

**Thoughts and Comments Of
The High Rock Lake Association Inc.**

**from Review of Alcoa's
INITIAL CONSULTATION DOCUMENT
For Current FERC Project # P-2197
Issued September 2002**

According to our understanding of this document, FERC must give equal consideration in the License process to the following issues:

- Power Production
- Protection and Enhancement of Fish and Wildlife
- Protection of Recreational Opportunities
- Preservation of Environmental Quality

We have reviewed this document hoping to find a balanced presentation of all factors to be addressed during the Licensing Process. We believe there are deficiencies in certain areas of the document. The comments that follow address our concerns. Since the stated purpose of the Initial Consultation Document (ICD) is to "provide a common base of information" for the license application process, we request that revisions be made to the ICD which incorporate data needed to answer the comments and remarks following:

HYDRO POWER OPERATIONS

We understand this document is to serve as a "current snapshot" of the Project, therefore it is very disappointing that this document does not provide any real insight on Alcoa's power production management practices, or provide insight on consideration of the above listed factors that guide Alcoa personnel in day by day decisions that determine power production levels and the resulting effect on each of the project lakes.

In the Introduction Section 1.0 the wording has apparently been carefully crafted to give a casual reader the impression that power produced at High Rock Lake and the other three Project dams is for the purpose of providing energy to Alcoa's aluminum smelting facility at Badin NC. Investigation of the uses of hydro power produced at this Project reveals Alcoa entered into a five (5) year agreement beginning October 1, 2000 to sell all power produced by the four hydro power facilities to Aquila Energy Marketing Company. These details are found on page 123.3 of the 2001 Annual Report filed with FERC. We are concerned as to why the ICD does not deal forthright with the conversion of FERC Project P-2197 from the role of supplying power to Alcoa owned factories which used to provide substantial employment locally, to that of a wholesale electrical power producer selling electricity for interstate consumption.

The ICD mysteriously omits any explanation of operation of the lake during the summer of 2002. Alcoa has never provided any credible explanation of the draining in May, June, July, and August 2002, and we believe full disclosure of management decisions leading to the draining must be disclosed during the Relicensing study.

This document of over 200 pages only addressed Power Production on about 7 pages and about half of those were spent addressing the Rule Curve for High Rock (which was apparently ignored this past summer). We feel much more attention must be focused on the OPERATION OF THE LAKES, for without much better regulation of resulting WATER LEVELS and WATER QUALITY; the other issues are purely academic and coincidental.

The ICD describes a process to resolve License Application issues before the Application is submitted to FERC, and the process involves issue/dispute resolution by Issue Advisory Groups (IAG). We are troubled that documents and notices issued to date do not include LAKE OPERATIONS as an issue planned for IAG Group participation. Please add an IAG group to address **Lake and Powerplant Operations.**

The following ICD article's should be reviewed and edited for clarity and/or accuracy:

- 2.7.1 Alcoa describes High Rock and Badin (Narrows) as operated in "Store and Release Mode"; and classifies Tuckertown and Falls as "Run of River" mode. I had trouble with those classifications, especially Badin. Compared to High Rock, Badin's always full, just like Tuckertown. That indicates Badin is actually a "Run of River" operation, and 2.7 needs to show that. Indeed, Section 2.7.3 does refer to Badin as a "Run of River" operation
- 2.7.1 This description is not accurate. The Operating Guide specifies a MAXIMUM flow, NOT MINIMUM. Also, the 1968 Alcoa press releases and the Tarheel Alcoa clearly promised to utilize the new Operating Guide to maintain no more than 5 ft. 96%, not 95%, of the time; and also promised no more than 8 ft.

drawdown even in periods of extreme drought.

