

Perdue Flips on Dam Takeover?

Clean Tech demands that Alcoa provide the hydropower

By Don Carrington
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CJ Photo by Don Carrington

Clean Tech hopes to operate a metal recycling facility in a portion of Alcoa's former aluminum smelting site at Badin.

RALEIGH — Gov. Bev Perdue apparently will end the state's effort to take over Alcoa's hydroelectric facilities in Stanly County so that a manufacturing company can bring 250 new jobs to the Town of Badin.

Clean Tech Silicon & Bar LLC wants to invest \$300 million and create 250 jobs at the Badin Business Park being developed by Alcoa at the site of a former aluminum smelting plant. Clean Tech's plans are contingent on Alcoa retaining control of its hydroelectric facilities, which include four dams.

Perdue spokesman Mark Johnson told Carolina Journal on Tuesday that the governor supported the Clean Tech project. When asked if Perdue's support was conditional, he said, "No, the Governor supports bringing these Clean Tech jobs to North Carolina. However, Clean Tech has stated that it needs to overcome certain obstacles before investing in Stanly County. Gov. Perdue is working diligently to try to overcome any barriers that might prevent the company from investing and growing jobs in North Carolina."

Perdue's apparent reversal would end a four-year battle over control of the dams, the water flowing through them, and the hydroelectric power they generate. When the governor refused to attend a job announcement at the Badin Business Park earlier this year, her spokeswoman reaffirmed at that time the state's continuing skirmish with Alcoa.

Backing the Clean Tech project also is consistent with Perdue's efforts to make job creation and business recruitment in North Carolina a top priority.

Until now, Perdue was one of the obstacles to a Clean Tech deal. She wanted North Carolina to take over the Alcoa facilities, claiming the state would be in a better position to control the water, sell power from the dams, and deal with environmental issues related to the aluminum smelting operations that took place there for nearly a century.

Since Alcoa is not interested in selling the facilities to North Carolina, Perdue's strategy was to convince the federal government not to renew Alcoa's license to operate the dams and instead give the license to the state. Legal challenges and water quality questions initiated by the Perdue administration have stalled the relicensing process.

The Stanly County Board of Commissioners also has erected roadblocks to Alcoa's relicensing. The county filed a lawsuit against the state Department of Environment and Natural Resources, which issued a water quality permit to Alcoa in 2009 as part of its relicensing efforts. The state revoked that permit last year, and the county continues to argue that the water flowing through the dams belongs to the state and that Alcoa provides no benefit to the region.

Clean Tech has notified the board in writing about its plans and commitments. According to a Tuesday report in the Salisbury Post, the board has met in closed session three times since Sept. 12 to discuss the matter and now is seeking a meeting with Perdue.

Alcoa recruited Clean Tech, and Clean Tech intends to rely on the existing infrastructure and electrical power resources owned by Alcoa. Clean Tech will recycle scrap metal at the facility, and expects to purchase \$60 million of raw materials from businesses in North Carolina each year. The company is not seeking state incentives and has pledged to donate \$500,000 annually to the local school system in addition to the local property taxes it will pay.

Clean Tech will require large amounts of energy to run its operation. The company has made it clear that the project cannot go forward at the Badin site until questions about control of the power are resolved. Clean Tech wants Alcoa to provide the power for the facility, and that any other arrangement would be a deal breaker.

On Wednesday, Clean Tech board member David L. Stickler confirmed that Perdue supports his company's efforts to go forward with the project. "Clean Tech believes that, working with the governor's full support, that a path forward can be found in the very near term," he said.

"The attempts by a small number of elected and appointed officials in Stanly County and Raleigh to take certain assets owned by Alcoa is putting Clean Tech's project in great jeopardy. Clean Tech understands that significant amounts of money have been spent on legal and lobbying costs fighting with Alcoa." Stickler told CJ. "Clean Tech believes that these dollars would be better spent helping to recruit companies to North Carolina and to retrain workers for advanced manufacturing jobs such as those at Clean Tech. Clean Tech continues to believe that with the governor's assistance and direct involvement that we will soon be able to call North Carolina home."

Project history

Known as the Yadkin Project, the hydroelectric plant is comprised of four hydroelectric dams and reservoirs located along a 38-mile section of the Yadkin River in Davidson, Davie, Montgomery, Rowan, and Stanly counties.

The reservoirs, named High Rock, Tuckertown, Badin, and Falls, lie within 38,000 acres of real estate owned by Alcoa Power Generating Inc., a subsidiary of Pittsburgh-based Alcoa. Alcoa bought the land and constructed the hydroelectric dams to supply power to its aluminum smelting plant in Badin, a small town east of Albemarle.

Aluminum production started in 1917 and continued until 2002, when the company shut down most of the operation. All production stopped in 2007. The hydro facilities continue to generate up to 210 megawatts of electricity that Alcoa wholesales to other power companies.

Alcoa operates the project under a license from the federal government. The initial 50-year license was issued in 1958 and Alcoa started the relicensing process in 2002. The Federal Energy Regulatory Commission likely would have issued a new license to Alcoa if Gov. Mike Easley had not intervened in April 2008.

Citing concerns of some local governments in the region, Easley asked FERC to delay issuing a new license until those concerns were addressed. Perdue has continued the fight against Alcoa.

Alcoa recruiting companies to N.C.

Earlier this year Alcoa successfully recruited another company to the site without assistance from the Perdue administration.

In May, California-based Electronic Recyclers International announced it would open a regional recycling facility to process computers, televisions, cell phones, and other electronic waste at the Badin Industrial Park. The project would bring 200 "green" jobs and a \$10 million investment to Alcoa's abandoned industrial site.

At a May 23 ceremony, civic leaders took the podium, including U.S. Rep. Larry Kissell, D-8th District; Sen. William Purcell, D-Scotland; Rep. Justin Burr, R-Stanly; Badin Mayor James Harrison; and Stanly County Commission Chairman Josh Morton.

Perdue was not present, nor was her Commerce Secretary Keith Crisco, a Stanly County native. Both were invited, and since Perdue took office in 2009, she and Crisco have become regular participants at major jobs announcements in North Carolina. The top administration officials to attend were two commerce officials who did not participate in the formal program.

Neither the governor's office nor the Commerce Department issued a news release announcing the new jobs. Crisco also has been a key player in the Perdue's efforts to take over Alcoa's facilities. Commerce spokesman Tim Crowley told CJ that Crisco did not attend because of a scheduling conflict.

At the time, Perdue spokeswoman Chrissy Pearson also told CJ that the governor had a prior commitment. CJ asked Pearson if the job announcement would affect the state's efforts to take over Alcoa's facilities. "The governor's concerns about the Alcoa situation have not changed," she said.

Don Carrington is executive editor of Carolina Journal.