BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: : Project Number

SMITH MOUNTAIN PROJECT : 2210-108

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First Baptist Church

502 South Main Street

Gretna, VA

Thursday, January 27, 2005

The above-entitled matter came on for scoping meeting, pursuant to notice at 7:05 p.m.

MODERATOR: FRANK SIMMS

P R O C E E D I N G S

(7:05 p.m.)

MR. SIMMS: My name is Frank Simms. I'm the hydro support manager for American Electric Power Appalachian Power and I'd like to welcome you all to our Smith Mountain Relicensing Scoping meeting. This a continuation of meetings we've been having for the last two days, which have been very fruitful and have provided a lot of information and we're here to get more information from all of you.

First of all, I'd like to thank the First Baptist Church of Gretna for being so gracious in letting us use there sanctuary. It's a beautiful facility and we really appreciate everything that they've provided to us for these meetings.

Second of all, I'd like to thank the people from the FERC -- some you'll be hearing in a few minutes here -- who have taken the time to come to listen to learn about our project and to meet some of you.

I'd also like to thank the people on my staff who have worked so hard in putting all of this together -- Liz, Theresa, John, Jim and everyone. They've done one heck of a good job. It's a lot of work let me tell you.

So why are we here? Why we're here, as I indicated, is for the scoping meeting for relicensing. It's

actually the Federal Energy Regulatory Commission's, or FERC's, meeting. But they're letting me get up here to tell you a little bit about the project. And then following me will be Allan Creamer who is the project manager for the FERC for this relicensing.

When we talk about the Smith Mountain Project -- I'm sure some of you have heard this before -- we're talking both the Smith Mountain Dam and powerhouse, the Leesville Dam and powerhouse, the Smith Mountain Reservoir and the Leesville Reservoir. And, when we talk about the reservoirs, we're essentially talking about at Smith Mountain everything below the 800-foot contour and at Leesville, everything below the 620-foot contour.

Beyond that, when you look at a relicensing of a hydroelectric project or pump storage project such as Smith Mountain, would you even have to consider and look at is how does the operation of that facility, not only effect the environment of the lakes involved, but also the environment downstream.

It's a very, very daunting process. We, at AEP, recognize that we have an awful lot of responsibility when it comes to how our operations impact the project and downstream. So we're very interested in your comments. We're very interested to hear what's on everybody's mind. We want to hear what we do right. We want to hear what we

do wrong. And we also want to hear what you see for the future and how you may want to see things be different. Maybe how things should be the same.

So, keeping that in mind, one other clarification is you're to hear some terms and one of the terms you're going to hear is development. And we're going to talk about the Smith Mountain Development, which, again, is the Smith Mountain Dam and powerhouse and the reservoir and the Leesville Development, which is the Leesville Dam, powerhouse and reservoir, which is all part of the project.

As I indicated, it's a pump storage project. We generate electricity in response to generation needs. We pump back water when we're not needing generation so we have the water to generate later. The water from Smith Mountain passes on to Leesville. The water from Leesville goes back up to Smith Mountain. It's a very simple balance of water. When we're not generating, the water just doesn't sit still. We also are required to pass a minimum flow at the present time downstream of Leesville at an average weekly flow of 650 cfs in order that we can keep the environment downstream active, including recreation and so on.

I know this is a rather quick overview. If you have any questions of AEP at the end of this meeting, please come and talk to me. You can talk to Theresa Rogers. You can talk to Elizabeth Parcell, John van Hassel in the back,

Jim Sorrell -- any of us. We'll try to answer your questions. If you have a media question, we would ask that you talk to our corporate communications people first. And that would either be John Shepowich, who's standing in the back there. He's been taking all the pictures. Or Todd Burns who's sitting back there with his hand up right now.

So, with that, I'd like to turn the meeting then over to the people who are actually having the meeting, which is Allan Creamer of the FERC. Thank you.

MR. CREAMER: Thank you, Frank.

I too would like to welcome everybody to this public scoping meeting for the Smith Mountain Project. Those of us in the Commission staff we've been here for the last couple of days. Yesterday morning we actually toured the facilities -- both developments. And we began meetings yesterday, yesterday afternoon and pretty much so all day today from 9:00 o'clock this morning until about 4:00 o'clock this afternoon. We are meeting with a large group of people.

This is what, technically, would be our second meeting -- the public meeting, the public aspect of it. So it's a different group of people and I look forward to hearing what everybody's comments are, what your concerns and what your issues are.

As we begin, I'd like to take care of a couple of

administrative items. First, I think most of you, as you came in, you registered or you signed a sign-in sheet. If you did not, I would ask that you do that so that we have a complete record of who attended and how many people attended the meeting. And I think some of you, when you came in, you saw some other handouts over there.

One of the handouts is the scoping document that we issued last month. That scoping document does a number of things. The most important of which is it lays out what the issues are as we see them today -- a very preliminary list of issues based on what was provided in the preliminary application document filed by Appalachian Power. And the other important aspect of that scoping document is the list of proposed -- what Appalachian Power is proposing to do to study certain effects where there are information gaps.

So those are two important things that are included in that scoping document and I would encourage all of you, if you don't already have a copy, there's a few extra copies over there. Please grab one. If there's not any over there, and you want you, please see me and I'll see that you do get one.

There's also a package of information over there that provides a lot more detail for things that I will very briefly touch on. I'm not going to get into a lot of process much like we did yesterday. We spent a lot of time

talking about the relicensing process and we're not going to do that this evening. We're more interested in hearing what you guys have to say. But there is a package of information over there that does provide a lot of that information. So, if you're interested, please grab one. And, again, if there's none over there, please see me and I'll see that you do get one.

The second thing is this is a public hearing. And, by virtue of that, we do have a stenographer here that's recording everything that's said and they will record input. Whatever you have to say, the comments, will be recorded by the stenographer. The transcript of the meeting will become part of the public record upon which the Commission will rely to make its decisions on this application.

So, in order to develop an accurate of the meeting and of who says what, one thing that I would ask is everybody that does speak tonight, please, when you come up to the microphone, clearly identify who you are, if there's an affiliation, so that we can accurately represent the comments that are made.

