

MINUTES
OF
REGIONAL RESOURCE STEWARDSHIP COUNCIL
MEETING

September 21, 2000
Chattanooga, Tennessee

Present

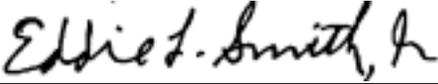
1. Senator Roger Bedford, Jr.
2. Mr. Lee Baker
3. Mr. Jimmy Barnett
4. Mr. Austin Carroll
5. Mr. Phil Comer
6. Ms. Ann Coulter
7. Mr. Jim Creighton (Council Consultant)
8. Mr. Bill Forsyth
9. Mayor Thomas Griffith
10. Ms. Julie Hardin
11. Dr. Kathryn J. Jackson (DFO)
12. Mr. Al Mann
13. Mr. W. C. Nelson
14. Mayor Eddie L. Smith, Jr. (Council Chair)
15. Dr. Stephen A. Smith
16. Dr. Paul F. Teague

Absent

1. Mr. Bob Matheny
2. Ms. Miles Mennell
3. Mr. Herman Morris, Jr.
4. Ms. Elaine Patterson
5. Mr. Bruce Shupp
6. Mr. Jim Sutphin

Contents

1. Transcript
2. Overheads: National Environmental Policy Act - Barry Walton
3. Handout: Economic and Fiscal Consequence of TVA's Drawdown of Douglas and Cherokee Lakes - Matthew Murray (available at TVA Corporate Library)

Approved by 
Chair

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REGIONAL RESOURCE STEWARDSHIP COUNCIL MEETING
SEPTEMBER 21, 2000

LOCATION:

TVA CHATTANOOGA OFFICE COMPLEX
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- 1 REGIONAL RESOURCE STEWARDSHIP COUNCIL
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- 3 MAYOR EDDIE L. SMITH, JR. (COUNCIL CHAIR)
- 4 SENATOR ROGER BEDFORD, JR.
- 5 MR. W. C. NELSON
- 6 MR. AL MANN
- 7 MAYOR THOMAS GRIFFITH
- 8 MR. BILL FORSYTH
- 9 MR. HERMAN MORRIS, JR.
- 10 MR. JIM SUTPHIN
- 11 MS. ELAINE PATTERSON
- 12 MR. LEE BAKER
- 13 MR. JIMMY BARNETT
- 14 MR. AUSTIN CARROLL
- 15 MR. BOB MATHENY
- 16 MR. PHIL COMER
- 17 MS. ANN COULTER
- 18 MS. JULIE HARDIN
- 19 MS. MILES MENNELL
- 20 MR. BRUCE SHUPP
- 21 DR. STEPHEN A. SMITH
- 22 DR. PAUL F. TEAGUE
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1 P R O C E E D I N G S

2 MAYOR EDDIE SMITH: Well, according
3 to my watch, it's 8:30 Chattanooga time, I'm 7:30 at
4 home.

5 MR. THOMAS GRIFFITH: 7:30 at home.

6 MAYOR EDDIE SMITH: Jim is even worse
7 off, 5:30 or something like that. Anyway, we have a
8 busy schedule today, so we won't need too much
9 preliminary, we will move right ahead with the
10 business.

11 First of all, I would like to thank
12 all of you who are here this morning. There are
13 several who have indicated they had conflicting
14 meetings and would not be able to be here, but those
15 of you who are here, we do appreciate you being here
16 and we'd like to thank you.

17 I would also like to thank Phil Comer
18 for arranging our speakers for today and getting
19 those here. So we look forward to hearing them. So
20 we will move along.

21 At this time I am going to ask Jim to
22 give an overview of what we're going to be doing
23 today.

24 MR. JIM CREIGHTON: Okay. We will
25 begin the day with a presentation of Barry Walton

1 from the General Counsel's office from TVA. This is
2 a presentation that Austin Carroll had requested,
3 and in a way it sets the stage for some of the
4 subsequent deliberations and presentations because
5 the provisions of NEPA describe what kind of
6 documentation and studies would have to be done in
7 order to make a significant -- a major decision of
8 any kind. So part of what you're listening to is,
9 you know, what -- how much and how long and how big
10 and so on would the study have to be to make a major
11 decision.

12 We're going to be having three
13 presentations this morning that Phil was able to
14 arrange. Essentially they have to do with the
15 economic and physical consequences of drawdowns, or
16 conversely, what are the economic benefits if you're
17 able to delay the drawdowns. And these are all
18 independent consultants connected with the various
19 universities, and they will be presenting their
20 studies and you will have an opportunity to ask them
21 questions.

22 We also had invited the general
23 accounting office to make a presentation describing
24 the results of the study they did several years ago.
25 It got caught up in all the bureaucracy and it will

1 be November 1 before they're able to be here, but
2 they will be here then.

3 So after various presentations and
4 the three presentations from the university
5 consultants, we will then take a break and go to our
6 public meeting. So let me underline that the public
7 meeting or the public comment period will occur
8 before lunch, so just be aware of that. That will
9 be in the 11:00 to 12:00 period.

10 And for those of you in the audience
11 who are here as members of the public, you do need
12 to register to indicate that you wish to speak, and
13 we will be setting some time limits to make sure
14 that everybody gets on during the time period
15 available, probably four to five minutes.

16 After lunch we will have a short
17 presentation on aquatic plants from Judy Miller, who
18 is chair of a stakeholder group that -- they're
19 in -- are in Guntersville, that's concerned about
20 aquatic plants.

21 And then from 1:45 to 3:30 it's an
22 open period during which two of the subcommittees
23 are meeting, the integrated river management and the
24 public lands subcommittees are meeting and so on.
25 Now, those meetings are not open to the public, but

1 at 1:30 (sic) the Council reassembles and there will
2 be reports from all the subcommittees, and that
3 portion of it is open to the public. So you can at
4 least hear a summary from those. And then after the
5 subcommittee reports, we need to do some talking
6 about where we go next.

7 Now, a couple of other things. I
8 will be asking the subcommittees, once again,
9 they'll be given a little assignment, because we're
10 trying to get focused in and create a schedule that
11 we'll have in the future a little bit.

12 So some of the questions we're going
13 to want to know are things like, what issues will
14 your group be addressing between now and the end of
15 that first quarter next year, what items do you need
16 on the agenda of the full Council between now and
17 then, how many meetings and what kind and when of
18 your subcommittee do you need between now and then.
19 So we're going to be asking you to do some thinking
20 now so that we can begin to come up with an agenda
21 that meets everybody's needs.

22 The last thing I have, I do want to
23 remind you, because in some of the evaluations I was
24 chastised for not enforcing all the rules on
25 courtesy and so on, so let me remind you that on the

1 first day we adopted a set of ground rules in which
2 we agreed to listen to each other; seek common
3 ground, where possible; focus on fixing problems,
4 not blame; provide full and open disclosure of
5 information. And we agreed not to interrupt each
6 other, call names, attribute negative motives to
7 other people's opinions and ideas or rely on hearsay
8 information. So let me remind you that we, as a
9 group, adopted those and those are still in effect.

10 Thank you.

11 MAYOR EDDIE SMITH: Thank you, Jim.

12 Before we get into our presentation, I would like to
13 make a statement.

14 MR. JIM CREIGHTON: There were two
15 things I forgot.

16 MAYOR EDDIE SMITH: Okay.

17 MR. JIM CREIGHTON: The room is dead,
18 so you'll have to use the microphones to be heard;
19 you won't be heard otherwise. And the meeting is
20 being videod. XI think Miles is the one who
21 requested it. She's trekking in Peru but doesn't
22 want to miss a minute, but for some reason did not
23 want to come back for this meeting. So we are
24 videotaping the meeting. And the bathrooms are out
25 the door and to the left. Okay.

1 MAYOR EDDIE SMITH: Okay. Before we
2 start the presentations, I would like to mention one
3 other thing here. Each of you should have received
4 a copy of the results of the evaluation forms
5 completed by Council members.

6 As mentioned in Katie's letter, one
7 of the topics in that evaluation was Jim's role. I
8 would like to give you a little background and a few
9 of my own observations as it relates to that.

10 Council members are probably not
11 aware that when Jim was first selected he was to
12 facilitate the meetings entirely. Subsequently, TVA
13 became concerned that it would seem too
14 overcontrolling to have consultants selected by TVA
15 to run the meetings.

16 So they asked Jim to play a different
17 role in which he would support me in preparing for
18 the meetings, would advise me and Kate on process
19 issues, but would only act as a facilitator when I
20 specifically asked him to do so.

21 From the comments on the evaluation
22 form, it is clear that some Council members would
23 like to have Jim be more involved as a facilitator.
24 What wasn't clear was whether that was during the
25 period I asked him to be a facilitator or because

1 they expected him to be more active at times when I
2 hadn't passed off the meeting leadership to him.

3 For the past couple of meetings I
4 have followed the general principle that we would --
5 that we were at the part of the meetings that would
6 likely -- for the past couple of meetings I have
7 followed the general principle that if we were at a
8 part of the meeting that was likely to be
9 interactive, I would call on Jim to facilitate.

10 From my own perspective, Jim has been
11 extremely helpful in assisting me and also in
12 behind-the-scene preparations. I also think that we
13 are just getting to the very tough part of the
14 issues that we will have to be dealing with, and I
15 plan to ask Jim to facilitate much more as we get
16 into the discussions on really the hard issues, and
17 this is the time I think we're going to need him
18 most.

19 As far as the future meetings are
20 concerned, I'm hopeful that each of the -- that we
21 will devote more of our time to specific issues
22 after our November meeting where we'll probably have
23 a format that would include subcommittees maybe
24 meeting in the morning and in the afternoon really
25 getting down to issues. I think certainly by the

1 early part of January, when we meet in January, we
2 should be at that point, I'm hopeful.

3 So hopefully all of the subcommittees
4 will really be working on your issues, clarifying
5 the issues that you wanted to deal with and try to
6 get that to us so that we can put that in some kind
7 of proper form when we're planning.

8 In the meantime, if you have any
9 suggestions, please feel free to make them to me or
10 Jim or Kate and we will try to be sure to include
11 those in our planning.

12 Now let me call on our first speaker,
13 Barry Walton, from the TVA General Counsel's Office.
14 Barry is going to talk to us about the National
15 Environmental Policy Act. Austin Carroll requested
16 this presentation. So Barry --

17 MR. BARRY WALTON: Good morning. I
18 have already got several -- whoa. I will try it
19 again. Good morning. Let me walk out front and let
20 everyone ask me what's wrong with my foot. The
21 podiatrist says it's the best possible diagnosis, a
22 probable stress fracture, which is something I can
23 easily heal from with a little walking on -- flat
24 footed. So I was really happy to get that news. I
25 was afraid it was a sign of incipient old age or

1 something.

2 MR. JIM CREIGHTON: What are you
3 going to do the next time you have to present to us?

4 MR. BARRY WALTON: I do have a whole
5 set of these kinds of appliances. Whenever I expect
6 to have to take questions from a large group, I want
7 to have something that will gain me a little
8 sympathy.

9 Okay. Let me -- okay. My topic
10 today is the National Environmental Policy Act, and
11 I would like to call your attention to John Shipp in
12 the back of the room. John is the head of our --
13 many of you know him already, I know. He's the head
14 of our environmental policy and planning
15 organization under Kate Jackson. It's his
16 organization that's actually responsible for
17 implementing NEPA. So when we get to those hard
18 questions, he may want to help me out. And I would
19 appreciate that, John.

20 The National Environmental Policy Act
21 or NEPA was signed into law on New Year's Day 1970
22 by Richard Nixon. President Nixon held on to it for
23 a few -- for a while so that he could make it his
24 official -- first official act of the new decade of
25 the '70s. And drawing from the language of NEPA, he

1 announced his goal that the decade of the '70s would
2 be the time that this country would regain a
3 productive harmony between man and nature.

4 Now, I am going to probably give
5 you -- try to give you basically in about 15 minutes
6 what I think of as NEPA 101 and then allow the last
7 15 minutes to see how -- where your interests are in
8 terms of how this might apply to the work of the
9 Council.

10 As you would expect from a statute
11 called the National Environmental Policy Act, the
12 main thing or the centerpiece of what it does is to
13 set up a national environmental policy. That policy
14 is to use all the practical means to create and
15 maintain conditions under which man and nature can
16 exist in productive harmony and fulfill the social,
17 economic, and other requirements of present and
18 future generations of Americans.

19 Now, this national policy was -- as I
20 said, was thought to be at the time, you know, of
21 perhaps a major provision of NEPA. The other
22 provisions that got the attention at the time was
23 the establishment of the Council of environmental
24 quality within the executive office of the
25 president.

1 You will recall this was before the
2 Environmental Protection Agency existed. This was
3 the first federal agency specifically geared toward
4 environmental matters. And then the third major
5 provision was the requirement that the president
6 give an annual report to Congress on the
7 environment.

8 Well, as it turned out, the major
9 provision of NEPA is almost universally considered
10 to be the requirement for an environmental impact
11 statement. Federal agencies shall include in every
12 proposal for major federal actions, I'm emphasizing
13 those because a lot of those are words that have
14 been picked apart by the courts over the last three
15 decades, major federal actions significantly
16 affecting the quality of the human environment you
17 have to include a detailed statement by the
18 responsible official on the environmental impact of
19 the proposed action.

20 Now, there are many, many
21 requirements in law for federal agencies to prepare
22 reports. As far as I know, no one has ever tried to
23 counter.

24 Why has this particular requirement
25 turned out to be important?

1 Well, the answer became clear about a
2 year and a half after NEPA was enacted when courts
3 began to entertain lawsuits and began holding that
4 they will issue injunctions and stop projects where
5 a required EIS has not been prepared; that obviously
6 got everyone's attention.

7 Now, what's the purpose of that EIS?
8 It's generally thought to be an environmental full
9 disclosure statement for everybody involved, the
10 public and voters. Even if the voters can't impact
11 a particular project, they can change the political
12 culture and the office holders.

13 More narrowly, it's to alert the
14 decision-makers within that specific agency to the
15 environmental impacts of the proposed actions before
16 the decisions are made.

17 An important thing to keep in mind
18 about NEPA is that it's procedural only. NEPA does
19 not dictate -- despite the National Environmental
20 Policy, this provision of NEPA does not dictate that
21 the best environmental decision be made. It only
22 requires that the environmental impacts be
23 considered as the decisions are made.

24 By the same token, courts do not
25 cancel federal projects because of NEPA violations.

1 Courts halt them. They stop them until an adequate
2 EIS is prepared, and then the federal project can go
3 on and proceed.

4 Within TVA we implement NEPA both to
5 meet legal requirements and to assist us in meeting
6 our corporate policy. The corporate environmental
7 policy adopted by the TVA Board of Directors in 1999
8 begins with the statement that environmental
9 protection and enhancement are an essential element
10 of TVA's integrated resource management mission.

11 The work that's done under NEPA, like
12 I said, not only lets us present it to the court, a
13 posture of compliance, but also let us meet these
14 internal goals and commitments that we have made to
15 the valley.

16 In addition, on legal requirements,
17 it's not just the EIS requirement itself that I am
18 getting ready to go to that NEPA helps us with, but
19 because NEPA is a review process and information
20 gathering process, early in each decision-making or
21 each proposal it is often the first place that we
22 uncover compliance issues with other environmental
23 requirements.

24 This alphabet soup down here, Clean
25 Water Act, National Historic Preservation Act, Clean

1 Air Act, Endangered Species Act, these are all
2 issues that when people in TVA begin to have an
3 inkling of something they want to do and they start
4 the NEPA process to look at environmental impacts,
5 that's often the place we say, well, you also need a
6 permit for this or you need to consult with official
7 wildlife service. So NEPA helps us meet that larger
8 environmental compliance goal, as well as just
9 meeting its own specific requirements.

10 Now, the way TVA actually does NEPA
11 is we take all of the actions, all the proposals for
12 action that come across our desk, and we have to
13 divide them into the three levels of NEPA review.
14 The categorical exclusion, environmental assessment,
15 environmental impact statement. CE, EA, EIS, you
16 will hear TVA people talk about that.

17 Categorical exclusions are the --
18 obviously the lowest level of an environmental
19 review, and examples of the types of activities that
20 we would categorically exclude from further review
21 are maintenance of TVA facilities, approval of
22 residential boat docks, development of minor TVA
23 public use areas. There are 28 different types of
24 activities in our procedures that are listed as
25 categorical exclusions.

1 And if we identify a proposal as
2 fitting within one of those listed areas and the
3 determination is made that there are not other
4 sensitive resources, such as endangered species or
5 something like that affected, then we're done with
6 NEPA for that action. That's completed.

7 At the other extreme are the actions
8 requiring a full blown environmental impact
9 statement, and our procedures give examples of
10 those, such as the large water resource development
11 projects, major power generating stations, and, of
12 course, other major federal actions with significant
13 environmental impacts, which just states what NEPA
14 itself says, which is, if you have a major federal
15 action and it significantly affects the quality of
16 the human environment, then an environmental impact
17 statement shall will be prepared.

18 All other actions start out at the
19 environmental assessment level, and environmental
20 assessments can run the gamut of actions which are
21 very minor and would have been included as
22 categorical exclusions if we had thought about them
23 when we prepare our -- when we were writing our
24 procedures, that's at one extreme.

25 At the other extreme of the

1 environmental assessment are major actions that --
2 well, there are serious questions whether some of
3 their impacts are significant, and you have to look
4 hard at whether you are okay with an environmental
5 assessment or you need to move up to an
6 environmental impact statement.

7 These typically run from 10 to 50
8 pages, take -- typically take several months to
9 prepare. They look not only at the action but also
10 at the reasonable alternatives to the action. At
11 the end of the EA process, if the analysis in the
12 EA, the technical analysis, if it supports the
13 conclusion that you do not have a significant
14 impact, then John Shipp's people prepare a finding
15 of no significant impact, FONSI, another acronym.

16 If on the other hand the analysis
17 does not support that kind of finding, you typically
18 would not complete the EA, you would just move right
19 into a full blown EIS.

20 The purpose of the EA is to document
21 TVA's conclusions about the environmental impacts of
22 a proposed action. For instance, if we face a
23 lawsuit where the contention is that we should have
24 prepared an environmental impact statement for an
25 action, the environmental assessment is our defense,

1 that's what we present to the court and said, look,
2 Your Honor, look at the -- all the expertise we
3 brought to bear, we made a finding of no significant
4 impact, we think you should uphold that finding.
5 Besides documentation, not lose sight that the basic
6 function of an environmental assessment is to
7 determine if an EIS should be prepared. So you end
8 up with either the finding of no significant impact
9 or the actual EIS.

10 Okay. The highest level of
11 environmental review under NEPA is the environmental
12 impact statement, and typically, as this shows, they
13 range from 150 to 300 pages and can take 18 months
14 to three years or more to prepare.

15 The process, and this is -- this is
16 what I am going to end up with in my presentation,
17 to take you through the process of preparing an
18 environmental impact statement.

19 Just to go back a little bit on how
20 we got here, although the NEPA process helps us in a
21 lot of ways, it helps us meet our policies. It
22 helps us meet -- discharge our compliance
23 responsibility under other statutes. The National
24 Environmental Policy Act itself, with its EIS
25 provision, makes this mandatory.

1 If we have a proposed action, a
2 proposed major federal action that has a significant
3 impact on the environment and we do not prepare an
4 environmental impact statement or we prepare one
5 that's not sufficiently detailed, a court will stop
6 our project.

7 The process for preparing an EIS is
8 laid out both in our own procedures and in those of
9 the Council of Environmental Quality. You start out
10 by publishing a notice of intent in the Federal
11 Register that you're going to prepare an EIS. If --
12 and in that you ask the public to submit comments on
13 the scope of the environmental review. They may
14 want to submit comments on the alternatives you
15 ought to consider. They may submit comments on what
16 they think are key or most worrisome environmental
17 impacts that might be stated with that project.

18 If it's something that has a lot
19 of -- that we think will have a significant amount
20 of public interest, we would obviously do more than
21 just have a notice in the Federal Register. We
22 would publicize it in other ways perhaps and
23 sometimes hold public meetings.

24 Usually about 30 days -- at least 30
25 days is allowed for scoping comments. We would take

1 those scoping comments that we receive in the mail,
2 also any that were presented in the public meetings,
3 if they were held, and take them to an internal team
4 that is charged with preparing the draft
5 environmental impact statement. Usually that
6 involves technical experts from every one of the key
7 impact areas for that proposal.

8 We're fortunate enough in TVA that we
9 have a significant amount of that kind of expertise
10 on staff, so we can do this kind of work in-house,
11 but you -- you know, endangered species are a major
12 issue and you need a biologist or a wildlife
13 specialist to help with that portion of the
14 analysis.

15 After the draft EIS is prepared, a
16 notice of its availability is again published in the
17 Federal Register. Copies of the EIS are sent out to
18 interested government agencies. Copies are sent to
19 people who earlier in the process have let us know
20 they are interested in receiving it, and at least 45
21 days is allowed for the public to give us comments
22 on the draft EIS. We're specifically looking for
23 comments for -- on where our analysis might not have
24 been sufficiently detailed to meet the requirements
25 of NEPA.

1 So the -- at the end of that 45 days,
2 the EIS team comes back together and they review all
3 of the comments. Those comments are -- well, excuse
4 me, they review all the comments and determine
5 whether additional technical or scientific work
6 needs to be done on the EIS, whether additional
7 explanatory writing needs to be done.

8 They prepare the final EIS. They
9 include all of the comments. Under NEPA the
10 comments have to be included in the final, and they
11 respond to the comments. And then that document is
12 issued as the final environmental impact statement.

13 And then the Environmental Protection
14 Agency is the one who makes the key public notice of
15 that. The Environmental Protection Agency issues a
16 notice in the Federal Register, and we're required
17 to wait 30 days after that notice before we can
18 actually take the action.

19 During that 30 days the
20 decision-maker or the agency has the EIS available,
21 and then anytime thereafter the action can be
22 depleted.

23 And then the final step is we have to
24 write up a record of that decision that was made and
25 then publish the record of decision or ROD in the

1 Federal Register.

2 And that completes the NEPA process.

3 Now, what did I leave out in terms of what you're
4 interested in or where would you like to go from
5 there?

6 MR. JIM CREIGHTON: Barry, could you
7 stop a second and elaborate on what scoping is? You
8 talked about scoping comments, and so I'm not sure
9 everybody was clear on what that means.

10 MR. BARRY WALTON: Going back to the
11 initial notice of intent to prepare an EIS, it tells
12 people what proposal -- what we're proposing to do,
13 what we're considering. It tells people that we are
14 preparing an environmental impact statement on that
15 proposal, and it asks folks to tell us what they
16 think the important environmental issues are and
17 what the alternatives to our proposals are.

18 Then that helps us in the EIS look at
19 the outer boundaries of the things that we're going
20 to consider, the scope of the things within which we
21 have to analyze and detail.

22 MAYOR EDDIE SMITH: Jim is handling
23 the questions this morning.

24 MR. JIM CREIGHTON: All right. Any
25 questions this morning?

1 DR. STEPHEN SMITH: Barry, could you
2 talk a little bit about if you have -- which may be
3 relevant to some of the stuff we're looking at, if
4 you have a proposed action that actually involves
5 multifaceted components of the concept of the
6 programmatic EIS or something along there? I mean,
7 can you talk a little bit about how that's
8 triggered? You know, there's individual impacts but
9 then there's impacts, let's say, on multiple
10 facilities by various actions that may be undertaken
11 or multiple, you know, locations or --

12 MR. BARRY WALTON: Let me take a shot
13 at it without trying to get into too much detail.
14 This moves off of NEPA 101 and gets to a sophomore
15 level class at least.

16 Remember, NEPA and the EIS
17 requirement applies to proposed actions. It also --
18 actions include programs, things that are -- if
19 you're going -- for instance, I think this law
20 developed in -- I believe it was case law out of
21 Texas involving a series of dams developing an
22 entire river, and the agency involved prepared an
23 environmental impact statement on the individual
24 dams but was later -- it was later held that what
25 needed to be done was an overall environmental

1 impact statement on the whole program of developing
2 that river, that's -- that's the programmatic EIS.

3 That doesn't get you out of doing the
4 site specific EIS. This is usually called tiering.
5 You have your overall programmatic EIS, and then as
6 you get into more specific projects you look at each
7 one, and if it was sufficiently analyzed in the
8 pragmatic EIS, you're done.

9 If, however, as is usually the case
10 in these kinds of things, there are site specific
11 factors where you locate ones that weren't
12 considered generally, then you have to do an
13 additional EIS on that project or on each component
14 of it. Exactly how that might play into what we're
15 doing here, I guess it could shake out all kinds of
16 different ways, I suppose.

17 MR. JIM CREIGHTON: Austin, you had a
18 question.

19 MR. AUSTIN CARROLL: Following up on
20 what Dr. Smith just said there. And by the way, I
21 appreciate your going through this process, it's
22 helped my understanding, and hopefully the other
23 folks, too.

24 But if -- if TVA were considering a
25 change in the lake levels of the tributary lakes

1 about, you know, potentially holding them longer or
2 something like that, would that necessarily trigger
3 the EIS?

4 MR. BARRY WALTON: Without more
5 specifics, I certainly couldn't say. But let me
6 show you -- take that situation and walk it through
7 the process a little bit. This proposal to hold up
8 tribs or these specific tributaries, let's say,
9 that's clearly an action and that's going to get you
10 into the NEPA process, and you're going to have to
11 ask yourself, does it have significant impacts,
12 the -- and significant impacts that are not just
13 socioeconomic, they need to be -- you need to see if
14 you have significant environmental impacts.

15 Depending -- if you're talking about
16 holding them up, say, for an additional day or an
17 additional 24 hours compared to what TVA currently
18 does, you might reach the decision that, no, there's
19 nothing significant going on here. There may be
20 some money involved, but there's no environmental
21 issue.

22 If you can't -- if you're on that
23 area though where you can't decide that it's
24 insignificant, then you have to do the EIS. And the
25 issue -- I think the hard issue in that kind of

1 proposal would be how -- the scope, how far out do
2 you have to go? Can you limit yourself to just that
3 specific proposal and have your alternatives be kind
4 of variations on that specific proposal or even to
5 have to look at broader system-wide alternatives?

6 In the lake improvement plan that
7 wasn't the question because the lake improvement
8 plan, the whole charter of it, was to reassess our
9 operation of the reservoir system across the board.
10 So we started with saying, we're going to look at
11 everything. By the time we started writing it, we
12 were focusing on lake level issues and dissolved
13 oxygen issues, but it was -- it started out as a
14 comprehensive study. So we had to look at
15 comprehensive alternatives.

16 Does that help any?

17 MR. AL MANN: Barry, you said it took
18 an average of about three years to prepare the EIS,
19 are you constrained to a certain time limit?

20 MR. BARRY WALTON: Yeah.

21 MR. AL MANN: What if it took you ten
22 years?

23 MR. BARRY WALTON: Before I get into
24 that, let me remind you that the lake improvement
25 plan, if that's what you're talking about, that took

1 about five years, I believe, but that was not
2 just -- that was a combination.

3 The study that was done was the
4 proposal in a lot of ways. The EIS was along with
5 it. Some of the things we did in the lake
6 improvement plan in terms of involving the public
7 went beyond what NEPA requires.

8 It was because the direction given to
9 the staff was to go out, look at all of the options,
10 find out what the valley wants from us on these
11 operations, and like I say, that might happen again,
12 but those aren't NEPA requirements.

13 The NEPA requirement, in this part,
14 the notice of intent and the scoping, you have got a
15 30-day deadline or let's say a 30-day requirement
16 for getting comments.

17 Now, what does that mean? That means
18 you have got to be -- before you even get to the
19 notice of intent, you have got some time where
20 you're thinking about this and talking inside of
21 TVA, writing up your Federal Register notice and
22 doing some things, but the only deadline that we
23 have to -- that's imposed on us from outside, let's
24 say, is the 30-day comment period.

25 The preparation of the draft EIS

1 after the scoping is over, obviously there's no --
2 there's no time limit there. That just takes
3 however long it takes.

4 I think on -- I said as an estimate
5 that EIS's can range from 18 months up to three
6 years or more. And so for a real straightforward
7 EIS where you -- you don't have -- you don't get any
8 surprises. You can assign the technical work -- the
9 technical work from the scientists come in, somebody
10 puts it together and writes it up, you don't have to
11 go back and say, well, this expert pointed out
12 another thing that this expert needs to look at, and
13 you go back and have a redo, so that's not a -- that
14 takes time but it's not specified.

15 Once we issue the draft EIS, there's
16 a 45-day comment period, that's required. You
17 cannot issue -- you physically cannot issue the
18 final EIS on day 46 though. You have to analyze
19 those comments. You have to look at your analysis
20 to see if there's some things that need to be
21 strengthened in it, and you have to respond to the
22 comments, that -- that's not a required period of
23 time, but it takes a chunk of time.

24 Then after we do the final EIS
25 there's a 30-day waiting period. It takes about --

1 we issue the EIS. We send it to the EPA. They
2 publish -- I can't remember, either twice a week or
3 once a week. There's a lag time on getting -- from
4 the time we send it to the EPA until when they put
5 it in the Federal Register, but let's say this
6 30-day waiting period then that is mandatory is
7 really about 40 days because we have to wait on the
8 EPA to do something, you can add up the 30 days and
9 the 45 days and another 40 days, and that's only
10 what, 115 days, I think, and that's -- but that's
11 not -- those are the set deadlines, but that doesn't
12 count the time it takes to actually do the work.

13 MR. JIM CREIGHTON: Maybe a way to
14 say it, what's the fastest EIS you have ever seen?

15 MR. BARRY WALTON: Boy, I -- we say
16 18 months. I don't know if I even have an example
17 of one we made in 18 months.

18 MR. JOHN SHIPP: We have done one in
19 about a year or a little over a year.

20 MR. JIM CREIGHTON: For the record,
21 Jim Shipp answered that they had done them in about
22 a year, give or take a little.

23 MR. JOHN SHIPP: But as Barry said,
24 that was straightforward, didn't involve a lot of
25 controversy, and the impacts were not wide and

1 significant. And it really depends on the -- it
2 really depends on the scope as to how long it takes.

3 As Barry said, so much of the time is
4 the actual technical assessments and evaluations
5 that are done, and the more complicated those are,
6 the broader they are geographically, the broader
7 they are. In terms of the different kinds of things
8 you have to consider, the longer it takes.

9 MR. BARRY WALTON: If you have a
10 controversial proposal and you think you may be
11 facing a lawsuit, you do not help yourself by
12 rushing through some of the technical analyses. You
13 want it done right. You want the scientists to be
14 able to potentially appear in court and under oath
15 talk about their conclusions and the work that they
16 did.

17 MR. AL MANN: But do you have a time
18 limit? Is there a time constraint?

19 MR. BARRY WALTON: No, there's no --
20 we have -- we have management direction to staff
21 that is translated in terms of priorities, perhaps
22 directions to put more people on it, perhaps
23 directions to work overtime, depending on the
24 urgency of the proposal, but, no, under the law it
25 could take forever. Under the law the requirement

1 is you can't go forward until you've done an
2 adequate detailed environmental impact statement.

3 MR. AL MANN: Whatever time it takes.

4 MR. JIM CREIGHTON: Al, what you're
5 getting at is, is there any way to control it or
6 could it just string out forever, and I guess the
7 answer is --

8 MR. BARRY WALTON: There's no way to
9 say, court, we took six years to do this, our time's
10 up, we're going to go ahead and do the project. You
11 can't do that.

12 MR. JIM CREIGHTON: Austin?

13 MR. AUSTIN CARROLL: Let's just say,
14 for example, the Council potentially made a
15 recommendation to renew the -- or do a new lake
16 improvement plan, would it be appropriate then for
17 the Council to also provide some input as far as the
18 intent and scoping for that land?

19 MR. BARRY WALTON: I don't see why
20 not under the NEPA process, but certainly under --
21 just under the Federal Advisory Committee Act I
22 think TVA needs the benefit of your best thinking on
23 what your recommending is. If you're recommending
24 in a certain way and you see the key issues or the
25 key environmental issues a certain way, I think TVA

1 would like to get the benefit of that thought, and I
2 think that strikes me that that would fit in very
3 well with the NEPA process.