- In 2.7 Alcoa states that Tuckertown, Badin (Narrows) and Falls offer limited storage compared to High Rock Lake. We have tried to understand that statement, considering that Badin is 175 ft. deep compared to 55 ft. for High Rock; but data is not clear on intake elevations. We tried to obtain better information during site visits, but Alcoa representatives were evasive on such questions. Further, we note that Alcoa is using the same figure for High Rock (234,000 acre feet) that it used in a document issued in 1934. We also have found that High Rock has accumulated 15 to 20 feet of sedimentation during the last 50-70 years, and Badin has practically no sedimentation. ***We seriously question why the ICD does not have accurate current lake capacities listed.***
- Figure 2.7-1 We believe information should be provided that explains how the Drawdown Relationship between High Rock and Badin was formulated.
- 2.7.6 The Public is entitled to a more complete and accurate disclosure on the "Headwater Agreement" with CP&L
 - a. The ICD should disclose that the Federal License amendment on this issue came about as a result of negotiations between Alcoa and CP&L, and the Federal Power Commission at that time simply endorsed the corporate agreement.
 - b. The ICD should clearly disclose any penalty or sanction to Alcoa if the specified flows are not maintained, other than forfeiture of the Fee from CP&L?
 - c. What is the Fee for flowing the specified water?
 - d. The ICD should disclose any headwater agreement that specifies any flow requirements for the period September 15 thru March 1?
 - e. The ICD should provide information concerning revenues to Alcoa from "Headwater Benefits"
- 2.7.7 Provide information on any current License requirement or condition that deals with required flow from Project P-2197 between September 15 and March 1 of each year.
- Figure 2.7-8 ICD should provide information on the noted intent to remove the 100kV Transmission Line from High Rock to Badin. Will the transmission lines be physically removed; or simply removed from the P-2197 License?
- Section 3.0 refers to temporary curtailment of smelting operations. Given the huge new state of the art smelter that Alcoa is building in Norway, and Alcoa's long established practice of never restarting old smelting operations, we believe the license application should be classified as a hydro-power facility for commercial sale of electricity

ENVIRONMENTAL QUALITY AND RECREATIONAL OPPORTUNITY.

We understand Alcoa's primary obligation is to show a ROI to its stockholders, so Power Production is understood to be Alcoa's primary consideration in obtaining a new license. We also trust Alcoa management understands the public users of High Rock Lake are more concerned with the other issues; especially Environmental Quality and Recreational Opportunity.

After nearly a century of existence, the two major lakes in this Project, Badin and High Rock, have become quasi-public facilities. In 1958 the Federal Power Commission granted a very long term license to allow Alcoa to completely amortize its investment. It's now time to allow public interests be fairly considered, and FERC must issue a license which requires High Rock and Badin Lakes to be operated in a manner that provides for all interests, not just the interests of Alcoa.

The categories currently identified as IAG Issues seem to be addressing only those issues presently covered in excruciating detail by Alcoa's Shoreline Management Plan (SMP). This indicates the present SMP will terminate with the present License, and be replaced by a new SMP. Any new SMP must be responsive to the needs and desires of users and property owners around the lakes, and must certainly be more "user friendly" on the issues that were hotly debated in the Nineties when Alcoa decided to implement a SMP. These issues include the current highly restrictive Alcoa regulations for:

- Piers
- Boathouses
- Boat Ramps
- Removal of Stumps and dead trees
- Shoreline stabilization and retaining walls

Alcoa should adopt guidelines that are in keeping with other lakes in North Carolina, such as those owned and managed by Duke Power Company and CP&L. Any shoreline management plan that is a part of the 2008

License should be no more restrictive than similar projects. Any restrictions should be limited to issues that have a demonstrated direct impact on Alcoa's hydro power production. Policy on issues affecting privately owned land surrounding the Project Lakes should be left to the many local, state, and federal agencies charged with administering laws and regulations on land use, watershed protection, environmental and cultural issues; and Alcoa should not try to incorporate or assume responsibility for those issues under terms of its FERC License.

- 4.5.4 We are concerned that the ICD does not fairly portray the importance of recreational use on High Rock Lake. This is a very popular lake which is centrally located between several of North Carolina's largest cities. We would like to see residential and non-residential use presented on the same basis (reference Tables 4.5-8&9) as well as a total number of recreational days use level. We find it is interesting Alcoa presents use estimates that are only 20% higher than CP&L provides for Lake Tillery, even though High Rock is approximately 300% the area of Tillery.
- 4.5.4 Any study that pretends to document Recreational use of High Rock Lake during 2002 is simply ridiculous. The lake was a dry mud flat all summer!!!
- Table 4.5-1 This Table grossly misrepresents the Public Recreational Access to High Rock Lake; especially as it relates to users in Rowan County.
- 4.7.2.4.3 Alcoa lists an important goal at Badin Lake as "**Protect submergent and emergent aquatic vegetation to retain good reservoir water quality**" (emphasis added). However, in goals for High Rock, there are no goals stated that address **WATER QUALITY or aquatic vegetation!!!** Why is water quality not important for High Rock Lake??? The ICD makes many comments attributed to NCWRC and others about the value of aquatic vegetation in Badin Lake, but the ICD is disturbingly silent about the same issue on High Rock. (see 4.7.2.6.3, 6th paragraph). Why is water willow so important for Badin, but never mentioned for High Rock? Also reference 4.3.2.3 for similar remarks.
- Reference is made to "Several Communities" on the Pee Dee utilize the river for water withdrawal. Provide a complete list of all such systems that draw water from the Pee Dee River.
- Many studies, including information in the ICD, show that water quality and all related environmental issues are greatly enhanced in lakes that are managed to maintain a relatively constant water level. We are very concerned that lake management practices for High Rock Lake, the second largest body of water in inland North Carolina, have contributed to High Rocks standing as having some of the poorest water quality standards in North Carolina. The ICD and subsequent IAG study must address the problems related to huge water level fluctuations.

