going to 181
2 keep this five-year cycle. We're not -- there has
3 been talk about, because of the cost of this, that we
4 might change to a seven-year or eight-year cycle, but
5 right now we're going to keep the five-year cycle.

6 Okay. The other program that we have
7 is with our major outgrants, which you can read on
8 the board, are the big projects like marinas and
9 parks and things like that that come up.

10 We have over 60 major marinas on our
11 Cumberland River System and we've got a number of
12 federal parks and state parks. You know, it doesn't

13 really matter how good our intentions are, we are
14 just like TVA in that we are getting increasing
15 pressures and conflicting demands for the highly
16 valuable lands that surround the lake.

17 Developers come to us all the time and
18 they want to construct access ramps, golf courses,
19 any kind of other amenities to increase the values of
20 their adjacent land, that's their primary purpose.

21 Not only that, the traditional
22 concessionaires that we have, the marinas, they're
23 facing a money crunch a lot of times and they want to
24 find some alternate income choices.

25 Some of you may be aware of a very 182
1 controversial thing in Nashville called Nashville
2 Shores where a developer wanted to come in and put in
3 a huge Disney type development right there on Percy
4 Priest Lake in Nashville, and the whole purpose of
5 that was just that's where the land was available.
6 They had enough of a land base they could put it on
7 federal land.

8 That went all the way up to
9 headquarters where that was stopped, but there was a
10 local Congressman that was pushing it very, very
11 hard. He said, "I want to see your policies. I want

12 to know why this person can't put this development
13 here."

14 And we could point to a number of
15 disparate policy statements in various policies, real
16 estate, operations. We didn't have a single policy
17 that we could hand to this Congressman and say,
18 here's a reason that we're against this kind of a
19 development. We're not against development, but this
20 particular kind development really is outside the
21 scope of our philosophy.

22 They wanted to see, where is your
23 philosophy, and they wanted that all in writing. Not
24 only this, but, you know, highway departments look at
25 us. This is land where we are going to condemn
1 private property and come through federal land. So
2 we do have a lot of pressures.

3 Then, of course, environmental
4 organizations and groups and resource advocates, they
5 are looking at us to make sure that their interests
6 are being upheld, of course, from the resource folks
7 and the endangered species folks. So, as you know,
8 this balancing act can be quite a difficult
9 assignment, and there's no way in 20 minutes that I
10 can give anything but the brief glimpse of what we're

11 doing here.

12 Again, like TVA, our lakes are
13 different. The Corps of Engineers, of course, is a
14 nationwide organization. So our policies have got to
15 take into consideration the needs of the dry west,
16 you know, the frozen north, the densely populated
17 southeast. So we have a lot to look at here.

18 Now, these, you can probably add
19 several dozen more needs for clear policy. The
20 biggest thing, of course, is the land we have is the
21 land we have. We don't have any more. Obviously,
22 we're getting increased development pressures and
23 what one person wants conflicts with what somebody
24 else wants. So we have conflicting demands and
25 constantly they are coming towards us. And believe
1 it or not, we're getting more and more congressional ¹⁸⁴
2 interest. All the time we're getting these
3 developers and we're getting letters from Congressmen
4 saying, what can you do for my constituent, and it
5 seems to have gotten more here in the last few years.

6 If you have statements and various
7 policies about what your philosophy is, then you may
8 not -- you may have internal differences in how you
9 interpret these policies.

10 So about a year or two ago or a year
11 and a half ago, I was asked to lead a team to try and
12 development a nationwide policy. At first we were
13 going to look at trying to be fully -- trying to be
14 very inclusive and address recreation, utilities, all
15 the different kinds of development. We wanted to
16 have a policy that would cover all of them. That
17 became very quickly apparent that that was not going
18 to work.

19 So we decided to concentrate first on
20 this policy for recreation outgrant development, and
21 that was anybody that comes in with a request for a
22 marina, comes in with a recreational development,
23 state park, how are we going to look at something
24 like this?

25 You know, even within our own ranks in
1 the Corps we have people who think that we should 185
2 encourage large-scale development, even residential
3 developments on public lands to maximize the
4 financial benefit to the treasury and we have others
5 who want complete preservation.

6 So you have to be aware of when I go
7 through this policy that this is just a draft right
8 now. It's been presented to TVA, along with other

9 stakeholders. We're looking for comments on the
10 policy. We started off with about a 13 or 14 page
11 policy and we have condensed it. You have a copy in
12 your book that's about a three-page policy that tries
13 to very concisely boil down what we talked about in
14 13 pages of what our philosophy and what our policy
15 is. So that's what I am going to be presenting here
16 shortly.

17 This won't mean anything to you. The
18 only reason it's on here is because we had a team
19 that came together from all parts of the country,
20 from our real estate divisions, from our operations
21 division, from headquarters, divisions, districts,
22 all these people represent a totally diverse group of
23 people from all the way across the country.

24 I will just let you read these things.
25 I am not going to discuss each one, but these were
1 the guiding principles that we were told that we had¹⁸⁶
2 to go by. We were not going to make changes in the
3 private and exclusive use policies and we want to
4 encourage partnerships.

5 Here was the charter that we had to go
6 by. Again, these are in your book. So I won't read
7 them one-by-one as we go through. Anytime you need

8 clarification, go ahead and ask, and we will have
9 questions and answers afterwards.

10 Our new policy memo was to contain
11 these different items here. So here is our
12 philosophy, and there's some very important wording
13 in there. It took a long time to come up with this
14 philosophy because of it has to support project
15 purposes and meet the recreation demands created by
16 the project itself.

17 It's not just because there's some
18 land there that somebody can come and put in a great
19 big Disney Land or Six Flags type development. There
20 has to be some tie to the project itself.

21 This is going to apply to everybody,
22 individuals, public, private, quasi public, and we
23 were going to have to grandfather anything, of
24 course, that was previously approved.

25 Now, here's some things that -- this 187
1 list down here is not at all all-inclusive. It's
2 just samples of things that were acceptable and
3 things that are unacceptable.

4 You have to focus on facilities that
5 accommodate or support water-based activities. It
6 has to be there because of the project. So even

7 though a golf course, you might say, why is that
8 unacceptable, that's a standalone type thing. If
9 someone wants to come in and build a golf course for
10 no other reason, we would say that's unacceptable,
11 but that same golf course might be acceptable if it
12 was part of a state park, a full resort type
13 development. If it was a destination resort, it may
14 be acceptable there.

15 Here was the evaluation criteria. The
16 No. 2 bullet there, we struggled and struggled with
17 this because we said, how do you say it's going to be
18 tied to the project resource?

19 We said it has to have some sort of
20 reasonable nexus to be there, which is kind of a
21 legalese term that came up with one of our lawyers
22 from headquarters, but it has to have some reason to
23 be at the project. It has to be consistent with our
24 master plan. It has to be in the public interest.
25 So all of these things have to go -- you would have
1 to answer in the affirmative for a project to be
2 approved. Of course, the balancing down there that
3 we all talked about.

4 As I said, this is a draft, but it's a
5 fast track draft. So we have come up with a draft.

6 It's in your folder. We sent it out to the public
7 and the states for review. So here we are mid March,
8 and that's where we're starting to slip a little bit
9 because we have given the folks on the outside a
10 little bit of time to digest this and get their
11 comments back.

12 So we haven't asked for comments until
13 the middle of March. So we're going to start
14 slipping right here probably a few months, but
15 March of '06 is when we wanted to go final and go to
16 the public after we incorporated all of the comments
17 to this draft plan.

18 So that's what I had, and then we can
19 cover all of these things in the question-and-answer
20 period. So I was told 20 minutes, and that's what we
21 have done.

22 CHAIRMAN BRUCE SHUPP: Thank you,
23 Maurice. Thank you.

24 The next speaker is Howard Levine from
25 the Bureau of Land Management in Milwaukee. And
1 Howard began his federal career in Alaska with the
2 Bureau Land Management, and he's eastern states
3 planning and environmental coordinator.

4 MR. HOWARD LEVINE: Thank you. On

5 behalf of BLM's headquarter's office, I would like to
6 thank you for inviting me here and having me discuss
7 BLM's planning process with you.

8 As it's been previously mentioned, I
9 am out of the Milwaukee field office, but my
10 responsibilities go across all of the Eastern United
11 States from the Mississippi River states on to the
12 Atlantic coast.

13 BLM doesn't have operations in every
14 one of these states, but we do leasing -- mineral
15 leasing for a number of federal agencies which do
16 have operations throughout the east, including our
17 friends from the Corps and the Forest Service.

18 Today I will talk about BLM's planning
19 process and how it sets land use allocations and how
20 it responds to changing demands and needs on the
21 ground. I will discuss our public involvement
22 activities during the planning process, including
23 some recent innovations that we have begun to use to
24 improve our planning process, reduce conflict and
25 improve the information that we gather for monitoring
1 our activities. 190

2 And finally, I will talk about some of
3 the new approaches BLM is using to reduce the time

4 and costs to implement the new decisions on the
5 ground.

6 Just for those of you who don't know
7 us, I will give you a couple of seconds here on BLM.
8 From 1946 to 1976 BLM managed itself under about a
9 thousand or more individual laws, mineral leasing and
10 operations, land use, grazing, wildlife. It was a
11 hodgepodge. There wasn't any clear direction for the
12 agency.

13 The agency was created out of two
14 different disparate groups, the general land office
15 and the grazing service, but in 1976 Congress
16 bestowed upon us our organic act called the Federal
17 Land Policy and Management Act.

18 We manage about 262 million acres of
19 surface lands, mostly out west and in Alaska, plus
20 another 500,000 million acres of subsurface mineral
21 rights where we are the leasing agent. We don't do
22 land planning for all of that land. Much of that is
23 national forest land and the National Forest -- U.S.
24 Forest Service does the planning, but we coordinate
25 with them.

191

1 Our single unifying mandate is to
2 manage the public lands under multiple use and

3 sustained yield principles, and we have heard that
4 bantered about a lot today and we're all trying to
5 grapple with what multiple use and sustained yield
6 means, but that's sort of -- the proof in the pudding
7 is whether you don't get sued or not.

8 Contrary to the past BLM, which was
9 the agency of -- which managed lands that nobody else
10 wanted, the public domain was much of the west and
11 over time states took a lot of this land. The Park
12 Service was given a lot of it. The Forest Service
13 was given a lot of it.

14 What was left over when all of this
15 land was disposed of was supposed to be the stuff
16 that nobody else wanted. So people called it the big
17 ugly or the stuff that holds the earth's crust
18 together, but, in fact, it's very highly valuable
19 land. It's very prized and over time it's become
20 even more so in demand.

21 As part of our FLPMA mandate, Federal
22 Land Policy Management Act, the mandate is our
23 planning process. It's your general land use
24 planning process that you have heard about it, that
25 TVA employees, that the Corps may use, the Forest
1 Service uses basically based on the NEPA process.

2 We throw some ornaments on top of it,
3 a Christmas tree and do some other hoops that we have
4 to jump through and we have certain mandates that we
5 have to fulfill, but it's basically the NEPA process
6 that Bridgette was talking about earlier that was
7 very similar to ours.

8 Of course, it's open to the public.
9 One of the balancing acts is trying to make it an
10 efficient process, getting as much information from
11 the public and other stakeholders at the same time as
12 we're trying to, you know, move the process forward
13 so we actually complete a plan.

14 We heard earlier during lunch that
15 FERC sometimes takes seven years to review a permit
16 application because of the NEPA process most likely,
17 maybe because of some water studies. Multiple year
18 plans are not unheard of at BLM, four years or more.
19 I think the record was for Dixie RMP, Resource
20 Management Plan, which I think took 15 years when all
21 the litigation dust settled, and that's the champion.

22 Our plans include alternatives for our
23 own proposals, what we've internally developed. I
24 think there's sometimes concern, the public thinks
25 that we go into a planning process with our minds

1 made up, but we do have proposals that we put before
2 the public, not necessarily strong alternatives, but
3 ones that we think, based on capability and resource
4 values, we think would be an appropriate means and
5 method to go forward. We do this impact assessment
6 in our Environmental Impact Statements.

7 Land use plans basically follow --
8 it's our way of dealing with the external world. And
9 how we're doing that today, where we're going to be
10 going in the near future is really one of the great
11 challenges, because more and more people are involved
12 in our planning process. We're engaging much more
13 federal agencies, state agencies, local communities,
14 counties, towns in some cases, and tribal entities.
15 Anything that is a governmental entity we're bringing
16 into the process much more -- much greater
17 involvement.

18 This administration is very strong on
19 cooperating agency status under NEPA where there's a
20 formal agreement with other agencies and we get to
21 roll our sleeves together and sort out our problems
22 and our issues.

23 At the top of our land use planning
24 pyramid is our resource management plan, and these

25 are plans that are tiered. We deal with not tens of
1 thousands of acres or even hundreds of thousands of 194
2 acres, we deal with millions of acres when we do our
3 land use plans.

4 One plan I worked on in Alaska was 26
5 million acres. So just think of planning for Oregon
6 with no roads. So that's one of the challenges.

7 You have a similar thing in that you
8 deal with many miles and many states and many
9 entities, and that's pretty similar to be BLM. We
10 don't necessarily deal with multi states, but we deal
11 with a lot of communities with a lot of population,
12 especially here in the east, and the population in
13 the west is bumping into our lands too.

14 These plans are tiered in that at the
15 top level our resource management plans set broad
16 scale decisions.

17 Which lands should be available for
18 leasing, mineral leasing primarily?

19 Which lands should be open to mineral
20 leasing with certain conditions or stipulations on
21 them, seasonal restrictions for habitat and other
22 wildlife reasons?

23 Which lands should be available for

24 rights of ways?

25 If you're out west and you want to
1 build a power plant in the four corners and you want 195
2 to bring the power to northern Arizona or to Las
3 Vegas, you are going to cross public lands to get
4 that power to the community. So rights of ways are
5 becoming a very big issue and we're trying to be
6 strategic about where we put those.

7 Once we have set those broad scale
8 land use allocations, we don't just rubber stamp
9 every proposal that comes in. We then go down to
10 more site specific analysis proposals and we gather
11 more data. We go back out to the public, often with
12 another round of EIS's, but we can't identify or zone
13 every square inch of the public domain in our land
14 use plans, there's just too much variability, too
15 much detail.

16 As it is, we're consumed by data,
17 trying to sort out the amount of data that we have to
18 deal with in our resource management plans. So we
19 try to defer as much as possible the actual decision
20 making for a lot of these proposals until we actually
21 have something, you know, in writing.

22 Despite our intentions to try to be

23 broad scaled and Corps scaled analysis, our resource
24 management plans take a lot of time, two to four
25 years. Part of that is because we're collecting a
1 lot of data that we don't often have in hand. One of ¹⁹⁶
2 the advantages of collaborating with other agencies
3 is that they often have information that we don't.
4 Communities have information, especially
5 socioeconomic data that's very helpful to inform our
6 planning process. So as you collaborate it takes
7 more time.

8 Our resource management plans
9 establish our basic land health standards. These are
10 goals that we will try to attain through
11 implementation of planning decisions.

12 And how you figure out whether they
13 are working, these decisions are working over time is
14 you monitor, you resource monitor. You plan
15 implementation monitor. See where our decisions are
16 being implemented.

17 Are they having the desired effect and
18 the desired outcomes, and then evaluate whether the
19 plan should be changed over time. Unlike other
20 agencies plan, BLM's plans do not have any expiration
21 date. We don't have to and Congress doesn't fund us

22 to manage or redo our plans every 10 to 15 years. As
23 such, we're constantly updating our land use plans.

24 Our plans cover the whole host of
25 resource issues, land tenure adjustments, especially ¹⁹⁷
1 in the growing west where our lands are really the
2 only lands where communities can grow into. Las
3 Vegas is a great case in point, fastest growing
4 community in the country, and that land is hemmed in
5 by BLM, the transportation and access and all the
6 rest of those.

7 Fire is becoming a big issue out west
8 as droughts continue from year to year and past
9 forestry management practices have created a fuel
10 problem on the public lands.

11 Our challenges, like yours, are pretty
12 similar. We have increasingly diverse and decisive
13 public. The world is becoming more political and we
14 have to deal with that reality. As it's been
15 mentioned in the past, you know, that sometimes it's
16 a zero sum game. You know, if you take away from one
17 group to give to another, somebody wins and somebody
18 loses, and what we're doing is trying to engage
19 people in a different paradigm, which I will discuss
20 in a few minutes, about how do we look for joint

21 gains in a limited resource.

22 Demands are changing on our resources
23 and our lands. About 40 -- 30 years ago BLM lands
24 were basically for grazing, for mining, for leasing,
25 not much for recreation. As the west has grown up,
1 as people have moved to smaller communities, they 198
2 have gotten closer to the public lands, they have
3 looked at BLM for those renewable resources and
4 recreation based activities and the activities that
5 you wouldn't find on other public agency's lands.