4 MR. JIM CREIGHTON: I see Roger and
5 then Steve.

6 SENATOR ROGER BEDFORD: Barry, I want
7 to thank you for this. It's been very helpful to
8 me. I have heard all of these acronyms thrown
9 around, and it's helpful to have it explained to me.

10 I realize that you said an EA can be
11 a defense to an action brought with NEPA in it, but
12 in your opinion, following what Austin asked
13 earlier, if TVA made the decision to keep the lake
14 levels up 30 days longer in these tributaries that
15 we have heard so much discussion about, in your
16 legal opinion, would that necessitate a full impact
17 study?

18 MR. BARRY WALTON: Let me say
19 probably. Like I said, when I go back, the EA is a
20 defense, it is a defense if it shows there's not a
21 significant impact. The question of whether there's
22 a significant impact is primarily a factual question
23 and depends on the expert opinion of the scientists
24 and others who know their area. TVA ultimately has
25 to make that call, and that's what it would depend

1 on, but you need to do it on the basis of an expert
2 opinion.

3 The kinds of -- the issues that come
4 from a 30-day -- well, it seems to me I think that
5 probably would require an EIS, even if it's limited
6 to a few, but I don't want to completely -- I don't
7 want to prejudge that.

8 SENATOR ROGER BEDFORD: No. I
9 understand that. Would the action be brought in
10 State or Federal Court?

11 MR. BARRY WALTON: Federal, Federal
12 Court.

13 SENATOR ROGER BEDFORD: Thank you.

14 MR. JIM CREIGHTON: Stephen?

15 DR. STEPHEN SMITH: Barry, sometimes
16 it's my understanding that -- I think there's case
17 law on this, that if you have an activity -- excuse
18 me, an activity that is, in essence, an update or a
19 repeat of something that has happened, you don't
20 necessarily have to completely redo the
21 environmental impact statement, you can somewhat
22 update it.

23 And I'm wondering if there was, in
24 the context of revisiting the lake improvement plan
25 to take a look at some components of it, whether

1 sort of the foundation that has already been laid
2 with the current -- the existing EIS that was done
3 on that activity could be updated and modified to
4 explore new dimensions and scope, but yet, not have
5 to be completely redone, and I don't -- I mean, I
6 know that has --

7 MR. BARRY WALTON: That's a
8 possibility. Keep in mind that the Council on
9 Environmental Quality, their rule of thumb is
10 that -- I believe an EIS that's five or more years
11 old should be presumed to be one you need to
12 completely redo.

13 DR. STEPHEN SMITH: Okay.

14 MR. BARRY WALTON: But whether there
15 would be -- I think that should be looked at to see
16 what's the most efficient way of getting -- whether
17 a complete redo is the more efficient way of trying
18 to preserve some of the older analyses.

19 DR. STEPHEN SMITH: But there is, in
20 essence, sort of a policy statement that says after
21 five years it's a stale document?

22 MR. BARRY WALTON: I think it's in
23 CEQ's 40 most asked questions or something like
24 that.

25 MR. JIM CREIGHTON: Austin? Would

1 you guys do this when you want to ask a question and
2 then I don't know whether it's a twitch or not?

3 Okay. Paul, then Austin.

4 DR. PAUL TEAGUE: Barry, how can TVA
5 and the Government justify these actions? It takes
6 five areas to do a study, and then you tell me in
7 five years the study is blasÇ, that another needs to
8 be repeated.

9 This is why the average Joe is
10 concerned with the bureaucracy of TVA and
11 government.

12 MR. BARRY WALTON: I sympathize with
13 that. I think a lot of people -- but there are a
14 lot of victories and good policy decisions that have
15 come out of government because of NEPA. And I think
16 if you look at it as a general admonition to look
17 before you dig, I think we all would like government
18 to do that. Trying to control the paperwork is a
19 very big problem.

20 MR. JIM CREIGHTON: Austin?

21 MR. AUSTIN CARROLL: The Corps of
22 Engineers, given their, you know, military
23 connection or whatever, are they required to do
24 these things as well?

25 MR. BARRY WALTON: Yes, sir.

1 MR. AUSTIN CARROLL: What about
2 Alabama Power, I think we heard from last month,
3 which is a private company, are they required to do
4 this?

5 MR. BARRY WALTON: No. This applies
6 only to federal actions. Alabama Power may have a
7 project where they are required to get a permit from
8 a federal agency. EPA, for their environmental
9 permits, is exempted from NEPA, but if they have to
10 get a Corps of Engineers permit, the Corps would do
11 a NEPA review.

12 A private company licensing a nuclear
13 plant, if anyone ever does that again, the Nuclear
14 Regulatory Commission is required to do an EIS on
15 the licensing of a nuclear plant, and that applies
16 both when TVA seeks an application or when a private
17 power does.

18 MR. AUSTIN CARROLL: Does that get
19 charged back to the private utility?

20 Let's say Alabama Power had a site
21 for a new plant, and even if it was a coal fired
22 plant, then the Environmental Protection Agency
23 would require them to go through this process, or
24 they would do it for them, and they'd get charged
25 for the cost of it?

1 MR. BARRY WALTON: Maybe I was -- I
2 misstated a little. The Environmental Protection
3 Agency issues permits for the Clean Air Act or the
4 state may issue those permits. I guess mostly now
5 those programs have been delegated to the states.
6 So there's not a federal action involved in that.

7 Even if EPA is called upon to issue
8 something like a Clean Air Act permit or Clean Water
9 Act permit, the courts hold that that's designed to
10 protect the environment and you don't have to do an
11 environmental impact statement.

12 The other kinds of things that may
13 happen though is if they need some federal land or
14 they need a permit from the Corps of Engineers to
15 build an obstruction in a river or they need a
16 nuclear license, then the way the NRC handles that
17 is they require the applicants to prepare an
18 environmental report that has all the scientific --
19 and at its own expense, that has all the scientific
20 work done, and then NRC takes that work and turns it
21 into an EIS, so that's the way you can bill it back
22 to the applicant.

23 MR. JIM CREIGHTON: Stephen, and I
24 think we're going to need to make this the last
25 question because we're running out of time.

1 DR. STEPHEN SMITH: I guess I just
2 wanted to clarify for Paul, I don't know if -- my
3 understanding of the process is that the five-year
4 clock doesn't start ticking the day that they issue
5 the notice of intent, which the five-year clock
6 ticks at the recommended decision. So in the
7 process of developing the study, you haven't burned
8 your five years up. I mean, it's --

9 MR. BARRY WALTON: And you're free to
10 look at the analysis and make a determination that
11 it's still valid.

12 DR. STEPHEN SMITH: Right.

13 MR. BARRY WALTON: It doesn't just
14 automatically die, but what we're being told is that
15 you ought -- you need to take a look at it and you
16 need to take a hard look at it if it's more than
17 five years old. But you're right, the five-year
18 clock would not start until it was issued.

19 MR. JIM CREIGHTON: Final rejoinder.

20 DR. PAUL TEAGUE: My point is
21 efficiency in government. You can investigate this
22 into the next generation if you proceed with this
23 cycle.

24 SENATOR ROGER BEDFORD: Jim, can I
25 have 15 seconds on a different topic?

1 Barry, if TVA wants to deed TVA land
2 to a local government for an industrial development
3 project, for instance, do they -- are they still
4 required to go through the NEPA process?

5 MR. BARRY WALTON: We go through the
6 NEPA process. If it's a small amount of land and
7 it's for, say, a park, it would probably fit within
8 one of our categorical conclusions. If it's in a
9 wetland or other things are involved, it could
10 require a higher level of environmental review.

11 SENATOR ROGER BEDFORD: Thank you,
12 Jim.

13 MAYOR EDDIE SMITH: Thank you very
14 much, Barry. We will get to your next speaker now,
15 who is Dr. Matthew N. Murray. Dr. Murray is
16 Associate Director of the Center of Business and
17 Economic Research in the College of Business
18 Administration at the University of Tennessee here
19 in Knoxville.

20 In 1998 Dr. Murray completed a study
21 entitled, Economic and Fiscal Consequences of TVA
22 Drawdowns at Cherokee and Douglas Lakes. He will be
23 telling us how the study was conducted and what was
24 the results, what the results were.

25 I would like for us to follow our

1 ground rules that we've had in the past; that is,
2 generally wait until the speaker is through making
3 the presentation before asking questions. But if
4 you really don't understand a point, you may go
5 ahead and ask the question. However, if you want to
6 argue a point, please make a note of that and we
7 will do that during the question and answer session.

8 Dr. Murray, it's yours at this time.

9 DR. MATTHEW MURRAY: All right.

10 Thank you. Good morning, everyone. I have a small
11 number of handouts here for members of the Council.
12 Please pass those around.

13 It's nice to have the opportunity to
14 speak to the Council this morning and to those of
15 you that are visiting out there in the bleachers in
16 the back.

17 I have a pretty straightforward
18 presentation today drawing on a study that we did
19 back in 1998. I have to say at the outset, the
20 study was done in October of 1998. And the author
21 of any study likes to see a study come to a close.
22 It's like taking a course and then taking a test in
23 that particular course. And once you have taken the
24 test, it's over.

25 So it's a little difficult for me to

1 get back into this report because it's been about
2 two years, and as I looked through it in the last
3 couple of days, I find that there are some things
4 that I have forgot about it. So I hope I've studied
5 up well and I hope that I'm able to articulate quite
6 clearly the scope of the study, some of the key
7 findings of the study, limitations of the study, and
8 leave time at the end for some questions from
9 Council members.

10 I admit these are not the most
11 creative overheads I have ever put together. Let me
12 give credit to the team of folks that worked on this
13 particular report.

14 I was project director of the study
15 that was done. My expertise is generally in the
16 area of government policy, tax analysis, government
17 expenditure analysis, and so on. In the Center of
18 Business and Economic Research, a lot of work that I
19 do is related to economic and physical impact
20 studies. I am not an expert on natural resources.
21 I'm not an expert on water resources, in particular.
22 I'm not expert on certain topics in the area of
23 economic evaluation.

24 Because of those limitations, I
25 brought into this study an individual who is an

1 expert in those areas, Dr. Paul Jakus, who is an
2 Associate Professor in the Department of
3 Agricultural Economics at the University of
4 Tennessee. And Dr. Jakus deserves a lot of the
5 credit for the work that went into this particular
6 study.

7 And then we have a team of
8 individuals from our research center listed here
9 that also contributed, more along the lines of
10 worker bees in the course of the study that we did a
11 couple of years ago.

12 The scope of the study: For those of
13 you I am not sure how familiar the Council members
14 are or those of you out in the audience are with the
15 study. The scope of the study focused on the
16 economic and physical consequences of lake
17 drawdowns. We focused on two lakes within the TVA
18 system, Douglas and Cherokee Lakes. We focused more
19 narrowly on a small number of counties that are
20 located in the vicinity of Douglas and Cherokee
21 Lake; Cocke, Grainer, Hamblen, Hawkins, Jefferson,
22 and Sevier Counties.

23 We emphasized the drawdown impacts
24 that took place during the months of August and
25 September. There are some references more broadly

1 in the study about the annual effects, but the focus
2 that we pursued at the request of the funders of
3 this particular study, landowners and users of
4 Douglas, L.O.U.D., our emphasis in the report was on
5 the consequences of the drawdown during the months
6 of August and September.

7 Now, this is a little tricky for
8 those of your -- it's a little tricky for me in some
9 sense trying to differentiate the economic impact
10 analysis, the physical impact analysis that is
11 emphasized in this report as opposed to the notion
12 of net economic value, which we referred to in this
13 report. I am not going to have much to say about
14 that.

15 Let me try to give you an intuitive
16 distinction between the two different methodological
17 approaches to analyzing just generally the notion of
18 the impacts.

19 Economic impact analysis, perhaps the
20 best way to convey this to you, from my perspective
21 economic impact analysis can oftentimes be viewed as
22 a zero sum gain. In the context of new industry,
23 for example, many of you are probably familiar
24 with -- you have heard of economic impact statements
25 or fiscal impact statements associated with new

1 industry coming to Tennessee, to Alabama, to
2 Kentucky or wherever.

3 When those jobs -- when that income
4 comes to a given state, like the Nissan plant, the
5 Saturn plant in Middle Tennessee, that creates jobs
6 and incomes for residents of Tennessee at the
7 expense, if you will, of creating those same jobs in
8 another part of the United States.

9 So the net impact of those jobs in
10 Middle Tennessee is quite significant for that
11 particular region, if we want to use Nissan and
12 Saturn as an example, but the national welfare would
13 have been enhanced regardless of where Nissan and
14 Saturn chose to locate. That's the nature of the
15 beast.

16 When you look at or use economic
17 fiscal impact analyses in its traditional setting,
18 you're looking typically at the gain that accrued to
19 one area, to one region that may, not necessarily,
20 but may come at the expense of another region of the
21 country.

22 For example, in the lake context, it
23 may be that a delayed drawdown of the lake draws
24 more people from the State of Ohio to Tennessee to
25 engage in tourism, that represents from an economic

1 impact perspective a significant gain for the State
2 of Tennessee, but it does represent a loss for the
3 State of Ohio as those dollars then are not spent
4 there but are spent in the State of Tennessee.

5 It is not clear that the national
6 welfare is enhanced by that shift of dollars.
7 That's where the concept of net economic value
8 enters. Net economic value is a measure of the net
9 gain to those in society, any kind of change in
10 economic activity of delaying the drawdown of the
11 lake.

12 So, for example, you might have an
13 individual who's a resident of -- in the area of
14 Douglas and Cherokee Lake who benefits cyclically,
15 if you will, they benefit as they see the lakes
16 drawn down at a delayed point in the year. They
17 enjoy life, they enjoy their home, they enjoy
18 recreation more during, say, the months of August
19 and September should the lake levels be drawn down.
20 That's a net gain in welfare. That's a gain in
21 welfare for those in the vicinity of Douglas and
22 Cherokee Lakes. That's a net gain in welfare for
23 society as a whole where a gain in welfare for the
24 folks just on the economic side of things were
25 holding up.

1 I know those differences are quite
2 subtle, but they are very important in terms of
3 understanding the kind of work that I have done, my
4 co-authors have done, as well as the work that
5 others are going to be presenting this morning.
6 Perhaps those others will talk a little bit about
7 the similarities and differences between the two
8 approaches to evaluating economic impacts.

9 The scope of the study, I have
10 already noted there's economic and fiscal
11 consequences of the lake drawdown. I am a little
12 behind myself here. I apologize. There we go. I
13 am back on. Sorry. Not enough coffee. Too much.

14 The study does not address other
15 issues. It's very narrow in scope. We're not
16 experts in dealing with some of these other -- these
17 other aspects of the problem. We have heard the
18 discussion here the last half hour or 45 minutes on
19 environmental impacts. There are a number of things
20 that we did not look at that might be byproducts,
21 they might be negative, they might be positive as a
22 result of a delayed drawdown. Just a couple of
23 examples here, flood control, power generation,
24 impacts on the environment, and so on.

25 Our study is very narrow in scope.

1 That's what our expertise is. That is what we were
2 asked to study in the context of this particular
3 report.

4 I want to highlight what I think is
5 the importance of this study. And I guess that
6 doesn't work with the words there. It's a little
7 bit hard to see, just reveal all of my cards here.

8 The importance of the study: From my
9 perspective, one of the key motivations for this
10 report, particularly in the context of the handful
11 of counties that we looked at is that they are very
12 poorly developed regions. I think that's probably
13 true -- is true of many of the counties, much of the
14 regional economy that surrounds the lake system.

15 The fiscal system within these same
16 communities is quite weak. They don't have a good
17 tax base. They don't have a good property tax base
18 because they don't have a lot of high end types of
19 industry. They don't have the high dollar
20 residences with the property values associated with
21 those incomes. There's not a very strong tax base.

22 They are not able to support high
23 quality public services. They are not able
24 necessarily to support good quality schools, and so
25 on, that would be instrumental to promoting economic

1 development within the region.

2 Nationally over time there's been a
3 decline in manufacturing and that declining role of
4 manufacturing has hit and is going to continue to
5 hit rural counties throughout the TVA region and hit
6 them quite hard. These are regions that do not have
7 a diversified economic base. They don't have a good
8 tax system to support investments and infrastructure
9 and human capital, and so on, and they are at a
10 serious disadvantage in terms of fostering economic
11 development within these particular communities.

12 Competitiveness is kind of the buzz
13 word these days with the global economy and all, and
14 these are economies that are suffering because of
15 the competitiveness -- the lack of competitiveness,
16 I should say, as they see traditional jobs in
17 manufacturing, low wage, low value added jobs
18 literally wither on the vine.

19 Deregulation is likely, based upon my
20 read of what's going on and when it's going to hit
21 in Tennessee is not at all clear, but at least
22 nationally deregulation is likely to lead to a more
23 common pattern in electricity rates across the
24 nation, and so any cost advantage associated with
25 locating a manufacturing firm in Tennessee may --

1 may decline in the years to come because of the
2 shifting pattern of the energy crises across the
3 nation. Other factors are going to become of
4 greater importance, more basic factors of
5 competitiveness, like a skilled work force.

6 For these particular regions, the TVA
7 region, they need to find a comparative advantage.
8 And one opportunity they have for a comparative
9 advantage is to exploit the natural resources that
10 they have literally in their backyard.

11 And for the six counties that we
12 looked at, a key attribute of the national
13 environment is the existence of two major lakes that
14 are -- have a lot of different uses associated with
15 them, ranging from fishing and boating to camping,
16 hiking, and the like.

17 There are other regional resources
18 very close by to Douglas and Cherokee Lake. Most
19 notably, the Great Smokey Mountain National Park,
20 the tourism opportunities in Gatlinburg, Pigeon
21 Forge, and so on.

22 Tourism can be a part of an economic
23 development strategy for these counties. I would
24 not at all suggest that these counties put all of
25 their investments into promoting tourism as a

1 development strategy because there are liabilities
2 and there are weaknesses associated with the tourism
3 sector as an engine of economic development. But
4 for poorly developed regions that have natural
5 resources, like these regions do, it can be very,
6 very important to the overall economic development
7 pattern of the counties and of the residents of the
8 counties.

9 We -- as all academics do, we go to
10 the research, we go to the literature, we begin a
11 study. And we took a look at the existing research
12 on lake levels and found that there were a very
13 small number of directly related studies, and as a
14 result, the kinds of inferences that you can draw
15 from that work tends to be rather limited.

16 I don't think it's going to come to
17 anyone's surprise that we find very strong evidence
18 in the research on the way in which lakes and the
19 way in which lake levels, less information on the
20 latter, influence property values. Strong evidence
21 that lakes themselves enhance property values.
22 There is some pretty good evidence that lower lake
23 levels reduce property values.

24 And, of course, the economic value of
25 recreation and sports activities is quite

1 significant. And the economic value of that, I
2 believe, will be talked about a little bit more by
3 the other two presentations that will follow me this
4 morning.

5 Now, let me turn to the study itself.
6 I had to use those remarks that are important in my
7 view to try to place what we're doing in context.

8 There were three primary pieces to
9 the analysis that we conducted in 1998. First we
10 did a survey of lake users, and I am going to go
11 into detail on each of these or a certain amount of
12 detail here in a moment. I wanted to give you a
13 little bit of an overview of where I am going. We
14 did the survey of lake users to find out their
15 spending when they visited the lakes, how the
16 drawdown might have affected their visitation over
17 the course of the year.

18 We conducted a survey, a mail survey
19 of commercial establishments located in the six
20 county region. Then we did an individual
21 statistical analysis that I will elaborate on. All
22 three of these were intended -- all three of these
23 methodologies were intended to provide us with some
24 complimentary means of assessing what the economic
25 and fiscal impacts of the drawdown were.

1 Now, our goal here was to come up
2 with some specific quantified measures of impact.
3 Here they are listed. Expenditure effects for
4 retailers, the way in which the drawdown may
5 influence retail sales on the part of businesses
6 within the region.

7 We focused on income that might be
8 foregone to residents of the region. This is an
9 income that represents benefits or benefits lost to
10 individuals that resides within this six county
11 region. We looked at job losses resulting from the
12 drawdown for residents of the same region. And then
13 lastly, we looked at sales tax revenue for local
14 governments.

15 Now, we focused solely on sales tax,
16 which at the local level is important but is not the
17 most important source of revenue. We did not get
18 into the property tax side of the issue, and we
19 didn't largely because the funding and the scope of
20 the study would not allow us to go beyond what we
21 were doing here.

22 One of the most important caveats I
23 have to raise here is the counterfactual, and I
24 think that's very important to understanding what we
25 have done and the limitations of what we have done.

1 The counterfactual here is the absence of a
2 drawdown, but the drawdown has taken place over a
3 long, long period of time, and everybody is aware
4 that the drawdown has taken place.

5 The data that we have used -- this
6 will become a little more clearer as I go through my
7 remarks in a few moments. The data that we have
8 used, as well as tourism behavior itself, already
9 reflects the drawdown. It's for this reason that I
10 made a comment in a previous form about the report
11 being just the tip of the iceberg.

12 I think the report does represent the
13 tip of the iceberg. I don't think it is fully
14 accounting for all of the economic and fiscal
15 benefits that would arise from extending the
16 drawdown, for delaying drawdown. We are not able to
17 deal in a satisfactory fashion with this problem of
18 the counterfactual.

19 And again, I think this will become
20 clearer as I go through my remarks. And if not,
21 please, the Council, ask questions here as I get
22 towards the end.

23 Let me focus here on each piece of
24 the analysis now. I want to talk about the lake
25 level survey, the commercial establishment survey,

1 and then the statistical analysis that we undertook.
2 And then as I close my remarks, I will summarize
3 with a table that appears in the executive summary
4 of our report that provides some measures of what
5 the impacts were.

6 You can read this, I hope, quite
7 clearly. We surveyed during the month of July,
8 during a short period of time in July, ended up
9 surveying 161 individuals, a relatively small
10 survey, but surveys of individuals, you know, at
11 boat docks or at boat ramps, at campgrounds, and so
12 on. This is a very labor-intensive process.

13 So we actually went to the site, we
14 surveyed individuals, and by and large people were
15 very happy to be surveyed because I think people
16 felt they had a stake in this. Most of those that
17 were visiting the lake attended with families and
18 friends. The majority were involved in fishing and
19 boating, but there were a whole host of different
20 kinds of activities taken by the individuals.

21 We found based upon the survey that
22 \$25 a day per person was spent on Douglas Lake and
23 almost \$46 per day was spent by individuals per day
24 on Cherokee Lake. We found that visitation, based
25 upon our survey, was highly correlated. We asked

1 people about their tendency to visit over the course
2 of the year, and about two-thirds of those
3 individuals said that the drawdown did adversely
4 affect their willingness to visit during those
5 particular drawdown months.

6 We estimated that maintaining the
7 pool solely during the months of August and
8 September would lead to an increase in 35,000
9 visitor days, and that is explained in much more
10 detail in the report if you have that available to
11 you.

12 We distinguished between
13 non-residents and residents. Our focus here fell
14 upon non-residents because we wanted to determine
15 how visitation to the lake enhanced the economic
16 benefits of the region. And if you have individuals
17 that live within the region that choose to go to the
18 lake as opposed to going to a movie or something
19 like that, that doesn't represent a gain for the
20 region. So we focused in our analysis on the way in
21 which non-residents, non-resident visitors
22 influenced overall activity spending, and so on.

23 Now, our analysis here suffers from
24 the counterfactual problem that I noted before
25 because we don't know how many people choose not to

1 even go to the lakes because of the fact that
2 there's a drawdown. You may not want to make the
3 investment in the summer to learn about Douglas and
4 Cherokee Lake knowing full well that if you have a
5 fall trip planned for boating or fishing you're not
6 going to do it on those lakes.

7 And as we -- again, as we explain in
8 more detail in our study, the numbers that we use to
9 inflate that small survey to represent the
10 population, those overall visitor days will reflect
11 the drawdown. The visitor days that we rely on from
12 a TVA report, the visitor days we rely on from the
13 national survey on the recreation and environment,
14 both sources we used in the study.

15 Statistical analysis: We looked at
16 the historical pattern between lake levels and
17 sales, and I think this is where this notion of the
18 counterfactual problem should be most intuitive to
19 you. We looked at a very long time period going
20 back to 1986 through 1987. We collected data at the
21 county level on retail sales for that period of
22 time. We collected data for that same period of
23 time on lake levels. And then we used other factors
24 that I have listed there, like population and
25 income, in a statistical setting where we sought to

1 explain variations in month-to-month retail sales by
2 county as influenced by, among other things, the
3 drawdown.

4 That's where the counterfactual
5 problem is most clear because the historical data
6 going back to 1986 reflected a drawdown. During the
7 months of August and September you would expect
8 retail sales, if they are influenced by the
9 drawdown, to be relatively depressed in those
10 months.

11 So for that reason I would argue, and
12 argue quite strongly, that the counterfactual
13 problem will cause this particular methodology to
14 understate the sales tax consequences and the other
15 impacts that we estimate in using this approach due
16 to the counterfactual.

17 It does, on the other hand, avoid a
18 problem associated with survey response bias. We
19 could ask people on the lake how much they spend,
20 and if they realize the importance of the study they
21 have an incentive to overstate their spending, to
22 overstate the benefits of a delayed drawdown.
23 That's a problem inherent in any kind of a survey
24 instrument.

25 The statistical approach does not

1 yield that particular problem, but is, again,
2 contaminated, if you will, by the problem that
3 historically retail sales in the months of August
4 and September, throughout the winter months and
5 through the spring and early summer are affected by
6 the drawdown.

7 The commercial survey: In the
8 commercial survey we looked at -- to say all
9 commercial establishments, I don't know that we
10 looked at all or every commercial establishment in
11 the area. We did survey nearly 1,100 firms. We got
12 200 responses.

13 We asked questions from these firms
14 on what they felt, what they perceived to be the
15 lost sales, the lost jobs, and so on, that were
16 associated with the drawdown during the months of
17 August and September.

18 We did not get responses from your
19 large firms, not to be surprised. Wal-Mart, K-Mart
20 is not likely to spend a lot of time with a survey
21 that comes from the University of Tennessee. I just
22 don't think that that's the sort of thing that they
23 typically will do, and they did not do it in this
24 context.

25 This leads to a little bit of, you

1 know, some consternation on our part in terms of
2 what to do with the survey. We used the survey --
3 and if you have access to the report, when you see
4 my numbers here in just a moment, we did not weight
5 the 200 respondents. We used the 200 respondents
6 simply as they reported data to us. And so it is
7 true that those respondents may have biased their
8 answers upward, overstating the loss of jobs and
9 income, but understand we only have 200 responses
10 out of 1,100 surveys that we sent out. And it is
11 quite plausible that the additional surveys that
12 were not returned to us represent a rather
13 substantial loss in jobs and income for the region.

14 I'm running out of time here. I'll
15 give you a chance for questions. Here's a summary
16 table that appears in the report itself, the last
17 page of your handout there.

18 Comparison of economic impacts,
19 fiscal impacts, and finally the sales tax from the
20 three different approaches, the lake level survey,
21 the retail sales analysis, which is what I referred
22 to as the statistical analysis a moment ago, and the
23 commercial survey. We have for each of these an
24 estimate of the increased expenditures or retail
25 sales, the income, and again, that income measure is

1 intended to capture income for residents of the
2 region, the employment or jobs for residents of the
3 region, and then local sales tax revenue for
4 county -- for city governments within the area.

5 The lake level survey, we have two
6 different approaches. We have 161 surveyed
7 individuals. We had to find some way to inflate
8 those or weight those to represent the population of
9 visitors during the months of August and September.
10 We used two different reports to draw from to make
11 that particular projection or extrapolation, the
12 NSRE and TVA, and then you have retail sales and the
13 commercial survey.

14 Again, you can see rather substantial
15 variation across the categories. I think the
16 numbers, by and large, speak for themselves. They
17 are not huge, but for these particular counties
18 where they have, as I noted in my introductory
19 comments, a rather limited economic base, they
20 remain substantial.

21 The only thing -- the last thing I
22 would say about this table is when you're looking at
23 the employment impact, this includes jobs that we
24 have estimated to accrue within, say, a retail trade
25 establishment, as well as jobs that would accrue to

1 these areas as a result of the ripple effects of the
2 multiplier.

3 And we have used a very conservative
4 multiplier. I don't have it off the top of my head,
5 I'm sorry, but generally when we do a study and
6 economic fiscal impact analysis we make conservative
7 assumptions. We use a conservative assumption on
8 the multiplier, and I would argue, and argue very
9 strongly that whenever we have -- perhaps to the
10 consternation of L.O.U.D., whenever we had an
11 opportunity or had to be backed into a corner to
12 make an assumption, we chose to err on the side of
13 being conservative. We think that lends the study
14 to a greater degree of credibility, but it clearly
15 will lead to an understatement of the impacts
16 arising from the analysis.

17 So that's it for my comments. I will
18 be happy to answer questions or at least try to
19 answer questions.

20 MR. JIM CREIGHTON: Okay. Yeah.

21 Thanks for --

22 MR. AL MANN: Very short question.

23 Dr. Murray, this is August and September of 1998, --

24 DR. MATTHEW MURRAY: We are --

25 MR. AL MANN: -- is that correct?

1 DR. MATTHEW MURRAY: Our survey --
2 our analysis was undertaken throughout much of 1998.
3 We were looking at the drawdown that would have
4 applied to effectively that particular year.

5 MR. AL MANN: '98?

6 DR. MATTHEW MURRAY: Yeah.

7 MR. JIM CREIGHTON: Steve?

8 DR. STEPHEN SMITH: You may have
9 answered this and it may have just gone over the top
10 of my head, and I apologize, but intuitively it
11 seems to me that not as much in August but in
12 September, as far as visitation, that you would have
13 a natural decrease because of summer vacation
14 patterns and all of these other things; how did
15 you -- how did you factor that in so that you
16 weren't picking up some of that?

17 DR. MATTHEW MURRAY: Yeah. I mean, a
18 very good observation. I did not make that point,
19 so it didn't have a chance to fly over your head.

20 The surveys that we used to inflate
21 our 161 observations of lake level survey, the TVA
22 survey, for example, shows the declining pattern of
23 visitation over the course of those months. So it's
24 implicitly -- it's explicitly picked up using the
25 TVA estimates and using the NSRE estimates of the

1 total population of visitations over those
2 particular ones, because they can clearly slide
3 during those months of the year.

4 DR. STEPHEN SMITH: I have another
5 point, and you may or may not be familiar with this.
6 We recently -- our organization recently was
7 involved in a report that looked at the visibility
8 impacts of the Great Smokey Mountain National Park
9 and the impacts on visitation, and one of the things
10 that the National Park Service has is what they call
11 a money generating model that they use that attracts
12 visitation trends.

13 Are you familiar with that at all?

14 DR. MATTHEW MURRAY: Generally, yes,
15 but I'm not familiar with the details of it. It
16 would be a similar kind of model to what we used, in
17 spirit at least, to estimate the multiplier impacts
18 and so on in our study.

19 MR. JIM CREIGHTON: Roger?

20 SENATOR ROGER BEDFORD: Dr. Murray,
21 you had said a couple of times in your original
22 assumptions about the poorly developed region, that
23 it was due -- that they did not have a good tax
24 base, and therefore, it affected public schools.
25 Can you tell me what the percentage of state and

1 local dollars is for education in these six counties
2 and then what percentage is from property tax and --

3 DR. MATTHEW MURRAY: No, I can't off
4 the top of my head, but I'd be happy to find that
5 information out for you, if you're interested. I
6 don't have that information at my fingertips.

7 What I can say is several of these
8 counties have some of the lowest spending on K
9 through 12 education of any counties you're going to
10 find in the State of Tennessee. While money is
11 clearly not the only ingredient to producing good
12 school outcomes, it's clearly very correlated with
13 that.

14 SENATOR ROGER BEDFORD: But is that
15 percentage of spending consistent with what is from
16 the state and local level?

17 DR. MATTHEW MURRAY: I'm not sure. I
18 mean, what I just said referred to total spending,
19 which would be inclusive of any state money, any
20 federal money, which is a pretty small share of
21 overall K through 12 spending, and any locally
22 generated money also.

23 SENATOR ROGER BEDFORD: Well, the
24 reason I asked, in Alabama 72 percent of the local
25 school system money is from the state, and then

1 there is a very small percentage locally. I would
2 be interested in what those would be for those six
3 counties.

