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2 TENNESSEE VALLEY AUTHORITY
3 REGIONAL RESOURCE STEWARDSHIP COUNCIL
4 FIFTH TERM
5 JULY 15TH, 2009
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9 LOCATION:

10 TVA HEADQUARTERS
11 400 WEST SUMMIT HILL DRIVE
12 KNOXVILLE, TENNESSEE 37902
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MEMBERS OF THE COUNCIL:
*INDICATING MEMBERS PRESENT

*PAUL LONG, FACILITATOR

*ANDA A. RAY, DFO

*JANET HERRIN, SUBSTITUTE DFO

*MR. TOM LITTLEPAGE, CHAIR

*MS. CAROL W. DOSS

*MR. KARL W. DUDLEY

*MRS. JEAN KELLEMS ELMORE

*MR. ZEE C. ENIX

*MR. BILL FORSYTH

*MR. JAMES H. FYKE

*MR. MICHAEL GOODMAN

*MR. MARK HOMMICH

*MS. RENEE V. HOYOS

*MR. LARRY KERNEA

MR. GEORGE B. KITCHENS

MR. W. C. NELSON, JR.

*SENATOR ARTHUR ORR

*MR. WES ROSENBALM

*DR. KELLY TILLER

*MR. BILL TITTLE

*MR. RUSSELL TOWNSEND

24 *MR. JOHN WILBANKS

25 *MS. DEBORAH K. WOOLLEY

3

1 P R O C E E D I N G S

2 CHAIR MR. TOM LITTLEPAGE: If you
3 could start moving toward your seat. I think
4 everybody is here.

5 DFO ANDA RAY: Well, good morning
6 everyone. I guess I don't need that, huh? Good
7 morning. Thank you so much for getting up so bright
8 and early this morning.

9 If I could just have all the ones that
10 are brand-new to raise your hands, we will do the
11 introductions later, and I want to thank you extra
12 special for coming yesterday for the orientation.

13 We're really glad to have you here at
14 the Fifth Regional Resource Stewardship Council for
15 TVA. I think you're all aware that this is a Federal
16 Advisory Council formerly approved by Congress to
17 provide TVA advice and counsel on our stewardship
18 program and activity.

19 My name is Anda Ray, and I am the
20 Senior Vice President of the Office of Environment
21 Research, TVA's Environmental Executive, and right
22 now I have some collateral duties as Kingston

23 Recovery Executive.

24 I want to introduce you to the person
25 who has been very, very helpful, and she's been in
1 charge of setting up this particular Regional 4
2 Resource Stewardship Council. She's the Deputy
3 Designated Federal Official, and that's Janet Herrin,
4 and she's the Senior Vice President of River
5 Operations.

6 She's also managing the land and water
7 stewardship functions for several months and
8 continuing doing some continuous improvement with
9 them as well. So she has a very vested interest in
10 both the land and the water aspects.

11 So one thing I want to challenge you
12 with is we have had -- each Regional Resource
13 Stewardship Council has had some special challenges
14 and some areas in which they have given TVA advice.
15 Yours is going to be very, very unique and very, very
16 important to TVA.

17 In the history of TVA we have not done
18 an Environmental Impact Study on the stewardship
19 programs. So we have done an Environmental Impact
20 Study on our integrated resource planning, which is
21 our power portfolio planning.

22 Now, this year we're going to be
23 doing, this next 18 months, which happens to coincide
24 exactly with your term for two years, the central
25 stewardship function. So when you finish your term,
1 that's one of the accomplishments that you will have
2 provided. It's something for the first time in TVA's
3 75 year history. So we really, really appreciate the
4 time and effort that you can give to that because we
5 do need as much input as possible.

6 You will be the formal stakeholder
7 group because that is what you were defined and set
8 up to be by Congress.

9 So with that, I am going to turn it
10 over to Tom Littlepage as the Chairman.

11 CHAIR MR. TOM LITTLEPAGE: Thank you,
12 Anda. I appreciate that. I certainly welcome
13 everybody back.

14 What I thought we would do since both
15 it's been awhile since we've met and there are some
16 new folks, what I'd propose is maybe we'd just go
17 around the room and briefly, maybe 30 seconds to a
18 minute, just give your name and your affiliation and
19 anything you would like the Council to know.

20 Maybe we will start with Jim, if

21 that's okay, and just all kind of move around, and
22 just tell us a little bit about yourself.

23 MR. JIM FYKE: I am Jim Fyke,
24 Commissioner of the Tennessee Department of
25 Environment and Conversation, and I am a returning
1 member of the Council. 6

2 MR. JOHN WILBANKS: I am John
3 Wilbanks. I'm with the City of Pigeon Forge,
4 Department of Parks and Recreation. I am a new one
5 on the Council.

6 CHAIR MR. TOM LITTLEPAGE: Okay.
7 Bill.

8 MR. BILL TITTLE: I am Bill Tittle,
9 and I am an old one, as you can tell by looking. My
10 job is Chief of Emergency Management down in
11 Chattanooga in Hamilton County. I have worked with
12 so many different areas of TVA, and we touch a lot of
13 different areas from flood control to security for
14 the nuclear plants and other TVA properties. I think
15 this is maybe the third term.

16 MR. BILL FORSYTH: I am Bill Forsyth
17 and I am older than Bill is. I have been here since
18 the beginning. I'm the Governor's appointment
19 representative from North Carolina. I also happen to

20 be Chairman of Murphy Electric Power Board.

21 MR. WES ROSENBALM: Wes Rosenbalm,
22 President of Bristol Virginia Utilities. This is my
23 second term.

24 SENATOR ARTHUR ORR: I am Arthur Orr
25 from Alabama. I'm on the Alabama State Senate and a
1 Gubernatorial appointee, second term. 7

2 MS. RENEE HOYOS: My name is Renee
3 Hoyos. I'm the Executive Director of the Tennessee
4 Clean Water Network, and this is my first term.

5 MR. MICHAEL GOODMAN: I am Mike
6 Goodman, I work for Temple-Inland, and I am here
7 representing the direct-serve customers. This is my
8 second term.

9 MS. DEBORAH WOOLLEY: I'm Deb Woolley
10 and I'm President of the Tennessee Chamber of
11 Commerce and Industry, and this is my first term.

12 MR. MARK HOMMICH: I am Mark Hommich
13 with -- President of Volunteer Barge and
14 headquartered in Nashville, Tennessee. We're
15 involved in navigation throughout the river system.
16 We have had a lot of interaction with TVA, primarily
17 on navigation issues over the years with the
18 Tennessee River Valley Association. This is my first

19 term.

20 MS. CAROL DOSS: I am Carol Doss and I
21 represent Virginia, this is my second term, and I am
22 the coordinator for a nonprofit in Southwest Virginia
23 called the Upper Tennessee River Roundtable.

24 MR. LARRY KERNEA: I am Larry Kernea.
25 I work with Murphy Electric Power Board, a TVA
1 distributor, and was nominated by the TVPPA to serve⁸
2 on this board.

3 MR. KARL DUDLEY: Karl Dudley with
4 Pickwick Electric Cooperative of Southwest Tennessee.
5 I represent the Tennessee Valley Public Power
6 Association, and as Bill said, I think I have been
7 here since the beginning. This is my 39th year
8 working with TVA and I'd say, like my marriage,
9 there's been some good days and some bad but overall
10 it's real good.

11 MR. ZEE ENIX: I am Zee Enix from
12 Kentucky. I represent the commonwealth of Kentucky,
13 appointment by the Governor. I retired in 1983 from
14 a home furnishing business. I look forward to
15 meeting with the Council.

16 MRS. JEAN ELMORE: I am Jean Elmore.
17 I am in my second term appointed by our Governor,

18 Haley Barbour, from the northeast Mississippi area,
19 Tupelo, which was TVA's first all American city.

20 DR. KELLY TILLER: I am Kelly Tiller.
21 I'm from here in Knoxville. I am a professor at the
22 University of Tennessee, Director of Bioenergy
23 Programs, also the President and CEO of Genera
24 Energy. This is my first term on the Council.

25 CHAIR MR. TOM LITTLEPAGE: I am Tom
1 Littlepage from the State of Alabama, the Office of ⁹
2 Water Resources, and we work to manage Alabama's
3 water quantity management programs. This will be my
4 third term on the Council.

5 FACILITATOR MR. PAUL LONG: And I am
6 Paul Long. I am the Council's facilitator. This is
7 my first facilitation with you-all, even though I've
8 got a lot of experience in regulated utilities
9 industry, TVPPA, have worked with Bill Tittle in the
10 past in Chattanooga.

11 CHAIR MR. TOM LITTLEPAGE: One of the
12 things I wanted to point out, especially for the new
13 folks, I think as Bill indicated and the -- Bill, and
14 W. C. Nelson who wasn't able to make this meeting,
15 and Karl, have y'all been on all the RRSC's?

16 I just want to point out that there's

17 some of us who have been on every one of these. So
18 if you have questions or want a good historical
19 perspective, feel free to talk to those folks and
20 they can kind of explain the early beginnings of the
21 Council and what it did and can provide some unique
22 aspects with that.

23 I also want to take a minute and thank
24 TVA for last night. We had just an outstanding
25 dinner at a local restaurant. We just appreciate
1 y'all doing that for us. It was a good time and a 10
2 good social atmosphere. Mr. McCollum showed up, and
3 we appreciate him taking the time to do that.

4 I guess with that, in general for
5 those of you that are new, we're going to talk a
6 little bit about this process. You may not know that
7 Kim is going to be the recorder transcribing all of
8 the comments here, and that can be a little
9 intimidating but don't let that bother you.

10 Essentially look at your perspectives.
11 One of the things as I looked at the list, you know,
12 those of us that were on the Council last term, I
13 think, developed a good working relationship and the
14 ability to understand a wide range of perspectives.

15 I'm excited seeing the new folks that

16 are coming on here, the perspectives that y'all will
17 bring to this as we look at the challenges that face
18 us and TVA is looking for some help on.

19 Russell, welcome. I will give you a
20 minute just to take and briefly introduce yourself
21 and tell the Council a little bit about your
22 representation.

23 MR. RUSSELL TOWNSEND: Thank you, sir.
24 Sorry. I am a little bit behind this morning. My
25 name is Russell Townsend. I am the Tribal Historic
1 Preservation Officer for the Eastern Band of Cherokee
2 Indians. My, I guess, specialty is archeology and
3 cultural resource protections.

4 We work closely to -- the tribe works
5 closely with TVA on a variety of federal
6 consultations involving in the National Historic
7 Preservation Act, the Native American Graves
8 Protection and Repatriation Act. So a lot of what we
9 do there carries over to my thoughts about this
10 Council and this Board.

11 So thank you.

12 CHAIR MR. TOM LITTLEPAGE: Welcome
13 back.

14 MR. RUSSELL TOWNSEND: Thank you.

15 CHAIR MR. TOM LITTLEPAGE: And Paul,
16 do you want to talk a little bit about the agenda?

17 FACILITATOR MR. PAUL LONG: Okay.
18 Everyone has a copy of the agenda in their book for
19 today.

20 What we're working towards really is
21 the last couple of hours this afternoon where you
22 will have your opportunity to provide advice and
23 guidance to TVA on the issues that are going to be
24 discussed today.

25 To help you get ready for that, if you
1 will turn over eight or nine tabs to the discussion¹²
2 questions themselves, you will see there's a little
3 bit of background information that precedes each of
4 the questions, and then the questions will be under
5 discussion this afternoon.

6 This morning we're going to have a
7 series of presentations about some of the related
8 programs and activities that give you the background
9 and information to be prepared to discuss those
10 questions.

11 At the end of the morning
12 presentations and before we break for lunch we will
13 have a discussion again about what the questions

14 mean, because one of the important things about our
15 discussion later on is that we're all talking about
16 the same topic. So how you interpret those questions
17 will be critical to our success.

18 With that, you have got the agenda of
19 what the presentations will be. Let's see. A couple
20 of administrative and housekeeping things real quick.
21 In the event of an emergency, follow Bill Tittle,
22 that's what I always do. In the event of emergency
23 and you need to exit the building, please do so from
24 the doors in which you entered, head toward the glass
25 and outside. Restrooms are out the door and back
1 down the hallway to the right past the elevators, 13
2 unless you're in a real hurry and there's a back door
3 over here that takes you right out by the restrooms.

4 Any questions or comments before we
5 turn it back to Tom?

6 CHAIR MR. TOM LITTLEPAGE: Yeah.
7 Does anybody have any general questions for those of
8 you that may be new about the Council?

9 One of the things I forgot to cover is
10 procedurally the way we have worked and found it to
11 be pretty efficient is we get into the discussion
12 portions or if you have questions of presenters, if

13 you will just take your placard and rotate it 90
14 degrees we will call on your name in order, Paul or
15 I, and get to you. Then once your question is
16 answered if you will just set it back down, that
17 helps us sort of keep a rotation of order with
18 regards to who needs to ask a question.

19 So I guess with that, does anybody
20 have any general questions or comments they want to
21 make before we get started?

22 We're ready.

23 DFO ANDA RAY: I wanted to mention a
24 couple other people that we didn't mention, those
25 that are responsible for putting this event together,
1 all the logistics. If you have any questions, Wayne¹⁴
2 Poppe has been instrumental, Beth Keel, and I don't
3 see Catherine Mackey, but if you have any questions
4 you will really appreciate the work that they have
5 done and you will be seeing more of them.

6 One person I didn't introduce was the
7 Vice President of Land and Water Stewardship who has
8 so much of the responsibility of areas that you will
9 be discussing, and Ron Williams is back there. He's
10 actually headquartered in Muscle Shoals and has all
11 of TVA's watershed management activities.

12 With that I am privileged to be able
13 to talk about Kingston because I think it's -- I want
14 to talk about TVA's commitment, our accountability,
15 our responsibility, and how we are committed to
16 getting this cleaned up and restoring that community.
17 So with that, let me go ahead and start.

18 I am going to go over these slides
19 very fast. They are in your book. Some of them are
20 for reference. I really want to get to some of the
21 pictures and I want to be able to see if you have any
22 comments at all.

23 This is kind of the history. The only
24 thing that I will point out here on the plant is that
25 when we turn on our electric lights and you plug in
1 your electric vehicles, we're burning coal. We're ¹⁵
2 burning renewables. We're burning nuclear power.
3 Energy has to come from someplace.

4 In this case you're looking at 100
5 tons of ash per day. That's how much the
6 concentration is of that 14,000 tons. That's
7 assuming that all nine units are running. So it's
8 around that amount or about.

9 You have seen on the news about TVA's
10 root cause analysis is if you will look at -- not

11 going that far. If you will look at 1958 is about
12 when dike C, which is the dike that failed, was
13 completed. So we're talking about ash being put in
14 the river -- I mean, not in the river but in the dike
15 for about 50 years.

16 That particular dike was built on top
17 of the reservoir bed, which did not exist prior to
18 TVA damming up the Watts Bar Reservoir and having a
19 reservoir. So this is a 55 -- the history goes back
20 for 55 years.

21 This is exaggerated. It's a two for
22 one. So it was really not this high. This visual
23 shows you where the dike failure occurred because
24 that's going to be important as we looked at some of
25 these slides for you to see where the ash actually
1 spilled. 16

2 The AECOM report was an independent
3 geotech forensic firm that TVA hired and asked to
4 look specifically at the root cause analysis. Their
5 report came out on June 25th and the full page report
6 and all of the geotech engineering tech evaluations
7 are on our web site.

8 What their conclusion was, and you may
9 have read this, some of you, in the Tennessee paper,

10 but the conclusion was that it wasn't just one
11 incident. It was like the perfect storm. If any one
12 of these circles had not existed, it is highly likely
13 that the failure of the dike wouldn't have occurred.

14 So it's not just the ash slimes. It's
15 not just those slimes that they talk about on the
16 bottom, but let me just go around really quickly.

17 The increased loads due to higher
18 fill. For those of you, you know, think of the
19 geometry. If I have a pool that's this big and I
20 fill it up and then all of a sudden I have this much
21 area but I'm putting in the same amount, I'm putting
22 the same amount in this much area, then obviously if
23 you've got the same volume the height is going to get
24 higher and higher. So that's what was happening, as
25 the dike was built up the area got smaller,
1 therefore, the height of ash at a constant volume got
2 higher.

3 The hydraulically placed loose wet ash
4 unbeknown -- not unbeknown but unexpected by any
5 common civil engineering, the more material that you
6 put on top you expect more compaction. What they
7 found was that was not happening.

8 If you think of little marbles lining

9 up, the marbles didn't line up. There was a lot of
10 voids in there, poor core voids. So that created
11 kind of a slippery -- slips plane.

12 The filled geometry and setbacks, back
13 when they were doing the engineering study they did
14 the initial dike and then they felt they were having
15 added safety by coming in 200 yards that was -- and
16 then building the stack up again. It turned out that
17 was not necessarily added safety.

18 It actually weakened the geometry, the
19 structural integrity, and then you add the weak
20 slimes, which no one expected, which is probably a
21 result of early in the 1950s as the water was washing
22 back and forth.

23 We're seeing that today. When we have
24 high flows, the ash that's in the river settles first
25 and the sediments are on top of it. So almost all
1 the places now, except for the main part of the 18
2 spill, the sediment is on top of the ash. The ash is
3 around inches to millimeters thick.

4 The initial failure, we had 5.4
5 million cubic yards. It happened at 1:00 in the
6 morning. I think you-all have read the account that
7 a man thought that we were having an earthquake,

8 called 911. We eventually got a call that -- it
9 turned out that his house was being moved by the ash
10 slide. That would have been a very frightening
11 experience. There were three homes that were
12 uninhabitable and miraculously and as a blessing no
13 one was injured.

14 The only environmental biotic
15 biological was we had several hundreds of fish that
16 during that initial wave the water went up about
17 47 feet higher than the ash and when it receded it
18 stranded those fish. We had -- the railroads were
19 damaged. Water lines were damaged. The road that
20 goes around the plant and to the residents was
21 damaged.

22 This is aerial view. You have
23 probably seen that. The dotted line is the dike that
24 failed. Let me go through these fairly quickly.

25 There's a lot of discussion about
1 TVA's initial response. We initially responded with
2 an agency emergency response plan that was consistent
3 but not exact in the language with the national
4 incident command system, the homeland security, and
5 we have -- we immediately, because TVA doesn't face
6 these kinds of emergencies, we hired a company,

7 O'Brien Group, who does this for a living.

8 So they came in and within eight hours
9 on Christmas Eve and Christmas Day we had set up
10 being able to interface with all of the different
11 agencies, federal and state, and use the language of
12 homeland security.

13 A significant amount of outreach,
14 giving people incidental gift -- not gift cards but
15 cards that they can go get clothes, get water, get
16 food, temporary housing. I will let you read that.
17 It was just an enormous amount of effort. We pulled
18 in all retirees that were willing to help us and
19 people who were knowledgeable about TVA.

20 These are the objectives of Kingston.
21 Every employee out at the Kingston recovery site
22 wears this on their badge to remind them to keep
23 certain objectives in the forefront because it's real
24 hard when you work day-to-day to get lost in the
25 specifics and some of the details. So we want to
1 make sure that they keep that perspective. 20

2 Early on we started environmental
3 monitoring, along with TDEC. And thank you, Jim, for
4 the support your staff has given and sorry that we
5 have had to put so much extra effort on you and your

5 toward the front of the screen is called the Swan
6 Pond Embayment. Part of the year it's dry. Part of
7 the year it's wet. It's a wetlands area. To the
8 left is what we call the northeast slue. It's a
9 peninsula that has homes on both sides.

10 So as a result we had the O'Brien
11 Group in here. We recognized the homeland security.
12 This is not TVA's forte is to handle this kind of
13 response. So we declared CERCLA. As a federal
14 agency we have that authority. We declared CERCLA
15 and asked for EPA's assistance in helping us because
16 they do respond to this kind of an emergency, and we
17 have then this -- this declaration of CERCLA. We
18 have since signed an EPA Order and Agreement that
19 allowed to have an EPA on-scene coordinator.

20 Even though TVA is the lead federal
21 agency, because we are a federal agency and we
22 declared CERCLA, EPA has to approve everything that
23 we do with respect to the time critical. TDEC has a
24 set of responsibilities, primarily with the landfill,
25 but everything is coordinated with TDEC and EPA. We
1 have to get approval from one of them before we can
2 move forward, either with the order that Commissioner
3 Fyke issued with the Tennessee Commissioner's Order

4 and we now have the EPA Order.

5 So both of those -- and I have been
6 very pleased because I wasn't sure how that was going
7 to work with two different agencies telling you that
8 you can do this, what if they disagreed, and they
9 worked very closely to say, we have the lead on this
10 and we will coordinate with EPA or EPA has the lead
11 on this and we will coordinate with TDEC. So it's
12 been very helpful.

13 That's why TVA declared CERCLA is we
14 needed to have a situation that provided significant
15 structured public input throughout this whole
16 process, as well as being able to respond quickly.

17 These are some amphibious track hoes.
18 They are a very unique piece of equipment that can go
19 into the water about 5 feet and still operate and be
20 able to pull the ash out.

21 This is cenospheres, you hear a lot
22 about that. It's the part of fly ash that's like an
23 encapsulated bubble, and therefore, it floats on the
24 water. This is what a lot of people see. It's not
25 very pretty. TVA normally collects those, and they
1 are very valuable, about \$1,000 a ton. They go into
2 cosmetics for the -- exfoliating, I couldn't figure

3 out what that was, exfoliating. It goes into bowling
4 balls. It goes into several different kinds of
5 products. There you can see the ponds that we
6 collected from on the bottom. This is what went the
7 farthest downstream because they go with the flow
8 when they float.

9 This is -- if you can follow the
10 yellow line stop -- starting up with the -- where it
11 says river dredge, this is the direction we're going
12 to dredge it out of the river, hydraulic dredge, a
13 big, giant, wet vacuum cleaner. It comes into these
14 two lines, those rim ditches where the ash settles
15 out very, very quickly. Then you take those
16 backhoes, and I will show you that, and you take it
17 out of the rim ditch and let it dry.

18 So it comes in about 15 percent
19 solids. You let it dry and it's about 25 to
20 30 percent solids. By the time it -- we then touch
21 it again, so we have now touched it three times, the
22 same piece of ash, it goes into the big yellow
23 triangle and we dry that until about 80/20. You
24 don't want it drier than that because the next thing
25 we do is going to load it on a train and if it's
1 perfectly dry then it could have the potential for

2 airborne. So the 80/20 is considered dry by landfill
3 standards.

4 This is the dredge. The line that you
5 see that's buoyed up is actually where the ash is
6 being pumped through from the bottom of the dredge.
7 This is where it comes out. It looks really nasty, I
8 know, but at least we're getting it out of the river.
9 This is the backhoe pulling it out of those rim
10 ditches. This is the backhoe and it's loading it
11 onto the trains.

12 I want you to notice on this picture,
13 don't look at the engine, but look at the cars right
14 behind it, those are called burrito liners. So it's
15 like a burrito. You put the ash on -- put it in the
16 car, put the ash on top, and then put the flaps over.
17 So this is an added precaution not to have the ash
18 leak out of those rail cars because sometimes you may
19 have holes. Even though we plug the holes, you don't
20 want to have that settling and jarring as it goes
21 down the track.

22 The trains are checked by Norfolk
23 Southern three times on their way to Alabama.
24 Alabama is where we currently have approval to take
25 by rail the ash. If we were to take all the ash off

1 site by truck, it would be 500 trucks, 500 to 700
2 trucks a day. That's really a lot to do,
3 to inconvenience the residents. It's dangerous. So
4 we're really pleased that we have a rail option.

5 A lot of support, in fact, we had a
6 call even this morning from the Commissioner down at
7 the -- County Commissioners down in Alabama, a lot of
8 support for this particular landfill. It is a
9 dedicated state-of-the-art EPA CERCLA approved
10 landfill and it will be dedicated to the ash from
11 TVA.

12 They do have enough room in there to
13 take all of the time critical ash. Time critical is
14 the ash that's in the river. It means that we have
15 got to get the ash out of the river.

16 The non-time critical is we built a
17 dike that holds the ash in the embayment back from
18 getting in the river. So we have more time to do
19 that, and that's called non-time critical.

20 We have done a lot of soil and ash
21 sampling. Arsenic is one of the things you've heard
22 a lot about, and that's one of the reasons is it's
23 higher than background. We are continuing to take
24 those samples of the ash that's being transported.

25 There's not a lot of issues on ash in the soil right
1 now because we have cleaned most of that up. 26

2 The radioactivity is something else
3 that you have also heard about. I think you're aware
4 that that's several things that we deal with everyday
5 that have a higher increased level of radiation.

6 This is increased because if you were
7 to take any rock, coal, soil, but then you condense
8 it because we're burning the coal, remember, it was a
9 14 to 1 is kind of roughly what we're looking at,
10 then you're going to have increased radiation in
11 that. Again, it's like low sodium table salt.

12 We have done over 2,000 tests, TVA,
13 TDEC, and EPA. Not only have they taken the tests,
14 then they go to an independent certified lab, and
15 then they go to a validation verification group. So
16 you have got multiple checks on this, people that are
17 redoing the tests, looking at the procedures, looking
18 at the chain of custody. So we're trying very hard.

19 What I've -- what we're finding,
20 regardless of what you read in the paper, is that
21 many of the samples and tests are very consistent
22 with other independent groups are looking at. The
23 difference appears to be in the conclusions that

24 people want to draw from that. So the data seems to
25 be fairly consistent.