6 So we have had to change our internal
7 paradigm and our approach to creating opportunities
8 for other uses besides just the extracted uses that
9 were our bread and butter for many years.

10 We're increasingly coordinating with
11 other agencies. There's scientific uncertainties
12 over impacts.

13 You know, what is out there?

14 If you do something out there, what
15 will happen to these resources?

16 There's no consensus. And especially
17 since we've talked about the decisive publics out
18 there, even if there was a consensus possible, it may
19 not come out for other reasons. So we're getting

20 into a lot of conflict management, training and
21 sensitivity, and we're getting a lot of approaches or
22 help from the public and from consultants to help us
23 work through this conflict management stuff.

24 Once we have approved a land use plan,
25 we go through the monitoring, evaluation and the
1 changing of those plans. We monitor resource 199
2 conditions over tens of millions of acres. It's very
3 hard to be able to do it all by ourselves. And with
4 decreasing federal funding, it's becoming more
5 important that we coordinate and collaborate with
6 other federal, state and local agencies, as well as
7 friends' groups in some cases, with industry, to help
8 us monitor those conditions.

9 We go through an evaluation process,
10 usually every five years on our plans, to see which
11 decisions are working, which ones are not working.
12 If we're getting a whole raft of proposals from the
13 public or from other agencies for the use of our
14 lands and we have to keep on saying no, then maybe we
15 need to revise our plans or at least be able to say
16 why that use is still not valid based on our previous
17 decisions.

18 We're constantly updating our plans

19 with minor information. If there's something
20 important and we don't go through quite the analysis
21 that you do here at TVA, and maybe something that I
22 may take away, you know, is at what point does it
23 become important to accept a proposal and look at it
24 closer in a very structured way rather than just say,
25 no, you can't do that?

200

1 We will have to, you know, wait until
2 the plan is going to be revised in five years. And
3 in some cases industry won't wait.

4 That's especially important with our
5 leasing, mineral leasing issues. We're constantly
6 being asked, because private and state lands around
7 us are being developed for mineral leasing, we're the
8 donut hole and that's not an effective way to develop
9 mineral resources. If the industry is there, they
10 need to be able to access our resource at the same
11 time, if possible.

12 As I mentioned, we maintain our plans
13 with simple data updates. We occasionally amend our
14 plans to deal with new conditions and new proposals
15 that we see have valid needs or political needs, and
16 then we will go through multiple use or multiple
17 issue amendments over time, you know. These are

18 mostly EIS level analysis. So they can take a couple
19 of years and cost a couple hundred thousand dollars
20 or more or several hundred thousand dollars.

21 Then over time our plans become so out
22 of date, so non-responsive to current conditions that
23 we will go through revisions. And we're going
24 through a lot of revisions today. Congress has
25 increased our budget for planning, to a certain
1 extent. It's still not going to be enough, but we're 201
2 now going through a wholesale revision of our land
3 use planning base out west and I am engaged in it
4 here. Let me skip through something very quickly.

5 Where am I on time?

6 FACILITATOR DAVE WAHUS: You've got
7 about another five or six minutes.

8 MR. HOWARD LEVINE: Five or six
9 minutes.

10 You know, the -- what we're looking at
11 on the ground is a lot of new approaches for amending
12 or doing our plan decisions in a way that are more
13 responsive to changing conditions, and we have
14 started moving towards or proposing to use adaptive
15 management and collaborative monitoring as our means
16 to that end.

17 If our decisions are written in a way
18 that aren't so prescriptive, you know, open, closed,
19 open with certain conditions, but they are more
20 written in a way of, if the conditions are allowing a
21 certain kind of development or a certain kind of use
22 over time, then the monitoring aspect becomes
23 critical to that implementation.

24 So instead of saying, you know, in
25 2001 our decision was you're going to open or close
1 lands to certain use or open lands to a certain use,²⁰²
2 that use starts happening out there. It goes
3 gangbusters.

4 How do you stop it or how do you allow
5 more of it, you know, based on, again, monitoring?

6 So what we're doing is we're testing
7 some ideas out in the west where we're writing our
8 decisions. We're developing our decisions in a very
9 collaborative and close way with our publics so that
10 when our decisions are made, when the record of
11 decision is signed, they are part of the
12 implementation through monitoring and through other
13 means, that we're all in it together as the
14 implementation goes.

15 In the past land use plans were

16 written by the federal government. They either got
17 implemented or not, but they got implemented in most
18 cases and we were shouldering the entire burden of
19 the implementation and the monitoring and the
20 revision.

21 So what we're looking at is trying to
22 involve the public and our other publics to let
23 use -- to have them help us monitor this stuff on the
24 ground to make sure that resource conditions aren't
25 getting in a kilter, that our assumptions are still
1 valid, and if they are not valid, what new decision ²⁰³
2 would be appropriate for use.

3 And since they will be written in a
4 way that's sort of flexible, we wouldn't have to go
5 back and amend the land use plan. The decision would
6 be written in a way that's more flexible, more built
7 in. If conditions change, then we -- this decision
8 will kick in. And since we tried to build a
9 consensus on that in the planning process, we're not
10 going to -- we feel that we are going to have the
11 support of our publics when we get to that point.

12 It's still in the evolution stage.
13 It's not being used throughout the Bureau, but we
14 don't have the resources to monitor. We foresee

15 declining budgets in the future. So we're not going
16 to be able to do the monitoring. So we're going to
17 have to go to the public and to other agencies to
18 help us implement these plans.

19 And this is -- you know, in some cases
20 we're convening a Federal Advisory Committee active
21 boards, like this one here, to advise us, and, you
22 know, a full spectrum of interest would be at that
23 table to say, you know, this is what we're finding
24 out from the public lands, from the monitoring of
25 this land use plan and, you know, we think that the
1 decision should be amended without a land use plan ²⁰⁴
2 amendment, that it should be changed based on what we
3 had decided five years ago or ten years ago.

4 It's an exciting proposal. It's an
5 exciting idea. It's probably the only thing that
6 will save us from getting litigated ad infinitum
7 because as our decisions -- you know, we're
8 constantly getting litigated at, you know, the top
9 level land use plan level, litigated on the
10 implementation of those decisions, litigated at the
11 project level, and what we're trying to do is make
12 sure that we have as many people on board early on
13 and then throughout the process of implementation to

14 make sure that we resolve those issues up front.

15 That's all I have for me. If you want
16 more information about the adaptive management and
17 monitoring stuff, Scott Florence, who couldn't be
18 here today, is our senior planner in Washington, he
19 can help out. If you have any questions, other than
20 the ones I will get today, I am available at this
21 number and you have this in your package.

22 CHAIRMAN BRUCE SHUPP: Thank you,
23 Howard. Appreciate it.

24 Paul Arndt is the regional planner for
25 the southern region of U.S. Forest Service, and as
1 such, he is involved in the planning and amending of ²⁰⁵
2 plans throughout the southern forest area.

3 Paul.

4 MR. PAUL ARNDT: Okay. Well, thank
5 you. Well, I want to thank all of you for the
6 opportunity to come to meet with you and speak with
7 you.

8 We are undergoing quite a bit of
9 changes within the forest service in how we do
10 planning. So this was a perfect opportunity for us
11 to meet with some of our fellow agencies cooperators
12 and partners and to let you know what all these

13 changes are.

14 We are -- as this slide shows, the
15 changes that we're going to be implementing were just
16 signed last December and became effective in January.
17 So we are in the process of still sorting out what
18 are these changes going to mean to us and how are we
19 going to implement them. We're still training our
20 folks on how to do this new planning. So we're sort
21 of on the cutting edge of all of this.

22 Now, with our new planning rule what
23 it's going to do is it's going to -- it describes the
24 land management planning framework. It clarifies the
25 strategic nature of our forest plans, sets forth the
1 process for revising, amending and monitoring our ²⁰⁶
2 forest plans and also an approach for addressing
3 sustainability.

4 Now, one of the things that we are
5 after is the -- what we have called the old way, sort
6 of a boomer bust. And when we were doing our forest
7 plans, like Howard was mentioning with BLM, we
8 were -- a process to put together a land management
9 plan was taking five to seven years to put together a
10 plan, and we were doing it every 15 years. So we had
11 these -- what we called these boomer bust cycles.

12 One of the things that we wanted to
13 try to accomplish is an adaptive, and here again
14 Howard was mentioning this concept, and this is what
15 our new regulations are trying to implement is this
16 adaptive process where it will be easy to update the
17 plans, to amend the plans, to do a plan revision. We
18 keep this going somewhat constantly. We have
19 continuous planning, if you will.

20 So it's always going to be sort of
21 more of a tweaking, refining type of process than
22 this boomer bust kind of process. So this is what
23 we're trying to get at.

24 So what is different between the way
25 we used to do plans and the way we're now going to
1 try to do planning? 207

2 One, we are making a real effort that
3 our plans are real strategic in nature and that they
4 are not making what are commonly thought of as,
5 quote, decisions in plans. What we are going to have
6 in our plans is sort of a broad overview, define our
7 desired conditions, where we want to do, establish
8 some guidelines around where we want to operate, some
9 objectives, and kind of leave it at that.

10 So since our plans aren't going to be

11 doing any decisions, a lot of the NEPA requirements
12 aren't going to be there, but we will still have NEPA
13 requirements for doing an EIS, I should say. Now, we
14 are still going to be NEPA because we will still do
15 this under categorical exclusion.

16 Now, the category is still in the
17 process of being established for us. It was just out
18 for public comment at the same time that this was
19 approved in January. And that 60 comment period just
20 ended, so hopefully this category will be established
21 here relatively soon that we can use.

22 And also, we -- as Howard was also
23 mentioning with BLM, we really want to put an
24 emphasis on working collaboratively with our publics.
25 And as I go through, you will see how working with
1 our publics is going to play a real key part. 208

2 Another thing is our analysis
3 processes. One of the things that we had under the
4 old regulations were a lot of requirements for, say,
5 individual species viability type analyses. What we
6 are now going to be working with is a course filter,
7 fine filter type of approach where we're going to be
8 looking at providing a wide diversity of different
9 habitats across the landscape.

10 Once we provide the wide variety
11 across the landscape, then we can look and see if
12 there are any unique species that have any unique
13 needs, so then we can address those, but first going
14 to do kind of the broad brush, the course filter, if
15 you will, look at the landscape level, try to --
16 hopefully that will take care of the majority of our
17 species, but there are some that may fall through the
18 cracks, so to speak, and that's the fine filter
19 approach that will look at their needs.

20 As a result of monitoring and EMS,
21 this is something else that's new. It's the
22 environmental management system. Some of you may be
23 familiar with an EMS. So this is new to the Forest
24 Service. And this is one of the things that we will
25 be implementing, and I will speak about it a little
1 bit more later. 209

2 Because of monitoring and implementing
3 this environmental management system, we hope we will
4 be able to respond more quickly to changes in
5 addressing the needs and what we need to do to manage
6 our resources.

7 And also, another change will be in
8 the past we have had an appeal process and we're

9 changing it to -- so there will be an objection
10 process before we sign a record of decision, and this
11 also is a similar process to what the BLM uses. So
12 we'll be using a similar type of thing as BLM now.

13 Again, some differences between our
14 kind of our old and the new way of doing things. We
15 used to do what's called an AMS, Analysis of the
16 Management Situations, identify benchmarks. I spoke
17 about the viability analysis. We had things called
18 management indicator species. We had multiple
19 prescriptions. We had standards. We had
20 Environmental Impact Statements determining the
21 allowable sale or quantity. So we had all of these
22 kinds of requirements that we had to do, and all of
23 this was part of the reason why it would take us five
24 to seven years to put together a plan.

25 So we are now shifting that over. Our
1 hope or desires is that now we will be able to do a ²¹⁰
2 plan in two to three years. So now we will have what
3 we're calling evaluation reports looking at current
4 trends and conditions. Our species diversity that I
5 spoke about. Maintaining things instead of the
6 management indicator species, we'll be looking at our
7 threatened and endangered species, as well as species

8 of concern. Identifying areas that are suitable for
9 different uses and any special areas. We'll be
10 having guidelines instead of standards. I also
11 mentioned using the CE instead of the EIS, and we'll
12 be determining a long-term sustained yield instead of
13 an allowable sale quantity.

14 So, again, we're looking at changing
15 the nature of the plans, where the plan is just a
16 strategic guide for where we will do our project
17 level, determining what our specific projects are
18 going to be.

19 When we develop the project, it will
20 be something that will implement those desired
21 conditions, and then we will be identifying these
22 guidelines that sort of set the boundaries and
23 provide recommendations and guidance for how to meet
24 those desired conditions.

25 Also, again, we want to put an
1 emphasis on the public involvement at the strategic 211
2 level, and then it's when we're at the project level
3 and we're doing the actual project analysis, that's
4 when we will do, you know, the environmental
5 assessments, the environmental impact statements,
6 whatever is necessary, because that's at the point

7 where we have an actual proposal and we can actually
8 meaningfully evaluate what the effects would be.

9 We're also going to be designing our
10 plans so it has a little different approach. It's
11 going to have three sections. Of the three sections,
12 one will be sort of an the overall vision of what we
13 want to accomplish, some strategy on how we're going
14 to accomplish that vision, and then the design
15 criteria, which is essentially the guidelines.

16 So we're going to have five main
17 components within our forest plans. Those five
18 components are, one, the desired conditions. The
19 desired conditions are the social, economic,
20 ecological attributes that we want to accomplish for
21 different parts of the forest. Objectives,
22 projections, and there are time specific. They are
23 measurable so we can see how well are we doing in
24 accomplishing and working toward meeting that vision
25 and meeting those desired conditions, and also, the
1 guidelines, that information and providing guidance ²¹²
2 on how we can accomplish those desired conditions.

3 The plans will also identify what
4 areas, what parts of the forest are suitable or not
5 suitable for different uses, whether it be for timber

6 production or recreation or oil and gas leasing or
7 all the different resources that we address. The
8 plans will identify what areas are suitable or are
9 not suitable for those different uses.

10 And then one of the distinctions that
11 we're making is that we're -- the plans will be
12 saying these areas are generally suitable but it will
13 still be at the project level where you will actually
14 look at that use, confirm that that is a valid use,
15 and then you will have the appropriate NEPA analysis
16 at that project level.

17 Then the other areas is identifying
18 the special areas, and these different land
19 allocations. Some special areas would be like
20 wilderness areas, wild and scenic rivers, geologic
21 areas.

22 It can be just if we want to do a
23 particular land allocation to meet a real identified
24 set of desired conditions, like we want to provide
25 for, say, back country recreation or something, then
1 we would use this mechanism to identify those parts ²¹³
2 of the forest that we have the specific desired
3 conditions for.

4 Also in our plans looking at defining

5 sustainability, there's three components of
6 addressing sustainability. One is the ecological
7 sustainability where, as I was mentioning, we were
8 focusing on the ecosystem diversity, and a lot of
9 that will be through our analysis of all the
10 different habitats that are needed in providing for a
11 diversity of those different habitats.

12 And then social and economic
13 sustainability, looking at the planning area, the
14 communities in the area, and what are the social and
15 economic needs for those people that are associated
16 with the national forest.

17 I mentioned this EMS, Environmental
18 Management System. Some people may have heard that
19 we are replacing NEPA with this EMS, and they are
20 compatible things. Within an environmental
21 management system, it's where you identify
22 significant aspects, and then you will have a very
23 detailed program for how you're looking at those
24 environmental aspects, how you're monitoring them,
25 and then evaluation of them. There's audits with
1 that. So it will be a big change for us because a
2 lot of this monitoring evaluation is going to be a
3 lot more structured and a lot more formalized than we

4 have done before.

5 We will still be following NEPA, but
6 as I was mentioning in terms of doing our
7 Environmental Impact Statements and environmental
8 assessments, those will be done at project level. So
9 most of our analysis from the NEPA perspective is
10 going to be done at the project level.

11 Just another couple of statements
12 about EMS and NEPA. Both are providing ways that we
13 can look at the environment and how are we improving
14 the environment. An EMS will require independent
15 audits, and these independent audits could be from
16 another forest, another agency, another region could
17 contract it out.

18 So those are some of the things that
19 we are looking at, how we will be doing these
20 independent audits of how well we are working toward
21 meeting our objectives and addressing the significant
22 environmental aspects that we identified.

23 Monitoring and evaluation, there's
24 sort of three types of evaluations that we will be
25 doing. There will be one comprehensive evaluation
1 that we'll be accomplishing when we're doing our plan
2 revisions. There is another evaluation that we will

3 be doing whenever we do a plan amendment, and then we
4 will have also annual evaluations and annual
5 monitoring reports. We are also going to be looking
6 at our comprehensive evaluations and updating those
7 every five years and determining if there's a need
8 for change.