4 DR. MATTHEW MURRAY: I don't think
5 it's -- I'd rather not even speculate, but again,
6 I'd be happy to get the information for you.

7 SENATOR ROGER BEDFORD: Thank you.

8 MR. JIM CREIGHTON: Austin?

9 MR. AUSTIN CARROLL: Let me make sure
10 I understand the summary page here. Are these --
11 these different columns under NSRE, TVA, retail
12 sales, are those different ways of looking at the
13 same impact or do you add those up for, say, retail
14 and commercial or --

15 DR. MATTHEW MURRAY: The NSRE and the
16 TVA used the same lake level survey, but they each
17 have different levels of visitation during the
18 months of August and September. So you have got two
19 alternative portrayals of the impacts from these
20 particular studies.

21 From an additive sense, I would be --
22 you know, it does not -- it's inappropriate to add,
23 for example, expenditures to income to come up with
24 the benefits, because essentially embedded in the
25 expenditures is the income that accrues to workers

1 and to vendors within retail establishments, and so
2 on, within the region.

3 So I think what you need to do is to
4 look at each of these columns and each cell within
5 each of those columns as a different estimate based
6 upon different assumption and different
7 methodologies and so on.

8 Did that explain your --

9 MR. JIM CREIGHTON: I think Austin is
10 asking, do you pick one from A and B and then add a
11 C and a D? I mean, is cumulative, horizontally
12 cumulative?

13 DR. MATTHEW MURRAY: No. These are
14 separate scenarios. So you have increased sales,
15 retail sales, could be 1.0 million, it could be 1.8
16 million, it could be 1.6 million, it could be 7.1
17 million.

18 Does that clarify?

19 MR. AUSTIN CARROLL: Yeah. And I
20 appreciate the fact that you did in the beginning
21 assume that you did not address other issues, in
22 other words, this is -- this is primarily looking at
23 the benefits and not the cost, is that --

24 DR. MATTHEW MURRAY: That's correct.
25 Absolutely. Absolutely. There are -- there's a

1 balancing act that needs to be done here with all of
2 the different uses -- potential uses of the lakes.
3 This is focusing on simply one piece of that broader
4 balancing act, and there may be other benefits, and
5 there clearly would be cost consequences associated
6 with a delayed drawdown.

7 MR. JIM CREIGHTON: I am working
8 counterclockwise. So Ann and then Paul.

9 MS. ANN COULTER: Could you speculate
10 on the significant difference between the commercial
11 survey results and the other sources of the
12 information?

13 DR. MATTHEW MURRAY: Boy, I have got
14 to be a two-handed economist there. I think that
15 one plausible explanation for the commercial survey
16 estimates being of the magnitude they are is survey
17 response bias. I mean, it's quite clear that those
18 that received our survey know what's going on with
19 these particular counties, and it's very plausible
20 that they overstated the estimates.

21 Now, I can say that and I become the
22 two-handed economist. And note again what I said to
23 you, that we sent out 1,100 surveys and we only
24 received responses from 200. So there remain 900
25 establishments that either chose not to respond

1 because perhaps they didn't see it of any value or
2 perhaps they didn't see any consequences to other
3 establishments, like chain retailers and so on, for
4 which the losses might be significant but they
5 simply could not or did not respond. So I can tell
6 a story about that number being potentially high,
7 but I can also tell a story about that not being
8 necessarily too far from the mark.

9 I think for the lake level survey,
10 again, as I noted, the visitation pattern in the TVA
11 study and the NSRE study reflects visitations that
12 are contingent upon historically what has happened
13 to the lakes, they are drawn down.

14 And it is conceivable that if the
15 lakes were drawn down at a later date that the
16 visitation that we mentioned of Dr. Smith's question
17 earlier here, that the visitation rates in August
18 and September would be higher if the lake levels
19 were drawn down later, that's part of the
20 counterfactual problem that could serve to depress
21 both this set of estimates and this set of
22 estimates.

23 And finally, as I noted here, we
24 suffer from the counterfactual problem in that the
25 historical pattern of retail sales going back to

1 1986 within this region is going to reflect the
2 effects of the drawdown. The drawdown has taken
3 place historically during those months, retail sales
4 have historically been depressed in those months,
5 and our ability to find a very tight relationship
6 between lake levels and retail sales, and so on, is
7 hamstrung.

8 So I would argue that these
9 estimates, because of this problem I referred to as
10 a counterfactual problem, are understated.

11 MR. JIM CREIGHTON: Last question.
12 Paul?

13 DR. PAUL TEAGUE: Mr. Murray, thank
14 you for your report, and my compliments on your
15 delivery on it. I wish I could express myself as
16 eloquently as you do.

17 But in following up on this, you gave
18 us an excellent positive response, but for us to
19 make a decision on our recommendations we also must
20 have the do-not-address issues, primarily power
21 generation.

22 DR. MATTHEW MURRAY: Absolutely.

23 DR. PAUL TEAGUE: And for us to do
24 this we -- it's essential. Could you give us a
25 guesstimate as to how much it would cost for us to

1 get the same response on negative as far as the
2 power generation and the length of time of that
3 survey?

4 DR. MATTHEW MURRAY: Boy, that's out
5 of my league. I would like to be able to answer the
6 question with some precision, but I really don't --
7 I don't feel I am in a position to be able to give
8 an assessment of those kinds of costs.

9 What I would note is that I think it
10 would be inappropriate to make a decision if you had
11 the other information based upon this study. This
12 study represents six counties. This represents a
13 small part of the broader watershed region that
14 would be affected by delayed drawdowns.

15 And so I would argue that a couple of
16 things need to be done. You need to have at your
17 disposal better information on the costs associated
18 with a delayed drawdown, whether that be flood
19 control, whether that be the environment, whether it
20 be power generation, but you also do not have --
21 from my study at least, you don't have a clear
22 answer to the question of what the economic and
23 fiscal benefits would be of a delayed drawdown. You
24 have some rough numbers for a six-county region in a
25 much, much broader region of East Tennessee.

1 DR. PAUL TEAGUE: But if we had that
2 information, we could do the same thing you did.
3 With your statistics you made your assumption on 200
4 versus 1,100, and we could use the same assumptions
5 on two lakes versus 100 lakes or what-have-you.

6 DR. MATTHEW MURRAY: This is true.

7 MR. JIM CREIGHTON: Dr. Murray wasn't
8 asked to look at those things, he just looked at
9 the -- real quick because --

10 MR. PHIL COMER: I have a quick
11 comment, Paul. The organization that sponsored
12 this, the landowners and users of Douglas, had very
13 limited resources. This study cost \$28,000. All
14 \$28,000 was contributed from tax monies from the six
15 county -- commissioners from each of the six
16 counties.

17 The basic premise on such a limited
18 budget and study and the request to Dr. Murray
19 basically was based on this. The 1990 environmental
20 impact study by TVA and the lake improvement plan
21 dealt primarily and overwhelmingly with the cost and
22 did not address the benefits.

23 We were trying, in a very underfunded
24 way, to at least in a feeble way address what the
25 benefits might be, assuming that TVA had already

1 covered in a much more elaborate study what the
2 costs were. That was a reason why that was not part
3 of this study.

4 MR. JIM CREIGHTON: We're slipping
5 behind.

6 MS. JULIE HARDIN: Very quickly. Of
7 those 161 people that you surveyed, how many were
8 lake property homeowners?

9 DR. MATTHEW MURRAY: I don't know off
10 the top of my head. I believe the information is in
11 the report, but let me emphasize, the table of
12 numbers that I showed you at the end included
13 non-residents only. The impacts that we put in that
14 table include only the impacts arising from
15 non-residents. So clearly there were some of those
16 161 that were residents of the area, we controlled
17 for that in our analysis. So, again, to emphasize,
18 the numbers we looked at here were only based upon
19 non-residents.

20 MR. JIM CREIGHTON: Thank you very
21 much, Doctor.

22 DR. MATTHEW MURRAY: Thank you.

23 MAYOR EDDIE SMITH: Okay. Thank you
24 very much, and again, we appreciate your
25 presentation.

1 We will move right along to our next
2 presenter, who is Dr. Jackie Sellers. He's
3 Associate Director of the Georgia Environmental and
4 Technologies Consortium, and also Associate
5 Professor of Biology and Agricultural Engineering at
6 the University of Georgia in Atlanta (sic). Again,
7 unless there's just a need to ask a question, we ask
8 you to hold your questions. If you need to, go
9 ahead, but we will wait for -- to do that at the
10 end.

11 So at this time, Dr. Sellers, we will
12 take your report.

13 DR. JACKIE SELLERS: I wish
14 desperately that we were in Atlanta, we're in Athens
15 and we didn't show up too well, and South Carolina
16 may not again so far this year.

17 This is the study that we did, and it
18 was funded by CEDO, and like all of the studies that
19 were funded on the tributaries and the other things
20 around, we were not multimillion dollars. We were
21 50,000 outside. There was 100,000 total to look at
22 the lake level situations in all of Georgia. And as
23 you know, there is a discussion going on between the
24 states of Alabama and Georgia and Florida about lake
25 levels.

1 You flew over this area, I think,
2 yesterday, but we're over near Hiwassee and Chatuge
3 down there -- Blairsville is not on there for some
4 reason, but right below Young Harris, Lake Nottely,
5 and then near Lake Blue Ridge to let you know that
6 we are -- although we are in Georgia, we are in the
7 Tennessee Valley, and I am sure that most of you
8 have gone up there in the last couple of days.

9 Now, the project ground was to look
10 at that study area in Towns, Union, and Fannin
11 County, Georgia. Now, as in the statements that
12 were said here about the counties and the other
13 lakes, our counties are not the most economically
14 thriving counties in the state, but Union County, I
15 believe, is one of the fastest growing in this part
16 of the region, and we're not complaining about it.

17 So the major issues that we were
18 asked to look at were the effects of lake levels and
19 the timing of the drawdown in that area and what it
20 might do for the area, in general. Other concerns,
21 of course, we were concerned about the environmental
22 impact, flood control, and impacts on downstream,
23 this should be reservation and system operation,
24 downstream reservoir and system operations, we
25 couldn't do anything about it, but we were

1 concerned.

2 Basically our objectives when we
3 started out was to define and quantify lake levels
4 needed to enhance recreation and tourism and other
5 benefits that were suitable to the committee in
6 which we were reporting.

7 We were to estimate the loss of
8 hydropower benefits under various scenarios, and to
9 identify, describe, and quantify the option for
10 identifying TVA for the power losses. We were going
11 to try to see, okay, what are the options -- if
12 there are losses occurred, how might the local
13 people come up with the money to pay.

14 Lake level determination: We held
15 two rounds of hearings. The first rounds of
16 hearings was to come out and notify the leaders that
17 we're out to look at different lake levels and we
18 would like your input on what you think should
19 happen as far as the timing and withdrawal, and one
20 thing or another.

21 Input was required from the citizens
22 in public meetings, and questionnaires were mailed
23 to anyone indicating interest. We had a lot of
24 interest, of course, again from the people who are
25 directly affected by the lake, who live on the lake,

1 who has business in the county. We also were
2 directly affected by -- every elected politician, i
3 think, in the county had representation or were
4 there themselves in all the counties.

5 Next.

6 We developed some alternative lake
7 levels. Actually, at the first one I took it upon
8 myself to develop some alternatives. I would never
9 do that again, but I developed some alternatives.
10 And it got put in the report as my alternatives, so
11 I caught a considerable amount of grief for certain
12 things since then.

13 Next, please. There was some general
14 agreement -- that's fine.

15 There was some general agreement on
16 the techniques that were developed. Then we had the
17 hearings, meetings were conducted with -- after we
18 got the levels that we thought we needed with
19 members of the TVA staff and the Mountain Lake
20 Committee all at one time in one meeting at the Blue
21 Ridge EMC office, which I had the good fortune for
22 five years to sell electricity out of, and the --
23 actually, the manager was chairman of our committee.
24 And we developed 25 possible alternative operating
25 schemes. Now, by that, that means hold lake levels

1 at different levels on different lakes to see what
2 the possible outcomes were to be.

3 TVA personnel agreed to process these
4 alternatives through the multi-criteria models used
5 by the TVA to evaluate operating schemes.

6 Next.

7 Nothing further was heard from TVA
8 personnel. I don't know what we did. I left the
9 country going on assignment in China, expecting
10 results when I came back, and we did not hear from
11 that. I understand there was some sort of
12 moratorium.

13 Next.

14 Cost and other operating impacts then
15 were estimated using the values of the 1990 TVA
16 study, Tennessee River and Reservoir System
17 Operation and Planning Review, so that's where some
18 of our numbers came from.

19 Next.

20 And what we did on the lake level
21 things is here's what was in the TVA studies under
22 alternate 1, and 1(d), 2, and 3.

23 Next, please.

24 And then what we kind of came to as a
25 group, what they decided, this is what we would

1 really like to have if we could have it, flowing all
2 the time, is it going to cost something. Then after
3 we looked at the 27 alternative lake levels, we had
4 to figure out how we're going to pay for this, if we
5 had it. And since the cost estimates were not
6 available, hydroelectric displacement costs were
7 assumed to be the same as in TVA's alternative 1(b).

8 Recreational benefits were estimated
9 using visitor-day estimates and expenditure models.
10 You have heard some of the problems, and you're
11 going to hear from an expert actually in this area.

12 Next.

13 Base line data were taken from the
14 U.S. Forest Service and TVA sources on other lakes
15 and extrapolated for the three lakes under
16 consideration. We did some actual surveys. We had
17 a little more than 161 participants. We did some
18 actual surveys, but we realized that we were
19 probably getting less than three percent just due to
20 the timing. We then decided that we would do some
21 extrapolation data. Then two projections were made,
22 one based on the TVA data, and the other based on
23 U.S. Forest Services Estimates.

24 I need to put a disclaimer in, for
25 most of these people we used their base estimates,

1 we extrapolated from them, and that's not to imply
2 that the numbers you are going to see are the
3 numbers that were in the final publication. The
4 final publication are our numbers.

5 Next, please.

6 We looked at the revised TVA lake
7 level visitation projections with extended lake
8 levels. I'm not going through the numbers, but you
9 can see the numbers are pretty significant.

10 Next, please.

11 And then we took some estimates on
12 benefit cost analysis which we might do and the
13 benefits from this project, looking at the net
14 benefits of the additional visitation days as we
15 estimated it.

16 We did not do the total multiplier
17 effects at that level, and I had a good reason for
18 that before I got up here, but we ran it -- we
19 thought the numbers were -- from the two studies
20 were wide enough to where they would at least show
21 that there's quite a large positive benefit from it.

22 We did the benefit cost ratio based
23 on these numbers, and with the assumptions -- the
24 caveat and the assumptions that the power costs were
25 prorated for alternative 1(d), and these are the

1 benefit cost ratios that we came up with.

2 Next.

3 Now, where we spent a lot of our time
4 was trying to figure out how we might repay any
5 costs that might happen to the system if we were to,
6 in fact, effect policy and have an alternative for
7 elevations extended into October.

8 One of them was a power surcharge,
9 and for those of you that are familiar with the rate
10 structure here, that could be difficult but can
11 happen. There's all kinds of equity problems with
12 that. Not everybody who enjoys the lake will be
13 part of the paying public, because if you do it for
14 all of the people that -- all of the bills you send
15 out, you might collect from only those people who
16 live in the area or at least have a meter in the
17 area.

18 Next, please.

19 We looked at licensing fees, which
20 were not only fishing license, hunting license,
21 those sorts of things, or licensing to operate on
22 the lakes.

23 Next.

24 Boat and fishing licensing fees.
25 Recreation user fees. Marina and boat dock license

1 fees. Then we went into the other side of the local
2 options, sales tax, what might be -- what might go
3 on. As you might expect, most of the counties were
4 loaded up pretty well on the tax basis. Most of
5 them are at the limits.

6 We are a little bit luckier over in
7 that part, and I say that because I must tell you, I
8 am from that area just across the state line in
9 North Carolina. We're close to Atlanta, Atlanta is
10 a big engine sometimes, and we have some very
11 positive things that comes out of that market.

12 One of them is the lottery, hotel and
13 motel tax, and property tax, and then these are
14 things that we looked at. None of them -- one of
15 them by themselves in the tax scheme that were in
16 there would fund or would replace the cost of any
17 reasonable thing that might be politically and
18 economically acceptable.

19 Next, please.

20 We had looked at special assessments
21 for the tax and for the lakefront properties, and we
22 ran those numbers in two of the counties, and a
23 considerable amount of money could be generated in
24 Union County, which is Nottely. Small amounts of
25 money could probably be generated in Fannin County,

1 because the lake is not big -- is not that big and
2 there's not that many private lake owners, but it
3 was an option that we looked at.

4 And we looked at some transfer, what
5 about the refund of payments in lieu of taxes by
6 TVA, you know that that's being spent by the local
7 governments as well.

8 In Union County, it's quite a large
9 amount. In Towns County, it's quite small. In
10 Fannin County, mediocre. We have the numbers in
11 these sales, but it goes across the board.

12 Then the last alternative that we
13 looked at, although we didn't try to do any
14 estimation on it, is the possibility of leasing some
15 of the TVA owned property with the development on
16 it.

17 Next.

18 Now, the limitations that the
19 standard, the data, lack of updated hydropower
20 costs, we were limited to three counties that we
21 looked at primarily.

22 Lake Chatuge is almost equally
23 divided between Towns County, Georgia, and Clay
24 County, North Carolina. And it's a little
25 irrational, if not probably incorrect procedure, to

1 assume that they could be separated in any manner.

2 We're limited to the three counties.

3 Then we have the complete impact
4 analysis. We did not look at total effects
5 downstream. We did not look at the impacts outside
6 of the region at all, and that bears right into the
7 system-wide effect.

8 Next.

9 We did not look at the total equity
10 considerations, who pays under what condition and
11 who benefits. That's a theoretical economic
12 modeling thing, which doesn't give me a headache
13 anymore, but it is a very valid decision that must
14 be addressed in anything that we go about doing.

15 Next.

16 And if you want to see a critical
17 review of what we did and didn't do, the GAO report,
18 RCED 99-154 has a synopsis of the study and some
19 valid criticisms, and some, I think, a bit harsh.

20 Conclusions: We were asked to come
21 through a process, do a process whereby the people
22 in the North Georgia counties might be able to look
23 at suggesting alternative lake levels for the three
24 reservoirs that are primarily in the State of
25 Georgia. We were also asked to make some

1 reasonable -- I was particularly, physical
2 estimation of whether or not it could be done.

3 Second, we were asked then to
4 coordinate -- since we did not want to be in an
5 adversarial condition, we were actually asked and
6 asked the committee that we coordinate our work with
7 TVA's offices, which we did and we did get help. We
8 did not get all the runs, but we did get help in a
9 lot of areas.

10 Next.

11 We were asked to deal primarily --
12 the thing that we were really, really concerned with
13 from our end about what to do is if there was an
14 option, how might we go about paying for it. We did
15 not expect, nor did the committee expect, nor do I
16 think TVA expected that a study such as this would
17 determine operational policy within the TVA, nor
18 would set tax rates within the counties, nor
19 collection procedures, but they wanted to see how we
20 might do it and where we might go from there.

21 Next.

22 That's the end. Now I will be glad
23 to talk about what I know. You were talking about,
24 sir, your study being 1998; ours, the majority of
25 work was done in '95 and in '96.

1 MR. JIM CREIGHTON: Okay. Questions?

2 Steve?

3 DR. STEPHEN SMITH: I just have a
4 clarifying question. On one of the graphs back
5 there you had the two different extensions of the
6 drawdown period and you had costs associated with
7 that, and if I -- if I saw that correctly, the
8 costs --

9 DR. JACKIE SELLERS: Were the same.

10 DR. STEPHEN SMITH: -- were the same.
11 How can you have an additional month, but yet, it
12 doesn't increase the cost to TVA?

13 DR. JACKIE SELLERS: Well, let's
14 assume that the generation is for non-peak, most of
15 it is for peak, what would be the difference of
16 having the -- it would depend on your operating
17 scheme, when you have got 20 percent of your coal
18 fire out for repair, and I don't really know what
19 goes on today, I don't keep up with it anymore as I
20 did, what's going on today, maybe this afternoon
21 peak power may be only 70 percent of what it would
22 be worth in September, I realize that, but not
23 knowing how to draw the line, then when I was asked
24 what to do, we'd assume that the power is going to
25 go through the turbines, we're just going to change

1 the timing of it. It very well may be
2 underestimated for holding it, I think not, but it
3 may be.

4 But the whole scheme of this whole
5 process has changed so much, even today with the
6 energy prices, and all that sort of thing, but at
7 that estimation it has to become more updated than
8 what we were using.

9 We, to be quite honest with you, and
10 I don't think it would be wise on anybody's part to
11 share with us how they might anticipate the rate --
12 pricing of their peak power at different times
13 because of competitiveness, and I can understand
14 that.

15 MR. JIM CREIGHTON: Let me be sure --
16 I'll try to ask a clarifying question. As I
17 understand it, the top line, the benefits, that's
18 similar to the past study that you estimated what
19 the value would be to that particular region.

20 The cost, you took some figures that
21 TVA had used for one of the alternatives and assumed
22 an alternative that -- was the one that gave you the
23 most information about the cost or the value of that
24 power.

25 Now, when you're saying cost, is this

1 actual operating cost or is this a loss of revenues?

2 DR. JACKIE SELLERS: I think it's a
3 loss of hydropower. You will have to ask TVA people
4 who developed the 1991 -- '90 study, but I suspect
5 it's a lost cost.

6 In this option 1(A), had drawdown on
7 all of the other lakes, you know, we were only
8 interested in North Georgia, all the other lakes,
9 except the ones in the upper Hiwassee level and the
10 anticipated cost -- or loss -- opportunity lost, for
11 the total operation one million bucks at that time
12 because the units up above Appalachia are quite
13 small, but the total effects downstream could be
14 quite large. And we prorated those costs, that's
15 where they came from.

16 MR. JIM CREIGHTON: Steve?

17 DR. STEPHEN SMITH: Did I understand
18 that you said that you have been involved in looking
19 at some other Georgia lakes in a larger context of
20 some of the water issues associated with Alabama,
21 Georgia, and Florida?

22 DR. JACKIE SELLERS: Yes, sir.

23 DR. STEPHEN SMITH: Have you -- has
24 there been some of this type of analysis done on any
25 of those lakes?

1 DR. JACKIE SELLERS: Yes, sir.

2 DR. STEPHEN SMITH: One of the lakes
3 is -- that W. C. and I was talking about was a lake
4 just south of here called Burton, I think, that has
5 much less of a fluctuation. Can you draw any
6 reasonable comparison between the ways that those
7 two lakes are operated?

8 DR. JACKIE SELLERS: Yes, sir. They
9 are absolutely opposite. Burton is owned by Georgia
10 Power Company. It's operated at their pleasure.
11 And one of their pleasures is to maintain that lake
12 level, and they do use it as peak power, and it is
13 an option that they choose to operate it, it's
14 not -- I think they would have to get some approval
15 of the Corps of Engineers to operate it any way they
16 want to, but it's privately owned and that's --

17 DR. STEPHEN SMITH: So are you saying
18 they don't have a prescribed drawdown level, that
19 they just basically run it whenever they want to?

20 DR. JACKIE SELLERS: I'm sure they
21 have some company rules and regulations to operate,
22 but as far as outside government agency rules and
23 regulations, no.

24 DR. STEPHEN SMITH: Do you know the
25 approximate generating unit that's associated with

1 that dam, how many megawatts?

2 DR. JACKIE SELLERS: I think it's
3 near ten.

4 DR. STEPHEN SMITH: Near ten. And
5 when you looked at the -- sort of the economic cost
6 benefit analysis of that, I'm not as familiar with
7 how Burton moves downstream and the impacts
8 associated with it, but, I mean, are there some
9 lessons learned there that you think -- I mean, as
10 far as the costs associated with how Southern
11 Company manages that particular reservoir versus the
12 way the reservoirs in Northern Georgia are managed
13 by TVA?

14 DR. JACKIE SELLERS: I think that one
15 of the things that we -- I did not mention here, but
16 in different -- adds a different thing to this is
17 the mandatory storage or flood control, which I
18 don't think is optional from TVA's point of view,
19 that's a personal opinion. I think that that
20 storage has to be there. I do not think that there
21 is any flood storage designed into or cost shared
22 out in Burton. I haven't seen it yet.

23 MR. JIM CREIGHTON: Al?

24 MR. AL MANN: This study was done in
25 '95 to '97, there is that TVA number from 1990.

1 DR. JACKIE SELLERS: 1990. We waited
2 as long as we could and we published that number.

3 MR. JIM CREIGHTON: And you did make
4 the point that current circumstances have changed,
5 so you made no effort to update that current peak
6 power or value or anything like that?

7 DR. JACKIE SELLERS: It very well may
8 have gone down from 1990 to 1995, '96, I can't
9 answer that, I am not privy, but I do know some of
10 the costs for some of the other companies were due
11 to their ability to buy electricity and spot market
12 and a few of the other things, it very well may have
13 been come down. I don't think that would be the
14 case today, I mean, to be perfectly honest with you.

15 MR. JIM CREIGHTON: Austin?

16 MR. AUSTIN CARROLL: In the cost that
17 you have here, that's only replacement power cost?

18 DR. JACKIE SELLERS: That's correct.

19 MR. AUSTIN CARROLL: So it does not
20 address like any environmental issues like if you
21 had to add a unit somewhere?

22 DR. JACKIE SELLERS: Well, we were
23 told in that study, and we looked at it carefully,
24 that there would be no -- it was the only option
25 that did not require a capacity change within the

1 TVA system if it were done by itself. Now, I'm
2 assuming that that's true. I have no reason to
3 doubt that.

4 But in situations, I suppose, and we
5 addressed this with the committee but not in the
6 study, let's suppose we ran into a summer just like
7 this summer where you're under a drought condition
8 and you have got all other things going on, then
9 there needs to be something in the models to
10 anticipate that, we did not get that far.

11 MR. JIM CREIGHTON: Roger?

12 SENATOR ROGER BEDFORD: Dr. Sellers,
13 two questions. One on when you were calculating the
14 benefit, to follow up on what Stephen said earlier,
15 did you use August 15 as -- or sometime around that
16 area when the kids went back to school and the
17 impact it would have on the lake use?

18 DR. JACKIE SELLERS: It's in the
19 numbers. If you develop numbers, all things affect
20 visitation days. And in the historical data there
21 are changes about that time of year. It may be due
22 to lake levels going down or it very well, in fact,
23 may be due to people extending or contracting the
24 amount of vacation time they have. That's obviously
25 one of the alternatives, and it was considered.

1 You know, there's no way that the
2 visitation is going to be as much in October as it
3 is in July. Part of that is the -- part of that is
4 the -- just the fact that that's when most people
5 take vacations and that's when the water sports are
6 going.

7 But for me, a low lake level on
8 Chatuge in October is nice. I like small mouth bass
9 fishing, but, you know, I am one of the few that
10 would prefer that to having the lake full on October
11 20th or something like that. So there are some
12 differences.

13 SENATOR ROGER BEDFORD: Assume just
14 for a minute that you're 100 percent right in your
15 750 figure, you showed us a number of options you
16 looked at of paying it back. Did you make any
17 determination as to what the costs would have to be
18 for user fees or the increments?

19 DR. JACKIE SELLERS: Yes. We did to
20 try to recover the costs by county. It would have
21 to vary by county. Some of them are astronomical.

22 SENATOR ROGER BEDFORD: For instance,
23 if you use the lake user's fee, like Bear Creek
24 Lakes have a fee they charge, what did your study
25 show for those three lakes?

1 DR. JACKIE SELLERS: On Chatuge --
2 let's suppose we needed \$750,000, we used the usual
3 fee similar to that, we could probably get 175,000
4 bucks and still be short. Nottely and Blue Ridge
5 would be much shorter than that.

6 MR. JIM CREIGHTON: Thank you very
7 much.

8 DR. JACKIE SELLERS: Thank you.

9 MAYOR EDDIE SMITH: Okay. We're down
10 to the final presenter this morning, and he's
11 Dr. Ken Cordell, who is a Senior Scientist and
12 Project Leader for recreation, wildlife, wilderness,
13 and demographic trends at the U.S. Forestry Services
14 Laboratory in Athens, Georgia.

15 In 1990 Dr. Cordell and his team
16 completed a study entitled, Economic Values and
17 Impacts of Outdoor Recreation at Western North
18 Carolina Lakes Under Different Management
19 Alternatives.

20 Dr. Cordell, it's yours at this time.

21 DR. KEN CORDELL: I'm sorry. I was
22 handling some technical details.

23 MAYOR EDDIE SMITH: Has he got you
24 all fixed up there?

25 DR. KEN CORDELL: Can you hear me?

1 Is this on?

2 MR. JIM CREIGHTON: No. Try again.

3 DR. KEN CORDELL: Now? Good. Thank
4 you. I am going to report on a study that is a
5 little older than two years or older than five
6 years, so I have to rely very heavily on some recall
7 here on details if you do ask questions, but I will
8 do my very best.

9 My colleague in this study was
10 Dr. Bergstrom at the University of Georgia. He and
11 I both are economists, and I would say he's the
12 better of the two, but you got me as the speaker
13 today.

14 Next, please.

15 I am going to go through the
16 objectives of the study. They are quite clear that
17 we were not looking at any trade-off costs or
18 benefit cost analysis. It was strictly to estimate
19 three things: Visitation and visitation changes if
20 we were to change TVA or whatever were to change,
21 the management of the lakes to hold the lakes full
22 or near full longer into the season, estimate
23 recreation economic value, we will come back --
24 excuse me -- to define that in just a little bit,
25 and the economic growth that is associated with any

1 change in the management of the lake levels.

2 The four reservoirs that we studied
3 were in Western North Carolina managed mostly for
4 flood control, navigation, and power production, and
5 also water quality, mosquito control, recreation
6 also, and whatever else happened to be the
7 management of objectives.

8 Thank you.

9 In 1935, as I understand it, I was
10 not here, but when the primary purposes of TVA
11 projects were specified, things like sectors of the
12 economy, such as manufacturing, and agriculture
13 dominated, as we know, we were an invariant society
14 and things were quite different then.

15 By the late 1980's things had
16 changed, which we all needed to step back and take a
17 look at what's changed around management,
18 particularly the public resources, and some very
19 significant economic sectors began to emerge. In
20 fact, they began to emerge just after the Second
21 World War, and we began to go into a very strong
22 economic growth period of the country, and
23 recreation and tourism were among those growth
24 sectors.

25 Noting that things have changed,

1 noting that there were pressures, questions,
2 whatever else was going on that I didn't necessarily
3 know about, the state of North Carolina and local
4 governments and businesses and others wanted to know
5 if full lake conditions could be extended beyond the
6 late spring, early summer beginning the drawdown
7 periods that were -- or the guide curves that were
8 being used at that particular point, and if that
9 were the case, if this were a possibility. It was
10 not our job to examine if it were or not a
11 possibility, but if it were to be a possibility,
12 what were the economic benefits of doing so.

13 Just to underline, as I am sure
14 you're all aware, things have changed and changed
15 dramatically and will continue to change into the
16 future. This is not obviously a part of the study,
17 but it's a little bit of background information.

18 We know that the population has grown
19 tremendously over the past few years and will
20 continue to do so, doubling in the U.S. by the year
21 2100, which means that we're going to continue to
22 face a very changed scenario in the country, in the
23 region at Western North Carolina and other places.

24 By the way, I'm a native of Western
25 North Carolina, so I know the area pretty well.

1 We're changing aesthetics and changing values and
2 changing the ways we look at things.

3 Next, please.

4 Dr. Murray mentioned the NSRE, we are
5 the creators of the managers of the National Survey
6 of Recreation and the Environment. I thought I
7 would bring in just one little slide to show you the
8 most current results, which we're working with the
9 University of Tennessee at Knoxville and here in
10 Chattanooga to generate national results on what's
11 going on with outdoor recreation.

12 And you will note here that there are
13 a number of things like swimming, sightseeing,
14 picnicking, developed camping, motor boating, that
15 are the things that occur near, on or associated
16 with water resources, such as reservoirs that we
17 were looking at in Western North Carolina and in
18 North Georgia.