1 64,000 measurements of air quality, ²⁷
2 some of that is riding around real-time air quality.
3 Some of it is PMT 2.5, which is the kind -- the
4 smaller microns that can affect your respiratory
5 system. Ten is a little bit larger.

6 So it's probably one of the highest
7 concentrations of air monitors definitely in
8 Tennessee and probably in the United States, and they
9 are downwind, the worst-case potential for airborne
10 releases and dust.

11 Oh, a big issue right now is getting a
12 baseline because you want a look at the long-term
13 effect of the ash spill on the environment. So
14 looking at that whole body tissue, whole body is
15 something that would be more anomalous to consumption,
16 looking at tissues, and then you want to look at the
17 whole food chain. So that's what it's about is
18 looking at the food chain, getting a baseline now,
19 and moving on. So looking at swallows, eggs,
20 spiders, data, you can look at that.

21 Continuing to reach out to the public.
22 TVA was by some -- by many people did a very good job

23 on the initial response as far as communicating.
24 What we have some improvement opportunities for now
25 is moving from that initial response where you put
1 things out on the web site really quick and you talk ²⁸
2 to folks to now getting into more of a long-term
3 recovery.

4 The web site was -- has just been
5 revamped, but it was getting very cumbersome. You
6 couldn't find anything and being able to link up more
7 closely with the State of Tennessee and with EPA to
8 make it much easier for the public.

9 We also have a reading room. We're
10 looking at setting up a community action group, which
11 will be given money and funding by TVA to do their
12 independent evaluation of information and provide
13 that to the public. So a lot going on.

14 The ORAU health assessments I wanted
15 to mention to you, this is where any individual who
16 has a health concern can go to the Oak Ridge
17 Association of universities. It is independent from
18 TVA. All we do is write the check. We don't have
19 approval of their protocol. We don't know who they
20 see. All we will get is the same as the State of
21 Tennessee and EPA, which is trends and any kind of

22 health issues that they see. So it's treated with
23 the confidentiality of a medical doctor. This is
24 what they do nationally for other types of spills.

25 We have also found that people want to
1 have independent research. They don't trust TVA. 29
2 You caused this mess and so we don't trust you. So
3 we have set up a research fund that will be
4 independently prioritized, the research that will be
5 submitted to Oak Ridge, and again, ORAU, because that
6 is another arm that they do independently. One
7 hundred universities make up this particular
8 function. It will be peer reviewed.

9 As all of you know, scientific data
10 that is not peer reviewed really needs to step up to
11 that level. So that's what this group is intending
12 to do. So TVA is funding that.

13 I think you're aware that we have
14 purchased over 170 homes off -- probably purchased
15 over 130, offered maybe over 170. TVA is looking to
16 help these people to get on with their lives without
17 having to go through litigation. So those that were
18 directly impacted by the ash or the recovery effort,
19 we are purchasing their homes at the highest
20 appraisal of -- by certified appraisals, we are not

21 taking the average, and then we are providing a
22 settlement fee to help with their incidentals and
23 having to move.

24 Let's kind of look at some progress.
25 I will end up here. This is the tracks adjacent to
1 Swan Pond Road before. Actually, there was a road ³⁰
2 right there. What you can't see very clearly is
3 there's actually a train right here. This is one of
4 the only pictures we have got, about three pictures.

5 This train with Norfolk Southern did
6 not get the notice to stop. So it came around the
7 corner and ran into a 14-foot ash. Miraculously the
8 train did not jump the tracks and we were able to
9 pull it out within an hour.

10 This is what the track looked like
11 that he missed. He ended up stopping right before
12 that. This exact scene looks like this today. The
13 road has been replaced and the track has been
14 replaced. We have regraded and so the road is
15 actually an enhanced road.

16 This is a connector called Swan Pond
17 Road Circle. This connected one side of the
18 embayment to the other. You can see that the road
19 was totally destroyed. This is what it looks like

20 today. We have put guardrails on it. It's raised
21 higher.

22 This is actually what gives me hope to
23 get up everyday and go over to Kingston, not this
24 picture. This is the Church slue. This is one area
25 that we have actually completed remediation and
1 declared it closed. It looks like this today. All ³¹
2 of the ash is not under water, it's gone. The birds
3 are back. The vegetation is back. So this is what
4 we want the rest of that area to look like.

5 I want to show you a couple of aerial
6 before-and-afters. You saw this one before. This is
7 the day of the event. This is what it looks like
8 today. There is no more large wall. We have
9 sloughed the wall off. There is roads throughout
10 there. There's drainage ditches. We now have a
11 clean water drainage ditch so that the water coming
12 over the ash doesn't go directly into the river, it
13 goes into a spilling pond. All the brown you see is
14 the Flexterra that turns brown and then eventually
15 the seed will begin to sprout.

16 This is another one. This is the --
17 looking into that area where the residents were that
18 we have primarily purchased it. The flat area where

19 you see the ash to us is really a sand bar. The
20 place is a little bit clearer. It's the 40-foot
21 channel. If you can see ash there on the left-hand
22 side, it means the ash is 40 feet, 30 to 40 feet
23 deep. This is what it looks like today where we have
24 got clean water ditches.

25 We're still getting -- there's a dike ³²
1 across there right behind where you see that white
2 line, and that is to keep all the ash behind there so
3 that that's -- we can now declare that non-time
4 critical. We have got to get everything out of the
5 river in front of that white line.

6 This is another one. This dike C part
7 is the part that stayed intact. If you follow your
8 eyes up to the top of the screen, you will see where
9 you no longer can see the dike and that was the
10 failure. It looks like this today.

11 Again, we have gotten some ash out of
12 the water. We have realized that we had some -- we
13 did a pilot on dredges. They were too small. They
14 kept hitting the things in the river. We have
15 actually lost a track how that's buried there
16 somewhere we're trying to find.

17 So we're having a new company come it,

18 a national company that's known for dredging, and
19 they will be in probably this week, next week, they
20 will be in next week, huge dredges, and they will be
21 able to dredge twice as much out of the river than we
22 have ever been able to dredge.

23 So with that, if you have any
24 questions I can answer them.

25 MR. BILL TITTLE: How long are you
1 going to be there? 33

2 DFO ANDA RAY: We have divided the
3 project up. The time critical, we have now cut a
4 year and a half off the time critical schedule. It
5 is now the ash to be out of the river by before the
6 next spring season, before the next spring rains. We
7 don't want any more migration and don't want people
8 not to be able to use the reservoir for recreation.

9 So by the spring of next year we
10 intend to have -- we are hoping to have the ash out
11 of the navigation channel and out of all the other
12 areas in the Tennessee River, and then we will work
13 on behind the dike. We expect that to take another
14 18 months or so.

15 After that we will then have a
16 long-term trustee organization that will look at the

17 long-term environmental remediation and monitor the
18 impact on the environment.

19 Yes.

20 MR. JOHN WILBANKS: The cost on doing
21 all of this, the short-term/long-term costs, how is
22 it impacting your other programs with TVA, I mean,
23 especially the non-power? You're talking about a lot
24 of stuff. Does this have -- this tremendous cost
25 have any impact on your operations down the road?

34

1 DFO ANDA RAY: TVA was already
2 looking -- we were looking to continue our
3 sustainable performance improvement, which is a
4 reduction in our O&M costs and our capital costs.

5 Several things have happened to us
6 with the economic downturn, a reduction in revenues,
7 and we talked about last at the last Board meeting, a
8 reduction in revenues because industries are cutting
9 back on their electric use.

10 The effect of ours on our pension
11 system because it is the same as others, put in the
12 market, and TVA is mandated to put so much in the
13 system. The Kingston effort and the new -- the
14 revisions that we're going to have to make to our
15 existing impoundment. So there's a lot of financial

16 pressure on TVA. The Board is anticipated to address
17 that at this next Board meeting, and those will
18 probably be addressed with a rate increase.

19 Renee.

20 MS. RENEE HOYOS: How many ponds exist
21 in the TVA watershed?

22 DFO ANDA RAY: I think there's 66 and
23 we're looking -- but we're looking primarily at the
24 wet storage ponds.

25 MS. RENEE HOYOS: How many storage
1 ponds are there? 35

2 DFO ANDA RAY: Six, six wet ash
3 storage ponds.

4 MS. RENEE HOYOS: Okay.

5 DFO ANDA RAY: Well, thank you all
6 very much. One more. Art.

7 SENATOR ARTHUR ORR: Your site in
8 Perry County, Alabama, the EPA site, the Class 1, is
9 that going to be the permanent site or repository for
10 all of the ash or are you going to spread the love
11 around to other sites?

12 DFO ANDA RAY: Right now that's the
13 only site that we have approved by EPA, and it is
14 capable of taking the 3 million that's in the time

15 critical.

16 We, of course, have ash that's behind
17 that dike, which is the non-time critical, and we're
18 also looking at the -- there's no contingency. If we
19 have one rail spur that goes down there, what happens
20 if that rail spur is no longer available?

21 So we need to have some contingency as
22 well, and we're going to need some long-term off-site
23 disposals for all of our other ash.

24 SENATOR ARTHUR ORR: What other sites
25 are available in the southeast that you might use
1 that would be able to take this ash? 36

2 DFO ANDA RAY: The two -- primarily
3 we're looking at already existing. For the time
4 critical we looked at existing Class 1 landfills that
5 were EPA certified. Now that we have more time, we
6 can look at other landfills in the State of Tennessee
7 or any other state that could go through their
8 process of certifying a landfill.

9 So the options open up now that we
10 have a landfill place that we can take the ash right
11 now and not hold up production. We did a -- so what
12 we looked at right now is what was time critical.
13 Now we're going to look at what else is there that's

14 a really good option.

15 SENATOR ARTHUR ORR: Could a Class 2
16 site take this type ash?

17 DFO ANDA RAY: Not for the recovery.
18 Could it take this type as a part of a regular fossil
19 plant operations, it would depend on the individual
20 state if they would allow us to certify it. They
21 have in the past.

22 Renee.

23 MS. RENEE HOYOS: There were news
24 reports that the Alabama site was actually off the
25 list last week.

37

1 DFO ANDA RAY: Alabama?

2 MS. RENEE HOYOS: Yeah. WATA put out
3 a --

4 DFO ANDA RAY: In fact, they
5 apparently called the landfill owner and the county
6 commissioner yesterday who were livid because they
7 thought -- they said, well, we understand TVA is
8 taking you off the site, and we don't know anything
9 about it and they don't know anything about it. So
10 it's totally a rumor.

11 Okay. Well, I am going to let you get
12 on with the program, but thank you-all very much.

13 Oh, one more. I'm sorry. Deb.

14 MS. DEBORAH WOOLLEY: I was just going
15 to ask what's going on with the wet ash pond sites as
16 far as your evaluation of them or remediation or
17 whatever you are looking at?

18 DFO ANDA RAY: We hired a group, an
19 organization, a geotech engineering firm, Stantec,
20 and they have done a preliminary phase one
21 assessment. That is on our web site. They are
22 finishing the next phase of their assessments, and we
23 anticipate that we will release that within the next
24 several days.

25 MS. DEBORAH WOOLLEY: Have you seen
1 any warning signs or any dangers? 38

2 DFO ANDA RAY: What we're going to do
3 is probably we're -- when we sent the information to
4 EPA on the hazard potential of all of our abatements,
5 we told them that we were going to reassess those.

6 So as part of the information we get
7 from Stantec we are reassessing those hazard
8 potentials for all of those, and then that will
9 affect the maintenance and the remediation work that
10 we then do.

11 MS. DEBORAH WOOLLEY: Thank you.

12 DFO ANDA RAY: Thank you. I am going
13 to leave you-all into Janet's capable and Tom's
14 hands, but thank you-all. It was so good seeing you.
15 We will be back in October.

16 Thank you.

17 CHAIR MR. TOM LITTLEPAGE: Thank you,
18 Anda. Our next presenter is Joe Hoagland who is
19 going to be talking about the Integrated Resource
20 Plan. He's here. Okay.

21 MR. JOE HOAGLAND: I appreciate the
22 opportunity to get to speak with you-all this
23 morning. I am pretty excited about this project that
24 we're kicking off.

25 Back in the late '90s TVA conducted
1 basically an integrated resource program around --³⁹
2 and it was called Vision 2020, and it looked at how
3 we were going to produce power, how we were going to
4 demand site management, how we were going to operate
5 our utility system out through the future.

6 I think as everybody knows in this
7 room that between the '90s and now things have
8 shifted significantly, both in terms of the
9 environmental issues that are out there, in terms of
10 the technologies available for power production, in

10 there's a lot of discussion around global climate
11 change and around the impact of carbon on that
12 climate change, and the train has left the station at
13 this point on, you know, what's the impact and how
14 much is the impact. It's pretty focused now on we
15 have got to get carbon out, and that's where the --
16 out of the chain, and that's where the legislation is
17 moving toward.

18 But at the same time, and probably not
19 so obvious, is that the regulations that have been
20 around other pollutants, such as nitrous oxide,
21 sulphur dioxide, Mercury, and so forth that we emit
22 from our coal plants and that we have been working to
23 scrub have all had targets that we have been working
24 to meet and as this new administration has come in
25 and the goals, I guess, have been set forth and EPA
1 is kind of looking at the direction they are going,⁴¹
2 they intend to drive all of those further down to
3 what we call more of a -- what was before a kind of
4 cap-and-trade system, in other words, you looked at
5 it from a global perspective of your utility system
6 and minimize the amount of pollutants across your
7 system.

8 What they will probably come back with

9 in some of the new rules will be what we call
10 commanding control on an individual plant basis. So
11 each plant will have to meet certain parameters
12 specifically. That has the potential to add a lot of
13 costs into our current plants and the way that we
14 currently operate those.

15 So we have got to take all of that
16 into account as we go forward and make sure we have
17 got the best options available for power generation
18 at a cost that allows us to maintain reasonable rates
19 for the folks in the Valley.

20 All right. This chart is a bit busy
21 and probably somewhat hard to read up here, and I am
22 not going to go through the whole thing, but this
23 kind of describes the process that we're going to go
24 through.

25 We're going to -- it's going to have
1 pretty extensive involvement with the public. In ⁴²
2 fact, we're starting off what I will talk more about
3 in a minute about the public meetings starting next
4 week to allow folks to tell us what they see is
5 important in the Tennessee Valley, what things they
6 really care about or don't care about, what issues
7 they think we really need to be concerned about, what

8 kinds of power production should we do, how should we
9 do energy efficiency, that kind of stuff.

10 We will use that information as well
11 as information that we're developing internally and
12 with some consultants we have that are helping us
13 kind of look at what the next 20 years may look like,
14 and we will over the next few months pull together a
15 draft portfolio that will say, depending on how the
16 world evolves; that is, where the environmental
17 regulations go, where greenhouse gas regulations go,
18 where -- excuse me, how the economy recovers, at what
19 rate it recovers, which will affect how our load
20 growth, we will kind of pull together a plan to lay
21 out options for us to be able to meet that. We will
22 then take that draft and go back out to the public
23 and get comments from folks and then we will finalize
24 that up.

25 As part of that integrated resource
1 plan, and maybe I should say as a tool, TVA last year ⁴³
2 approved -- the Board approved a new environmental
3 policy, and in that policy there are six different
4 requirements. The first three of those requirements
5 are around the power production and how we do that.

6 In order to do an environmental

7 assessment of those activities, we need the
8 integrated resource plan. So once we get the
9 integrated resource plan draft formed up, that
10 will -- an environmental assessment will be done and
11 that will then talk about all of the impacts that we
12 would have depending on which kind of option that we
13 went with.

14 As Anda mentioned earlier, and I think
15 Wayne is going to talk more about in awhile, the
16 other three parts of the environmental policy deal
17 with our stewardship activities. So as a separate
18 program to the IRP, we will also be doing an
19 environmental assessment on those stewardship
20 activities which you-all will be involved with.

21 As I mentioned, it's going to have
22 extensive public involvement. We already have a web
23 site set up and are allowing folks to provide
24 comments. I think we're up to close to 100 comments
25 that we have received, and, you know, they have gone
1 all the way across the board from -- I saw one that
2 said, you know, more nuclear power to the other side
3 of, you know, more wind power to, you know, it's kind
4 of covering the whole board.

5 We're starting a series of public

6 meetings, and then we're also going to have an
7 external stakeholder group, similar to you-all, that
8 will be developed to look at that part of the
9 assessment as we go forward.

10 Here's just real quickly a listing of
11 the public meetings, their location, and their dates.
12 I believe they start at 4:30 and go to 8:30 on each
13 of those days. In each of the public meetings, it
14 will be -- we will have a short presentation, but the
15 idea is to try to get as much information into folks'
16 hands that come.

17 So there will be a number of stations
18 set up with fact sheets about different power
19 generation options, about what the TVA system looks
20 like, about some of the new technologies that are
21 available, and then, of course, folks that will be
22 able to answer questions and take people's comments.

23 Just real quickly the schedule, we
24 intend to have the draft of the IRP and EIS completed
25 by February of 2010 and then provide a public comment
1 period, and then we will finalize that late in 2010
2 and the Board -- bring it to the Board for their
3 approval with the preferred alternative in January of
4 2011.

5 That chart that I showed back at the
6 beginning, the busy one with the circle, one of the
7 points of that chart was when we get to the end of
8 2011 we're not done. As you-all know very well, the
9 world continues to change. So we will continue to
10 look at how we update that process and make sure as
11 we move into the future that we're making the best
12 decisions for TVA, both from a power generation
13 standpoint and from an environmental standpoint.

14 I think I have covered that and I
15 think I'm done.

16 Any questions?

17 Yes, sir.

18 MR. RUSSELL TOWNSEND: Beyond the
19 Internet web site, how are you getting word out about
20 the public meetings?

21 MR. JOE HOAGLAND: There are
22 advertisements in all of the major newspapers across
23 the Valley associated with that. We have put out --
24 we have had discussions with our distributors and I
25 think that they are talking about it. And I don't
1 remember, are we doing radio? Angie, are you back
2 there somewhere?

3 MR. RANDY JOHNSON: We don't have any

4 radio ads. We have a number of, at least two rounds,
5 of newspaper ads in every newspaper in the Valley.
6 For instance, NPR in Nashville is doing an article
7 this week, and we have an interview with them
8 tomorrow. We're trying to get the word out as best
9 we can.

10 CHAIR MR. TOM LITTLEPAGE: Any other
11 questions?

12 Just a brief note, we heard some
13 buzzing there. The guys in the back are saying if
14 you have got a cell phone that is on, please put it
15 in your pocket or kind of keep it away from these
16 mics because that's some of the feedback we're
17 hearing with regards to the audio.

18 Okay. Our next presenter is Susan
19 Kelly. She's going to talk about a couple of the
20 construction projects TVA has going on.

21 MS. SUSAN KELLY: Thank you,
22 Mr. Chairman and Fellow Members of the Council. I'm
23 Susan Kelly. I'm the General Manager for the
24 Engineering Support Services and River Operations,
25 and I am here to explain two projects we have going
1 on under our safety of dams. 47

2 The first is the Bear Creek Dam

3 Rehabilitation Project. Now, this is in Northwest
4 Alabama. It's kind of south and west of Muscle
5 Shoals.

6 This is an earth fill embankment dam
7 that was finished in 1969. It's about 1,300 feet
8 long, primarily recreation, flood control, and
9 economic development. It's built on a limestone and
10 shell foundation, also known as a carst foundation in
11 this part of the region, which means that some of the
12 rock dissolved. So we have experienced leaking at
13 this facility ever since it was completed.

14 This project was to take care of that
15 leaking and protect the safety and integrity of the
16 dam. So what we're doing is modifying the toe of the
17 dam by putting in a roller compacted concrete berm,
18 and what this does it provides a weight that holds
19 the dam in place for moving should there be
20 additional water leaking through the foundation.

21 During the process we also, and I will
22 show you pictures later here, excavated down to more
23 solid rock. So this will keep the dam more stable
24 should, you know, we have any flood events down
25 there, and we can also enjoy all the benefits from
1 revocation.

2 Now, this project started last year.
3 We mobilized the site and we excavated late last fall
4 and we started the roller compaction of the concrete
5 in, I believe, January. That completed in early May.
6 In June we finished site remediation and restoration,
7 and now the project is complete. We are planning a
8 ribbon cutting ceremony in August.

9 So these are some pictures just to
10 kind of explain what's going on. In the upper
11 left-hand corner you can see the excavation at the
12 dam. We're looking across at the spillways in the
13 background there. So this is kind of a southwest
14 view. Then if you go to the right you can see the
15 layers of that carst foundation of the limestone.
16 And shell is not a solid rock, it kind of comes in
17 layers. Then in the lower pictures on the left you
18 can kind of see where we have found cavernous areas
19 or holes.

20 So when we excavated down beyond where
21 the original foundation of the dam was, we went down
22 to solid rock. So we used these hydraulic rams on
23 those excavators there to take all the loose rock out
24 and find the solid rock. Now, it may not be a flat
25 area. So what we did in the right area is we start

1 with our dental concrete and we start filling in
2 those holes after dewatered the area and that
3 provides a firm area where we can build this roller
4 compacted concrete berm.

5 Now, this is a dry mix of concrete.

6 You can place it with dump trucks and front-end
7 loaders, and then you just roll it in place with a
8 vibratory roller similar to what a highway project
9 looks like. You will see it's stair stepped there,
10 and that's mainly to provide that weight on the toe.

11 Now we're in the spillway kind of
12 looking to the east and north just a little bit.
13 We're standing about on the roadway of the dam. You
14 can see the berm off to the left. In the middle
15 between the area we are placing earth fill there and
16 compacting it to tie the two areas together. Now, in
17 the end it won't be one solid, gentle sloping line
18 from the top of the dam to the berm, but it will be a
19 similar area.

20 This is a little bit further back.
21 We're standing in the middle of the spillway looking
22 across. You can see how the berm -- that concrete
23 berm there is providing weight to the toe, but it's
24 not exactly tied into the slope of the dam.

25 Okay. So then the project is 50
1 completed as of June. This is actually just an
2 artist's rendering since we haven't actually had time
3 to take aerial photographs yet, but that project is
4 complete and we feel very good about it.

5 Our next project is the Blue Ridge
6 Dam. This is east of Cleveland, Tennessee. It was
7 built in the early '30s before the TVA Act was
8 passed. TVA purchased it upon passage of the Act.

9 It's a puddle core dam, in other
10 words, fill was backfilled and dumped in place on two
11 sides during construction and in the middle then fill
12 was placed and water was sluiced in to help with
13 compaction. So it's not had any vibratory
14 compaction, it's all just been through water. Then
15 we have one small power plant here as well.

16 Some of the issues with this dam
17 include the penstock, which you can see here. When
18 the dam was first completed and the water was filled
19 in the reservoir the first time, the hydrostatic
20 pressure buckled a portion of this penstock. It's
21 originally a steel plate that was riveted together
22 and had a concrete collar around it, but it wasn't
23 secure enough. So the hydrostatic pressure buckled

24 this one area.

25 We put a girder in there or a -- just
1 a floor-to-creeling beam to strengthen the structure,⁵¹
2 but this is how it still looks today. The project
3 will remove this buckled area and we will insert a
4 smaller steel liner and then grout it in place so
5 that we can continue to use the power plant.

6 We have also done some
7 state-of-the-art seismic evaluations of the dam,
8 which means that the new technology regarding --
9 well, to keep it simple, just how a dam would move in
10 a seismic event means that we need to put some riprap
11 on both the upstream and the downstream side of the
12 dam. It gives the dam weight so that it won't slip
13 during a seismic event.

14 Again, this is just some of the issues
15 we're doing. As part of that, the intake to the
16 penstock is a tall cylindrical tower in the
17 reservoir. We need to reinforce that so that it
18 won't topple during a seismic event. Then we're
19 going to put those filters and riprap on both the
20 upstream and downstream banks for weight.

21 So to do this it will require us to
22 pull the reservoir down about 60 something feet, and

23 we generally do this every five years to make it safe
24 to inspect the penstock and ensure its integrity.

25 But if we slowly draw this down in mid
1 July to September of next year and we do this
2 construction project, then we will not need to draw
3 down the reservoir just to do safety dam inspections
4 again.

5 So during this project it will be at
6 elevation 1636 for about six to nine months, and then
7 assuming adequate rainfall the reservoir will be
8 refilled in late spring to early summer of the
9 following year.

10 That's my conclusions. Are there any
11 questions?

12 CHAIR MR. TOM LITTLEPAGE: The cost of
13 both of these projects, Bear Creek, wasn't it around
14 \$30 million? I am trying to think of the estimate.
15 How much -- how did that come in relative to the cost
16 estimates?

17 MS. SUSAN KELLY: We are still closing
18 the books on that as costs come in later, but we were
19 looking around 35 plus million a little earlier in
20 the spring.

21 CHAIR MR. TOM LITTLEPAGE: And this

22 one, what's the projection?

23 MS. SUSAN KELLY: On Blue Ridge?

24 CHAIR MR. TOM LITTLEPAGE: Uh-huh.

25 MS. SUSAN KELLY: We haven't finished
1 our final estimates for the construction yet, but
2 it's, oh, 30 something million too.

3 CHAIR MR. TOM LITTLEPAGE: Okay.

4 Other questions? Okay.

5 Thank you, Susan. Appreciate it.

6 Our next presenter is Chuck Bach.

7 Chuck is familiar to the Council for those who have
8 been on here for a while, and he's going to talk to
9 us a little bit about the reservoir operating system.