9 When we are going through our planning
10 process, we're looking at this adaptive nature of
11 things and we'll be continually tweaking things, but,
12 you know, when we look at our -- revising our plans,
13 the main documents that we will have available will
14 be the actual plan, which will have those five
15 planned components, this comprehensive evaluation
16 report, and then also the plan approval document,
17 which is roughly the equivalent of a record of
18 decision.

19 Then, of course, other documents that
20 we won't publish and send out to the public, but they
21 will be still available for anyone who would want to
22 see them, and that would be like our monitoring
23 program, EMS documents, NEPA documents, evaluation
24 reports, and so on.

25 Now, I think one of the things you-all
1 were interested in was involving the public. So I

2 have a few slides here about what we're looking at
3 with involving the public.

4 Under the 1982 rule we had said that
5 public activities are determined by the responsible
6 official. Whereas, it came in a little stronger,
7 that the responsible official must use a
8 collaborative and participatory approach in planning.

9 Another thing we're going to be
10 changing is how we involve the public. The old way
11 of doing things was that it was tied around the
12 Environmental Impact Statement process where we
13 developed separate, discrete alternatives.

14 What we want to do now is -- it sounds
15 real similar to what you folks were saying here at
16 TVA of going out with a preliminary land allocation
17 and then getting comments on that. So we would look,
18 you know, and talk over with the public and our
19 collaborators, see kind of where everyone -- where
20 we're headed toward, come out with a proposal, then
21 from that proposal we can then keep working with our
22 public and see what kinds of changes and additions or
23 whatever to that proposal and tell -- you know, doing
24 what we can to try to work toward consensus.

25 Although, you know, I think we all know probably

1 never reach consensus but doing the best we can with
2 all of the different interests that are involved. So
3 doing this iterative approach to coming up with what
4 the actual plan will look like is something that will
5 be new for us.

6 Also we will have our public
7 involvement collaboration at any number of points
8 throughout the process with -- they will be helping
9 us with preparing our evaluation report and
10 developing the plan, developing the monitoring
11 program. We'll have a number of public notices that
12 will be going out throughout the process.

13 First we'll start out with the public
14 notice that we're going to initiate a plan, either a
15 plan revision or a plan amendment. So we will say --
16 you know, just identify to the public that we are
17 about to start this. Included with this will be a
18 document of our need for change, describing why we
19 need to revise the plan or why we feel we need to
20 amend the plan and then just letting the public know
21 how they can comment on that.

22 Then there will be -- once we have
23 gone through and worked with our publics and
24 developed a proposal, this will be somewhat

25 equivalent to a draft Environmental Impact Statement
218
1 and the process. So once we have developed into a
2 certain point and we're going to go out for a formal
3 comment period, we would have another notice that
4 would go out to the public, and we would have --
5 start a 90-day comment period on that.

6 Then after we have looked at all the
7 comments during that 90 days of comments and we're
8 about ready to sign on the dotted line, we will go
9 out, once again, and we will say, okay, this is
10 pretty much our final. So we have one last shot. If
11 you have any objections to where we're going, now is
12 the time to do it. So we will give another
13 notification and then will start the objection
14 process.

15 Then after we have gone through
16 working with our publics and looking and considering
17 any objections that are made, then we will finally
18 approve the documents, and then we will have another
19 public notice that will say, yes, this is -- the plan
20 is now approved.

21 This slide says that we would have a
22 plan approval document, which as I mentioned, is
23 similar to a record of decision. So in this approval

24 document we would have the rationale for how we ended
25 up with the direction, you know, that we had within
1 our plan, a statement of how the plan would relate to ²¹⁹
2 other projects and activities that are ongoing. We
3 would also need within our plan approval documents a
4 description of how we used the best available science
5 and also when the effective date would be.

6 Then, as I mentioned, we are changing
7 the process where instead of post-decision appeal
8 period, we will now have a pre-decisional objection
9 period.

10 And another thing that is changing is
11 we are now -- in the past it's been the regional
12 forester who has been the deciding officer for our
13 forest plans. This has now changed. The forest
14 supervisor will be the person responsible for putting
15 together the forest plans, and then any objections
16 will be made to the regional forester.

17 So one of the efforts of this new
18 planning process is we want to get more focus down at
19 the local level at the forest supervisors so they
20 will have more discretion to meet the local needs and
21 the local conditions that they are dealing with.

22 Another thing is, now, when are we

23 going to change some of these planned components and
24 when do we want to do these planned amendments and
25 what do we do.

220

1 We can change any of those five plan
2 components through an amendment process or through
3 the revision, and we're still required to do a
4 revision, at least every 15 years. A plan amendment
5 can occur at any time.

6 We can also make administrative
7 corrections. This is something else that we needed
8 because under the old planning rule we did not have
9 the ability to make just administrative corrections.
10 And if we wanted to update anything, even little
11 things, we had to go through an amendment process.
12 So this help simplifies things.

13 So the responsible official has the
14 discretion to determine whether or not and how to
15 change the plan and the discretion to determine what
16 issues to consider for a plan revision or amendment.

17 So I know one of the things that you
18 folks are looking at is what kind of guidelines,
19 would you want to determine when and how to make a
20 change to your plans, and right now we don't have any
21 set guidelines for that, other than we're leaving it

22 up to the discretion of the responsible official.

23 So they use their best judgment from
24 their local situation, their local public, their
25 local needs, and then they are the ones to make their
1 decision as to whether to make a change to the plan ²²¹
2 or not.

3 Then also I had mentioned we have
4 these administrative corrections. These corrections
5 can be made at any time. They are not planned
6 amendments or revisions. Some example of
7 administrative corrections would be just updates of
8 data or things that we find in our maps that were
9 just incorrect. So we want to update the maps,
10 typographical errors, non-substantive changes to the
11 plan, changes to the monitoring program, monitoring
12 information, changes in our projections of what kinds
13 of activities would be going to happen.

14 So any of those kinds of things we can
15 do without going through an amendment process. We
16 just make a note of that and then let the public know
17 of these changes probably through our annual
18 evaluation reports.

19 Then this slide talks about the
20 transition. As I mentioned, this just went into

21 effect a few months ago. We had a three-year
22 transition period. So any of our planning processes
23 that were started before January 5th they can
24 continue on under the old 1982 -- following the 1982
25 rules or they can start following this new set of
1 rules. 222

2 Anything that -- from this point on,
3 any that are initiated, any plan revisions that are
4 initiated now need to follow the new plan process.
5 If we want to do any plan amendments, they can follow
6 within these next three years either the old or the
7 new rules. And, of course, after the three-year
8 transition process, then everyone would follow the
9 new process.

10 Then also in this transition is,
11 again, this environmental management system. So
12 before we can do a plan amendment following our new
13 set of rules, an environmental management system
14 needs to be place. So even if we're going to -- want
15 to amend our plan within the next couple of years
16 following the new set of guidance and rules, we need
17 to establish one of these environmental management
18 systems. Then once that's established, then that
19 transition period ends.

19 please go up to the front?

20 The panel is all ready. So we're open
21 for questions, and I see Phil is up. Go ahead, Phil.

22 MR. PHIL COMER: Mine really is not a
23 substantive question, but it's a question for Paul
24 Arndt. Who -- and you may have -- you may have
25 covered this in the first part of your talk when I
1 was not as attentive as I was toward the end, for 224
2 reasons we won't go into.

3 Who decided after 22 years to move
4 toward a different planning process? I'm just
5 curious. What person or persons or consultants made
6 you make such a pretty major decision to do that?

7 MR. PAUL ARNDT: Well, we have been
8 trying to actually change our planning process since
9 about 1990. The rules that -- the old rules were
10 from 1982, and as I said, we had a couple of starts
11 and stops and we had a couple of ones that we
12 proposed in about '95, '97.

13 There was one that actually did go
14 through in 2000, but then after we looked at that
15 closer we basically said, we can't implement it, and
16 we pulled it back and we came up with this one.

17 So it's been an effort of ours from

18 basically the lessons learned of what's been working
19 and what hasn't been working and an effort to try to
20 make things more streamlined and to get us out of, as
21 I mentioned, this boom and bust, you know, and five
22 to seven years to put together a plan.

23 MR. PHIL COMER: Was there one person
24 who was sort of the principal architect for this?

25 MR. PAUL ARNDT: No.

225

1 MR. PHIL COMER: Did you hire a
2 consulting firm to help you?

3 MR. PAUL ARNDT: No. It's been pretty
4 much in-house that we have been striving to update
5 those.

6 And we did -- back in 1990 there was a
7 survey that was done of all of the forest plans, what
8 worked and what didn't work, and there was a document
9 then and that was the basis for a lot of our initial
10 things that we were proposing to make changes from,
11 again, the lessons learned from what people found out
12 from doing their planning efforts.

13 CHAIRMAN BRUCE SHUPP: Jimmy.

14 MR. JIMMY BARNETT: I really have two
15 questions, again, for Paul. One is something that I
16 am personally interested in. The other one has more

17 pertaining to what we're here about.

18 Who decided to cut down all of the
19 Sequoyahs out there?

20 MR. PAUL ARNDT: I don't work that
21 much out there. You mean in California?

22 MR. JIMMY BARNETT: Yes.

23 MR. PAUL ARNDT: I'm not much familiar
24 with what's going on out there. So I can't help you
25 out.

226

1 MR. JIMMY BARNETT: I am not a tree
2 hugger around here, but I would be out there because
3 I love those things.

4 The other question, I notice in going
5 through your plan that, I'm not sure it can take less
6 than five years to go through all the many steps that
7 you're going back to the public with, and in regard
8 to that, going back to the public that many times, do
9 you think that's -- I think the public deserves input
10 here, and we are making our input to TVA, but so many
11 repetitions at every stage of it, I guess, strikes me
12 as being an awful lot.

13 MR. PAUL ARNDT: We wanted to make it
14 a real claritive effort with the public and with our
15 partners. So we're making a real effort to involve

16 the public with our planning and coming up with our
17 planning decisions. So this is a way to ensure that,
18 you know, we are giving ample opportunity to work
19 collaboratively with our public.

20 Actually, when we were following the
21 Environmental Impact Statement, it's a lot of the
22 same things when you're doing an Environmental Impact
23 Statement. You go out with your Notice of Intent.
24 You go out with a draft EIS then, you know, you have
25 your final EIS.

227

1 So a lot of those comments -- comment
2 periods and notices are in s sense following the same
3 type of process of formally involving the public that
4 we did do when we were working with Environmental
5 Impact Statements.

6 So it's -- except for the objection
7 process, which is an addition, but all the others are
8 relatively similar to working your way through an
9 Environmental Impact Statement.

10 MR. JIMMY BARNETT: So it is mainly
11 giving plenty of opportunities for the public to have
12 a say at every step of the process?

13 MR. PAUL ARNDT: Yes, that's right.

14 CHAIRMAN BRUCE SHUPP: Tom.

15 MR. TOM LITTLEPAGE: Well, my question
16 is for Mr. Arndt as well. It appeared like through
17 these presentations that the forest service's
18 approach is very process oriented and that was the
19 predominant focus of this rule change.

20 And I'm just curious, given what we
21 have seen with the other agency representatives with
22 regards to philosophical or purpose driven components
23 of the plan that mesh with the intent of the lands
24 you're trying to manage, is that something that's
25 buried in that rule-making process or did we just not
1 hear about it or is it the real focus in the process ²²⁸
2 itself?

3 MR. PAUL ARNDT: Well, the planning
4 process and the rules and the regulations are kind of
5 describing the process for how we put together those
6 plans, but the real focus that we're trying to get at
7 is to work with the publics and the collaboration
8 and, you know, determining what is the best that we
9 should be doing for the land. So that's the bottom
10 line, is what's best for the land.

11 And right, we have these certain
12 process things and we're actually -- this new
13 approach is trying to come up with a way to simplify

14 the process, although it may not have sounded that
15 way, but compared to how we were doing things, it is
16 an effort to streamline that.

17 So we're trying to do less process,
18 you know, like I mentioned, in terms of, you know,
19 the process and all the analysis requirements where
20 it would take us like five to seven years to put
21 together a plan, we're hoping to get that streamlined
22 so that it's only like two years. So it's those
23 processes that we are actually trying to minimize.

24 CHAIRMAN BRUCE SHUPP: Bill.

25 MR. BILL TITTLE: My question is 229
1 addressed to our three guests. Although, Bridgette,
2 if you have a comment, you're certainly welcome to
3 make it. My questions are about the public
4 involvement.

5 No. 1, how do you solicit public
6 involvement to have a good turnout? When you do a
7 lot of work to have a hearing, how do you invite the
8 public and how are you guaranteed to have good
9 quality public involvement?

10 Any or all three of you.

11 MR. MAURICE SIMPSON: You know, with
12 the Corps being a nationwide agency, I can go all the

13 way from the top down all the way to the local level.
14 What we try to do at the lowest level is to involve
15 the public.

16 Like we have Old Hickory Lake in
17 Nashville, for example, and we're going to have a
18 public shoreline meeting. We try to put out at least
19 two newsletters a year that goes to the adjoining
20 property owners, and they're sent to the newspapers
21 and things like this or anytime there's a meeting we
22 try to let the public know.

23 It's a real good question because who
24 is the public? What public should know?

25 If you go back to my example in Kenya
1 where we saw these cattle there, if we had a public²³⁰
2 meeting of the interested Public of Messiah tribes,
3 what kind of comments do you think you would get?

4 You know, the public would want the
5 parks to be done away with so they can graze their
6 cattle. So you have got to be careful to get the
7 right publics involved.

8 The question that came up during the
9 break when I was talking about we're coming up with a
10 new nationwide policy, who do we send that out to?
11 Who are the publics that should be aware that there's

12 a nationwide policy coming out?

13 That's the question that came up at
14 headquarters is, we want to have as broad a
15 dissemination as possible, but it's not going to get
16 in USA Today, it's just not going to go out to that
17 kind of public. So we sent it to the governors. We
18 sent it to marina associations. We try to identify
19 all the publics that may have an interest and not
20 hand pick them, but we know there's going to be some
21 people that are going to comment in a way that we may
22 not really want to hear. We have to send them to
23 developers. We have to send them to everybody. So
24 just briefly I can come back to that.

25 Have you got a specific question -- 231
1 more specific that you want me to answer?

2 MR. BILL TITTLE: The other question
3 is: Do you use internal or external facilitators --
4 experienced facilitators to conduct those meetings
5 for you?

6 MR. MAURICE SIMPSON: We do both. For
7 the annual meetings that have, we try to bring all
8 the rangers in, the people that deal with the public
9 and keep that internal.

10 Anytime that we have a public meeting

11 we normally go out with an outside facilitator, a
12 paid professional facilitator. We have tried
13 different things.

14 We thought for a while back in the
15 early '90s that a nominal group new technique worked
16 great, you know. It kept down some of the complaints
17 and didn't lead to grandstanding, but people hated it
18 after awhile. They got to see that they were
19 manipulated. So we have cut that out.

20 We are trying to get substantive
21 comments in. We want to know what people really
22 hear. We want to know what that shy lady thinks. At
23 the same time, we don't want to separate her from her
24 husband and force them to talk. So it's just an
25 ongoing type of thing. We're trying to honestly get
public feedback. 232

2 MR. HOWARD LEVINE: As far as what
3 we're doing, it's not a one-size-fits-all for public
4 participation. And what's happened in the past is
5 probably different from what we're going to be doing
6 in the future.

7 Since we're going to be doing a lot
8 more partnering with other agencies and other
9 entities, we're going to rely on them to help us

10 identify the publics that need to be involved.

11 In the past we would publish a notice
12 in the Federal Register and that would alert the
13 national interests, and then we would send out news
14 releases to local news media and that would get
15 certain people involved, but unless you want to
16 get -- you know, you just want to get official folks
17 getting involved, that works.

18 If you want to get key opinion people
19 involved, if you want to get a broader base of people
20 involved, you are really going to have to dig down a
21 little bit deeper and spend a little bit more time on
22 the ground.

23 We're working towards -- we have tried
24 it in a few places where we're actually employing and
25 hiring consultants to actually just sort of hang out
1 within a planning area and just sort of get to know ²³³
2 the public and get to know the people. Planning
3 areas are very large.

4 In most cases there are not that many
5 communities within that planning area. So what we're
6 asking these consultants to do is just sort of, you
7 know, go to the little league ballpark, you know, on
8 a Thursday night and just sort of hang out and get to

9 know people and also bring BLM people there.

10 So we get to learn who the opinion
11 folks are, as well as just sort of the general public
12 who may not have an organized voice speaking for
13 them, and that allows us to gauge a little bit more
14 of socioeconomic interests of the public rather than,
15 you know, the industry versus environmentalist
16 paradigm that we have been playing in for so long.

