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Letter from Tennessee Valley Authority Chairman Aubrey J. Wagner to Winfield Dunn, Governor of Tennessee

Aubrey J. Wagner
Tennessee Valley Authority

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TENNESSEE VALLEY AUTHORITY,

Knoxville, Tenn., December 17, 1971.

Hon. WINFIELD DUNN,

Governor of Tennessee, Nashville, Tenn.

DEAR GOVERNOR DUNN:

This is in response to your letter of December 7, 1971, concerning the Tellico project.

Your letter does not appear to raise any new or different factors from those which were fully considered by both TVA and the Congress before the construction of the Tellico project was commenced in 1967. TVA considered all of the factors mentioned in your letter, together with many other factors which are discussed in the following paragraphs, before arriving at its decision, reflected in the President's budget for fiscal year 1966, to request Congressional approval and funding of this project. The same arguments against the project which are contained in your letter were made to Congress by opponents of the project during the course of hearings held by Congress on appropriation requests for fiscal years 1966 and 1967.

Congress rejected these arguments, approved the construction of the Tellico project, and has appropriated funds for this project each year for the past six years. The total estimated cost of the project is \$69 million; and to date Congress has appropriated \$35 million, of which about \$30 million has already been spent. Each year these appropriations were made with the concurrence of the Congressional delegation from Tennessee.

This does not mean that TVA has a closed mind on the subject of the Tellico project; and in connection with the preparation of the final environmental statement for this project, we will again consider all the many factors which are involved. This will include, of course, consideration of your letter, together with all the other comments we have received.

Practically all of your letter is concerned with only one aspect of the Tellico project--its effect upon recreation. Under the TVA Act the TVA Board has the responsibility to consider all the effects of a project, both good and bad, and to make its decision based upon a careful weighing of all these considerations. Some of the extremely important factors which are involved here, but which are not mentioned in your letter, are:

1. The economic development of the region through the provision of 9,000 industrial and 16,000 service jobs over a period of 25 years which we estimate would occur as a result of the Tellico project.
2. The effect that economic development resulting from the Tellico project would have upon the income levels of the people of the area.

3. The effect that economic development resulting from the Tellico project would have on stopping the out-migration of young people because enough desirable jobs are not now available in the area.
4. The value of the new town, Timberlake, which would incorporate the most advanced planning and environmental protection to insure that the highest quality of living would be maintained for its inhabitants, which it is estimated will reach 50,000 people over the 25-year period.
5. The value of an additional 200 million kilowatt-hours of electrical energy which would be generated each year as a result of the Tellico project. This is about the amount of energy required annually by the City of Alcoa; and, as you know, hydroelectric generation is the cleanest method we now have for generating power.
6. The value of the additional flood control capacity which would be created by the Tellico project. This additional capacity would be larger than the flood control capacity now provided by Ft. Loudoun Lake and would primarily benefit the city of Chattanooga, which still has a flood problem.

The above factors are discussed in more detail in the following material.

ECONOMIC DEVELOPMENT, JOBS, AND INCOME In 1933, when TVA was established, the per capita income of the State was 54 percent of the national average. Today it is 79 percent, which is better but still not good, when a quarter of the State's citizens have incomes below the poverty level. I think we both recognize this. In announcing the formation of the Economic Development Committee last August, you termed current economic growth figures "unacceptable" and stated that "we can do better."

Unfortunately, even the prosperity which has been achieved is not shared evenly. Monroe County, in which about half of the Tellico project is located, has a median family income only 48 percent of the national median and more than half of its families have incomes below the poverty level. The three Tellico counties have an average income about two-thirds of the national average, well under even the state average; and it should be observed that the three-county average is elevated by the Alcoa industrial development in Blount County. Those who will gain the most from Tellico are the people who need it the most, but it should not be forgotten that the prosperous also benefit from economic gains by the underemployed and the unemployed. The Tellico project, in our view, presents a unique opportunity for east Tennessee, both in terms of its economic development opportunities and in terms of the favorable impact it will have on opportunities for higher quality living.