10 MR. CHUCK BACH: I am Chuck Bach, the
11 Manager of River Scheduling. It's a pleasure to see
12 my seasoned friends here from previous, and I got to
13 meet a bunch of newbies yesterday when we went
14 through the forecast center and I enjoyed that very
15 much.

16 It's a pleasure to come back and talk
17 about water. For those of you that are seasoned have
18 heard me talk about the drought and how dry it was
19 for the last couple of years and it's a real pleasure
20 to talk about.

21 The question to Janet and I always is,
22 is the drought over? Is the drought over?

23 Well, if you talk to the National
24 Weather Service and other federal agencies, the
25 answer is yes. However, I contend we're still seeing
1 the effects of the drought. 54

2 We had 30-inches-below-normal rainfall
3 in the Tennessee Valley, and as a consequence, we're
4 still recharging the groundwater. So when we get
5 rainfall and runoff, we're not getting the full
6 benefit of that yet. It's going into the ground.

7 So in terms of hydro generation, for
8 example, we're only seeing about 70 or 80 percent of
9 what we would expect for the kind of rainfall and
10 runoff that we would get from the normal rainfall.
11 So we're still managing that and doing a good job,
12 and you will be able to see, I have a bunch of
13 slides, and we will go through those and touch on
14 those.

15 This is a slide that a lot of people
16 have seen in the past. It's just a quick reminder.
17 The large area is the power service area, about
18 80,000 square miles. The light area is the watershed
19 area for the Tennessee River, about 40,000 square

20 miles. The Tennessee River, of course, goes down
21 through that.

22 We have navigation of 650 miles that
23 goes from Knoxville down through Alabama and then
24 turns north and heads back up to Kentucky. We have
25 49 dams, 29 power dams, 20 non-power dams. We have
1 three nuclear plants, 11 fossil plants, two of those ⁵⁵
2 are on the Cumberland system. The Tennessee River, I
3 believe, is the fifth largest river system. So it's
4 a good size system that we have to deal with.

5 Some of you have heard us talk a lot
6 about this in the past, and the newbies got a chance
7 to hear about this yesterday, and I will be talking
8 about the system benefits that we manage for. You
9 can see them listed up here.

10 During the drought, of course, there
11 were impacts to some of them, including recreation
12 and hydro generation, but we were able to maintain
13 water quality and water supply and some of the others
14 that you see listed up here. I will talk more about
15 these and what we're planning to do and how we're
16 going to manage for these the rest of the year.

17 Just a quick reminder, when we operate
18 the system we pull it down to the lowest levels in

19 January so we have room for the large storms that
20 come in typically in the February/March/April time
21 frame, and then we try to raise it back up to the
22 seasonal levels of June 1, our spring fill, so that
23 we can maximize recreation, and then at Labor Day we
24 have -- we start to pull the system back down so that
25 we can be ready for January again the following year.
1 So that's the system that we follow and that you will
2 see in the guide curves that I talk about here in a
3 second.

4 However, this makes it difficult. If
5 it was normal it would be real easy to do that, but
6 very rarely do we get normal rainfall and runoff. We
7 have, as you can see in this slide up here, runoff on
8 the Y axis is percent of normal. The X axis is the
9 calendar year that goes from 1900 to 2010. As you
10 can see, we have had droughts in the past.

11 If you look at this on the far right,
12 you see the droughts in 2008, but we have had
13 droughts in '98 and back in '41 and we have been able
14 to deal with it and we will be able to deal with them
15 in the future.

16 There are impacts. Recreation levels
17 were a little lower, but people still could recreate.

18 We still generated hydro, but it was only about
19 50 percent of normal. That impacts everybody because
20 it's the least expensive way of generating
21 electricity for TVA.

22 The complexity of running the system
23 is captured in this slide. How do you manage for
24 high flows, low flows, and meet all of those
25 objectives, and that's what our system and our people
1 do every day. 57

2 This is just a rainfall and runoff
3 comparison. That top slide is 2007. The bottom
4 slide is 2008. On the Y axis you have inches. On
5 the X axis you have months of the year.

6 The key thing is you see the dark blue
7 and the dark black line below normal for 2007 and
8 2008, and that was the challenge that we had to
9 manage the system over the last couple of years.
10 Like I said earlier, it was 30 inches below normal in
11 rainfall, and we're still dealing with that at this
12 time.

13 Where are we in 2009?

14 Rainfall is 93 percent. Runoff is 82
15 percent. So things are a little better. And as you
16 will see in a couple of slides, we're doing a real

17 good job of holding all of those reservoirs up and
18 staying at the guide curves that we're trying to
19 manage too. Again, we're still a little bit below,
20 but we're still doing quite well.

21 Like I mentioned earlier, the National
22 Weather Service and the federal agencies have
23 declared the drought over, but again, we're feeling
24 the impacts and still dealing with those.

25 This is just kind of a reminder of the
1 tributary storage above Chattanooga looking at the ⁵⁸
2 ten reservoirs that we have there. We measure
3 storage on the left. It's called day/second/feet.
4 Don't worry about what day/second/feet is. It's just
5 a unit of storage. Then along the bottom is the
6 month.

7 The top curve is what we call our
8 flood guide. We try to stay close to that when we're
9 filling in the springtime and the summertime, and
10 then we pull it down after that.

11 The bottom curve is what we call our
12 SMOG, System Minimum Operating Guide. We use that to
13 help us determine if we have to pull water out of
14 tributaries that we pull it out in a balanced manner
15 so that we don't pull all of the water out in Nottely

16 or Fontana or Hiwassee or whatever, that we balance
17 it by using that SMOG.

18 In the gray area is where the 80
19 percent band is, that 80 percent of the time we fall
20 in that range. Now, when we go below the SMOG, the
21 System Minimum Operating Guide, we have requirements
22 to manage the flows. We use Chickamauga as our
23 funnel. All the tributaries are above Chickamauga.

24 So if you look at this you will see
25 that if we're below the SMOG, the first row, okay, 59
1 and then we're in June and July and we go to 13,000
2 cubic feet per second, and that's the water that
3 flows down through the system. We pull that water in
4 a very equitable manner if we need to from the
5 tributaries to meet that.

6 August 1st to Labor Day it jumps to
7 25,000 and that's to deal with the warmer waters and
8 the assimilative capacity of the water with all the
9 bad stuff in it, to move extra water down through the
10 system. So that's why it goes from 13 to 25.

11 Looking at the second row, if I am
12 lucky enough to be above the SMOG, I get to go from
13 14,000 and it ratchets up to 25,000 to the last week
14 of July and then it jumps to 29 in August and Labor

15 Day.

16 Then the last row is to point out that
17 there are minimum flows all down through the system,
18 it's not just Chickamauga. Sometimes other flows
19 drive the system. In fact, last year Kentucky did
20 drive the system for a while and we were at 18,000
21 through the system. So just a reminder that we're
22 equitably pulling water to meet these requirements if
23 we need to and we try to maintain these and we
24 monitor them very closely.

25 This is to show you how things have
1 changed. This is the same draft I just showed you a ⁶⁰
2 minute ago, storage versus time of the year with the
3 flood guide and the SMOG on it, and then the 2007
4 elevations of the tributary storage.

5 You can see that in the April/May time
6 frame we dropped below the SMOG and we were managing
7 those flows back to that chart that I just showed you
8 because we dropped below the SMOG. We followed that
9 all through the year, as you can see.

10 Here's 2008 added on to it, and you
11 can see it was a little bit better. We had a little
12 rainfall in the February/March time frame. We held
13 on to that water. It got a little bit higher.

14 Again, we dropped below the SMOG in the April/May
15 time frame, and again, we managed those flows based
16 on that table that I showed you about earlier. So
17 the last couple of years we have been watching and
18 managing very closely.

19 Then here we are in 2009, the red
20 line, and things look a lot better. You see in
21 January we got a nice rainstorm. We pulled all of
22 that water back down and moved it through the system,
23 and then we were able to stay pretty close to that
24 flood guide all through the year.

25 Now we have got the pools all the way
1 back up by June, with the exception of Nottely, which⁶¹
2 was four-tenths of a foot below this flood good, but
3 every other tributary reservoir was at its summer
4 level that we were shooting for.

5 However, if you look at July you see a
6 drop below the flood guide on that red line.
7 Remember, I talked about the impacts of the drought.
8 I believe that's what we're starting to see here. We
9 have good rain all the way through April and May.
10 The last four or five weeks the rain has basically
11 stopped.

12 We get a lot of afternoon

13 thundershowers and things like that, but if you look
14 at a system-wide-type thing, I'm not getting the rain
15 to maintain my levels. Now I am seeing the levels
16 drop a little bit.

17 When we drop below that SMOG, and
18 we're right at it right now, we're fluctuating one
19 day above, one day below, but when we go below that
20 then we will drop back to that 13,000 CSF through the
21 system and we will be equitably pulling water from
22 all of those tributaries to meet that.

23 I thought it would be good just to
24 kind of go through all the tributary reservoirs to
25 give everybody a flavor. You're going to see the
1 same pattern show up over and over again. So let me 62
2 take a minute and talk about Blue Ridge.

3 On the Y axis you have elevation
4 again. On the X axis you have time of year, you have
5 the flood guide, and then something called the
6 balancing guide, that's what we use to equitably
7 determine how much water to pull out of the
8 reservoirs. So you will see this show up over again.
9 We also put on top of gates and spillway crests on
10 these slides.

11 You see the black line, which is the

12 2009 elevations, and again, you see the storm in
13 January show up, you see a stake close to the flood
14 guide. We sluice up a little bit and we pull it back
15 down. In May we had a good storm and it bounces up
16 and we pull it back down to create that flood storage
17 space that we need to maintain. As you can see, we
18 have stayed pretty close to that flood guide up
19 through now at Blue Ridge. Again, you're going to
20 see this over and over again.

21 Here's Chatuge, the same kind of
22 pattern. In January a rain event and we stayed a
23 little bit above the flood guide as we filled it. We
24 got that rain event at the end of May as you can see
25 and we pull it back down.

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1 Cherokee, the same pattern.

2 Douglas, the same pattern. You just
3 see it start to repeat itself. Fontana. Here's
4 Hiwassee. Norris.

5 If you look at the month of May in
6 Norris the water creeps up on us. We got a real big
7 rain event in the Norris watershed. We had our
8 turbines running 24 hours a day moving out 9,500 CFS.
9 It wasn't enough to get the water level down. So we
10 had to initiate a spill, and we spilled for, I

11 believe, five days, Monday through Friday, and was
12 able to pull that level back down with that spill.

13 Nottely, like I said, Nottely was the
14 only one that didn't reach its level in June. It was
15 only four-tenths of a foot below. Within two days we
16 got it back to the flood guide.

17 South Holston. Watauga.

18 How do I go back? Can I go back one?

19 Thank you.

20 The other reservoirs I just showed you
21 were all tributary reservoirs. Now, this is a main
22 stem reservoir. This is operated differently. The
23 tributaries fluctuate 40, 60, 80 feet. The main
24 stems fluctuate just 5 or 6 or 8 feet. So you don't
25 see as much fluctuation.

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1 Then we try to stay in that gray area,
2 that's our operational band, but you see the same
3 kind of pattern show up. In January you see the big
4 rain event and we pull it back down real quickly.

5 Other rain events that occur, look at
6 April, for example, you see a rain event and then we
7 pull it back down and then another rain event and we
8 pull it back down. You see another one in May.

9 Then you see a jagged line show up at

10 the end of that. We do what we call mosquito
11 fluctuations on our main stem reservoirs and we
12 change the level about a foot. So you will see this
13 pattern show up on the main stems. We do this during
14 the summertime period to help minimize mosquitos.

15 Here's Chickamauga. We see the same
16 kind of pattern show up, and then when you get to the
17 June and July you see that sawtooth pattern and
18 that's the mosquito fluctuations that we're doing.
19 We stay inside that band for navigation and for all
20 of those system benefits that we have.

21 Here's Gunter'sville and you see the
22 mosquito fluctuations there also.

23 Kentucky, at Kentucky we have to also
24 work very closely with the Corps of Engineers. When
25 they are predicting a flood event on the Ohio River
1 that goes above a certain level, they take over the
2 operation of Kentucky Dam from us.

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3 So what you're seeing here is the
4 Corps asking us to hold water back, let water move
5 down the Ohio River and into the Mississippi, and
6 then behind that we move our water out. So you see a
7 bump going up in the May time period there, and then
8 we have been back after that pretty close to our

9 glide curve.

10 So that's kind of where we are at the
11 river system. It's really nice to have water. If
12 you need more information, you can go out on our web
13 site and there's all sorts of information on the
14 river system. So it's pleasure to give you an
15 update.

16 Questions?

17 CHAIR MR. TOM LITTLEPAGE: Questions
18 for Chuck?

19 I will start out. Chuck, the drawdown
20 that they propose for Blue Ridge, what kind of
21 operational impact does something like that have when
22 you have that magnitude of a drawdown of a project?

23 MR. CHUCK BACH: As Susan was talking
24 about, we're planning to start next year on the
25 drawdown. We will probably do a combination of
1 through the turbine unit and we have a low level
2 outlet there to kind of manage the temperature for
3 the trout downstream.

4 The impact will be we will hold the
5 reservoir down about 40 or 60 feet depending on
6 whether you are looking at the winter or summer
7 levels and hold it there for several months.

8 Then the idea would be to hopefully,
9 if we are very successful, to complete the
10 construction and then, if Mother Nature cooperates
11 and brings rainfall, we will fill it back up in the
12 following recreation season. So it will be several
13 months it will be very low.

14 CHAIR MR. TOM LITTLEPAGE: And
15 basically you're going to completely take the
16 penstock out of operation. So you would be managing
17 through that low level outlet?

18 MR. CHUCK BACH: Yes, sir.

19 CHAIR MR. TOM LITTLEPAGE: Okay.
20 Other questions for Chuck?

21 Yeah, Bill.

22 MR. BILL TITTLE: Tom, I just want to
23 comment to Chuck, and to Janet particularly, we had
24 two accidental drownings just below Chickamauga and
25 the river operation staff on duty are wonderful to
1 work with to help restrict that flow where we can put
2 the divers and drag in operation.

3 It's interesting to me that you don't
4 have to go very high up to the management staff to
5 have someone make a decision that they will cut that
6 flow, and we appreciate that very much. We have done

7 it more than once, unfortunately we have had to, but
8 we appreciate very much that cooperation from the
9 River Operations staff.

10 MR. CHUCK BACH: Thank you, Bill. I
11 will pass that word back to those people.

12 CHAIR MR. TOM LITTLEPAGE: Any other
13 questions?

14 Okay. Thank you, Chuck. Appreciate
15 it.

16 The next item on the agenda is a
17 break. I guess what I would propose is maybe we
18 extend it but not a lot. So let's take about --
19 we're scheduled to get back together at 10:00, but
20 maybe 9:45. Let's take a break and gather together
21 in just under 30 minutes.

22 (Brief recess.)

23 CHAIR MR. TOM LITTLEPAGE: Before we
24 bring Wayne up, just a couple of procedural things I
25 should have covered earlier, especially for those
1 that are new to the Council. A couple of folks have
2 indicated that because we're running unusual in the
3 sense that we're going to have a protracted day today
4 past lunch, there's a couple of folks that have to
5 leave.

6 I just want to remind everybody on the
7 Council that for the discussion and for us to have
8 legally, binding input into the Board, we have to
9 maintain a quorum of at least 11. So if you're
10 planning on leaving early today, please let Paul or I
11 or Janet know just so we can be aware of that.

12 And to the degree you want to provide
13 input to your neighbor or something we still would
14 value your input into the discussion questions, but
15 if you're going to be leaving early let us know.

16 The other thing I wanted to give
17 everybody a head's up with, especially for those that
18 might be leaving early, we have already set the dates
19 for the next meeting, and it's the last week of
20 October. I think it's the 29th and 30th, that
21 Thursday and Friday. Beth reminded me that it was
22 sent out in a letter that everybody should have
23 gotten. So please mark that on your calendar. In
24 general in the future -- yeah, it is the 29th and the
25 30th. Thank you, Paul.

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1 In the future we go through a process
2 where we try to poll and a group this big and this
3 large and with such diverse interests, it's always
4 hard to find dates that you can maximize as many

5 people as possible. We will do that for future
6 meetings, but the next meeting in October has been
7 set for a number of different reasons. So please put
8 that on your calendar and TVA will be communicating
9 with us to try to understand who can make it and who
10 can't.

11 Any questions or comments about any of
12 those issues?

13 Okay. What we're going to do is we
14 got a little ahead on the schedule, as you obviously
15 have noticed. So we're just going to push through as
16 much as we can, and then if we don't have comment --
17 public comments, we will continue to push through and
18 enter into the discussion portion of this, and then
19 around Noon we will take a break, have lunch, and
20 then come back together and wrap up.

21 So our goal is to the degree we can
22 accelerate this we will and try to get everybody out
23 of here and on the road as soon as practical as we
24 can today.

25 Okay. I guess with that, we will let
1 Wayne come up and talk to us. 70

2 MR. WAYNE POPPE: Thanks, Tom. All
3 right. Those of you that were in orientation

4 yesterday know how challenging this can be for me.
5 So we will just take that for what it is, and I
6 apologize for the inconvenience up front when I mess
7 up my slides.

8 Fair enough?

9 All right. All right. So Joe and
10 Anda both talked a little bit about the environmental
11 policy and where we were at in the policy. I didn't
12 think they mentioned that we actually -- we, the
13 Board, TVA Board, adopted or approved the
14 environmental policy in May of this year.

15 So, you know, the fundamental
16 objective is to guide decision in strategic areas,
17 general strategic areas. Joe talked specifically
18 about the power and transmission issues associated
19 with what we call the IRP, the Integrated Resource
20 Plan, sort of a classic approach.

21 Most companies that are in the
22 generation business do an Integrated Resource Plan on
23 some sort of regular interval to update their
24 planning. Joe mentioned that we did it in the late
25 1990s or thereabout. As situations change, you
1 update it.

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2 In the case of TVA we had the IRP and

3 some stewardship activities all put out as part of
4 this environmental policy in May. So it was
5 important that we looked at our implementation
6 activities and get environmental review on both of
7 those fundamental areas in terms of the Integrated
8 Resource Plan and our stewardship activities. We
9 could have done them together, but they are both
10 really important activities of the company.

11 So as to not have one take precedence
12 over the other or have one be buried in the other in
13 the form of public meetings or comments or reviews,
14 we chose to separate them out in to two implementable
15 projects.

16 So we're going to focus, we, you, the
17 Council, we need you to focus on the stewardship
18 activities associated with the environmental policy,
19 and specifically, the implementation aspects of our
20 stewardship activities in TVA.

21 All right. So now, as I said, that
22 policy requires appropriate NEPA review. I am not
23 what a NEPA -- what NEPA review or what level of NEPA
24 review that is. I think that is determined, in large
25 part, by what sort of issues we have to deal with,
1 how much public input we need on some issues, how

2 much public input we have had on some issues, all of
3 that needs to be taken into consideration, but
4 certainly a few things are a given.

5 If you go back to the environmental
6 policy, and you have a copy in your handout, I
7 believe, we talk specifically about three areas,
8 water resources protection and improvement,
9 sustainable land use, and natural resource
10 management.

11 Now, we intend to have you, the
12 Council, serve as the key stakeholder group during
13 the study period of our stewardship evaluation of
14 those activities, not the full IRP, the stewardship
15 function of the environmental policy.

16 All right. And we need you to provide
17 some guidance to us. As a stakeholder group, we need
18 some guidance from you on the scope and the direction
19 of what I will call oftentimes the study, and the
20 study being the environmental review of our
21 stewardship activities as we implement them moving
22 forward.

23 Now, I keep saying this over and over
24 again for a couple of reasons. One is it's easy to
25 confuse exactly what all is encompassed here and what

1 is he talking about, and then specifically, now, did
2 you want input on everything or specific activities
3 or is everything in the mix.

4 Anda mentioned that we would be doing
5 the review, but what she didn't say was that some
6 things have been reviewed quite a bit. In fact, some
7 things have been reviewed by this Council or previous
8 versions of this Council.

9 And I'm technology stuck again here.
10 There we go.

11 All right. So there's a page in your
12 handout in my presentation that probably you're going
13 to want to go to because I know this is too small at
14 least for me to read and so it may be too small for
15 you to read too.

16 I think the easy way for me to help
17 you get grounded on the advice that we're looking for
18 is to go back and review what some of the previous
19 Councils have worked on and some of the advice you
20 have given us and some of the environmental review
21 that that has resulted in as a result of the advice
22 you gave us or as a result of some implementable
23 activities that we have had.

24 So we will talk a little bit about the

25 first term of the Council. Those of you that were
1 here as part of the first term I think will attest 74
2 that -- to the fact that there was a lot of work done
3 in that first Council.

4 You formed subcommittees, specific
5 subcommittees where two or three of you would host a
6 series of TVA technical folks, other agency technical
7 folks to get your arms around specific issues.

8 I know in the case of -- there was a
9 water quality subcommittee, for instance, that I know
10 that I came and made presentations to some members of
11 the subcommittee on. There were aquatic plant
12 committees. There were reservoir release improvement
13 discussions, a whole series of things, but if you
14 look down that list, that encompasses the great
15 majority that -- of the first term Council. It
16 encompasses the great majority or at least touches
17 the great majority of the stewardship functions
18 within TVA as we started the Council.

19 The Council, if you will think back,
20 this is the fifth term of the Council year. In the
21 year 2000 we were -- we were just in the beginnings
22 of not living in the appropriated world. So the
23 Council really took it upon themselves to understand,

24 well, what the appropriated programs were and what
25 activities TVA should really be involved in and what
1 should be emphasized and what should be deemphasized. 75
2 The Council worked real hard on that.

3 Now, individually those things are not
4 tough items, collectively they became hard items to
5 deal with, which is why they went with subcommittees
6 in many cases.

7 Now, when the Council was done they
8 gave us some suggestions, that first Council. In
9 future meetings focus on fewer things and go more
10 in-depth on individual things, don't make us try to
11 do everything at once, but nonetheless, regardless of
12 which ones of those items it was, communicate more,
13 collaborate more, and partner more.

14 Another item that came out of the
15 first Council or recommendation that came out of the
16 first Council is that you really ought to look at how
17 you operate the reservoir system. We had a lot of
18 folks wanting to know about how we operated the
19 system.

20 The talk that Chuck gave you today was
21 not necessarily commonplace in the year 2000 in terms
22 of how we did it. Certainly, the information wasn't

23 as easy to get to if you were just an average
24 citizen. The tools have changed a lot since the year
25 2000. Each of you at the break or nearly all of you
1 at the break, I see you reaching in your pocket for ⁷⁶
2 your -- one of these or one that's a little bit nicer
3 and checking your e-mails and everything. You know,
4 in the year 2000 we didn't have those things.

5 One of the things that we did as a
6 result of Council advice was really look at our
7 reservoir operating policy. We spent a lot of time
8 and many of you participated in meetings that we had,
9 a lot of public meetings that covered a lot of
10 stewardship areas in the water arena, in fact, I
11 think covered all -- almost all, if not all,
12 activities that are listed in the current
13 environmental policy were evaluated in the public
14 forum as part of our Reservoir Operating Study.

15 The policy that we subsequently
16 developed, the TVA Board. When I say we I am usually
17 saying the TVA Board. That was adopted by the Board
18 in May of 2004. Okay.

19 So the reason I am going there is that
20 when we get in the Environmental Policy we need NEPA
21 coverage on the things that haven't been covered yet.

22 Certainly, you're welcome to provide us advice on
23 water items, but in terms of NEPA coverage we have
24 some latitude on what we have to go back out to the
25 public with and what we don't have to go back out to
1 the public with. So all I am suggesting is that
2 maybe we don't need to rehash ground that we have
3 rehashed or open things up that we have fully
4 evaluated and vetted with the public.

5 Go to the second term of the Council,
6 we focused a little bit more on public lands
7 management. As a result of not getting everything
8 accomplished in the first Council meeting, we also
9 went to water supply, recreation, public involvement
10 issues in general.

11 Water supply was becoming of more and
12 more interest. We weren't in the drought yet, but
13 people remembered the drought. Water supply was an
14 issue that we were having a hard time dealing with as
15 a part of our Reservoir Operating Study and
16 subsequent policy adoption. So the Council really
17 wanted us to -- Council, your Council, asked for more
18 information about water supply.

19 What was going to happen by the year
20 2030?

21 Did we really understand some of those
22 things?

23 So we went into that in detail and
24 in-depth. We went into the public lands arena and
25 talked about that more in-depth primarily because the
1 focus of the first term of the Council was a water
2 focus, if you want to call it that, and so we didn't
3 get a chance to get into the lands focus.

4 We built on that and for the third
5 term of the Council went into specific public lands
6 management in more depth yet. Based upon advice of
7 that the previous Council gave us, we drafted a
8 recreation strategy. We started looking at land
9 policy moving forward.

10 Then we also forward to the Council,
11 because it wasn't covered well in any of the previous
12 meetings of the Council, was how do you manage the
13 infrastructure that you're charged with taking care
14 of, primarily because we were dealing with that issue
15 at Bear Creek that Susan described to you just a few
16 minutes ago.

17 You know, here we had a dam that had a
18 major issue. How should we be dealing with that?

19 It's a non-power structure. How

20 should we fund its repair?

