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May 13, 2008

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Project No. 12737: Comments of Tredegar Corporation on Pre-Application Document of Hydro Matrix Limited Partnership

Dear Secretary Bose:

On May 12, 2008, Tredegar Corporation (“Tredegar”) submitted to Hydro Matrix Limited Partnership the enclosed letter providing comments on HMLP’s Pre-Application Document (“PAD”) and requesting studies. Tredegar hereby respectfully submits that letter to the Commission for filing.

Please do not hesitate to contact the undersigned if you have any questions.

Sincerely,

/s/ Brian M. Zimmet
Brian M. Zimmet

Attorney for Tredegar Corporation

Enclosure



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FILE NO: 44929.000112

May 12, 2008

**BY ELECTRONIC (jimpricehydro@bellsouth.net)
and UNITED STATES MAIL**

Dr. James B. Price
W.V. Hydro, Inc., General Partner
Hydro Matrix Limited Partnership
P.O. Box 903
Gatlinburg, TN 37738

Re: Comments on Proposed Gathright Hydro Project

Dear Dr. Price:

In accordance with 18 C.F.R. § 4.38(b)(5) and the application schedule provided by Hydro Matrix Limited Partnership (“HMLP”), I am writing to request the following studies for the Gathright Hydro Project proposed by HMLP. These requests are filed on behalf of Tredegar. Tredegar owns approximately 700 acres of property along the Jackson River, downstream of the Gathright Dam. The stream conditions in this area is of high quality, and provides some of the best trout fishing in Virginia. The power lines necessary for the proposed hydro project will cross property owned by Tredegar and may affect stream conditions, thereby affecting the value of our property.

Tredegar is not opposed to the concept of hydropower, including at the Gathright Dam. However, the proposed project appears to be just that – a concept, without substantive analysis of the actual operation and impacts of the project. Serious questions are yet to be met with fact-based replies.

Applicable Federal Energy Regulatory Commission (“FERC” or “Commission”) regulations provide that an applicant “must diligently conduct all reasonable studies and obtain all reasonable information requested . . . that are necessary for the Commission to make an informed decision regarding the merits of the application.” 18 C.F.R. § 4.38(c)(1). As you are no doubt aware, the performance of studies necessary to allow FERC to make an informed decision is absolutely essential for your license application to proceed at the Commission. Without such information in your application, it will be deemed deficient, and the licensing process will be subject to termination. *See Metro Hydroelectric Company, LLC*, 121 FERC



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¶ 61,049 (2007) (affirming decision of FERC's Office of Energy Projects to terminate an applicant's licensing process for failure to complete necessary studies).

Tredegar is concerned with how the proposed project will affect the value of its natural resource assets downstream of the Gathright Dam. During the public meetings representatives of regulatory agencies raised some questions about the preapplication documents. Tredegar requests that those questions be addressed prior to submission of the application. Those questions included a request from the Fish and Wildlife Service and the Virginia Department of Game and Inland Fisheries to update the identified threatened and endangered species in the area as well as the evaluation of the project's impact on those species. Additionally, the Virginia Department of Environmental Quality ("DEQ") raised questions about whether the reduced flood release will result in pool oscillation. An evaluation of whether such oscillation will occur and the impact of any such oscillation should be conducted prior to submission of the application.

DEQ also noted that there are several environmental studies underway for the Jackson River that could result in a change to the flow regime for the dam. For example, the U.S. Army Corps of Engineers is engaged in a feasibility study under the authority of Section 216 of the River and Harbor and Flood Control Act of 1970 (Public Law 91-611). Section 216 authorizes the review of the operation of the Gathright Dam and report recommendations to Congress on the advisability of modifying the structures or the structures' operation and for improving the quality of the environment in the overall public interest. Additionally, the Virginia Department of Environmental Quality is evaluating changes to flow for purposes of implementing a Total Maximum Daily Load for the Jackson River. Tredegar requests HMLP to review the status of these studies and provide an evaluation of how they might impact the project.

Finally, throughout the preapplication materials and during the public meetings, HMLP stated that many of the operational scenarios and impacts will be dependent on development of an operational plan in conjunction with the U.S. Army Corps of Engineers. Details of operation should be developed before submission of the draft license. In fact, during the public meetings on the project it has become clear that the design of the equipment and the project itself are dependent on Corps review and agreement because the project will be installed on existing Corps structures and equipment. All such discussions and arrangements should be made prior to filing of the draft license. Otherwise there is no ability to truly evaluate the impact of the project. Tredegar understands that there may be a timing issue with respect to fully developing an operational plan prior to filing a draft license, but the overall operation of the project is important, and Tredegar would like to be included in discussions relating to the plan development if it is not completed prior to filing the draft license.

