

**FINDING OF NO SIGNIFICANT IMPACT**  
**TENNESSEE VALLEY AUTHORITY**  
LOUDON EXPANSION PROJECT

On February 20, 2015, East Tennessee Natural Gas, LLC (ETNG) filed an application with the Federal Energy Regulatory Commission (FERC) in Docket No. CP15-91-000 under Section 7(c) of the Natural Gas Act, and Part 157 of FERC's regulations requesting a Certificate of Public Convenience and Necessity (Certificate) to modify and expand its existing natural gas infrastructure in Monroe and Loudon Counties, Tennessee. The Loudon Expansion Project would provide up to 40,000 dekatherms per day of natural gas to Tate & Lyle Americas Ingredients, LLC, a manufacturer of artificial sweeteners and ethanol products, which is planning to convert its existing coal fired boilers to natural gas and install a new natural gas fueled combined cycle electric power plant. ETNG would provide the natural gas service to Tate & Lyle for a primary term of 20 years from the service commencement date. ETNG has proposed to construct, own, and operate the following facilities:

1. 10.2 miles of 12-inch-diameter natural gas pipeline;
2. a 12-inch mainline valve and related appurtenant facilities at the interconnection of the new pipeline with ETNG's existing 12-inch-diameter Line 3200 mainline;
3. a new meter facility with related appurtenant facilities at the Tate & Lyle Plant; and
4. a new pressure regulator and appurtenant facilities at Meter Station 59039.

Construction activities would affect approximately 103 acres, with approximately 60 acres permanently maintained as new permanent right-of-way, above-ground facilities, and access roads. The proposed gas pipeline route is approximately 10 miles long and the selected pipeline route would cross TVA property on Watts Bar Reservoir, Tellico Reservoir (Bat Creek Embayment), and would cross 14 off-reservoir streams on private property. All pipeline construction activities occurring on Watts Bar Reservoir are covered within existing easements; therefore, no further action is required by TVA. ETNG has requested a 30-year easement over 2.4 acres of TVA fee-owned land on Tellico Reservoir at Bat Creek Embayment (TVA Tract No. XTELR-272P) to install, operate, and maintain a buried high-pressure steel natural gas pipeline. TVA has determined that if constructed as proposed, the project would not require approval under Section 26a of the TVA Act.

The proposed pipeline construction and associated activities are the subject of an environmental assessment (EA) prepared by the Federal Energy Regulatory Commission (FERC), and TVA cooperated in the preparation of the EA. The EA is incorporated by reference. TVA has independently reviewed the FERC EA and found it to be adequate. TVA is, therefore, adopting this EA.

**Alternatives**

TVA has two alternatives regarding the issuance of the 30-year easement over 2.4 acres of TVA fee-owned land (TVA Tract No. XTELR-272P) to install, operate, and maintain the approximate 10-mile buried natural gas pipeline. These are the No Action Alternative and the Action Alternative.

Under the No Action Alternative, ETNG's request for a 30-year easement over TVA Tract No. XTELR-272P for the proposed installation of pipeline would be denied or withdrawn. The

consequences of this alternative would not meet the needs of the applicant for supplying power service to meet customer demands. Under the Action Alternative, TVA would grant a 30-year easement over 2.4 acres of TVA Tract No. XTELR-272P for the installation, operation, and maintenance of the natural gas pipeline. ETNG would then be able to construct the pipeline along its preferred route as noted in the FERC EA. The Action Alternative is TVA's preferred alternative.

### **Environmental Impacts**

The environmental impacts associated with the ETNG pipeline proposal are documented in the FERC EA. FERC determined that the proposed pipeline and associated activities would not result in significant environmental impacts if identified mitigation measures are followed (see the FERC EA for more information).

Under TVA's Action Alternative, potential effects related to geology and soils, aquatic ecology, surface water, groundwater, endangered or threatened aquatic species, natural areas, recreation, land use, and wetlands were absent or minor. Minor, temporary effects related to construction are expected to terrestrial resources and scenic quality. Noise-related effects would be minor and short term.

Consistent with Executive Order 11988, an underground pipeline is considered to be a repetitive action in the floodplain that should have no adverse floodplain impacts. The project would comply with the TVA Flood Control Storage Loss Guideline because there would be no loss of flood control storage. The construction of the buried pipeline poses no threat to navigation. All work should be conducted in accordance with TVA's Navigation Submarine Crossing Criteria: Pipeline and Cable requirements to further avoid potential impacts to navigation.