What I'd like to do now real briefly I'd like to introduce myself. My name is Allan Creamer, as Frank said. I'm a fisheries biologist with the Federal Energy Regulatory Commission and I will be serving as the project coordinator,

the FERC coordinator. I'm going to play different hats here. Not only am I a coordinator for the project, I'm also going to be addressing the fisheries and water quality issues in the environmental review.

In addition to myself there are several other Commission staff here this evening. Those that are here -- John Costello. He is our cultural resource/historic resource person. He is going to be addressing the erosional issues.

Next we have Pat Murphy. Pat's our terrestrial biologist. He's going to be responsible for everything related to wildlife and wetlands. Next we have Carolyn Vanderjagt. Carolyn is our staff attorney assigned to the case. And then, last, but not least, is Jack Hannula on the end there and Jack is going to be responsible for looking at the recreational land use issues, the shoreline management issues.

And there is one other staff member that's assigned to the project that's not with us tonight. His name is Mike Spencer. He's our engineer. He will be handling the economics and the generation aspects of our review.

What I'd like to do at this point is briefly discuss the Commission's role in relicensing hydropower projects. I'm sure you guys are wondering -- some of you

I've seen. You've been at our meeting this morning, so you've kind of heard this. But there are others that are kind of new here and new faces and I'd like to kind of give you a brief overview of really why we're here and what our role is in this process -- the Commission's role.

Then, after I talk about that, I want to talk about the scoping process in general just a little bit, very briefly and then what our expectations are for this meeting and the process in general.

The Commission has the responsibility under the Federal Power Act to regulate non-federal hydroelectric development throughout the United States. The Commission issues licenses for the hydroelectric projects for periods up to 50 years. The Federal Power Act allows the Commission to issue licenses anywhere from 30 to 50 years.

Prior to license expiration, the licensee, or an applicant in this case, must file an application for a new license in order to keep operating the project. Before the Commission grants a new license, or makes a decision on what conditions should be included, it must assess what the effects of the proposed action and any reasonable alternatives would be.

The National Environmental Policy Act, or what we affectionately call NEPA, requires that an environmental analysis be performed to analyze any potential effects.

The Commission staff-- what our task is in this process -- review the license applications that are filed. We prepare the necessary environmental analyses and we make the recommendations to the Commission about whether the project should be relicensed. And, if so, what, if any, license conditions should be included in any new license that might be issued.

So real briefly, why are we here? Frank touched on it a little bit. This is a public scoping meeting. We conduct scoping to identify issues associated with evaluation the environmental effects of a proposed action and any identified reasonable alternatives.

In the context of this particular relicensing proceeding, which I won't get into a great bit of detail, but it happens to be -- this particular relicensing is -- Appalachian Power is the fifth licensee to use a relicensing that we're proceeding under and it's called the Integrated Licensing process.

The Commission just recently, two years ago, adopted this new process in July 2003. And we have four other applicants. There are seven projects total that are currently using this relicensing. So this is a new process for all of us. This process defines a different type of scoping than what we would normally do.

In the context of the ILP, the Integrated

Licensing Process, we use scoping to help identify information and study needs that ultimately will be used to develop operational and environment recommendations that gets transferred into potentially a new license. So our purpose for being here this evening is to solicit your comments and input about issues that need to be considered or not considered in our environmental analysis.

The other main reason we're here tonight is to preliminarily identify any additional study needs that have not already been identified in what we call the PAD that was filed by Appalachian Power.

And I'll very quickly talk about the issues that were presented in the filing by Appalachian Power that are including in the scoping document. I will also briefly talk about the proposed studies that were included in that document.

The scoping document issued last month -- I'm not exactly sure what the date was, but it was issued towards the end of December. It includes a brief description of the existing project facilities and covers the potential studies identified by Appalachian Power that may be appropriate for the Smith Mountain Project. The scoping document also describes the type of information we were seeking as part of scoping as well as provides a preliminary list of environmental issues.

For that main reason, I would encourage any of you that do not have a copy of it to grab a copy, if there's copies over there, because it will help you understand where we are today -- information about the project and where we want to go in the next few months, in the next few years.

So our primary goals here are to get your thoughts on what issues are important and your comments are going to help us outline and frame potential studies that need to be conducted to answer questions or fill information gaps.

I want to briefly talk about steps in this particular process. Where we are at today is the scoping meeting. The next thing that's going to happen in this process is the scoping document that we issued last month as well as the preliminary application document that was filed by Appalachian Power -- all of you have an opportunity to comment on those documents. Those comments are due to the Commission by March 1st. That's the next key date to keep in mind.

From that point, Appalachian Power will then have until the middle of April to take the input received during the scoping process -- all the written input, all the oral testimony. They will use that to frame their study proposals and then they will file a draft study plan with the Commission that we will then take a look at and get

copies and get comments on. One of the interesting things about this process is all of us here we are going to be wearing different hats.

Normally, a project does not comes in -- it comes in when it's filed and then we get involved. The integrated licensing process -- one of the interesting features is that the Commission staff -- we get involved in the process up front. And one of the things that we get to do that we normally do not do is we get to act like a participant just like you all. So we have an opportunity as well to file comments on the preliminary application document. So all of this is going to be taken into account by Appalachian Power when they put together their study proposal that they file in the middle of April.

One of the things that's important from the standpoint of the study proposal, and it's important to keep in mind if you plan on filing a particular study request, there are certain criteria that must be met when you file those study requests. I will not go through them all. There are seven of them.

If anybody is planning to file study requests, in addition to providing comments on the scoping document and on the preliminary application document, come see me and I will go over those study criteria with you. I'm not going to take the time to do that now, but just know that they do

exist and I can provide the Commission's website -- all this information I'm going to be presenting you will find on the Commission's website as well and I can direct you to where that is. So just please see me after we're done.

I want to turn my attention to a brief review of the issues that we identified as we were going through the preliminary application document and then I'm going to over very quickly what the proposed studies were that were in the PAD. How many of you have seen what -- the PAD was like 7-inch thick. It was a multi-volume thing that Appalachian Power had submitted. How many people have received or have seen copies of that -- big grey binders?

