

**FINDING OF NO SIGNIFICANT IMPACT**  
**TENNESSEE VALLEY AUTHORITY**  
**APPROVAL OF STRAIGHT CREEK PROPERTIES – DISPOSAL OF COAL RESERVES**

The Tennessee Valley Authority (TVA) proposes to dispose of its mineral rights, i.e., coal reserves, underlying approximately 9,584 acres of property in Harlan and Bell Counties, Kentucky. Since the subject coal reserves were acquired, TVA's needs for maintaining additional coal reserves to fuel its fossil plants have changed due to a variety of circumstances. Much of the coal underlying the Straight Creek property is more suitable for metallurgical purposes, such as manufacturing steel, than as steam coal. Additionally, mining of a vast portion of the coal reserves on these properties would not be economically feasible due to the thinness of the coal seam. Thus, the recognized value of the coal reserves being considered for disposal has changed. Because these reserves are no longer a strong asset, TVA proposes to declare them surplus property. Additionally, holding these coal reserves involves some associated environmental liabilities. Disposal of these coal reserves would allow TVA to recover economic value from the initial expenditure and reduce its exposure to environmental liability associated with continued ownership of coal rights underlying the properties.

Disposal of TVA holdings is a federal action subject to the requirements of the National Environmental Policy Act (NEPA). TVA has therefore prepared an environmental assessment (EA) of the potential impacts of this action; this EA is incorporated by reference.

TVA's Straight Creek properties being evaluated include both Tracts CGCR-1 and XEKCR-16L, a total of 9,584-acres. Collectively, these properties (Tracts CGCR-1 and XEKCR-16L) are referred to as the "Straight Creek property." TVA does not own the rights to any surface-minable coal seams on Tract CGCR-1 and all of the coal that could be removed profitably from Tract XEKCR-16L by current surface mining techniques has already been mined. Thus, no additional surface mining for coal on Tracts CGCR-1 or XEKCR-16L is expected within the foreseeable future whether or not TVA sells or retains its coal rights.

Under the Straight Creek property, the Straight Creek Seam is deep (approximately 800 feet below surface) but thin (estimated less than 2 feet thick) and therefore underground mining of this coal seam would be generally economically infeasible. The exception is Parcel XCGCR-3, an approximately 122-acre property situated to the southwest of the main body of the property. Removal of the coal on Parcel XCGCR-3 could be profitable to an existing mining operation that is adjacent to or in the close vicinity of Parcel XCGCR-3, because existing mining infrastructure, such as portals, underground coal transportation systems, and air ventilation shafts could be used, thereby avoiding initial investment and start-up costs.

Thus, with the exception of Parcel XCGCR-3, any remaining coal cannot be currently recovered economically from beneath the 9,584-acre Straight Creek property. Therefore, TVA has determined that underground mining on the Straight Creek property is unlikely, except under Parcel XCGCR-3, if TVA disposes of the subject coal reserves.

TVA's proposed action is to declare its 9,584-acre Straight Creek property surplus and dispose of those holdings under Section 31 of the TVA Act.

## **Alternatives**

The EA evaluates two alternatives, the No Action Alternative and the Proposed Action Alternative.

Under the No Action Alternative, at least for the foreseeable future, TVA would retain its mineral rights to the Straight Creek Seam underlying the approximately 8,800-acre Tract CGCR-1 and 784-acre Tract XEKCR-16L . As all surface-minable coal has been removed, no future surface mining is reasonably foreseeable under this alternative. TVA would retain the right to lease or sell coal reserves underlying the Straight Creek properties. Under most of the Straight Creek properties the Straight Creek Seam is too thin and mining is economically unviable. However, underground mining of coal under the 122-acre Parcel XCGCR-3 could occur.

Under the Proposed Action, TVA would dispose of, i.e., sell, its mineral rights to the Straight Creek Seam situated under the 8,800-acre Tract CGCR-1 and the 784-acre Tract XEKCR-16L . No additional surface mining is reasonably foreseeable on these two tracts; remaining coal reserves would be extracted by underground mining methods. As stated above, such mining is foreseeable only on the 122-acre Parcel XCGCR-3 where TVA estimates there are approximately 192,000 recoverable tons of coal in the Straight Creek Seam.

