BILLING CODE 8120-08-P

TENNESSEE VALLEY AUTHORITY

Sugar Camp Energy, LLC Mine No. 1 Significant Boundary

Revision 8 Final Environmental Impact Statement

AGENCY: Tennessee Valley Authority.

ACTION: Record of Decision.

SUMMARY: On March 18, 2025, the Tennessee Valley Authority (TVA) issued a record of decision (ROD) adopting a portion of the preferred alternative identified in the Sugar Camp Energy, LLC Mine No. 1 Significant Boundary Revision (SBR) Number (No.) 8 Final Environmental Impact Statement (EIS; Document ID EISX-455-00-000-1729685514). The preferred alternative, Alternative B, consists of implementing the terms of the existing coal lease agreement including the underground longwall mining operations of approximately 21,868 acres of TVA-owned coal (hereafter, SBR No. 8 Mine Area), except as prohibited by TVA in its discretion, and divesting the entire approximately 64,868-acre TVA Mineral Rights Area in Franklin, Hamilton, and Jefferson counties, Illinois, from TVA's control and custody. The March 2025 ROD approved a portion of Alternative B regarding the mine expansion plan but did not address TVA's proposed divestment of its mineral rights.

On August 20, 2026, the TVA Board of Directors determined that the TVA Mineral Rights Area is excess to TVA's mission needs and authorized the CEO to sell and convey all of the Mineral Interests, subject to any and all encumbrances and pursuant to any available disposal authority. The Board's decision reflects TVA's commitment to thoughtful planning and sound asset stewardship by responsibly divesting surplus property so TVA can focus on long-term reliability, economic growth, and value for ratepayers. The anticipated environmental effects of Alternative B are described in detail

in the Final EIS, for which the Notice of Availability was published in the Federal Register on January 17, 2025. TVA has considered all relevant information raised in the NEPA process in making its decision and has elected to prepare and publish this decision document notifying the public of the same.

FOR FURTHER INFORMATION CONTACT: Elizabeth Smith, NEPA Project Manager, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 11B Knoxville, TN 37902; telephone 865-632-3053; or email nepa@tva.gov. To access and review the Final EIS, Records of Decision (ROD), and other project documents, go to TVA's website at https://www.tva.gov/nepa.

SUPPLEMENTARY INFORMATION: This notice is provided in accordance with TVA's procedures for implementing the National Environmental Policy Act (NEPA), as amended (42 U.S. Code §§ 4321 et seq.), found at 18 Code of Federal Regulations (CFR) Part 1318, and consistent with TVA's commitment in the EIS. TVA is a corporate agency and instrumentality of the United States, among several mission responsibilities, generates and distributes electricity to 153 local power companies serving approximately 10 million people, as well as directly serving commercial, industrial, and government customers in the TVA service territory—an 80,000-square-mile region comprised of Tennessee and parts of Virginia, North Carolina, Georgia, Alabama, Mississippi, and Kentucky. TVA receives no direct Congressional appropriations, deriving virtually all its revenue from the sale of electricity. In addition to operating and investing revenues in its power system, TVA provides flood control, navigation, and land management for the Tennessee River watershed, and provides economic development, job creation and retention/support assistance within the TVA Power Service Area.

TVA acquired the mineral rights area between 1964 and 1984 to ensure an adequate and reliable coal supply for TVA's fleet of coal-fired power plants which, at that time, comprised the majority of TVA's generating capacity. Section 31 of the TVA

Act provides that real property interests shall not be held "except when necessary in the opinion of the [TVA] Board to carry out plans and projects actually decided upon requiring the use" of the real property interest.

Alternatives Considered

TVA considered four alternatives in the draft EIS and final EIS. These alternatives are a No Action Alternative and three Action Alternatives: Alternative A, Alternative B, and Alternative C.

No Action Alternative. Under this alternative, TVA would not approve the SBR No. 8 mine plan and Sugar Camp would not undertake the proposed 22,414-acre mine expansion. In addition, TVA would not divest the TVA Mineral Rights Area. TVA assumes that Sugar Camp would continue the previously approved mining, processing, storing, and transporting of approximately 25,847 acres of TVA-owned coal and privately owned coal.