(Show of hands.)

MR. CREAMER: I am going to spend a little time. I'm going to very quickly go through what the issues were that have been identified and the proposed studies. One thing to keep in mind is the issues in the proposed studies that I am going to go through they're preliminary in nature. They are by no means final and they're not exhaustive. They're just a first crack of what we saw as we were reviewing the information filed by Appalachian Power last year.

So, with that, let me switch gears. Okay. The resource issues that were identified they fall into several categories. There were issues involving geology and soils,

primarily, erosional issues. There were issues that fall into the category of water resources. That would be water quality, water allocation, water withdrawals, water use, drought management, flood control. Those items fall within the category of water resources. There were issues identified for aquatic and fishery resources, terrestrial resources, recreation, land use and aesthetics, archeological and historical resources. And, finally, there were issues pertaining to developmental resources.

(Pause.)

How many of you want me to go through each of these things? I could spend probably 10 minutes doing this, if you want me to.

(Laughter.)

MR. CREAMER: Okay. I'm going to skip all the details. The issues are fairly comprehensive. They center around, from a geology and soil standpoint, they center around erosional -- what's happening in the lakes and what's happening on the river downstream, stream bank erosion, stream stabilization -- all that kind of stuff.

Like I said, water resources -- a lot of those issues pertain to water quality. What kind of impacts are the projects having on water quality, dissolved oxygen, water temperature. We heard a lot this morning about some additional water quality concerns pertaining to nutrients

and some additional concerns pertaining to heavy metals, PCVs -- things of that nature. Water allocation, water use -- we heard a lot this morning, which can kind of corroborated where we were with this about water withdrawals, both upstream and downstream of the project.

One of the issues that we have identified in the scoping document and we talked about a lot this morning was drought management. We talked a lot about flood control and the impacts that the project has on each of those areas.

For the aquatics and fisheries most of those issues pertain to water level fluctuation in the impoundments, downstream flows and the impacts of how the project is operating and aquatic habitat, recreation use, impacts of the project on fish entrainment. In other words, the fish passing through the project and how some of those fish may be killed as they go through. We talked a little bit about that-- the impact of the project on movement of migratory fish, passage of migratory fish, such as American chad, American eel. We identified the issue pertaining to the federally-endangered species, the Roanoke bald perch. And we talked a little bit about the kind of effects the project may have on that species.

As far as terrestrial resources go, the primary impacts would be it would be -- or related to water level fluctuations on wetlands. That was one of the key areas

that we honed in on as we reviewed the PAD.

From a recreation standpoint, the issues that we've identified center around public access. They center around boating opportunities, recreational use opportunities, flow releases and how that may affect recreation downstream of the project. Public safety programs as far as impacts of the project on what's happening in the lakes with navigation aids and things of that nature.

One of the key places as far as land use and aesthetics go -- many of the issues that we identified centered around shoreline management and there were several of those. I'm not going to go into them. That's just an overall general picture of where we saw most of the issues with shoreline management. We talked a little bit this morning about aesthetics impacts of floating debris in the lakes. That was a big concern of a lot of people this morning.

The archeological and historical resources -- really one main issue that we've identified there is just simply an overall impact of the project on what exist along the shoreline. Typical, the water level fluctuations may have an impact on known archeological sites. So that's one of the key area that we've identified for historic resources.

And then, of course, the developmental resources has to do with generational impacts, the impacts on capacity when we start looking at environmental measures. There's going to be a cost associated with all of those. What does that mean to the project? So those will be the things that we'll look at under developmental resources.

Now, as far as information needs on the proposed studies, those again centered around some of the same areas -- geology and soils, as far as the erosion goes; water resources, fish and aquatics, wetlands and literal habitats or shallow water habitat areas; the threatened endangered species -- the Roanoke bald perch, in particular; recreation and land use and then, again, cultural resources.

The studies that were proposed in the PAD by Appalachian Power are fairly comprehensive. They cover wide gamut of resources. They cover pretty much everything from the standpoint of looking at flow impacts, erosion impacts, shoreline -- not necessarily shoreline management, but there were other aspects of recreation that some of what Appalachian Power is proposing to do will cover.

As you probably all well know, there is an ongoing proceeding with the Commission pertaining to shoreline management. At this point in time, I'm not in a position to comment on that proceeding and I'm not sure exactly at what stage they -- our Compliance folks who are

handling that where they're at with it. I don't know how that one is going to play out as compared to relicensing. So there's two things going on and we spent a lot of time this morning talking about shoreline management.

And, if you go back and look at our scoping document, and the issues that have been identified, a good majority of those, as it pertains to land use, were in that realm with shoreline management. So rest assured shoreline management is something that we're very cognizant about and that we will be addressing as part of the relicensing in some context. We need to work with our Compliance folks and the existing shoreline management plan to see where we go with it.

(Pause.)

I'm going to very quickly go through a couple of things. Before I open the meeting to questions and answers and comments, I have, at least, I think, five people that identified the need to -- they want to present oral testimony. In a minute, I will call you up according to the way they were given to me and you'll have your opportunity. And, if you want to come up to this microphone, that will help our stenographer over here.

I remind you that the stenographer is recording the input. So, when you do come up, please clearly identify and state your name so that he has that for the record.

Now, if you do not wish to speak tonight, there are other opportunities and other forums. The main forum would be written comments. So you can submit written comments. They can be submitted to us to tonight if you have them. Or they can be filed directly with the Commission's Secretary. The address that you would need I can give that to you. Just come see me after the meeting and I can provide that information to you.

Again, if you have a study request to go along with your comments, you need to follow the same procedure as far as filing that information with the Commission. And, again, I would remind you that there are study criteria that need to be addressed. And, if you plan to do that, please see me after the meeting and I can go through that with you.

I guess, with that, I'm going to stop talking and I'm going to open this to question -- just real briefly questions before I start calling people up.

MR. JOHNSON: Can I ask you a question about something you said? My name is Russell Johnson.

MR. CREAMER: Yes.

MR. JOHNSON: You mentioned that there are five companies that are working through the ILP process -- four others. Has any company completed the process?