17 MR. GREER TIDWELL: Is that an
18 undercover process or an open process?

19 MR. MAURICE SIMPSON: You know, that's
20 a good question. Just speak into the lapel, please.

21 The person who does the socioeconomic
22 analysis for us that we have hired in the past, they
23 identify what they are doing, they certainly do, and
24 they want to be able to engage people in constructive
25 comments and not just sort of sit on the side line
1 and go, well, I am writing down this. 234

2 People don't like it when the
3 government does that, but what we're trying to do
4 is -- you know, there are official ways that people
5 interact with their government and we get these great
6 little public meetings where people get to
7 grandstand, and that has some input and some effect,

8 but it's really, what do people really think and what
9 are really their concerns?

10 What we're trying to move away from
11 are these positions that people say, you have got to
12 open the land for this use or you have got to close
13 it for all uses. There's a common interest below
14 that that really can be met if you are willing to
15 spend the time and engage people and be more
16 community oriented and partnering, rather than having
17 them, you know, just give their five minutes on the
18 podium and say thank you very much. That's the idea.

19 MR. PAUL ARNDT: If I might add, we
20 have been doing similar things that have already been
21 described. One additional thing that we have been
22 looking at to try to define or try to find the
23 interest of those people that don't speak up is doing
24 some surveys.

25 We have worked with our southern
1 research station and they have helped us develop the 235
2 surveys, and actually we have contracted out with
3 folks here at the University of Tennessee who have
4 been doing the actual calling but for -- we had set
5 up a survey area for each of our national forest and
6 then would -- through telephone surveys and, you

7 know, random -- like people that are identified, to
8 just get their input on what do they think about the
9 national Corps? What are their concerns? You know,
10 if they would prefer X over Y, what would they pick?

11 So that's another way that we have
12 been using to try to find out the interest of the
13 people surrounding our lands and what their concerns
14 are.

15 MR. BILL TITTLE: Thank you very much.

16 CHAIRMAN BRUCE SHUPP: Greer. Pardon
17 me. Mike, I think you were first.

18 MR. MIKE BUTLER: Age over beauty.

19 MR. GREER TIDWELL: Can y'all speak a
20 little bit to the budget aspects of your public
21 outreach? What kind of percentage of your budget is
22 entailed in the public outreach and absolute kind of
23 dollars?

24 MR. HOWARD LEVINE: Not enough, I
25 mean, that is the short answer. Because the public
1 involvement process is just one process within this 236
2 overall planning that we're trying -- you know, you
3 have to gauge how much you want to spend in this
4 upfront work, you know, to gather public information,
5 valuable information as opposed to gathering facts or

6 data and then analyzing data and putting together
7 documents.

8 We run our plans on a pretty thin
9 budget. So, you know, as far as my budget on public
10 involvement, I would say that, you know, since it's
11 about 10 percent or 20 percent of the planning
12 process, I probably spend less than 10 or 20 percent
13 of my budget on involvement, that I am constantly
14 buying data or consultant services to do the analysis
15 for me.

16 To answer an earlier question, we're
17 going more towards consultants doing our
18 Environmental Impact Statement and our plans. So
19 they are doing a lot of the facilitation. So I would
20 see those numbers actually rising over time just
21 because, you know, our staffs are getting hammered
22 from all sorts of directions.

23 MS. BRIDGETTE ELLIS: I'm not sure,
24 Greer, from our standpoint how much of it is part of
25 our budget. We will get that information and try to
1 do what we're doing currently with the Watts Bar
2 plan, but I know that when we started the Watts Bar
3 plan, the revisit of that, that we are spending more
4 time and money on this one based on those comments

5 that you-all gave us last time about public
6 involvement and doing more planning up front to try
7 to understand, you know, what interested groups are
8 we going to go talk to and what are the ones that we
9 need to engage, those types of things.

10 So I would say it's an increase over
11 what we used to do, but what percentage of the budget
12 is I am not sure. So we will check that.

13 MR. GREER TIDWELL: I am not sure I
14 have seen those numbers in the ROS study either.

15 MS. BRIDGETTE ELLIS: In the ROS.
16 Okay.

17 MR. GREER TIDWELL: I mean, it's hard
18 to know exactly where the line is between public
19 outreach and sort of analyzing public outreach.

20 MR. MAURICE SIMPSON: Okay. From our
21 standpoint, we just have to do the best we can within
22 our operating budget. We don't have a separate
23 budget set aside for public outreach.

24 And I would like very much to do
25 something like TVA has done here, where it brings
1 people in and helps them out and makes sure you're 238
2 here. Like when we had our public meetings with
3 public for shoreline management, our rangers stay

4 late but we don't track the costs of this particular
5 effort. And so it's just within our operating
6 budgets.

7 I know that we're getting ready to do
8 a total master plan update of our Percy Priest
9 project in Nashville and we're trying to get
10 something like the Council here involved. We're
11 identifying stakeholders, bringing them in, and we'll
12 have night meetings, we'll do that, but it's all
13 going to be at our own -- basically at our own
14 expense. We're not -- folks are going to have to
15 volunteer to come do it. We're not going to be able
16 to reimburse them for the cost and things like this.
17 So we don't have a way of tracking our budget for
18 that.

19 MR. PAUL ARNDT: We're similar. It's
20 all within our overall planning budget. We don't
21 really have any kind of separate line item or
22 accounting for public involvement with our planning
23 activities.

24 So I'm not sure how much it would be,
25 but I guess it would be similar to what Howard said
1 would be allowed, maybe 10 to 15 percent, which
2 was -- most of our planning dollars are going toward

3 the date acquisition and the salaries and such of the
4 people working on the planning teams.

5 CHAIRMAN BRUCE SHUPP: Mike.

6 MR. MK: The first question is for
7 Paul. Let me first start with a statement. I
8 participated in the new process for the Land between
9 the Lakes management plan, and it was vastly improved
10 over the Cherokee process, which I think followed the
11 old guidelines.

12 MR. PAUL ARNDT: That's correct.

13 MR. MIKE BUTLER: If I am accurate in
14 that, it was really nice, and I think it will be --
15 it went astonishingly fast for an agency as big as
16 the forest service. So I wanted to commend you
17 publicly for that because it was excellent.

18 MR. PAUL ARNDT: Well, thank you.
19 Thank you. Yeah, it was one of our -- it was sort of
20 one of our test cases to see if we could actually put
21 together a land management plan within about a
22 two-year time frame. So we really pushed it. We
23 probably burned out a few people there at the Land
24 between the Lakes, but, yeah, they did a real good
25 job.

1 MR. MIKE BUTLER: My question is that

2 we had a question earlier about why the process
3 changed, who was the architect of it.

4 My perception is, I want you to
5 correct my perception if it's off, is that the reason
6 that this process changed ultimately is because of
7 the litigated pressures than were put on the forest
8 service that paralyzed it.

9 And I guess where I am going with that
10 is I am looking at commonalities between what we're
11 faced with with TVA lands and how things that you-all
12 are doing might apply or might not apply to that, and
13 one of the things I think is important is to just
14 look at how your policy evolved to the point it is
15 today. And my understanding is that it evolved from
16 litigation pressure, which is not the case with TVA.
17 I'm just trying to get a feel if that's an accurate
18 assessment.

19 MR. PAUL ARNDT: Yes. A lot of the
20 reasons why we ended up changing, right, is because
21 of all of the litigations and the precedents that
22 have been set.

23 I think as time has continued on from
24 what we originally felt we needed to do back in the
25 '80s and then through various, again, court

1 decisions, precedence, it's, well, we need to do a
2 little more of this and a little more of that and we
3 needed to do a little more of this, and it's been a
4 cumulative effect over the past 20 years where we
5 keep having more and more requirements in order to
6 meet these court rulings that had -- that was a big
7 part of leading us to try to find some way to
8 streamline this and to get us out of that -- you
9 know, I guess that trap that we felt we were in was
10 just getting more and more to where it was strangling
11 us with all of our analysis requirements.

12 MR. MIKE BUTLER: Last question for
13 you and then I want to ask Mr. Simpson a question.
14 The last question is this: Will the categorical
15 exclusion allow y'all to basically avoid the
16 cumulative impacts analysis under NEPA at the project
17 level?

18 MR. PAUL ARNDT: No. All -- what we
19 will be doing is, for just the plan itself, since
20 we're saying what is in the plan and just being the
21 strategic nature of a plan, that that part of it can
22 be categorically excluded, but we would still need to
23 do cumulative effects analysis at the project level.

24 Also, I had mentioned a comprehensive

25 evaluation report, and that will be -- contain a lot
1 of the forest-wide sort of analysis of, you know, 242
2 what's going on at that scale that then the projects
3 can then reference and use that as sort of a point of
4 context for -- at that project scale versus what's
5 going on at the forest scale.

6 So a lot of that information will be
7 in those comprehensive evaluation reports. So we're
8 hoping we can rely on those comprehensive evaluation
9 reports to help us with our cumulative effects
10 analysis.

11 MR. MIKE BUTLER: And Mr. Simpson,
12 just real quick, I have been tracking TVA land use
13 issues, I think, Kate, for probably almost ten years
14 now. We have been involved working with TVA on some
15 aspects of it, especially when the shoreline
16 management initiative was up.

17 I thought the shoreline management
18 initiative was a great way for TVA to provide a set
19 of guidelines to protect itself, as well as the
20 public trust, when they -- and the controversy that
21 preceded the shoreline management issues helped drive
22 some of that to come to fruition, and I think that
23 TVA recognized that and I think that's part of what's

24 behind these guidelines. So I wanted to say that
25 these are a great step.

243

1 The question I have is that from
2 the -- at the Corps, given that y'all have kind of
3 a -- it's kind of amazing, you were telling me at the
4 break, 218,000 acres to 208,000 acres depending on
5 pool level on the reservoirs in Middle Tennessee.

6 Where -- how have y'all handled public
7 land sales requests, public land leases, things like
8 that?

9 I know that might be a very large
10 question to try to answer, but I am just trying to
11 get a feel for -- I understood the process, but in
12 terms of, does the Corps sell public land? Do y'all
13 lease it? How does that all flesh itself out?

14 MR. MAURICE SIMPSON: Okay. When I
15 first got up I said that we have a lot of
16 similarities to TVA, which we do, a lot of the same
17 management responsibilities and challenges. One
18 major difference though is that we don't have a
19 mandate for economic development. So, you know, we
20 are talking about two totally separate things right
21 there.

22 We do not, except on rare, rare

23 occasions ever -- we don't sell land. We have made
24 land exchanges and things like that, you know, a few
25 acres here and a few acres there, because of boundary
1 line problems and things like that. But as far as an ²⁴⁴
2 agency, we do not sell land for development purposes.
3 We normally lease land. Like I mentioned, we had 60
4 major marinas. We have got some 5, \$6 million
5 marinas, thousands of slips.

6 So usually -- in the very beginning
7 when these lakes were made and we came up with master
8 plans, we identified those areas that were most
9 suitable for recreational development. So those are
10 outlined in the master plan.

11 If there is a proposal that comes in
12 that's not in the master plan and we go through the
13 whole public review process to determine if -- a new
14 marina proposal in a different area that was not
15 identified in the master plan, is that feasible, and
16 we would like at the entire range of environmental
17 impact, social impact, do a market analysis, and this
18 sort of thing.

19 We do not sell land. I think during
20 the break I was mentioning to you that years ago
21 before Tellico Dam was impounded, I was through that

22 watershed and there was a lot of controversy back
23 then as far as large farms being taken away. Then
24 later I was there as these became subdivisions and
25 talking about all of the docks and everything,
1 highly, highly controversial thing, but it's because ²⁴⁵
2 the two agencies are totally separate.

3 So to answer your question directly,
4 we do not sell land. We would lease it under very
5 strict guidelines. It has to fall under public
6 recreational needs. We don't do it for economic
7 development, per se.

8 We look at economic development
9 because that's one of the -- part of the NEPA process
10 is socioeconomic effects.

11 CHAIRMAN BRUCE SHUPP: Any more
12 questions?

13 MR. GREER TIDWELL: I just thought of
14 another question. We're going to be thinking about
15 TVA land policy in a little while and I figure if we
16 can just avoid the mistakes we'll be making a step in
17 the right direction.

18 Can we get our three guests to tell us
19 or describe to us the mistakes that your agency has
20 made that's cost the most energy and effort to sort

21 of get through?

22 You have obviously done a lot of great
23 work, we have heard about that. Everybody makes
24 mistakes, tell us about those.

25 MR. HOWARD LEVINE: And how much time
do we have? 246

2 Well, I think that -- I mean, one of
3 the things I think that we do, and we still do have a
4 problem with, is knowing how much information is
5 needed to make a decision, especially at this high
6 level of planning.

7 Even when you get down deeper into the
8 planning process or down into the project level, we
9 have a hard time -- resource specialists have a hard
10 time not drawing the line. They are all employed as
11 advocates for their resources.

12 Archeologists, to point to one,
13 wildlife biologists, botanists, they are all there to
14 promote their resource because they are -- that's
15 their passion and that's why we employ them, but they
16 don't quite understand that there's got to be a
17 management decision made at some point here, that a
18 seven-year long planning process doesn't serve
19 anybody's purpose other than it gets you seven years

20 closer to retirement.

21 I would suggest that the -- and it
22 sounds like you have actually got us beat by a long
23 time. I mean, you did the ROS in two years. I mean,
24 that shows a discipline and a vision of the Agency to
25 be able to say, this is what we want to accomplish by
1 a certain time and this is what it will take and we ²⁴⁷
2 need this amount of information to make that decision
3 and that's it, you know.

4 No amount of information ever is going
5 to satisfy or bulletproof an EIS. And that's the
6 thing that managers keep on saying, I want this EIS
7 bulletproof, well, it takes you -- you know, to
8 appeal one of our EIS's, it takes 37 cents and a
9 typewriter or processor, word processor.

10 CHAIRMAN BRUCE SHUPP: Anybody else
11 want to confess?

12 MR. MAURICE SIMPSON: Well, you know,
13 I am sure we have made lots of mistakes. I think
14 maybe a different word to use would be maybe, what
15 are some of the faults that we have that are still
16 there and being perpetuated.

17 Of course, being a large bureaucracy
18 we're bureaucratic, and that's one of the hardest

19 thing to get around, because we would like to be more
20 responsive, but it's hard from a local level to get
21 around some of that bureaucracy.

22 Also, being a military organization, a
23 lot of times we have to -- the Corps of Engineers,
24 from a personal respect, we're not as able to be as
25 open as we would like to be. I would like to tell
1 you why we can't do some of the things that we would ²⁴⁸
2 like to do, and the big thing is money.

3 And even though we're -- this is being
4 recorded, so it's kind of hard to say, but we're
5 told, do not tell anybody that you can't do this
6 because of money. Don't admit you have a funding
7 problem, which is stupid. I mean, the reason we
8 can't do it is because we don't have the money to do
9 it. So we would like to be much more open with the
10 public.

11 Also, we have to be very loyal. We
12 just got chewed out. We had a message come down from
13 on high that we did not support our local Congressman
14 as much as we should have. There was a local
15 Congressman that got raked over the coals in Kentucky
16 by a newspaper article and the Corps did not defend
17 that Congressman as much as he would have liked us to

18 defend him. So we were told, do not say anything
19 negative about this.

20 So we can't be as open as we would
21 like to be sometimes. My nature is that if you have
22 a question, I just answer you as directly as I can,
23 and sometimes we're not allowed to do that, which is
24 frustrating.

25 MR. PAUL ARNDT: Some of the things 249
1 that come to my mind, of course, in terms of lessons
2 learned and things that we had done in the past and
3 things we're trying to correct now are some of the
4 reasons for the new planning rule.

5 I think we have similar experiences
6 with overanalysis, that we don't take the time to
7 really look at what is it that we're trying to
8 decide, what information do we need to make that
9 decision, and then just keep it to that level of
10 analysis. I think we overanalyzed a whole number of
11 things. So that's probably one key thing to keep in
12 mind, is to just try to say, what information do I
13 really need to make this decision.

14 Another thing is with the data, and as
15 much as one can, and I know it's always difficult
16 with budgets, to keep your data up-to-date. One of

17 the reasons why it's taken us five to seven years is
18 the first three years has been just getting our data
19 to the point where we could use it. So, you know, as
20 much as that's possible, keep your databases
21 up-to-date so you can, you know, from -- so the
22 moment you decide you want to change your plan, amend
23 it or whatever, the data is there to start working
24 with it.

25 Another thing that's interesting and I
1 don't have an answer for, we're going to be trying to 250
2 figure this out, is that collaboration takes time.
3 And I was talking about how we're going to be putting
4 a big emphasis on collaboration and working with our
5 public, also putting an emphasis on trying to
6 streamline the whole process, and a lot of times
7 those two kind of work against each other, because in
8 order to really, you know, meet with your different
9 interest groups and partners and collaborators and
10 all of that and, you know, to work through the
11 different issues, that just takes time.