21 We didn't have appropriations for that
22 sort of thing. So we, again, sought your advice.
23 That's why that infrastructure issue is there.

24 Go to the fourth term of the Council,
25 updated the recreation strategy, got some -- brought
1 in some more folks and sought your advice on how ⁷⁹
2 should we really be implementing recreation and the
3 recreation strategy and how does that fit in the
4 national resource management strategy.

5 Some would say recreation is a part of
6 natural resource management. In fact, this Council
7 said, you know, you really shouldn't be thinking
8 about natural resource management without thinking
9 about recreation. You ought to be combining those
10 things. And by the way, those things should be all
11 combined as part of a sustainable land practice for
12 TVA. Really good advice.

13 We had siloed practices instead of
14 having what I would call a comprehensive land
15 approach from a stewardship standpoint. I think we
16 thought we were doing it, but as we developed our
17 strategies we developed those independent of one
18 another and didn't have those married to one another.

19 So this Council said, marry those things, and that's
20 what I want to talk a little bit about today.

21 In fact, moving forward in the
22 environmental policy I think that's something for us
23 to consider doing is to roll those into broader
24 overarching implementable activities that are married
25 to one another.

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1 We also, the last term of the Council,
2 went back and looked at water again. So you can see
3 as you serve on this Council that just because you
4 have looked at water once doesn't mean that you're
5 going to quit looking at water. In fact, we looked
6 at drought management or the lack of water.

7 In the Reservoir Operating Policy we
8 committed to developing and working with folks --
9 developing a Drought Management Plan. That was not
10 part of the Reservoir Operating Policy. That was
11 adopted in 2004. Hence, we came back and said, all
12 right, how do we adopt a Drought Management Plan and
13 Policy for the Valley?

14 Now, I know I have spent quite a bit
15 of time on that, and the reason is simple, I wanted
16 to get you grounded in where we have been and then
17 areas that we would like to go to and have you think

18 about.

19 All right. Water resources protection
20 and improvement. Again, in the enviromental policy
21 we're looking at the implementation objectives and
22 how do we move forward with the implementation
23 objectives, specifically within the environmental
24 policy.

25 Here's the two things that are listed.
1 Collaborate to improve and protect water quality in ⁸¹
2 the Tennessee Valley and enhance water resource
3 stewardship on TVA managed land and facilities and in
4 projects permitted by TVA.

5 Okay. Collaborate, that was a word
6 that this Council used over and over again. So as we
7 implemented our projects to improve and protect water
8 quality in the Valley, the collaborate and
9 communicate were major issues for us.

10 If you think about the Reservoir
11 Release Improvement Program that we put in place, we
12 invested a little over \$60 million to improve the
13 quality of the releases from the dams. We didn't do
14 that by ourselves.

15 We collaborated with the states as we
16 established dissolved oxygen targets. We

17 collaborated with user groups in the form of Trout
18 Unlimited, rafters, fishing clubs, other recreation
19 clubs, general users of that water resource, the
20 boaters, and developed implementation strategies.

21 The second bullet there, enhancing our
22 water resource stewardship on TVA managed land, you
23 know, that is making sure as we put projects on TVA
24 land how do we make sure that we're taking into
25 account archeological interest?

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1 How do we make sure that that we abide
2 by the law?

3 Also, for instance, as we develop a
4 recreation area, how do we make sure that any water
5 resource activity associated with that recreation
6 area takes into account the other related stewardship
7 activities within the company?

8 So in general we have that, I believe,
9 covered. There may be some specifics that I -- that
10 you want to think about or question us on in those
11 areas.

12 Going to -- going to the natural
13 resource management and recreation and sustainable
14 land use, I went ahead and just combined or made a
15 new statement on implementation objective for that,

16 and that's to make sure that our sustainable land use
17 is met through responsible lands planning and
18 effective natural resource management strategies,
19 including recreation objectives for the strategies.
20 You very clearly said to roll those together.

21 So as the stake -- as a previous group
22 of the Council, as a stakeholder group that's charged
23 with providing us guidance on our stewardship
24 activities, we're trying to make those sorts of
25 things happen. Okay. There we go. Okay.

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1 So let's talk specifically a little
2 bit about the natural resource management
3 implementation objectives. I have listed five
4 specific objectives. I have got several tasks listed
5 under each objective. I didn't those up on the
6 screen. I believe we provided you a copy of the
7 natural resource management strategy in your
8 booklets. If not, I will get you a copy.

9 I am certainly not going to read all
10 of them, but as you go through and think about them
11 it goes back to some of the advice that previous
12 Councils gave us. Then moving forward, we want to
13 make sure that we're capturing the essence and the
14 scope of what you were telling us in the past. So

14 down here somewhere, I'm not quite sure where, but
15 those are approximate numbers.

16 So in that suite of 293 acres, as we
17 look at natural resource management, how do we take
18 these leadership activities into account?

19 Certainly, a second general activity
20 is seeking and using collaborative integrative
21 approaches and partnerships, whether that be with
22 tribes, whether that be with special interest groups,
23 let's make sure that we make that happen.

24 You know, it's that concept of if
25 you're out there working on this by yourself you're
1 most likely in the wrong place. Certainly, you're⁸⁵
2 not getting the benefit of those around you that have
3 ideas and support that can help you with that overall
4 objective.

5 Another activity in the natural
6 resource management strategy activity, and this is
7 where they start sort of bleeding over and should
8 have been combined in the past, in my opinion, was
9 this Council -- I think it was actually the third
10 Council said, you know, you really ought to be
11 providing some sustainable dispersed recreation
12 opportunity.

13 We haven't spent much time on that.
14 We are spending more time on that now. There's
15 information out on the web site. Just as an example,
16 this is a hard copy of the dispersed recreation areas
17 that we surveyed this past year. I think there's 41
18 areas, 77 sites that we looked at this past year.

19 What's going on in those areas?

20 How should we be managing those areas?

21 How should we be taking natural
22 resources into account as we manage those areas?

23 So, again, that goes back to that
24 assess and monitor and update and improve, but no
25 where you're doing it.

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1 Then using TVA recreational natural
2 and cultural resource information to encourage
3 responsible outdoor activities, that book is an
4 example of one. You know, we shouldn't be -- we
5 shouldn't be encouraging dispersed recreation in
6 areas of significant archeological, cultural or
7 sensitive species sites.

8 We should understand that where they
9 are and we should try to protect those things and
10 encourage dispersed recreation or similar recreation
11 in areas where you don't have those issues as an

12 example, and then I would argue that is ultimately
13 the objective of the last implementation objective
14 that I have listed there, which is to minimize or
15 mitigate human use impacts on the environment.

16 So the idea is that one builds on the
17 other. None of them are separate. Those natural
18 resource management activities fit into the water
19 resource management activities that we deal with on a
20 daily basis that Chuck talked about also.

21 Janet, how am I doing on time?

22 CHAIR MR. TOM LITTLEPAGE: You're
23 fine.

24 MR. WAYNE POPPE: So let's go
25 specifically to some recreation management
1 implementation activities. Now, here is one that I
2 would say that maybe we got some things covered
3 already and maybe we don't need to go back and say,
4 you know, you ought to really think about some new
5 things, maybe you need to enhance some of the things
6 you are doing.

7 The first one we have got listed there
8 in terms of implementation objective is to support
9 diverse recreation activities through management of
10 river flows. In the reservoir operating policy that

11 we adopted, there was a series of things that we
12 actually committed to doing that meet that objective.

13 Examples, limit the drawdown -- the
14 reservoir drawdown from June 1st through Labor Day,
15 that's a specific activity to enhance recreation on
16 the flat waters. All right. That's one of those
17 things through your river flows. So if I hold the
18 water back or not having a river flow, I am enhancing
19 that because I am keeping that water up.

20 Another one is to manage the winter
21 drawdown to facilitate boat access. In the past
22 there were a lot of the tributary reservoirs where we
23 drew down so far that it was actually tough or hard
24 to get on that reservoir to use that reservoir,
25 especially in, for instance, the Hiwassee, Fontana,
1 some of those areas. The boat ramps just didn't go⁸⁸
2 far enough down.

3 So where they didn't go far enough,
4 not only would you look at what you could do from a
5 water level standpoint, but maybe there were a few
6 areas where you needed to extend the boat ramp. So
7 it all fits into that.

8 Manage water releases to support white
9 water recreation opportunities in some areas. Good

10 examples are actually in North Alabama, Little Bear
11 Creek. You have got below Appalachia the power
12 house. You've got rafting below the Ocoee. So it's
13 not just the Ocoee. It's other places.

14 Manage flows to enhance sport fishing.
15 Certainly, one of the things that we did, I mentioned
16 that we invested over \$60 million to enhance the
17 dissolved oxygen content of some of our releases, but
18 along with that enhanced dissolved oxygen content
19 comes a good fishery.

20 Then comes, how do you manage those
21 flows?

22 Then comes, how do you manage those
23 flows for wade fishermen?

24 Oh, by the way, both fishermen don't
25 like wade fishermen.

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1 So on the same day, how do you manage
2 the flows for the boat fishermen and the wade
3 fishermen?

4 So we're doing that. Norris is an
5 example, the tail waters of Norris.

6 Then another flow management example
7 is stabilizing the reservoirs in the spring fill. As
8 you up -- once you get to a certain elevation you try

9 not to bring it back down in the spring, but rather,
10 gradually fill for the spring spawn for fisheries so
11 that you get a good spring spawn.

12 So those are examples I would use for
13 supporting diverse recreation opportunities through
14 river flows that have been covered under a NEPA
15 review. All right.

16 Provide recreation opportunities on
17 TVA lands. A lot of things there that we -- lots of
18 tasks that we have undertaken. In this case I think
19 it's important to understand that we try not to
20 undertake those task, excuse me, tasks from a
21 planning or an implementation standpoint without
22 making sure that our planning and implementation is
23 consistent with other agency plans and
24 implementation, whether that be state or other
25 federal partners.

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1 Certainly, Tennessee and all of the
2 other Valley states have recreation implementation
3 plans. Ours shouldn't be contradictory to theirs.
4 Certainly, a lot of Forest Service lands and Park
5 Service lands are located within the Valley. Our
6 recreation plans and implementation plans for those
7 lands should not be -- should not contradict those.

8 So we have undertaken or stepped up
9 our activities to coordinate and partner with the
10 states and the federal agencies to make sure that
11 that's the case. That actually, I think, goes to No.
12 3 also, which is provide a diverse recreation
13 opportunities through collaborations and
14 partnerships.

15 You know, if we have got a case where
16 we have got -- if we have got a ramp and we need a
17 parking lot and we have the property but this agency
18 needs some space, then maybe we ought to work on how
19 much land we have available for that as an example.
20 It doesn't have to be an action other than anything
21 more than even just a planned coordination becomes an
22 implementation on down the line.

23 Then certainly planning, collecting,
24 and managing TVA recreation. One of the things that
25 we have been lax in to a degree is really getting
1 up-to-date information. There's a lot of ground out ⁹¹
2 there. 293 acres is what we have. 21,000 acres for
3 recreation specifically. 182,000 for natural
4 resource management. So there's 200,000 acres to
5 plan activities for.

6 Some recreation is nothing more than a

7 trail or not having a trail in a natural resource
8 area and manage it for that. So understanding where
9 we needed to enhance those sorts of activities is
10 just as important as to what it is in making sure
11 that we have good boat ramps on our reservoirs.

12 Then integrate the operation of all of
13 those things to make them come together. Again, this
14 goes back to that silo concept that, I think,
15 probably we have been guilty of in the past. A lot
16 of -- you know, as you put together a recreation plan
17 sometimes you forget, well, I have got water
18 recreation and I have got land recreation and so how
19 do I do that and how do I put that together, you
20 know, and there's other people that know something
21 about it but how do I get their input, and so it's
22 stepping back and thinking about that.

23 Okay. So those are what I would call
24 examples of where -- what I need you to look at after
25 awhile, how recreation fits into natural resource
1 management, how it fits into sustainable land use, 92
2 and then how that fits into our environmental policy.

3 We're going forward on things that
4 have high value to us and maybe things that have
5 lower value to us and how do you provide us the

6 advice on what are those high value things and what
7 should we be doing some more of and what are we
8 missing in terms of our thinking.

9 Then I would argue that there's some
10 other things that we ought to think about doing as we
11 move forward with our Environmental Policy and our
12 sustainable land use. I didn't talk too much about
13 the 14,000 or so acres of shoreline -- excuse me, of
14 acreage near shoreline acreage associated with the
15 housing.

16 We spent a lot of time on 26(a)
17 applications. A 26(a) application is what's in our
18 regs for us to ensure that if somebody wants to put
19 in a water-use facility of any sort we have a review
20 in place to ensure that, number one, do you have
21 rights to put it there; number two, are you taking
22 into account sensitive species area; number three,
23 are you taking into account navigation; number four,
24 are you taking into account flood control; are you
25 taking into account cultural resources, all of those
1 things. 93

2 Right now the only way we can take
3 that into account is by looking at each individual
4 parcel and application on its own. Right now we --

5 98 percent of those come to us in the form of paper.

6 I pointed out those electronic things
7 you got in your pocket earlier. All right. So in
8 order for us to be more effective in being able to be
9 a steward of our lands to look at recreation and
10 natural resource management strategy, we can't be
11 spending all of our time doing 26(a) applications.

12 So we need to move to an electronic
13 storefront, which is a major shift for us. Now, that
14 in itself doesn't require NEPA review. That's a
15 business proposition where we ought to be trying to
16 be more effective. We ought to be trying to be
17 quicker in our turnaround. We ought to understand
18 where we can permit things and what can be permitted.

19 What it doesn't -- what we don't have
20 in terms of an arsenal so that we can do some of
21 those things more quickly in addition to having them
22 all done electronically, which would be a -- just
23 like the water supply, you know, I used to think -- I
24 taught the orientation panel yesterday about how we
25 used to have some really good rules and really knew
1 how to use them and could do them really fast. It
2 still wasn't near as good as having really good
3 computers and managing that water inventory much

4 better.

5 It's the same thing in the lands
6 planning and in the lands application business. You
7 have got a piece of paper that's not as quick as a
8 computer. You can't track as easily. One person
9 knows about it instead of ten people knowing about
10 it.

11 What I don't have in that arsenal is a
12 general permit. You know, it seems to me that one
13 thing we may want to consider is amending things that
14 have already been reviewed.

15 In this case our shoreline management
16 activities have been reviewed. I'm not suggesting
17 opening up and changing allocations. I'm suggesting
18 maybe we ought to think about having a general
19 permit.

20 If you come to get something from me
21 off the shelf that's within certain specifications,
22 maybe I should grant you a general permit like the
23 Corps of Engineers does. I don't have that in my
24 arsenal now. I need some advice on that.

25 Maybe I should think a little bit
1 about how we do our lands planning in general. Right
2 now we take each individual reservoir plan or a group

3 of reservoir plans out for public review. Maybe I
4 should just have a general approach on how I do that
5 for our lands planning and do that once and for all
6 so that we have that in place. We need some advice
7 on that.

8 All right. The key for us to be able
9 to do that is to reallocate resources that are
10 currently working on applications in the paper world
11 to working on permit applications in the cyber world.

12 All right. I did it. I knew I would.
13 Can you put me on the last slide, please?

14 With that said, whether the slide
15 comes up or not, I need your -- we're looking for
16 your advice on specifically what natural resource
17 and/or recreational management activity should we be
18 moving forward on.

19 What do you think about the general
20 permit concept?

21 What do you think about making sure
22 that we marry the recreation to the natural resource
23 management to the sustainable land use?

24 Where are the high value items?

25 Where are the low value items?

1 That's what I need from you to

2 deliberate, and I will stop there a minute for now.

3 Questions?

4 Clarifications?

5 CHAIR MR. TOM LITTLEPAGE: Deborah.

6 MS. DEBORAH WOOLLEY: A question, and
7 I am not even sure if this is the right place to ask
8 it. Since I'm a rookie I will try.

9 When you were talking about the
10 recreational use of the water, it made me wonder. I
11 know the water has multiple purposes, whether it's
12 recreational use, whether it's navigation, whether
13 it's, you know, jobs, companies, using the water,
14 putting it back.

15 When you-all reach that critical
16 point, and I know it doesn't happen very often, but
17 you have to make decisions on controlling the flow of
18 the water and it could affect navigation or it could
19 affect recreation or it could affect an industry's
20 ability to continue operating, how do you weigh those
21 priorities? How do you make that decision?

22 MR. WAYNE POPPE: Well, it goes back
23 to that whole Reservoir Operating Policy where we try
24 to create that balance for all of those activities.
25 So to start with, not any one benefit is maximized.

1 So that's the start there. It's a balance. So the
2 fundamental decision is that one does not take
3 precedence over another generally.

4 Our decisions from managing that
5 reservoir system are flowed based upon our water and
6 inventory. Chuck talked about the system minimum
7 operating guide, that's the decision point. When we
8 hit that decision point, the operating policy calls
9 for us to move to a 13,000 CFS minimum flow at
10 Chickamauga Dam. So that's the first decision point.

11 That is superseded if there is a
12 navigation channel that is not met at Kentucky under
13 certain lower flows, which may require me to do more
14 than 13,000 CFS at Chickamauga to get the proper
15 navigation channel at Kentucky. There's a whole
16 series of "if then" questions is how that generally
17 works, Deborah.

18 Now, there's actually a table, and I
19 can't remember which table it is, in the Reservoir
20 Operating Policy that outlines that list of things.
21 I will be glad to get that to you. Off the top of my
22 head, I can't remember what table it is, but it
23 basically says if this, then this. So that's how
24 that works. The folks upstairs have that table and

25 they have operating letters that require them to
1 follow those -- that situation.

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2 Did I answer your question?

3 MS. DEBORAH WOOLLEY: Yes, I think so.

4 MR. WAYNE POPPE: Okay.

5 CHAIR MR. TOM LITTLEPAGE: Other
6 questions?

7 Renee?

8 MS. RENEE HOYOS: You said that you
9 were needing a general permit as part of your
10 arsenal, and I was wondering if you could describe
11 the activities for which you think a general permit
12 would be appropriate?

13 MR. PETERS: Yeah. Actually, I was
14 suggesting that you provide us some advice. I think
15 it's probably a good idea. So here's kind of what
16 I'm thinking.

17 On reservoir A, I don't care which
18 reservoir it is, you have land access rights. So no
19 change in regulation. All right. That's a given.
20 And there's a checklist. You're not in the area of
21 sensitive species. You're not in the area of
22 cultural resources. You're not disturbing other
23 known issues.

24 You're willing to build your water-use
25 facility within compliance of the plat. For
1 instance, you ought to be able to import the plat of ⁹⁹
2 your land electronically on your map and then you
3 have a digitized area, and then you're willing to
4 build, if it's a dock say, here is one of four
5 standard designs for a dock and you drag that in and
6 drop it in your platted area and it's a go. It's
7 what I would call buying-my-dock-off-the-shelf
8 concept.

9 You still have to meet all the
10 requirements and the rules and the regulations
11 associated with your piece of property. So, you
12 know, you don't forgo those things, but I -- in that
13 case it's taking something off the shelf, and that
14 ought to be a quick turnaround permit. So you're not
15 asking for anything special. So that becomes a
16 general permit.

17 MS. RENEE HOYOS: And would there not
18 be staff -- would you be relying on the applicant to
19 provide to you the information that they are not
20 affecting cultural resources or sensitive species?

21 MR. WAYNE POPPE: Yes, they would have
22 to provide proof thereof.

23 MS. RENEE HOYOS: What kind of
24 proof -- I guess the concern I am getting at is when
25 you're allowing an applicant to make all of those
1 decisions, the general permit programs tend to grow 100
2 and become really huge so that you lose control of
3 who is applying for the general permit and there can
4 be a lot of abuse.

5 MR. PETERS: Certainly. And I think
6 that's a good comment to start with. That's what we
7 would need to take into consideration.

8 So how would you -- as the Council as
9 you deliberate, I would offer that that's the kind of
10 thing that before we go to a general permit that we
11 should take into consideration and understand and
12 have "but for" statements associated with that.

13 I don't have those answers. It's
14 how would -- do you think it's a good idea, number
15 one?

16 Number two, what things -- if it is a
17 good idea, how should we approach it?

18 What things do we need to take into
19 consideration?

20 MS. RENEE HOYOS: Would it only be for
21 docks?

22 I'm not familiar with the permitting
23 program through TVA.

24 MR. WAYNE POPPE: I call them
25 water-use facilities. So docks, piers, any of those
1 things that typically you should have a 26(a) 101
2 application for.

3 Certainly, some things wouldn't
4 qualify for a general permit just by definition
5 because they would be outside of our whatever we
6 drafted up as a general -- in general what we would
7 consider for general permits.

8 So I guess what I would be looking for
9 from the Council is what things should we consider in
10 a general permit?

11 What actual activities or what
12 construction types?

13 Specifically should things be excluded
14 from general permit consideration?

15 So I don't have your answer, Renee. I
16 appreciate where your -- the question you're asking.
17 I'm looking for advice on that.

18 CHAIR MR. TOM LITTLEPAGE: I think
19 Renee basically is kind of beginning to touch on what
20 you're looking for the Council to deliberate on and

21 provide input. So I don't know that there's answers
22 to your question. Really it's fodder for discussion
23 among the Council here relative to providing input to
24 TVA staff.

25 MS. RENEE HOYOS: So does the
1 discussion take place now or is that what we do later
2 in the afternoon? 102

3 CHAIR MR. TOM LITTLEPAGE: That's
4 generally what we will do at the next phase of this
5 is we will take that information.

6 Billy, you, I think you were next.

7 MR. BILL FORSYTH: Yeah. You talked
8 about streamline lands planning, and it sounded to me
9 like you were saying let's have the cookie cutter for
10 every reservoir.

11 Was that what you're getting towards?

12 MR. WAYNE POPPE: I wouldn't call it a
13 cooker cutter, no. I would call it more of the
14 public process. I'm not suggesting reallocation of
15 lands, but right now we -- you know, we have -- we
16 take out here's the operating lands piece. Well, we
17 already know that that does not change in our lands
18 plans.

19 It's make sure that we have our lands

20 allocated. You saw I have 293,000 acres and I have
21 got them all allocated already. So how do I best
22 take that to the public and not get into the little
23 half acre here and there?

24 Expedite the process, I think, is more
25 what I call it as opposed to the cooker cutter. I
1 don't know if we're talking the same language here or 103
2 not for sure.

3 MR. BILL FORSYTH: I'm not sure
4 whether we are either.

5 MR. WAYNE POPPE: I don't know that I
6 have got the -- maybe I need to rethink that one on
7 how I put that and maybe that's -- I can come back
8 and talk to you about that after lunch or think about
9 how to answer that question. Maybe that's something
10 we answer later. Sorry.

11 CHAIR MR. TOM LITTLEPAGE: John.

12 MR. JOHN WILBANKS: Did you tell us
13 yesterday that you-all and the Corps work together or
14 have a similar 26(a) process?

15 MR. WAYNE POPPE: Yeah, for things --
16 actually, we -- us and the Corps have jurisdiction.
17 They have Section 10 jurisdiction and Section 404
18 where they have requirements to issue certain types

19 of permits.

20 Ours is very similar in 20 -- Section
21 26(a) of the TVA Act and so -- which is why I am
22 getting to the -- you know, Corps has general permits
23 and so why wouldn't we overlay a general permit?

24 MR. JOHN WILBANKS: As I say, you-all
25 couldn't. I mean, obviously you can pick and choose
1 some of the way they are doing it. 104

2 Are they doing it a better way or are
3 they doing something similar to what you're looking
4 to obtain or what?

5 MR. WAYNE POPPE: And I don't know
6 that I have the answer for that but, again, that's
7 almost what I would call an advice issue that we
8 would look to see what works for them, that would be
9 how I would answer you.

10 CHAIR MR. TOM LITTLEPAGE: Yes. Karl.

11 MR. KARL DUDLEY: Yes. On an annual
12 basis, how many 26(a) permits do you normally get?

13 MR. WAYNE POPPE: Annualized over the
14 last few years it's about 2,600 a year. It's down
15 this year somewhat. I don't know if that's -- what
16 the reasoning is, but it's not as many. I think 25
17 or 2,600 if you look over the last few years as a

18 average.

19 CHAIR MR. TOM LITTLEPAGE: And I guess
20 I would just say, is there a broad category?

21 I thought we would have covered this
22 before, but I don't remember talking about that. In
23 terms of the 26(a) and what they are really focused
24 on, in other words, how many of them relates to docks
25 and piers versus intake structures versus other
1 issues? 105

2 MR. WAYNE POPPE: We can tell you
3 that, I just can't right now, but I bet you after
4 lunch I can tell you that or maybe even before lunch
5 I can probably tell you that.

6 CHAIR MR. TOM LITTLEPAGE: Okay. Any
7 other questions for Wayne?

8 Okay. Good. Good start to the
9 discussion. You helped us out there.

10 The next item on the agenda is we're
11 going to talk about an overview of the marina and
12 campground evaluation process, which is something we
13 had talked about a little bit at the last Council
14 term.

15 Mr. Adams, I guess, are you ready?

16 MR. JAMES ADAMS: I'm James Curry

17 Adams. It's a pleasure to meet you. I am not
18 normally a middle-name-type person, but there's a lot
19 of James Adams out there that I get confused with
20 occasionally. So I am James Currey Adams this
21 morning.

