

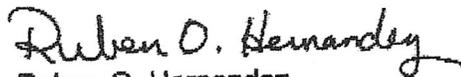
Mr. Jimmy Groton
Page 2
June 30, 2000

TVA shares your concern about shoreline development. In August of 1999, we requested that DOE convey this tract back to TVA (enclosure: August 6, 1999, letter from Michael R. Crowson to Ms. Katy Kates). We felt a reconveyance would provide TVA with the necessary land rights to protect the shoreline of this valued riparian zone through the Shoreline Management Policy. However, should DOE decide to transfer the tract for residential development, TVA would have to administer our existing land rights over the property and Section 26a of the *TVA Act* the same as any other flowage easement tracts on Watts Bar Reservoir.

For your information, enclosed is a letter (June 12 letter from Eric W. Rauch to Ms. Katy Kates) sent to DOE explaining TVA's preference for future management of the tract.

We appreciate your interest in this matter. If you have additional questions or need further information, Michael R. Crowson, manager of the Melton Hill Watershed Team, will be glad to assist you. His telephone number is (865) 988-2445.

Sincerely,


Ruben O. Hernandez

Enclosures

cc: Ms. Leah Dever (Enclosures)
Manager
Oak Ridge Operations
Department of Energy
200 Administration Road, M-1
Oak Ridge, Tennessee 37830

August 6, 1999

Ms. Katy Kates
U.S. Department of Energy
Post Office Box 2001
Oak Ridge, Tennessee 37831-8722

Dear Ms. Kates:

Thank you for meeting with us to discuss our interest in obtaining a reconveyance of certain federal lands on Watts Bar Reservoir. The tract of land that TVA is interested in obtaining is a portion of parcel 4 (approximately 190 acres) that was transferred from TVA to the United States Atomic Energy Commission on January 16, 1959 (see enclosed map). We understand that DOE no longer has a need for this land and is considering its disposal. We request DOE reconvey this parcel to TVA, pursuant to section 7(b) of the TVA Act, 16 USC sec. 831. 831f(b). Even though TVA retains certain landrights across parcel 4, those rights are not sufficient to address impacts to the buffer area, such as vegetation management. A reconveyance would allow TVA to provide shoreline protection of this valued riparian shoreline. If a reconveyance is agreeable to DOE, TVA would be willing to pay the administrative charges associated with the conveyance.

Please let us know if DOE is receptive to this proposal. We look forward to hearing from you and I can be contacted at 423/988-2445.

Sincerely,

(Originally signed by)
Michael R. Crowson, Manager
Melton Hill Watershed Team
Resource Stewardship

Enclosure

June 12, 2000

Ms. Katy Kates
U.S. Department of Energy
Post Office Box 2001
Oak Ridge, Tennessee 37831-8722

Dear Ms. Kates:

This is in response to your request for TVA's comments on the proposed sale of 242 acres of former TVA land (Tract No. XTWBR-121) for residential development.

When custody and control of this land was transferred to the Atomic Energy Commission (AEC), TVA retained rights for flowage easements (land below 750-foot contour) and transmission line easements (entire tract). Now that title to the property is proposed to pass from the United States to private parties, these rights should be reserved to the United States for the use and benefit of TVA. We are enclosing comments from our General Counsel's office that suggest some changes to the draft quitclaim deed to accomplish this. TVA attorney Janice Pulver, 423-751-2096, is available to discuss any questions related to the enclosed comments.

Furthermore, we urge Department of Energy (DOE) to consider modifications to the proposal to ensure consistency with the Shoreline Management Initiative (SMI) adopted by the TVA Board of Directors in April 1999. We believe that shoreline now undeveloped and in public ownership should not be opened up for private residential water use facilities. We recommend that DOE include measures to prevent such development along the shoreline of this tract. One effective measure would be to retransfer the land to TVA and exclude any access rights across it. Even if this approach is not DOE's preferred alternative, we believe this alternative should be included in your National Environmental Policy Act (NEPA) review.

Ms. Katy Kates

Page 2

June 12, 2000

Should, however, DOE proceed with implementing the action as currently proposed and the United States holds nothing but a flowage easement at the waters edge, TVA will be in the position of processing applications under section 26a of the TVA Act from individual lot owners for water use facilities. We recommend that the current NEPA review evaluate the impacts of such facilities to limit the amount of analysis required by TVA (at the expense of the applicants) at a later time. Specifically, we believe the current review should consider concerns in connection with contaminated sediments from Whiteoak Creek and the need for potential dock owners to obtain the approval of the Watts Bar Interagency Working Group. In addition, the impacts of water use facilities on navigation, wetlands, and National Register-eligible properties should be considered.