19 Here's one of the lakes, Avery Creek,
20 and just -- if you just go through these three to
21 show you what happens when the water goes down.
22 There's a couple of scenes from Fontana as the water
23 level is going down, and you can see obviously how
24 it affects recreation capacity, which was the thing
25 we were looking at. Sometimes the water goes out of

1 sight around the bend.

2 To review quickly the methods we used
3 in the study, we were very careful to use the tools
4 that we knew would be accepted and are widespread
5 used in the fields of economics and natural
6 resources economics and agricultural economics,
7 methods that would stand up to peer review, and even
8 stand up in court review if that were to be the
9 case, which is always the criteria we try to use in
10 selecting methods. So we didn't make things up,
11 that's the best data available.

12 We used existing TVA lake level guide
13 curves first to establish what it means when we say
14 a full level, and then what dates would be in
15 existence if we were to extend full levels one, two,
16 and three months longer so that we had new guide
17 curves, if you will, for each of the four reservoirs
18 that we were studying.

19 And from existing and new
20 photographs, because we had to take some photographs
21 as well, we got an artist to render depictions of
22 lake levels as they existed under current management
23 circumstances, and then if extended one, two, and
24 three months longer into the season over each of
25 those four reservoirs. Those depictions were

1 printed in color. And our survey questionnaire, we
2 did quite a few surveys, three surveys actually
3 on-site and two follow-up mail surveys.

4 For estimating visitation and changes
5 in visitation that would result from alternative
6 management of the reservoir levels one, two and
7 three months longer, again, for each of the four
8 reservoirs, we used existing TVA estimates primarily
9 on Fontana. We conducted a little over 1,700
10 on-site user surveys, and we also used local expert
11 opinion from a number of different sources locally,
12 such as law enforcement, business operators, marina
13 operators, recreationists themselves, and user
14 groups, and a host of those for each of the -- a
15 local group for each of the four reservoirs to
16 establish estimates of the baseline of visitation to
17 the four reservoirs across all four reservoirs, and
18 that ended up being about 2,000,000 visitors per
19 year.

20 We used a tool called contention
21 valuation, again, well reviewed in the literature
22 and accepted to conduct mail surveys, and using
23 expert panels provided lower and upper bound
24 estimates of visitation increases.

25 The expert panels and on-site surveys

1 also provided for portions of day and overnight
2 visitors, because these different kinds of visitors
3 spend differently while they're in the local area.
4 Obviously, if an overnight visitor is there, they
5 are going to spend more. If they are there for a
6 longer period of time, it involves lodging usually;
7 it could be camping, as well as food purchases and
8 that sort of thing. Also, we got the proportions
9 who were boating and fishing and doing other
10 activities to examine whether those expenditure
11 profiles were different or not.

12 Proportions of local and non-resident
13 visitors were also estimated using the same
14 techniques. And again, as you have heard earlier,
15 the reason this is important is that we were
16 primarily looking at growth in the local economies,
17 that I will explain in just a little bit, and not
18 existing overall volume of business activity.

19 Growth was the objective. Growth
20 occurs when non-residents come into the local area
21 and spend money, thus, generating the multiplier
22 effect or the ripple effect of that spending. Our
23 baseline visitation estimates, again, a total of
24 about 2,000,000 for the four reservoirs, Chatuge,
25 Fontana, Hiwassee, Santeetlah, about 900, about 400,

1 almost 300, and about 350,000 local visits per year,
2 thousand visits per year.

3 Okay. Into the economic impact
4 analysis, and I am only hitting this very lightly
5 because it gets rather complicated when you try to
6 get into all of the assumptions and all of the
7 necessary coefficients that have to be estimated to
8 do this kind of a survey.

9 On-site surveys of the visitors
10 provide expenditure profiles, while on the trip
11 visiting a lake what did you spend and where did you
12 spend it. If it was outside the local impact area,
13 it was not counted as part of the growth model.

14 And we estimated the mean
15 expenditures for different kind of recreational
16 users, compared them, then the primary difference
17 was between people who are boaters, non-boaters, and
18 overnight and day visitors.

19 We used a model called the implant
20 economic impact model, which is a very well oiled
21 model, been through many, many different tests.
22 It's available disaggregated to the county level for
23 all counties in the country and aggregate counties
24 for any local area that you want to estimate the
25 economic effects or economic impacts, and we

1 estimated direct, indirect, and induced effects,
2 which in sum give you the growth amount that occurs.

3 Four estimates, current plus the
4 three alternatives. We did the impacts. We looked
5 at the current overall amount of growth that occurs
6 in the local economies because of outside visitors
7 under the then current management scenario and then
8 what would change and what would increase over the
9 one-, two-, and three-month extension scenario.

10 Both growth and interdependence were
11 estimated, but I am only going to focus on the
12 growth. Interdependence, let's leave it at that,
13 unless you want to come back to it, is just the
14 overall volume of activity -- economic activity
15 that's caused by people who are residents of the
16 economic impact area, as well as non-residents to
17 get that overall effect of recreation, recreation
18 spending because they are using the reservoirs. It
19 is a legitimate measurement. It does not measure
20 growth.

21 Estimated for local, which is a
22 six-county area in Western North Carolina, which is
23 our primary target, and 20-county region, which
24 included not only Western North Carolina, but North
25 Georgia, and the State of North Carolina as a whole,

1 those were the three impact regions.

2 Contingent valuation analysis and how
3 did we do that: A questionnaire was designed, as I
4 had mentioned earlier with the artist's depictions
5 of what happens to the lakes as they are drawn down
6 at the various dates, and those were shown as well
7 as each alternative holding it one, two, and three
8 months longer.

9 As the respondents went through the
10 questionnaire, the one color depiction of different
11 scenes showing the lake drawdown was comparable to
12 each alternative. As they turn the page current
13 management situations stayed visible and the
14 alternatives were shown, and they were then to give
15 us information or response or reaction to management
16 alternatives.

17 CVM instruments sent -- were sent to
18 intercept for a sample of the on-site visitors that
19 we sampled, the 1,700 plus that we sampled on-site
20 asking their willingness to pay for a pass for that
21 one lake or under each of the alternative management
22 scenarios.

23 The average and aggregate net
24 economic values; that is, the direct benefit to
25 people who use the reservoirs and viewed as a part

1 of the enhancement of the national economic
2 development impact that is typically referred to, so
3 it's a welfare increase measure for people who were
4 using the reservoirs, it's a direct on-site user
5 benefit measure was what we estimated using the CVM
6 or contingent evaluation method.

7 Net economic value is the appropriate
8 and accepted economic efficiency measure comparable
9 to power produced or temporary forestry services
10 immediately comes to mind or any other measure of
11 contribution to social welfare from any kind of
12 economic activity.

13 Okay. Getting into the results. I'm
14 doing this a lot faster than I typically would, this
15 is good. I tend to be quite laborious on the
16 numbers sometimes, but let's just go through these
17 quickly and see what resulted from the survey
18 results.

19 Indicating that we had both a
20 baseline or -- a baseline and we had a conservative
21 estimate as well as an upper bound estimate based on
22 different measures that were within the overall
23 survey methodology, what I am showing you here are
24 the middle point estimates; in other words, there's
25 a range associated with these estimates that was in

1 the report that we produced in 1990.

2 This is the percentage change and the
3 trips that people would take to the reservoirs if
4 they were held one, two, and three months longer on
5 each of the four reservoirs. And you can see
6 there's quite a range, a very large response on
7 Fontana, then a much smaller one on Santeetlah, and
8 also on Chatuge. That's one of the basic pieces of
9 information that we needed for both, estimation of
10 net economic value, net of the cost that the users
11 of the reservoirs incurred, so it was not a net gain
12 and benefit to those people, and an economic impact,
13 both of those required as good an estimate of
14 visitation as we could come up with.

15 The percentage of the survey sample
16 that were non-residents: As I mentioned, this is
17 critical and essential to calculate growth, economic
18 growth in a local economy because there has to be a
19 flow of new dollars into the economy, not just a
20 restirring of dollars and business activity that
21 already exist.

22 You can see that the numbers range
23 quite widely here depending on whether they were
24 boaters or overnight users, and obviously the
25 overnights are typically the people who -- larger

1 percentages of the people who are from outside the
2 regions coming in to use these reservoirs.

3 Direct spending, and again, this is
4 the part of the formula for calculating economic
5 impact, how much do people spend and for what and
6 where. This is local spending for each of those
7 three impact areas, the six-county Western North
8 Carolina area, the 20-county area that includes some
9 of Georgia and a little bit of Tennessee, as well as
10 the whole state -- the entire State of North
11 Carolina.

12 So for these four reservoirs in the
13 categories of lodging, food, transport, activities
14 that they were involved with, and other kinds of
15 expenditures, which are categories that are useful
16 in actually disaggregating things a little bit in
17 the planned model which basically represents over
18 500 sectors in the U.S. economy of these local
19 economies to wed these expenditure data with a model
20 that enables us to track the flows of transactions
21 to any economy, and thus, estimate the impact for
22 growth.

23 Changes in total income: So we're
24 now to the bottom line. What then happens? By the
25 best estimates we could come up with of visitation

1 expenditure profiles and the CVM estimates, here
2 we're looking at income of people to businesses to
3 proprietors in these local areas, and here we're
4 only looking at the six-county -- the impacted area,
5 that was the primary target that we were asked to
6 look at, what is the economic growth situation.

7 As they were currently measured --
8 managed in 1988 and 1989, for the period which we
9 did the study, there was a total of almost nearly
10 \$40,000,000 flowing into the six-county area as a
11 result of recreation coming from outside that
12 six-county area to those four TVA reservoirs. And
13 you can see that they varied quite widely. A lot of
14 this, of course, has to do with the amount of
15 visitation and that ratio of resident to
16 non-resident visits that are occurring.

17 Chatuge and Fontana contributed the
18 greatest amount. And if you go from alternative 1
19 to 2 to 3, you can see at the bottom, just summing
20 across the four reservoirs how much income growth is
21 added by holding the reservoirs collectively one or
22 two or three months longer so that you're doubling
23 our estimates of total income in that six-county
24 area throughout the year, and this is an annual
25 estimate as a result of holding those reservoirs

1 higher.

2 More numbers. Change in employment,
3 which is always a very big part of the picture. Of
4 course, we know that not all of these are full-time
5 jobs. Some are seasonal and part-time, but
6 basically, again, going to the bottom, the baseline
7 employment as the reservoirs were currently managed
8 at that time was around 1,500 jobs. Again, some
9 seasonal, some long-term throughout the year, but a
10 lot of them, in fact, were seasonal.

11 More than doubling the number of jobs
12 that would be contributed if alternative 3, holding
13 the reservoirs near full three months longer as you
14 move through the season, and that ended up being
15 somewhere around the latter part of September, early
16 October as the average across the four reservoirs.

17 As far as the total income growth for
18 the three different impact regions, going from what
19 the current income growth per year or contributed
20 income as a result of people from outside the region
21 spending in that six-county area, as we have already
22 reviewed, is 39,000,000 at the current and going up
23 over 42,000,000 added on top of the 39,000,000 by
24 going to alternative 3.

25 In the 20-county region, it went from

1 35 to 38. You may wonder why a 20-county region has
2 smaller numbers than a six-county region. The
3 reason is, there are many fewer outside
4 non-residents spending in a larger area because
5 you're capturing more of the people who visit the
6 area, therefore, they are no longer non-resident and
7 are not bringing any money into the economy.

8 For North Carolina the numbers get
9 quite large. Current is 63 and there would be over
10 59 added under alternative 3. Added economic value,
11 which is not dependent on the impact zone or
12 six-county area or whatever, it is the amount of
13 benefit received by people who visit the reservoirs
14 over and above what it costs them for their visits,
15 travel costs or the passes that they may have to
16 purchase or anything else like that. So it is an
17 addition or a contribution to the national economic
18 development and to the welfare of those individuals
19 collectively.

20 You can see here that the numbers for
21 different -- the four different reservoirs and what
22 would be added in benefit if -- if you look at the
23 bottom line, again, if those reservoirs were managed
24 and you hold them one or two or three months longer
25 going from three -- about 3.7 million added in that

1 economic value to almost 13.6 net under the third
2 alternative.

3 Now, I have thrown a lot of numbers
4 at you. Fortunately, we're getting near the end
5 here. So let me summarize just a little bit, just
6 to hit some of the high spots of what these numbers
7 represented.

8 The baseline visitation at four lakes
9 studied in 1989 was nearly 2,000,000 visitors, a
10 fairly substantial number of people throughout the
11 year and various seasons of the year, fishing,
12 boating, swimming, doing a number of things. If
13 they showed up, even at developed dam sites, right
14 on the lake site, then they were counted as part of
15 this visitation base.

16 How would that change if the
17 alternative management scenarios were executed? It
18 would add 32, 60, and 99 percent respectively to the
19 visitation, almost doubling it with alternative 3.

20 I'm sorry. I didn't mean to do that.
21 Hold it here.

22 The predicted six-county income
23 growth from a base of 39,000,000, about 39,000,000
24 ranged from 4.2 to 42.2 and added 470 to 1,590 new
25 jobs in that six-county economic impact area. The

1 estimated increases and net economic value from
2 holding the levels longer was 3.7, 7, 6, and 13.6
3 million per year for one-month, two-month,
4 three-month additional year full level.

5 The State of North Carolina income
6 growth is predicted to be 18,000,000 to 60,000,000,
7 let me take some of this, at a gain of 6.7 million
8 to as much as 20.4 million annual economic value
9 under management alternative 3, a gain of up to 97
10 million annual total business activity.

11 Now, I said earlier the
12 interdependence. What is that total amount of
13 business activity caused by spending by people who
14 are both residents and non-residents in that local
15 area, and that's what that 97 million represents.
16 And if you are looking alternative 3 across the
17 three reservoirs or four reservoirs there's up to
18 2,570 new jobs in the six-county area under
19 management alternative 3.

20 Now, we have done some other studies
21 that were similar to this, and the problem is not
22 unique in TVA or the opportunity, however you wish
23 to look at it, this is -- the Shasta Lake in
24 California, we did a study there in 1994 and '95
25 looking at lake level management and the Trinity

1 Lake and another national park lake.

2 We also have done a study of looking
3 at exotic plant management over the Guntersville
4 reservoir, and I understand you're going to be
5 talking about the Guntersville reservoir in just a
6 little bit, but we are -- our charge was to look at
7 those four reservoirs and the impact in the
8 six-county and 20-county and North Carolina impact
9 areas. And again, what we tried to do was to use
10 the best data, the best methodology available, and I
11 at that will stop and see if there are any kind of
12 questions.

13 MR. JIM CREIGHTON: Are there
14 questions? Al?

15 MR. AL MANN: Who paid for this
16 survey, what did it cost, and how long did it take?

17 DR. KEN CORDELL: It's been 12 years,
18 so let me see if I can recall that. Who paid for it
19 was the State of North Carolina and Tennessee Valley
20 Authority. The cost of the survey, I believe of the
21 study, was about \$120,000.

22 What was your other question? How
23 long did it take?

24 MR. AL MANN: Yes.

25 DR. KEN CORDELL: We did surveying

1 for one summer's period. Our overall involvement in
2 the study was about a year and a half.

3 MR. JIM CREIGHTON: Austin?

4 MR. AUSTIN CARROLL: For
5 clarification, did you say this is net economic
6 value; in other words, are we looking at benefits
7 less the cost?

8 DR. KEN CORDELL: Not the kind of
9 cost you were debating just a bit ago. Cost to the
10 users; in other words, it's the gain to -- it's the
11 gain and benefit from managing the reservoirs one,
12 two, and three months longer from recreation alone.
13 Our charge was not to look at any of the cost
14 benefit or trade-off analysis.

15 MR. AUSTIN CARROLL: So it does not
16 include, you know, replacement power cost or effects
17 on navigation environment or any of those things?

18 DR. KEN CORDELL: I would be totally
19 incompetent in that area anyway.

20 MR. AUSTIN CARROLL: I just need to
21 know for -- so the total gain potentially is
22 \$97,000,000, total business activity?

23 DR. KEN CORDELL: Yes. That's not
24 growth. We saw growth is about half that amount. I
25 think the maximum growth was about 42,000,000, and

1 that's from spending by people outside of those
2 impact regions. If you look at the total amount of
3 business activity caused by spending by both
4 residents and non-residents, then, yes, that's about
5 97,000,000.

6 MR. JIM CREIGHTON: Are there other
7 questions? Julie?

8 MS. JULIE HARDIN: Yes. Am I
9 concluding correctly that none of these three
10 studies have dealt with flood control, power
11 generation, environment issues, et cetera, they are
12 all economic studies in terms of retail and sales in
13 these counties?

14 MR. JIM CREIGHTON: If I understand,
15 Dr. Sellers did attempt to factor in the cost of
16 replacement power by using the \$750,000 figure.

17 MS. JULIE HARDIN: That's right.
18 Thank you.

19 MR. JIM CREIGHTON: Any other
20 questions? We have to change paper here. A
21 momentary pause.

22 This may not even be a question you
23 can address. Each of these studies assumes
24 optimized circumstances in a particular geographic
25 area. The question that dawns on me is, can you

1 optimize for all three of these areas simultaneously
2 or is this an impossibility?

3 DR. KEN CORDELL: When you say three
4 areas, you mean geographic?

5 MR. JIM CREIGHTON: Geographic. And
6 assume you're keeping all -- you know, one set of
7 lakes is at maximum, this other set of lakes is at
8 maximum, this other set of lakes is at maximum; can
9 you do that or to maximize in your area do you have
10 to draw down somewhere else? Mechanically I don't
11 understand the system.

12 DR. KEN CORDELL: I can't answer that
13 question.

14 MS. KATE JACKSON: And that, again,
15 is something that we would have to examine whether
16 or not, first of all, that's possible with respect
17 to the amount of water that there is in the system,
18 and second, whether or not we could meet all the
19 other mandatory purposes that we have, navigation,
20 flood control, low cost power, and I think there's
21 an additional issue of can you -- what do you in
22 addition have to think about with respect to the
23 resulting recreation visitation days. If you assume
24 that there are higher lake levels in all the
25 tributary reservoirs, does that impact the

1 visitation estimates that are made on any individual
2 reservoir.

3 DR. STEPHEN SMITH: Wouldn't you
4 also -- correct me if I'm wrong, with the developing
5 whitewater activities on the Ocoee, aren't there
6 some lakes upstream from that that -- I mean,
7 wouldn't you have sort of a counter recreation
8 versus recreation component?

9 MS. KATE JACKSON: Yes.

10 DR. STEPHEN SMITH: Has there been
11 some analysis if the water was pulled down?

12 MS. KATE JACKSON: Right. You can't
13 have it in both places.

14 DR. STEPHEN SMITH: Right. Then I
15 guess what is it, Nottely and Chatuge that feed into
16 Hiwassee? So, I mean, understanding how those lakes
17 would potentially impact that Hiwassee reservoir,
18 which is -- I don't know if there was an attempt --
19 I guess there was not an attempt to do any of that.

20 MR. JIM CREIGHTON: Is that it?

21 Okay. Eddie.

22 MAYOR EDDIE SMITH: We would like to
23 thank Drs. Murray and Sellers and Dr. Cordell for
24 their presentations. We would also like to thank
25 again Phil for arranging their participation. We

1 appreciate the presentations that you have done.

2 I do want to let you know that I have
3 received letters from eight Council members asking
4 for a presentation from the Executive Director of
5 the Tennessee Valley Public Power Association
6 involving also the local utility users.

7 The members who signed that weren't
8 necessarily taking any particular position. They
9 just think this adds an appropriate balance to our
10 information gathering. We will schedule this for
11 our November 1 meeting.

12 Also, Jim has mentioned that we would
13 also schedule the General Accounting Office report
14 also. In addition to that, I have received requests
15 from -- Steve requested some presentations related
16 to environmental issues, so we'll probably have
17 someone for that during November, and then perhaps
18 other issues maybe -- I'm just trying to think ahead
19 some things we might want to hear about and would
20 like to receive input from members of the Council.

21 Also, river navigation may also be
22 one, and there may be some others that we have not
23 mentioned, and hopefully once we have gone through
24 all of those maybe we have finished up the
25 information gathering and can get into the

1 decision-making.

2 DR. STEPHEN SMITH: Yeah, I think our
3 request is from -- the water quality subcommittee
4 wanted to bring forth some information. We had
5 talked about doing it at this meeting, but we chose
6 to wait until November because that was part of
7 the --

8 MAYOR EDDIE SMITH: Right. Okay.
9 Any other questions or comments at this time? You
10 have been very patient. We have had a long session
11 this morning, so we'll take a few minutes break.
12 We're supposed to have the public hearing at 11:00,
13 but we will be back as soon as possible to get that
14 going.

15 (Brief recess.)

16 MAYOR EDDIE SMITH: Okay. It's time
17 to start again. We do have a few Council members
18 who haven't made it back, but I guess they will be
19 back momentarily. I have asked Jim to handle the
20 questions -- I mean, the public comment period. So,
21 Jim, would you --

22 MR. JIM CREIGHTON: Okay. A couple
23 procedural things. If any of you -- any folks in
24 the audience want to speak who have not filled out a
25 comment card, I do need them now. We just call them

1 out in the order they got handed to me.

2 I am going to ask you to limit your
3 presentations to five minutes. I have counted up
4 the cards and that will allow them all, but that
5 also allows for a little bit of time because the
6 Council members frequently will ask you questions.

7 So, Council members, I will ask that
8 you -- if it's for clarification or for additional
9 information, great. Please don't use the question
10 just to be challenging or contradict or whatever,
11 and so on, just use them for amplification.

12 MS. JULIE HARDIN: We'd never do
13 that.

14 MR. JIM CREIGHTON: Pardon?

15 MS. JULIE HARDIN: We'd never do
16 that.

17 MR. JIM CREIGHTON: This Council, no.
18 All right. The first card that I have here is from
19 a David Monteith, who is a Commissioner of Swain
20 County.

21 Mr. Monteith?

22 MR. DAVID MONTEITH: Right here?

23 MR. JIM CREIGHTON: That will be
24 fine. And when it's one to go, I'll just hold this
25 up. I won't interrupt you.

1 MR. DAVID MONTEITH: All right. My
2 name is David Monteith. I'm a Swain County
3 Commissioner and Chairman of the Fontana Lake User
4 Association. I normally come in here and talk to
5 you'ens and bother you'ens with just facts and
6 figures, and so I want to try something a little
7 different.

8 And I realize that this Council is
9 kind of a message carrier back to the TVA, but I
10 feel like all of us as citizens of the 20th Century
11 here, that we have got an obligation to Swain or to
12 our people of the United States to take contracts
13 and to work to try to help us out.

14 But what I would like to talk about
15 today is a little bit about things that happened in
16 the '30s and the '40s, but before I do that, we have
17 had recently Mr. Gary Williams and Steve Akers come
18 back to Bryson City and they have been doing some
19 more -- helping us do some more clean-ups and some
20 fish habitat, and I want to thank these people with
21 TVA. They basically are just the average worker,
22 and they have done a tremendous work in Swain County
23 in helping us get not only, as I said last time,
24 over 603 -- 600 tons of debris cleaned out, but this
25 time we filled about 24 fishing tractors. And this

1 is going to be a big help for Fontana.

2 We also had a lady that belongs to
3 our association by the name of Barbara Bassett. She
4 herself has been responsible for over 2,000 bags of
5 garbage that has come from Fontana Lake. And Lori
6 Perkins, a lady also, just this week had removed
7 over 70 tires, 30 grocery shopping carts, about
8 three tons of garbage. So, you know, we're really
9 interested in not only the lake level, we're
10 interested in getting Fontana Lake cleaned up
11 because we know a clean Fontana Lake, it just passes
12 right on down through the whole system.

13 But what I would like to say briefly
14 here is -- that I would like to take us back to the
15 '30s when Fontana Dam was a dream with the TVA
16 system. We all know that the Tennessee Valley and
17 Chattanooga in the early days had a flooding problem
18 but a dam in Western North Carolina could solve
19 that. And during this time the war in Japan was
20 going strong. Power was needed to be build bombs,
21 which could end the war.

22 The government men came to Swain
23 County. They told the families of the North Shore
24 that we need this dam, we need to build this dam at
25 Fontana, that this dam would produce power. It

1 would help build a bomb which could help end the
2 war, and many citizens at North Shore, they told me
3 that this is exactly what these people from the
4 federal government and TVA came and said.

5 These people being as patriotic as
6 they are, they really wanted to get on board. Most
7 agreed to sell their homes, their heritage, all they
8 had. These people's land was taken. Some of these
9 people's land was taken by condemnation. The money
10 was simply put in the bank. And promises were never
11 kept. There's over 33 cemeteries still on the North
12 Shore and over 1,300 graves, and we're still needing
13 help on that. TVA has provided a lot of help, the
14 National Park Service has provided a lot of help,
15 but we're still looking for more help today.

16 Swain County is asking TVA to share
17 some of its wealth with Swain County in different
18 ways. The cheap power that Mr. Norris talked about,
19 Swain county doesn't receive this. We don't receive
20 this power in Swain County. The only thing we get
21 is recreation.

22 This study has just come up, and I
23 have done -- through our association we have done a
24 study, it brings over \$1,000,000 just to Swain
25 County. And when you have only a 14 percent tax

1 base, that's a tremendous amount of money.

2 During this time of the '40s, 68,000
3 acres was taken or sold, 11,000 acres was used for
4 Fontana Dam, and the rest went to the park service.
5 As I said while ago, that only left us 14 percent to
6 work with, and it's been very devastating to Swain
7 County.

8 And with the help of TVA, we're going
9 to accomplish more goals. We know, and I am going
10 to briefly say, that we know in the movie Field of
11 Dreams, there's been some comments made, and it's a
12 dear movie of mine that I enjoy watching, but it
13 says, "Build it and they will come."

14 Well, Fontana built it, Fontana Dam,
15 or TVA has, and people most certainly have come.
16 And it has been real good for Swain County, but at
17 the same it has took away from Swain County. And we
18 want to work with TVA, the people of Swain County,
19 the people of North Carolina, to try to put more
20 back into us.

21 In the late '30s and the early '40s
22 the people of the North Shore, they were pretty much
23 self-sufficient. They had their own lands. They
24 raised their own food. They cut timber from their
25 own lands, which provided heat and built their

1 homes. They also had their own water in springs.
2 They raised their own cattle, their own chickens,
3 pigs. This made them pretty much independent.

4 So when the people came and said, we
5 need to build a dam here which will help our
6 government help end this war, our people really
7 jumped on board and made a real good effort to do
8 so, but as I say, there's been some promises made
9 and we need some work to achieve these promises.

10 So through the park service, through
11 TVA, through the wildlife service, we need to go
12 back and we need to ease some pain in Swain County.
13 The people -- a lot of people have a bad taste, and
14 the more that this Council is doing -- the work this
15 Council is doing today, it's been real good, and
16 these guys that come and work from TVA in Swain
17 County, they are helping to ease the pain. People
18 are saying that TVA is actually really beginning to
19 put something back, and we need to do that. We need
20 to finish up and go the distance, as we say. And
21 one of the ways to do that is to help us get this
22 September 30th drawdown. This would be real good
23 for Swain County economically.

24 We have several other studies that I
25 want to present to you as I leave here from Graham

1 County, Macon County, Heywood County, Swain County
2 Chamber of Commerce, EDC, and the Commissioners just
3 supported what we're trying to get done, this
4 September 30th.

5 And I hope you folks will -- really
6 as you go back and think about everything you've had
7 that was taken away and take this back to the
8 people, that it was taken away, and all we're asking
9 for is a chance to work with you to get back some of
10 it and to help our county to grow, because we are
11 really depressed and we need this help.

12 I appreciate you letting me come and
13 say this, and to the Chair and all, I will leave
14 this with you.

15 Thank you, sir.

16 MR. JIM CREIGHTON: Stephen, did you
17 have a question?

18 DR. STEPHEN SMITH: I had a very
19 quick question. The in lieu of tax payments, you
20 had mentioned the land is not there, can you very,
21 very briefly, you know, give me a sense of how y'all
22 view that relative to what is being lost or
23 whatever?

24 MR. DAVID MONTEITH: Well, the end --
25 I wish -- I didn't bring the figures on it. I do

1 have the figures at home, but the in lieu of taxes
2 gets smaller every year. Instead of growing as your
3 county grows, as your population grows, your homes,
4 the federal government pays us less. Every year
5 since this has been going on, except one year, I
6 think 1963, the in lieu of taxes gets smaller.

7 Does that answer what you're saying?

8 DR. STEPHEN SMITH: So you're saying
9 it's on a declining scale?

10 MR. DAVID MONTEITH: It's on a
11 declining scale, not only from TVA, but we get less
12 every year.

13 DR. STEPHEN SMITH: Is there a point
14 at which that's phased out?

15 MR. DAVID MONTEITH: To my knowledge,
16 I don't know. I wish I could answer that.

17 DR. STEPHEN SMITH: Is it because it
18 doesn't factor in inflation or is it because there's
19 actually -- it is intentionally being scaled back to
20 eventually phase out?

21 MR. DAVID MONTEITH: From what we are
22 told, the reason that it is scaled back is it's all
23 the money that is appropriated for them to work
24 with. It's all the money that the government --
25 the government appropriates money.

1 DR. STEPHEN SMITH: I thought it was
2 based on the actual revenue stream.

3 DR. KATE JACKSON: It is different
4 for TVA than it is for the Corps service or the Park
5 Service. So it's PILT payments is what it is for
6 the Corps Service and Park Service, and it may be
7 calculated differently.

8 Our in lieu of tax are paid based on
9 revenue based on the amount of property that there
10 is in a given state, and then the state divides it up
11 differently for different states. And we can talk
12 about that in more detail later, if anyone is
13 interested.

14 DR. STEPHEN SMITH: That might be
15 valuable, because I take it that is something that
16 would be useful for us to understand because of -- I
17 mean, one of your premises was that the federal
18 government has come in and taken so much land from
19 Swain County that it's basically --

20 MR. DAVID MONTEITH: They own 83
21 percent of our land or 87 percent of our land, we
22 just don't have --

23 DR. STEPHEN SMITH: Maybe that could
24 just be provided in like a summary sheet or
25 something like that. I don't know that we need --

1 unless other people want a full blown explanation of
2 it, but my understanding is that is the purpose of
3 the in lieu of tax payments is to try to provide
4 some compensation for that fact.

5 MR. AUSTIN CARROLL: That would
6 answer my question.

7 MR. JIM CREIGHTON: Any other
8 questions for Mr. Monteith?

9 Thank you very much.

10 MR. DAVID MONTEITH: Thank you.

11 MR. JIM CREIGHTON: Our next speaker
12 is Jewell Wilson. If I'm reading this correctly,
13 she is the Western North Carolina representative for
14 Senator John Edwards.

15 MS. JEWELL WILSON: Thank you very
16 much for this opportunity to be with you and to
17 present a letter from North Carolina Senator John
18 Edwards. His good friend, Bill Forsyth, is here.

19 I do know that -- that beatitude
20 to -- you know, to be brief so you can be invited
21 back, and I have learned so much from you I would
22 like to come again. This letter is addressed to the
23 Mayor.

24 Dear Mayor Smith: I am writing to
25 you today concerning lake level reduction by the

1 Tennessee Valley Authority, an issue of great
2 importance to me and many of my constituents in
3 Western North Carolina. Indeed, it is the reason
4 for the public meeting today, I understand.

5 Certainly you are aware of the
6 magnificent splendor of the North Carolina mountains
7 in the autumn as the leaves change into fall colors.
8 Visitors from across the country come to see this
9 unparalleled scenery. Much of the scenic beauty of
10 the region stems from the lakes and the rivers that
11 provide numerous recreational opportunities for
12 these visitors. However, many of these water bodies
13 are part of TVA's power system, and thus, their
14 water levels are drawn down just as the peak of
15 recreational season begins.

16 Just recently I visited Fontana Lake
17 to look at the results of TVA's actions. I spoke
18 with members of the community. I saw how the early
19 drawdown impacts those who are making their living
20 from the tourism industry.

21 Families who come to the region for
22 their vacations are understandably disappointed when
23 they are unable to go boating, fishing or swimming
24 or rafting because of the low water in the lake and
25 the rivers affected by the drawdown. Local

1 businesses suffer as tourists seek recreational
2 opportunities elsewhere. For a community that
3 relies so heavily on tourism, TVA's drawdown poses
4 serious consequences.