22 I had asked if we could cut the lights
23 down low and build a campfire and pipe in some water
24 splashing and kids playing to kind of set the mood
25 for this talk because we're talking about campgrounds
1 and rain. It's safe to say that our staff decided it ¹⁰⁶
2 wouldn't be appropriate to build a fire here in the
3 building.

4 Let me go ahead and bring up the
5 presentation. I know that you have it in your book.
6 What I want to talk about is to give you some basic
7 information on how TVA manages campgrounds and
8 marinas on TVA lands, and particularly, how TVA
9 values those TVA lands when we give licenses or
10 leases or easements for the campgrounds and marinas.

11 We're still a little off. Go to slide
12 No. 2.

13 What we're wanting to do is to develop
14 a comprehensive process that provides clear guidance
15 on how TVA will value and charge for commercial

16 campgrounds and marinas on TVA lands. We want to be
17 comprehensive, and then we want to consider all of
18 the facets of the issues and address all of the
19 elements of how TVA makes land available, including
20 both TVA and the operator perspectives.

21 We want to look at how TVA looks at
22 this exchange, and also from the other side, the
23 people who are operating the campgrounds and the
24 marinas, how do they look at the exchange?

25 We want to have clear guidance in that
1 we want the process to be consistent and easily
2 understood by existing operators and those in the
3 future who are coming to TVA who wants to use TVA
4 lands to install a campground or to put in a marina.

5 The primary objective of the study is
6 look at how others value lands for campgrounds and
7 marinas. These would include federal, state, and
8 private entities.

9 First of all, we look at the value.
10 How do we go about valuing those lands?

11 Do you do it by income potential?

12 Do you do it by a percentage of the
13 raw land value?

14 Do you do it by the value that you

15 could expect for that land at an auction?

16 When you look at the tenure, what is
17 the industry doing as far as tenure?

18 Do they give 10 years, 20 years, 30
19 years?

20 What type of agreement and what length
21 of agreement do they typically give?

22 Termination clauses, what kind of
23 termination clauses would you put in to stop that
24 agreement?

25 Sometimes the plans don't -- do not
1 turn out as intended. Maybe the use doesn't get up ¹⁰⁸
2 to the level expected. Sometimes the area is not
3 used as it was intended. Maybe it's used for some
4 other reason other than campgrounds or a marina
5 operation.

6 How do you deal with existing
7 infrastructure?

8 If you start a new lease over an area
9 and it has existing roads and utilities and
10 bathhouses on it and roads, and then also, the other
11 side of that, the infrastructure that's left in
12 place.

13 If you have an operator that operates

14 a campground for 20, 25 years, and during that time
15 they build infrastructure on the area and then the
16 lease ends five years later, how do you deal with
17 that residual value?

18 And also, minimum payments and percent
19 of gross. In deciding how to value that, do you set
20 a minimum payment?

21 Do you base it on a percentage of
22 gross?

23 There are many methods you would do if
24 you -- one thought in thinking about the minimum
25 payment, if you do not set a certain minimum level
1 and somebody gets -- leases 30 acres for a campground ¹⁰⁹
2 but winds up not using it and so basically it could
3 become a private club or private use.

4 Finally, documentation, what type
5 of -- if we are going by a percentage of gross as far
6 as payment, what type of documentation would you
7 take, tax records, a certified CPA statement? How do
8 you take that documentation?

9 There are different land use scenarios
10 out there, different patterns, and we want this study
11 to look at all of those different patterns.
12 Sometimes we have campgrounds and marinas that are

13 operating solely on TVA land. Other times it's
14 partially on TVA land and partially on private land.
15 You can have -- we have quite a number of agreements
16 out there and we have both of these patterns.

17 Sometimes it's only on the TVA
18 marginal strip, and we have a slide that will show
19 and point that out in just a minute. That goes back
20 to Wayne talking a few moments ago about the 14,000
21 acres around the Valley where we have residential
22 adjacent to it, that is generally adjacent to
23 marginal strip land, what about those conditions?

24 On that marginal strip, sometimes
25 there are deeded rights and other times there are not
1 needed rights. In other words, the back lying 110
2 property owner or the private owner may have rights
3 across that marginal strip, that small shoreline
4 piece adjacent to the water or they may not.
5 Ultimately, we want to find out what the industry is
6 doing and implement the best fair practices.

7 Looking at marinas first just to give
8 you that kind of globally. The 652 miles we talked
9 about for the Tennessee River and its tributaries,
10 you have heard about the 49 dams, the 49 reservoirs,
11 the scope of this is we have 230 marinas on the

12 Tennessee River and its tributaries, and 150 of those
13 have some type of land use agreement. It's either a
14 license agreement, which is generally revokable. It
15 is revokable. Usually in 30 or 60 days TVA can
16 decide that we want to discontinue that, and the
17 operator can decide that we want to discontinue that
18 license.

19 We also have -- under those 150 we
20 have leases and easements. Leases and easements give
21 long-term tenure, maybe it's 19 years, maybe it's 30
22 years, but it gives land rights to that operator.
23 TVA can't cancel it just for any reason with a 30- or
24 60-day notice.

25 About 80 of those marinas are strictly
1 on private land. They are not on TVA land. They
2 still would have to have a permit. We talked about
3 the 26(a) permit earlier, they would require a permit
4 for the structures that are in the water but not the
5 land.

6 This diagram will help you visualize a
7 little bit what we're discussing. You can see the
8 brown area there is the original stream channel. The
9 light blue area is the TVA land, which was purchased
10 when the dams were built and constructed. The area

11 was flooded back behind those.

12 Then you have the green area, which is
13 private land. It may be former TVA land that was
14 sold, but anyway, in this example it's private land.

15 You also have that marginal strip,
16 which as an area around the fringe of the reservoir,
17 it's a ring, and TVA either retains ownership of that
18 land in case it wanted to flood it or it needs flood
19 situations up to that certain level, or if they don't
20 own it, if TVA doesn't own that land, it retains
21 rights to that land, either purchases rights to have
22 it or retains rights to it.

23 In this example, if you take away the
24 building on the right you can have a marina -- we
25 went one through four. If you take away the building
1 on the right and have the building only on the left,
2 you can have the situation where a marina is
3 operating solely and it's on private land.

4 If you take away the one on the left,
5 it's operating solely on TVA land or you can have
6 situations where you have got operations on both the
7 private and the TVA land.

8 In this case there's that marginal
9 strip. You see the facility on the left is on

10 private land, but there is a small structure there
11 that's using the TVA land on that marginal strip.
12 That marginal strip can be private. It could be
13 green. Up here it's shown in light blue. It could
14 be green or blue, but in all cases there's going to
15 be rights.

16 If you go back to the deed, if you
17 look at the deeds of the owner in the green there,
18 there will be rights to that marginal strip. So
19 that's a special circumstance that we have to
20 consider is that marginal strip.

21 Just to give you a quick glimpse to
22 think about a few of the scenarios that we find
23 ourselves with is these four photographs can show you
24 some of the infrastructure that's put into place.
25 You can see one of the issues is if you have boat
1 sales or any type of sales, do those sales happen on ¹¹³
2 private land or do they happen on the TVA land?

3 Perhaps it's part of both. Perhaps
4 the sales is on private land but the showcase area is
5 out in the water.

6 Sometimes we get requests. If you're
7 going to a percentage-of-gross-revenue situation
8 where TVA is going to charge a percentage of gross,

9 the gross revenue, should certain things be excluded,
10 gasoline sales, taxes, fishing, and hunting license,
11 should those type of things be prevented?

12 If somebody is 15 years into a 19-year
13 lease and they want to build a dry storage facility
14 like that and they only have four years left, what's
15 the motivation for them to want to do that or to have
16 some guarantee to go beyond that 19 years?

17 So those are some of the conditions
18 that we face.

19 Campgrounds, the universe there is 260
20 campgrounds Valley-wide, and 118 of those have some
21 type of agreement. The same situation as before, a
22 license which is revokable or a lease or an easement.
23 In some cases there we have transfers, like to state
24 parks where it's been transferred permanently to
25 those states agencies. About half of these
1 campgrounds are on private land. 114

2 And finally, there are 11 that TVA
3 owns and operates ourselves. We maintain the
4 facilities and we use resident managers to operate
5 those 11.

6 The situation here is exactly the same
7 as for marinas. You have the same conditions to

8 where campgrounds can operate solely on TVA land,
9 partially on TVA land, or can use that marginal strip
10 as well.

11 Finally, we're conducting a study.
12 We're looking at other agencies, federal and state,
13 the private industry to see what they are doing. As
14 part of this study we would like the Council's advice
15 to consider these things and to think about
16 particularly how should TVA, thinking only of the TVA
17 lands, not the private lands, but how should TVA
18 value those going forward?

19 As we enter into new agreements and
20 into new leases and into easements, how should we
21 value those lands?

22 That's my presentation. Are there any
23 questions?

24 CHAIR MR. TOM LITTLEPAGE: Questions
25 for James?

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1 Yes, sir.

2 MR. JIM FYKE: Back to campground
3 statistics, what interest does TVA have or what am I
4 missing on the 131 campgrounds located on privately
5 owned lands, is that just -- I mean, is that just
6 factual information?

7 You don't have any financial interest
8 or any regulatory interest, do you?

9 MR. JAMES ADAMS: No. That's just --
10 we keep information on the web site that shows the
11 recreational inventory all up and down the Valley.
12 So that's just to give you the universe. So those we
13 would not have interest in and they would not fall
14 under this evaluation.

15 CHAIR MR. TOM LITTLEPAGE: Okay.
16 Other questions?

17 Okay. Thank you.

18 We don't have any public comments?

19 DFO JANET HERRIN: No.

20 CHAIR MR. TOM LITTLEPAGE: Okay.
21 What, I guess, I would propose is in order to set --
22 Paul's going to talk us through, but let's take about
23 a five-minute stretch break, and then we're going to
24 make sure we're set up to begin the process of
25 talking about the questions.

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1 When we come back, again, very, very
2 brief, we will come back and Paul will walk us
3 through discussion questions and talk about the
4 procedures for that.

5 (Brief recess.)

6 CHAIR MR. TOM LITTLEPAGE: If you
7 would, we have had one last-minute request to make a
8 public comment. So what we're going to do is
9 reconvene briefly and receive the comment, and then
10 basically after that comment is made Paul will get up
11 and kind of begin to walk us through the discussion
12 questions and the discussion process.

13 And as I alluded to earlier, when we
14 get to 12:00 we will take a break and then come back
15 and finish up. So our speaker is on his way and will
16 be here in just a moment.

17 DFO JANET HERRIN: I'm not sure what
18 happened there.

19 CHAIR MR. TOM LITTLEPAGE: Right now
20 the agenda calls for us leaving at 3:30, if I am not
21 mistaken. As I said earlier, our goal is to get
22 everybody out, since some people do have longer
23 drives, to get everybody out of here as soon as
24 possible to make those drives.

25 Okay. What we're going to do is
1 because the speaker is not right here, I am going to 117
2 let Paul go ahead and talk a little and begin to
3 introduce the process for discussion, let him walk
4 through that, and then in 10 or 15 minutes hopefully

5 the speaker will be here and we will provide them an
6 opportunity to make a comment to the Council.

7 Paul.

8 FACILITATOR MR. PAUL LONG: Thank you.
9 Let's make sure everybody can hear me. I'm not much
10 of a podium and microphone person. I tend to be very
11 casual about this, recognizing the formality of the
12 event.

13 So what I would like to do is sort of
14 walk you through the process that I have laid out and
15 discussed some with Tom to make sure that it fits
16 with your understanding and expectation for how we go
17 about the discussion question process.

18 In your books you do have a page that
19 has the questions for discussion and advice. We have
20 just had two presentations, one by Wayne and one by
21 James, that helped give us some context for what
22 these two questions consist of.

23 As Wayne said, one of the main issues
24 as we look at the focus of our natural resource and
25 recreational management activities is how all of this
1 fits together along with the natural resource
2 management plan, as well as the environmental policy.

3 The advice that he's seeking,

4 specifically there were about ten things that are
5 listed on pages 4 and 5 of his presentation behind
6 the environmental review tab.

7 We have Wayne here. Are there any
8 questions of clarification or understanding that you
9 would like to ask Wayne to make sure that we
10 understand the question that they are asking you-all
11 to answer?

12 CHAIR MR. TOM LITTLEPAGE: Deborah, go
13 ahead.

14 MS. DEBORAH WOOLLEY: I have a
15 question. When you talk about valuation of the land
16 and how to put a value on it, once you get that
17 value, however -- whatever the criteria is, how do
18 you use it and what all does it affect?

19 MR. WAYNE POPPE: Are you talking
20 actual hand valuation that James talked about, is
21 that what you're asking?

22 MS. DEBORAH WOOLLEY: Yes.

23 MR. JAMES ADAMS: Valuing the land,
24 conducting an appraisal. If somebody wants to rent
25 10 acres or 20 acres and it's over 19 years or 30
1 years, you come up with a value to charge for that 119
2 every year. So the operator gets the use of that

3 land to operate as a campground or a marina, whatever
4 the acreage is, and they pay that amount over that.

5 MS. DEBORAH WOOLLEY: And that's the
6 only purpose the evaluation is used for is the cost
7 back to the operator?

8 MR. JAMES ADAMS: Ask it again.

9 MS. DEBORAH WOOLLEY: That's the only
10 purpose that the valuation is used for is charging
11 the cost back to whoever has the lease or rights to
12 the land?

13 MR. JAMES ADAMS: The valuation
14 component, correct.

15 MS. DEBORAH WOOLLEY: It doesn't
16 affect the decision-making process on what lands you
17 use or how you use them or anything like that?

18 MR. JAMES ADAMS: No. The land is
19 allocated for recreation in the reservoir land
20 planning that we talked about earlier, I think
21 basically about 8 percent of the 293,000 acres are
22 allocated for recreation.

23 So those could be used for
24 campgrounds, marinas, public parks, and other uses,
25 but primarily the ones we're talking about are the
1 ones that are already in existence. We have lands in

2 addition to that that could be developed for
3 campgrounds and marinas and other uses.

4 MS. DEBORAH WOOLLEY: So it affects
5 basically the revenue stream back to TVA?

6 FACILITATOR MR. PAUL LONG: Again,
7 this is a good example. This is the kind of
8 discussion that I like to have because Deborah did a
9 great job of making sure you understood what they
10 were talking about without getting into the
11 recommendations, and that's sort of a model of what I
12 would like to do as we go through is, first, make
13 sure we have this common understanding, and then once
14 we're all on the same page we can get into the actual
15 discussion. We will hold that until after lunch.

16 A couple of other just quick ground
17 rules, things that Tom has already mentioned earlier.
18 When you want to speak, just raise your card. Tom
19 and I will try to watch that and make sure that we
20 respond in order.

21 As people make suggestions or offer
22 their own perspectives, again, let's take those in
23 much of a brainstorming format, collect as many ideas
24 that we can to start with, and then we will go back
25 and see if there are any questions to make sure you

1 understand the ideas as they were presented before we
2 get into any evaluating or combination of those
3 ideas.

4 CHAIR MR. TOM LITTLEPAGE: Okay.
5 John, do you have a question?

6 MR. JOHN WILBANKS: Just a question.
7 Are we going to have access or see a summary report
8 or anything of this contract you-all will -- to study
9 other practices that are out there, which is what
10 we're asking -- we're looking now to come up with TVA
11 practices, but are we talking the same thing here
12 that we're going to be discussing?

13 You have got somebody out there, it
14 says here, that's going to determine what other
15 practices other agencies are using, and then we're
16 going to turn around and we're going to come up with
17 what practices we want to recommend for TVA.

18 Are we working cross purpose here or
19 should we have input from what other people are doing
20 to see what fits -- discuss what may fit for TVA?

21 I don't understand.

22 FACILITATOR MR. PAUL LONG: You're
23 asking if there is information available for the
24 discussion?

25 MR. JOHN WILBANKS: Yeah. I mean, 122
1 that's some input that probably this Council would
2 like to have to know what other agencies are doing.

3 MR. JAMES ADAMS: We have a consultant
4 in place now that's helping us do that.

5 MR. JOHN WILBANKS: But they are not
6 at that point yet for draft recommendations?

7 DFO JANET HERRIN: No, they are not.

8 MR. JOHN WILBANKS: So we are going to
9 work independent of them, is that right?

10 DFO JANET HERRIN: Yes, that's
11 correct.

12 CHAIR MR. TOM LITTLEPAGE: And
13 essentially, if I understand the language in here,
14 their contract essentially is summarized here with
15 this independent review of industry practices, I'm
16 assuming around the entire U.S. and to the degree
17 they may apply to TVA managed facilities.

18 MR. JAMES ADAMS: Right. We would
19 like for them to concentrate in the southeast, but
20 anywhere in the U.S.

21 CHAIR MR. TOM LITTLEPAGE: Okay.
22 Other questions?

23 Yeah, Michael.

24 MR. MICHAEL GOODMAN: Wayne, what's
25 your turnaround time on a 26(a) permit now typical? 123

1 DFO JANET HERRIN: It depends.

2 UNIDENTIFIED SPEAKER: As soon as
3 possible.

4 MR. WAYNE POPPE: I think that's one
5 of the issues that we're wanting to work through. I
6 don't think I can give you a good number because some
7 are very, very complicated and can take over a year
8 to do or more. Some can be processed in 30 days. I
9 don't know that we have -- I have not seen a norm.

10 Sorry.

11 MR. MICHAEL GOODMAN: Good enough.

12 DFO JANET HERRIN: I think in general
13 the perception is and correct is that it's too long
14 in many cases.

15 UNIDENTIFIED SPEAKER: It's typically
16 on our permits right now just to take a look at it,
17 52 days to do it.

18 CHAIR MR. TOM LITTLEPAGE: One thing I
19 will add to that though, from a state perspective,
20 one of the things TVA has done, for example, is if it
21 involves an interbasin transfer, they have made a
22 decision to actively seek input from each of the

23 states and allow them an opportunity to review that.
24 Obviously, that adds time to the process that's
25 beyond TVA's control, but certainly I think it's 124
1 something in the long run is very beneficial for
2 something as politically sensitive an interbasin
3 transfer.

4 Mark.

5 MR. MARK HOMMICH: Yeah. I believe
6 you mentioned that you have leases in place, existing
7 leases already, is that correct?

8 So, I mean, what was the process you
9 went through to -- or the criteria to establish those
10 leases and are you -- are we trying to improve on
11 that or just review the whole process?

12 MR. JAMES ADAMS: We are trying to
13 improve on that. We have some dating back to the
14 1950s, and some of them go for 30 years and then they
15 have extensions of ten years. So some of them have
16 been in place for a very long time.

17 We have probably done them different
18 ways over the years. We have some that do an
19 appraisal and probably have used different methods to
20 that, but we have some that are just a license, like
21 I say, which gives no real land rights, other than

22 it's a privilege, you use that land, and it's
23 revokable within 30 days.

24 So that makes it difficult to put
25 infrastructure on those license areas when you can --
1 with those there's -- you have to look at each 125
2 individual ones. They are all different sizes.
3 Sometimes it's just that very narrow strip along the
4 reservoir.

5 So we have had formulas dealing with
6 licenses there to charge so much per linear foot and
7 so much per acre with a minimum to deal with the
8 license agreements. We need to review that and go
9 through that process again and evaluate everything to
10 see what other industries are doing.

11 MR. MARK HOMMICH: So will you share
12 that with us, what you have done before, or is it
13 just so specific to the area that you don't have a
14 universal policy?

15 MR. JAMES ADAMS: We can talk in
16 general, but I think there's so many of them and they
17 cover such a large period of time. They are all over
18 the place. So we almost have to take them each
19 individually.

20 Like I said, for the license, like

21 \$120 per 100 linear feet for moorage along that
22 shoreline, and with acreage it's \$300 an acre is
23 currently where we're at.

24 DFO JANET HERRIN: And James, talk
25 about what that translate into -- how many -- \$300 an
1 acre, how many acres? 126

2 I know it depends, but in general, to
3 give an idea of what we're talking about.

4 MR. JAMES ADAMS: So, you know, a
5 10-acre spot on the reservoir is \$3,000. You know,
6 if you have got 1,000 feet, you know, \$1,200, or it
7 would be 12,000.

8 We have got one system that looks at
9 all of it, but, you know, there's a difference if
10 you're next to a major metropolitan area than if
11 you're in the backwoods where there's not much
12 population density.

13 You know, there's a big difference in
14 when you look at some of these campgrounds and
15 marinas and the facilities that they offer and the
16 amount of participation they get from the public.

17 I sometimes characterize that you can
18 think of the Andy Griffith type where, you know, you
19 have got just a small linear dock out there and a few

20 slips and outboard motors coming in, that still
21 exists in some places, but you also have other places
22 where you have got, you know, 50-foot yachts pulling
23 up. So it's quite a span.

24 FACILITATOR MR. PAUL LONG: Deborah.

25 MS. DEBORAH WOOLLEY: What happens
1 when a lease expires, not renewed, a company goes out
2 of business? 127

3 What's the responsibility for the
4 infrastructure that's left there?

5 And do you-all try to remarket it?

6 Does the owner try to remarket it?

7 What happens?

8 MR. JAMES ADAMS: We try to get ahead
9 of those and not let them expire and talk to the
10 operator up front to see what the plans are starting
11 two years in advance of that, but if you do have one
12 that goes bankrupt it -- sometimes there's lenders
13 who have an interest in that property and will step
14 in, but sometimes if they just walk away then it
15 becomes the responsibility of TVA.

16 FACILITATOR MR. PAUL LONG: Any other
17 pressing questions?

18 MR. WAYNE POPPE: I do have the

19 information to answer a question that was asked
20 earlier.

21 Karl, you asked about what percentage
22 of docks or permits or what, was that you that asked
23 that question, I believe?

24 MR. KARL DUDLEY: Yeah, the number of
25 permits per year.

1 MR. WAYNE POPPE: Okay. When you look ¹²⁸
2 in general it's about, you know, an average of 2,600.
3 About half of those are water-use facilities like
4 docks and piers and boat slips and boathouses, and
5 that sort of thing.

6 Then you have got -- I've got two
7 pages of examples. We will use some of the higher
8 numbers. You have another 15 percent or so having to
9 do with shoreline stabilization. You have got about
10 6 percent having to do with utilities of some sort,
11 water and/or cable lines. There's 3 percent of water
12 intakes. Those are some of the higher numbers.
13 There's a whole category of miscellaneous.

14 You spoke to that?

15 MR. KARL DUDLEY: Yes.

16 FACILITATOR MR. PAUL LONG: Thank you,
17 Wayne. We will have that available when we get into

18 the actual discussion later.

19 We do need to move to the public
20 comment. Between now and when we gather after lunch,
21 again, please refer to those pages that I mentioned
22 in the presentations where the presenters had some
23 specific areas they wanted your input into, and then
24 we will start the discussion after lunch and start
25 with those particular questions.

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1 CHAIR MR. TOM LITTLEPAGE: Is
2 Mr. Russell here? Did he make it in?

3 We're under no obligation to respond
4 to any issues raised in the public comment. We're
5 here to receive this comment, and I certainly would
6 not want us to get into a dialogue of arguing about
7 our specific role or TVA's -- especially TVA's role
8 and responsibilities.

9 So that doesn't mean you certainly
10 can't ask a question, but really it's not the
11 emphasis of the process.

12 Any questions on that?

13 Does anybody have any questions?

14 After we conclude the comment period,
15 you're welcome to take the presenter outside and ask
16 them anything you want to ask them.

17 Mr. Russell, welcome to the
18 Stewardship Council. We certainly appreciate you
19 taking an opportunity to come and speak to us today.

20 If you would, just give your name and
21 the organization or interest you're speaking on
22 behalf of. We generally limit these to about five
23 minutes.

24 MR. BRUCE RUSSELL: Thank you, Mr.
25 Chairman. My name is Bruce Russell. I'm from
1 Clayton, Georgia. I am here today representing
2 Ridges Resort & Marina of Hiwassee, Georgia.

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3 Ridges Resort & Marina operates the
4 commercial marina on Lake Chatuge in Towne County.
5 They currently maintain and operate about 354 boat
6 slips that they rent on a monthly basis or on an
7 annual basis for an annual rent, which is often paid
8 annually but sometimes paid monthly.

9 What the marina is proposing to do is
10 to offer long-term leases for those boat slips for a
11 fee as opposed to the month-to-month, somewhat
12 sporadic, and uncertain method that's utilized now,
13 which basically is a straight landlord and tenant.

14 Now, I understand that this is
15 something that TVA has not in the past engaged in

16 very much, but I have been privy to several of these
17 developments. Mainly my experience is with Georgia
18 Power Company. I don't claim any expertise, but I do
19 know how this works.

20 We have been real successful with
21 Georgia Power Company on their reservoirs in doing
22 this. They at first were very reluctant also
23 because, in essence, you are selling the boat slip to
24 the user for whatever the market will bear. It's
25 sort of what you can count on being able to sell.

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1 Now, when you go in you, of course,
2 think that you're going to be able to market these
3 and you multiply that times whatever the market price
4 and that's where we start our foundation.

5 Here's what we think that adds to the
6 use of the facility that's good for both of the
7 marina and management of the lake, which, of course,
8 is TVA's interest; and that is, that you get a user
9 who owns a piece of the rock, and that's very
10 important. For whatever reason, we Americans don't
11 like to rent.

12 How many times have you heard, well,
13 you can buy that house for what the rent is and your
14 house payment won't be more than the rent?