MR. CREAMER: No. This process is essentially a new process. There are actually seven projects that are

currently undergoing the relicensing using the ILP. Appalachian Power is the fifth project. Smith Project is the fifth project to use the process. The completion of this is several years away for the first one that started. The first project is a project down in Georgia and that project they started early last year -- early in 2004. And, typically, what will happen, just to kind of give you a timeframe -- and I'm going to relate it to the Smith Mountain Project.

The license for this project expires in 2010 -- March, I believe of 2010. Under the federal statute, the Federal Power Act requires that the application be filed two years in advance of that. So Appalachian Power is required to file their application sometime in March of 2008. But, just to give you an idea -- and then five to five and half years in advance of the expiration date of the license the licensee or an applicant is required to file what we call a notice of intent. And, basically, it's their notice to tell us that they plan to refile or file an application to relicense their project and that's where we're at with this one.

In October of last year they filed their notice of intent. And so we've got approximately a three-year process ahead of us in what we call the pre-filing stage. And there will be a two-year process after that, or

hopefully less. We're hoping it will be less as far as once the application is filed and how quickly we get it processed and get the Commission to make a decision. So that kind of gives you a timeframe.

The first project down in Georgia started early last year, so they've still got several years to go before they conclusion.

MR. JOHNSON: Thank you very much.

MR. CREAMER: Any other questions? Yes, sir?

MR. URBAN: My name is Jim Urban. All the comments made to the FERC, and I guess you had another meeting this morning, is there any way we can see and read those comments?

MR. CREAMER: What the stenographer is doing that will be available on the Commission's website. It usually takes at least two weeks to show up, but that record will be there. Yes.

MR. URBAN: Thank you.

MR. CREAMER: Any other questions from anybody? Yes?

MR. LINDSEY: John Lindsey. Are any of the other projects pump storage units -- pump storage projects?

MR. CREAMER: Not that I'm aware of. This particular project, as I said, is probably, by far, capacity-wise, the largest. 636 megawatts is, by far, the

largest project of the seven and I don't believe -- and I could be wrong because I'm not working to the others. I'm not necessarily familiar with the others, but I do not believe that any of the others are pump storage.

MR. LINDSEY: Thank you.

MR. CREAMER: Any other comments or questions real quick?

(No response.)

MR. CREAMER: Okay. The first person I have here is -- I guess this is Juan Lung.

MR. LUNG: The items that I would at least make comments on are the Leesville Lake. My name is Juan Lung and I am a resident of Campbell County and Runaway Bay subdivision up near the dam itself -- Leesville Dam. And the items that I want to comment on are the continued fluctuation and it's a large area where we've got 13-foot fluctuation versus at Smith Mountain Lake somewhere in the neighborhood of 3- to 5-feet, which is normally seen.

The debris is extremely poor as far as the quality. It's all over the place, especially when the water levels are up. And the Leesville Lake Association, which I'm also a member, have had three cleanup days in the Year 2004.

In 2004, we removed quite a bit of debris from there, but nowhere near enough. The skimmer is only there a

few times. And when it's there it's only like six hours a day, four days a week. There needs to be some type of either drop off points by AEP on land, on the shorelines of Leesville Lake, that not only residents but on cleanup days and so forth can take this stuff to, to get rid of it.

And there needs to be, in my opinion, some type -- I'd like to see a mandatory assessment to the counties. There are three counties that border that lake and all of them -- if it's done by a percentage of shoreline that each of those counties have on that lake to contribute to some type of cleanup -- purchasing either a skimmer or something. That there is a repeated quarterly basis or more cleaning of that lake of debris.

Again, it hurts not only aesthetically, but the erosion is horrible there. I have lived in the Lake Norman area. I have lived in Roanoke -- with the Sharon Harris and Edward B. Jordan and never have I seen the amount of debris on those lakes as I do up here. So there should be some control. You always here that AEP has the responsibility of the lake and its immediate surrounding. There should be some control there, especially, with the amount of fluctuation.

The counties do contractors to all types of "land disturbers" to keep stuff from getting into the water and messing up. But the largest culprit right now is the

fluctuation of that water that's causing the biggest erosion and it is horrible. So it needs to be addressed in the meantime.

The bang for the buck. The counties are raising the property assessments and energy bills continue to go sky high. Were is the bang for the buck for the property owner? There needs to be something in there. And I think that the counties should have some type of assessment in conjunction with AEP to be able to help keep the lake clean.

MR. CREAMER: Thank you.

Next speaker is Bill Wallace.

MR. WALLACE: Thank you, Mr. Chairman, distinguished members of the FERC committee. For the record, my name is Bill Wallace. I reside on Leesville Lake. I'm here this evening to air my concern on the public safety issues at Leesville Lake, which I perceived will not be addressed in this relicensing process.

Among the issues you've identified in your scoping document under paragraph 4.2.5, Recreation Resources, you cite "effectiveness of the existing public safety program, that is, show markers, buoys and navigation systems, et cetera, in maintaining a safe recreational environment in the project area." Yet, in Section 4.3 of the same document, the Appalachian Power Company, as the applicant, does not address plans to assess the

effectiveness of the existing public safety program within this project, either on a Leesville or on Smith Mountain Lake.

The pre-application document, the PAD, on page 3-10 at item 2 under the heading "Recreation" provides the applicant's response, which states in part "the markers and buoys throughout this project are not a licensing issue. Appalachian will consult with the agencies and groups regarding the markers and buoy systems outside of the licensing process."

Now, with those statements in mind, I believe there is a legitimate need for an unbiased assessment of public safety on Leesville Lake in conjunction with relicensing of the project for the following reasons.

At the current time, the only navigation aid on Leesville Lake is a system of mileage markers established at some time in the distant past by Appalachian Power as licensee and then left to fall into a state of virtual uselessness. All these markers are placed at or below the 620-foot elevation on land ostensively controlled by the applicant.

A survey in March 2004 could only identify nine markers remaining of the 16 markers originally place to mark mileage distance from Leesville Dam. On a revisit with the applicant's staff in June of 2004, of those nine markers

remaining, only three mileage markers could be identified due to foliage. None of these markers are lighted for night reference.