12 You can't just say, okay, we're going
13 to this meeting and we have got to get this resolved
14 in the next, you know, two hours and then we move on.
15 It may take a whole number of months to just work

16 through things. So that's one dilemma, to try to
17 keep the planning process on time, keep it moving,
18 keep it streamlined and still work with our publics
19 and try to resolve issues as best we can.

20 Like I said, I don't have a particular
21 answer for that, but that's just something to keep in
22 mind.

23 CHAIRMAN BRUCE SHUPP: Anything else?
24 Any other questions?

25 Bridgette, thank you for putting this
1 together for us, the panel together. Howard, ²⁵¹
2 Maurice, Paul, thank you very much for sharing your
3 time and your expertise with us, and we welcome you
4 back anytime.

5 Thank you.

6 Okay. Now, moving into the discussion
7 of the questions. Does everybody find the questions
8 in your notebook?

9 It's two pages back from meeting No. 1
10 tab, two pages backwards, backwards toward the front.
11 All right. Everybody understands that.

12 And what we're doing now is turning
13 this over to Dave, and he's going to take you through
14 the question session and the discussions.

15 FACILITATOR DAVE WAHUS: Thank you,
16 Bruce. What we're going to do is we're going to go
17 through the questions. We have -- we have on the
18 schedule about -- is that a little loud? We will
19 give them just a minute to get this taken care of.

20 We have -- on the agenda we have about
21 19 minutes and we have just picked up another 25
22 minutes. So we have a little bit more time to go
23 through the six questions this afternoon and tomorrow
24 and for you to discuss the issues and then start
25 putting the answers together.

252

1 I am going to direct the discussion
2 and try to keep Jimmy from interrupting Phil and vice
3 versa, but over here I am going to -- I have a very,
4 very attractive assistant, and Catherine Mackey is
5 going to be putting your responses or your comments
6 following the questions on the screen up here. She's
7 not going to try to capture every word, but she's
8 going to try to capture the essence or the phrases
9 that you have so we have an idea of what you said.
10 Of course, word-for-word your comments are going to
11 be captured by our court stenographer, court
12 reporter.

13 If we don't capture the essence of

14 what you have said and you see it up there on the
15 screen and it's wrong, please bring it to our
16 attention and we will make the correction.

17 Have you-all found the six questions?
18 I'm just going to read through them for a moment
19 because I want to draw your attention to another
20 document as well.

21 The first question is: How can TVA
22 better manage lands to make a contribution towards
23 meeting conservation, recreation and economic
24 development needs in the Valley?

25 No yes or no answers here. We're
1 going to have to have substance.

253

2 What tradeoff strategies or other
3 approaches should be used by TVA in balancing
4 conservation, recreation and economic development
5 uses of public land?

6 Again, they didn't write these
7 questions for yes and no answers.

8 The draft criteria address public
9 interest, land use and financial considerations. Do
10 the proposed criteria adequately address these
11 considerations?

12 Right after lunch, when you came back

13 from lunch, there was a three-page document that was
14 passed out to you that was loose and the title of it
15 is, "Guidelines for Initiating Review of Off-Cycle
16 Changes and Allocations of Reservoir Lands."

17 The categories, public interest, land
18 use and financial are listed here, and under each one
19 of those categories are listed the -- or under each
20 one of those categories are listed the criteria that
21 were addressed earlier and that Bridgette talked
22 about. And, in fact, they are in a little bit more
23 detail than what she had on her slides.

24 We have numbered these consecutively.
25 They are not numbered in any order of importance, but
1 we have numbered them. So as we go through the ²⁵⁴
2 process here, if you want to talk about No. 16, we
3 all know what No. 16 is. So they are a little
4 different than what you received when you first --
5 when you got the advanced materials. The only
6 difference is rather than having a dot out front,
7 there's a number, and that's the reason for it.

8 Going on to question No. 4. Are there
9 other categories that should be addressed?

10 Finally, a yes or no answer.

11 But then they go on to say, If so,

12 what criteria should be included in these categories?

13 And again, we need substance.

14 Do you feel these guidelines will
15 adequately cover the majority of situations likely to
16 arise concerning requests for modifications to land
17 plans and allocations?

18 And I guess there you could have a yes
19 or no answer, but we're going to ask you to explain
20 yourself if you do have a yes or no answer.

21 The last question that we will be
22 talking about, and we will be talking about this
23 tomorrow, among the criteria identified in the draft
24 guidelines and in the Council's discussions, which
25 are the most important to you?

255

1 And so we're going to be looking at
2 all of the criteria that TVA has proposed, plus, any
3 additional ones that you might add, and we're going
4 to doing some prioritization as to which ones you
5 think are the most important, and we will go through
6 that process at the very end of the discussion
7 tomorrow.

8 So we have about an hour and 20
9 minutes. If we could set a goal of possibly getting
10 through the two questions at least, and go farther if

11 we can, but if we do that we're going to be in good
12 shape tomorrow to get you out of here by the 1:00
13 schedule. Otherwise, we may have to go longer, and
14 we certainly don't want to do that.

15 So I would open up for the first
16 question how -- or before we start, are there any
17 comments or any discussion that anyone wants to make,
18 any general discussion or comments anyone wants to
19 make about this process or about land management in
20 general?

21 MR. GREER TIDWELL: I have one from
22 Bridgette's discussion. I didn't really think it
23 made sense to ask while she was with our guests
24 there, but in her presentation she refers to a
25 reservoir land policy. And like Phil, I may not have
1 been tuned in when you were talking about that. Tell
2 us how that fits in to how TVA operates. I mean, is
3 that --

4 MS. BRIDGETTE ELLIS: Sure. If you go
5 back to the TVA Act, it talks about the proper use of
6 conservation of the resources. That directs us to
7 manage our assets, whether it's land assets, the
8 water assets, all the different things for multiple
9 purposes. Those multiple purposes and multiple

10 benefits then lead us to our land responsibilities in
11 managing those for those wide variety of interests.

12 Now, what we do is we take that and
13 then we develop reservoir plans to guide us and
14 provide that long-term blueprint for how we're going
15 to manage those lands for those multiple purposes,
16 and those are driven by the reservoir-to-reservoir
17 specific, public input, key opinion leaders,
18 environmental, everything.

19 MR. GREER TIDWELL: What you just said
20 you went from the Act, which I was with you on that
21 to the plans, I was with you on that, but there's a
22 slide here that talks about a reservoir land policy
23 and I am trying to figure out where that fits in how
24 TVA operates to make those decisions about what to do
25 with this land, if it's just a slide because it's
1 your general understanding of how things are done or ²⁵⁷
2 whether that's a policy statement of the authority.

3 MS. BRIDGETTE ELLIS: It's probably
4 more of a general statement, I would say.

5 DR. KATE JACKSON: Well, the reservoir
6 land policy is the policy we have for reservoir land,
7 which is not on a reservoir, but all our reservoir
8 land that comes from the Act. So the Act provides us

9 the guiding policy of multiple use, use conservation
10 and development of natural resources, that's that.

11 MR. GREER TIDWELL: Got you.

12 DR. KATE JACKSON: And from that broad
13 policy, we do reservoir-by-reservoir management
14 plans.

15 MR. GREER TIDWELL: Okay. So is that
16 a part of an overall TVA policy statement or is it --

17 DR. KATE JACKSON: It's the Act.

18 MR. GREER TIDWELL: Okay. So there's
19 not another document that has this language that's on
20 this overhead that's called the TVA policy, that sort
21 of appeared for this particular meeting to discuss
22 how you make your decisions?

23 I am unaware of any land policy for
24 TVA, other than decisions that are made on plans for
25 specific reservoirs that are driven by the guidance
1 from the Act and the requirements of the Act. I'm 258
2 just trying to find out if I missed something.

3 DR. KATE JACKSON: That management of
4 reservoir lands for multiple public benefit is our
5 interpretation of use, conservation, development of
6 resources in the Valley or general, social and
7 economic welfare, which is the specific quotation

8 from the Act.

9 So we didn't just make up that
10 sentence, but that's our sort of translated into 2005
11 language of that sort of more esoteric sentence from
12 the TVA Act.

13 FACILITATOR DAVE WAHUS: Austin.

14 MR. AUSTIN CARROLL: Could -- I mean,
15 would it be a good idea to ask about how the Watts
16 Bar project process is going down there?

17 I mean, what -- you know, how it got
18 initiated, where you are, you know, what -- just kind
19 of maybe walk through that without -- is that
20 something others are curious about just as an
21 example?

22 MS. BRIDGETTE ELLIS: Sure. Sure. We
23 have a plan in place right now that was developed in
24 1987. So there has been a long time that that has
25 progressed and the allocations we had in 1987.

1 What is happening now is we're having
2 a lot -- a wide variety of requests for different
3 types of purposes other than what they are allocated
4 for, and we felt there was a need to go ahead and
5 revise that plan.

6 So we started that last year and

7 started with our initial allocations and revisiting
8 those, finding out what resource data we really had
9 already, what did we need to go collect, and then we
10 went to public comments. And that's what I talked
11 about this morning in terms of public involvement.
12 We expanded public involvement. Last fall did public
13 meetings, did web surveys, questionnaires, a lot of
14 different things.

15 We now have all of that information
16 and we have all of the scoping information, as you
17 would call it in an EIS, that says, here are the
18 things that we think TVA should consider in that
19 process for allocation.

20 Now staff is reviewing all of that.
21 We have finished the scoping document and now we're
22 determining, based on all of that, what allocations
23 should be placed out there on the different pieces of
24 property.

25 There's probably two or three large 260
1 tracts that are the most contentious in terms of if
2 you're -- depending on what your interest is, whether
3 or not you think it ought to be placed in
4 conservation for hunting or recreation purposes or
5 whether or not you think it ought to be placed in

6 some type of a development purpose. So that's where
7 we are right now.

8 We plan to come out with that draft
9 plan with our range of alternatives probably in June,
10 so that's where we are right now.

11 FACILITATOR DAVE WAHUS: Phil. I'm
12 sorry. Just a minute. Bruce was up first.

13 CHAIRMAN BRUCE SHUPP: Do you want to
14 address this subject?

15 MR. PHIL COMER: Do you have these for
16 other locations besides Watts Bar?

17 MS. BRIDGETTE ELLIS: Yeah. We have
18 14 different reservoir plans.

19 MR. PHIL COMER: That's what I want to
20 know, there are 14. Okay. You don't have them for
21 every single one?

22 MS. BRIDGETTE ELLIS: That encompasses
23 94 percent of the lands though.

24 MR. PHIL COMER: And they have been in
25 existence --

1 MS. BRIDGETTE ELLIS: For various
2 years since 1979, either updated or originals.

3 CHAIRMAN BRUCE SHUPP: My question to
4 TVA, I guess, is question No. 1 seems to be almost

5 like the subject for the other five questions, the
6 heading for the five questions. If we ever answered
7 that one, we wouldn't have to answer the others, and
8 I wonder if we shouldn't just go down towards the
9 more specific questions and sort of skip No. 1.

10 DR. KATE JACKSON: Is that a question?

11 CHAIRMAN BRUCE SHUPP: That's a
12 question.

13 DR. KATE JACKSON: It sounded like a
14 statement to me.

15 CHAIRMAN BRUCE SHUPP: No. It's a
16 question.

17 DR. KATE JACKSON: Well, I think you
18 can do that. What we really -- what we really began
19 this quest for this particular meeting on was the
20 growing concern among stakeholders that we were -- we
21 were doing these reservoir land plans. There was
22 lots of participation by the public. We followed
23 NEPA. We used lots of data. We got a board approved
24 allocation for a particular reservoir and maybe
25 immediately would get a request that was not

262

1 consistent with that allocation and didn't have a set
2 of guidelines or a policy, although we don't -- you
3 know, we prefer not to have a policy in this

4 particular case, but a set of guidelines that we
5 would review with stakeholders that we would commit
6 to use so that stakeholders would be comfortable with
7 the basis on which we would reopen, if you will, a
8 reservoir plan and those allocations that had been
9 determined by the Board of Directors.

10 And so we do have a set of things that
11 we think through, but they are not written down.
12 They are not a check sheet. We haven't talked to you
13 guys about them. We haven't reviewed them broadly
14 with lots of interested parties. So we began that
15 process of writing this set of criteria down for kind
16 of off-cycle review of land use requests.

17 And once we got that done and the
18 Board was happy with them and we had done a lot of
19 internal due diligence so that the economic
20 development people and the chief financial officers
21 people could review these particular guidelines that
22 are in front of you, we wrote the bottom four
23 questions and we were prepared to send those four
24 questions to the Council.

25 The Board members reviewed the
1 questions and they said, well, you know, you're kind
2 of going from the relatively high level down to the

3 tactical level and what we, the Board, would very
4 much like to hear from the Council is their view on
5 sustainable economic development largely.

6 And, you know, every one of us around
7 this table has at least three definitions for
8 sustainable economic development. So rather than say
9 to you, what do you think we should be doing for
10 sustainable economic development in the Valley, we
11 wrote the first two questions because that's what the
12 Board is very interested in hearing at a broad level.

13 We, on the more tactical, you know,
14 turn the crank on managing these lands, are very
15 interested in establishment of a set of guidelines
16 that helps commit to you and commit to us how we
17 ought to manage this process in an ongoing way that
18 maintains flexibility, recognizing these are
19 important lands, but preserves all of the resources.

20 So, you know, I am sort of
21 schizophrenic on giving you advice on how to do that.
22 I care about the last four very much. The Board
23 cares about the first two.

24 CHAIRMAN BRUCE SHUPP: Well, I think
25 No. 2 is a strategy. No. 2 itself is a strategy. I
1 still think No. 1 is a heading. 264

2 DR. KATE JACKSON: It certainly is.

3 MR. MIKE BUTLER: I would offer a
4 little bit of a different viewpoint, Bruce; and that
5 is, I think that Kate identified the issue very well,
6 is that the reservoir planning process evolved into a
7 very good process.

8 In fact, one of the things that we
9 talked about about eight years ago with TVA was
10 completing the remainder of the reservoirs that
11 didn't have it, and TVA was very responsive and has
12 done so.

13 I think there is an issue -- the issue
14 is changes -- I mean, it's the whole thing we have
15 been hearing about this morning, you know, midstream
16 changes to those plans and that being the basis of
17 the contention on a lot of things, not necessarily
18 Watts Bar, but the basis of contention on Tellico,
19 Nickajack, whichever place you might choose, they
20 would argue for a different set of guidelines, or I
21 would argue policy.

22 And the reason that I would say
23 that -- and here's where -- after looking at this
24 issue for about ten years, where I would come at this
25 is that we're at a similar situation, and correct me

1 if I'm wrong, either Kate or Bridgette, where the
2 Authority was prior to SMI where there was a lot of
3 conflict, a lot of questions asked as to why this was
4 handled this way and that was handled that way and
5 the -- one of the more logical approaches that came
6 to the top and became a very fruitful and productive
7 document and process was the SMI process, and that
8 has allowed TVA, in my opinion, to operate and let
9 the public know on a very broad scale, here's what
10 you can do, here's what you can't do, here are what
11 the rules are, here are the boundaries within which
12 you have to operate, and it gives them the ability to
13 focus resources in the right place and it gives them
14 protection. Now, that's just my perspective.

15 I would argue that the first question
16 really gets at the need for something like an SMI on,
17 I would argue, a much smaller scale that would help
18 establish that guidance and formalize it to the
19 public because -- and the public is that nice
20 amorphous mass that we all try to get our arms around,
21 but we know the public is very interested and
22 involved in this particular issue.

23 And if we're to find a solution that
24 allows for my protection of public lands, allows for

25 economic development and allows the Authority to work
1 in an environment where they can actually get things ²⁶⁶
2 done, I think we have a gap here, a void in policy
3 that needs to be addressed at some basic level.

4 So while I agree that the strategies
5 and the pieces underneath that first one are there, I
6 would say that while the reservoir planning process
7 is good, the climate has changed.

8 In a lot of people's minds in this
9 Valley that call my office and chew on my hind-end
10 about issues, they will throw statistics at you like
11 there are 3,000 public acres roughly on Watts Bar
12 that's going to be planned.

13 Is that correct in a ballpark figure?

14 MS. BRIDGETTE ELLIS: It's more like
15 14,000 acres on Watts Bar.

16 MR. MIKE BUTLER: Well, there's
17 something like 9,000 acres or something, I don't have
18 these figures at my tips, I will get them for whoever
19 would like them, but there are an enormous number of
20 acres that are being plotted and planned for
21 subdivisions on private property.