15 We embrace that. In America we
16 embrace land ownership. This would be a long-term
17 lease that the user of the lake would covet. He's
18 going to do a better job of looking after the lake.
19 The user is going to be more attentive to the
20 environmental concerns.

21 When Jane comes out to use her boat,
22 that's going to be her place, that's her place in the
23 marina. She's going to protect it. She's going to
24 be protective of it. She's going to not let other
25 people around her violate her space.

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1 If Bob has a boathouse there, he's
2 going to be protective of it. He's not going to let
3 Jane misbehave or he's going to try not to let Jane
4 misbehave. He's going to report violations of law
5 when he sees it. You don't get quite that kind of
6 attentiveness from a straight renter.

7 I think I have got about two or three
8 minutes left. He told me I had five minutes.

9 So probably what is going to be of
10 more concern, I think, to a large organization like
11 the Tennessee Valley Authority is what's going to
12 happen to the oversight?

13 Are we going to end up with 354 owners

14 that we have got to fuss with and fume saying that
15 they aren't doing what our regulation dictates?

16 You can put plenty of oversight in
17 these documents. The restrictive covenants and
18 limitations on use of land and marinas and water are
19 enforced every day. The only real change is that the
20 current permit needs to be expanded to where the
21 purchaser or the holder of this lease, this long-term
22 lease, has some opportunity to correct infractions
23 that might cause the permit to be pulled.

24 So if the marina operator has a
25 99-year permit and he allows spills to get into the
1 water or he allows sewage to get into the water, all ¹³³
2 of these things that are rightfully denied, before
3 that permit is drawn that homeowner association
4 should have the opportunity to go in and correct
5 that. That's the underlying foundation.

6 That's a lot of information in five
7 minutes, but I want to honor your time limitations.
8 The short description is that it's the conveyance of
9 a long-term lease with the same conditions and the
10 limitations and oversight that TVA enjoys now but
11 with the user being an owner with a vested interest
12 in the responsible use of the reservoir and the

13 facility.

14 These things have been done and have
15 been done in the past. It's not totally esoteric or
16 philanthropy. Obviously, there's a chance for a very
17 good return for the marina, but that's also necessary
18 to run these facilities and to make these
19 recreational opportunities available to the public,
20 and it takes money, and this is -- this is a good way
21 to raise it.

22 Thank you, Mr. Chairman.

23 CHAIR MR. TOM LITTLEPAGE: Any
24 questions?

25 MS. RENEE HOYOS: I have a question
1 for the speaker. 134

2 Are you asking that the individual
3 slip lessees lease directly from TVA or are you
4 asking them -- or are you asking the marina -- are
5 you asking TVA to grant a longer lease to the marina
6 owner and then the marina owner --

7 MR. BRUCE RUSSELL: The latter. The
8 latter. We're asking for a longer-term permit for
9 the use of the marina area so that that then can be
10 in effect the -- I hate this word because it brings
11 up all sorts of, you know, negative connotations, so

12 that the larger permit then can be subdivided.

13 The only difference in that is that
14 then the person who succeeds to that slip, if he's
15 notified or she's notified that there's been some
16 violation of the permit and the permit is in danger
17 of being pulled that they have an opportunity to step
18 forward and correct that infraction.

19 MS. RENEE HOYOS: And you mentioned a
20 99-year lease. So, I guess, you're thinking that --
21 it's a 19-year lease currently, correct?

22 MR. BRUCE RUSSELL: No. The permits
23 for the commercial marinas are one year. They have
24 to renew them every 12 months.

25 TVA -- I only have -- I did not get
1 this officially, but TVA does grant unlimited permits ¹³⁵
2 to private owners for private use and private
3 boathouses and that's -- that's the difference in
4 those two permits. Now, those permits are routinely
5 transferred and sold to other people.

6 So to answer your question, what we
7 need to do is extend -- expand the term of the
8 permit.

9 MS. RENEE HOYOS: I think there's a
10 clarification on the number of years that the

11 permit -- that the lease is.

12 MRS. REBECCA TOLEEN: Yeah. And I'm
13 not familiar with this specific situation, but
14 generally for our leases they are 19 year terms. We
15 do have some for 30 years, and those are for
16 operations, the marina operations.

17 The permits typically -- I think our
18 lease agreements are requiring those marina operators
19 -- they have different terms in them for how long
20 they can rent out a slip.

21 And for this particular case, it
22 sounds like that time is only one year to create that
23 turnaround.

24 We have a couple of marina operators
25 around the Valley who are very interested in longer
1 term ownership of slips, and I think that's what he ¹³⁶
2 is presenting here today.

3 MR. BRUCE RUSSELL: The 99-year lease
4 was traditional with Georgia Power Company, which I
5 am the most familiar with.

6 Under Georgia law if you lease a piece
7 of property for longer than 99 years it was
8 considered a conveyance, and that's why there's a
9 threshold on that. That's why that threshold is

10 there.

11 CHAIR MR. TOM LITTLEPAGE: Any other
12 questions for Mr. Russell?

13 Okay. Thank you, Mr. Russell. We
14 appreciate that.

15 I think -- in the interest of time, I
16 think -- is lunch here?

17 MS. CATHERINE MACKEY: Yes, we're
18 ready.

19 CHAIR MR. TOM LITTLEPAGE: It may be
20 an appropriate time to -- we will just go ahead and
21 break for lunch.

22 MS. CATHERINE MACKEY: If you will
23 follow through this door, and be real careful right
24 here by this speaker to not hurt yourself.

25 Also, we have sweet tea and unsweet
1 tea. If you would like a soda or coffee or water, I 137
2 ask that you bring it from over here to over there.

3 So lunch is ready.

4 CHAIR MR. TOM LITTLEPAGE: Okay. We
5 will break for about an hour and reconvene.

6 (Lunch recess.)

7 CHAIR MR. TOM LITTLEPAGE: Okay. We
8 have got over back. We're going to begin our

9 discussion.

10 Does anybody have any comments or
11 questions before we begin?

12 Seeing none, we're going to open up
13 our comments -- I mean, our discussion period, and we
14 will let Paul kind of lead us through that.

15 FACILITATOR MR. PAUL LONG: Okay.
16 Thank you, Tom.

17 Just as a reminder, you have got the
18 page that has the discussion questions on it in your
19 book. I want to get the question up to make sure
20 that we all have sort of the same understanding of
21 the question before we get into the discussion.

22 By way of timing, we have set aside a
23 couple of hours for the three questions. So I am
24 going to look at roughly 30 minutes to get through
25 the first one and see where we are and the same thing
1 with the other two. We can adjust that as you-all¹³⁸
2 deem fit.

3 Catherine has the first question up on
4 the board. Again, use your tent card to let me know
5 if you would like to say something.

6 "Which specific natural resource
7 and/or recreational management activities should TVA

8 focus on as moving forward?"

9 Again, under the environmental tab,
10 page 4 of that presentation, Power Point slide seven
11 and eight, Wayne listed some specifics that he said
12 need consideration.

13 Now, we have Wayne here to respond to
14 any questions of understanding that you may need.

15 I'm sorry. Sorry. Russell, I didn't
16 see your card come up.

17 MR. RUSSELL TOWNSEND: I kind of
18 folded it at an angle there. I guess my comment
19 about the natural resource issue is I really think in
20 looking at, you know, management and recreational
21 activities and things like that for TVA, I think the
22 question is what natural resources are the
23 non-renewable natural resources that TVA is the
24 steward of because I think those resources need to be
25 addressed properly in a different fashion than the
1 renewable resources, the resources that can be 139
2 recreated and renewed.

3 And being an archeologist, what I --
4 what comes immediately to mind to me is archeology,
5 you know, that's a non-renewable resource. You know,
6 biotic species like river cane may be very, very

7 important for Betta stabilization and water quality,
8 but if you lose that you can recreate it.

9 With an archeological site, once the
10 damage is done, it's like Humpty Dumpty, it can never
11 be repaired, that context is destroyed. So I would
12 put that in the category of a non-renewable resource
13 and there may be others that you-all can think of as
14 well.

15 FACILITATOR MR. PAUL LONG: Which
16 would be my follow-up question, in addition to
17 archeological historical sites, can anyone think of
18 any other non-renewable resources?

19 MR. RUSSELL TOWNSEND: I think the
20 nice thing about the river system is so much of the
21 resources are renewable if you get rain, you know.

22 FACILITATOR MR. PAUL LONG: Thank you.
23 Anyone else? What should the focus be?

24 Renee.

25 MS. RENEE HOYOS: I wanted to talk a
1 little bit about the general permit. Is this an 140
2 appropriate time to talk about that?

3 FACILITATOR MR. PAUL LONG: This is
4 part of that same discussion.

5 MS. RENEE HOYOS: Our organization

6 works a lot on the permitting process, and mostly as
7 it relates to the Tennessee Department of
8 Environmental and Conservation. We watch the general
9 permits coming out of there. Well, they are not
10 really posted, but we have had some concerns about
11 the general permit.

12 So if you're embarking on the idea of
13 a general permit I would like to offer these
14 recommendations. The general permit should probably
15 be for things that are of very small acreage with a
16 limited impact to the resource in a very short time
17 frame, and maybe add an emergency component, you
18 know, a bridge goes down or something, you know, you
19 want to be able to get in there without having to
20 wait. I don't know what structures you have in place
21 for that.

22 Furthermore, you would want to offer
23 an incentive program that has a carrot on a stick.
24 So the incentive program would be, for example, if
25 you wanted to do something like just permitting docks
1 on a general permit you could say, if you choose from ¹⁴¹
2 our three dock styled you get your permit faster and
3 cheaper.

4 And then on the stick side our

5 experience -- in our experience there's been a fair
6 amount of abuse. In fact, there's been a ton of
7 abuse of the general permit -- general construction
8 permit in this state.

9 You would want a fairly heavy
10 regulatory stick if you could manage it, which would
11 be something like fines that would deter future bad
12 behavior, fines that are not forgivable.

13 So you can't say, well, if you promise
14 to take the dock down we will forgive you 80 percent
15 of this fine or we will just look the other way and,
16 okay, you have got a hardship and so we will only
17 have you pay 10 percent the fine. The fines really
18 should be fairly stiff and unforgivable.

19 Then in order to make these programs,
20 I think, really work, you would want to have some
21 kind of a compliance review process where you either
22 tell them that you're going to be audited, we don't
23 know when or where and we're not planning on telling
24 you when, but we're going to do drive-bys or
25 something like that so that you can make sure that
1 you're having some good compliance. 142

2 Another thing that I think is very
3 important for the public to understand, and I may not

4 be characterizing this well, but I believe it is a
5 privilege and not a right to develop on public
6 property, and the public should be aware that, you
7 know, you don't just get to have this. This is not a
8 private property right issue, you know, you're going
9 to be developing on something that everybody is going
10 to have an opportunity to use. So it must be
11 developed properly.

12 So those are my comments for the
13 general permit.

14 FACILITATOR MR. PAUL LONG: Okay. Any
15 questions of Renee?

16 Thank you.

17 Russell.

18 MR. RUSSELL TOWNSEND: I have a
19 comment along the lines of the general permit as
20 well. I think it is dangerous grounds. I understand
21 why TVA would be interested in streamlining the
22 permitting process because they certainly want to,
23 you know, take care of the public, you know, as one
24 of their customer basis, but there are so many
25 variables, I believe, in the permitting process, the
26(a) process, that this is a very large question. ¹⁴³

2 I don't think it can be discussed and

3 worked through in a day or maybe even a year because
4 there are so many things. You know, just working on
5 categorical exclusions for that process I think would
6 be very, very difficult.

7 One of the -- you know, we deal with a
8 lot of federal agencies on these permits. TVA is one
9 of them, the Army Corps is the other. I think one of
10 the most difficult things with the U.S. Army Corps of
11 Engineers and the 404 permits, you know, their
12 general permits are their nationwide's, which are
13 focused on very small acreage and, you know, very
14 small actions, like culvert replacements within
15 housing additions and things like that.

16 Because they are so small they feel
17 they can exclude them from certain processes, like
18 the National Historic Preservation Act process which
19 requires consultation on any federal undertaking,
20 permits being one of those undertakings.

21 A culvert can be very, very damaging
22 to an archeological site, you know, putting in a
23 culvert or replacing a culvert, you know,
24 rechannelizing some of these things that are excluded
25 from that process through the U.S. Army Corps of
1 Engineers for permitting through the nationwide

2 permitting process, and that's created a lot of
3 friction. There's probably been a lot of damage to
4 archeological sites because of that.

5 So I think the idea of general permits
6 and categorical exclusions, you know, excluding
7 certain activities is something that TVA should
8 really address with utmost care and scrutiny.

9 FACILITATOR MR. PAUL LONG: Let's
10 summarize for Catherine. Need to look at it closely,
11 particularly in terms of some of the exclusionary
12 categories of when the general permits would apply
13 and not apply because even those things that are
14 seemingly small and insignificant still have great
15 significance on archeological and historical sites.

16 Is that a fair restatement?

17 MR. RUSSELL TOWNSEND: Yes.

18 FACILITATOR MR. PAUL LONG: Catherine.

19 MS. CATHERINE MACKEY: Yes. For the
20 benefit of everybody else, Wayne, can you explain
21 what a categorical exclusion is or somebody?

22 Rebecca.

23 MRS. REBECCA TOLEEN: In our NEPA
24 process under the National Environmental Policy Act,
25 which is the process we do our environmental reviews

1 under, you can do different levels of reviews.

2 The Environmental Impact Statement is
3 the largest review. An environmental assessment is
4 the next tier down. Down from there are what we call
5 categorical exclusions, and those are developed by an
6 agency because as a whole you have determined that
7 those type of actions are not the type of actions
8 that cause significant environmental impacts.

9 So I think what Russell is talking
10 about is when you develop a general permit program
11 you're also probably going to develop a categorical
12 exclusion that says these type of small actions don't
13 have an environmental impact.

14 Then the other thing he's pointing out
15 is you have got to figure out how you're going to
16 comply with the other laws, the National Historic
17 Preservation Act, the Endangered Species Act, things
18 like that in the general permit process.

19 Does that help?

20 CHAIR MR. TOM LITTLEPAGE: Thank you.

21 MR. RUSSELL TOWNSEND: For instance,
22 painting the parking lot lines on a marina parking
23 lot, you know, on TVA property, could be
24 categorically excluded from this process because

25 there's no new ground disturbance and there's no
1 environmental impacts. So, you know, all of these 146
2 other agencies don't need to review that kind of
3 activity, that's the type of thing that I am
4 thinking.

5 MRS. REBECCA TOLEEN: Issuing my
6 paycheck, which is a federal action that they
7 undertake, falls --

8 MR. RUSSELL TOWNSEND: That's right.

9 MRS. REBECCA TOLEEN: -- within a
10 categorical exclusion because it's not the type of
11 action that has huge -- trust me, any huge, don't
12 type that down, environmental impact.

13 FACILITATOR MR. PAUL LONG: Thank you,
14 Rebecca. Other comments about the permitting process
15 and specifically the general permitting process?

16 MS. DEBORAH WOOLLEY: This is a
17 question. So I probably should have asked it before
18 lunch.

19 I know at the state level in some
20 states and at the federal level in some programs
21 there's various certification-type programs or things
22 that let you have expedited permitting, some
23 self-reporting, self-monitoring, does TVA participate

24 in any of that or recognize any of that?

25 MR. JAMES ADAMS: I'm not aware of 147
1 any. Have you got more details, more thoughts on
2 what you're referring to?

3 MS. DEBORAH WOOLLEY: I would have to
4 pull some of them. I know I have dealt with them in
5 other states where they set up within certain things
6 that you self-report your -- whatever you're having
7 to measure or do on that you -- if you comply and you
8 have met certain standards, you have an expedited
9 permitting process.

10 It's kind of like in other areas
11 almost, it's not really a certification, but it's a
12 recognition.

13 MR. JAMES ADAMS: I am not aware of
14 anything like that that we do.

15 FACILITATOR MR. PAUL LONG: Do you
16 have anyplace to recommend that TVA looks at for
17 that?

18 MS. DEBORAH WOOLLEY: I would have to
19 get the names of them. I just know we have talked
20 about them.

21 FACILITATOR MR. PAUL LONG: Okay.
22 Renee.

23 MS. RENEE HOYOS: Yeah. I just wanted
24 to say that I agree with Russell that you want to
25 proceed really carefully.

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1 I think the entire permit would come
2 under a NEPA analysis. The entire general permit
3 would probably have to go through something like
4 that.

5 There may be some classes -- you know,
6 if there's, say, an area that's already been heavily
7 surveyed you might be able to get away with having a
8 general. It is true, these general permits can get
9 out of control because, you know, the desire to deal
10 with 2,500 permits as fast as you can sometimes
11 override looking at resources really carefully.

12 So even though I've -- there's a lot
13 of other things to consider, and I think you're
14 right, this is a longer conversation for sure.

15 FACILITATOR MR. PAUL LONG: Bill.

16 MR. BILL TITTLE: This may be too
17 pragmatic, but it seems to me that on the permitting
18 that the decision tree could be pretty complex. So
19 many things impact other things that you need to
20 develop a template of sorts for the decision process
21 that would do a cost benefit, if you will, analysis

22 of different factors affecting the permit.

23 It could be good for one part of it
24 but have an unintended consequence of another, and
25 thus, you need to look at a lot of things and how
1 they impact other issues. If you are worried about 149
2 water quality, if you're worried about land
3 environmental issues, if you're worried about
4 economic development, if you're worried about serving
5 the people, all of those things have an impact on
6 each other.

7 It seems to me that if -- you may have
8 such a template that you run it through, but it
9 would seem to me that that template needs to be
10 looked at and maybe expanded.

11 And I have another comment.

12 FACILITATOR MR. PAUL LONG: Okay.

13 MR. BILL TITTLE: As far as a resource
14 to look at, I understand the renewable resources are
15 maybe not as big a concern, but TVA revolves around
16 water. If it weren't for water, I'm not sure we
17 would have a TVA if you look at the history.

18 The key word is improvement, water
19 resource protection and improvement. It would seem
20 to me that it would be good to have an improvement

21 process in place for water quality throughout the TVA
22 system whereby you measure the quality and you record
23 it, and I'm sure you have that.

24 You probably do this anyway, but it
25 would be nice to focus on that and have a plan for
1 continued water improvement, that's a big concern, 150
2 clean rivers and the work that you and others do is a
3 major concern nationwide and certainly a concern in
4 the Valley.

5 It would seem to me that that would be
6 very good for this Council to recommend that there be
7 a process, and then we usually do what -- we're
8 measured on what we're doing and can somehow measure
9 that improvement.

10 FACILITATOR MR. PAUL LONG: Thank you,
11 Bill.

12 Russell.

13 MR. RUSSELL TOWNSEND: I have one more
14 thing to say, one more question for Wayne, and then I
15 will be quiet for a while, I promise.

16 This may impinge a little bit into
17 James' area too, but you were talking about the
18 electronic storefront issue. I can see why that
19 would be of great value to TVA.

20 Can you tell me how a permit applicant
21 would go about permitting a permit request for a site
22 that had cultural resources on it?

23 Because cultural resources are, you
24 know, fully exempt and that information isn't
25 supposed to go to the general public, how does that
1 information get conveyed to the applicant? 151

2 MR. WAYNE POPPE: And I think,
3 Russell, you hit on one area that we have to work
4 through on how we would make that known because,
5 you're right, that is withheld, that information in
6 general is withheld.

7 So I think what we need to do, however
8 we build this, you know, electronic storefront, it's
9 on our shoulders to ensure that any maps or data
10 pieces, I guess is a better way to put it, that are
11 out there for the public to import to their
12 application don't have certain information on them,
13 that's the start.

14 Then it becomes the -- once they
15 submit an application to us, then it's on our
16 shoulders then to look and see -- to overlay the map
17 of the cultural resources or overlay the map of the
18 sensitive species and say, okay, they met this and

19 this and this and this, but here are these -- here
20 are these two either natural or heritage or cultural
21 issues that need to be resolved.

22 At that point, then you need to get
23 with the applicant and say, we need to resolve these
24 two things for your application to be processed any
25 further, I think, is the way to do that.

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1 FACILITATOR MR. PAUL LONG: Deborah, I
2 think you're next.

3 MS. DEBORAH WOOLLEY: This is probably
4 so basic, at least to me, I'm not even sure it's
5 worth saying, but as you look at what resource,
6 renewable or otherwise, that you're going to protect
7 along the river valley, I think the biggest challenge
8 that a power generator or a power user is going to
9 face over the next decades is going to be the carbon
10 footprint and all of that.

11 Because some of the natural resources
12 have been shown through their management and how they
13 are maintained and what they have done to help
14 contribute to solving that situation, I would hope
15 that anything we come up with as a natural resource
16 that we're putting out there as a primary thing for
17 TVA to do will dovetail completely with any work that

18 they are doing towards the reduction of the carbon
19 footprint because the two of them, I think, have to
20 come together at some point.

21 FACILITATOR MR. PAUL LONG: Okay.

22 CHAIR MR. TOM LITTLEPAGE: I had a
23 couple of things that sort of dovetails to what
24 Deborah said.

25 The first one was thinking about these
1 recreational assets is we need to -- and I think we ¹⁵³
2 have heard that TVA is following this legislation,
3 but the value of some of these recreational areas
4 with concepts like carbon sequestration and the
5 ability to achieve an economic benefit from banking
6 some of these credits, you know, you certainly have
7 to make sure that as you develop policies you
8 understand that there may be inherent economics that
9 are not in play today that would affect the valuation
10 process and to figure out how you're flexible enough
11 in lining out to the degree you would lease property
12 to maintain control over something like that.

13 Then the other thing was just a
14 broader economic issue of looking at this concept of
15 valuation. In the past I think TVA has been
16 appropriately sensitive to trying to provide as a

17 public trust access to as broad a range of users as
18 possible, but at the same time what we see in this
19 economic environment today is the need to make sure
20 that recreation users pay a fair share.

21 So I think you have to approach this
22 from the standpoint of maybe using a consultant who
23 will develop a regionally sensitive average would be
24 a guidance. Then to the extent you went below that
25 you would have to somehow justify why you would do
1 that in certain locations, but at least provide a 154
2 floor that establishes what is the reasonable
3 economic value of that given other agencies or other
4 organizations that provided similar recreational
5 activities and then looking to the degree you may go
6 above those to handle costs like security or
7 stewardship activities.

8 In other words, if you try to make it
9 as revenue neutral as possible and then -- that
10 provides a baseline of valuation. I think this
11 concept -- John mentioned, you know, trying to
12 understand what the consultant is going to provide, I
13 think that's going to be a very important piece of
14 this process.

15 FACILITATOR MR. PAUL LONG: Okay.

16 Thank you. Other comments or advice about the focus
17 of TVA's efforts in natural resource recreation
18 management activities?

19 Any more questions for Wayne?

20 We can go back and summarize.

21 I just want to summarize the
22 responses. If there's any clarifying questions
23 relative to the responses and the advice, we can talk
24 about that at this time, and then we will take a look
25 at how they fit together.

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1 "Which specific natural resource
2 and/or recreational management activities should TVA
3 focus on moving forward?"

4 The first comment was recommendation
5 to separate the non-renewable natural resources from
6 the renewable, that they are different issues and
7 they need to be looked at in a different manner.

8 We got into a discussion about some of
9 the permitting -- 26(a) permitting process,
10 particularly a general permit, and there was some
11 suggestions that it be limited to small acreage,
12 minimum impact, if you will, that it does have a
13 compliance component, including fines that are not
14 forgivable.

15 The comment is communicated to the
16 public that developing on public land is a privilege
17 and not a right.

18 The next comment said that there's so
19 many variables in the 26(a) process that it's not
20 just a one-time discussion, that we need to look at
21 categorical exclusions because seemingly small
22 projects can have significant impacts to
23 archeological historical resources. Look at other
24 laws and, of course, 404 permitting process. Advice
25 that the entire general permit would have to undergo
1 a NEPA review analysis. 156

2 Then we looked at or talked about a
3 template for a decision-making process and a
4 cost-benefit analysis of different factors that would
5 affect the permitting process and the competing
6 demands that you would have in that decision-making
7 process. This is a way to make sure that they are
8 all balanced and integrated appropriately.

9 Next we talked about TVA's existence
10 resolves around water and that -- the advice was to
11 create an improvement process for improved water
12 quality throughout the Tennessee River System. If
13 already in place, create a plan for continued water

14 improvement. Then the comment that we tend to do
15 what gets measured.

16 In consideration of electronic
17 storefront, because certain cultural sensitive
18 information is typically not made available to the
19 general public that that information would need to be
20 eliminated from the public access of the storefront
21 but there still needs to be a TVA process to overlay
22 that knowledge before granting permits.

23 Also, in the consideration of the
24 permitting process that TVA needs to consider the
25 carbon footprint to ensure that these activities
1 dovetail with other activities in this area. 157

2 Recreation users may need to pay their
3 fair share.

4 MS. CATHERINE MACKEY: You skipped
5 one.

6 FACILITATOR MR. PAUL LONG: I'm sorry.
7 Economics that are not even in place today. Carbon
8 credit banking must be considered for the valuation
9 process for permits and new projects. Part of that
10 discussion too is the economic change.

11 Recreation users may need to pay a
12 fair share. Perhaps use a consultant to establish

13 reasonable economic values of recreation activities
14 and then pass the increased cost on to the user
15 creating a revenue neutral process.