I feel that when fully operational these markers would serve a very valuable purpose as a position reference for boaters on Leesville Lake. In the event of trouble, boaters needing assistance could note their position relative to these markers as motorists do with mileage markers on highways. To date, there hasn't been response from the applicant regarding requests forward from the Leesville Lake Association to rehabilitate this system.

Elsewhere on Leesville Lake, the weekly fluctuation in water level up to 13 feet contributes to significant navigational hazards that are currently not marked in any manner. These hazards pose risks to all boaters, especially, in conditions of reduced of lighting and/or visibility.

For example, in the upper reaches of Leesville Lake above Toll Story Bridge, there's several low-lying islands that are nearly submerged with high water. None of these islands are marked. In the same area, at low water, the submerged going up river channel is not marked and navigation outside the channel can be very treacherous. In this area, at low water, a boater can experience a change in water depth from 25 feet to less than 2 feet in less than 20

feet of horizonal travel.

Several boaters have responded and reported drownings in this area in the absence of channel markers. Obstructions ranging from rock shells to mud banks to boulders are experienced throughout the lake. While obvious at low water, many of these obstructions are submerged at high water when most lurk just under the surface of the water.

Finally, I would note that the bridge supports on Tall Story Bridge are unlighted for nighttime navigation. All these conditions, coupled with floating debris already referenced numerous times during these proceedings, do not portray a credible public safety program on Leesville Lake. In this lake -- I call on you to cause Appalachian Power, as the applicant in this relicensing process, to acknowledge that leadership promoting an effective public safety program in the project is an inherent role of the licensee.

More over, I ask you to require that the effectiveness of the existing public safety program in maintaining a safe recreational environment in the project area be assessed by independent study as a prerequisite to relicensing. Thank you.

MR. CREAMER: Thank you.

The next person I have here is Karen Kelbek.

MS. KELBEK: My name is Karen Kelbek. I wish to

speak tonight regarding the Shoreline Management Plan. A public document on the FERC website dated December 21, 2004 from the tri-county -- Bedford, Franklin and Pittsylvania counties' AEP relicensing committee, whose acronym is TRC, states "after organizing itself and reviewing the relevant materials, the TRC has concluded it would be better for the long-term interest of the community for the FERC to reject AEP proposed shoreline management unless FERC revises the plan to address the counties concerns."

The central goal of the Shoreline Management Plan is to protect and to enhance Smith Mountain Lake's recreational, environmental, cultural and scenic resources. To reject, weaken or delay this plan in any way would, I believe, jeopardize the above-mentioned goal and would not be in the best interest of the lake.

I'm a resident of Smith Mountain Lake community and I want the FERC to know that the TCR does not represent my point of view regarding the Shoreline Management Plan. If any changes are made to the SMP, the changes should strengthen it. Wise and prudent development of the shoreline will allow sound economic growth without the sonic boom growth of the status quo.

The Virginia Department of Conservation and Recreation and its endorsement of the Shoreline Management Plan says "any further easing of restrictions would weaken

existing policies on shoreline management and would give rise to permanent, adverse impacts upon water quality, fish and wildlife habitat, riparian bumpers and visual and recreation values of Smith Mountain Lake."

I ask that AEP and the FERC stand with resolve and not waiver in providing good stewardship for the lake, always focusing on the main goal of the SMP. The goal is so important that I'm going to repeat it again. The main goal is to protect and to enhance Smith Mountain Lake's recreational, environmental, cultural and scenic resources. Thank you.

MR. CREAMER: Thank you.

The next speaker I have is Bill Riedenbach.

MR. RIEDENBACH: Good evening. My name is Bill Riedenbach. I appreciate the opportunity to address you.

As the licensing process begins, it seems appropriate to draw FERC's attention to the fact the setting of the Smith Mountain Lake has changed dramatically over the 50 years of the initial license.

Yesterday you were given a tour of the two dams and the two reservoirs, giving you an opportunity to have input. I believe that you should take additional opportunity to see the lake from other perspectives before you draw any conclusions.

While lake started as a very rural area, it is

now quite suburban. There are over 16,000 home sites and businesses that utilize it. Land that was less than $200 when the project was initiated can run as high as half million dollars for an acre of land now. The surrounding counties depend upon the lake, particularly Smith Mountain Lake, for their tax basis. Over 56 percent of Franklin County's real estate tax are paid by the two lake adjoining magisterial districts of the seven in the county. The personal property tax percentage is even higher.

Pittsylvania County recently approved a $90 million housing project on the lake that is expected to yield a half million dollars in taxes each year. It was reported that this is the single largest tax generator in the county. That kind of data should be obvious that the counties are a highly dependent on the lake and that it has to be kept in the best possible condition.

The use of the lake as a recreational resource has grown from causal fishing and hunting to a people intensive, high usage resource with year round demand. It is already becoming overcrowded in some areas today.

The citizens of the county for the last 50 years have become more and more environmentally alert and conscious and as a result expect the government to consider conservation, protection and enhancement of the environment of this project in concrete and measurable terms.

FERC's license currently is static. Almost impossible to adjust to reflect the changing conditions. The new license should be adaptable to future findings of good ecological and environmental stewardship.

Lastly, the review of the performance of the governance of other rivers in our country indicates that inter-basin transfers and downstream population and industrial withdrawals have been damaging to the upstream environment. The well-being and quality of life has been undermined for those living along the banks, headwaters and upstream reservoirs through their inordinate downstream withdrawals, particularly, during droughts. Saving our quality of life and economics is as important as developing more for those downstream. Any analysis, conclusions reached during license development must ensure that the results do not rob the water sources of their resources.

Addressing some of your issues, specifically, Water Resources 4.2.2, Quantity and Level, I'd like to address them from two points of view, both in drought and in flood.

The current license does not fairly allocate water during drought conditions. The approach requires a variance, the mechanism is cumbersome at best, slow and wrought with problems. An automatic mechanism, which anticipates rather than remediates, should be considered.

That bases resting on water in versus water being released. The project should not be construed as a constant source system for downstream. The release scheme you should approach natural conditions and reduce outflow commensurate with the reduced inflow to the project.