PROJECT DESCRIPTION and BOUNDRIES

The following are comments specifically directed at certain portions of the ICD that might misrepresent factual information to readers not intimately familiar with the Project lakes and surrounding lands:

- Figure 2.2-2 and 2.3-4 Should be revised to accurately depict River Road that parallels Tuckertown Reservoir
- Figure 2.3-3 "Property Ownership Around High Rock Reservoir" is misleading. Many areas are marked in Red, indicating APGI owns the property "around the reservoir; when it fact, in at least several cases APGI only owns to the flood elevation of 628.9 (660 Yadkin) and the property around the reservoir is privately owned.
- Section 2.31 - We suggest clarification of the limitations of the FERC License Boundary. ICD Section 2.31. states the FERC License is based upon a Project Boundary defined by Contour of 623.9 (655.0 Yadkin datum) If this is the case, ICD should define what (if any) authority FERC (or Alcoa) have above and beyond the 655 contour? On a related note, we understand 655 Yadkin datum actually ties back to original surveys and property boundaries. The ICD or other Alcoa documentation should ensure reference to original boundaries is no obscured by conversion to USGS elevation contours.
- 2.3.3 Expand on comment that Transmission Lines have become part of "interstate transmission grid".
- 2.4.2 Has the High Rock Lake storage capacity calculation been updated since 1934?
- 2.4.6 Does Badin available storage capacity reflect the fact that Alcoa will not draw down more than 7 ft.; referring to the stated need to protect Albemarle's drinking water supply?
- The IDC should provide disclosure information on property tax values of Alcoa owned land associated with the Project; both submerged property and property above the high water marks.
- 4.1.1 Statement that Residential and Commercial development on these reservoirs has had a dramatic effect on recreational use of project reservoirs and project resources.
 - Describe and illustrate the "dramatic effect on Project Resources" caused by Residential and Commercial development
 - What does Alcoa mean by the statement: "dramatic effect on recreational use of project reservoirs"?

- Provide specific data detailing any adverse effect that Residential and Commercial development have had upon Alcoa's hydro power production capability.
- How does Alcoa assume the authority and role of managing (or discouraging) development of real estate that lies adjacent the lakes, river, and streams? **We believe such "social engineering" is beyond the scope of Alcoa's or FERC's authority.**

General Suggestions

We ask that Badin Lake be identified in future documents by its universally recognized name, not Narrows Reservoir. Many people tend to confuse Narrows with that narrow stretch of river called Falls Reservoir. Practically all published maps identify this lake as Badin Lake, as do road signs, real estate listings, etc.. Even the ICD makes many references to "Badin Lake...". This would help eliminate confusion and misrepresentation.

During the study period, Alcoa could enhance public understanding of Project operation by providing more data on the web site. For example, the web site provides links to USGS river flow stations, but simply looking at river flow data at the few available flow monitoring stations does not provide a true picture of inflows to the Project lakes. We think Alcoa should post data showing total inflow and discharge rates for each lake on a real time basis; in addition to the currently posted lake levels.

We suggest an independent 3rd party selected by FERC be used to record actions and discussions for each of the IAG meetings. Such an independent recording of proceedings would dispel feelings that still exist from SMP "user input sessions" in which many suggestions, concerns and objections were never recorded; but the final work product was represented as a "consensus from all stakeholders".

We request the addition of an issue study and complete engineering/revenue analysis for operation of High Rock Lake as a Run-of-River facility, just like the other three (3) project lakes, and like the two CP&L lakes downstream of this Project.

This review and comment document was discussed and endorsed by the Board of Directors of The High Rock Lake Association during its regular Board meeting Wednesday, January 08, 2003.

Respectfully Submitted,

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