In disposing of its rights, TVA would sell its existing rights to mine and remove coal from beneath the Straight Creek properties. TVA's mineral rights include limited surface rights to conduct certain activities on the surface below which the minerals are located, such as rights of ingress, egress, and regress over the surface; the right to divert surface waters; the right to dispose of mine wastes on the surface; the right to erect, maintain, or remove buildings, structures, and mine-related infrastructure; the right to use existing roads; or the right to transport coal through surface installations on the subject land. Because no surface mining is anticipated and because underground mining of Parcel XCGCR-3 could only be economically viable for an existing mining operation with established infrastructure in the area, no mining-related surface disturbances are expected to occur on any of the Straight Creek properties. Accordingly, for the purposes of this EA, it is reasonable to assume that no surface disturbances would occur under the Proposed Action Alternative. In the unlikely event that mining activities are proposed by the future holder of the mineral rights that would disturb the surface, the federal approvals needed, if any, for any such activity (e.g. Office of Surface Mining Reclamation and Enforcement approval) would be subject to environmental reviews such as those under NEPA, Endangered Species Act (ESA), and National Historic Preservation Act (NHPA) and the deed holder would be placed on notice to follow all applicable laws and regulations.

## **Impacts Assessment**

The EA concludes that the Proposed Action Alternative would not affect prime farmland, natural areas, recreation, socioeconomics, noise, or visual resources. Because no surface disturbances would be anticipated under the proposed action, there would be no impacts anticipated to wetlands, floodplains, terrestrial ecology, threatened and endangered species, cultural resources, and environmental justice.

Mining the Straight Creek Seam under the 122-acre Parcel XCGCR-3 could result in the release of the GHGs methane and carbon dioxide. The coal from the Straight Creek Seam is a high-quality "coking coal" typically used for metallurgical purposes and would most likely be exported. The emissions associated with the Straight Creek coal do not constitute a significant increase above normal operational levels for such coal coking facilities. If the coal from the Straight Creek Seam were not available, the facilities would utilize an equivalent amount of coal

from another resource. Direct, indirect, and cumulative air quality impacts associated with the use of the Straight Creek Seam therefore would be minor.

Mining the Straight Creek Seam would allow oxygen and moisture to reach the coal and surrounding rock. Additionally, mining would result in the removal of portions of the Straight Creek Seam, resulting in a permanent impact to geology. This removal would not affect any of the surrounding geological units. Underground mining from Parcel XCGCR-3 would occur only with the appropriate permits and approvals, (including a mining permit under the Surface Mining Control and Reclamation Act (SMCRA) and a permit under the Clean Water Act for the discharge of any wastewater). Regulations implementing SMCRA govern the design, operation, and environmental impact of mining. Mining and reclamation sites are inspected on a regular basis by state inspectors. Federal inspectors also conduct random oversight inspections. Additionally, the seam would be mined by the deep mine method which allows for the maximum recovery of coal in the mine area with minimal surface disturbance (this would make the risks associated with subsidence negligible). Therefore, the direct, indirect, and cumulative impacts to geology and groundwater from the removal of the coal would be minor.

Design, construction, and maintenance of any underground mining would be subject to federal and state guidelines for best management practices, and to requirements relating to the discharge of wastewaters to the Waters of the US. With the implementation of permit requirements and BMPs, no direct, indirect, or cumulative impacts to surface waters and aquatic ecology are anticipated in association with underground mining of Parcel XCGCR-3.

### **Public and Intergovernmental Review**

TVA released a Draft EA on October 6, 2015 for a 30-day public review period. Copies of the Draft EA were mailed to agencies and organizations who indicated an interest in the project. TVA notified federally recognized Native American Tribes, elected officials, and other stakeholders that the Draft EA was available for review and an electronic version of the document was posted on the TVA website. A public notice was published in the Harlan Daily Enterprise. TVA received six sets of comments, which were incorporated into the Final EA as appropriate.

TVA's action to dispose the Straight Creek properties complies with Section 7 of the ESA as there would be no effect on threatened or endangered species or their habitats. Likewise, the action complies with Section 106 of the National Historic Preservation Act since it is the kind of activity that has no potential to affect properties. Additionally, the action is consistent with the requirements of EO 11988 (Floodplain Management) and EO 11990 (Protection of Wetlands).

### **Mitigation**

TVA has not identified any non-routine measures that would be necessary to prevent, avoid or lessen potential environmental effects. The purchaser that obtains the mineral rights to the Straight Creek properties would comply with applicable SMCRA and Clean Water Act regulations, including requirements to obtain permits prior to mining. The purchaser would also comply with all applicable local, state, and federal regulations and utilize routine best management practices for all operational activities.

**Conclusion and Findings**

Based on the findings of the EA, TVA has concluded that declaring TVA's 9,584-acre Straight Creek property surplus and disposing of those holdings under Section 31 of the TVA Act would not result in significant adverse impacts to the environment. The proposed action is not a major federal action significantly affecting the quality of the environment. Accordingly, an environmental impact statement is not required.



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Date Signed