The Tellico project and its employment opportunities would also help stem outmigration from the project area. The tragedy of a low income area lies only partly in the condition of the people who reside there. Others, many of them young people, often must leave the

region in hope of improving their condition only to wind up in urban ghettos. The children of the affluent leave too for better opportunities available to the educated in economically developed areas. As you recognized this week in your speech at Gatlinburg, the out-migration from the area like Monroe County, from which over 2,200 people-10 percent of Its population-have left in the last decade, represents a depletion of its most valuable resource, its young people. As the Monroe County Industrial Development Association so succinctly expressed

In a recent letter to TVA: Monroe County has 35.9% of its families in the \$0-\$2,000 income bracket. Fishing and scenic rivers are not solutions to our low income, low standard of living problems. It seems clear that the best answer to the problems of low income levels and lack of job opportunity is in industrial development.

TVA has found through experience that there are a few unique locations in the Tennessee Valley which are unusually favorable for attracting heavy industry. These locations are areas where commercial barge transportation, rail service, highway connections, and large acreages of land with favorable terrain all come together at the same place. The Tellico project area near Vonore now has all of these advantages except a navigable waterway, and that missing link would be supplied by the Tellico project. TVA's estimates that 9,000 industrial jobs and 16,000 service jobs would be created over 25 years by the industrial development resulting from the Tellico project are not guesswork. They are based upon what has already happened wherever these unique locations have occurred in the Tennessee Valley. For example, the following waterfront industrial employment has already occurred at the locations listed below:

<i>Waterfront industry</i>	
<i>City</i>	<i>employment</i>
Calvert City, Kentucky -----	2,915
New Jacksonville, Tennessee --	2, 589
Muscle Shoals, Alabama -----	7, 645
Decatur, Alabama -----	7,002
Scottsboro, Alabama -----	1,050
Chattanooga, Tennessee -----	11, 804
Hiwassee River, Tennessee -----	1,587

Although It may seem odd with Watts Bar and Fort Loudoun Reservoirs both situated in east Tennessee, there presently are only about 900 acres of waterfront industrial land available in the eastern end of the state. This point was emphasized by your Staff Division for Industrial Development in a recent letter to TVA about -the project which stated:

"From our own knowledge in showing prospects sites in East Tennessee, we are aware of the shortage of the type of industrial land that will be created by this project. As of now there are only three waterfront sites on the Tennessee River in East Tennessee that are firmly available for industry and within practical distance of other forms of transportation and services.

The Tellico project will create a highly desirable transport complex and will add some 5,000 acres to the meager waterfront industrial land inventory in the area. On the other hand, development of the river as a scenic stream would have very limited economic impact. Gatlinburg is certainly one of the State's major tourist attractions, yet Sevier County has a median family income only 51 percent of the national median.

Tourism alone can be economically shallow. A resource development project like Tellico which provides a full range of complementary opportunities-industrial, residential, commercial, and recreational-would not be.

TIMBERLAKE NEW TOWN The attractiveness of the Tellico project for industry will be enhanced by both the recreational opportunities it will afford and by TVA's plans for the development of the Timberlake new community. Timberlake would be a town expected to grow to some 50,000 people, designed and built to the highest standards. Aside from offering quality residential environment. TVA's plans include the development of the best available environmental protection technology.

FLOOD CONTROL AND POWER The project will also provide flood control benefits downstream from Fort Loudoun Dam, and will add to the flood protection available for Chattanooga, where it is especially needed. Because of its size and its link to Fort Loudoun Reservoir by a canal, Tellico reservoir will double the flood control capacity of Fort Loudoun. The canal also will allow TVA to add 200 million kilowatt-hours of electric power generation to its system without installing additional generating equipment. When Fort Loudoun Dam was designed, the possibility of the development of Tellico was taken into account; and its generators are adequate to utilize the waters of both reservoirs. While 200 million kilowatt hours represents only a small portion of TVA's total output, it nonetheless is sufficient to meet the entire needs of a city about the size of Alcoa.