Additionally, there is no mechanism in place to manage the water levels within the project during drought conditions. The process of analysis some consideration should be given for how the water is allocated between the reservoirs.

The flood conditions were addressed from two aspects -- external and internal. External there appears to be insufficient flexibility in the current license to effectively manage floods. It seems reasonable that the project should be able to be drafted to effectively manage flood control. However, it doesn't and that would have to be done on an anticipatory basis. The project needs flexibility to reduce flows to downstream should the flood conditions not materialize so as to rebuild inventories promptly and return the project to full pond.

Internally, again, under flood condition they need to opportunity to reallocate and, for us, the citizens, to know how the allocations is between the two reservoirs. In both of these cases, it has not been mentioned yet, but there's a possibility that you should stop power generation

so as to take maximum advantage of the reservoir capacity. I don't think this has been brought up before, but it should be addressed in the process. It could be addressed either during drought conditions by reducing the pool available or during flood conditions in the way you flood the two reserviors.

Lastly, as to recreation resources, very quickly, you have some opportunities by adding a water access point at the bottom of Smith Mountain Dam for canoeing and kayaking. There are already withdrawal points down in Leesville Lake. It would be an easy process to add by providing an entry point at the bottom of Leesville Dam. There's already a fishing bench and a parking lot there. It could be added. Altavista has the access points so that you can get back out of the water. It's public property. And, again, a new point would be at the intersection of 834 and Blackwater River. That was brought up earlier in today's discussion to provide an access point from there.

Referring to your area 4.2.6, Land Use and Aesthetics, I'd like to address the view shed. The signature element of Smith Mountain Lake is Smith Mountain. Currently, under the Shoreline Management Plan, it is designated as an impact minimization zone. That designation allows for development. I believe that should be changed and it should be classified as a conservation and

environmental zone or area.

The west side of that mountain adds substantially to the current overall expanse of the view shed. Currently undeveloped, it broadens the expanse and scope of the view. But, under the current Shoreline Management Plan, it has the potential to be developed. Such development will significantly diminish the view shed. The Smith Mountain view shed on the left-hand side or on the eastern side of it has the Smith Mountain Wildlife Management. I believe it is continuing to be well protected.

And, at issue, with respect to debris that was mentioned from several aspect, AEP has a natural catch basin at Niagara Dam upstream of Smith Mountain Lake on the Roanoke. It should be used to remove debris to the extent possible and such conditions should be a part of this project and license. This debris consists of natural and man-made materials.

It's my understanding that AEP once did clean the Niagara Dam screens and remove the debris, but now they flush it over the dam. My understanding this is done in anticipating the downstream debris buildup will create fish habitat. Such an approach is counter-productive since the downstream stakeholder and counties spend money to remove it. It is felt that the debris separated fish habitat that is required. I suggest that you designate the appropriate

shoreline and acquire sufficient land behind it so as not to harm property owners and build what you believe is required. The current natural approach is haphazard and inefficient at best and at worst it is a waste of everybody's time and money. Thank you for your time.

(Insert of Mr. Riedenbach's written statement included here:)

MR. CREAMER: Thank you.

Lars Hagen?

MR. HAGEN: Sir, my name is Lars Hagen. I live on Smith Mountain Lake and I've owned a home there for 15 years.

I'd like to go over some observations first on which my recommendations are based because the basis of my input includes personal observations for 15 years, some available technical data, some prior experience with low flow rates and also planning, building and subdivision requirements.

My view is that Smith Mountain Lake is a very fragile ecosystem due to very low flow rates compared to lake volume and the area. And I'll just talk for a second later about a chart I made to show that. The quality of stream water entering the lake has significant issues. There are many long narrow coves with minimal or no fresh water sources. They have high density development in these long stagnant coves represents significant runoff water issues with no remediation processes available. What I mean by that is once you contaminate a cove you're pretty well stuck.

The only water entering my cove is runoff and leaching. It's a mile from my dock is Roanoke Channel. It wouldn't surprise me that much of the water in my cove was

there in 1964 because there is no water supply that's visible.

We also have water quality and allocation issues with increase with municipal pumping from Smith Mountain Lake, which is new, which is in addition to power generation, downstream releases from lake control.

So my recommendations are that AEP represents the best alternative for exercising good stewardship for Smith Mountain Lake based on having the least conflicts of interests in establishing and executing long-range plans and procedures to manage the lake. AEP should be the control agency for shoreline development. AEP should be the control organization for the municipal and commercial withdrawal of water from Smith Mountain Lake.

As was just mentioned, paths conflicts have been between lake level control, electric generation and the folks downstream. We now are installing huge pipes running east and west from the bridge. And there's going to be a lot of discussion when they're not allowed to pump. So the three counties, I think -- AEP and the three counties should form a consortium to implement health safety, water quality and quality of life requirements so that we'll always have a good place to life, work and play.

I've generated a chart because in discussions with people I have a lot of trouble articulating why it is

that this is a low flow lake. It's got 20,600 acres. But, if you drive to Roanoke in the summertime and get to the fire station there on 116, you'll walk across the Roanoke and your knees won't get wet. You can ride 122 to Rocky Mountain and you go over Gill's Creek there's no water, Magody Creek there's no water and then you hit the big black water. And, again, you're not going to get your knees wet.

So it's hard to articulate that and so I tried to do it with a chart that basically looked at seven years of low for the months of June, July and August. And the data comes from the internet. I didn't get it from Dan Rather.

(Laughter.)

MR. HAGEN: But it comes from the internet and I reference on the sheets exactly the webpages it comes from, but it comes USGS survey data that's been monitored here in Virginia since the horrible floods back, I guess, in the '30s. And, basically, what this says is, on the average for those seven years, in June, if you shut down the dam and didn't let any water out -- seal the dam and don't let any water out and just let water come in for the month of June the average increase in the lake would be 1.4 feet. That's astonishing. I would have made that a percentage of volume, except I don't know how to calculate the volume of the lake. July, if you take all that data, it's .8 feet. And, for August, for those seven years it's .9 feet.