In accordance with Section 106 of the NHPA , TVA consulted with the Tennessee State Historic Preservation Officer (SHPO) to assess the potential of the proposed action to affect historic properties. ETNG contracted with TRC Solutions, Inc. to conduct a cultural resource survey of the archaeological and architectural area of potential effect. One archaeological site, 40LD58, was identified within the proposed easement area. The portion of the site within the pipeline corridor is considered to have been severely impacted by previous construction. No architectural resources were identified within the proposed easement area. In a letter dated February 9, 2016, the Tennessee SHPO concurred with TVA's determination that the proposed undertaking would not affect any historic properties that are potentially eligible or currently listed in the National Register of Historic Places.

Suitable summer roosting and foraging habitat for the Indiana bat and northern long-eared bat exists within the project footprint and would be impacted by the proposed actions. Most of the suitable summer roosting habitat occurs off TVA-owned lands for which TVA has no jurisdiction. No caves or other potential winter roosting structures are known from the project footprint or would be impacted by the proposed actions. As the federal lead on this project, FERC consulted with the U.S. Fish and Wildlife Service (USFWS) under Section 7 of the Endangered Species Act regarding the potential impacts of the entire project (on and off TVA property) on these two bat species. On January 27, 2016, the USFWS determined that the proposed project would adversely affect Indiana bat and northern long-eared bat, but not to the point of jeopardy. A non-jeopardy incidental take statement was provided to ETNG for the removal of 42.7 acres of potential summer roosting habitat for these two bat species. No trees will be removed from TVA Tract No. XTELR-272P. A Memorandum of Understanding (MOU) was signed by FERC and USFWS with the understanding that potential habitat would be removed between August 1 and March 31. With implementation of the measures outlined in the MOU, there would be no

significant impacts to federally listed bats. On February 2, 2016, TVA received notification from USFWS indicating that the MOU also pertains to TVA, therefore TVA's obligations under Section 7 of the Endangered Species Act have been met.

### **Public Involvement**

On March 24, 2015, FERC issued a *Notice of Intent to Prepare an Environmental Assessment for the Proposed Loudon Expansion Project and Request of Comments on Environmental Issues* (NOI). The NOI was published in the Federal Register and mailed to interested parties, including federal, state, and local officials; agency representatives; environmental and other conservation organizations; Native American tribes; local libraries and newspapers; and property owners potentially affected by the proposed facilities as defined in FERC's regulations (i.e., landowners wither directly affected by or abutting a proposed construction areas or right-of-way). Multiple comments were received from four landowners, who were concerned that the route on the west side of Highway 72 would remove mature trees between their properties and Highway 72. On July 10, 2015, ETNG filed with the FERC a route realignment and also incorporated route variations to address landowner requests to avoid karst features. To provide newly affected landowners with an opportunity to comment on the revised Project, on July 28, 2015, FERC issued a *Supplemental Notice of Intent to Prepare an Environmental Assessment for the Proposed Loudon Expansion Project and Request of Comments on Environmental Issues* (supplemental NOI). The supplemental NOI was published in the Federal Register and mailed to interested parties, including federal, state, and local officials; agency representatives; environmental and other conservation organizations; Native American tribes; local libraries and newspapers; and property owners potentially affected by the proposed facilities as well as landowners on other potential alternate routes. No comments were received on the supplemental NOI.

### **Mitigation**

TVA will require that ETNG adhere to the mitigation measures listed in the FERC EA and USFWS MOU. In addition, TVA will require adherence to the terms and conditions of the easement and the following non-routine measure: Per TVA's navigation guidelines, all work shall be in accordance with TVA Navigation Submarine Crossing Criteria: Pipeline and Cables requirements.

### **Conclusion and Findings**

TVA has independently reviewed the FERC EA and found it to be adequate. TVA is, therefore, adopting the FERC EA. Based on the analyses in the EA and the findings documented above, TVA concludes that the proposed action to grant a 30-year easement over 2.4 acres of TVA fee-owned land (TVA Tract No. XTELR-272P) would not be a major federal action significantly affecting the environment. Accordingly, an environmental impact statement is not required. This finding of no significant impact is contingent upon adherence to the mitigation measure described above and as outlined in the FERC EA and USFWS MOU.



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Date Signed