5 I understand that TVA is charged with
6 balancing the needs of the local community with the
7 power and flood control needed of its customers. I
8 appreciate that this is a very difficult balance,
9 that this is a year of periodic maintenance for
10 Fontana Lake further exacerbates the issue for those
11 who are consistently concerned about the lake
12 levels. As is so often the case, the concerns of
13 those in the community must be viewed along the
14 economic and environmental realities of this
15 particular situation.

16 I understand that this Council is
17 studying whether to change the date of the annual
18 drawdown, delaying it for a current time frame of
19 early August. I understand that TVA believes it
20 will be difficult to push the date back too far, but
21 I would like to underscore my commitment to the
22 people of Western North Carolina and to this issue
23 hoping that a solution will be found soon.

24 I urge TVA to address this matter as
25 quickly as possible, for the drawdown date has been

1 an issue for many years and it is time to make a
2 decision. To do any less is to exacerbate the
3 economic impact to a region dependent upon these
4 lakes and the recreational opportunities they
5 provide.

6 Sincerely yours, John Edwards.

7 Thank you very much.

8 MR. JIM CREIGHTON: Does the Council
9 members have any questions for Ms. Wilson?

10 Thank you very much.

11 Our next speaker is Shirley M.
12 Williamson. She's a project manager with PB Power,
13 and she is representing the Tapoco Division of Alcoa
14 Power Generating, Inc.

15 MS. SHIRLEY WILLIAMSON: Thank you.
16 I'm here today representing the Tapoco Division of
17 the Alcoa Power Generating, Inc., which owns and
18 operates four hydroelectric developments on the
19 Little Tennessee River.

20 One of the Tapoco project reservoirs,
21 Santeetlah, was one of the four reservoirs included
22 in Dr. Cordell's 1990 study entitled, Economic Value
23 and Impacts of Outdoor Recreation at Western North
24 Carolina Lakes Under Different Management
25 Alternatives, that was discussed earlier this

1 morning.

2 As you may know, Tapoco's hydropower
3 developments are licensed by the Federal Energy
4 Regulatory Commission. Their current license
5 expires in 2005, and Tapoco has initiated the
6 lengthy process of preparing an application for a
7 new FERC license. As a part of the relicensing
8 process, Tapoco is required to examine the economic
9 and environmental effects of continuing to operate
10 the Tapoco project.

11 Continuing questions by Graham
12 County, North Carolina and area residents about the
13 contribution of recreational use of Santeetlah
14 Reservoir to its regional economy have led Tapoco to
15 initiate a similar study to the one conducted by Dr.
16 Cordell in 1990.

17 However, unlike the 1990 study, the
18 Tapoco study is looking only at the recreational use
19 and the regional economic contribution of the
20 Santeetlah reservoir. Non-TVA's reservoirs included
21 in the 1990 study are included in this new study of
22 Santeetlah.

23 The Tapoco study is being conducted
24 by EDAW with assistance from Dr. John Bergstrom, a
25 resource economist at the University of Georgia who

1 was a co-author in the 1990 study that you heard
2 about this morning.

3 Our purpose in being here today is
4 simply to make you-all aware of the ongoing study of
5 the Santeetlah Reservoir. We are also concerned
6 that any future discussions of recreational use of
7 Santeetlah Reservoir not rely too heavily on the
8 ten-year old information that was presented in
9 Dr. Cordell's 1990 report.

10 Instead, Tapoco would prefer that any
11 discussions about the contribution of recreational
12 use and recreational opportunities at Santeetlah to
13 the regional economy be postponed until our ongoing
14 up-to-date study is complete.

15 Tapoco expects that the current study
16 will be completed in mid to late 2001 and at that
17 time we will make all of the results of the study
18 available to anyone who is interested.

19 Thank you.

20 MR. JIM CREIGHTON: Any questions?
21 Stephen?

22 DR. STEPHEN SMITH: Yeah.

23 MR. JIM CREIGHTON: Let me get
24 Stephen and then I'll get you.

25 DR. STEPHEN SMITH: I was just

1 curious, as far as looking at the recreational
2 benefits, my understanding with the FERC relicensing
3 is there's a number of whitewater groups that are
4 actually looking to see if there's opportunities to
5 participate or view whitewater below some of those
6 dams.

7 And is it only Santeetlah that you're
8 doing that? I mean, aren't there other
9 opportunities that if the releases were scheduled
10 that there could be some new whitewater
11 opportunities downstream?

12 MS. SHIRLEY WILLIAMSON: Whitewater
13 opportunities are one of the subjects of -- or one
14 of the interests of changing the management at
15 Santeetlah, and that's one of the things that's
16 being looked at.

17 DR. STEPHEN SMITH: But is that the
18 only dam that -- the only project that you -- that
19 has been -- the recreationalist has asked in the
20 context of the discussions on the FERC relicensing
21 for you guys to look at, that one project?

22 MS. SHIRLEY WILLIAMSON: Yes. That's
23 the only project that's a storage project.

24 DR. STEPHEN SMITH: So there's no
25 other possibility for any of the others. Okay.

1 MR. JIM CREIGHTON: Phil, Phil Comer?

2 MR. PHIL COMER: My question is
3 similar to Stephen Smith's. I was looking for a
4 newspaper article, and I couldn't find it. I was
5 under the impression that basically you're doing
6 this, and you mentioned fairly, really is because of
7 the Electric Consumer Protection Act of 1986 that
8 specifically requires before relicensing that this
9 type study you're talking about for Santeetlah has
10 to be undertaken and that equal consideration be
11 given to recreation, fish spawning, environment, to
12 power generation.

13 I thought all four of your Tapoco
14 reservoirs and dams were up for relicensing, not
15 just Santeetlah.

16 MS. SHIRLEY WILLIAMSON: They are all
17 four included in the Tapoco project, all four
18 developments that you mentioned. The lake level
19 study is only Santeetlah because it is the only one
20 that has any kind of substantial drawdown.

21 MR. PHIL COMER: I understand that.
22 The others -- let's name them, Cheoah, Calderwood
23 and Chilhowee?

24 MS. SHIRLEY WILLIAMSON: That's
25 right.

1 MR. PHIL COMER: And there's really
2 no opportunity for rafting below those either, they
3 just flow right into one another, but they all --
4 they all four are up for relicensing?

5 MS. SHIRLEY WILLIAMSON: That's
6 correct. It is a single project in FERC size, but
7 the four developments are all part of one project.

8 MR. PHIL COMER: And that is under
9 the 1986 law that I referred to?

10 MS. SHIRLEY WILLIAMSON: I believe
11 that's right.

12 MR. PHIL COMER: Which in turn
13 affects -- it was an amendment of FERC, in effect?

14 MS. SHIRLEY WILLIAMSON: Yes.

15 MR. PHIL COMER: That baffles me that
16 you're only including Santeetlah in this.

17 MS. SHIRLEY WILLIAMSON: This is only
18 one of many, many, many studies included in that
19 relicensing process, but it is the one that relates
20 to lake levels and drawdowns.

21 MR. PHIL COMER: Because drawdown is
22 not, per se, a component of the law of the 1986, the
23 Electric Consumer Protection Act of 1986, it's
24 equal -- its recreation and fish spawning and
25 habitat and environment must be given equal

1 consideration, and I don't understand why that would
2 not apply equally to Cheoah, Calderwood, and
3 certainly Chilhowee.

4 MS. SHIRLEY WILLIAMSON: I guess my
5 answer is they are all included in that relicensing
6 process. Those issues are all being studied for the
7 four projects. Those are not lake level issues.
8 This is a specific study that relates to the lake
9 levels, and that's what --

10 MR. PHIL COMER: I understand what
11 you're saying, and I agree with you completely about
12 the lake levels not being really a factor because
13 they only fluctuate three feet, the other three, but
14 they are going -- you are going to have to include
15 the recreation and fish spawning, and so forth,
16 aspects of those other three lakes --

17 MS. SHIRLEY WILLIAMSON: That's
18 correct.

19 MR. PHIL COMER: -- in order to
20 completely --

21 MS. SHIRLEY WILLIAMSON: That's
22 right.

23 MR. PHIL COMER: I just misunderstood
24 that would be limited to Santeetlah.

25 DR. STEPHEN SMITH: I guess the other

1 question I have is does -- I mean, it would seem to
2 me that the fact that they all flow into the Little
3 T, that the activities on Fontana would really have
4 a pretty dramatic effect on how you manage the
5 overall system.

6 MS. SHIRLEY WILLIAMSON: Whatever
7 flows out of Fontana flows through Cheoah,
8 Calderwood and Chilhowee.

9 DR. STEPHEN SMITH: Right. And would
10 potentially then affect how you manage Santeetlah
11 because of the release there as far as scheduling
12 for power production. I mean, I take it that that
13 would have an impact.

14 So how is it that you're -- I guess I
15 am a little confused on how you would not -- it
16 seems like you would have to almost look at those as
17 a collective --

18 MR. PHIL COMER: Santeetlah flows
19 into Cheoah, not into Fontana.

20 DR. STEPHEN SMITH: No, I know that,
21 but it's all part of the little T watershed. So as
22 you're looking at how all of that flows together,
23 you have to look at the releases of Fontana in order
24 to anticipate the overall management of that cluster
25 of dams. And I guess that to me seems like that

1 would be a bit tricky to isolate those out.

2 MS. SHIRLEY WILLIAMSON: I can't
3 talk -- speak to the specific technical issues. I
4 know that releases from Santeetlah are very small
5 relative to the releases from Fontana, like
6 one-tenth of the release.

7 So, yes, there is some interaction.
8 And to the best of my understanding, that
9 interaction will be dealt with.

10 MR. JIM CREIGHTON: Just something to
11 clarify and maybe we can move on. If I understand,
12 your testimony is that it's only Fontana that has
13 storage, therefore, it's the only --

14 DR. KATE JACKSON: Santeetlah.

15 MR. JIM CREIGHTON: I'm sorry.
16 Santeetlah has storage, and therefore, it's the only
17 one where you really have much control over lake
18 levels, and that's -- this study is one of the many
19 studies but very specific to lake levels, and that's
20 the one you're looking at.

21 MS. SHIRLEY WILLIAMSON: That's
22 correct. And basically the issue here today was to
23 let you know that there is additional information
24 forthcoming on Santeetlah, and we would like you to
25 be aware of that.

1 MR. JIM CREIGHTON: Don't jump ahead.

2 MS. JULIE HARDIN: That's what I
3 heard your main point was, don't use a 1990 study
4 when we're hot to complete a 2001 study.

5 MS. SHIRLEY WILLIAMSON: That's
6 right.

7 MR. JIM CREIGHTON: Anything else
8 from the Council?

9 Thank you very much, Ms. Williamson.

10 Our next speaker is Michael Smith,
11 who is president of Hiwassee Outfitters. I'm not
12 clear whether Below Dam Recreation is his
13 organization, but he's also Hiwassee River
14 Outfitters Association.

15 MR. PHIL COMER: What's the name
16 again?

17 MR. JIM CREIGHTON: Michael D. Smith.

18 MR. MICHAEL SMITH: Michael Smith.
19 You guys have been thrown with a lot of facts and
20 stuff. I want to give you a little history of what
21 I do. I do a rafting company on the Hiwassee River.
22 We do fishing and we're a family-owned business,
23 that's our -- that's what we do. Usually I'm out
24 slinging rafts or mowing grass. I'm not used to
25 public speaking like this.

1 What our concerns are, are we need
2 dependable releases and a dependable schedule from
3 TVA, especially on the Appalachia system. And that
4 kind of -- it makes us kind of in a tug of war with
5 the lake levels. If you leave the lake levels up
6 until September or October, we don't get reliable
7 releases possibly in the fall, that's one of the
8 things TVA was telling me.

9 Also, over the last two years our May
10 has been completely dry, we don't have any water for
11 30 days, and we have to turn business away, which in
12 the last -- we have been doing business there since
13 about '83. We usually have May water. So if we
14 could have May water we could do some business in
15 the spring and in the fall. The shoulder months are
16 kind of our issues.

17 TVA has promised us water during the
18 summertime. They give us at least four hours a day
19 so we can from Memorial Day to Labor Day receive
20 water. That's just our -- you know, from a business
21 standpoint we need water to put people on. It goes
22 much broader than that. It affects the hotels, the
23 motels in the county, you know, Bradley, and Athens
24 and the Cleveland area. Even the Chattanooga area
25 is affected by whitewater rafting. Some other

1 issues are the Ocoee River.

2 We just want the Council to be aware
3 that the lake levels aren't just the only things.
4 The down river recreation is also important. I'm
5 trying to think of what else. You know, Dr. Sellers
6 did touch on the downstream importance. And I don't
7 want to be at odds with lake levels or anything, I
8 think it's a good thing.

9 We have -- part of the scheduling
10 problems we have is we have an action line, and it
11 only gives us the schedule for tomorrow. So we
12 can't tell the people coming from out of state -- we
13 don't get enough notice. We get about a 12-hour
14 notice now. We need probably a week, or if we could
15 have a year-around schedule from TVA, that would
16 really help us on scheduling trips.

17 Let's see. There's also a huge
18 number -- I will get into a few of the numbers.
19 There's quite a few people that use it privately.
20 When I say private boater, that is someone that goes
21 out and has his own kayak or tube or, you know,
22 raft, and they go up and they float down.

23 I would say about half the business
24 on the Hiwassee is commercial use of either a
25 fishing guide service or rafts and funyacs. The

1 other half is private boaters, and there's a lot of
2 folks that use it.

3 The state released some estimates
4 that over 200,000 visitors a year use the Hiwassee
5 alone. And the Ocoee numbers, I'm not exactly sure,
6 but they are out of sight. They are much more than
7 the Hiwassee. I am sure a lot of you have heard of
8 the Ocoee. As far as -- it's just real important
9 for us to have water, that's pretty much all I have
10 got to say.

11 You know, do you guys have any
12 questions or any comments?

13 MR. JIM CREIGHTON: Questions from
14 the Council? Stephen?

15 DR. STEPHEN SMITH: I guess I'm
16 just -- I mean, this is an area that we have heard
17 an awful lot about, and I think it's something that
18 maybe we could figure out a way to talk with these
19 fellows and some other folks and try to get a better
20 sense of what the needs are of the whitewater
21 community because I -- I mean, I do understand that
22 that's a very significant piece of it.

23 I think we need to better understand
24 the challenges because you are, it sounds like very,
25 very dependent. I mean, I was unaware of this

1 12-hour action line notice and things like that.

2 MR. MICHAEL SMITH: This last Sunday
3 we had an incident where the TVA line said it would
4 turn on at 1:00 and we had close to probably 300
5 people to put in waiting, and, you know, we saw
6 slides of a dry lake, well, you can imagine a dry
7 riverbed, people -- you just physically can't go
8 down the river, it gets that dry. And locally TVA
9 turned it on for us.

10 And we have got ongoing talks with
11 TVA, you know, they are trying to tell us, yeah, we
12 can do this or that and we can try to help you guys,
13 you know, that's sort of what we're looking at.

14 DR. STEPHEN SMITH: If the Council
15 was to request from you or some of your colleagues a
16 presentation, do you feel that you could get with
17 some of the folks on the Ocoee and others and come
18 up with a fairly tight --

19 MR. MICHAEL SMITH: I believe so.
20 There's about eight outfitters on the Hiwassee,
21 there's about 27 outfitters over there. We're a
22 member of an association called American Outdoors,
23 and they have statistics. And we can get statistics
24 from the Forest Service, we're regulated by them,
25 you know, they know the number of visitors, and we

1 can get some numbers like that and put on a better
2 presentation.

3 You know, I'm just talking from the
4 heart out here, I'm -- you know, I'm Joe
5 businessman, and we're just trying to get water and
6 dependable releases. We want it to be known that
7 lake issues are very important, and we want you guys
8 to know that river navigation, as far as rafting, is
9 very important, too.

10 MR. JIM CREIGHTON: Roger?

11 MS. JULIE HARDIN: Mike, I think
12 you're a very good public speaker.

13 MR. MICHAEL SMITH: Okay.

14 MS. JULIE HARDIN: Also, has TVA told
15 you whether or not this annual schedule is a
16 possibility for them to get to you?

17 MR. MICHAEL SMITH: Well, their
18 concern is in the spring they have to get the lake
19 levels up, and that's very important. This year we
20 were in a drought situation, and last year I believe
21 we were in a drought. So they cannot promise us
22 water in April and in May, so we had to turn away
23 people that have been going to Hiwassee for 20 plus
24 years and say, sorry, guys, in the spring we're not
25 going to have water.

1 They are really limited. And I don't
2 think TVA wants to commit to saying, hey, guys,
3 we're going to give you water. Particularly on
4 weekends, if we could have them give us four hours
5 on every weekend in the spring and fall, that would
6 make a huge benefit towards the whole area and the
7 whole region.

8 MS. JULIE HARDIN: Thank you.

9 MR. JIM CREIGHTON: Hang on. A stack
10 of questions. I saw them in the order of Roger,
11 Eddie, and Al.

12 SENATOR ROGER BEDFORD: That's fine
13 enough. I think you sort of addressed my follow-up
14 question there.

15 Kate, what's the possibility -- I
16 realize a yearly schedule is probably too ambitious
17 because of the weather, but he was talking about
18 this hotline, what -- where is TVA with the thought
19 of a 24- or 48-hour type of notice, if you know?

20 MS. KATE JACKSON: Currently what we
21 do is even at 12 hours it's subject to change based
22 on peaking power needs, voltage JIPS. If the power
23 program is sagging, we have to prop it up either by
24 running or not running particular projects.

25 We have committed that we will sit

1 down and talk about a dependable schedule, but
2 that's different than your -- the days of a
3 non-dependable schedule, giving out notice. And the
4 issue there is, how well can we predict the use of
5 the electric system, how well can we predict what
6 the rain is going to do, what the cool air is going
7 to do.

8 So it's based on accuracy of weather
9 forecast more than anything else. So that's hard
10 for us, but certainly we want to take the
11 opportunity to sit down with the rafters and talk
12 about, can we get to a place where we maybe could
13 make some commitments about the schedule.

14 And again, like you maybe can speak
15 to it, 12 hours or 48 hours probably isn't good
16 enough. They can't market. They can't do
17 year-ahead plans. They can't bring people in from
18 out of state, you know, based on having a trip come.
19 So, you know, what we need to do is sit down and
20 talk about what will help and what won't help and
21 then what kind of commitments we can make.

22 MR. MICHAEL SMITH: Yeah, that's real
23 true. Most church groups, they are calling us in
24 November about a trip in August, June. They really
25 plan ahead. You know how Boy Scout troops are. You

1 have got to have your ducks in a row. You've got to
2 have waivers signed, you've got to have permission,
3 and all of this stuff.

4 So there's a lot at stake for someone
5 to organize a group of 20 or 30 people to come up
6 rafting. Even 48 hours is -- I mean, it would help,
7 you know, but it's not good enough.

8 One of the frustrating things is -- I
9 live on the river, and you sit there and you turn
10 away business, turn away business, and we have done
11 it over the last few years, and come mid August they
12 run it 24/7. Well, if they could have just given us
13 four hours a day in the spring, that would have made
14 a huge difference, a huge impact.

15 And it's frustrating to see them turn
16 it on in the evening or whenever the peak demands
17 are. I got a little education last week on how it
18 works, you know, I understand TVA's -- kind of their
19 back's against the wall, they need to run their
20 hydro when it's needed, but, you know, I would just
21 like the Council to advise TVA and maybe give some
22 suggestions as to giving us a longer dependable
23 schedule on that.

24 And one other quick difference on
25 Hiwassee, we're below the dams. We're not trying to

1 substitute or get them to take water that they could
2 normally generate with. Council members, you may
3 not be familiar with it, we're below the
4 powerhouses, so we're not bypassing any areas.

5 MR. JIM CREIGHTON: Eddie?

6 MAYOR EDDIE SMITH: Do I understand
7 though that if we were to keep the lake levels up in
8 August and September, would that have a negative
9 impact on your business?

10 MR. MICHAEL SMITH: I would have to
11 say yeah, and I don't want to upset the Senators and
12 go -- you know, these people with a lot of clout,
13 I'm Joe kayaker.

14 It actually would, you know, we have
15 been banking for the last 25 years, hey, man, in
16 August we're going 24/7, and generally TVA is
17 rocking and rolling. Now, this past couple of years
18 it's been drought, but, yeah, we're going in August
19 and September, and all the way into October we're
20 going to have good rafting, we're going to have good
21 fishing, and it might would hurt if -- you know, TVA
22 says, guys, we have got to keep our lake levels
23 until the end of September, you're not going to be
24 able to go rafting until October, November. No one
25 is going to go rafting in October and November, it's

1 too darned cold. So, you know, that's what it is.

2 MR. JIM CREIGHTON: Al?

3 MR. AL MANN: My question has been
4 answered.

5 MS. JULIE HARDIN: May I ask our
6 leader, Mayor Smith, to do what Stephen suggested,
7 and to put American Outdoors and whomever else on
8 one of our schedules for a presentation possibly for
9 November 1st or whenever.

10 DR. STEPHEN SMITH: I would be
11 willing to try to facilitate something to come back
12 as a proposal or something.

13 MS. JULIE HARDIN: Because we have
14 heard so much from lake levels, this is a whole new
15 game that we're hearing today.

16 MR. PHIL COMER: I certainly agree
17 with that wholeheartedly.

18 MS. JULIE HARDIN: Thank you, Phil.

19 MR. JIM CREIGHTON: It sounds like so
20 much fun, I was hoping they would propose for the
21 Council to take a trip.

22 MR. MICHAEL SMITH: You guys are all
23 invited.

24 DR. KATE JACKSON: In November.

25 MR. MICHAEL SMITH: Thanks, guys.

1 MR. JIM CREIGHTON: Okay. Our next
2 speaker is J. Harold Webb who is the President and
3 owner of Webb Brothers Float Services on the
4 Hiwassee River. Mr. Webb?

5 MR. J. HAROLD WEBB: I will try not
6 to cover much of the same territory.

7 MR. JIM CREIGHTON: You need to get
8 right up next to that mic.

9 MR. J. HAROLD WEBB: Neither one of
10 us knew if the other one was going to get here, so
11 we came independently of each other.

12 I'm a fourth generation on a family
13 farm fronted on the Hiwassee. As most of you know,
14 over the years the roller coaster farm economy for
15 four generations, but particularly for the past 20
16 years, has not been good.

17 I went off to college in '68, came
18 home the next summer and my dad had started a
19 rafting company on the river using the farm truck
20 and my personal raft to carry fishermen to the
21 creek, that's how we got started in the business.

22 In '72 as a beef cattle producer, if
23 anybody knows anything about farming, the beef
24 cattle prices crashed. In '71 we were selling
25 steers out of the field for \$1.10 a pound. As

1 recently as last year, the best price we have gotten
2 since then was .55 a pound.

3 Fortunately rafting took off, and 30
4 years later we're still in the business. And that
5 has pretty well supported my family and the local
6 income allowed us to stay on the farm.

7 The last three years -- rafting is no
8 different than farming, it's very weather dependent.
9 The last three years, with a seasonal business, we
10 do 80 percent of our annual business in July and
11 August. This year we had four hours of water a day
12 in June until the first of August. So when you do
13 40 percent of your annual business roughly in one
14 month, then you get cut to less than half a day,
15 it's hard to make the balance sheet balance.

16 So what we really need, even then,
17 knowing the water was coming on at 1:00 and going
18 off at 5:00, we were able to cope with that. In
19 August we had much more water but we didn't have the
20 business then. We were turning people down the
21 whole month of July. Well, the word gets around,
22 there's no water. You can't go in the morning.

23 The Ocoee has a dependable schedule.
24 We don't have a dependable schedule. One of the
25 things that we have been working to get in the last

1 few years, particularly since the Olympics, is that
2 we want to keep people in the area.

3 These are the things that I can
4 understand with tourism of the people and the lake
5 levels, tourism is very similar, you want to keep
6 people in the area. If they stay overnight, they
7 are going to spend a lot more money.

8 So in the last few years several of
9 us have gone into lodging. We have had more
10 restaurants in the area. We have got people to do
11 both rivers. They do one river one day and do the
12 other river the next day.

13 Well, the pattern that I had
14 developed this past season was that we had people
15 that floated the Ocoee on Saturday, Sunday morning
16 they could come and do a quick kayak trip down the
17 Hiwassee, two hours, 20 bucks, not a whole lot of
18 money, they are on their way back to Nashville and
19 Atlanta. With a 1:00 to 5:00 water schedule, we
20 lost all of that business.

21 People would show up assuming they
22 could do it. And they had spent the night, so we
23 got complaints from people that would not have spent
24 the night, they would have come and floated the
25 Ocoee and gone home. So we have to make long-term

1 planning.

2 Mike and I both have gone into, like
3 I said, lodging. That's a considerable investment
4 when you start building cabins, and that sort of
5 thing. You have got to have some stability in the
6 business. And until we can get a dependable
7 schedule we're going to be on this kind of roller
8 coaster ride.

9 The '70s were very good for us. We
10 had very little competition. It was a wide open
11 market. We didn't have the insurance cost then, a
12 lot of the factors then.

13 The '80s, I got out of college and
14 worked for Olen Chemicals. I had a good income. At
15 that point my dad was getting in bad health and he
16 was trying to figure out what he was going to do
17 with all of this business.

18 I said, "I will quit my job, come
19 home and run your company."

20 Well, that worked fine for the first
21 two years. The '82 World's Fair in Knoxville was
22 great. We had a banner year. Then '85, '86, '87,
23 when those drought years of the '80s hit, there were
24 four companies in the Forest Service Permit, of the
25 original four companies we're the only ones that

1 survived. And it was only because I still had a
2 family to fall back on. If I had been completely
3 dependent on it, I would be gone too.

4 So local economy in Polk County for
5 100 years was based on agriculture. We have been
6 given -- the copper company has shut down. And the
7 acid plant, they're going to shut that down probably
8 the end of the year. So we're going to get another
9 setback in the local economy.

10 Sixty something percent of our county
11 is the National Forest Service. There's been
12 cutbacks on timber cutting in the forest, and those
13 kind of things, we're getting less in lieu of
14 payments, and there's more dependents on the few
15 property owners there. We have 165,000 acres and a
16 national forest is sitting right in the middle of
17 it. So the Forest Service pretty well controls the
18 local economy or what we are able to do within the
19 community. So a dependable water schedule is of
20 paramount importance to Polk County's local economy.

21 MR. JIM CREIGHTON: Phil?

22 MR. PHIL COMER: This is just a
23 suggestion along with what Steve and Julie were
24 making earlier for a future program that ties in
25 very directly with what these two men are talking

1 about. I would suggest that Kate, you know, 30
2 minutes, I don't know what.

3 Within TVA there's a 16-page
4 memorandum that exist that if you could circulate
5 that or have someone talk at this future meeting
6 about how Ocoee too was able to obtain 116 days per
7 year of guaranteed rafting time schedule and so
8 forth by a \$7,000,000 loan from the federal
9 government that Howard Baker arranged for a 35-year
10 period, they purchased from TVA for a 35-year period
11 at a cost of \$7,000,000, and they are repaying the
12 federal government that \$7,000,000 over the 35-year
13 period by allocating .50, \$1, \$1.50, some fixed
14 amount of money to each kayaker that goes down and
15 they repay that.

16 I think that's an interesting case
17 history that goes back to 1977 of how in that one
18 case TVA was able really to quantify the loss of the
19 generation of 18 megawatts from Ocoee, and that was
20 an easy one because it either diverted it into the
21 sluiceway or you sent it down through the river, but
22 I think that should be added to the hopper how at
23 least in that case it was manageable but it was paid
24 for.

25 MR. J. HAROLD WEBB: The big

1 difference being that on that case they were
2 bypassing the powerhouse. In our case we're
3 floating the tailwater sections. It's the
4 flexibility in the schedule, and in normal years
5 it's not a problem, it's just droughts.

6 MR. JIM CREIGHTON: Any questions for
7 Mr. Webb?

8 DR. STEPHEN SMITH: I assume we will
9 follow up and try to work that together and engage
10 him in the discussion.

11 MR. JIM CREIGHTON: Thank you very
12 much, Mr. Webb.

13 The next speaker is Gary Vickers, an
14 organization representative. He may have to
15 elaborate on that, the 16th model area, I'm not
16 quite clear whether I read that right.

17 MR. GARY VICKERS: I'm from
18 Manchester down around Normandy.

19 MR. JIM CREIGHTON: Can you get right
20 next to the mic?

21 MR. GARY VICKERS: Yes. I'm from
22 Manchester down around the Normandy area. What I
23 came to talk to y'all about is to ask for -- is that
24 in this area a lot of the wells are going dry. A
25 lot of the water there is bad. We don't seem to be

1 getting any help from the local government there.

2 From my house I can see the lake, but
3 I can't get any water from it, you know. And they
4 pipe water 30 or 40 miles away from the lake, but
5 the area right there around the lake, we can't seem
6 to get any.

7 I had a man come yesterday to look
8 about digging another well at a cost of somewhere
9 around \$10,000. There's a dairy farmer not far from
10 there that milks cows, about 150 head of cows a day,
11 he's got five wells, they are all dry. He's hauling
12 water every day just like I am. That's basically my
13 story there.

14 MR. JIM CREIGHTON: So what you're
15 requesting is use of the lake water for your
16 immediate -- your family and your operation there?

17 MR. GARY VICKERS: The whole area
18 there. There's probably three or 400 families.
19 It's the area where the lake came from, you know, it
20 was the Normandy area.

21 MR. JIM CREIGHTON: Austin?

22 MR. AUSTIN CARROLL: From TVA, is
23 there a problem with using that water for model
24 water supply?

25 MS. KATE JACKSON: Water supply taken

1 out of the reservoirs has got to be permitted.
2 There is a water supply study going on in that area,
3 which I'm probably not the expert to speak to, but
4 we can get information about that.

5 MR. AUSTIN CARROLL: I mean, that can
6 happen, it's not --

7 MS. KATE JACKSON: It can happen.

8 MR. AUSTIN CARROLL: It's not
9 prohibited for any reason?

10 DR. KATE JACKSON: No.

11 MR. JIM CREIGHTON: We'll do Roger
12 and then Phil.

13 SENATOR ROGER BEDFORD: Just as a
14 follow-up to Austin, maybe the gentleman would be
15 the one to tell us this, is there a county water
16 supply that just hasn't run lines out there?

17 MR. GARY VICKERS: Yeah, they just
18 won't run lines that way, you know, they run --

19 SENATOR ROGER BEDFORD: Is it because
20 of capacity or cost per user?

21 MR. GARY VICKERS: I'm not sure.
22 Like I said, there's over 300 families there. They
23 seem to run it other places in the county, places
24 where you can dig a well and get 300 gallons a
25 minute, but places where you get half a gallon or a

1 gallon a minute or bad water they won't seem to run
2 it.

3 SENATOR ROGER BEDFORD: Well, I am
4 real familiar with water systems and grants and
5 stuff. Is it just your local water system hasn't
6 qualified for a grant?

7 MR. GARY VICKERS: They say they
8 can't get a grant for that.

9 SENATOR ROGER BEDFORD: So it's not a
10 capacity draw out issue for TVA, in other words,
11 it's just a local government decision on whether or
12 not to run lines or not?

13 MR. GARY VICKERS: That's true.
14 We're just looking at avenues to travel, that's all.

15 MR. BILL FORSYTH: Just a point of
16 information, what lake are you talking about?

17 MR. GARY VICKERS: Normandy, that's
18 around Manchester.

19 MS. JULIE HARDIN: Are you in touch
20 with your local politicians and community leaders?

21 MR. GARY VICKERS: Regularly.

22 MS. JULIE HARDIN: But you're getting
23 no help?

24 MR. GARY VICKERS: No, ma'am.

25 MR. JIM CREIGHTON: W. C., and then

1 Lee.

2 MR. W. C. NELSON: I just wanted to
3 ask, what are you going to use the water for? Is it
4 for household consumption or is it for farm use?

5 MR. GARY VICKERS: Well, for myself
6 it would be for household consumption, but just like
7 the gentleman I told you about, his would be both.