Now the data I think is correct. Dan and I stand behind our data, I guess. But, certainly, what I would certainly encourage is that FERC and AEP really generate this kind of data and really start to look at what I view as exposure of low flow in the lake and the main channels themselves and the river channels.

But then, also, really start taking a look at coves like mine where there is a lot of development, no water source at all that's visible and the only thing we have is runoff pollution. So that's why shoreline management is really such a critical issue and I think AEP is the best organization to do that. Thank you very much for your time.

MR. CREAMER: Thank you.

That was the last one that I had an indication of people that wanted to speak. What I'm want to do now is open it up. Is there anybody else that had not signed the registration form and you'd like to come up and present comments or any concerns?

(No response.)

MR. CREAMER: Well, I guess, if there's nobody else that wants to say anything, we'll make for a short meeting, I guess.

Frank?

MR. SIMMS: A lot of interesting comments. A lot

of things that we had heard before. A lot of things we had not heard before. A lot of things that we need to take back with us to address. When anybody makes a comment that we should stop generation, that really catches our interest.

(Laughter.)

MR. SIMMS: But it doesn't mean it's not something that we're not going to look at, also. I think there were things that were highlighted that definitely we'll take back when we look at the relicensing, when we look at the study plans we're going to put together and how we're going to address the issues. But I think there's a few comments that were made, too, that I think we need to look at immediately relative to some our performance. I think someone mentioned our crew is only out there six hours a day. I've spent some time with the crew and, boy, they sure work hard when I'm out there.

(Laughter.)

MR. SIMMS: They are a hard-working group of people. If any of you would like, I would love to make arrangements for you to go work a day with them and you would see the difficulty with them.

AUDIENCE MEMBER: We did that three times.

MR. SIMMS: Have you? And I know I was out there on the Leesville Lake Cleanup Day this past year and I think the cooperation between the Association and our crews was

excellent. And I really, really think that something that we have to continue to pursue is that cooperation.

Overall, it's a tough job we have. It's a tough job the FERC has. As you can tell from some of the comments here, and when you do look at the transcription, which I'm sure Larry here is going to do a good job on, you're going to see that there's an awful lot of issues and an awful lot of different interests.

And what you have to do as the licensee, which we are, is balance those and it's difficult because sometimes you're going to do something to take care of one issue that may not satisfy somebody else's issue. And it's a lot of tough decisions we have to may and we don't do it without a lot of thought and we don't do it without a lot of concern.

We know there's a lot of investment at Smith Mountain and Leesville Lake and downstream and we know there's a great fishery there and there's a lot interest in continuing with fishery and there's a lot of concern for the environment. And we have a respect for the lakes. We have the respect for the people -- for the areas downstream. And, most of all, especially, myself as a newer person in the area, but, having worked on Smith Mountain Lake and Leesville Lake for the last 15 years, a lot of respect for you as individuals and everybody else.

You should applaud yourself to have the interest

in the lake that you have and the way you approach the different situations and issues that are on the lake and the way you try to work with us. I applaud you. I thank you and I hope that you'll find that as we go through the relicensing process and I hope as we go through the future years together that that type of cooperation will continue.

And, if there's any questions you have with me right now, go right ahead. I knew that would happen.

MR. BRAGG: One of the folks that made a presentations -- my name is Fred Bragg, by the way. I live on Leesville Lake. One of the folks that was presenting indicated that you are dumping debris or permitting debris to pass over or through Smith Mountain to us. Is that a true statement?

MR. SIMMS: No, no. If I understand right, and we've got our operator back there, and it's something we want to look at, but our Niagara Project upstream of Smith Mountain it's a free-flowing project. The debris that accumulates on the racks there -- tell me, Jim, we remove them with a trash rake?

MR. SORRELL: Yes. They gradually pull them off of the intake and puts it in a solution and they bounce it around and dumps in the town.

(Discussion off mike.)

MR. SIMMS: I think that's a good point, too,

though, is the fact that the only way water gets, under normal conditions, gets through Smith Mountain Dam is through the units. So the comment made about not generating there makes it kind of tough to water allocate unless we're generating if that's the way the water goes through the dam.

In a flood condition, which we had this past fall after Hurricane Gene, it is true that once we're beyond the capacity of what the plant can handle, then water does goes over the overflow structures there or the overflow wheels and I think we were 2 and 1/2 foot high during that flood or during that particular situation I would imagine debris is getting carrying down through to the soil. But, when you're in that situation, the amount of debris you're getting from upstream is huge. I mean, there was an awful lot of debris that was associated with the flood in Roanoke. I know it because I think one of my tennis shoes where I live in Southwest County was found over at Leesville. So I don't know.

(Laughter.)

MR. SIMMS: One tennis shoe.

(Laughter.)

MR. SIMMS: Anything else?

Again, my name is Frank Simms. I am the hydro support manager for American Electric Power Appalachian Power. My door is always open. I'm there if you desire to

call. I have an e-mail address. We have a website for this integrator licensing process and relicensing. What Allan indicated about the transcripts being on the FERC website, it will wind up be on our website. We're open. We want your comments. We appreciate your comments. Thank you.

MR. URBAN: Would you tell us what Appalachian Power consist of since you just to that off as AEP as a subsidiary. So what does that entail besides Smith Mountain Lake and Leesville Lake?

MR. SIMMS: I'm going to direct your question to our corporation communications people back here because it's surprising is the Hydro Department. They kind of forget about us sometimes and don't tell us everything. So I thought maybe Todd could explain that. Todd Burns.

MR. BURNS: Todd Burns, Appalachian Power Public Communications Manager. And we did return, this past year, to the name Appalachian Power Company. Again, trying to get back to our roots of being a transmission, generation and distribution company. Now we continue our headquarters for Appalachian Power in Charleston, West Virginia and we serve the West Virginia, Virginia and Tennessee portions in the American Electric Power system. We do have organizations like Hydro and many other organizations that are central, so that's why we're interchanging both AEP and Appalachian Power. But that's what it's all about and that where we

serve.

MR. URBAN: Thank you.