16 Any clarifying questions?

17 John.

18 MR. JOHN WILBANKS: To what extent is
19 the oversight on TVA's part to make sure people are
20 complying or to even go out in the field to verify
21 permitting applications for a permit?

22 Do you-all have a pretty elaborate
23 oversight or enforcement and/or enforcement-type of
24 process to verify that, one, they are being good
25 stewards of what they are using, that they are not
1 doing damage to the property or to the natural 158
2 resources?

3 MR. WAYNE POPPE: Yeah, John. We have
4 what's called a violation and encroachment database
5 that we maintain. Actually, we do on some sort of
6 regular schedule, and I say some sort of regular
7 schedule, it changes a little bit, we do an
8 evaluation of the permits we receive.

9 Were they done as built?

10 So, in other words, you sent your
11 permit in, did you build it like you said you were

12 going to build?

13 We also have a backlog of violations
14 and encroachments. In fact, the last Council looked
15 at a lot of those violations and encroachments and
16 gave us some advice on taking some, I guess you would
17 call it, more direct and effective action on dealing
18 with a lot of those.

19 So we are -- in fact, one of the
20 recommendations that was made is that we centralize
21 that violation and encroachment effort. We have done
22 that. We're taking more of an action based. We're
23 prioritizing the violations and encroachments for
24 removal or to make sure that everybody is made whole.
25 So we have that going on.

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1 In terms of the electronic storefront,
2 the thought is that you would carry that all the way
3 through to the applicant having to send you an
4 electronic as-built that can then be viewed via
5 satellite. So you get some real time if you do it
6 the way you said you would from a compliance
7 standpoint, as opposed to having to do pretty long
8 and laborious boat tours.

9 So, yeah, we have -- we have stepped
10 up the violation encroachment exercise. I think

11 moving forward there are some technologies we need to
12 explore before using to do a better job of that.

13 MR. JOHN WILBANKS: Do you have
14 satellite capability?

15 MR. WAYNE POPPE: For some things,
16 yes, it works pretty good.

17 FACILITATOR MR. PAUL LONG: Other
18 questions or comments?

19 CHAIR MR. TOM LITTLEPAGE: I was going
20 to make one additional -- and I think it applies both
21 to this and then as we get into these subsequent
22 questions, and my good friend Bill has continually
23 reminded me of this, you may want to distinguish in
24 terms of these -- the recreational management
25 activities, we have talked a lot of about general
1 focus to the degree you can apply some general 160
2 concept, but it may very well be that you would apply
3 either category specific approaches to distinguish
4 between a reservoir that's at full capacity
5 development or highly congested versus an area that's
6 not congested at all.

7 You may want to do things to encourage
8 private development and economic activities in some
9 of those more remote areas that you wouldn't

10 necessarily want to do on a reservoir that is more
11 fully developed.

12 So I think you need to be looking at
13 the total scope of where that reservoir is in terms
14 of its usage and activity and congestion as part of
15 the inputs into deciding what's the appropriate level
16 or approaches.

17 For example, you may be willing to
18 tolerate longer leases on an area where you haven't
19 got a lot of recreation developed and you're trying
20 to encourage it versus a shorter turnaround time on
21 those areas where they are pretty well established.

22 FACILITATOR MR. PAUL LONG: Just so I
23 understand, so within a broad general permit there
24 would be components to it that would be reservoir
25 specific?

1 CHAIR MR. TOM LITTLEPAGE: Yeah. I'm 161
2 not even sure it would be applicable to a general
3 permit environment. I just think as you look at
4 these broad-based management activities you take into
5 consideration, you know, looking at both the
6 subsequent area of a specific campground and
7 recreational facilities versus the broader strategy
8 is you may be more open to do things on an area where

9 there's not a lot of development and you have the
10 ability to control it versus the areas that are more
11 highly developed.

12 FACILITATOR MR. PAUL LONG: Not just a
13 permit but the whole site reservoir. Very good.

14 Thank you.

15 Other comments?

16 CHAIR MR. TOM LITTLEPAGE: Yes.

17 FACILITATOR MR. PAUL LONG: Any other
18 comments?

19 CHAIR MR. TOM LITTLEPAGE: You have
20 got one over here.

21 FACILITATOR MR. PAUL LONG: Sorry.
22 Renee.

23 MS. RENEE HOYOS: This goes back to
24 non -- I think we talked earlier about non-renewable
25 resources. When you develop a property you have
1 taken a resource, you know, and you have made it 162
2 non-renewable because once you put a building on it
3 it becomes used unless you're looking at renewable
4 resources also including economic renewable, is that
5 what we're talking about when we talk about what is
6 renewable?

7 CHAIR MR. TOM LITTLEPAGE: I don't

8 know that we have fully defined what is renewable or
9 what's not in terms of the aspects of the strategy.

10 MS. RENEE HOYOS: There's a lot of --
11 I hate to use this term, they call it environmental
12 services that untouched lands provide, which is in
13 some cases, you know, contributing to reducing, you
14 know, carbon -- carbon consumption, but also, you
15 know, water filtration, habitat for sensitive species
16 perhaps, or for just about any species. Then, of
17 course, there's recreational values you get from not
18 developing a piece of property.

19 I'm still very unclear about what gets
20 developed and what doesn't get developed now with the
21 new land policy. So I am assuming that there's no
22 residential development, but there has probably been
23 things in the pipeline that weren't grandfathered
24 into the new policy.

25 Is that true?

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1 MR. JAMES ADAMS: There's the new land
2 policy, no new residential policy, but of the lands
3 out, there's 11,000 miles of shoreline and 62 percent
4 of that is in TVA's hands, 38 percent of that is in
5 private hands which could be developed for less
6 residential. Only about a third of that 38 percent

7 has been developed at this point.

8 MS. RENEE HOYOS: So when you're
9 looking at future developments you're looking more at
10 industrial?

11 MR. JAMES ADAMS: Right. Right. I
12 think it --

13 MS. RENEE HOYOS: Of the TVA lands?

14 MR. JAMES ADAMS: Yes.

15 MS. RENEE HOYOS: That would just be
16 my comment is that, you know, you could take a
17 renewable resource and make it non-renewable with
18 development. So there may be something there that
19 you will have to balance.

20 FACILITATOR MR. PAUL LONG: Have I
21 missed anyone?

22 Again, it's my understanding in items
23 of the decision-making process that the goal is to
24 reach consensus and that we do a thumbs up or thumbs
25 down vote based on the advice and suggestions that
1 have been made. 164

2 During the discussion I didn't hear
3 any clarifying questions to any of these things.
4 Since they seem to me to be related so closely, let
5 me ask the question, is there anything up there that

6 anyone would not want to advise TVA relative to this
7 question?

8 And then the other side of that is, do
9 we have a consensus that everyone is in agreement
10 that all of this advice should be passed on to TVA?

11 Thumbs up.

12 Does that give you what you need?

13 Okay. That was my first decision,
14 folks. So I was trying to make sure I get it right.
15 I will do better next time. Thank you.

16 All right. Moving on to the second
17 question.

18 "What recommendations does the Council
19 have on how best to offer and value future leases and
20 easements for commercial campground and marina
21 operations?"

22 And from the presentation that James
23 made, page six in his tab under the summary slides it
24 says, TVA is conducting an independent benchmarking
25 study to determine how to value future leases and
1 easements. As part of the study TVA is seeking the 165
2 Council's advice and guidance on the following.

3 Then we had the discussion just before
4 lunch where John asked about the contractor that was

5 out there and was this a duplication of efforts. So
6 part of the clarification that I got is TVA wants the
7 input from as many things that we should be or TVA
8 should be looking at so that what advice you have
9 will be held up against what advice the consultant
10 has for those other variables.

11 So, please, do not feel constrained by
12 what a consultant may be doing. If you were the
13 consultant, what would you want to make sure TVA
14 looked at?

15 MR. JAMES ADAMS: I need to correct an
16 error that I mentioned earlier. Janet had asked me
17 to expand a little bit on what we had been charging
18 for licenses and I said \$120 per 100 linear foot for
19 moorage and I said for 1,000 feet that would be
20 12,000. I miscalculated in my head right quick.
21 That would be \$1,200. So I think some of you caught
22 that. So it's a fairly minimal amount. I had also
23 mentioned \$300 an acre and gave the example for ten
24 acres \$3,000, that is for license agreements. So i
25 wanted to correct that.

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1 FACILITATOR MR. PAUL LONG: Okay.

2 Thank you. Yes.

3 MR. JOHN WILBANKS: I think whichever

4 way we go that whatever values we attach need to be
5 equal to at least the private sector values. I am
6 sure there are private developments out there that we
7 can find out what their values has been set at so we
8 can, you know, not -- we need to recover our costs,
9 which the private sector is doing supposedly, and
10 then we need to make sure that, you know, we're
11 covering our costs and we're not undercutting other,
12 you know, private -- am I making any sense on that?

13 FACILITATOR MR. PAUL LONG: What I'm
14 hearing is that as you set the value you want to use
15 the same standards that are used in the public.

16 MR. JOHN WILBANKS: You need to be
17 doing what's being done in the private sector. You
18 need to see what values they are using as well
19 because they were talking about new revenue neutral
20 or more, and that's one way that -- I'm sure they are
21 probably revenue positive, but it at least gives us a
22 starting point to go by.

23 FACILITATOR MR. PAUL LONG: Okay. I
24 missed whose came up first.

25 MS. RENEE HOYOS: Mine never went
1 down. Sorry.

2 FACILITATOR MR. PAUL LONG: Wes.

3 MR. WES ROSENBALM: Tom has already
4 realluded to this, and I think John did too, but as a
5 distributor I would like to make sure that the
6 individuals that are benefitting from the TVA system
7 through recreation or ownership or whatever it may be
8 are -- that TVA benefits from their financial
9 windfall because what is not paid for by these things
10 is shifted to us as distributors, and therefore,
11 shifted to the ratepayer.

12 I think that you need -- for example,
13 if someone is going to sell off 300 and something
14 boat slips at some assumable amount of money that's
15 significant, I think TVA needs to be involved in that
16 and benefit from it. At whatever level, I don't
17 know.

18 Rather than minimal fees, I think they
19 need to step that up because what's not covered for
20 all of the things we're not talking about comes back
21 to us and we have to pass it along to the ratepayers
22 and that puts them at a disadvantage because some of
23 those people cannot afford boat slips to go to the
24 lake.

25 FACILITATOR MR. PAUL LONG: Deborah.

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1 MS. CATHERINE MACKEY: Wes, can you

2 provide a little more clarification because this just
3 says individuals that are benefitting.

4 MR. WES ROSENBALM: Any entity. I
5 have no idea what we would charge for a boat dock or
6 for a marina that may be selling equipment. I know a
7 boat slip is several hundred dollars a month usually
8 in a rental fee.

9 I guess I have a little bit of an
10 issue with those people having a financial windfall
11 from TVA and TVA not necessarily benefitting that
12 windfall because in the end it's the ratepayers who
13 suffer because someone is benefiting. I am all for
14 their success, but TVA just needs to share in that a
15 little bit more than they may be right now from what
16 I'm understanding.

17 FACILITATOR MR. PAUL LONG: Can I put
18 words in your mouth, that as a marina operator it
19 increases their revenues and TVA's share of that
20 should increase?

21 MR. WES ROSENBALM: Absolutely, to
22 cover the costs of all of the other things we're
23 doing for environmental and archeology and everything
24 else that's involved in what TVA does daily that's
25 paid for by ratepayers now.

1 FACILITATOR MR. PAUL LONG: Catherine?

2 MS. CATHERINE MACKEY: I'm okay.

3 FACILITATOR MR. PAUL LONG: Deborah.

4 MS. DEBORAH WOOLLEY: I wanted to
5 agree with what John said on following a private
6 sector model, but add to that that to effectively do
7 it that it can't be with a cookie cutter single
8 policy that says, this is how we're going to do it
9 for the next 20 years, because private sector values
10 are driven by location and driven by the economy.
11 They are driven by a number of different things.
12 They are driven by drought in the case of boat
13 marinas.

14 So if you're going to have a
15 private-sector-value-based policy, then you're going
16 to have to build in the flexibility you need so that
17 it -- not everybody is going to be treated exactly
18 the same because they may not be in the same location
19 or have the same circumstances and they may not have
20 the same amount of land and so they can't do the same
21 thing with.

22 I think the private sector model is
23 the best way to go. It reduces any criticism of TVA
24 for subsidizing competition, but at the same time, if

25 you don't have the flexibility to play in the private
1 sector market the same way a private sector person¹⁷⁰
2 does it's going to backfire.

3 I would suggest that that's a hard one
4 because you generally want a firm policy and a
5 template you can follow, and I don't think this one
6 will give you that, but I think doing a private
7 sector policy is a better way to go.

8 FACILITATOR MR. PAUL LONG: Okay.
9 Thank you.

10 MRS. JEAN ELMORE: In reference to
11 both of their comments, could this not be removed
12 with a percentage of -- then it would not matter if
13 one has -- regardless of what level they are on, as
14 it increases, a certain percentage would come back to
15 TVA, and then that would fluctuate, you know,
16 according to, you know, economics.

17 FACILITATOR MR. PAUL LONG: So the
18 advice is to include a percentage tied to --

19 MRS. JEAN ELMORE: Say he's, you know,
20 making \$100 and TVA gets 4 percent or he's making
21 \$10,000 and TVA gets 4 percent, you know, it's not
22 the --

23 FACILITATOR MR. PAUL LONG: Find some

24 measure of economic success?

25 MRS. JEAN ELMORE: Right. They would
1 be stable as far as the -- but it would fluctuate 171
2 according to -- I mean, the percentage wouldn't
3 fluctuate, but the amount of money would fluctuate
4 according to what they were bringing in.

5 FACILITATOR MR. PAUL LONG: A fixed
6 percentage that would fluctuate with the economic
7 measure, be it gross or net or whatever?

8 MRS. JEAN ELMORE: Exactly.

9 MS. DEBORAH WOOLLEY: If you do that,
10 that gets away from the private sector model because
11 I don't know of any lease in the private sector
12 that's tied to a business' profits. It's tied to, at
13 most, CPI or something like that.

14 MRS. JEAN ELMORE: Well, I was really
15 referring more to Wes, you know, that some portion
16 should come back to TVA when they are making tons of
17 money, and yet, the original lease is just, you know,
18 there. So that really is where I was -- what I was
19 referring to.

20 FACILITATOR MR. PAUL LONG: Catherine,
21 fixed percentage.

22 MRS. JEAN ELMORE: Fixed percentage.

23 FACILITATOR MR. PAUL LONG: Kelly.

24 DR. KELLY TILLER: Just a couple of
25 questions of clarification.

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1 MS. CATHERINE MACKEY: I'm sorry.

2 Wait. Do you have a mic, Kelly?

3 James, can you slide your mic over?

4 Thank you.

5 DR. KELLY TILLER: So a couple of
6 clarifications around this. One is that I think we
7 have to be careful in about assuming benefits on the
8 upside without downside risks without it being
9 perceived as fair.

10 So, you know, just as there are
11 economic benefits, there are also sometimes economic
12 losses that may or may not be within their control.
13 That's something that I think would have to be taken
14 into account in that case.

15 Just the practical matter of being
16 able to determine, you know, a fair and competitive
17 way to compare apples to apples in the valuation of
18 whatever benchmark you use to set a percentage would,
19 I think, be difficult.

20 FACILITATOR MR. PAUL LONG: Okay.

21 CHAIR MR. TOM LITTLEPAGE: Well, I

22 guess I like the concept of Jean -- what Jean had
23 introduced, but it would seem to me it would create a
24 lot of complexity in terms of how you measure
25 economic traffic, you know, especially if you tried
1 to do that on the front end it's sort of -- it's 173
2 almost like you would have a flat rate and then at
3 the end of the year you do a reconciliation to
4 determine if there was -- what the level of
5 economic -- that just seems like -- is it gross?

6 Is it net?

7 What are excusable charges?

8 What aren't?

9 I mean, it seems to me from an
10 enforcement or coming-to-an-agreement standpoint it's
11 somewhat difficult. So I like the idea. I'm just
12 not sure how practical it is to get to there and how
13 you would do that.

14 The other comment, and I guess the
15 more significant comment I had wanted to incorporate,
16 maybe you look at average costs for these activities
17 but you can't -- you would try to capture what are
18 TVA's internal costs associated and try to look at a
19 piece of land and capture all of the various
20 management activities associated with that land from

21 stewardship to enforcement to things like satellite
22 imagery or whatever techniques you're using, even to
23 the extent of indirect components, you actually
24 measure how much management activity is associated
25 with it and try to capture that from an accountant
1 standpoint so that when you look at this land from 174
2 the idea of revenue neutral that you're trying to
3 capture as much actual cost activity that is
4 associated with that and getting the recreational
5 value to help subsidize those costs.

6 FACILITATOR MR. PAUL LONG: All right.
7 Bill.

8 MR. BILL FORSYTH: I just wanted to
9 throw out that any time you base costs on a monetary
10 stream of some kind, then you're throwing in an
11 auditing component.

12 Who does the auditing?

13 How much of that do we want to do?

14 How much is it going to cost?

15 Is it worth it or not?

16 FACILITATOR MR. PAUL LONG: Deborah.

17 MS. DEBORAH WOOLLEY: To me it's
18 almost if you are taking the private sector model you
19 can go one of two routes.

20 If you're going with a traditional
21 lease, then it's like any of us going out and leasing
22 a place to run our business and you base it on
23 location, on the quality of the property or whatever,
24 and there's a value put on that that's competitive
25 with that around it.

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1 If you're wanting to tie it more to a
2 revenue stream and what you're receiving from it,
3 it's almost more like a franchise opportunity to
4 utilize your property, your name, your river, but in
5 return for that you have got to meet certain goals
6 and you have got to meet certain standards, which
7 would get into whether you-all set visions for how
8 big a marina should be or what the purpose of the
9 campground should be or what it should do.

10 And if you go that route, then you
11 could put expectations out there for an owner you're
12 giving some support to that owner or the lessee to do
13 it, but you're also sharing back in the revenue.

14 If you go with the straight lease,
15 it's really just this property versus the property,
16 you know, that's two miles down river that's maybe
17 private and has some access too, and to me that's
18 where you would measure the fair market value of

19 that.

20 FACILITATOR MR. PAUL LONG: A couple
21 of the typical lease components we talked about was
22 the location, traffic, I think.

23 MS. DEBORAH WOOLLEY: Traffic,
24 marketing. In this case it would be urbanization,
25 other things around there that drive it. It could be
1 the county and how much it does in promoting its ¹⁷⁶
2 natural resources to bring in campers or boaters or a
3 bass tournament or whatever.

4 You know, you have got one county that
5 does it and you have got another county a river down
6 that doesn't do it. This person is at a little bit
7 of a disadvantage because he's going to have to bear
8 more of those expenses or the cost himself. So the
9 value of the property and where you're located may be
10 a little bit different.

11 Again, that makes each case be almost
12 an individual-by-individual and not a blanket
13 approach. I don't know which route -- I don't know
14 in the end whether it's just simply to get the
15 property utilized because it's set out there as
16 recreation or whether there's a master TVA planned
17 dream, vision, goal of how the property should be

18 used, how much access there is based on where it is
19 so that you're really trying to lease it to drive a
20 person to develop it to a certain degree.

21 Say, if you're at the far end of one
22 of the reservoirs and there's no camping and you
23 lease a property, is the goal to just let that person
24 do what that person wants or is the goal to have that
25 person meet this level of campground because there's
1 a need and TVA, in trying to have public access, ¹⁷⁷
2 recognizes a need for that.

3 So I don't know what that interaction
4 is or what they want to do.

5 FACILITATOR MR. PAUL LONG: Let me ask
6 James.

7 Is the goal to value the current
8 leases when they come up for renewal or is the goal
9 to value new leases to either encourage development
10 or control development?

11 MR. JAMES ADAMS: The leases and
12 easements that we have now, the 19 and 30 years, they
13 will come when they naturally expire and we will deal
14 with them at that time.

15 We have a great many more who are
16 licenses, which are 30-day revokable, and we would

17 like to move those from being those revokable
18 licenses to a longer term tenure agreement,
19 especially if we're putting major infrastructure on
20 those lands.

21 If we build and put major investment
22 on that, it's not really an option to revoke that, or
23 it's going to be a lot of pain if we do. So that's
24 ones we are looking at that would come up in the near
25 term would be those that are under license
1 agreements. 178

2 As far as the Valley wide, you know,
3 through our land planning we allocate lands for
4 recreation uses, and we do look and we do have
5 inventories of the number of campgrounds and kind of
6 the occupancy rates, you know, which ones are high.

7 So as the populations change and as
8 the densities change and as there's more of a demand,
9 we want to be there at the table with the state
10 agencies and others to make those available. We have
11 some already allocated in the land plans.

12 This is an area that hasn't been used,
13 but it is allocated for recreation. It's maybe got
14 access. It's of such a nature that it would support
15 a recreation development well. So we have allocated

16 that and are ready for that.

17 A great number of these we are dealing
18 with are already in existence, and we are trying to
19 deal with those that have already started. So I
20 think we're trying to make sure that there is ample
21 land available when it is needed, and, you know, that
22 changes yearly from where the population is.

23 FACILITATOR MR. PAUL LONG: Larry.

24 MR. LARRY KERNEA: Deborah's question
25 and the answer given answers or defines my comment in
1 that I don't think I'm in disagreement with anything
2 that we have heard as an option to define the value
3 and dollar amount, but I just wonder if we need to
4 stop and define value as it relates to the integrated
5 resource plan, the economic development, everything
6 that TVA has before them.

7 I don't know if we could put a dollar
8 amount that would be comparable to a river system
9 marina or campground on one of the rural lakes where
10 we're trying to assist the Forest Service in getting
11 campers in that may spend dollars in town. So
12 there's some -- I just wondered if we could --

13 FACILITATOR MR. PAUL LONG: There may
14 be value in it and determine what the value it is?

15 MR. LARRY KERNEA: Yeah. Define
16 value.

17 What does TVA see as value with all of
18 the challenges that TVA has and the mission that it
19 has?

20 FACILITATOR MR. PAUL LONG: Bill.

21 MR. BILL FORSYTH: Well, I will follow
22 up with what Larry just said, you know, economic
23 development may be the value there. So you might
24 want to encourage a marina to be at a certain
25 location for economic development value and you give
1 a cheaper price because you need that there. 180

2 The other thing I was going to say is
3 the U.S. Forest Service has a lot of recreational
4 residences on their land around the country, and
5 those leases are 20-year leases, but they renew every
6 ten years. So at any given point, whether it be a
7 lender or a seller or a buyer or whatever, if the
8 lease is in good standing, then you know it's got at
9 least ten years left on it. If it's not in good
10 standing, then there's a finite number of years there
11 that you know it would be good for. That system
12 seems to work pretty well. So that might be an idea
13 for y'all to look at.

14 FACILITATOR MR. PAUL LONG: So a
15 recommendation is to look at the Forest Service
16 process that they use.

17 Back to Larry's comment and referring
18 back to the question, what recommendation does the
19 Council have on how to better offer and value future
20 leases, and what Larry -- what I think I heard you
21 say, Larry, is there's value in defining value. I
22 think part of --

23 MR. LARRY KERNEA: How do we define
24 value?

25 Is it dollar per linear foot or is it
1 the overall impact that TVA project has on the area? ¹⁸¹

2 FACILITATOR MR. PAUL LONG: I think
3 part of what the question is asking is, what should
4 value include?

5 So I have heard linear foot. I have
6 heard economic development potential.

7 What are other things that TVA should
8 consider when determining what value is?

9 Kelly.

10 DR. KELLY TILLER: In some cases there
11 will actually be costs associated -- not necessarily
12 value, but costs associated with overuse. So overuse

13 value in some particular cases would be part of the
14 equation as well.

15 FACILITATOR MR. PAUL LONG: So
16 balancing use or underuse or overuse, the right mix.
17 Larry.

18 MR. LARRY KERNEA: I don't know that I
19 can add a lot to what's already been defined as
20 value, but it certainly has a -- and I know why you
21 keep calling on me, I am going to throw that thing
22 down.

23 FACILITATOR MR. PAUL LONG: I keep
24 think you keep putting it up. I'm sorry.

25 MR. LARRY KERNEA: Since I do have the
1 floor for a minute I will talk. When we talk about ¹⁸²
2 value in a seven-state area and the entire Valley and
3 the region that TVA has river operations, I'm not
4 sure that we can do much more than define how
5 difficult the job is that TVA has.

6 In our area the TVA value to us is
7 certainly -- and I am in complete agreement with Wes,
8 TVA knows the challenges of the power costs, the
9 distributors absolutely do, and mom and dad do at
10 home, and you don't want to do something that causes
11 a burden or an impact to power costs.

12 On the other side of it, as you bring
13 people into your area because of these TVA
14 facilities, then you begin to generate hotel nights
15 and jobs and those kinds of things that actually help
16 power costs and help our ability to provide power.

17 That's it.

18 FACILITATOR MR. PAUL LONG: Thank you.
19 The sign's down?

20 MR. LARRY KERNEA: The sign's down.

21 FACILITATOR MR. PAUL LONG: John.

22 MR. JOHN WILBANKS: A comment. One is
23 Kelly said about the negative downside impact, I
24 think one is a large development could have a
25 tremendous impact upon the grounds of the surrounding
1 area as far as environmentally as well as what stress
2 it puts on infrastructure.