22 So when you get into that balance
23 argument and knowing the mission challenges of

24 authority with relation to balancing economic
25 development and conservation and navigation and all
1 of these other issues, the Authority is providing for ²⁶⁷
2 that mission through its economic development arm by
3 recruiting industry, by working with people on public
4 lands.

5 I think what I hear from the public
6 is -- I am also kind of a focal point for this kind
7 of stuff on a regular basis, is, you know, 293 -- the
8 perspective is interesting. From our perspective
9 293,000 acres across 11,000 miles of shoreline looks
10 like a small amount of property. In the context of
11 Tennessee, which is 26,000,000 acres, it is.

12 From the perspective of folks that are
13 on -- in the conservation world, that is an enormous,
14 vast amount of property if you consider what's out
15 there and from that lens. So there are two very
16 different lenses that people are looking at this
17 property from and they bring different values to the
18 table.

19 So I would just land and say that on
20 No. 1 where I would come at that is with a -- some
21 type of process like a reduced focused SMI that
22 wouldn't cost nearly as much but would allow for what

23 TVA does well, which is engage in these public
24 processes like ROS, SMI. I mean, they have pretty
25 much written the book if you look at other agencies 268
1 in this part of the world on how to do that and to
2 move towards something that will allow them to
3 operate and entertain these things on a broad scale.

4 MR. PHIL COMER: What is SMI? I know
5 that, I knew that, but there are lots of people in
6 this room that don't know that. Explain SMI when you
7 use terms like that.

8 And the one in 1998, is that the one
9 he's talking about? Explain that. Go into some
10 detail.

11 Bridgette, you do it, you can do it
12 quicker than he can. Tell us what SMI was, how it
13 was arrived at and what it was because it's fairly
14 important that we know that in the context of this
15 discussion.

16 MS. BRIDGETTE ELLIS: If you look
17 across the Tennessee Valley, there's 11,000 miles of
18 shoreline that touches the Tennessee River and its
19 tributaries, and of that there is approximately
20 38 percent of that that has -- what I would call
21 access rights for access to the reservoir. So you

22 take 38 percent of 11,000 miles.

23 What we were getting were a lot of
24 different requests for access on areas that weren't
25 allocated for access. So how did you go about
1 looking at where access should be? Should you have 269
2 more? Should you have less?

3 The other issue was standards in terms
4 of how big a dock you can have, what kind of
5 materials you can use and how far out in the
6 reservoir, et cetera, et cetera.

7 So what evolved out of this was an
8 initiative to ask the public, you know, how much land
9 should be available for shoreline access across the
10 Valley, and what we came up with is basically
11 essentially, leave it the same. We don't want you to
12 open up any more land or open up any more land for
13 access.

14 So the initiative ended up with
15 38 percent of the shoreline, also set the standards
16 for dock sizes, all of those different things,
17 shoreline buffers, a lot of the other things that are
18 important in terms of access to the reservoir.

19 One unique part of the initiative was
20 something that we called maintain and gain, and

21 basically what that does is that allows you to
22 exchange rights if you're in an area where you don't
23 have rights.

24 In other words, if you have bought a
25 piece of property but, yet, it does not have rights
1 to the water, then you can purchase another piece of ²⁷⁰
2 property that does and extinguish those rights and
3 then we will look and see if they are comparable
4 enough so that we can maintain that 38 percent Valley
5 wide.

6 On each reservoir that's different.
7 The access rights on Fort Loudoun right here, you
8 know, probably 80 percent of the shoreline has
9 access, but if you go to some other reservoirs it's
10 less than 10 percent. So there's have's and have not
11 in terms of access rights.

12 MR. PHIL COMER: I want to ask her a
13 follow-up question. This is -- I think this is very
14 important to clarify what she's doing right now in
15 the questions we're to address.

16 The SMI, you did it in two, two
17 year -- two stages two years apart, because I know
18 there was terrible negative input at the very first
19 proposal.

20 MS. BRIDGETTE ELLIS: Yes.

21 MR. PHIL COMER: There was also great
22 misconception at the -- initially, not later, that
23 you were also not just referring to TVA owned land,
24 but there was a misconception that you were going to
25 tell me that I can't mow my backyard down to the lake
1 closer than 100 feet and things of that sort. 271

2 And that is not the case, am I
3 correct?

4 MS. BRIDGETTE ELLIS: That's correct.

5 MR. PHIL COMER: In other words, the
6 shoreline management initiative --

7 MS. BRIDGETTE ELLIS: On those
8 lands -- yeah, on those lands where we only own
9 flowage easements, which is part of that 38 percent,
10 Terry, is it 11 percent that's TVA owned or is it
11 another 20 -- like 25 and 13, I think.

12 UNIDENTIFIED SPEAKER: I thought I
13 would never give that. I hate to give the number
14 right now without going in and checking. I know
15 that -- I think that it's something like 17 percent
16 TVA owned land.

17 MS. BRIDGETTE ELLIS: And the other
18 21 percent is privately owned. In other words, it's

19 already -- they own to the water. They own to the
20 original riverbed.

21 MR. PHIL COMER: Well, I think it's
22 important for the members sitting around this table
23 who are not familiar with this, and I would say more
24 50 percent are not, that this be part of the
25 understanding of your six questions here today
1 because I think that's an important facet that you 272
2 have already been dealing with.

3 MS. BRIDGETTE ELLIS: And that's
4 strictly for access, in other words, for you to ask
5 for a dock, for a ramp.

6 MR. PHIL COMER: It's pretty detailed
7 though.

8 MS. BRIDGETTE ELLIS: Now, what we're
9 discussing today is more about land use. And, you
10 know, there's two actions that you could take there.

11 MR. MIKE BUTLER: And to clarify just
12 a little bit. The analogy that I am trying to draw
13 between shoreline management initiative and what
14 we're facing here are the standards that were
15 developed in the shoreline management initiative for
16 the docks and things like that.

17 While it's a very different issue, the

18 standards, the game -- you know, the play book is a
19 very important aspect. I think it's allowed TVA to
20 be successful in approaching requests and being able
21 to handle those requests.

22 MR. PHIL COMER: Explain how you think
23 they are different, I mean, that's helpful.

24 MR. MIKE BUTLER: I am just saying the
25 standards in terms of -- prior to the shoreline
1 management initiative, there were all kinds of
2 different boat dock sizes. There were all kinds of
3 different materials used. There were all kinds of
4 different kinds roofing materials used, durability
5 issues.

273

6 After that, when they standardized
7 that, they said, you have to use enclosed foam.
8 Well, that may not seem like a big deal to one boat
9 dock, but when you have thousands of boat docks out
10 there it's a big deal.

11 So in the same sense, if we had a set
12 of standards to go by, which really is what two,
13 three, four, five and six on these questions are
14 really arguing or debating, and you put that in there
15 that would be the similar type of approach. It would
16 give it a little -- it would give more strength to a

17 set of guidelines and credibility in my mind with the
18 public.

19 FACILITATOR DAVE WAHUS: Bruce.

20 CHAIRMAN BRUCE SHUPP: So can we
21 answer that question by saying what we need is a
22 philosophy or a policy or a set of -- and/or a set of
23 standards that would tie together all the land
24 management use decisions in the Valley, is that the
25 answer to that question, and then move on to
1 specifics? 274

2 Is that what you're driving at, Mike?

3 MR. MIKE BUTLER: I am really driving
4 more at a process like the shoreline management
5 initiative or River Operation Study that allowed the
6 public, the participants, the stakeholders to arrive
7 at what you just said, the philosophy and standard.

8 CHAIRMAN BRUCE SHUPP: But the outcome
9 is the philosophy and standard.

10 MR. MIKE BUTLER: The outcome is the
11 philosophy and standard.

12 CHAIRMAN BRUCE SHUPP: So the process
13 would have to get there, and that would be their --

14 MR. MIKE BUTLER: That's right.

15 CHAIRMAN BRUCE SHUPP: If that's what

16 they need to achieve a philosophy or policy and
17 standards, then they need to have a process, but is
18 that what we're talking about?

19 MR. MIKE BUTLER: That's what I am
20 trying to talk about.

21 MR. BILL FORSYTH: A maintain and gain
22 policy, is that trying to keep an individual
23 reservoir the same as it is currently or could it
24 slide from one -- part of the Valley to another?

25 MS. BRIDGETTE ELLIS: What we have
1 tried to do is keep it on a reservoir specific basis ²⁷⁵
2 because that's where the benefits are either being
3 accrued or lost. So we're trying to maintain it
4 there.

5 If it is something that is
6 extenuating, we look at them, but so far we have not
7 ever had to go off reservoir. We have never had to
8 go to another reservoir in terms of looking at that,
9 but we try to maintain it on that same reservoir.

10 FACILITATOR DAVE WAHUS: Any other
11 comments or suggestions on this first question?

12 Let's leave it for now. Don't turn it
13 off yet. Maybe I stepped on the cord.

14 Does anyone have any preference?

15 Should we go to question 2 and we will
16 come back to this as we have more discussion and you
17 think about it or do we want to go on to question 3,
18 which is even more specific and starts with the draft
19 criteria, address public interests, land use and
20 financial consideration, do the proposed criteria
21 adequately address these considerations, and then on
22 to four, which additional category should we add?

23 MR. JIMMY BARNETT: I have a comment.
24 For me to fully answer No. 2, I need to go through
25 these others and find out all about that and then go
1 back to No. 2. 276

2 FACILITATOR DAVE WAHUS: Okay. Well,
3 that's why I asked the question. I want to make sure
4 that you get them in the order that you can deal with
5 them.

6 CHAIRMAN BRUCE SHUPP: I was going
7 suggest that, too, that we explore those three or
8 four questions today or start exploring them and then
9 overnight think about the first two questions and how
10 we can better answer those and come back up to them.

11 FACILITATOR DAVE WAHUS: Does anyone
12 have any objection to starting with question No. 3
13 and then coming back to questions 1 and 2 tomorrow?

13 change and the flood profile change there's been
14 some -- there's some successful arguments that can be
15 made that you would change a flowage easement
16 elevation and does this address some significant --
17 any significant type of flowage easements where it's
18 talking about mitigative measures, either any loss of
19 function that would result from changing flowage
20 easements? That would be the only thing I didn't
21 see.

22 FACILITATOR DAVE WAHUS: So are these
23 to address your fee title lands or to include flowage
24 easements as well?

25 MS. BRIDGETTE ELLIS: Well, these are ²⁷⁸
1 specifically for fee simple. What you are talking
2 about is not so much flowage easement as it is
3 private land where we have use restrictions. It may
4 not be a flowage issue, but it may be a use
5 restriction where we said that you could not build
6 structures below a certain profile.

7 And since ROS and the fact that we now
8 have better models for some of that and we understand
9 what those flood profiles are, there are some places
10 across the Valley where there's probably another foot
11 or two where in the contours where people actually

12 have more of their own land now that they could build
13 on if we would lift the restriction. So that is the
14 action that you have seen being taken. And this is
15 not to address that, because those are private land
16 issues where we just have a use restriction on them.

17 FACILITATOR DAVE WAHUS: Just so it's
18 clear to me and everyone else, the -- the land
19 planning criteria here are to address fee simple
20 lands?

21 MS. BRIDGETTE ELLIS: Yes.

22 FACILITATOR DAVE WAHUS: Lands that
23 are owned in fee simple title?

24 MR. PHIL COMER: By TVA.

25 FACILITATOR DAVE WAHUS: By TVA, by
1 TVA, not by others. 279

2 Austin.

3 MR. AUSTIN CARROLL: And it may be
4 inherent in some of the rest of this resident, but do
5 we need some, like, environmental guidelines along
6 with these other three?

7 For example, if you have got a piece
8 of land and it has a certain type of vegetation that,
9 you know, whatever that -- you know, trees or
10 whatever they may give off carbon dioxide, you know,

11 exchanging that for something that, you know,
12 wouldn't have trees or something like. I mean, do we
13 need -- do you need those sort of guidelines?

14 FACILITATOR DAVE WAHUS: Good
15 question. Any response? Any response? Any comments
16 or thoughts?

17 MR. JIMMY BARNETT: Along with his
18 particular statement brought up the fact that, you
19 know, I am out there and I am dickering and I have
20 got a piece of property I want to trade out with TVA
21 and they approve it and say, hey, it's neat, we like
22 this and you want to do this over here and I go in
23 and clear cut it, what happens?

24 MS. BRIDGETTE ELLIS: We would
25 probably consider that not a comparable swap.

280

1 MR. JIMMY BARNETT: But after I have
2 made the swap and I go in and clear cut it, what
3 happens?

4 MR. PHIL COMER: You go to jail.

5 MS. BRIDGETTE ELLIS: No. One issue
6 that does come up in a lot of these land proposals is
7 the issue of offsetting commensurate benefits. So
8 one thing that we're looking at in some of this land
9 use criteria is, is it an acre for acre, is it a

10 shoreline mile per shoreline mile or is it comparable
11 public benefits?

12 I would use an example that Mike would
13 probably come up with, that if a tract of TVA land
14 has been used for the last 20 years for hunting
15 purposes and a lot of people hunt on that piece of
16 property but somebody would like to use it for
17 something else now, are we getting something
18 comparable that can provide that same benefit? If
19 that's what that intended use had been, are we
20 providing that?

21 So if you would then go in and clear
22 cut, okay, now, you're managing it for small game
23 versus large game maybe, I don't know, and so I don't
24 know if that would actually be comparable. Really
25 all you're doing is getting the value of the timber
1 off of it, but we would want something comparable. 281
2 Then we would also put some mitigation in there about
3 what you can and can't do in the --

4 MR. JIMMY BARNETT: That's what I was
5 asking, are there going to be restrictions or is
6 it -- you said fee simple. Okay. If I have got it
7 in fee simple, I've got it. Nobody has got any
8 rights unless I give them easements or give them

9 rights. So I have got to give rights up in order to
10 effectuate a swap that I might want to make?

11 MS. BRIDGETTE ELLIS: That's correct.
12 That's correct. You have to trade fee simple land.
13 In other words, there has to be an exchange of your
14 property for the TVA property if you wish to use the
15 TVA property for different purposes.

16 DR. KATE JACKSON: I will add one
17 thing to that; which is, we can sell you land with
18 deed restrictions on it so that there are certain
19 things you can and cannot do.

20 And kind of the guideline that this
21 and Austin's comment are included in is in the land
22 use guideline No. 13, I mean, what that talks about
23 is mitigation exchange, and there's an evaluation of
24 kind of the ecosystem or environmental services of
25 the land that you're contemplating exchanging can
1 provide. 282

2 So that's from the standpoint of what
3 wildlife, what water quality benefits, what
4 ecosystems benefits there are. Are there cultural
5 resources there that are more valuable than on the
6 land that we were maybe contemplating exchanging?

7 MR. JIMMY BARNETT: Okay. I was

8 getting to the financial value that TVA would gain, I
9 say TVA, the people period would gain. So if that's
10 included in No. 13 so that you would have the ability
11 to make that a fair transaction, fair, I guess that's
12 a good word, equitable transaction, then that's fine.

13 DR. KATE JACKSON: Well, there are two
14 pieces to that. One is the financial value of the
15 land you're requesting to purchase or fair market
16 value, plus any administrative costs. Plus, there's
17 the financial value of the land you're exchanging.
18 Then there's also the environmental value of that.

19 And to some extent, you know, if we're
20 contemplating selling you a piece of property that
21 you're going to put, I don't know, an amusement park
22 on, we would evaluate that and appraise it based on
23 that use. Whereas, if you're going to exchange us a
24 piece of pristine headland with a beautiful little
25 stream on it, we would probably not appraise that
1 based on its development potential.

283

2 So the financial value may not be
3 commensurate but the environmental value might be
4 really hot. So, you know, there are some of those
5 trade-offs that we would have to go through and the
6 NEPA process associated with that particular land use

7 request would go through all of that evaluation.

8 MR. JIMMY BARNETT: Okay. I was just
9 making sure that there was a -- somewhere in here,
10 and I read it and it sounds real good, very well
11 thought out, but I was trying to make sure that the
12 economic and environmental values are adequately
13 covered so that that's done as a routine thing.

14 MS. BRIDGETTE ELLIS: And let me add
15 one more thing. Remember, this is a set of guidance
16 to determine whether or not we're even going to
17 initiate a review.

18 If we get through the criteria that
19 says, yes, we're going to initiate it, then we would
20 do all of the NEPA. We would do all of the
21 environmental, all of the socioeconomic, all of the
22 other requirements under federal laws to make sure we
23 do all the threatened and endangered species. We
24 would do all of those if we decided we were going to
25 actually initiate the review. These are criteria to
1 determine if we are even going to consider it. 284

2 MR. JIMMY BARNETT: Okay. That puts a
3 different slant on it for me.

4 FACILITATOR DAVE WAHUS: Ken.

5 MR. KENNETH DARNELL: Regarding the

6 financial guidelines, maybe you can clarify this for
7 me a little. It states -- you go through several
8 guidelines on the credibility and the ability of a
9 developer, but then in 22 you state that approved
10 land sales would be at public auction.