8 MR. W. C. NELSON: How would you be
9 able to purify it?

10 MR. GARY VICKERS: Well, it would be
11 purified through the city water system. The line
12 runs so far and they stop it.

13 MR. JIM CREIGHTON: W. C. is asking
14 if they took direct removal from the lake, how would
15 you purify it?

16 MR. W. C. NELSON: That's correct.
17 That's my question.

18 MR. GARY VICKERS: I'm not sure. I
19 guess I don't understand what your question is.

20 MR. W. C. NELSON: Well, if you're
21 going to be extracting water from the lake, then it
22 has to go through a purification process.

23 MR. GARY VICKERS: Well, there is a
24 purification system there in Manchester. The only
25 problem is getting the water in this area.

1 MR. W. C. NELSON: But if the system
2 doesn't have a line out to your house, --

3 MR. GARY VICKERS: That's true.

4 MR. W. C. NELSON: -- how are you
5 going to get it?

6 MR. GARY VICKERS: I don't know.

7 MR. W. C. NELSON: I fail to
8 correlate what you're asking for.

9 MR. JIM CREIGHTON: What we're having
10 trouble with is if you ran it into Manchester to the
11 purification system, how would we get it from the
12 purification system back out to you? That's the
13 problem.

14 MR. GARY VICKERS: Yes, it is.

15 MR. JIM CREIGHTON: At least we
16 understand the problem.

17 MR. LEE BAKER: I had kind of gotten
18 the impression that it was a distribution problem as
19 opposed to a capacity problem.

20 MR. GARY VICKERS: That's true.

21 MR. LEE BAKER: Having run a water
22 system, the grant situation, you know, is a
23 competitive thing. I don't even know who supplies
24 your water or who your utility district is, but when
25 we have gotten several -- when you -- each person or

1 each district would throw their grant application on
2 the table, and it comes down in many cases to how
3 much money is being spent per customer served, and
4 also there's elements such as LMI's or what's called
5 low to moderate income.

6 It's been our experience that if we
7 throw a package up on the table, and generally they
8 take a couple of years to get through anyway, they
9 are very bureaucratic, you throw a package up on the
10 table and you're spending more than four or \$5,000
11 per customer served, you pretty much -- you or the
12 utility is pretty much wasting your time spending
13 engineering effort to do that because you're not
14 going to win that grant.

15 So I would suggest you talk to your
16 utility district. If you were in our area we would
17 be happy to communicate and explain to you why that
18 on the surface may seem like they are giving water
19 to people who don't need it and denying it from
20 people who do need it, but the grant process is
21 pretty bureaucratic. They are pretty sticky about
22 how they do it. There's all kind of hoops you have
23 to jump through, but I appreciate your problem
24 though.

25 MR. GARY VICKERS: Thank you.

1 MR. JIM CREIGHTON: Kate, on the
2 issue of request from TVA, is there somebody that we
3 can direct Gary to?

4 DR. KATE JACKSON: Yeah. Janet
5 Herrin is back there. Janet, why don't you just
6 speak with him after?

7 MS. JANET HERRIN: I will.

8 MR. JIM CREIGHTON: Thank you very
9 much. Okay. Our final speaker is David Kiger or
10 Keger, you'll have to correct me on this, from the
11 Tennessee Marina Association.

12 MR. DAVID KIGER: My name is David
13 Kiger from the Tennessee Marina Association. And
14 again, I apologize for wearing y'all out. I know
15 you're getting used to seeing my face.

16 Our stance from the very beginning on
17 this lake level issue has been the economic value or
18 the economic impact of the lake levels. I think
19 today you saw some really hard fact numbers from not
20 necessarily our area but a comparable, in my mind,
21 of what I think we should be looking for.

22 Somebody tells us that a six county
23 North Carolina area has \$42,000,000 additional
24 income growth, to me that is just phenomenal
25 information. The change in employment is close to

1 1,600 new jobs, that is exactly what we're trying
2 to -- the point we're trying to get across.

3 We understand there are certain
4 things that have to be considered, and we don't want
5 those to be ignored by any stretch, especially --
6 believe me, when TVA talks about flood control,
7 there's nobody that appreciates that more than the
8 marina business, I can promise you that.

9 We just wanted to look at all of the
10 numbers and compare both the positives and the
11 negatives. And when someone tells us that the
12 benefits outweigh the cost five or six to one, which
13 again we saw today, then I think that's just very
14 serious information that needs to be taken very
15 seriously.

16 If the numbers are old, then let's
17 get new numbers. Let's do whatever we have to do.
18 There's got to be a compromise somewhere along the
19 way to make everybody happy or at least let
20 everybody compromise a little bit.

21 I think the goal of this Council is
22 to figure out what would be the benefit to the end
23 users of TVA. Again, we request that you consider
24 delaying the lake drawdowns until October.

25 Thank you very much. Appreciate your

1 time.

2 MR. JIM CREIGHTON: Any questions of
3 Mr. Kiger?

4 Thank you very much.

5 Lee? I'm sorry. I didn't see you.

6 MR. LEE BAKER: No.

7 MR. JIM CREIGHTON: By the way, it's
8 helping to do this thing that. It is helping quite
9 a bit.

10 MAYOR EDDIE SMITH: Thank you, Jim.
11 Thank you for your comments from the public. We
12 appreciate hearing from you your points of view.
13 Lunch will be served in the Tennessee River room for
14 the Council, and we'll adjourn and try to be back at
15 1:00 so we can proceed on schedule.

16 Thank you very much.

17 (Lunch recess.)

18 MAYOR EDDIE SMITH: Okay. Can we get
19 our seats so we can get moving here? Okay. Let's
20 get going here. We want to get our business taken
21 care of for the day. Thank you very much.

22 Is Dan ready?

23 The first presenter this afternoon is
24 Dan Ferry, who is with the TVA Resource Stewardship
25 Group. So Dan, you're the show now.

1 MR. DAN FERRY: Okay. Thank you very
2 much. Let's see. Is the projector on here? Yeah.
3 I probably went backwards. There we go.

4 Before I get started I would like to
5 thank the person that left us this gracious gift of
6 gratuity on the helicopter yesterday, I really do
7 appreciate that. I'm just kidding. Someone did
8 leave this and I will leave it up here.

9 MS. KATE JACKSON: It's Julie's, I
10 think.

11 MR. DAN FERRY: TVA recognizes the
12 need to manage aquatic plants on the reservoirs to
13 try to stabilize the ecological health while
14 enhancing the public use. To meet these needs in a
15 responsible and responsive manner, management plans
16 are developed, along with the participation of
17 stakeholders, special interest of the particular
18 areas to develop reservoir specific plans to address
19 how the aquatic plant problem, or whatever you want
20 to call it, is managed in the reservoir.

21 In order to do this, TVA will provide
22 technical assistance, facilitate and support the
23 make-up of the special interest groups and the
24 stakeholders groups. They will provide boating
25 access lanes, work to control nuisance weeds as they

1 begin to develop in small areas, areas that haven't
2 previously been treated and in ways that we can
3 totally eliminate small initial infestations.

4 Aquatic weeds were first discovered
5 in the TVA system in the 1950's, particularly
6 milfoil. And milfoil was found in Watts Bar
7 Reservoir in the Piney River area. I certainly
8 don't want to point any fingers. It could have come
9 from some other areas as well, but that's the first
10 place that it was discovered.

11 There was a marina operator there
12 that had a water garden in the back end of a cove.
13 As I understand, it was very nice. People came to
14 see it. And over time the plant material escaped,
15 and then by 1988 aquatic plant coverage totalled
16 46,000 acres. I'm not trying to insinuate that
17 46,000 acres came from one source because it didn't.

18 We're working with invasive species,
19 Eurasian water milfoil, spiny leaf naiad, and
20 hydrilla. Spiny leaf naiad and hydrilla came from
21 other places. In fact, some of these other species
22 weren't discovered until the late '80s and early
23 '90s in the TVA system.

24 Water milfoil is -- that's what this
25 picture is here, is the easiest to treat of the

1 aquatic plants that we deal with. It has the
2 greatest coverage of all the reservoirs. It has to
3 be -- in the areas where the stakeholder groups have
4 come up with a management plan and how we address
5 this particular plant, we have to go back about
6 every four to five weeks to retreat or cut this
7 material.

8 On the other hand, hydrilla is much
9 more difficult to treat. When we do treat it, it's
10 on a frequency of about a three-week interval. This
11 plant can grow from depths of 15 feet to top out on
12 the surface.

13 Also, in good conditions, like we
14 have seen the past couple of years and back in the
15 earlier years when the river system was -- or the
16 conditions -- climatic conditions were dry, it was
17 growing about six inches a day, and that's hard to
18 deal with. And you can see kind of the impact of
19 how fast it can come along.

20 This particular plant was discovered
21 in Gunterville Reservoir first in 1982. We're not
22 sure how it got there. There's -- you know, you can
23 listen to a lot of different stories about what
24 people believe and how they think it came to the
25 reservoir. It can be transported in on boat props

1 and hooked to boat trailers where people are going
2 from reservoir to reservoir, particularly from
3 Florida to the more northern lakes in Alabama and
4 Tennessee.

5 One account, a person says that they
6 have seen boats coming into the reservoir hauling
7 plant materials from other reservoirs. We haven't
8 seen that. So it's only hearsay.

9 But in the main stem reservoirs where
10 hydrilla is more predominant, there's not enough
11 fluctuation. Since its capability is to grow from
12 bottom depths of 15 feet, you know, we're not able
13 to fluctuate the reservoirs in a way on the main
14 stem that would kill this out during the winter
15 months. If we looked as an assessment across the
16 valley of the main stem reservoirs, this is kind of
17 an order of priority where the problems exist with
18 aquatic plants.

19 Judy Miller is here with us today
20 from the Gunterville stakeholder group, and we were
21 talking last night about this list. And, you know,
22 one thing she was quick to recognize is, you know,
23 there's -- there seems that there should be a big
24 gap between Gunterville and Chickamauga, and she's
25 absolutely right. If you think about it in order of

1 magnitude, the most infested to the lesser infested
2 reservoir, there is a big difference.

3 In 1988 there was 20,000 acres in
4 Gunterville. This year there's 15,000. In
5 Chickamauga in 1988 there were seven. This year
6 there's 3,000. So that can kind of give you an
7 idea. Wheeler, 10,000 and 4,000. Nickajack, 1.5
8 and 1.5, it's about the same in '88 as it is today.
9 Pickwick, much lesser, about 200 acres in 1988 and
10 there's about 400 now. In Kentucky, however,
11 there's a pretty drastic difference, but it's down
12 to about 300 presently.

13 If we think about --

14 DR. PAUL TEAGUE: Excuse me. Is that
15 after spraying is the reason it decreased or
16 natural?

17 MR. DAN FERRY: We have been spraying
18 and harvesting plants since 1996. We had done some
19 work up to that point in time, and we stopped for a
20 period of time. So there is -- you can see an
21 effect there of the results of spraying and
22 treating.

23 However, when we start looking at the
24 differences in numbers, in 1988 we were coming off
25 from an extended drought period. During that type

1 of a condition the water is more clear, the flows
2 are lower, the water is more clear, therefore, the
3 sunlight can penetrate better. There's not enough
4 turbidity to shield the weeds from growth. So you
5 have got perfect conditions then. In 1991 we saw
6 much higher flows, more turbidity, which lessened
7 the percent of growth during that growing season.

8 Now, as you-all know, we talked some
9 yesterday about how dry it is. From the helicopter
10 you could see kind of the effects of being almost
11 ten inches of rain behind on an average across the
12 area. But it does -- to answer your question, it
13 does reflect a difference, but I think the greatest
14 effect that we got in reducing the amount was the
15 high flows in '91, you know, brought it back some.

16 This will kind of give you an
17 example. This is on Nickajack Lake. There's a
18 mixture here. The reason I put this slide in today
19 is this is not all hydrilla or milfoil or coontail
20 or a lot of the other plants that we deal with.
21 This also has a lot of algae. Now, the plants do
22 collect algae. Algae is trapped by the plants.

23 In our process of treating, we don't
24 have a mechanism for dealing with alga growth. We
25 only deal with the plants. However, this is resting

1 on top of aquatic plants.

2 If you consider the climatic
3 conditions that I was talking about in answering
4 your questions, again, just briefly, in 1988, very
5 dry, perfect conditions, 1991, high flows,
6 turbidity, not a very good growing year, 2000, we're
7 growing back to 25,000 acres, and you can kind of
8 see a correlation between the dry period in '88 and
9 the dry period in 2000 and some of the things that
10 we're going to face.

11 Are aquatic plants good or bad?

12 Well, it depends on who you talk to.
13 If we talk about benefits, they do provide food and
14 cover for fish, waterfowl. They do reduce wave
15 action. There is some filtration that they provide.
16 They help protect the shoreline by reducing wave
17 action. And, of course, the sport fishing industry
18 enjoys fishing along the transition between water
19 and weeds. However, again, Judy and I were talking
20 about that last night. I think she will talk a
21 little bit more about that in a minute.

22 On the problem side, they do
23 interfere with water sports. We talked about the
24 fact that the weeds do get hung up in the props and
25 you can't really ski in areas where there's a lot of

1 weeds. They restrict access. You know, there's
2 some boat ramps and some streams that -- or some
3 reservoirs that it's difficult to get through the
4 weeds to get out to the main channel.

5 However, in most cases we try to
6 treat the areas around public access areas to
7 provide access. I think the aesthetics and economic
8 group, as you will hear from Ms. Miller later on,
9 has a great impact on communities. The clogging of
10 water supply intakes is something that not only from
11 a municipal perspective, from a power production
12 perspective as well, there is a concern.

13 In the -- well, this time of year,
14 late September, particularly the weeds are already
15 dying out, broken loose from the bottom and flowing
16 downstream in large mats. Of course, we weren't
17 able to see any from our flight yesterday, but there
18 was, you know, large what we call mats, you may call
19 it a floating island, moving downstream of
20 decomposing plant material. There is an impact on
21 property values. I think Ms. Miller as well is
22 going to talk about that later on.

23 One item that I do not have up here
24 is where aquatic plants have taken over in coves
25 where the conditions are right. It does provide

1 habitat for mosquitos, which is a concern to a lot
2 of the communities.

3 The most important thing that I have
4 to say to you today, I believe, is to stress the
5 importance of stakeholder group involvement. I
6 don't think, particularly in the case of
7 Guntersville, we would be where we are today with
8 the plan that we can implement on an annual basis
9 without the involvement of the stakeholder group. I
10 am very pleased to have Judy here to talk with us
11 today and explain how she feels that the stakeholder
12 group works.

13 But you can sit down together with a
14 group of diverse interests that represent
15 recreational interests and aesthetic interests and
16 the interests of a particular community, the anglers
17 and all of these people, you have them all at the
18 table. You can facilitate a process where you try
19 to look at all of the needs of as many people as you
20 can and take into account at the same time the
21 importance of maintaining the reservoirs ecological
22 help.

23 The actions of the stakeholder group
24 is to, as I mentioned, identify the management
25 areas. After the plan has been developed and scoped

1 out, then you take maps and identify areas of
2 treatment together, and after you do that, come up
3 with control techniques, whether you -- whether the
4 best approach would be herbicides or mechanical
5 harvester or whatever the best approach would be.

6 In some cases, due to lack of
7 development and other things on some reservoirs, the
8 stakeholder group will decide that, well, we would
9 rather concentrate our efforts here, here, and here,
10 and not here. So it's very helpful. The local
11 people understand the expectations of the community,
12 I believe, better than we do.

13 The main response -- one of the main
14 responsibilities of the stakeholder group is to keep
15 the general public informed, not only the
16 stakeholder groups. Stakeholder groups a lot of
17 times are a large group of people. Everybody can't
18 always come to every planning session or work
19 session, so they communicate among themselves real
20 well, but we depend very heavily upon the
21 stakeholder group to inform the greater community.

22 On the case of Guntersville, they do
23 an outstanding job. They could probably be a public
24 relations firm if they wanted to be with the good
25 job that they have done there.

1 Also, we agreed to an annual review
2 process to make sure that the plan that we have
3 developed is meeting the needs and taking care of
4 the ecological health of the reservoir, as well as
5 the recreational needs, as well as some of these
6 other things that we have talked about. And if we
7 find that the plan is not working, then it's time to
8 look at ways to modify the plan so that it can meet
9 the needs after that year of tests, let's call it.

10 The benefit, bottom line you might
11 say, after you bring all of these people together,
12 they all have different interests, different ideas,
13 you move to, first, resolve any conflicts around the
14 table. And the stakeholder group works real well in
15 bringing the issues to the table and talking through
16 them, because there's many, many times you see it
17 happening in people's eyes around the table, they --
18 it's like, oh, okay, I didn't know that, I didn't
19 understand, that's a good point of view, and I
20 appreciate you pointing it out. Sometimes it's
21 friendly, sometimes it's not, but it's interesting.
22 It gets it all on the table so you can deal with it,
23 and then finally to reach a consensus.

24 This kind of gives you an idea of
25 herbicide application in near shore situations. In

1 this particular case, we couldn't use a mechanical
2 harvester. The water would be too shallow. It
3 takes five feet of depth to run the mechanical
4 harvester in. So we would use herbicides here
5 applied from an air boat. This is a contractor that
6 works for us, and that's what they are doing, is
7 treating around the dock there.

8 This is another contractor that we
9 use down on Guntersville. This is a mechanical
10 harvester that works kind of like a hay bailer in a
11 way. As it goes along, it picks up the weeds and
12 processes them. We have two different kinds of
13 harvesters.

14 This one, you can see the chute
15 coming off the back here. It actually can load the
16 plant material out on to the bank or into a barge.
17 This particular one, that we can only use on one
18 specific reservoir, just collects the material,
19 grinds it up, pulverizes it, and drops it as it
20 moves forward.

21 This is an example where this entire
22 area right through here at one time was totally
23 covered with aquatic plants, as well as this channel
24 right here. This over here, you can't see, the
25 slide kind of bleeds out, but this is the main

1 channel.

2 What this represents is access lanes.
3 You know, I talked about earlier that part of the
4 support that TVA provides to the stakeholder groups
5 is to identify areas, and this particular area right
6 here is a good fishing area where there's a
7 considerable sport fishing, not industry, but large
8 interest group that wanted to access this part. So
9 we treated here and then provided access lanes here
10 and downstream and upstream so that boats could come
11 in and out of the main channel to access those
12 areas.

13 This particular site shows a cove
14 that would have been totally infested with aquatic
15 plants all along here. This area that's clear back
16 here was treated with herbicides. And you can see
17 right here where the lanes were cut into this cove
18 with the mechanical harvester. This one right over
19 here is not a lane, it's just real, real shallow and
20 not accessible, but these are the two lanes right
21 here that are maintained.

22 This is a commercial and public use
23 area. You can see this large area right here of
24 aquatic plants, which goes both up and downstream.
25 The area -- this is a commercial marina back here

1 that's been treated. And then, of course, a
2 swimming beach here and then access piers and places
3 to dock boats there for day use types of use.

4 You can see a navigation channel
5 that's been cut in here. And I apologize for these
6 slides, they kind of bleed out a little bit on this
7 screen, but you can get an idea of how the
8 navigation channels are maintained that way.

9 At this point I would like to turn
10 the floor over to Judy to talk a little bit to you
11 about how we interact with the stakeholder groups,
12 and then I will come back and we will have one slide
13 to discuss as we close.

14 MS. JUDY MILLER: You know, I
15 couldn't help but notice this morning on your
16 program that everybody that spoke to you was a
17 doctor, well, I'm not a doctor, and I'm not a public
18 speaker, but I really do appreciate the opportunity
19 to come and report to you on the aquatic plant
20 situation on the Gunter'sville Reservoir and to tell
21 you just how successful the stakeholder process has
22 been in dealing with that issue.

23 Dan, I really appreciate your help
24 with the presentation. Dan has given you some good
25 visual images to help you relate better to the

1 problems we face on the Gunter'sville Reservoir. So
2 I won't take a lot of time being redundant about the
3 history of aquatic plants, except to say that on
4 Lake Gunter'sville we have come a long, long way.
5 And where we come from, we don't want to go there
6 again.

7 Most of you, thank goodness, don't
8 have to contend with these problems. I realize that
9 aquatic plants is not something that everybody, you
10 know, is dealing with, and so maybe you don't
11 understand the full magnitude of it.

12 But, you know, there was a time when
13 ducks walked on top of the water at Gunter'sville.
14 Boat propellers got clogged and broke and motors
15 burned up. Swimmers got tangled up in the weeds.
16 People were afraid to let their children and
17 grandchildren jump off of a pier because of the
18 tangle of weeds.

19 Industrial prospects flew over our
20 area and they would look down and say, what is that
21 awful stuff in your water, you know. And I guess
22 this is the most serious thing of all to me, angry
23 frustrated homeowners were pouring dangerous
24 chemicals in our water, everything from garden
25 poisons to antifreeze.

1 Now, do you want to be downstream
2 from that?

3 You know, there was several
4 situations, I remember we had a little storm blew up
5 one afternoon and there was some heavy wind in it
6 when a whole colony of those weeds that Dan was
7 showing you on the slides broke loose and it washed
8 up into a sluice and it washed up against people's
9 boathouses, they couldn't even get their boathouse
10 doors open, and it took ton -- they brought in dump
11 trucks and hauled off tons and tons and tons of that
12 stuff. So if you can imagine acres and acres and
13 acres of vegetation, you know, it's a lot to deal
14 with.

15 And I realize that, you know, a
16 little bit of a good thing is good, but too much of
17 a good thing is bad. I mean, you know, Vitamin K is
18 good for you too, but too much of it will kill you.

19 When TVA eliminated their aquatic
20 plant management program in 1996, it took less than
21 two years to get in that really bad mess. By 1998
22 we had 20,000 acres of our lake covered in hydrilla
23 and milfoil, 25 to 30 percent of the developed
24 shoreline was infested, and the hydrilla was
25 spreading really, really fast. We knew that the

1 following year was going to be a nightmare.

2 So at that time in 1998 a stakeholder
3 group was initiated made up of people representing
4 all of the different lake user interests, and we
5 began the tedious task of trying to bring everybody
6 together, all of those diversified interests and
7 factions to try to come up with a compromise,
8 something we could all agree on and a workable
9 management plan.

10 I won't tell you that it wasn't a
11 huge sacrifice of time and energy. We had lots and
12 lots of all day meetings, mountains of reading
13 materials. We had experts come in and talk to us.
14 We felt like we were sitting in biology classes a
15 lot of days, but we wanted to be educated. We
16 didn't want to go into this thing with preconceived
17 ideas, you know, we wanted to really truly be
18 educated about the issue.

19 We convened focus groups. We held
20 surveys. We had public relation efforts. We held
21 public hearings, and we made a real concerted effort
22 to try to dispel some of those rumors and myths and
23 fallacies about herbicides. There were a lot of
24 misconceptions out there.

25 And the stakeholders eventually

1 endorsed a long-term management plan, which was
2 fully implemented last year. And folks, you know
3 what, it is working. It is really working.

4 Has TVA eliminated aquatic plants on
5 Lake Guntersville? No. And that was never our
6 objective to even attempt to do that.

7 But do people have reasonable access
8 to the water now for swimming and boating and
9 fishing and other commercial and recreational uses?
10 Yes, they do.

11 Are people generally satisfied, even
12 the fishermen, the duck hunters, the
13 environmentalists, let me tell you, that's no small
14 feat.

15 Have the calls quit coming to the
16 local leaders and the elected officials? You know,
17 we answered a lot of very hostile phone calls.
18 Absolutely. I'm telling you the only calls we get
19 now are thank you's, good job, keep it up.

20 This week TVA is winding up their
21 program on Guntersville Lake, and it's been a very,
22 very smooth program this year. I can't say enough
23 about David Webb and the TVA employees and their
24 contractors, they have just done a super, super job.
25 Not only are they experienced and respected and, you

1 know, experts in what they do, but they recognize
2 the sensitivity of the issue and they are very
3 responsive to the people. They are very patient in
4 dealing with them and answering their questions, and
5 they have done a great job of communicating with us.
6 You know, those things are every bit as important as
7 the herbicides are in making the program work.

8 We don't have all of the numbers
9 tallied up yet, but I think when it's all said and
10 done, by the end of September they will have treated
11 some 2,900 and 40 or 50 acres with herbicides since
12 June 1.

13 Now, let me explain to you that
14 acreage. If a tract or an acre is treated two times
15 or three times, Dan told you how frequently they
16 have to go back, you know, every so many weeks, if
17 that acre is treated three times, then for the
18 purpose of counting these figures, that counts as
19 three acres. So it's really not as much as it
20 sounds like, you know, area-wise. That's just a
21 little bit less than last year. I believe last year
22 they treated 3,070 acres.

23 Additionally, two harvesters have
24 worked on the reservoir. One belongs to TVA, as you
25 saw, and it's there full-time. The other one is

1 contracted. And between them, they have cut about
2 18 miles of lanes.

3 Now, that's just cutting a swath
4 through the vegetation so that people can get to the
5 deeper channels and get from one point to the other.
6 You can't always go straight like the eagle flies
7 from point A to point B. You have got to find a
8 lane and you have got to go through it because you
9 just can't go through those weeds.

10 The hydrilla, of course, is the
11 hardest to control, and it's continuing to increase.
12 That's a real cause for concern for us. Last year,
13 of the area they sprayed with herbicides, about
14 1,100 acres of it was hydrilla. This year that's
15 going to be closer to 1,400 acres. So in 12 months
16 of time, you know, just that area has grown by
17 300 acres. Roughly half of what they sprayed this
18 year is hydrilla.

19 Now, of, you know, 1,100, 1,400
20 acres, total of 2,940 acres sprayed, you know,
21 that's a very small percentage of the total
22 vegetation. We have got 15, 20,000 acres of
23 vegetation, and we're treating 2,940 acres, which
24 may be the same acre retreated two or three times.
25 So to put it in perspective for you, we're actually

1 treating a very small amount.

2 They monitor it very closely. They
3 can tell you where every new colony is and, you
4 know, when they are springing up. They are going to
5 spend this week -- the rest of this week trying to
6 hit some of those areas and maybe stay a little bit
7 ahead of the curve and try to have an impact on next
8 year.

9 I want you-all to understand that
10 this body of water is not just -- it doesn't
11 generate power and drinking water for thousands and
12 thousands of people. It is very, very important to
13 our local economy, our recreational and tourist
14 trade, the recruitment of new jobs and industry.

15 In a 14-month period last year, we
16 lost 1,500 jobs in Marshall County. So I can tell
17 you that recruiting industry and bringing jobs to
18 Marshall County is, you know, very, very important
19 right now, and, of course, the quality of life, in
20 general. So it's imperative that this stewardship
21 activity continue, and we need the Council to
22 recognize the importance of this and to support us.

23 Now, you may say, well, gee, you have
24 just told us a success story, right? Well, it seems
25 that way, but we have one lingering concern.

1 You see, early this year when the
2 stakeholder group met, and we try to meet at least
3 annually now to re-evaluate, you know, the program,
4 tweak it a little here and there to see if there's
5 any adjustments that need to be made, but when we
6 met early this year, and it was about 90 days before
7 the designated start date, TVA dropped the bombshell
8 on us that, well, they were geared up and ready to
9 go but they had not fully funded the program in
10 their budget this year.

11 Well, when we adopted a long-term
12 plan, long-term was the operative word there, you
13 know, that's -- we don't need -- we can't go through
14 this funding battle, you know, every year. We need
15 the reassurance that TVA won't abandon their
16 responsibility for ongoing management of aquatic
17 weeds nor attempt to shift the burden to local and
18 county governments who just simply don't have the
19 resources to handle it.

20 You know, no matter how clever the
21 TVA commercial is or how well produced it may be or
22 how many times it runs during the Super Bowl, it
23 won't build public trust and it doesn't foster
24 goodwill. That is accomplished from a long history
25 of consistently fulfilling your obligation to the

1 people that you serve.

2 TVA has demonstrated just how capable
3 they are in dealing with the aquatic plant problems
4 that we have on Lake Gunter'sville, and we commend
5 them for a job well done, we want you to keep doing
6 it, but the stakeholders, the citizens, the local
7 officials, state legislators, and our congressional
8 representatives all believe that the funding control
9 and management of aquatic plants is TVA's
10 responsibility under the law.

11 So we would like to ask the Council
12 to take that stance as well and to exhort TVA to
13 continue to fund and carry out the program. You
14 know, we're only ten days away from the start of a
15 new fiscal year, and I would like to go home and
16 tell my stakeholders that, yes, this program will
17 continue and be carried out as planned.

18 Now, I think Dan has a few more
19 comments or some things that we want to -- points we
20 want to make, and we will certainly try to answer
21 any questions that you have.

22 MR. DAN FERRY: Just stay here, Judy.
23 I have got one more slide that kind of brings things
24 to a closure here, and this is kind of in the
25 prediction's category. When we talk about improved

1 climatic conditions, it doesn't mean improved for
2 the human being, that means improved for the aquatic
3 plants.

4 If we look at the year 2000 and
5 crystal ball it, if you will, to the year 2001 and
6 assume that we could have another dry period, we
7 could not, I mean, we don't know what the weather is
8 going to do, but that would certainly increase plant
9 populations and coverage due to dry conditions, warm
10 temperatures, clear water, those kinds of things
11 that we have talked about.

12 We all know that there's an
13 increasing recreational use on all of the
14 reservoirs. Judy talks about it, everyone that we
15 meet says, you know, there's just more people out
16 here than there used to be and there's problems with
17 these kinds of boats and problems with those kind of
18 boats. This tells us that there's going to be more
19 interaction with boats and people and aquatic plants
20 as well on the reservoir.

21 When we think about shoreline
22 development, of all the land around the TVA
23 reservoirs, there's about 25 percent of the
24 shoreline that's not developed yet. So as that land
25 becomes more developed over time, then, again,

1 there's more exposure of people and plants, and
2 therefore, we expect there to be a growing number of
3 stakeholders over time, particularly on the lakes
4 that you saw on the list earlier.

5 Right now we have got a stakeholder
6 group established at Guntersville, one on Nickajack,
7 and we're presently developing one on Chickamauga.
8 We haven't reached a final consensus. We have a
9 draft out for the stakeholders to use. I think it's
10 going to work all right.

11 We're waiting to see just how the
12 State of Tennessee makes the decisions that they
13 need to make relative to permitting herbicides --
14 the use of herbicides by individual property owners,
15 and how they go through that has a lot to do with
16 how we implement the stakeholder group process on
17 Chickamauga.

18 But at this point, Judy and I would
19 like to have just open dialogue with anyone that
20 wants to share their points of view or comments or
21 what-have-you.

22 MAYOR EDDIE SMITH: Okay. Jim, will
23 you handle the questions at this time?

24 MR. JIM CREIGHTON: Are there
25 questions? Okay. Bill?

1 MR. BILL FORSYTH: What's the cost of
2 this program?

3 MS. JUDY MILLER: Last year, I
4 believe, it was just a little over \$1,000,000. I
5 think \$1,080,000 to be exact and we don't --

6 DR. STEPHEN SMITH: Is that just for
7 Guntersville?

8 MS. JUDY MILLER: That's just for
9 Guntersville, Guntersville Reservoir.

10 DR. STEPHEN SMITH: Just to finish
11 that question, what was the total, I guess, of
12 the --

13 MR. DAN FERRY: We spent about
14 \$46,000 in addition to the money we spent on
15 Guntersville.

16 MS. JUDY MILLER: Keep in mind now
17 that the aquatic plants on Lake Guntersville, if you
18 go back looking at data for 25 years, our coverage
19 either doubles or more than doubles the coverage on
20 all of the other lakes put together.

21 So -- is that about right?

22 MR. DAN FERRY: That's right.

23 MS. JUDY MILLER: That kind of puts
24 that in perspective.

25 MR. JIM CREIGHTON: Okay. We'll go

1 to Ann and then Steve.

2 MS. ANN COULTER: Given that there
3 are negative as well as positive impacts to
4 herbicides, why not harvest exclusively? What are
5 the calculations there?

6 MR. DAN FERRY: Well, it's time,
7 effort, money. If you look at herbicide treatments,
8 you can treat much easier around docks. You know,
9 the harvester is a lot like a lawnmower, you have to
10 go here and here and here. Whereas, the spray
11 application, you can move it in and around the docks
12 better.