To the extent DOE goes forward with an alternative that contemplates water use facilities, we recommend that the NEPA review consider taking steps to establish shoreline vegetation management zones consistent with those adopted by TVA as part of SMI.

In addition, we recommend that the attention of the prospective purchasers be called to the fact that the entire DOE tract is subject to easement rights for the construction of transmission lines. As mentioned above, these rights were reserved by TVA at the time of the transfer of the property to AEC. Should the purchasers anticipate seeking an abandonment or partial abandonment of these rights, we would request that they so inform us at this time so that this action can also be included in the NEPA review for the sale. Under TVA's normal procedures such a request would initially be reviewed for consistency with TVA's future transmission facility needs. A recommendation to the TVA Board of Directors to modify or abandon the easement rights would be contingent on the payment of the enhanced value of the land resulting from the abandonment of the easement and of TVA's administrative costs.

Ms. Katy Kates
Page 3
June 12, 2000

Finally, we note that we have agreed that custody and control of a small portion of the land proposed for sale is fact TVAs property. We would appreciate your effort to insure that this land is not included in any sale.

We look forward to working with you. Please call Michael R. Crowson, 865-988-2445, at our Melton Hill Watershed Team Office if you have any questions.

Sincerely,

EW
Eric W. Rauch
Midwest Regional Manager
Resource Stewardship

Enclosures

**REVIEW OF QUITCLAIM DEED FROM THE UNITED STATES OF AMERICA BY
AND THROUGH THE DEPARTMENT OF ENERGY (DOE) TO OAK RIDGE LAND
COMPANY - TENNESSEE VALLEY AUTHORITY TRACT NO. XTWBR-121**

Upon review of the above referenced quitclaim deed, TVA advises that the quitclaim deed be revised in accordance with the following comments.

On page 2, section (2) the grantor reserves the right to construct, use, and maintain necessary communication, utility, or access facilities, existing easements for public road, railroads, transmission lines, pipelines, and other public utilities. The deed further states that the use thereof shall not create any unreasonable interference with the use of the land conveyed. The deed should further state that this right is subordinate to and shall in no way interfere with the rights reserved for the use and benefit of the Tennessee Valley Authority (TVA) at page 3, section (4).

The deed at page 3, in section (4), the first line should be revised to state, "There is hereby reserved to the United States of America..." rather than "to the Government" as shown. In the third line "portion" should be deleted. The original reservation with respect to transmission lines in favor of TVA applies to all of the land conveyed by virtue of the transfer document dated January 16, 1959.

The deed at page 4, section (6) and at page 5, section (11) should show that the reversionary right is in favor of the United States of America (USA) for the use and benefit of the U.S. Department of Energy. Since the deed simply states that the reversionary right is in favor of the USA, there could be some confusion as to whether it is for the benefit of TVA or the DOE.

TOTAL P.07

Tennessee Valley Authority, Post Office Box 1589, Norris, Tennessee 37828-1589

Ruben O. Hernandez
Vice President
Resource Stewardship

June 30, 2000

Mr. Jimmy Groton
President, Tennessee Citizens
for Wilderness Planning
130 Tabor Road
Oak Ridge, Tennessee 37830

Dear Mr. Groton:

Thank you for your June 13 letter on behalf of Tennessee Citizens for Wilderness Planning regarding the U.S. Department of Energy's (DOE) proposal to sell land (XTWBR-121) on Watts Bar Reservoir for residential development. Following is background information on this former TVA tract.

When custody of this property was transferred by TVA to the Atomic Energy Commission in 1959, TVA retained specific rights that allow operations by TVA for flood control, maintenance of silt ranges, and review of proposed construction activity related to structures on the transferred property. Our rights and administrative roles are limited to these transfer agreements, flowage easements, and to review responsibilities contained in Section 26a of the *TVA Act*.

Our Record of Decision for the Shoreline Management Initiative Environmental Impact Statement was based on an assumption that property such as this would remain in federal ownership and, therefore, not be available for residential shoreline development. DOE may, however, transfer land and land rights to private ownership. As a result, those tracts can become nonfederal land where TVA may have only flowage easement rights and, consequently, limited authority to influence private water-use facilities or other development.

The Melton Hill Reservoir Land Plan and Environmental Assessment, as noted in your letter, does designate a requirement for mitigation of the loss of public lands in order for TVA to consider residential shoreline alterations through Section 26a. However, the current proposal is on Watts Bar Reservoir. The Watts Bar Reservoir Land Plan has no commitments concerning water access rights associated with DOE properties.