11 Ostensibly, could someone then come in
12 that did not go through all of this approval process
13 and purchase that land and does that defeat the whole
14 purpose?

15 MS. BRIDGETTE ELLIS: No, because they
16 would have to be able to show the comparable
17 exchanges. They would have to pay all of the fees.
18 They would have to -- they would have to be able to
19 show that they could provide the same level of
20 benefits in an exchange as the initiating party did.

21 MR. KENNETH DARNELL: So basically
22 you're getting these commitments from the initiating
23 party up front, but if someone else comes in and
24 purchases the land at auction, that person would have
25 to meet this same criteria before they would be
1 allowed to purchase it? 285

2 MS. BRIDGETTE ELLIS: That's correct.
3 And we would ask for qualified bidders. I am sure
4 you're familiar with that process. They would have

5 to be able to meet the same level of commitments that
6 the initiating party is proposing.

7 MR. KENNETH DARNELL: Thank you.

8 MS. BRIDGETTE ELLIS: Then if that
9 happened, then we would reimburse the initiating
10 party and charge the successful bidder for all of the
11 costs.

12 MR. PHIL COMER: Is that stated
13 anywhere?

14 MS. BRIDGETTE ELLIS: That's in
15 commitment 22.

16 FACILITATOR DAVE WAHUS: Greer, you're
17 next.

18 MR. GREER TIDWELL: I am just going to
19 follow up on that a little more. How much money is
20 flowing underneath that process right now?

21 MS. BRIDGETTE ELLIS: For the
22 administrative costs or the value of the land?

23 MR. GREER TIDWELL: The administrative
24 costs. I don't know how many proposals you have in
25 front of you today, whether it's one or two I read
1 about in the paper or dozens that are not in the
2 paper, and then how much money is flowing in this
3 process right now?

4 MS. BRIDGETTE ELLIS: Depending on the
5 level of the review and the resources that we run --

6 MR. GREER TIDWELL: No. Last year.

7 MS. BRIDGETTE ELLIS: Okay.

8 MR. GREER TIDWELL: And this year's
9 budget, I mean.

10 MS. BRIDGETTE ELLIS: These are not
11 budgeted items. We do not budget for this. The
12 applicants pay for them. This is zero based
13 budgeted.

14 MR. GREER TIDWELL: You have got to
15 have manpower ready to do this. So there's got to be
16 some budget there somewhere.

17 MS. BRIDGETTE ELLIS: But we contract
18 for a lot of that. In fact, all of my environmental
19 resources, all of my archeologists, my zoologists,
20 except for my programmatic responsibilities for
21 monitoring my threatened and endangered species,
22 monitoring my archeology and doing my inventories of
23 all of that, all of the things that I'm required
24 under law to do, the rest of their time is zero based
25 budgeted.

287

1 MR. GREER TIDWELL: So what about the
2 last couple of years, how many projects have you had?

3 MS. BRIDGETTE ELLIS: The majority of
4 my projects are internal in terms of the
5 environmental work that we do. In other words, we do
6 all of the environmental work for the transmission
7 folks. We do all of the environmental work for the
8 fossil group, the nuclear group, all of the different
9 things. So we do all of the NEPA work for those
10 groups. So we charge --

11 MR. GREER TIDWELL: My question wasn't
12 very clear. We're talking here about a set of
13 criteria guidelines, standard policy or whatever the
14 other word is, we don't know what it's going to be,
15 to deal with off-cycle changes and allocations of
16 reservoir land, how many of those have we had?

17 MS. BRIDGETTE ELLIS: Probably over
18 the last -- it has probably averaged anywhere from
19 500 to \$750,000 a year over the last five years in
20 terms of our cost.

21 MR. GREER TIDWELL: Okay. So \$100,000
22 a year. How many projects?

23 MS. BRIDGETTE ELLIS: Anywhere from
24 large scale, small scale, it could be anywhere from 5
25 to 30 depending on the types of projects.

1 MR. GREER TIDWELL: Over the last year

2 years or per year?

3 MS. BRIDGETTE ELLIS: Per year.

4 MR. GREER TIDWELL: That's a huge
5 range. I'm sorry. Kate, fill us in. Maybe
6 everybody else understands exactly what's going on.

7 DR. KATE JACKSON: Mike was saying,
8 geez, that's a lot, but, you know, some of them are
9 very few tiny little parcels. They are not -- you
10 know, the ones that are the ones that you read about
11 in the paper are the significant number of acres, and
12 some of those cross fiscal years, of course. So it's
13 not a ton of acreage.

14 FACILITATOR DAVE WAHUS: Bill.

15 MR. BILL FORSYTH: Where you have a
16 county like Graham County, North Carolina that over
17 two-thirds of the county is public lands, would it be
18 worthwhile for TVA to consider a group trying to
19 acquire land on Fontana Lake to develop and help the
20 tax base of Graham County and maybe buy some
21 mitigating land somewhere else in the Valley that
22 needs public lands.

23 MS. BRIDGETTE ELLIS: So under the
24 land use part you think that's something we need to
25 consider?

1 MR. BILL FORSYTH: I think you do,
2 yes.

3 FACILITATOR DAVE WAHUS: Did we
4 capture your thought accurately?

5 MR. BILL FORSYTH: Well, the idea is
6 you have got a county that's almost got too much
7 public lands, and I know there's some counties that
8 have hardly any or some areas that have hardly any.
9 So wouldn't you be helping both areas by making less
10 public land and more private tax base in one area and
11 more public lands for the public use in another area
12 that needs that?

13 MR. PHIL COMER: I am under the
14 impression that that has happened on Fontana.

15 MR. BILL FORSYTH: That was a Forest
16 Service exchange.

17 MR. PHIL COMER: I know that, but
18 wasn't Forest Service land swapped for some land that
19 had shoreline on Fontana?

20 FACILITATOR DAVE WAHUS: It was Forest
21 Service land in both case?

22 MR. PHIL COMER: But that did happen?

23 MR. BILL FORSYTH: Yeah.

24 FACILITATOR DAVE WAHUS: Any other

25 comments?

290

1 MR. BILL FORSYTH: But all the land
2 was in the same county. In Swain County 87 percent
3 of the land is public lands.

4 FACILITATOR DAVE WAHUS: Greer.

5 MR. GREER TIDWELL: It's probably in
6 here somewhere, I just want to find it specifically
7 where we deal with the impact of runoff implications
8 on changing land use.

9 MS. BRIDGETTE ELLIS: It would be
10 mitigation issues. So that would be under land use.

11 MR. GREER TIDWELL: I just think with
12 our specific flood control responsibilities
13 there's -- I would like to see that spelled out a
14 little bit more. I see a lot of change in land use
15 where, you know, the requirements are equal, the
16 flood control equal runoff impact, and what I really
17 think we have got out there in the Valley in a lot of
18 situations is a need for improvement.

19 FACILITATOR DAVE WAHUS: I need to ask
20 a clarifying question. You want to add the runoff as
21 a criteria to be added under the land use or under
22 the -- I should say the land use guidelines category
23 as another criteria or do you want it as another

24 category, equal to land use, financial and public
25 use? Do you want it as a criteria under land use? 291

1 MR. GREER TIDWELL: A criteria,
2 another number.

3 FACILITATOR DAVE WAHUS: Okay.

4 MR. GREER TIDWELL: But I am not sure
5 which heading it ought to go under because I haven't
6 quite figured out how all of this works yet.

7 FACILITATOR DAVE WAHUS: Okay. Well,
8 if we just put it under land use for the moment --

9 MR. GREER TIDWELL: That will work.

10 FACILITATOR DAVE WAHUS: -- we will
11 change it as you want to. So that -- what you have
12 essentially added is an answer to No. 4, are there
13 other categories -- or rather No. 5, you have added a
14 guideline or A criteria under the category of land
15 use.

16 Bruce.

17 CHAIRMAN BRUCE SHUPP: I'm not sure
18 where this fits, but I was discussing a project last
19 night and what I would like to see is some
20 requirement that the applicant for a change of land
21 use be required to informally vet the proposal
22 locally before the formal process starts, before the

23 application NEPA process starts to see if there is --
24 if there is opposition to the project or support for
25 the project before the whole thing starts to avoid a
1 process where you go through a formal application 292
2 process, the applicant spends a lot of money and then
3 the public goes nuts against the project.

4 FACILITATOR DAVE WAHUS: Before
5 bringing it to TVA.

6 Austin.

7 MR. AUSTIN CARROLL: I guess I am -- I
8 felt a little bit with -- about having more
9 environmental criteria in here a little bit like
10 Greer did. In other words, maybe it needs to be
11 spelled out, you know, to enhance the verbiage a
12 little bit, you know, regarding environmental
13 criteria under some of the land use guidelines.

14 FACILITATOR DAVE WAHUS: Bruce.

15 CHAIRMAN BRUCE SHUPP: I think that
16 the NEPA process covered that. So maybe just stating
17 that, that the NEPA process will cover all of the
18 environmental issues by law.

19 FACILITATOR DAVE WAHUS: Would that
20 satisfy your concern?

21 MR. AUSTIN CARROLL: Yes, I think so.

22 FACILITATOR DAVE WAHUS: And Mike,
23 would that satisfy your concern about more
24 environmental? You mentioned earlier on that you
25 need to address environmental where you --

293

1 MR. MIKE BUTLER: Yeah. My question
2 was -- I don't even remember what it was, but my
3 thought at the time was the way Bridgette explained
4 it is the interpretation of public benefit was going
5 to be very broad in a sense of conservation benefit,
6 public benefit, environmental benefit. So I was
7 willing to defer to that broad interpretation.

8 FACILITATOR DAVE WAHUS: Let's go down
9 to your last one. We need to put in there -- okay.
10 State that the NEPA process will cover the
11 environmental issue.

12 MR. MIKE BUTLER: But I will say, I
13 will point out that, and this is not anything to add
14 to that in terms of type, but in dealing with the
15 public on something like this, if we use a term like
16 public benefit and at some point don't put some arms
17 around it, certain people will draw their own
18 conclusions as to what that is, and then if something
19 comes out different than what they thought it should
20 look like, regardless of where they sit on any

21 issues, they will get mad, they will get mad about it
22 and they will come and take it out on people that
23 don't deserve to be beat on.

24 FACILITATOR DAVE WAHUS: Miles, did
25 you have your card up?

1 MS. MILES MENNELL: I was just going 294
2 to follow along those same lines of Bruce's
3 suggestion, that various proposals be vetted in the
4 public arena, kind of like no frivolous lawsuits. I
5 think from a practical standpoint we're going to have
6 to -- I don't know how you would really accomplish
7 that.

8 CHAIRMAN BRUCE SHUPP: Well, I think
9 you could require the applicant to bring in
10 statements that he has talked to group X, Y and Z and
11 they support his project or oppose his project. I
12 mean, there's got to be some way to look into the
13 community to see whether there's any support or
14 opposition to this.

15 MS. MILES MENNELL: So would that
16 be -- would that include criteria that you actually
17 enumerated, like you have got to do this, you have
18 got to do that before you can even bring it to TVA,
19 is that what you're saying?

20 CHAIRMAN BRUCE SHUPP: That's what I
21 was suggesting, yes.

22 MR. PHIL COMER: Dave.

23 FACILITATOR DAVE WAHUS: Yes, sir.

24 MR. PHIL COMER: I can only speak for
25 one county where we have passed zoning regulations,
1 et cetera, but in the case of Jefferson County, 295
2 Tennessee, and even more specifically the town of
3 Dandridge, there's a county and then a city planning
4 commission, and these things have to come before them
5 before going to TVA. They require that before being
6 the formal land use proposals, is that what you would
7 call it, before that is submitted to TVA.

8 MS. MILES MENNELL: So that could be a
9 suggestion that we could make, for instance, but I
10 don't know that we could ever enforce that.

11 MR. PHIL COMER: They have the public
12 hearings.

13 MS. MILES MENNELL: I understand. I
14 don't know if we could enforce that Valley wide, but
15 it certainly could be a policy recommendation.

16 CHAIRMAN BRUCE SHUPP: Yeah, that's
17 what I'm suggesting, that it become a guideline. I'm
18 not sure if it's enforceable. They could determine

19 that, hey, what have you done to determine whether
20 this is compatible with your community's interest and
21 then they could -- you know, that's -- that would be
22 a subjective type judgment on that.

23 MS. MILES MENNELL: Well, just because
24 it's part of the communication process, is what
25 you're saying.

296

1 CHAIRMAN BRUCE SHUPP: Exactly.

2 FACILITATOR DAVE WAHUS: Are there any
3 other criteria that -- I'm sorry.

4 MR. TOM LITTLEPAGE: I was going to
5 follow up on this issue. I have been thinking about
6 this because we tend to think of things of the way
7 they have been, not the way they're going to be.

8 This issue of land use planning, which
9 is a four letter word in most of our areas, is
10 something that over the next some few years you're
11 going to see more of the example of Phil, and I think
12 you very well -- No. 5 in this criteria talks about
13 some level of local integration, but the idea of
14 formalizing that so that you're in lock step with
15 county or municipal planning authorities, I think you
16 very well could require that as a coordination that
17 would have to occur if such criteria existed or

18 coordination was required if you were in a
19 municipality that hadn't enacted those type of
20 things.

21 So I would think you would want to
22 more formally cover that. And as it becomes more and
23 more common across the Valley, it's something you
24 could think about.

25 The other point, which is unrelated
1 really but it follows up on what Greer talked about, ²⁹⁷
2 is if we're going to start getting into looking at
3 runoff considerations, there are technologies, and
4 TVA may not be able to stipulate but maybe recommend
5 looking at land use recommendations or considerations
6 to reduce runoff as development occurs for stormwater
7 or other activities and it may be a place for TVA to
8 take the leadership in being a proponent for those
9 kind of development activities that encourage low
10 runoff construction techniques or land use
11 development.

12 FACILITATOR DAVE WAHUS: Jim.

13 MR. JIM JARED: I don't know where it
14 fits here. It's just a question. If you had two
15 competing interest for a development in the
16 reservoir, let's go to the extreme, if you have

17 industrial and you have residential and perhaps both
18 are allowed within a certain shoreline along the
19 river, what kind of buffer needs to be established
20 between the two to prevent one from interfering with
21 the other?

22 MS. BRIDGETTE ELLIS: Can I ask a
23 clarifying question both, I guess, Jim, for you, and
24 Tom, is that what you're talking about in No. 3,
25 which we were getting -- that's what we were trying
1 to get at is low impact development practices, and it ²⁹⁸
2 sounds like we need to clarify that more.

3 Is that what your -- is that what
4 you-all are --

5 MR. JIM JARED: I think it needs to be
6 clarified.

7 MR. TOM LITTLEPAGE: Yeah, I would say
8 rather than just ask if it's being done, more
9 strongly encourage that it's an incorporation into
10 the construction or the development.

11 DR. KATE JACKSON: Let me remind us
12 that this is a set of guidelines that provide us a
13 vehicle to determine whether to accept a proposal for
14 review.

15 Once that proposal is accepted for

16 review and we go through the NEPA process, we often
17 require specific mitigative technology on a
18 development or strongly encourage, particularly green
19 development practices, or through visual buffers work
20 with the local community to help determine what needs
21 to be there to provide a buffer to the community. So
22 we do that. Although, we could certainly clarify
23 this one.

24 FACILITATOR DAVE WAHUS: Greer and
25 then --

299

1 MR. GREER TIDWELL: I was going to
2 follow up on what Tom was saying on the local
3 planning. I would go so far as to propose that if
4 there's not a local land use plan or zoning in place,
5 then TVA should not entertain a proposal during the
6 off-cycle change. I am going to sort of go that far
7 and put it out there and then see how it works from
8 that.

9 I think to the extent that what you're
10 looking at is areas that have not done planning but
11 they've gone through this on-cycle review process for
12 the land management plan and people have been invited
13 to come in and da, da, da, and there's been this
14 developed plan, you ought to be able to rely on that

15 more where the local folks haven't gone through the
16 political process of deciding how to use their land
17 and let this be a vehicle for encouraging more local
18 land planning, which is really where I think it needs
19 to happen anyway.

20 FACILITATOR DAVE WAHUS: We're going
21 to stop for just a minute.

22 CHAIRMAN BRUCE SHUPP: Greer's
23 proposal there, what percentage of the Valley's
24 communities, counties, whatever, have zoned, have
25 planned? I mean, are we eliminating 90 percent of
1 the -- 300

2 MS. MILES MENNELL: I don't know the
3 answer to that, but I think it probably is very
4 small.

5 CHAIRMAN BRUCE SHUPP: Very small have
6 planned?

7 MS. MILES MENNELL: Right. And I
8 think many of them rely on TVA or development
9 districts to provide them guidance in that arena, but
10 I don't know specifically the answer to that
11 question, but it's very small.