*Alternative A***.** Alternative A consists of TVA implementing the terms of the existing coal lease agreement and approving the plan to extract TVA-owned coal within a 21,868-acre portion of the overall SBR No. 8 Mine Area and not divesting the TVA Mineral Rights Area.

*Alternative B***.** Alternative B consists of TVA implementing the terms of the existing coal lease agreement and approving the plan to extract TVA-owned coal as submitted by Sugar Camp in SBR No. 8 of Underground Coal Mine (UCM) Permit No. 382, as well as divesting the TVA Mineral Rights Area of approximately 64,689 acres. Divestment of the TVA Mineral Rights would result in the transfer of the existing coal lease agreements to the receiving entity as running with the transferred property interests; therefore, pursuing execution of the terms and conditions of the lease would be incumbent upon the purchasing entity. The purchasing entity may or may not choose to continue authorization for the mining of the divested coal reserves. If the purchasing

entity elects to mine the divested coal reserves, TVA assumes that the mining techniques and end uses of divested coal, as well as its type and chemical composition, would be the same as described for Alternative A. TVA also assumes, for purposes of this analysis, that the mining of the divested coal would be concurrent with the mining under SBR No. 8 of UCM Permit No. 382. Additional Illinois Department of Natural Resources, Office of Mines and Minerals (IDNR-OMM) mining permits would be required for future mining of the divested coal reserves outside of the SBR No. 8 Mine Area. If the purchasing entity elects not to mine divested coal reserves, TVA assumes impacts from mining the TVA Mineral Rights Area outside of the SBR No. 8 Mine Area (approximately 36,632 acres) would be as described for the No Action Alternative.

*Alternative C***.** Alternative C consists of TVA not approving the plan to extract TVA-owned coal as submitted by Sugar Camp in the SBR No. 8 of UCM Permit No. 382 and divesting the TVA Mineral Rights Area of approximately 64,689 acres. Under this alternative, the purchasing entity may or may not choose to mine the divested coal reserves. TVA assumes that the mining techniques and end uses of divested coal, as well as its type and chemical composition, would be the same as described for Alternative A. TVA also assumes, for purposes of this analysis, that the mining of the divested coal would occur between 2025 and 2050. Additional IDNR-OMM mining permits would be required for future mining of the divested coal reserves. If the purchasing entity elects not to mine divested coal reserves, TVA assumes impacts would be as described for the No Action Alternative.

Preferred Alternative

TVA prepared the EIS to inform TVA's decision on whether to exercise its discretion to prohibit mining on any portion, or all of, the SBR No. 8 Mine Area and whether to divest TVA of all mineral reserves in Illinois. The Board's decision to authorize divestment also aligns with direction in the TVA Act regarding real property

interests excess to TVA's mission.

TVA's preferred alternative is Alternative B, which consists of TVA authorizing expansion under the lease to extract TVA-owned coal as submitted by Sugar Camp in the SBR No. 8 of UCM Permit No. 382 and divesting the TVA Mineral Rights Area of approximately 64,689 acres. Alternative B is preferred because it best aligns with TVA's purpose and need including complying with the terms of the existing coal lease agreement and aligning its real property ownership with its mission.

Coal mining activities could occur under any of the four alternatives. Under the No Action Alternative, this mining could occur in the portions of the TVA Mineral Reserve Area that TVA has already approved for mining. Under Alternatives A and B, and potentially Alternative C, a larger area could be mined, and similar levels of impacts could occur under any of the three action alternatives. Minor temporary impacts to soils, prime farmland, groundwater, floodplains, water quality and supply, air quality and greenhouse gases, wildlife, aquatic life, natural areas, public health, and socioeconomics could occur if mining occurs. Minor, temporary and permanent impacts to vegetation, land use, and geology could occur. Moderate temporary impacts to surface waters and wetlands, transportation, noise and visual resources, utilities, and cultural resources could occur. Moderate temporary and permanent impacts to transportation and waste management could occur. Moderate short- to long-term positive impacts to socioeconomics could occur. Any adverse impacts would be minimized or mitigated per IDNR permit requirements. Under Alternative B and per IDNR permit conditions, the pertinent federal and state agencies would ensure that any impacts associated with the bleeder shaft facilities to cultural resources and to federally and state-listed species are avoided, minimized, or mitigated, once siting locations for the bleeder shaft facilities are determined. Generally, these consultations are also required for mining under the other alternatives, per IDNR permit conditions.