13 We can treat about 40 acres in a day
14 by spraying herbicides. The harvester will treat
15 probably four -- on a good day a little more than
16 four acres a day. Of course, it depends on the
17 reservoir, too.

18 In Alabama, through the permitting
19 process and our relationship with the Alabama
20 Department of Environment and Conservation, we're
21 able to chop, grind the weeds, and just drop them as
22 we go. In the State of Tennessee, that's not
23 allowed. We have to load them, haul them to the
24 shore and dump them out. Of course, you -- there's
25 a big, big difference in the number of acres that

1 you cover in a day that way.

2 MS. ANN COULTER: Is there not any
3 commercial aspect to the harvesting? There's no
4 commercial use of the byproduct?

5 MR. DAN FERRY: Well, actually -- use
6 of the plant, you mean?

7 MS. ANN COULTER: Uh-huh.

8 MR. DAN FERRY: No. We are wide open
9 to suggestions, if anybody has any ideas.

10 MS. ANN COULTER: You can reuse some
11 awful strange things.

12 MS. JUDY MILLER: We would love to
13 create a new business in Guntersville that could use
14 that plant.

15 MR. DAN FERRY: Absolutely. The
16 plant's about 95 percent water. So once the water
17 dries out, there's not a lot there, like if you
18 wanted to use it for compost or mulch or something.
19 We were talking a little earlier, maybe there might
20 be some other use.

21 One of the stakeholders from
22 Chickamauga brought a bottle of pills to the last
23 stakeholder meeting and said, did you know about
24 this stuff. We're, oh, no, what -- you know, no, we
25 don't know what that is. He said, well, actually

1 it's pelletized hydrilla, and he got it at his local
2 nutrition store. It had a whole list of good things
3 that are good for you.

4 MS. ANN COULTER: There you go.

5 MR. DAN FERRY: If you think about a
6 small pill and 20,000 acres of it, that's a lot of
7 pills.

8 MS. ANN COULTER: Does one method
9 have more lasting impact than the other? I mean, do
10 you have to reharvest as often as you have to
11 respray?

12 MR. DAN FERRY: That's a very good
13 question, probably the most important question to
14 ask. We only apply contact herbicides, which only
15 kills what it touches. It doesn't go to the roots.

16 If there was a time that there was a
17 consideration to apply systemic herbicides that
18 kills the roots, then we would have a very different
19 situation. Of course, that type of herbicide has
20 some metals in it, a lot of them have copper in
21 them, and it stays -- it's a metal, it stays in the
22 substrate where it rests on the bottom. So there's
23 a major balance. Some stakeholder participants are
24 very concerned about that.

25 As an example, here on Chickamauga,

1 all of the stakeholders unanimously around the table
2 said, absolutely no systemics, contact herbicides
3 only when you have to, and harvesting wherever you
4 can was their position that they took there. So
5 there's a difference.

6 MS. ANN COULTER: But when you
7 harvest, do you harvest one time?

8 MR. DAN FERRY: No. Usually it's the
9 same situation whether we spray or whether we
10 harvest. It kind of lasts about the same amount of
11 time.

12 What's real interesting though,
13 particularly on Guntersville, the milfoil is more
14 reactive to spraying and cutting whatever, but what
15 actually happens is when you come through and spray
16 or cut, you open up the sunlight to get to the
17 hydrilla, and it's the one that really comes back
18 the fastest. So actually it's almost like a
19 cultivation that you're doing in a sense because it
20 does accelerate the growth of the hydrilla when you
21 remove the milfoil.

22 MS. JUDY MILLER: Harvesting is kind
23 of like mowing your lawn, you know, you mow the
24 grass and a week later, you -- you know, two weeks
25 later you have to mow it again. So basically that's

1 all the harvesting is.

2 MR. DAN FERRY: Yeah. The milfoil,
3 we have to come back and retreat every four or five
4 weeks. The hydrilla, about every two to three,
5 probably more like three weeks.

6 MR. JIM CREIGHTON: Steve?

7 DR. STEPHEN SMITH: I had a couple of
8 questions. One, did I understand that several years
9 back TVA got out of managing the aquatic weeds, the
10 weeds came back with a vengeance, so to speak, you
11 heard from various groups and you've gotten back
12 into it but now you're proposing to get back out of
13 it again, is that kind of where we are?

14 MR. DAN FERRY: No, we aren't
15 proposing to get back out.

16 DR. STEPHEN SMITH: You just don't
17 have the complete budget that you wanted in order to
18 go forward for next year, is that --

19 MR. DAN FERRY: The plans that we
20 have right now is to implement the same scope in
21 2001 that we implemented in the year 2000. Whatever
22 amount of money it takes to implement that same
23 scope is our commitment.

24 DR. STEPHEN SMITH: So I thought -- I
25 guess I understood -- maybe I misunderstood. You

1 mentioned a bombshell was dropped, that there wasn't
2 enough money.

3 MS. JUDY MILLER: That was in April
4 of this year when we were gearing up to do the 2000
5 summer program. Apparently, TVA reappropriated some
6 money, I guess. They did it. But that's just a
7 concern that we have from year-to-year, you know. I
8 mean, it's like, do we have to go through this song
9 and dance every year? You know, do we have to be
10 worried that the money is going to be there? Can we
11 have some reassurance that it's going to be
12 implemented at the same level, you know, year after
13 year?

14 DR. STEPHEN SMITH: Because one of
15 the things -- this is an issue that has been placed
16 into the water quality subcommittee, so I think that
17 this presentation with some more -- I speak for
18 Jimmy and the others on the subcommittee, but I
19 think we would be very interested in having a much
20 more detailed discussion about this because I think
21 it's an area that we would need the subcommittee to
22 come back to the full Council with a recommendation,
23 so this has been very, very -- I mean, obviously
24 you're very knowledgeable and very informed. I
25 think we will probably try to work something out to

1 get you guys to present to our whole subcommittee so
2 we can wrestle with this.

3 But I guess that's the thing I'm
4 trying to understand is the annual expenditures that
5 are -- TVA is currently committed to and sort of how
6 you guys see that going forward, and are we going to
7 see an increase in needs on some of these other
8 reservoirs going forward, and I guess I'm a little
9 fuzzy on that.

10 I'm not quite sure I understood where
11 that's going, because I understand it's much, much
12 worse on Gunter'sville, but it sounds like there's
13 problems with a potential being more serious on some
14 of the other reservoirs, too.

15 MR. DAN FERRY: There are some areas
16 along some of the other reservoirs, back on the list
17 before, that weren't previously developed, now they
18 are, and now there's a group of stakeholders out
19 there that are wanting to know what to do. We
20 haven't formed a stakeholder group yet with those
21 folks, but we have had initial meetings with them.
22 They know conceptually what we're talking about, I
23 believe, and they are willing to sit down and begin
24 developing a plan.

25 On Gunter'sville all -- you know, we

1 are hoping for a wet, wet spring, you know, high
2 flows, turbidity, you know, then we won't have as
3 much to treat, but, you know, here we are talking
4 about climatic conditions, you know, we could have
5 continued back-to-back dry years and we won't have a
6 good situation.

7 MR. JIM CREIGHTON: We've got to stop
8 the questions here. Let me get to Tom, Lee, and
9 Austin.

10 MR. THOMAS GRIFFITH: Judy said that
11 in Gunterville it costs you approximately
12 \$1,000,000 this year for your aquatic weed
13 treatment, is that correct?

14 MS. JUDY MILLER: That's true.

15 MR. THOMAS GRIFFITH: Approximately
16 how much does TVA spend there as well as other lake
17 areas for that type of weed control, would you say,
18 approximately?

19 MR. DAN FERRY: Judy?

20 MR. THOMAS GRIFFITH: Whoever knows.

21 MS. JUDY MILLER: I can only answer
22 for Gunterville, so I'm going to defer to Dan.

23 MR. DAN FERRY: About \$40,000 on the
24 other reservoirs. We only have stakeholder groups
25 right now functioning on Gunterville and Nickajack,

1 and next growing season we will have a functional
2 stakeholder group on Chickamauga. We don't know
3 yet -- we haven't identified the areas of treatment,
4 so it's far too early to say how many acres we will
5 be looking at on Chickamauga.

6 MR. THOMAS GRIFFITH: But it's a
7 1,000,000 and about 40,000, is that --

8 MR. DAN FERRY: Yes, that's correct.

9 MR. THOMAS GRIFFITH: And, of course,
10 that comes out of power funds because TVA does not
11 get any appropriation from Congress. My point is, I
12 guess, getting to be that if we're going -- probably
13 we certainly need it, I am not taking away from
14 that, but we may be need -- this committee needs to
15 be thinking about asking for some consideration or
16 probably renewing our federal request from Congress
17 because these expenditures such as that, although
18 important and they're needed, they come out of power
19 funds, and certainly, they impact the cost of
20 electricity to the customers throughout the valley.

21 And I know a lot of people that
22 distribute electricity are just like I am, I have
23 got a lot of people this month that's going to have
24 an awful, awful hard time paying their power bill
25 because it's been so hot, and I was just wondering

1 about the costs there. I think it's very important,
2 I see that happening, but I just was wondering about
3 the cost.

4 MR. JIM CREIGHTON: Lee?

5 MR. LEE BAKER: That pretty much
6 asked my questions, but as somewhat of a follow-up,
7 in other parts of the country, who is paying for
8 that type of weed control or aquatic control in
9 other parts of the world?

10 MR. DAN FERRY: I am only familiar
11 with the State of Florida, and the Department of
12 Natural Resources there funds part of it. But
13 there's a large number of privately owned lakes in
14 the State of Florida, and there's an enormous number
15 of contractors down there that have equipment
16 similar to what we have talked about that goes out
17 and treats the lakes there.

18 MR. LEE BAKER: My concern is exactly
19 as Tom's, you know, the rate payers are paying that,
20 and while I agree it's probably a big problem, I
21 have a concern as to how far the rate payers have to
22 go to pick that cost up.

23 MR. JIM CREIGHTON: Okay. I promised
24 Austin and I since see Paul and Roger.

25 MR. AUSTIN CARROLL: Well, basically

1 I had the same question there about, you know, what
2 the costs were because, you know, just looking at it
3 across the valley from a rate payer's perspective,
4 you know, here's, you know, \$1,000,000 going to that
5 particular lake there which does benefit, you know,
6 those people that use that lake, but it's been --
7 the cost there has been distributed across the
8 valley to folks that may or may not be aware of
9 Gunterville Lake, so, you know -- but, indeed, it
10 does need to be done, I agree with that, but --

11 MS. JUDY MILLER: It is a lot of
12 money.

13 MR. AUSTIN CARROLL: -- it seems like
14 that should come from some kind of state or federal
15 appropriations.

16 MS. JUDY MILLER: And we wish it was
17 a problem we didn't have, but, you know, as rate
18 payers I guess we feel like that we are -- we are
19 helping foot the bill for that cost, you know. And
20 also, it's my understanding that TVA was the one
21 that said they no longer needed congressional
22 appropriations. So, you know, if they want to go
23 back and ask for --

24 MR. THOMAS GRIFFITH: I don't think
25 that was the general consensus of everyone.

1 MR. AUSTIN CARROLL: No, we didn't
2 take a vote on that.

3 MS. JUDY MILLER: If they want to go
4 back and ask Congress for, you know, line item
5 appropriations, certainly our congressional
6 delegation, you know, would be very receptive to
7 that. Bud Cramer, Congressman Aderholt, Senator
8 Shelby, Senator Sessions, they have been very active
9 and very much a part of our stakeholder process.

10 MR. JIM CREIGHTON: Paul? Paul, did
11 you have a question?

12 DR. PAUL TEAGUE: Number one, it's in
13 the Constitution, if it's associated with
14 transportation it is the Federal Government's
15 responsibility also by the Constitution, not by some
16 decree from bureaucrats.

17 But back to my main question: Why is
18 Alabama able to chew it up and spit it back and
19 Tennessee not? What is the negative as to why you
20 can't do that? Because I know it's more expensive
21 when you have to barge it out and do away with it.

22 MS. JUDY MILLER: Fortunately, we
23 don't have a state law that prohibits that. I think
24 you're going to see some changes in state law in
25 Alabama in the very near future. I certainly hope

1 so.

2 Roger, maybe you can speak to that.

3 I know the administration has just created, you
4 know, a new environmental Council, and I tend to
5 think we're lagging behind in some environmental
6 laws.

7 MR. JIM CREIGHTON: I think he's
8 trying to figure out, what's wrong with spitting it
9 out? What happens?

10 MS. JUDY MILLER: Well, there's
11 some -- there's some controversy or question that
12 always comes up, there are a lot of people who think
13 when you chew it up and spit it out that you're just
14 propagating the weeds.

15 DR. PAUL TEAGUE: If you're not
16 destroying it, in other words, then it's reseeding?

17 MS. JUDY MILLER: Does it fall and
18 take root or does it just rot away and dissipate, I
19 can't --

20 MR. DAN FERRY: Some folks have that
21 perception. We see -- it's hard to predict. We
22 don't think that it propagates because it's ground
23 up pretty fine.

24 DR. PAUL TEAGUE: Well, has -- your
25 biologist, can't they tell you where you can take a

1 sprig of it and regrow it? That would answer that
2 problem basically.

3 MR. DAN FERRY: Where you get root
4 material, it's possible. When you're clipping off
5 the top five feet of it you don't get that root
6 material unless the machine actually drags some of
7 it up off the bottom, then you could get some root
8 material with it.

9 MS. JUDY MILLER: If it pulls it
10 loose.

11 MR. THOMAS GRIFFITH: How deep is the
12 water they are cutting it in?

13 DR. PAUL TEAGUE: If the question --
14 I mean, if the question is reseeding or if it's just
15 an idiosyncrasy of Tennessee law, then we can get
16 that changed.

17 MS. KATE JACKSON: It's also a water
18 quality issue. I mean, there's a biological oxygen
19 demand of having that stuff decay in the water. In
20 addition, there's chlorine that comes from the
21 chlorophyll. So there are water quality concerns
22 that I think T-Dot has that ADEM is slightly less
23 concerned with at this point.

24 MR. DAN FERRY: But we do expect the
25 State of Alabama to change. As Judy mentioned, it

1 is just a matter of time.

2 MR. JIM CREIGHTON: Roger?

3 SENATOR ROGER BEDFORD: Thank you. I
4 just -- if I understand it right, it's in the years
5 when there's less flow of water that the weeds
6 propagate more?

7 MR. DAN FERRY: Yes.

8 SENATOR ROGER BEDFORD: So if you
9 hold up the lakes, there's going to be more -- less
10 water flow, is that one of the --

11 MS. KATE JACKSON: That's a potential
12 that -- we would have to examine that if we were to
13 examine holding the lake levels up.

14 SENATOR ROGER BEDFORD: Because for
15 these people, it doesn't matter how high or low the
16 lake is, if they can't get in or out of their boat
17 dock or if they have got trash -- I think Judy can
18 relate to you one time when there was actually a
19 refrigerator that couldn't sink it was so thick out
20 there and it stayed on top of the weeds.

21 So for them it's not a question of
22 shoreline use for recreation like all of these other
23 studies show because of the uniqueness of the
24 problem. The sad thing is though apparently this
25 problem is growing up and down the system, and

1 unfortunately, won't be just unique to Guntersville
2 if current climatic trends continue.

3 MR. JIM CREIGHTON: Was the
4 refrigerator full? I'm sorry.

5 SENATOR ROGER BEDFORD: I defer to
6 Judy.

7 MR. JIM CREIGHTON: Okay. Any more
8 questions?

9 DR. STEPHEN SMITH: What was the
10 refrigerator doing being thrown in the reservoir?

11 MS. JUDY MILLER: It was in the back
12 waters. It was an old -- you know, somebody had
13 thrown it out or tossed it out, but it didn't sink.

14 MR. JIM CREIGHTON: We're using
15 subcommittee time here. Thank you very much.
16 Appreciate it.

17 MAYOR EDDIE SMITH: Okay. Thank you,
18 Jim. Okay. Before we break into sessions for the
19 subcommittee meetings, the next thing on the agenda
20 is the integrated river management subcommittee and
21 the public lands subcommittee meeting from now until
22 3:30 and then we will reconvene here to hear reports
23 from the subcommittees at that time. Jim, I think,
24 has a few instructions he needs to share with the
25 subcommittees as you go to your work.

1 MR. JIM CREIGHTON: This mic needs to
2 come up. As I mentioned last time, the transition
3 that usually happens in advisory committees is,
4 first of all, there's lots of education from the
5 Agency. Then you begin to bring in other groups and
6 get educated from them. And then there finally
7 becomes a point where the subcommittees sort of
8 start driving the agenda for the main group.

9 We're still trying to -- we're
10 clearly now into the second stage and sort of
11 driving toward the third. Eddie and I have been
12 talking about some way of putting together kind of a
13 layout or a plan for the next few months of where
14 we're going and what issues we're going to address
15 and which of them are being handled at the
16 subcommittee versus the full group.

17 So what I wanted to do was ask
18 subcommittee people to make a report somewhat
19 similar to what you did last month. So some of --
20 like the navigation group was pretty far along on
21 it. The other groups was less far along.

22 I will put this here and it magically
23 shows up there. But to the extent you're able, and
24 I know some of you may not be, the kinds of stuff
25 that would help us so we can build the plan that's

1 kind of bottoms up instead of laying down and to get
2 some sense again, just reiterate for our benefit
3 again what issues you're planning to address between
4 now and the end of March; what items you want to
5 place on the agenda for the full Council; and when
6 you want to place them, what kind of item are they;
7 are you wanting the full Council to get briefed or
8 are you wanting to discuss them and get some
9 guidance from the Council or are you wanting to have
10 the Council reach some kind of a decision on the
11 recommendation to TVA.

12 So that's necessary to kind of get
13 some sense of how much time you need on the agenda.
14 Are you talking about a half hour or are you talking
15 about a three-hour time block or whatever and so on
16 so that we can kind of see what all the
17 subcommittees are asking for and we can start to
18 negotiate all the conflicting demands.

19 Then the final thing is some sense
20 just for our scheduling purposes of how many
21 subcommittee meetings you need to have scheduled.
22 Are they all in association with Council meetings,
23 are they independent, just some cue to us of what
24 your foresight is as to how much work is needed.

25 I know that two of the subcommittees

1 are not meeting during this period. I am hoping
2 maybe the chairs can do a little bit of thinking and
3 be prepared. Again, all we're trying to do is get a
4 sense of where we're going, and hopefully, this
5 doesn't conflict with what you had planned to
6 discuss anyway. I'm assuming it would be kind of
7 similar.

8 Paul, did you have a question?

9 DR. PAUL TEAGUE: It's my
10 understanding that the subcommittees' discussions,
11 findings, all of it will be presented to the full
12 Council for presentation and that each person has a
13 right to contest that, and if so, if there is a
14 consternation, that everybody discuss it. Is that
15 not right?

16 MR. JIM CREIGHTON: I'm not
17 contradicting that. I'm just asking the
18 subcommittees to give me some clue as to, we think
19 in January we're going to be ready to bring you a
20 recommendation, please anticipate that on the
21 January agenda.

22 DR. KATE JACKSON: Or there may be
23 topics that subcommittees believe need to be
24 discussed at the full Council, much like Phil
25 suggested that the economic analysis of recreation

1 benefits for tributary lakes should be on this full
2 Council agenda, there may be other things.

3 MR. JIM CREIGHTON: This middle level
4 one I call discussion would be something where
5 you're not able to resolve it and you want some
6 guidance from the group beforehand. So this is not
7 contradictory in any way. This is just -- this is
8 just, give us some sense of where you're going
9 because we want to have the subcommittees to begin
10 to drive the agenda, and to do that, we need some
11 feedback from you of where you think you're going.
12 So at 3:45 we'd be grateful to the extent you can
13 give us this.

14 MS. JULIE HARDIN: Can you raise up
15 that No. 4 little bit?

16 MR. JIM CREIGHTON: I sure can.

17 MS. JULIE HARDIN: That's great.

18 MR. JIM CREIGHTON: Is it 3:30?

19 DR. PAUL TEAGUE: We're 15 minutes
20 late.

21 MAYOR EDDIE SMITH: Okay. The
22 meeting is adjourned until 3:30 and we will be back
23 here.

24 (Recess.)

25 MAYOR EDDIE SMITH: I think we ought

1 to go ahead and get started. I think some of the
2 members may have early flights, so we need to
3 proceed with what we have, I guess.

4 DR. KATE JACKSON: Yeah, but what's
5 the point of the integrated river management
6 committee reporting to the integrated river
7 management subcommittee?

8 MAYOR EDDIE SMITH: Okay. Is that
9 who is here?

10 DR. KATE JACKSON: Yeah.

11 MR. JIM CREIGHTON: They're walking
12 in the door.

13 DR. KATE JACKSON: Here they come.

14 MAYOR EDDIE SMITH: Okay. There's
15 who we're looking for. We will try to come around
16 and get started and get the reports from the
17 subcommittee, and again, we're asking Jim to do that
18 and also to take a look at the items or the agenda
19 for the November 1st meeting. So, Jim, you can take
20 it away.

21 MR. JIM CREIGHTON: What I thought I
22 would do, since I asked the subcommittees for these
23 reports as well, is try and as you report capture up
24 here the topics that you have -- you line out and
25 when you think you're ready for them, and so forth.

1 What I have done here is -- what I
2 heard earlier, and correct me if I am wrong on this,
3 was that in order to finally kind of round out the
4 whole picture on lake levels that you needed to hear
5 from TVPPA on impacts on power if you were to keep
6 the water in the reservoirs until later in the year,
7 the impact on navigation, the impact on water
8 quality, the impact on rafting, and then the GAO
9 report, is that correct?

10 MR. STEPHEN SMITH: I guess I have a
11 problem with the way you're characterizing round out
12 the whole concept of lake levels, because my
13 understanding in what we're doing is we're trying to
14 round out the integrated nature of the system and
15 that we need to hear about some of these things not
16 just in the context of lake levels but in the
17 context of how TVA manages the whole system. I
18 mean, I --

19 MS. JULIE HARDIN: Exactly.

20 MR. STEPHEN SMITH: I don't buy that
21 characterization at all.

22 MR. JIM CREIGHTON: So there
23 shouldn't be a subset of lake levels?

24 DR. STEPHEN SMITH: Not at all.

25 MS. JULIE HARDIN: Not at all.

1 MAYOR EDDIE SMITH: Fine.

2 MR. JIM CREIGHTON: These are simply
3 topics.

4 MR. STEPHEN SMITH: I mean, they
5 are -- they are critical components of an integrated
6 system completely independent and -- of everything
7 else and so I --

8 MR. JIM CREIGHTON: Is that the
9 understanding that everybody had? Okay.

10 Then the implication -- like, Dennis,
11 you need to report back to TVPPA that we're not just
12 talking about what's the replacement cost of two
13 months of power, we're talking about the role of
14 power in the system.

15 MR. STEPHEN SMITH: Well, yeah, I
16 guess. I mean, if that's what TVPPA wanted to come
17 and talk about, that's fine. I know the discussion
18 we're talking about in the context of the water
19 quality subcommittee is not talking about how water
20 quality is necessarily affected by lake levels. I
21 mean, there's much more around water quality than
22 just the levels of a portion of the TVA system.

23 MR. JIM CREIGHTON: The assignment
24 that was given to Tom in talking about navigation,
25 was it specific to lake levels or was it just

1 navigation?

2 MS. KATE JACKSON: No.

3 MR. JIM CREIGHTON: These are on the
4 agenda but they are not under the lake levels.

5 MR. STEPHEN SMITH: I view these
6 things as a continuation of what we had talked about
7 earlier in the sense that there was a portion of the
8 early part of what we were doing where we were going
9 to get education on the number of different issues
10 for the full Council that are -- that are issues
11 that are standing on their own.

12 MAYOR EDDIE SMITH: That's correct.

13 MR. JIM CREIGHTON: That's fine. I
14 was just trying to -- so if I take that off then,
15 this is accurately reflecting the topics to be
16 covered?

17 MAYOR EDDIE SMITH: But I think we
18 really wanted to know what other topics need to be
19 covered other than what we already have on the board
20 so we can kind of know where we're going, and that's
21 what we're trying to do at this time.

22 MR. JIM CREIGHTON: So what I thought
23 I'd do is as you explain where your subcommittee is,
24 I will try to capture the information going across,
25 and so on.

1 MR. STEPHEN SMITH: Now, the other
2 thing is, this list, to do justice to these things,
3 I think, is too long for one day.

4 MAYOR EDDIE SMITH: Well, that may be
5 true.

6 MR. STEPHEN SMITH: You know --

7 MR. JIM CREIGHTON: Let me come back
8 to that, if I can, Steve.

9 MR. STEPHEN SMITH: Okay.

10 MR. JIM CREIGHTON: We will talk
11 about the November 1. What I just wanted to do is
12 kind of a data dump here, get all of the stuff up
13 here that all the groups are thinking about and all
14 the subcommittees are thinking about, and then we
15 will come back and say, what do we want to do about
16 November 1.

17 DR. STEPHEN SMITH: Okay.

18 MS. JULIE HARDIN: Is it set that
19 this meeting is in Knoxville on November 1?

20 MR. JIM CREIGHTON: My understanding
21 is that November 1 is in Knoxville for sure. What
22 we don't have is we had set a tentative date of our,
23 quote, December meeting of November 29th, and we
24 don't have a location for that yet, that's one of
25 the topics we need to talk about.

1 All right. Let's get to the
2 subcommittees. Al, do you want to start with your
3 group first and we will take it from there?

4 MR. AL MANN: I have nothing to
5 report. We didn't meet today. Two of the members
6 aren't even here, so we have nothing at this point.

7 MR. JIM CREIGHTON: Can you remind me
8 from the last meeting what your group had -- because
9 your group was fairly far along, as I remember, in
10 terms --

11 MR. PHIL COMER: What subcommittee is
12 that?

13 MR. HENRY: Navigation --
14 infrastructure, I'm sorry. We haven't met since
15 then, so I really have nothing to report.

16 MR. JIM CREIGHTON: All right.
17 Moving right along. Public lands, Paul, who is --

18 MS. JULIE HARDIN: Ann Coulter.

19 DR. PAUL TEAGUE: Our industrial
20 leader is Ann.

21 MR. JIM CREIGHTON: Okay. Ann?

22 MS. ANN COULTER: We had -- we
23 prioritized -- we categorized and prioritized in
24 terms of -- not in terms of importance but in terms
25 of how early we will address them, the work of our

1 subcommittee. And those categories are shoreline
2 management, natural resource conservation,
3 recreation, and economic development.

4 We had set a target at our last
5 meeting of bringing our first set of recommendations
6 to the Council by next February. So we will be
7 addressing recreation issues first and hope to bring
8 to the full Council any recommendations we have with
9 regard to recreation at that February meeting.

10 We will -- and we realize there's a
11 significant amount of overlap, not only among these
12 topics, but these topics and those of the other
13 subcommittees, but as much as we're able to, we will
14 then address natural resource conservation as a
15 second area, which we would hope to bring
16 recommendations at the next meeting, and then
17 economic development as our third set of
18 recommendations the following meeting, and then
19 shoreline management as our fourth area at the
20 subsequent meeting. So there will be a little bit
21 of work that will have to go on at all of these at
22 the same time, but we will be initially addressing
23 recreation issues.

24 MAYOR EDDIE SMITH: Let me ask you a
25 question. If we devote more of our meeting sessions

1 starting in January, in other words, instead of
2 having our education session we'll let the morning
3 session be strictly subcommittee meetings, do you
4 think you can up the schedule some?

5 DR. PAUL TEAGUE: Probably.

6 MS. ANN COULTER: Possibly, yeah. I
7 mean, the more time we have at Council meetings for
8 subcommittee work, the quicker we will get our
9 subcommittee work.

10 MAYOR EDDIE SMITH: I'm hoping by
11 January we will be able to devote the morning
12 session strictly to getting subcommittee stuff done,
13 that's what I'm hoping we're shooting for.

14 MR. JIM CREIGHTON: Did your
15 committee have other things to report besides --

16 MS. ANN COULTER: Well, we -- at this
17 point, other than water quality, which I see is
18 taken care of at the November meeting, we don't have
19 any request for specific presentations or
20 discussions from the full Council. And we are
21 tentatively scheduling the recreation meeting of our
22 subcommittee for October 27th in Chattanooga.

23 MR. STEPHEN SMITH: Ann, can I ask
24 you a clarifying question?

25 MS. ANN COULTER: Uh-huh.

1 DR. STEPHEN SMITH: Within the
2 context of what you think your subcommittee would
3 need relative to water quality, is there any
4 specific information that you would be looking for
5 in the presentation we may do on the 1st?

6 MS. ANN COULTER: Well, I think we
7 will be most interested in water quality as it
8 relates to the issues of public land management.

9 DR. PAUL TEAGUE: And industrial.

10 MS. ANN COULTER: Right, which
11 includes economic development, industrial
12 development of land.

13 And we have got a conference call
14 scheduled for October 4th where we will hash out
15 what we're going to do on the 27th. More than
16 likely that will be probably close to an all-day
17 meeting, and we're going to try, as much as
18 possible, to have that meeting on recreation include
19 more general public input on recreation issues.

20 MR. JIM CREIGHTON: Okay. Anything
21 else from that committee?

22 MS. ANN COULTER: Julie, do you and
23 Paul have anything to add? No.

24 MS. JULIE HARDIN: No, that's very
25 good.

1 MR. JIM CREIGHTON: Okay.

2 MS. JULIE HARDIN: Any of our new
3 committee members have anything to add? Marty, does
4 it sound good?

5 MS. MARTY MARINA: It sounds fine.
6 To answer Stephen's question, on water quality we
7 need to know about permitting, about the permitting
8 process in Tennessee or in any of our states that
9 are different.

10 MR. JIM CREIGHTON: The comment was
11 the desire to hear about the permitting process for
12 water quality issues.

13 MS. MARTY MARINA: Both state and
14 federal levels.

15 MS. JULIE HARDIN: Bob and Michelle,
16 do you have anything else to add -- I mean, Bill,
17 Dan? Okay.

18 MR. JIM CREIGHTON: Okay. As long as
19 we're on water quality, shall we go to the water
20 quality committee?

21 MR. JIMMY BARNETT: Okay. We have
22 had one meeting at which we came up with 70 or 80
23 different topics, some of which are duplications,
24 because we did it in a brainstorming session. And
25 we will be meeting the 27th, too, maybe we should

1 get together and have a party, on TVA, of course,
2 but we will be meeting here in Chattanooga on the
3 27th to categorize and prioritize those particular
4 projects, our topics, that's our main thing. And we
5 will be getting some things going after that point
6 on specifics, who does what when and where.

7 We can't work or devote a lot of time
8 to 70 or 80 projects, so we're going to crunch them
9 down, get them to some workable levels, then
10 prioritize those and get them to there.

11 We'll try to have someone for the
12 November 1st meeting that can, you know, give us
13 some good input because we're going to need some
14 input too, and we will be getting some next week.
15 We have -- I will say this, we have a good
16 subcommittee, they seem to work well together, and
17 I'm proud of each and every one of them, even
18 Stephen.

19 MS. JULIE HARDIN: Even Stephen.

20 SENATOR ROGER BEDFORD: He's on your
21 committee, too?

22 DR. STEPHEN SMITH: He's everywhere.

23 MR. JIM CREIGHTON: The bottom line
24 is, I guess, you're not able to go out further, that
25 really will come out and by the end of the next

1 meeting you might be able to give us this kind of
2 feedback?

3 MR. JIMMY BARNETT: That's correct.

4 MR. JIM CREIGHTON: And the other
5 thing you're taking on as your responsibility is
6 making sure that there's a presentation for
7 November 1st?

8 MR. JIMMY BARNETT: Yes.

9 MR. JIM CREIGHTON: Anything --
10 anybody else in that group need to add anything?

11 Okay. River management.

12 SENATOR ROGER BEDFORD: Thank you.
13 We had a very good subcommittee meeting today. We
14 had one previously. And we had previously decided
15 on eight areas within our charter, and we decided to
16 look at them through three different prisms for
17 technical assistance, one being from the public
18 area, federal, local, and state governments, the
19 other being from business and industry and a number
20 of interest areas within there, and then the final
21 area being the public.

