



AN OPPORTUNITY NOT TO BE MISSED Protecting the Little Tennessee Watershed

Tennessee Clean Water Network, American Rivers Southeast office, and National Parks Conservation Association Southeast Regional office requests support from the Lyndhurst Foundation to work for the long-term protection of several watersheds owned by Tapoco, a subdivision of Alcoa Power Generating Inc., in the Southern Appalachians. Buried deep in the heart of the Southern Appalachians, sandwiched between Great Smoky Mountains National Park (GSMNP) and the Cherokee National Forest is over 15,000 acres encompassing several watersheds that drain into the Little Tennessee River basin. Tapoco's land holdings, untouched for at least 80 years, contain the unparalleled biodiversity for which the Southern Appalachian region is renowned. They act as a significant watershed and buffer to Great Smoky Mountains National Park and as a biological corridor between a national park, national forest service lands, and two wilderness areas. According to the Tennessee Nature Conservancy, it is one of the most important private tracts of land needing protection in Tennessee.

Tapoco owns and operates four dams, (Chilhowee, Cheoah, Calderwood, and Santeetlah), that impound the Little Tennessee and Cheoah rivers in North Carolina and Tennessee. The Project is located 15 miles south of Knoxville, Tennessee and 90 miles northeast of Chattanooga, Tennessee. Together, the four hydroelectric dams impound 5761 acres of reservoir and cover a watershed drainage of 5617 square miles. The entire project, including all four dams, provides 326.5 megawatts of electrical power for Alcoa's Tennessee operations. Most significantly, a general survey of Tapoco's land holdings conducted by the Tennessee Nature Conservancy have indicated that these lands are as rich and diverse as Great Smoky Mountains National Park.

Within just the past year, an opportunity to protect a portion of these lands has emerged as Tapoco's hydropower license is set to expire. New requirements under the Federal Power Act's relicensing process require a balancing of both power values (power generation) with non-power values (e.g. water quality, recreation, and land protection). The Tapoco Project's original license from FERC began on March 1, 1955 with a term of 50 years and is set to expire February 28, 2005. In 1999, Tapoco received approval from FERC to engage in an alternative form of relicensing designed to engage the public early in the process to address and resolve issues long before official application is made to FERC in 2005. Under the alternative relicensing process, Tapoco will file an application with FERC on or before February 28, 2003 for a new license to continue operations over the next 30-50 years.

The stakes are high for Alcoa and they need a new license to operate for another 30-50 years. It provides almost 50 percent of Alcoa's energy needs but more importantly, Alcoa saves \$51 million every year because they do not purchase all of their power from TVA.

An Opportunity to Leverage the Relicensing Process for the Protection of Land

In evaluating licenses, FERC must evaluate power and non-power values. Non-power values include water quality, fisheries resources, terrestrial resources, recreational resources, cultural resources, aesthetic and scenic resources, flood control, energy conservation, and other environmental concerns. In addition, FERC must complete or ensure the completion of an environmental review of the project pursuant to the National Environmental Policy Act (NEPA). Several agencies have mandatory conditioning authority for this process. Section 18 of the Federal Power Act gives the U.S. Fish and Wildlife Service conditioning authority. State water quality agencies, in this case North Carolina and Tennessee, under Section 401 of the Clean Water Act must issue a water quality certificate. In addition, the U.S. Forest Service is also provided with conditioning authority by virtue of their land ownership along the project's boundaries. The National Park Service is vested with certain protection of the Great Smoky Mountains National Park, most notably viewshed protection.

For the past two and one-half years, TCWN and American Rivers have been intimately involved in the relicensing process. After significant evaluation, both organizations believe that there is a key opportunity to protect all or a portion of the Tapoco-owned lands. Our first goal is to ensure the protection of a sizeable area of land that would not otherwise be protected during the relicensing project (known as non-project lands). Our second goal is to use the relicensing process to establish a commitment by Alcoa and/or Tapoco to sell their land holdings to a conservancy or the federal/state government. To effectuate these goals we have developed two strategies:

Our primary strategy, already being implemented, is to coordinate with governmental agencies and non-governmental organizations to create a single and united position on the need for land protection. The key federal agencies involved with this effort include the National Forest Service, National Park Service, Department of the Interior's Solicitor's office, and the U.S. Fish and Wildlife Service. Without exception, all of these federal agencies are already committed to working directly with us over the next year to identify opportunities to protect these lands. More importantly, they are committed to evaluating their conditioning authority or federal responsibilities to secure a stronger negotiating position. TCWN will coordinate with these federal representatives to focus their attention on leveraging their authority to protect Tapoco lands.