Public Involvement

On September 1, 2023, TVA published a Notice of Intent (NOI) in the Federal Register announcing that it planned to prepare an EIS to address the potential environmental effects associated with the proposed mine expansion and divesting TVA-owned mineral rights. The NOI initiated a 30-day public scoping period, which concluded on October 2, 2023. The NOI solicited public input on other reasonable alternatives that should be considered in the EIS. During the public scoping period, TVA received comments from the U.S. Environmental Protection Agency (USEPA), Sierra Club, Prairie Rivers Network, and private individuals. Most of the comments from individuals seemed to come through a letter campaign promoted by the Illinois chapter of the Sierra Club. Comments about the EIS process were related to the purpose and need, project description, alternatives, subsidence, natural resources, threatened and endangered species, air quality, water quality, greenhouse gas emissions and climate change, socioeconomics, and safety. In their comments, USEPA requested to participate in the NEPA process as a cooperating agency. TVA granted this request.

TVA made the draft EIS available for a 45-day public review and comment period ending on October 15, 2024. TVA sent the draft EIS notice via email to agencies and organizations. TVA published notices regarding the draft EIS in newspapers that serve the area, including the Franklin County Gazette, The Southern Illinoisan, Marion Republican, and Harrisburg Register. TVA received comments from USEPA, Illinois Environmental Protection Agency, the Sierra Club, Prairie Legal Network, Environmental Law and Policy Center, Amphibian Refuge, Ruger Coal Company, and many private citizens. Comments were received regarding the purpose and need for the proposed action, public involvement, permits and agency coordination, descriptions of alternatives, alternatives analysis, environmental impacts generally and focused on water resources, air quality and greenhouse gases, biological resources, environmental justice,

the cumulative impacts analysis, and the ROD. The Final EIS contains these comments and TVA's responses to the comments. Several sections of the EIS were also revised in response to the comments.

The Notice of Availability for the Final EIS was published in the Federal Register on January 17, 2025. TVA received comments from USEPA on the Final EIS. In their letter, USEPA acknowledged that TVA responded to their draft EIS comments in the Final EIS. USEPA also noted that while they have no substantive comments on the Final EIS, they ask that any future action taken by Sugar Camp comply with Clean Water Act Section 404(b)(1) Guidelines.

Prior to the TVA Board's determination to approve the expansion under the preferred Alternative B, TVA conducted a public listening session on February 12, 2025. Similarly, in advance of the TVA Board's decision to pursue divestiture under Alternative B, TVA held a listening session on August 20, 2026.

Decision

On August 20, 2026, the TVA Board of Directors decided to fully implement the preferred alternative of the EIS by divesting the TVA Mineral Rights Area from TVA's control and custody. This decision achieves the purpose and need of the project. The proposed action also aligns with direction in the TVA Act regarding real property interests excess to TVA's mission. Similar levels of impacts could occur under any of the three action alternatives as described above.

Mitigation Measures

IDNR would require Sugar Camp to implement best management practices and mitigation to minimize potential adverse environmental effects throughout the SBR No. 8 Mine Area as conditions of its mine permit. Throughout the TVA Mineral Rights Area, any future mine operator would be subject to these same requirements.

Permit conditions would be enforced by the State of Illinois and other relevant permitting agencies as required; TVA is not authorized by law with regulating the mining activities of Sugar Camp, nor would it have any authority to regulate any mining activities following the divestment of the TVA Mineral Rights Area.

Authority: 18 CFR 1318.405
November 2, 2026



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