22 And so we began that process today
23 dealing with regional development, and we had two
24 very good technical speakers. One, Joe Guthrie, who
25 does regional economic development who stressed the

1 need for TVA to restore its role -- more active role
2 in the regional economic planning process and also
3 to open up better lines of communications, in
4 particular, when there's conflicts between a local
5 interest and that of a regional interest.

6 The other one, Jeff Bass, was from
7 Boeing, who spoke to us about why they located their
8 Delta Rocket Plant in Decatur, in particular, about
9 the unique needs of water transport, the excellent
10 role TVA played in developing infrastructure, and
11 his concern about water depth as far as navigation
12 and the quality of locks for the transport. They
13 take their rockets down to the Mississippi for
14 testing and then either go to the Cape or go to the
15 Panama Canal and go to Brandenburg or to California
16 for the military applications of it.

17 We began to build consensus on the
18 area of regional development. We have decided we're
19 going to attempt to build consensus as we look at
20 these issues, with the understanding that everything
21 is back on the table at the end of the day for the
22 subcommittee to look at again before we come back to
23 the Council.

24 The next meeting -- subcommittee
25 meeting will be sometime in October. It will not be

1 October 27th. And we have decided to combine lake
2 reservoir levels, recreation, and aquatic habitat as
3 the three groupings out of the eight that we had
4 identified earlier.

5 And I mean, common sense tells us
6 that throughout the eight the issues all interrelate
7 from a number of points of views, but we're trying
8 to invite any technical speakers to speak to us
9 about those issues. We have recommended that the
10 items that come before the full Council's agenda
11 deal with the issue of navigation. We have asked
12 Tom to work up a presentation for the full Council's
13 consideration.

14 We have also asked that some thought
15 be given as to whether or not it should possibly be
16 a panel, including recreational users and their
17 concerns about navigation as well, and the costs
18 associated with it and the benefits associated with
19 it.

20 And we don't know how many more
21 committee meetings we're going to need, but we're
22 prepared to go forward with them. I think we have
23 got a format that the group is comfortable with.
24 And with that, I will open it up to any other
25 members of the subcommittee as to their thoughts or

1 views. If not, okay, I'm back to you.

2 MR. JIM CREIGHTON: It's my
3 understanding, Roger, that your group will take on
4 making the navigation thing or telling us what needs
5 to be in the navigation thing and who needs to be in
6 it, that sort of thing?

7 SENATOR ROGER BEDFORD: Right. We
8 have asked Tom to spearhead it from the business and
9 industry side of it. We asked Janet and them to
10 look to help us identify a resource from the
11 recreational end of it and to look at that part of
12 it as part of what the -- we would ask the whole
13 Council to consider as part of one meeting.

14 MS. ANN COULTER: Roger, since you're
15 also dealing with recreation, we are, too, what
16 aspects do you plan to cover or what approach are
17 you going to take so we don't double up?

18 SENATOR ROGER BEDFORD: Well, that's
19 one thing we decided early on that we shouldn't be
20 afraid to double up or be redundant because that's
21 going to happen with all of us as we deal with the
22 issues.

23 But we had identified, much like
24 Jimmy said, as we brainstormed the area of
25 recreation, tourism/quality of life, lake levels,

1 how do we address as park policy, how do we increase
2 emphasis, lake level drawdowns, minimum summer
3 pools, upstream, downstream, recreation conflicts,
4 power generation, flood control, navigation,
5 whitewater rafting industry growing demands,
6 environmental impacts, shoreline development,
7 commercial and residential.

8 MS. ANN COULTER: I see some overlap
9 with what we're doing. It's not that I think, you
10 know, we need to huddle over just our things, but I
11 think for one thing if we're inviting folks in
12 recreation to come to meetings we're going to create
13 a certain amount of confusion if we're holding a
14 meeting and asking recreation folks to come talk to
15 us and then another committee is doing the same
16 thing.

17 MS. JULIE HARDIN: We ought to just
18 give the rafting over to his committee.

19 SENATOR ROGER BEDFORD: I'm not
20 trying to -- since I'm on that subcommittee, I'm not
21 trying --

22 MS. MARTY MARINA: If I can say
23 something, some of the recreation people are going
24 to -- could speak to a joint committee meeting
25 perhaps.

1 MAYOR EDDIE SMITH: On the outside
2 resource persons, my assumption was that we were
3 trying to get as much expertise as we can presented
4 through this list of things to all of us. So then,
5 Ann, you may have to bring in additional persons to
6 assist you, but I was thinking that maybe if we were
7 all getting information from a navigation person,
8 but then you as subcommittees still feel like you
9 need to bring in additional persons, is that the
10 issue?

11 SENATOR ROGER BEDFORD: At this point
12 in time that was the wishes of the subcommittee is
13 to group those three subtopics together.

14 MR. JIM CREIGHTON: But you're
15 bringing them into the subcommittee?

16 SENATOR ROGER BEDFORD: Correct.

17 MR. JIM CREIGHTON: The questions --
18 a follow-up to Ann's question though is, I had up
19 here rafting, America Outdoors, I don't know whether
20 that's appropriate. That's something we heard early
21 on. Is it appropriate or does your committee need
22 to have something more about recreation here or do
23 you want to keep your guns dry until February?

24 MS. ANN COULTER: I don't think we
25 need anything at the overall committee meeting on

1 recreation. We, in talking about it today, more or
2 less thought that the rafting recreation issue had
3 more to do with drawdown than it did with a public
4 land issue.

5 Now, what I am hearing from -- you
6 know, maybe we can talk after the meeting. You
7 know, I don't think we need to necessarily be so
8 concerned that we don't cover some of the same
9 things, but we have already got an awful lot of work
10 to do. And if you-all are going to take care of
11 something in more or less the same way we would,
12 then I don't see --

13 SENATOR ROGER BEDFORD: I don't know
14 that we would be coming at it from the same
15 emphasis, would be my only thought about that, Ann.
16 I think you-all might be coming at it from a little
17 different perspective than we would be.

18 I mean, we're combining that with the
19 lake reservoir levels, which you have A through K
20 under it, and aquatic habitat, which ranges from
21 weeds, which we heard about, to threatened and
22 endangered species, to dissolved oxygen levels. I
23 mean, I think we may be looking at it from a
24 different perspective than y'all might, but if we
25 complement each other, fine. I mean, that is going

1 to happen. As every subcommittee meets, you're
2 going to have overlapping at some point.

3 MS. ANN COULTER: Oh, yeah.

4 SENATOR ROGER BEDFORD: Not
5 jurisdiction but areas of interest.

6 MS. ANN COULTER: Right, because they
7 are all related.

8 SENATOR ROGER BEDFORD: I think the
9 only problem would be is if we were running out of
10 resources to draw upon, unless some of the other
11 subcommittee members feel differently, jump in.

12 MR. JIMMY BARNETT: On the dissolved
13 oxygen, we were going to be talking about dissolved
14 oxygen as part of water quality, which still winds
15 up being, as you say, something that your group is
16 going to be dealing with, and all of it is
17 interrelated. I think it would be bad to have two
18 people from ADEM come into the same -- two different
19 committee meetings if you could make it at one.

20 SENATOR ROGER BEDFORD: I agree with
21 that.

22 MR. BILL FORSYTH: I think y'all
23 would be looking at dissolved oxygen from a
24 different viewpoint or from a different perspective
25 than us. We would only look at it as to how it

1 affects the use of water where you're looking at it
2 of how it affects the quality of the water.

3 MS. KATE JACKSON: I think the issue
4 and where the overlap is, is that the -- as we wrote
5 the charters, we sort of wrestled with this
6 particular dissolved oxygen problem and minimum flow
7 releases for aquatic habitat, which is the DO issue
8 largely. We sort of just made an artificial
9 decision to place that into the water quality.

10 Clearly, minimum flow restrictions
11 have an impact on how you can flow the water back
12 and forth, so there is an interface there, but to
13 the extent that an in-depth technical analysis of
14 whether or not minimum flows should change and those
15 restrictions should change, we initially placed it
16 in the water quality subcommittee.

17 And going back to recreation,
18 recreation on public lands is clearly yours.
19 Recreation that is dependent upon water I would
20 suggest be in yours because it is largely a lake
21 level issue, where you let the water go.

22 The place where there is an overlap
23 that you may need to discuss is an access issue. Do
24 you want to provide additional public access for the
25 reservoirs? In my head, because this is the way we

1 have always thought about it, it's sort of more in
2 the land issue than in the lake reservoir issue, but
3 you guys can -- probably should talk about that as
4 the chairman of those subcommittees.

5 DR. PAUL TEAGUE: Well, that would
6 basically change our whole concept of how we thought
7 that we were to set up our committee. There's no
8 need of two people riding the same horse until the
9 end of the race. We can share it a little bit
10 maybe, but it's really senseless to have two people
11 working on the same issue.

12 MS. KATE JACKSON: My sense is
13 actually you're not working on the same issue.

14 DR. PAUL TEAGUE: I understand. But
15 we understood that we were taking on recreation,
16 water and land. Now, if you change that
17 perspective, that's perfectly okay with us, we don't
18 mind, but we wanted -- we don't want to have 15
19 rules that we think should be changed on water
20 recreation and then come up with 15 rules, I think
21 it's redundant really.

22 MS. KATE JACKSON: I agree.

23 MR. JIM CREIGHTON: Is the allocation
24 of water related recreation to Ann's group going --

25 MS. ANN COULTER: That minimizes the

1 overlap.

2 MR. JIM CREIGHTON: You're land and
3 theirs is water.

4 MR. PHIL COMER: That's the way it
5 should be.

6 MR. BILL FORSYTH: I don't see it
7 that way. I think, looking at river management,
8 we're not trying to add to recreation or take away
9 from recreation, we're looking at how recreation
10 affects the management of the river. We're not
11 looking -- we have got to look at recreation and how
12 it affects it, but we're not trying to --

13 SENATOR ROGER BEDFORD: I think first
14 you manage the river and the water level and the
15 flow, that has an effect on recreation. I mean,
16 that's why I said I think we're looking at it from
17 two different perspectives.

18 MS. KATE JACKSON: And I mean, the
19 recreation that you can provide us recommendations
20 on from the lands committee is the recreation
21 activities on TVA managed public land.

22 MR. JIM CREIGHTON: Is that clear for
23 folks then?

24 MR. STEPHEN SMITH: I guess does that
25 mean that if the rafting folks were to formulate a

1 presentation -- an organized presentation on the
2 rafting opportunities, that it would be the
3 recommendation that that goes to the integrated
4 river management subcommittee and not be presented
5 to the full committee because I guess --

6 SENATOR ROGER BEDFORD: I wouldn't
7 tell the full committee they can't hear anything, I
8 mean, that's up to the committee.

9 MR. STEPHEN SMITH: See, part of what
10 I wanted to was --

11 SENATOR ROGER BEDFORD: The full
12 Council, excuse me.

13 MR. STEPHEN SMITH: Right. Part of
14 what I was hoping to do with this was that I think
15 that there has been presented to the full Council to
16 date a fair amount of what I would characterize as
17 above dam recreation discussions, and I think the
18 goal of possibly having a brief presentation by the
19 rafting community would be to provide the full
20 Council the opportunity of understanding the concept
21 of below dam recreational opportunities and that --

22 MR. JIM CREIGHTON: I don't think
23 anybody is fighting you on that.

24 DR. STEPHEN SMITH: Okay. No, I am
25 not assuming there is, but I would say if we can

1 squeeze it into one of the full Council meetings, I
2 mean, that's kind of what Julie and I had discussed
3 a little bit with these fellows today was, we would
4 be willing to try to facilitate that if they would
5 organize their presentation into where they could
6 come up with a coherent presentation for us to sort
7 of represent those interests, and I would like to
8 carry forward with that.

9 SENATOR ROGER BEDFORD: I would flip
10 the questions, Stephen. I mean, just because the
11 Council wants to talk about power or below dam
12 recreation activities, I don't think that makes it
13 off limits to any one of the subcommittees.

14 MR. STEPHEN SMITH: Not at all. As a
15 matter of fact, if I remember correctly, the weed
16 control issue technically has been put into the
17 water quality subcommittee. Now, we were presented
18 today with an overview of weed control. And what
19 we're going to do, I think, is probably try to bring
20 some of that into more focus and detail at the
21 subcommittee level, but I think it was very valuable
22 for the full committee to hear it.

23 SENATOR ROGER BEDFORD: That's why I
24 say it's not incompatible with them making an
25 overall presentation, I think that's helpful.

1 MR. JIM CREIGHTON: If I'm
2 understanding what we're agreeing is, yes, whether
3 it's on the 1st or wherever, but somewhere in here
4 there will be a presentation regarding below dam
5 recreation rafting, et cetera, and the subcommittee
6 that owns the issue as far as subcommittee
7 discussion is integrated river management, and then
8 when it has to do with management of TVA land and
9 recreation, then that belongs to Ann.

10 Everybody on board with that? Okay.

11 DR. PAUL TEAGUE: That's fine. We
12 were looking for clarification because, again, I
13 really don't think it's prudent for both to discuss
14 water as a primary because it's -- as I say, it is
15 redundant. So if we've got land, fine, as long as
16 you clarify what we should be directing.

17 MR. JIM CREIGHTON: I think there's
18 an agreement that to the extent that rafting and
19 things like that are driven by river flows, it
20 belongs to the integrated river management. To the
21 extent that marinas and parks and natural resource
22 management on land, it's really a land issue, and
23 obviously there's going to be some overlap, that's
24 the best divying up we can do.

25 DR. PAUL TEAGUE: We elected to put

1 the representative from the marina on our committee
2 strictly for that idea, so that may be, you know --

3 MS. ANN COULTER: That's still where
4 we're headed.

5 MS. JULIE HARDIN: That's where we're
6 going.

7 MS. ANN COULTER: And that's what
8 you're saying?

9 MR. JIM CREIGHTON: The marina is on
10 the land committee?

11 MS. JULIE HARDIN: Yes.

12 MR. JIM CREIGHTON: We're fine.

13 MS. JULIE HARDIN: The rafting
14 committee belongs to Roger's committee.

15 MR. JIM CREIGHTON: To the extent the
16 marina is attached to land --

17 SENATOR ROGER BEDFORD: I'm not going
18 to split hairs, I'm as ready to go as anybody, but I
19 think what Jim is saying is it doesn't -- it's not
20 the exclusive jurisdiction of anybody. As it
21 relates to water flow, it would be in ours. As it
22 relates to the use of TVA land and stuff, that's the
23 angle that they are looking at it.

24 MR. JIM CREIGHTON: And the marina is
25 attached to the land, so that makes it land.

1 DR. PAUL TEAGUE: It's attached to
2 land, but it's not a marina if it hasn't got boats
3 running in the water.

4 MR. JIM CREIGHTON: It's not a marina
5 if it doesn't have boats, so they are going to
6 overlap. But generally we're in agreement on
7 allocations? Okay.

8 All right. Back to the issue of
9 November 1st, the issues that we had flagged here
10 are power, and we're now defining not as just
11 power -- not just cost of September and October
12 power, we're talking about the role of power
13 generally in the system. Navigation, the same
14 thing. We have got rafting and a DAO report.

15 And Stephen has raised the question
16 of whether you can get there from here as far as
17 getting all of that on. Dennis, by the way, I
18 suppose you've all met Dennis Yocom from TVPPA. If
19 we give you this broader mandate, did you have a
20 hunch about how long you folks might want? I'm just
21 looking for ballparks so I can scope this thing out
22 here.

23 MR. DENNIS YOCOM: I think we can
24 probably get it done in about an hour, Jim.

25 MR. JIM CREIGHTON: Without making a

1 commitment, I'm just writing down time frames so I
2 can get some sense of it. Navigation?

3 MS. KATE JACKSON: I think Tom wanted
4 a half an hour.

5 MR. JIM CREIGHTON: Okay. Water
6 quality?

7 MR. JIMMY BARNETT: Since we don't
8 even know the topic that we will probably wind up
9 with until after next week, 45, an hour?

10 DR. STEPHEN SMITH: Hour.

11 MR. JIM CREIGHTON: Hour. It's
12 awfully easy to make these estimates when you don't
13 know your topic, that's what I was thinking about.

14 Rafting, any sense of what we're
15 talking about?

16 MR. STEPHEN SMITH: I'm not honestly
17 even sure they could be prepared by November 1. I
18 mean, I think that part of it is engaging them in
19 the discussion.

20 MS. KATE JACKSON: I think they
21 could. The question is, is that when you want to
22 invite them.

23 MS. JULIE HARDIN: I think no longer
24 than an hour.

25 MR. JIM CREIGHTON: And the GAO

1 report?

2 DR. KATE JACKSON: I would suggest 30
3 minutes.

4 MR. JIM CREIGHTON: We will have to
5 play with this a little bit to see if it can all
6 work or not.

7 MS. MARTY MARINA: I don't know if
8 subcommittee members are allowed to speak, but I
9 will promise you that you can't do water quality in
10 less than a half day. If you're going to discuss
11 the American Clean Water Act and all of the
12 permitting ramifications for water levels, economic
13 development around there, which is what the whole
14 group needs to hear, it's going to be a minimum of
15 three hours.

16 MR. JIMMY BARNETT: We're not going
17 to try to cover the whole waterfront, just a
18 particular topic.

19 MS. MARTY MARINA: The rest of us
20 need to hear the whole thing though.

21 MR. STEPHEN SMITH: And the other
22 thing is, I would say that I assume there's going to
23 be additional time tacked on for questions.

24 MR. JIM CREIGHTON: That's right. So
25 I'm not sure we can get this all done. One question

1 stimulated by this comment is whether water quality
2 is the subject to pull over here as the primary
3 topic or the lead topic over here on November 29th.

4 MR. STEPHEN SMITH: I personally
5 don't want to push water quality back anymore. I
6 mean, we were actually going to have it on the
7 agenda today and we bumped it because of the lake
8 level and economic discussion. So my sense is I
9 would prioritize it more on November 1.

10 MR. JIM CREIGHTON: Is that a
11 consensus of the group or -- because we can -- you
12 know, we can make sure it gets on. The invitation
13 to the GAO has been extended and the invitation to
14 TVPPA has been extended, that would leave the
15 possibility of the navigation and rafting.

16 MS. ANN COULTER: I would like to do
17 as much on water quality as we think we need to do,
18 and I think 60 minutes may be cutting it a little
19 bit short.

20 MR. JIMMY BARNETT: What I had in
21 mind, and I'm speaking for myself, not for the
22 entire committee, only Stephen and I are here today
23 anyway, I would like to suggest we have one spot
24 here, and like I say, we have got some 70 to 80
25 topics which we're going to refine down to just a

1 few. I don't think we can cover it, quite frankly,
2 just from my benefit, in less than two days, but,
3 you know, that's ridiculous.

4 What we need to find out is what we
5 really need to present to the whole Council as we
6 get more educated and think there's something y'all
7 really need to hear, for example, some of the things
8 that you mentioned, but I sense that there are a lot
9 of topics that a lot of people would like to get on
10 there, but not in 60 minutes. You won't do real
11 justice to it, but we will find out something next
12 week that we think would be very informative and
13 education for the whole group and we may want to get
14 back on this at another point in time.

15 SENATOR ROGER BEDFORD: I would like
16 to echo what Jimmy is saying, and maybe the way to
17 do this is, why don't you just reserve a block of 30
18 minutes or 45 minutes for next week -- I mean, the
19 next big meeting, your subcommittee refine what it
20 is you want us to hear, with the understanding
21 that's not all we're going to hear on water quality,
22 just go ahead and put a block of time on the
23 November 29th one and we can fill in what that block
24 is as the subcommittee works through, because, I
25 mean, I think that's the role of the subcommittees

1 is to refine the issues that they want to bring
2 before us.

3 I mean, I don't think you just get
4 one bite at the apple for something as important as
5 water quality, you know, but it will be up to y'all
6 to decide what it is that you want to take the whole
7 Council's educational time with.

8 Is that a fair approach?

9 MR. JIMMY BARNETT: That's a fair
10 approach. And like y'all brought out, hey, we want
11 a block on January, February, March, and so forth,
12 that's the same kind of thing that we're talking
13 about. We're going to categorize our things and our
14 priorities and we will give y'all the bites on each
15 one of them.

16 I think all of us will have multiple
17 presentations as each of our subcommittees refine
18 what we want to be talking about, what we think you
19 are going to need to hear in order to go along with
20 any recommendations we might make to the full
21 Council.

22 SENATOR ROGER BEDFORD: I didn't
23 complete my thought process. The other I thing I
24 was going to say was, I think navigation is a
25 concern to all of us because it affects all of us.

1 I know Tom was getting ready to do a presentation --
2 what made me think about it was you said that this
3 week was the subcommittee and the subcommittee
4 thought -- had something the whole committee ought
5 to hear, so, you know, I think 30 minutes is fine
6 for it, but, I mean, that's something that our
7 subcommittee is interested in finding an appropriate
8 block of time, an appropriate spot, because it's
9 going to affect everybody on the committee.

10 MR. JIM CREIGHTON: The impression
11 I'm getting listening is that what really people
12 really want and need as far as time is we could
13 easily use both meetings to cover both of these
14 topics and that the allocation of them is something
15 we maybe could work out with the chairs and the
16 subcommittees or something like that. And so is it
17 reasonable that we try to make sure that by the end
18 of this meeting we have covered the basic education
19 material we need to do on those topics, and we will
20 work out who goes first and all of that stuff and so
21 on.

22 DR. KATE JACKSON: I guess the
23 question I would like is, do you want the
24 November 1st meeting to be only presentations and
25 not do any subcommittee meetings, in which case you

1 could fit all of those things on?

2 MR. JIM CREIGHTON: That would be the
3 other option, is get --

4 MS. KATE JACKSON: Two of the
5 subcommittees are meeting the week before.

6 MR. JIM CREIGHTON: -- to get all the
7 presentations done at once.

8 MR. STEPHEN SMITH: Our subcommittee
9 actually is meeting the day after, so that's -- I
10 don't know if you're including water quality, so it
11 sounds like the majority of folks -- I don't know.

12 MR. JIM CREIGHTON: That's tentative,
13 not a set thing.

14 MR. STEPHEN SMITH: Right.

15 MR. JIM CREIGHTON: What's your
16 pleasure? The other option is drive on through all
17 the education in one day rather than spread it over
18 two meetings, but it would reduce the subcommittee
19 time on that day. You'll either have to meet
20 another time or meet before, you know, the day
21 before or day after.

22 SENATOR ROGER BEDFORD: I would just
23 say this, I mean, just speaking from my own limited
24 background here, there's only really so much quality
25 that you can absorb in this until you need some

1 digestive time. I would ask the committee to not
2 just put us through a six-hour lecture that --

3 MR. JIM CREIGHTON: When you get
4 through a six-hour lecture it's whether you learn
5 anything or not.

6 SENATOR ROGER BEDFORD: Exactly.

7 DR. PAUL TEAGUE: The mind will only
8 absorb what the rear-end will tolerate.

9 MR. JIM CREIGHTON: From a process
10 perspective, I would have to underline that. I
11 think you can only take in so much and then it just
12 washes on through.

13 All right. So on November 1 in
14 Knoxville, we will start on this, and some of these
15 topics may come over here either by virtue of some
16 presentation here and some presentation here or
17 prioritizing them and moving some to here and we
18 will work that out in consultation with the
19 subcommittees.

20 Is that okay?

21 Now, we had scheduled a November 29th
22 meeting. Is everybody still up for that? Is
23 there -- we need to know where. Does anybody
24 have -- the one bias, for those of that fly in, that
25 it be near a reasonable airport.

1 MS. JULIE HARDIN: When is
2 Thanksgiving, the 23rd?

3 MS. KATE JACKSON: 23rd.

4 MR. JIM CREIGHTON: I was told
5 Halloween is October the 31st, that makes that
6 meeting, not this one. Somebody had suggested
7 Nashville.

8 MR. AL MANN: Nashville.

9 DR. KATE JACKSON: Oh, man, I would
10 love Nashville, not that my opinion matters.

11 DR. PAUL TEAGUE: I second that.

12 SENATOR ROGER BEDFORD: Nashville is
13 fine with me.

14 MR. JIM CREIGHTON: Do I have any
15 heartburn on Nashville? Okay. We will do that.
16 Okay. So we have got actually the place. We have
17 got a set of agenda items, exactly how they fall out
18 and in which meeting we're still to work on.

19 What I would ask the subcommittees to
20 be thinking of is the kind of thing that Ann laid
21 out here is ultimately the kind of thing we need
22 pretty soon to be able to -- because I know other
23 people are saying, it sure would be nice to be able
24 to lay out a few months in advance to see where
25 we're going. So I know some of you are meeting in

1 October. I invite you to try to see if you can help
2 us out with this kind of chunking in the pieces, and
3 so on.

4 Any other procedural process stuff we
5 have got to agree on before we go?

6 Back to you, Eddie.

7 MAYOR EDDIE SMITH: Is that all the
8 reports from the subcommittees? Is that all the
9 business for today?

10 If so, then we would like to thank
11 you and hope you have a good trip home. We will see
12 you on November 1st.

13 END OF PROCEEDINGS

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REPORTER'S CERTIFICATE

STATE OF TENNESSEE)
 : SS.
)

I, Kimberly J. Nixon, RPR, the officer before whom the foregoing cause was taken, do hereby certify that the persons whose testimony appear in the foregoing transcript were duly sworn, and that the testimony of said persons was taken by me in machine shorthand, and thereafter reduced to typewriting by me;

That the exhibits annexed to this transcript are the true, accurate and only exhibits introduced, and that the transcript was prepared under my supervision, and attached to this certificate is a true, accurate and complete transcript, as provided by law;

That we are neither counsel for, related to, nor employed by any of the parties to this action; and we further certify that we are not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action; and that the foregoing transcript is complete and accurate in all particulars, as provided by law.

In witness whereof, I have hereunto set my hand this _____ day of _____, 2000.

KIMBERLY J. NIXON, RPR
NOTARY PUBLIC IN AND FOR THE
STATE OF TENNESSEE AT LARGE.
MY COMMISSION EXPIRES APRIL 9,
2000.

National Environmental Policy Act

Public Law 91-190

January 1, 1970

Presentation to the Regional Resource Stewardship Council

September 21, 2000

Barry Walton, Assistant General Counsel (Environmental),

TVA

National Environmental Policy

- The policy of the Federal Government is to use all practicable means to create and maintain conditions under which man and nature can exist in productive harmony and fulfill the social, economic, and other requirements of present and future generations of Americans

Major Provisions of NEPA [at the time]

1 National Policy

2 Council on Environmental Quality

3 Annual Presidential Report to
Congress

Major Provision of NEPA

[as it turned out]

- Federal agencies shall include in every proposal for major Federal actions significantly affecting the quality of the human environment a detailed statement by the responsible official on the environmental impact of the proposed action

The Environmental Impact Statement is important because:

- Courts will issue an injunction and stop projects where a required EIS has not been issued

Purpose of Environmental Impact Statement

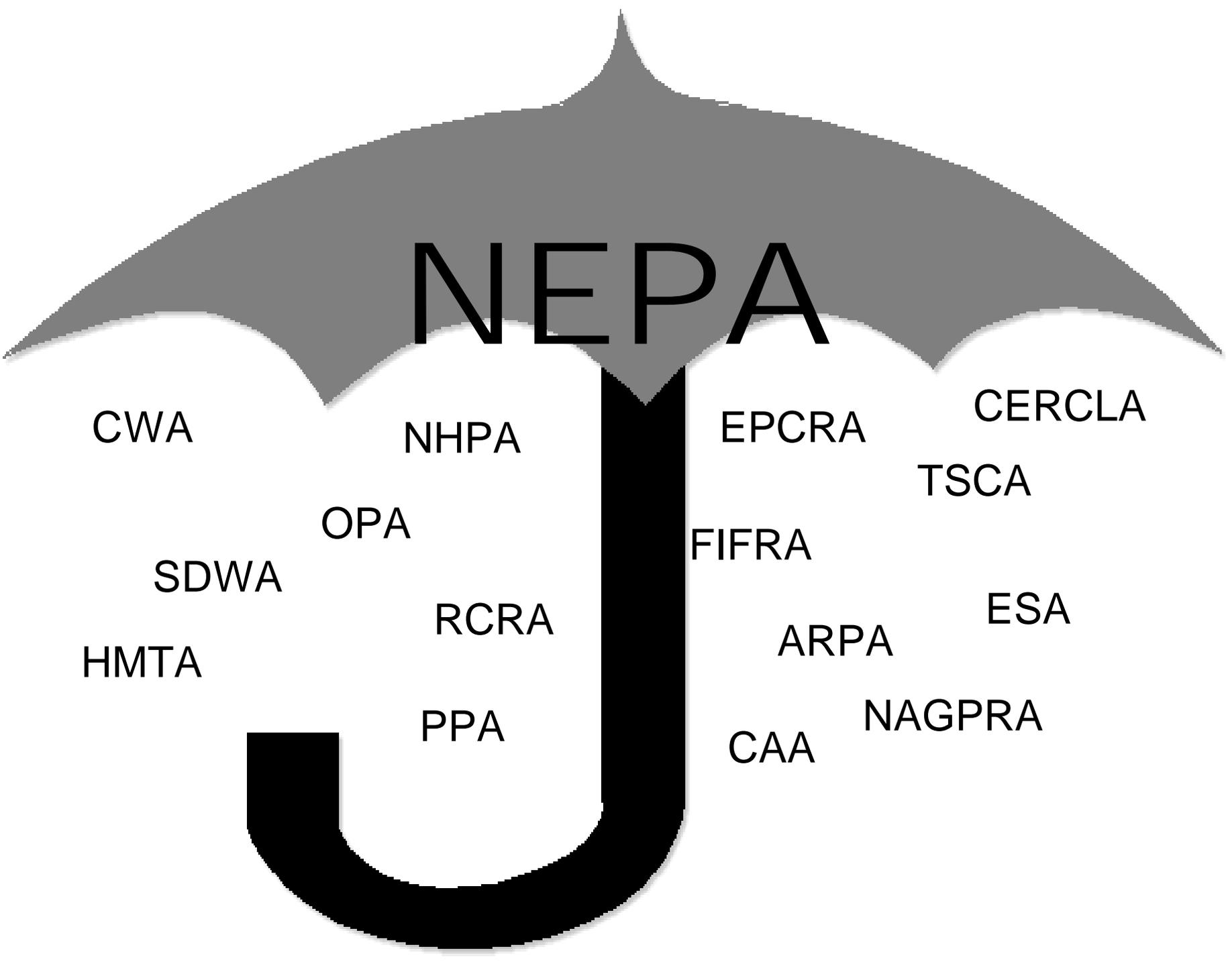
- Environmental full-disclosure statement
- Alert the agency decision makers and the public to the environmental impacts of proposed action before decisions are made

NEPA Procedural Only

- NEPA does NOT dictate that the best environmental decision be made
- NEPA requires only that environmental impacts be considered as decisions are made

NEPA Procedural Only

- Courts do not cancel Federal projects because of NEPA violations
- Courts do stop Federal projects until an adequate EIS has been issued



NEPA

CWA

NHPA

EPCRA

CERCLA

OPA

TSCA

SDWA

FIFRA

RCRA

ESA

HMTA

ARPA

PPA

NAGPRA

CAA

Three Levels of NEPA Review

- Categorical Exclusion
- Environmental Assessment
- Environmental Impact Statement

Categorical Exclusion

- Maintenance of TVA facilities
- Approval of residential boat docks
- Development of minor TVA public use areas

28 Types of Activities Listed as
Categorical Exclusions in TVA
Procedures

Environmental Impact Statement

- Large water resource development projects
- Major power generating stations
- Other major actions with significant environmental impacts

Environmental Assessment

- All other actions are reviewed as Environmental Assessments
- Typically range from 10-50 pages and take several months to prepare
- Evaluate the proposed action and alternatives to it

Purposes of Environmental Assessments

- To document TVA's conclusion about the environmental impacts of a proposed action
- To determine if an EIS should be prepared

Environmental Impact Statement

- Highest and most detailed level of review
- Typically range from 150 to 300 pages and take 18 months to 3 years to complete

Environmental Impact Statement Process

- Notice of Intent
- Public Scoping
- Preparation of Draft EIS
- Public Review of Draft EIS
- Preparation and issuance of Final EIS
- 30-day waiting period
- Record of Decision