3 The question is: Does TVA have
4 standards? If somebody wants to develop a
5 campground, lease property to develop a campground,
6 do y'all have standards as to so many campsites per
7 acre or so many slips or the quality of restrooms for
8 campsites, do y'all do anything like that?

9 MR. JAMES ADAMS: We do have
10 parameters. As you mentioned, the density of

11 campsites, ADA requirements, length-of-stay
12 requirement, how long you can stay before you move to
13 another site, you know, 14-day limitations before you
14 have to move to another site. So we do have
15 standards.

16 Enforcement of that has been tough at
17 times. There's some in very remote areas that we
18 have not done a good job at times. Somebody was
19 talking to me at lunch where you see a porch built on
20 to a campsite out there. In that case, somebody is
21 staying there longer than they should be.

22 We do have standards. We're
23 continuously working on that. We have had a
24 campground compliance team that's looked at that
25 pretty thoroughly and come up with a list of things
1 and new agreements going forward that we need to 184
2 ensure that we have got in those agreements.

3 MR. JOHN WILBANKS: I know we're kind
4 of throwing all this stuff into the stew, so to
5 speak, and I am sure it will cook out here before
6 long.

7 I do think though that whatever the
8 elaborate development is, the requirements on it has
9 one value versus a small mom and pop that has another

10 value. When you go to areas of lakes that are not
11 developed, a lot of times there's a reason they are
12 not developed. It's either the roads to them can be
13 bad. The infrastructure and the surrounding area is
14 not there or whatever.

15 So I think that would have -- I mean,
16 you could encourage development in an undeveloped
17 site, but that doesn't necessarily equate into
18 economic development or anything else. There may be
19 reasons why people just would not use that site.

20 FACILITATOR MR. PAUL LONG: Wes.

21 MR. WES ROSENBALM: What I would like
22 to do is maybe go back and amend or add something to
23 my statement because Larry and Bill make a good
24 point.

25 Perhaps if you take Tom's approach 185
1 where you look at it in the costs of service, for
2 lack of a better term environmentally speaking, maybe
3 it would be prudent for TVA to have some kind of
4 study done about the tourism and the economic impacts
5 and have an intrinsic value added in there too that's
6 not necessarily a dollar figure that comes from the
7 rental of that piece of property.

8 Like in Bristol we have the race that

9 comes in and these economists have all of these very
10 large numbers of the benefit to the community. I
11 know every situation is different, but perhaps
12 there's some intrinsic value that can be assigned to
13 the benefits.

14 Larry is correct, every motel that is
15 built, everything that happens is load and it helps
16 us offset some of these costs as well. So a direct
17 relation and an indirect relation maybe is to make it
18 self-sufficient.

19 FACILITATOR MR. PAUL LONG: So in
20 considering the intrinsic value, the additional value
21 of economic development beyond --

22 MR. WES ROSENBALM: Yeah. And
23 recreation and tourism, I think there would be an
24 intrinsic level or dollar value you could assign to
25 each lease that you're not necessarily charging that
1 person asking for that lease as well. 186

2 FACILITATOR MR. PAUL LONG: Okay.

3 MS. CATHERINE MACKEY: Is that -- Wes,
4 make sure that's what you want to say.

5 MR. WES ROSENBALM: Yes. Maybe put
6 combined with the actual charges to attempt to make
7 it self-sufficient. That ties in with Tom's comment.

8 FACILITATOR MR. PAUL LONG: Deborah.

9 MS. DEBORAH WOOLLEY: Getting back to
10 the value thing, the discussion could go on forever
11 because each of us is going to define value based on
12 our background.

13 I think if we brought in the TVA
14 departments and the county departments they would
15 probably see value as a revenue stream, you know, and
16 the economic development sees it as jobs created by
17 it, the recreational people see it by people using
18 it.

19 In the same way that you have got
20 multiple missions and you measure the river to get a
21 balance on all of those multiple missions, the
22 ability to use your lands and revenue stream could be
23 the same, I think, recognizing the fact that the
24 ability to grant leases or licenses, or whatever the
25 right term is for the right place, is something you
1 can use to drive that ultimate balance you're looking
2 for. ¹⁸⁷

3 I would hope in valuing it looking for
4 a policy, you build in the flexibility to see that
5 this is a tool in managing your resources, you know,
6 the lease one time may be pure revenue and the next

7 time it may be an economic incentive to create some
8 of that growth or economic development you need in an
9 area. In another case it might be to make sure you
10 have the right person to manage the recreation or the
11 conservation of the area.

12 So I think one type -- the
13 cookie-cutter approach, one type fits all or a
14 general policy, ties your hands in a way that
15 prevents you from using the good tool that you have
16 and can keep you competitive in the private
17 marketplace.

18 FACILITATOR MR. PAUL LONG: Is that
19 more of an ability to grant leases and licenses and
20 easements can be used as the --

21 MS. DEBORAH WOOLLEY: Yes.

22 FACILITATOR MR. PAUL LONG: Thank you.
23 Kelly.

24 DR. KELLY TILLER: To follow up on
25 that. One thing that was mentioned yesterday that
1 continues to come up over and over is the importance ¹⁸⁸
2 and value of communication and transparency in these
3 things.

4 Following up on some of Deb's
5 comments, while I do agree with that, if it's not --

6 if the public can't see and understand and all they
7 see is that somebody got a different deal than they
8 did, then there's a real perception problem. So it
9 would certainly need to be important that it be
10 transparent and well communicated, the process.

11 MS. DEBORAH WOOLLEY: And I agree
12 totally because I think TVA, unlike a private entity
13 that's leasing land, has a whole different world to
14 play in with that.

15 FACILITATOR MR. PAUL LONG: Which
16 really takes us to the third question. I want to
17 make sure that we're finished with the second before
18 we go to the third, but the third question on the
19 list was how to communicate these changes in the
20 valuing process or how it was to be offered.

21 "How can TVA best communicate with and
22 notify commercial operators of the changes to
23 existing recreation, land, leases, and easements?

24 That was the third question. Are we
25 through with the second?

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1 Are we ready to start talking about
2 how we communicate these issues?

3 Yes, Karl.

4 MR. KARL DUDLEY: Just a question for

5 my understanding. How much revenue does TVA realize
6 on an annual basis with these existing leases?

7 Do you have any idea?

8 MR. JAMES ADAMS: I'm sorry. I don't.
9 I can try to get that.

10 MR. KARL DUDLEY: Is it a small amount
11 of money though compared to TVA budget?

12 UNIDENTIFIED PERSON: About \$800,000
13 for recreational leases.

14 MR. KARL DUDLEY: Just to comment, the
15 power system has paid for the river operations since
16 1998, '97?

17 DFO JANET HERRIN: 1999.

18 MR. KARL DUDLEY: Okay. That's about
19 what, 70 or \$80 million dollars, I guess, now?

20 DFO JANET HERRIN: About \$70 million
21 for all the stewardship, including water.

22 MR. KARL DUDLEY: So just it reiterate
23 that a lot of things we discuss here, there's a cost
24 to this and our ratepayers are paying. So we need to
25 look for that value if there is a value, I guess
1 that's the only thing I would say, because I serve a
2 portion of the Tennessee Valley that's west of me
3 there's another river called the Mississippi River

4 and they help pay for the operation of the Tennessee
5 River. So, you know, there's -- each person's value
6 is different from where you're standing.

7 Thank you.

8 FACILITATOR MR. PAUL LONG: Thank you,
9 Karl.

10 Other advice or questions or comments?

11 We can go back, Catherine, to the
12 front, again, to look at the comments and advice we
13 have made in terms of how best to offer and value
14 leases.

15 To generalize the discussion, values
16 are hard to define, and trying to come up with a
17 benchmark is hard to define because we have talked
18 about tying it to private sector but not similar to a
19 cookie-cutter approach and there are a couple of
20 different private sector models you could look at.

21 There's also a concern that
22 individuals that are benefiting from the TVA system
23 should be also providing a benefit back to TVA, that
24 those things that are not recovered by TVA or through
25 TVA get passed back to the ratepayers through the
1 distributors.

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2 And with that, a recommendation to

3 consider a study to assess the intrinsic value of
4 recreation activities to develop the economy in an
5 area combined with the actual charges to create a
6 self-sustained and self-sufficient process.

7 A couple of other suggestions is to
8 consider a fixed percentage tied to some measure of
9 economic success that fluctuates and the concern that
10 it would be difficult to determine.

11 Also, consider economic losses. Not
12 everything is going to be a positive and not
13 everything is going to be a profit. You need to
14 factor in the fact if there is a loss or downturn
15 associated with that. So determining a fair and
16 competitive way to benchmark private sector will be
17 difficult.

18 Also, advice to ensure as you work
19 through the process to capture TVA's internal costs
20 associated with a particular piece of land, such as
21 stewardship and enforcement of the application and
22 technology.

23 Also, when you start valuing and
24 charging you're going to have auditing components.
25 So who's going to perform that function and how will
1 it work?

2 A couple of other suggestions, a
3 typical lessee or lessor, the environment for
4 developers is based on traffic and marketing and
5 available resources, et cetera. If you start sharing
6 profits, it becomes more like a franchise-like model.

7 In the discussion of value, in
8 addition to all potential benefits, look at the
9 impact on the surrounding area, both positive and
10 negative, such as stress on infrastructure.

11 Using leases licenses and easements
12 can be used as a tool for balancing benefits in the
13 integrated system, encouraging development in some
14 areas and controlling development in others.
15 However, the public must be involved in the process.
16 Strong communications and transparencies would be
17 extra important in instituting any new process or
18 policy.

19 Development of undeveloped areas may
20 not be for economic development but they may be other
21 reasons people are not using that area, promote
22 locations, et cetera. Include an examination like
23 the U.S. Forest Service process for 20-year leases on
24 10-year renewals.

25 CHAIR MR. TOM LITTLEPAGE: I would

1 just propose that in that third bullet from the end,
2 Catherine, we just say should be a critical factor as
3 opposed to extra important or something.

4 FACILITATOR MR. PAUL LONG: Kelly, are
5 you okay with that change?

6 DR. KELLY TILLER: Yes.

7 CHAIR MR. TOM LITTLEPAGE: I don't
8 know what extra important means.

9 FACILITATOR MR. PAUL LONG: It really,
10 I think, goes to the third question. So anything
11 that was discussed that shouldn't go forward to TVA?

12 Anything you don't understand that you
13 would like to have clarified?

14 So everything that's on the chart goes
15 forward, thumbs up?

16 Thumbs down?

17 Having none, we will move on to
18 question three, unless you want to take a break.

19 CHAIR MR. TOM LITTLEPAGE: Let's press
20 on, I think.

21 FACILITATOR MR. PAUL LONG: Building
22 off of Kelly's comment, "How can TVA best communicate
23 and notify commercial operator of changes to the
24 existing recreation land leases and easements?"

25 As Kelly made a comment during her 194
1 previous questions, the transparency and the ability
2 to communicate this is going to be critical.

3 Other themes, if you will, or
4 recommendations that TVA needs to take into
5 consideration for communication of any changes that
6 do come about?

7 MS. DEBORAH WOOLLEY: Can I ask a
8 question?

9 With the way your leases are
10 structured now, would any changes take place at the
11 end of the lease and the renewal or the lease is
12 structured in a way that changes could be altered
13 during the term of the lease?

14 MR. JAMES ADAMS: Most of them would
15 not be altered until we got to the end. Like I said,
16 our strategy is two years in advance of that
17 termination date to start working with them to make
18 plans so that it doesn't end, we can go to another
19 agreement.

20 MS. DEBORAH WOOLLEY: So very few
21 people would be surprised by a change because their
22 lease term would be further out in the --

23 MR. JAMES ADAMS: There's 30 or more

24 that are on license agreements. So those are the
25 revokable types that, you know, we can deal with now. 195

1 FACILITATOR MR. PAUL LONG: Does a
2 license agreement have a term that says that you can
3 terminate it with a 30 or 90 days' notice, but does
4 it have a one-year term associated with it?

5 MR. JAMES ADAMS: No, generally not.

6 FACILITATOR MR. PAUL LONG: So it's
7 sort of an open-ended and can be terminated at any
8 time, Deborah, is that --

9 MS. DEBORAH WOOLLEY: Yes.

10 FACILITATOR MR. PAUL LONG: How do you
11 communicate and what do you communicate?

12 Kelly.

13 DR. KELLY TILLER: I would add one
14 more thing to that how and that list of things,
15 that's also who do you communicate with. So in
16 addition to just the individual lessor, you know, I
17 think it's also important to make this a general
18 public piece of information as well.

19 FACILITATOR MR. PAUL LONG: So include
20 the public in the communication process, in my words,
21 trace back to the transparency of the process.

22 MR. JOHN WILBANKS: What's your

23 current method of communicating to these people?

24 What are you doing now?

25 MR. JAMES ADAMS: Well, we have staff
196
1 that are in communication with them throughout the
2 year. We are, you know, in and out of these areas.
3 We have staff located around the Valley and watershed
4 teams. So we have -- we do compliance checks, not
5 each one every year, but we are -- so we're in
6 communication with them. Then usually the payment is
7 build one time a year. So that's the -- without any
8 specific issue at hand, that's our communication with
9 them right now.

10 MR. JOHN WILBANKS: What's your
11 frequency lately of new leases?

12 Do you have one a year?

13 I mean, do you -- is it fairly often
14 you're having to renegotiate leases with these
15 people, and if you are, are you just sending them a
16 letter saying it's time to renew or what?

17 MR. JAMES ADAMS: Two to three a year,
18 does that sound about right, on how many of these do
19 we have coming up every year? So I'm saying
20 something like two to three a year.

21 UNIDENTIFIED PERSON: Not more than

22 five.

23 MR. JOHN WILBANKS: That's just done
24 individually with each property owner?

25 MR. JAMES ADAMS: Right.

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1 FACILITATOR MR. PAUL LONG: Other
2 comments?

3 I wasn't watching. Renee.

4 MS. RENEE HOYOS: I was just thinking
5 about, you know, when you ask how to communicate, a
6 lot of this stuff ends up being like posted on the
7 web site and you're expecting people to go to you to
8 find the information. So I think the struggle is how
9 do you get the information so that people don't have
10 to, you know, hear by rumor and then it's up to them
11 to keep checking back on the web site?

12 So, you know, you have got a watershed
13 and you have got people that are in contact all the
14 time with these groups, and maybe they should be
15 dropping the seeds about there's conversations going
16 on now, you know, you may want to -- they may have
17 some interesting ideas about how to do these leases.
18 There may be things that they have thought of.

19 There may be some things that they
20 really don't want to see in a lease. So it may be

21 good to maybe solicit information individually from
22 them from the watershed teams or whoever is keeping
23 in constant contact so that you're touching them with
24 different people, you know, in different areas along
25 the way so they feel like they are being informed and
1 not, oh, by the way, we're going to come up with this ¹⁹⁸
2 new policy and it's going to be on the web site and
3 so just keep checking the web site. That makes it
4 harder for folks to feel like they have been engaged.

5 FACILITATOR MR. PAUL LONG: Lay the
6 ground work for potential changes, and two, involve
7 them early on in getting their perspectives?

8 MS. RENEE HOYOS: Yeah, just letting
9 them know that this is coming up.

10 FACILITATOR MR. PAUL LONG: Okay.
11 Deborah.

12 MS. DEBORAH WOOLLEY: I think probably
13 the first thing you look at when you're looking at
14 communications is the timing of it, and the timing to
15 the different audiences. Some of that timing is a
16 public buy-in process where you might do some public
17 comments.

18 I mean, in TVA's components, I mean,
19 in TVA's world there's a strong political component

20 that you have to have understanding and buy-in there.

21 Then I think we are talking finally
22 going to your lease holders or your license holders
23 and to recognize that in most cases they are smaller
24 business people and they need notice. You know, you
25 can't go in on them and say next year your rent is
1 going to quadruple because they probably don't have ¹⁹⁹
2 the cash flow or the plan in place to do it. So it's
3 looking at how to do it.

4 With license holders you might want to
5 be looking at a way to give them notice but it's a
6 year out or something, let them -- let them as a
7 business plan their operations for it.

8 It will all be moot if you haven't
9 done your timing right on your front end to make sure
10 your political leaders are -- I think some of the
11 most avid individual groups out there are people who
12 use recreational facilities, and you don't need all
13 the duck hunters, the campers, the fishermen, and
14 everybody else upset about something that really
15 doesn't even affect them that much.

16 So you're kind of shooting duck on it.
17 It's kind of hard, but the timing, I think, would be
18 the biggest thing and then recognizing you're dealing

19 with business owners and they have to have time to
20 pay it and prepare or you're going to put them out of
21 business.

22 FACILITATOR MR. PAUL LONG: Tom.

23 CHAIR MR. TOM LITTLEPAGE: Yeah, I was
24 going to -- and I'm sure TVA is looking to do this.
25 I guess the general point is to leverage technology
1 where possible. I was surprised to learn that as a ²⁰⁰
2 state we're embarking into Facebook and Twitter and
3 MySpace, and it amazes me because you just don't
4 think people are using it as widely. It's amazing
5 the segment of that, and to the degree you mail out
6 paper newsletters or some of those things, I would
7 certainly encourage those kind of things.

8 I think Renee's point about actively
9 communicating outward as opposed to waiting for
10 somebody to come in and seek information I think is a
11 critical aspect to this and certainly can be part of
12 a proactive approach to both facilitate input into
13 the process and then communicate policies and
14 decisions outwardly, and I would just encourage that
15 be in the thinking process.

16 FACILITATOR MR. PAUL LONG: All right.
17 Deborah.

18 MS. DEBORAH WOOLLEY: I think it's to
19 be prepared for a firestorm. I mean, you talk about
20 making \$800,000 a year. I can think of places on the
21 river system where you could sell 10 acres and make
22 more than that amount of money in a year.

23 I worked for a company once that
24 had -- that built trucks and had dealers and they had
25 sweetheart deals with the dealers who got very rich
1 and when they tried to change that arrangement, you ²⁰¹
2 had a bunch of really angry, violated people, and I'm
3 not sure all the communications in the world would
4 have soothed their egos about what was happening to
5 them.

6 So I think in looking at your
7 communications, it's also looking at all of those
8 alternative people, all of those alternative messages
9 to make them understand the bigger picture, but still
10 be prepared, I think, for it to just blow sky high
11 because, you know, some guy that's making a lot of
12 money on a \$1,200 lease, you know, nothing you're
13 going to say is going to convince him that he should
14 be sharing the wealth.

15 FACILITATOR MR. PAUL LONG: Kelly.

16 DR. KELLY TILLER: I don't think it's

17 feasible or practical in all cases, but to the extent
18 that you can have kind of menus of options and prices
19 associated with those and give the lessee some kind
20 of a control over their destiny and have them have
21 some way to influence the eventual outcome rather
22 than a one -- you know, take-it-or-leave-it kind of
23 approach, even if it's in small things, I think that
24 goes a little ways toward addressing some of that.

25 MS. DEBORAH WOOLLEY: Negotiate a
1 lease. 202

2 DR. KELLY TILLER: Yeah.

3 MS. DEBORAH WOOLLEY: That's what we
4 do in the private sector, you know, you have some
5 give and take. You're right.

6 FACILITATOR MR. PAUL LONG: Add the
7 phrase negotiate a lease.

8 MS. CATHERINE MACKEY: I'm sorry.

9 FACILITATOR MR. PAUL LONG: Other
10 comments or questions?

11 To review your advice to TVA relative
12 to communicating commercial operators and changes,
13 one of the things is not just those folks but the
14 general public, to communicate to the general public,
15 not just the lessee. Don't just expect people to

16 have to go to the web site and find the new
17 information. Have watershed teams talk to the public
18 and affected lessees throughout the process and begin
19 to lay the groundwork of potential changes involved
20 in that. Also, consider the timing of communication
21 in regards to the audience.

22 There's a strong political component
23 related to TVA and policy changes will need buy-in
24 from those groups. Also, ample notice to the current
25 lessee based upon their business. Some of the small
1 businesses cannot respond as quickly as other. 203

2 Do be prepared -- I skipped one.
3 Leverage technology where possible. Actively
4 communicate outward instead of waiting for
5 stakeholders to seek information. Facilitate input
6 into the process, but be prepared for a firearm
7 because for some people no amount of communicate will
8 help.

9 To the extent possible, give the
10 lessee some type of control over their destiny, a
11 menu of options, if you will, that allows them to
12 negotiate in the leasing process.

13 Clarifying questions?

14 Are there any additions?

15 Tom.

16 CHAIR MR. TOM LITTLEPAGE: And I guess
17 what I would -- just in terms of summarizing, I'd
18 turn to James and Wayne and say, do these kind of
19 things help you?

20 Do you feel like we have provided an
21 input or are there other areas kind of related to
22 this that you would like to throw out here before we
23 lock them up?

24 MR. JAMES ADAMS: I think it's been
25 very helpful for me. All of these different
1 scenarios have pros and cons as you think through 204
2 them. I see as we all begin to discuss here, I think
3 everybody is realizing that at the same time.

4 Ultimately, we want to be sensitive to
5 the stakeholder and all of those different conditions
6 out there. There's a big range of the different
7 scenarios, and we have got to anticipate each of
8 those. I think that's good advice that we try to
9 maybe come up with a menu of ideas.

10 These comments have been very helpful,
11 I think, to all of us as we begin to try to get our
12 arms around this and as we get the information that
13 will be coming from the consultant to help advise us

14 as we go forth, but it's been very helpful for me.

15 MR. WAYNE POPPE: To get outside of
16 the commercial arena that James has been talking
17 about in terms of preparing an environmental review
18 of our environmental policy, certainly, you know, the
19 concept that we talked about, the natural resource
20 management, you know, I didn't hear you tell me that
21 we were going down wrong roads, but rather, you know,
22 make sure that you -- particularly if you get into
23 the general permit arena that you have got to be
24 careful. Certainly, I think that's the kind of
25 advice that we're looking for.

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1 We will be seeking other public
2 advice. So to that end, I guess what I would ask
3 from the Council, as you vet this with your
4 constituency groups, you know, encourage them to make
5 their feelings known also through you or, you know,
6 through our web site or whatever.

7 CHAIR MR. TOM LITTLEPAGE: Okay.
8 Thank y'all. Any -- I guess I do want to thank
9 everybody for their participation in this process.

10 Certainly, I am very encouraged with
11 the new folks jumping in here and feeling the freedom
12 and adding very significant -- significantly to this

13 process, I think it's very beneficial, and I
14 certainly look forward to each of you and your value
15 to this new Council.

16 A couple of sort of administrative
17 points I will throw out, if anybody is parked across
18 the street and needs a parking token Beth is the
19 parking token lady and she's got a handful of those
20 for you to get out. Otherwise, you will be stuck in
21 the parking deck just driving around in circles.

22 Then also as we have talked about,
23 please note that the meeting dates for the next
24 meeting have been set contrary to the way we normally
25 operate. So October 29th and the 30th, plan on
1 trying to see if you can reserve those dates on your 206
2 calendar.

3 Any comment you want to make?

4 DFO JANET HERRIN: I just want to
5 thank everybody for their time and attention. It's
6 always a pleasure to be able to sit with the group
7 and listen to your comments and your thoughts.

8 I have to say that every time I learn
9 something new and I get a different perspective and
10 something else to think about, and I thank each and
11 every one of you and look forward to seeing you in

12 October.

13 FACILITATOR MR. PAUL LONG: And with
14 that, any other comments before we adjourn?

15 I do want to thank the TVA -- I should
16 have noted this, but certainly these kind of meetings
17 don't go on without a lot of work behind the scenes,
18 and I want to thank Catherine and Beth and Wayne and
19 Janet for their efforts in pulling this together. It
20 makes it much easier on us when we just kind of roll
21 in and we can do our stuff and we have great food,
22 and that doesn't happen on its own and we certainly
23 thank you for helping that part of the process.

24 With that, I will entertain a motion
25 to adjourn.

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1 MR. KARL DUDLEY: Leave your name
2 tags.

3 CHAIR MR. TOM LITTLEPAGE: Leave your
4 name tags right there by your mic. Where's
5 Catherine? She normally reminds of that.

6 MS. CATHERINE MACKEY: Sorry. I was
7 going to pick them up at the door.

8 FACILITATOR MR. PAUL LONG: She will
9 be standing at the door to make sure you don't take
10 it with you. Until we meet again, we are adjourned.

11 Thanks everybody.

12 END OF MEETING

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REPORTER'S CERTIFICATE

3

STATE OF TENNESSEE)

4

: SS.

COUNTY OF KNOW)

5

6

I, Kimberly J. Nixon, RPR, the officer before whom the foregoing meeting was taken, do hereby certify that the meeting was taken by me in machine shorthand, and thereafter reduced to typewriting by me;

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9

That the transcript is a true and accurate

10 and that the transcript was prepared under my
11 supervision, and attached to this certificate is a
12 true, accurate and complete transcript, as provided
13 by law;

14 That I am neither counsel for, related to,
15 nor employed by any of the parties to this action;
16 and I further certify that I am not a relative or
17 employee of any attorney or counsel employed by the
18 parties hereto, nor financially or otherwise
19 interested in the outcome of this action; and that
20 the foregoing transcript is complete and accurate in
21 all particulars, as provided by law.

22 In witness whereof, I have hereunto set my
23 hand this _____ day of _____, 2009.

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KIMBERLY J. NIXON, RPR
MY COMMISSION EXPIRES 4/18/2012.