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Tredegar itself has some remaining questions about the project. Tredegar requests that HMLP conduct the following studies and provide the following additional information before filing its proposed license.

1. **Simulation of Pool Level Study:** HMLP has conducted a Simulation of Pool Level study. The study focuses on the impact of the proposed reduced flood release during the winter and spring on pool levels. The study should be expanded include an evaluation of the downstream impact of the reduced flood release during the winter and spring, including variability of the cubic foot per second of the release and the length of time that any such changes would occur. Specifically, Tredegar requests a study of whether the alterations in the traditional flood release have any impact on the life cycles, breeding, spawning or other activities of the fish downstream, as well as the downstream ecosystem as a whole. The study should also address the impact of the increase in the period of time that the lake level will be 1584 (instead of 1582) on property and vegetation surrounding the lake.
2. **Simulation of Project Operation / Review of Flow Changes:** The application for preliminary permit stated that a review of past and present flow records and projection of future flow would be completed, and that HMLP would simulate the operation of the project with actual pollution and flow data (both inflow and outflow) to observe the effect before finalizing the proposal. Tredegar requests that this simulation study be completed prior to submission of the draft license. Tredegar requests that the simulation include an analysis of the impact to water temperature caused by the intake water passing by the generator prior to release. Tredegar requests that this simulation and flow change review be conducted prior to filing a draft license.
3. **Transmission Line Analysis:** The application for preliminary permit stated that HMLP would conduct an analysis of the best path for the new transmission line. HMLP proposes to overbuild on the existing BARC transmission line. The BARC line has now been buried in accordance with a plan agreed to by Tredegar and BARC in October 2007. How will this impact the location of the transmission line for the project? Tredegar requests a study of alternate locations for the project's transmission line. HMLP should include in this study an evaluation of whether the installation of power lines will require an increase in easement width and a visual representation of the taller power poles.

4. **Algal Growth Study:** The preapplication documents reference a study of how the reduced flood release impacts growth of Didymo (exotic alga) both upstream and downstream of the dam. Tredegar requests that this study be completed before submission of the draft license.

5. **Water Quality Monitoring:** HMLP should conduct a study to establish an annual average baseline of current temperature, turbidity and dissolved oxygen levels in the stream, including in releases from the dam. The baseline could be based on data collected under current conditions, as well as a review of historical data collected by the Corps. An average baseline value for each season should be selected based on at least five years of data. The baseline value should be compared to annual averages for these parameters resulting from simulated operation of the project. With respect to water temperature, the U.S. Army Corps of Engineers currently monitors temperature at a point after the water from the dam has been released to the Jackson River. It is Tredegar's understanding that HMLP does not propose to do any additional monitoring. Given that the project will result in changes to the current operation of the dam, Tredegar requests that HMLP evaluate other means of monitoring temperature prior to release from the dam, and develop a response plan should the operation of the project result in an increase in temperature. This is important because even a slight increase in temperature can have a significant effect on the benthic community in the river, and specifically on trout growth rates in the Jackson River. The impact of changes in temperature on the ecosystem downstream of the dam should be evaluated.

6. **Cost/Benefit Study:** Tredegar requests that HMLP conduct a cost/benefit study of the proposed reduced flood release to determine whether the economic benefit of the project (to HMLP) outweighs the environmental impact of the reduced flood release.

These requested studies are necessary to enable FERC and the other participating resource agencies to fully evaluate the impacts associated with the project. As noted above, Tredegar does not oppose the concept of a hydro project at the Gathright Dam, but many additional details are necessary before the impacts of the project can be assessed. The pristine quality of this portion of the Jackson River and its value as a unique and valued trout fishing resource must be preserved. HMLP's project application must contain sufficient information to evaluate whether the project poses any threat to that resource.



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Tredegar appreciates the opportunity to submit these requests and looks forward to receiving additional information and studies about the project. If you have any questions about the above requests, please call me at 804-788-8425.

Sincerely,

A handwritten signature in cursive script that reads "Andrea Wortzel".

Andrea W. Wortzel

cc: Federal Energy Regulatory Commission
U.S. Army Corps of Engineers
Virginia Department of Environmental Quality
Mr. Aaron Revere
Brian Zimmet, Esq.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon each person designated on the official service list for the captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 13th day of May, 2008, at Washington, D.C.

/s/ Brian M. Zimmet
Brian M. Zimmet
Hunton & Williams LLP
1900 K Street, N.W.
Washington, D.C. 20006