RECREATION Even if one looks solely at the question of recreation, the relative merits of the river in its present state as compared with the benefits from the Tellico impoundment are far from one-sided.

The diversity of water recreation which you suggest as being desirable will be diminished in only a small degree. For example, by far the greater amount of trout fishing which occurs in Little Tennessee waters takes place on the upper reaches of two of its tributaries, Tellico River and Citico Creek which will not be affected by the project. They experience over 180,000 fishing trips annually, four times that on the Little Tennessee itself. Present trout fishing on the main stream occurs primarily on the upper eight to ten miles; this will be reduced to the upper three or four miles where trout fishing will still be possible on a put-and-take basis as at present.

As a canoe stream, the Little Tennessee has a number of counterparts nearby which are its equal or superior. The Hiwassee, for example, is far superior; and the Holston below Cherokee Lake, the French Broad above and below Douglas Lake, the Clinch below

Norris, and the Nolichucky, all are at least its equal. The Little Tennessee in this reach does not have the rate of fall necessary to provide sufficient current for good canoeing.

Parenthetically, those who claim that rivers are a fast disappearing resource are not acquainted with the facts. In the Tennessee Valley, there are more than 9,500 miles of unimpounded streams, counting only those which have a drainage area of more than 25 square miles. Impoundments on tributary streams occupy less than 15 percent of the original river mileage.

The Little Tennessee, while certainly an attractive stream, has little that would qualify it as a unique scenic attraction. In the stretch we are concerned with, it flows between farmlands long in cultivation and for the most part possesses only a narrow band of trees along its banks. In our judgment, the Obed, Hiwassee, and Buffalo Rivers have the superior qualities necessary for designation as a scenic river. As you know, TVA and the State have proposed a scenic river project for the Buffalo and are working together on a similar proposal for the Hiwassee.

On the other hand, the Little Tennessee is much better suited for major development than the others mentioned above. Tellico Lake will have a spectacular beauty and recreation appeal which we estimate will attract as many as 2 million visitors annually, far more than the river could possibly support in its present state or if developed only as a scenic river. More than 90 percent of the fishermen in east Tennessee fish in reservoirs, and we expect that fishing in Tellico reservoir will quickly reach a level at least five times greater than the present fishing use of the river.

In addition to these advantages there are others. For example, the Great Smoky Mountains National Park is severely crowded, having this year already experienced more than 7 million visits. Tellico reservoir and developments on its shoreline, in a sense, would t(expand the national park and provide a wider range of recreation opportunity to those who visit the park area.

ARCHEOLOGY During the long period after the Cherokees left the area, no effort was made by the Federal government, the State of Tennessee, the Cherokee Nation, or any prlvate group, to acquire or otherwise protect the sites with Indian historical and archaeological interest.

For nearly two hundred years plowing, grazing, sheet erosion, and, before upstream impoundments were constructed, flooding destroyed and damaged these sites. Most of the obvious artifacts were gradually removed each year by souvenir hunters and amateur diggers.

When TVA received the initial appropriation to construct Tellico Dam, it used part of the money to finance scientific exploration of the sites. Thus, the Tellico project itself has made possible the rescue of artifacts still remaining and prevented these artifacts from being completely destroyed and dissipated by unplanned and unmanaged scavenging.

In summary, while as indicated above we will again consider all relevant factors In connection with the final environmental statement, it now appears to us that the course of action you have proposed would sacrifice the much broader benefits which can be realized through comprehensive development as provided by the Tellico project.

We expect 'to continue to work with the State of Tennessee and Loudon, Monroe, and Blount Counties in the continuing effort to develop the resources of the lower Little Tennessee in a manner which will assure realization of its full potential.

Sincerely,

AUBREY J. WAGNER, *Chairman.*