MR. SIMMS: Okay. I'll turn it over to Allan. And, again, really we really, really appreciate you all taking the time this evening to come here and to express your concerns, to tell us your thoughts. I understand how much this takes from you in an evening. So, again, thank you.

MR. CREAMER: Thank you, Frank.

If there's no more comments pertaining to the issues and the proposed studies, I want to really kind of quickly sum up where we go to from here -- the next steps. And then, I guess, at that point, if there's no further comments, we'll close the meeting.

Before concluding the meeting, I want to begin briefly -- I want to go over the upcoming schedule. And this is basically just to let you know over the next few months where we're going to be expecting comments from you and where we will be doing work as well and Appalachian Power will be doing work.

The next step for the participants is to prepare the comments on the Appalachian Power's PAD, Preliminary Application Document, the Commission's scoping document and to provide any study requests that you may have. Those comments are all due March 1st of 2005. Study requests

should be developed now with respect to each of the participant's particular concerns. After reviewing the information contained within the PAD, listen to the comments received here at the scoping meetings, whether it's this meeting or the previous meeting that we had -- those who were at the previous meeting -- and determining what information is still needed in order to properly address your concerns.

And, again, I remind you for anybody who is planning to submit study requests that they must address the criteria for study requests. And, again, please see me if you want to know what those criteria are.

After the study requests are submitted on March 1st, Appalachian Power has 45 days to file a proposed study plan. That proposed study plan, for some 45-day period, will be April 14th or 15th. I can't remember which the date is -- April 15th. Pat tells me it's the 15th. The proposed study plan will be developed based on the submitted study requests. It will also be based on comments that have been received through the scoping process. So it is very important that any comments you may have, either received tonight or written comments, be submitted by March 1st.

Also, during this 45-day period, we will be issuing a second scoping document, Scoping Document II. If we get back to Washington and we take a look at everything

we heard over the last two days and we deem it necessary we will issue another scoping document.

Basically, what that scoping document will be will be for informational purposes only. We're not expecting any comments on Scoping Document II. It will simply be a revised, updated version of the one that we've issued for comment. Those updates and revisions will be based on the comments that we have received, both oral and written, during the scoping process.

Within 30 days of filing the proposed study plan, Appalachian Power must host a study plan meeting. This meeting is designed to allow all interested parties an opportunity to discuss and provide feedback to Appalachian Power on the proposed study plan. The Commission's regulations only require a single meeting and that meeting right now is tentatively scheduled for May 15th -- on or about that date. There is nothing in the regulations that prevent Appalachian Power from having additional meetings. There is a 90-day period from the time that the proposed study plan is filed and when comments and when this meeting would be to have additional meetings if it's necessary.

So that gives you a very quick overview of what amounts to what's going to be happening through pretty much the end of May. There is, in the scoping document, which I believe there are a few copies over there -- there was the

last time I looked anyway -- a Schedule A for that scoping document or Attachment A is a copy of a process plan and schedule.

Now what that is for those of you that were not at the earlier meeting today that process plan identifies a schedule and dates that input is to be received. We are to do things. This process is very a schedule-oriented process and it's very important that the schedule that's outlined in this process plan be met. So I would encourage everybody -- there's copies over there. If you've not gotten one, pick up a scoping document or the PAD that was filed by Appalachian Power has a copy of this process plan in it. It's important for everybody to understand what the dates are for when you need to provide input so that we can keep the process rolling.

With that, I'm going to ask if anybody has any additional questions for myself. It has been a pleasure to be here for the last couple days. This is actually, I think, my fourth time being down in this area. We have been meeting with Appalachian Power. I've been at three meetings, plus I've been involved in a teleconference on a fourth meeting. So we're two years into what really is a process that started back in November of 2002. So I have been involved since then and have been working with a group of people -- Appalachian Power and other representatives of

the community. So this is just the next step in the process for us.

And like Frank, my door is always open. Every one of us here, if there are ever any questions, it can be directed to us as well -- about the process, about the particular resources that we are all responsible for. Any questions can be directed towards myself or any of the other staff here. The scoping document, the meeting notice, they all have my name, my phone number. I also have an e-mail address that you're more than welcome to contact me through as well. So feel free, if you ever have any questions, to let me know -- pick up the phone, send me an e-mail. I'll do what I can to address your issue or your concern.

With that, does anybody have any further questions for us, for me?

(No response.)

MR. CREAMER: Okay. In closing, I'd like to thank everybody, everyone for taking the time to come and present your concerns and participating in the scoping process for this project. The information presented this evening as well as what we got over the last couple days has been extremely helpful. I have a little experience in the area. I went to school at Virginia Tech and I do know this area very well but I've never actually been to Smith Mountain Lake. So this couple of days for us has been

extremely helpful and hearing from you has been extremely helpful.

Okay. We have a comment.

MR. LINDSEY: You and the rest of the committee have an invitation probably from a dozen of us if you'd like to go out and look at the lake -- hike through the lake, boat through the lake.

MR. CREAMER: One of the things that we have been discussing with Appalachian Power -- when this process started, we realized that our scoping was going to be in January. We decided that we were going to a partial site visit. We decided that it would not be an appropriate to actually get out on the lakes. It is something that we want to do and we have been talking with Appalachian Power about doing that.

From my perspective, another interest that I have is actually getting on the river downstream. I'm a fish biologist. That's what I'd like to see. I'd like to see what that habitat down there looks like -- that river down there. So we've been discussing this with Appalachian Power. And it's our hope that possibly, when we have the study plan meetings in May, we will build in extra time to -- whether it's a day or two -- get out on the lakes. We'll get out on the river and we'll see this from a different perspective. Because you are right. When we did our site

visit, we did not really see a lot of the lakes, other the river right below Leesville. I know what that looks like, but I don't know what it looks like further down. So it is our hope that we will get to do that and we are planning to do that.

With that, if there are no other comments, we will be here for a little while. So, if any of you would like to talk with us individually, please feel free to do so.

Again, I'd like to thank everybody for coming out. I know it's sometimes a burden, but I do appreciate everybody coming out and providing your input. Thank you.

(Whereupon, at 8:32 p.m., the above-referenced matter was concluded.)