

Dear Neighbor:

Smith Mountain and Leesville lakes are important to our region. They serve as valuable cultural, scenic and economic resources to nearby communities and the entire Commonwealth of Virginia. Whether you live, work or play on the lake or in the region, everyone has a vested interest in the long-term success of these lakes. We take our responsibility as primary caretaker of the lakes very seriously and believe good communication with the community is a cornerstone of being a good corporate citizen.

Recent public meetings in the area about the lakes have resulted in some positive dialogue among residents, but it has also produced information that is misleading and at times blatantly false. Some of this misinformation has found its way into the press. As the Manager of Hydro Generation, I want to take this opportunity to provide some clarification and information about Appalachian Power's role in the ongoing operation of the Smith Mountain Project.

As you may know, the Smith Mountain Project is a two-reservoir hydroelectric generation project that has been operated by Appalachian Power since the mid-1960s. In short, it was built to generate electricity. The project encompasses the dams, powerhouses, and reservoirs associated with both the Smith Mountain and Leesville facilities. The associated facilities were constructed under the authority granted in the Federal Power Act and are operated in accordance with the conditions of the licenses first issued by the Federal Power Commission and then later by the Federal Energy Regulatory Commission (FERC). Appalachian is obligated to operate and maintain the project in accordance with the conditions of the project license while ensuring a balance between protecting environmental resources and allowing full public use of Smith Mountain and Leesville lakes.

As part of the construction of the project, Appalachian Power obtained the necessary land rights to meet its obligations as defined by the license. Specifically, Appalachian Power either owns the land within the project boundary in fee, or it owns flowage rights and easement deeds which grant Appalachian Power the right to submerge affected land and regulate use thereof lying within the project boundary.

As Licensee, Appalachian Power is required by FERC to develop a comprehensive plan and regulate uses along the shoreline to ensure protection and enhancement of the project's resources. Known as the Shoreline Management Plan, this plan includes all lands within the boundaries of the two lakes. As part of a scheduled review of the Shoreline Management Plan, improvements were made to the plan. Not everyone in the community was pleased with all of the changes and, as a result, Appalachian Power agreed to go back to the community to resolve some of the issues that were raised.

Over a fourteen-month period, representatives of Appalachian Power met with officials from the four counties surrounding the lakes and citizen representatives, including a representative of the organization currently opposed to the premise of the Shoreline Management Plan and FERC regulation of the project. This collaborative effort resulted in several modifications to the Shoreline Management Plan that all parties agreed would be a fair resolution of the issues raised while also preserving Appalachian Power's ability to meet its obligations as the licensee.

Approved by FERC on January 30, 2014, key changes to the Shoreline Management Plan include new parameters for vegetation removal, updated environmental protection statutes and revised permitting regulations for lighting around the lake. All of the changes are intended to look after this valuable resource for all to enjoy and to help protect those who own land around the lakes. As with any wide-ranging compromise, no one got everything they wanted but all involved agreed to support the new Shoreline Management Plan.

As the licensee of the Smith Mountain Project, Appalachian Power must comply with the strict rules contained in the license which includes the enforcement of the Shoreline Management Plan. The Shoreline Management Plan explains which types of docks are permitted to be constructed on project lands, and which permits are necessary from Appalachian Power. In fact, a recent ruling by a U.S. District Court upheld Appalachian Power's authority to enforce these permitting regulations outlined in the Shoreline Management Plan. This decision reaffirmed that those who claim that permits from Appalachian Power are unnecessary are misinformed.

In short, Appalachian Power will continue to administer all the elements of the Shoreline Management Plan for the Smith Mountain Project.

As we have said from the very beginning of this process, Appalachian Power wants to continue to be a resource for the entire Smith Mountain community. Our approach will be collaborative and factual in meeting our license obligations as well as the needs of those around the lakes. We will continue to work with the public, local governments, agencies and other stakeholders to be good stewards of the lakes. We have sincerely enjoyed developing these relationships over the years and want to continue to maintain these positive connections for years to come.

At Appalachian Power, we are always looking for ways to be better stewards of the lakes and to improve all areas of operation. That is the primary reason for the consolidation of the Shoreline Management Plan office previously located in Rocky Mount with our Hydro Generation office located in Roanoke. Though the office's location has changed, we believe the move will result in our being able to apply additional resources toward the issuance of permits for dock construction and other construction activities within the project boundary. In addition, the relocation will provide the additional office space that is needed by our staff.

I hope this information provides a glimpse into the complexities of our role in the Smith Mountain Project. If you have additional questions or want more information, we encourage you to visit us at the Smith Mountain Lake Regional Chamber of Commerce every Wednesday between 1:00 and 5:00 p.m. or check us out at www.smithmtn.com. You can also call our offices at 540-489-2556.

Sincerely,



Frank M. Simms
Manager, Hydro Generation