12 Because so much of the Valley is rural
13 anyway, you're dealing with very limited staff and

14 very limited resources. So they are having to depend
15 on people or organizations like TVA or development
16 districts or state planning offices or whatever to
17 provide them that input.

18 But I have a question, and this is a
19 total aside, if I can ask Bruce this, back to this
20 getting the communities or people to vet a given
21 proposal, I wonder -- and this is not to create
22 something for TVA to have to do, but in most states
23 county and municipal people have to earn X number of
24 continuing education credits a year in order to keep
25 their certifications in place.

301

1 In Tennessee, for example, in order to
2 get a pay raise it goes along with meeting those
3 criteria, and I wonder if there wouldn't be an
4 opportunity to develop some sort of workshop or
5 educational vehicle that could go through that
6 continuing education process that would almost
7 literally compel county officials or municipal
8 officials to learn more about what needs to be done
9 in terms of land planning?

10 That's just an aside. And I don't
11 know that this comes under this.

12 DR. KATE JACKSON: And let me just

13 address that for one second. That essentially is our
14 growth readiness initiative. Let me just talk a
15 second about what that is.

16 First of all, we're loathed to go into
17 communities and say, here's what you should be doing,
18 but we do go in with development experts and resource
19 experts to say, you know, here are the environmental
20 barriers to growth and here are some criteria and
21 some questions that you can be asking as you begin to
22 develop criteria for that development or zoning
23 criteria. So we have a sort of a -- we have a tool
24 kit that we can provide.

25 And virtually all the counties in 302
1 Tennessee are thinking about participating in this.
2 Alabama is close on the heels of Tennessee. So there
3 is some of that going on.

4 MS. MILES MENNELL: And it's mandated
5 in Tennessee, I believe, isn't it? It's in the 11
6 plan or whatever it is, growth readiness?

7 FACILITATOR DAVE WAHUS: Bill, you
8 have been extremely patient. It's your turn, and
9 then we will go to Mike.

10 MR. BILL TITTLE: Are these guidelines
11 for reactive issues with TVA that you're reacting to

12 a request and they are not proactive?

13 DR. KATE JACKSON: Yes.

14 FACILITATOR DAVE WAHUS: Mike.

15 MR. MIKE BUTLER: To touch on what
16 Miles brought up, public chapter 1101 would get at
17 some of these things, but I don't know if it would
18 get at it to the degree Greer's just brought up,
19 that's just food forethought.

20 The second item is that if we did
21 something like that, I think it would be good to have
22 an exception clause. I will give you an example.
23 The project proposed at Nickajack Reservoir right now
24 we support because the public is going to come out
25 gang busters compared to what the public is going to
1 have to give in terms of public property. It's going ³⁰³
2 to be two -- almost two to one. And that's an
3 off-cycle request, but it's a real good project.

4 So I would -- and it, I guess, depends
5 on -- if it was a ten-year cycle, I think it would be
6 problematic. If it's a five-year cycle, it probably
7 is not problematic. So it might depend on the cycle
8 period. If it's a five-year cycle I think I would
9 probably say you don't need to have that. If it is a
10 ten-year cycle, then I would say you might need to

11 have that.

12 FACILITATOR DAVE WAHUS: Jimmy.

13 MR. JIMMY BARNETT: Okay. The
14 interest I was going to talk about has to do with
15 what Miles is talking about and what you're talking
16 about and some of the things that I have seen.

17 In Jackson County, Tennessee we tried
18 to get the county to go in with inspection of homes
19 for electrical to make sure it was done properly, you
20 know, and certify it, and my good friends on the
21 city -- on the county commission were aghast that I
22 would even recommend anything that would take any
23 more of their liberties away from them.

24 They wouldn't do it until one of their
25 houses burned down, and I swear I had nothing to do
1 with it. It was a faulty electrical problem, and I 304
2 had nothing to do with the wiring in this house
3 either. When that happened, then they called me up
4 and said, can you be at the next commission meeting
5 and they passed it forthwith just like I gave it to
6 them, and they really should have deliberated more.

7 People in rural counties are very
8 loathed to give up anything, and very few of them
9 have planning boards. And I don't care if TVA, the

10 government, their mother said, you need to have that,
11 they are going to raise you know what.

12 Let me point out, I like them. I
13 think they are great. I would like to see them in --
14 Madison County did have a regional planning
15 commission. And it went out so far, I don't know
16 whether it was covered by mileage, it didn't even
17 cover the entire county, and it did a great job. It
18 may cover the whole county now, but it did a great
19 job.

20 I was totally all for it because it
21 saved me and the utility district business a lot of
22 headache because it said you had to do this before I
23 could even go in there with my poles, and like I say,
24 it saved me and the customers a lot of money.

25 Trying to mandate it, I don't think
1 TVA nor us can. We can recommend it to the 305
2 government bodies, Government Riley in Alabama, for
3 example, and all of those folks, but that would be --
4 that's a whole different ballgame.

5 FACILITATOR DAVE WAHUS: Mike, did you
6 have another comment?

7 MR. MIKE BUTLER: No.

8 FACILITATOR DAVE WAHUS: Phil.

9 MR. PHIL COMER: Let me explain on the
10 heels of Jimmy's comments. Jefferson County passed
11 zoning or the planning in 1998 by one vote, and the
12 reason was that an adjoining county, Hamblen County,
13 had bought 200 acres of land in Jefferson County to
14 extend their industrial park, and they could do that.
15 They were absolutely horrified, I mean, the Jefferson
16 County people were horrified that an adjoining county
17 would come and invade their territory and do this.

18 And they were told the only way that
19 they could prevent that sort of thing from continuing
20 to happen would be if they passed an ordinance for
21 zoning and planning and then they could have
22 prevented that or known about it, because they didn't
23 even know about it until it happened, and that's
24 really why these people, with the same mental set
25 that Jimmy's describing, were able to pass -- and I 306
1 didn't think it would happen in 50 years, but it
2 happened suddenly as a reaction to that, but only by
3 one vote, it passed by one vote.

4 FACILITATOR DAVE WAHUS: Okay.
5 We're --

6 DR. KATE JACKSON: Can I ask a
7 clarifying question?

8 FACILITATOR DAVE WAHUS: Yes.

9 DR. KATE JACKSON: Let's go back to
10 Greer's suggestion for a moment. So in places in the
11 Valley where there are no local zoning and we have a
12 reservoir management plan where we have allocated the
13 tracts that TVA owns and someone comes in with a
14 request, no matter what that request is, his
15 suggestion is we say no, do you want to talk about
16 that and give Greer and us some feedback on that?

17 MR. MIKE BUTLER: You mean the
18 off-cycle?

19 DR. KATE JACKSON: An off-cycle comes
20 in a depressed area and it's a Mercedes plant.

21 MR. TOM LITTLEPAGE: I don't think you
22 can do that.

23 MR. JIMMY BARNETT: I totally disagree
24 with that.

25 DR. KATE JACKSON: I just wanted to
1 check, Greer. 307

2 FACILITATOR DAVE WAHUS: Someone did
3 add that there are -- you have to allow for
4 exceptions.

5 DR. KATE JACKSON: And that's what
6 this entire thing is about, is about beginning to

7 identify the amount of public benefits, the way you
8 define that, and I recognize that we need to have
9 some conversation of what that means, when does that
10 overlay on the reservoir plan to drive you to change
11 an allocation, that's what we want feedback on
12 exactly.

13 MR. GREER TIDWELL: That's what I was
14 looking for, too.

15 DR. KATE JACKSON: Well, you got it.

16 FACILITATOR DAVE WAHUS: Well, the
17 discussion has bounced around a little bit, but we
18 have been primarily focusing on question No. 3, do
19 the proposed criteria adequately address these
20 considerations, and there are some things that you
21 have suggested to be considered or added.

22 Do you have any more before we go on
23 to the next question?

24 Joe.

25 MR. JOE SATTERFIELD: Let's see if I
1 can go back to something here, and maybe Kate just
2 answered my question. I have been sitting here
3 wondering, and Bill alluded to it, I think was kind
4 of getting to it a little bit ago, what we have here
5 is a set of draft guidelines prepared by the staff.

6 It's a reaction to questions or comments that have
7 been made by stakeholders and by this Council.

8 Am I correct so far?

9 FACILITATOR DAVE WAHUS: I think the
10 answer is yes.

11 MR. JOE SATTERFIELD: We're getting
12 into details about runoff and a lot of things that
13 TVA is already doing. They already have the answers
14 to those questions. Is what we're looking for here a
15 set of guidelines that you would know when to
16 accept -- when to even consider a request, is that --

17 DR. KATE JACKSON: An off-cycle
18 request.

19 MS. BRIDGETTE ELLIS: That is not
20 compatible with the allocation. Like if I get an
21 application for a barge loading terminal on a tract
22 that's allocated for economic development, I am
23 moving through with that because that land has been
24 vetted in the public arena, in the plan, and it's
25 allocated for economic development. I think then I
1 am just going to step into the environmental review
2 then and understand, you know, what the impacts are.

3 This is specifically about if I have a
4 tract of lands that is allocated for recreation and

5 someone wants to put an industrial site there, how do
6 I initiate that review to understand if I should
7 change that allocation?

8 MR. JOE SATTERFIELD: Then going all
9 the way back to something Mike said to begin with,
10 can we do that around this table or do we need to --
11 around this table do we need to try to determine if
12 we need a process to do that?

13 Is it something we can really sit
14 here, you know, with relatively few staff members and
15 a few stakeholders and determine all of these
16 guidelines or all of the specifics of them anyway?

17 I mean, is it something we need to
18 determine a process to see that it's done?

19 Just a question.

20 FACILITATOR DAVE WAHUS: Ken.

21 MR. KENNETH DARNELL: Touching on what
22 Kate said, I assume that when the plan for a certain
23 reservoir was prepared in the first place that all of
24 the knowledge and experience and expertise of TVA and
25 the experts who went into that planning process and
1 land use was identified for particular areas, but
2 what I am hearing now is, okay, even though we have
3 decided what is best for that parcel of land and in

4 the best public interest, maybe we can be persuaded
5 to change our viewpoint on that.

6 And in that light, in light of
7 question No. 3, it's my opinion that the big question
8 is, do you really need broad guidelines for off-cycle
9 consideration of developments?

10 They seem to be fairly subjective,
11 open to interpretation, and that interpretation is
12 only going to be as good as the management of TVA
13 that's in place at the time.

14 DR. KATE JACKSON: And I think that's
15 feedback we're looking for from you. And, you know,
16 maybe that flips you back to question No. 1, which
17 is, make the allocations and then never change them.
18 I mean, that's certainly viable feedback.

19 I think a couple of the issues for us
20 are that the public values that we established that
21 plan on do change over time, sometimes rapidly,
22 that's one piece.

23 Another piece is sometimes there
24 becomes available land for exchange that creates
25 greater public value than the land that was allocated
1 for whatever purpose we're now thinking about
2 changing.

3 Did that make sense?

4 Little Cedar Mountain is potentially a
5 good example of that. If, in fact, we didn't have
6 the land that they are thinking about exchanging now
7 with us and there are those who believe that land
8 that we may get in exchange is much greater value
9 than the land we are being requested to give up, so
10 is there a need for contemplating that exchange-based
11 process?

12 I go back to the Mercedes plant, that
13 was probably not contemplated in an original plan
14 because that wasn't a possibility. Mercedes wasn't
15 going to expand or some other large industry. So if
16 they come in and now there's a possibility of that,
17 does the public deserve to have that contemplated by
18 TVA?

19 MR. KENNETH DARNELL: My assumption
20 would be that the public deserved TVA to consider
21 that in their initial reservoir plan.

22 DR. KATE JACKSON: And the issue that
23 I am raising is often we don't have perfect
24 foresight.

25 MR. KENNETH DARNELL: Right. And I
1 think what the panel pretty much displayed today was

2 the need for change over a period of years, that no
3 plan can go for a period of years without falling out
4 of phase with what's really happening in the world.

5 You open the box for some trade-offs
6 when you do that. You open a Pandora's box of
7 things. The deal that he's talking about, the
8 exchange of land, would definitely be an advantage,
9 but if that opens the door to more proposals for more
10 exchanges that are not as advantageous, he's set a
11 precedent there.

12 DR. KATE JACKSON: That's correct.
13 And that's the feedback we're looking for from you.

14 FACILITATOR DAVE WAHUS: Mike and then
15 Bruce.

16 MR. MIKE BUTLER: To Kenneth's point,
17 I think you have identified the two ways that it can
18 go. Just to back up what Kate just said, you could
19 say no changes unless you're in a planning cycle.
20 But to the point I made at the very beginning about
21 question No. 1, that process that I was arguing for
22 similar to the shoreline management initiative brings
23 that public benefit and input that the reservoir
24 plans do to these guidelines.

25 And to that point, I think, Joe, one

1 of your comments raised a thought in my mind, is that
2 these guidelines we're looking at are almost the
3 beginnings of a -- I hesitate to say this, almost the
4 beginnings of -- if we did a process like that, they
5 could be the beginnings of a preferred alternative
6 that would come from TVA through a process like that.

7 The thing I will finish up with is
8 that my thought is that one of the things that might
9 help me in looking through the 23 points that you-all
10 point together, which I think is a great first draft
11 and start at this thing because it shows a lot of
12 thought and work, is if you-all, and I don't know if
13 this would be something that you can do, but take
14 them and develop kind of a -- cluster them under
15 guiding principles.

16 If there could be a guiding principle
17 that could include -- because several of them fall
18 into -- like if you're going to approach it into a
19 no-net loss or mitigative strategy, then that would
20 be a guiding principle that you could have those
21 clustered underneath, and it might make them a little
22 bit more digestible. That would just be a little bit
23 of constructive criticism I would offer.

24 FACILITATOR DAVE WAHUS: Bruce.

24 important discussions and suggested some additions.

25 So we can build on that tomorrow and go forward.

315

1 CHAIRMAN BRUCE SHUPP: Very good. We
2 have two things today before we leave the room. One
3 is, again, the forecast center tour, which Wayne is
4 leading. You will line up with Wayne after we
5 adjourn.

6 And the second thing, and most
7 important, is dinner. Who is going to explain
8 dinner?

9 Is that Rick?

10 DR. KATE JACKSON: Wait one second.
11 Sorry. Before people wander away, I want to thank
12 Cathy Robinson and Terri McDonough for arranging the
13 day, getting the speakers, getting the speakers to
14 understand what they were to come speak about. It
15 wouldn't have happened if they hadn't worked really
16 hard at that.

17 CHAIRMAN BRUCE SHUPP: I gave you
18 credit.

19 MS. BRIDGETTE ELLIS: I know. You
20 shouldn't have.

21 UNIDENTIFIED SPEAKER: We have
22 arranged for dinner for this evening. So I guess the

23 first thing is to get a show of hands of who is
24 interested in going to the arranged dinner. If you
25 have other plans to do something else, that's okay. 316
1 We need to know how many people we need to arrange a
2 ride for.

3 FACILITATOR DAVE WAHUS: If you're
4 bringing a spouse, put both hands up. The second
5 question is, how many of you want to drive? I'm
6 trying to figure out -- we have got some TVA folks
7 who are willing to drive.

8 CHAIRMAN BRUCE SHUPP: I've got an old
9 Suburban that I could fill up.

10 UNIDENTIFIED SPEAKER: Well, what we
11 will plan to do then is meet in the lobby of the
12 Radisson at -- we'll shoot for a quarter to 6:00,
13 that way those of you going on the tour can go on the
14 tour and will have a few minutes to go back and
15 freshen up. We will try to meet at a quarter till,
16 realizing probably that means we will actually meet
17 at 6:00.

18 Okay. We're supposed to be over there
19 at 6:00, but there's some flexibility there. So if
20 you're not in the lobby by 6:00, at least come down
21 to the lobby and tell us you're going to be late, and

22 then you can go back and do what you need to do and
23 we will arrange to have enough vehicles to get you
24 there. The place we're going to dinner is not very
25 far from here.

317

1 CHAIRMAN BRUCE SHUPP: Is it formal?

2 DR. KATE JACKSON: No.

3 UNIDENTIFIED SPEAKER: We do expect
4 Director Harris to be there. So don't have on your
5 jeans that have holes in them.

6 DR. KATE JACKSON: I think she could
7 probably handle that.

8 UNIDENTIFIED SPEAKER: Be in the lobby
9 at a quarter to 6:00 or let us know that you're going
10 to be leaving later and then we will arrange to have
11 a way for you to get there.

12 (Council meeting was adjourned and
13 continued on March 17, 2005 at 8:00 a.m., and is
14 transcribed in Volume II.)

15

16

17

18

19

20

21

22

23

24

25