These efforts are already underway. In January, TCWN coordinated a successful meeting among all of the federal agencies and have already set up another meeting that will include the Forest Supervisors for both the Cherokee and Nantahala National Forests. We intend to work closely with all of these agencies over the next 10 months to put land protection on the table for the duration of this process. Similar meetings will be set up with other NPS, FWS, and DOI officials.

In addition, we are in contact with the Tennessee Department of Environment and Conservation Division of Water Pollution Control. This agency is interested in the concept of land protection, though it is unclear how Tennessee might use its permitting authority through

the Division of Water Pollution Control. To influence TDEC's process, TCWN is in the final preparation process of a comprehensive, memorandum-based evaluation of all the technical documents that will be submitted to TDEC. This memorandum evaluates TDEC's position with respect to their permitting authority in the process.

The Tennessee Wildlife Resources Agency, though it has no permitting power, is also willing to work with us on protection of these lands. In 1987, Tapoco leased 18,439 acres of these lands (both Project and non-Project) to TWRA for fishing, boating, and other recreational activities. In 1996, 4,506 acres of these leased lands were sold to the Foothills Land Conservancy. The current lease to the TWRA is for 13,933 acres.

Our second strategy is to place the appropriate pressure on Alcoa, as Tapoco's parent company, to agree to protection of lands as mitigation in the relicensing effort and to begin good-faith negotiations for selling the remainder of the land. This secondary strategy will involve some direct pressure on the leadership of Alcoa, as well as secondary public pressure through grassroots efforts to protect these lands in the long-term. Contacts through National Parks Conservation Association, Nature Conservancy, and American Rivers will be identified to implement this effort. Grassroots efforts such as letter and email campaigns will be used if considered appropriate.

Our three organizations will bring different strengths to this effort. Tennessee Clean Water Network will remain the main coordinator of all efforts to secure land protection in the final license. Constant communication between all of the key players in this process will prove to be the most important factor. We will bring together the various players for strategy development and implementation. We will continue our work to evaluate all technical information developed from the process and coordinate federal and state agency information.

In addition, we will remain in close contact with non-governmental organizations. To the extent necessary, we will bring together an already formed coalition of organizations that are focused on this relicensing process. This Cheoah and Little Tennessee Coalition is made up of such groups as Trout Unlimited, Western North Carolina Alliance, Wenoca Group of the Sierra Club, Tennessee Clean Water Network, Tennessee Citizens for Wilderness Planning, East Tennessee Whitewater Club, American Whitewater, American Rivers, Western Carolina Paddlers, and Chota Canoe Club.

National Parks Conservation Association's Southeast office intends to focus its attention on the authority of the National Park Service (NPS) to ensure protection of these lands, though not necessarily for inclusion within the National Park System. It will also utilize its extensive national membership, over 450,000 members, to influence Alcoa's negotiating position.

American Rivers has been and will continue to provide extensive technical assistance in evaluating the key negotiating positions during this last phase of the relicensing process. As a primary coordinator for the Hydropower Reform Coalition, AR will bring needed expertise from relicensing processes all across the country. David Sligh, American Rivers' southeast representative, will provide special assistance on the state's 401 permitting authority.

The success of this project will be determined by our ability to strengthen the negotiating position of the federal agencies and, to a lesser extent, the state agencies. We hope

to enhance that position even more by softening Alcoa's resistance to this opportunity. Support from the Lyndhurst Foundation will greatly increase our chances to ensure that we have the capacity to focus all of the stakeholders involved in this process on promoting land protection as a necessary part of the final hydropower license.