



Catawba Currents

Agreement-in-Principle
SPECIAL EDITION



Catawba Currents is designed to keep our neighbors along the Catawba-Wateree updated on items of interest associated with Duke Power reservoirs and hydro relicensing. Please feel free to share this update with others that may be interested in receiving this electronic newsletter.

www.catawbahydrolicensing.com



Duke Power is in the process of relicensing the Catawba-Wateree Project from the Federal Energy Regulatory Commission (FERC). The Federal Power Act requires non-federal hydroelectric projects to relicense after the original license expires, with the new license being granted for 30-50 years. The FERC issued the first license for Duke Power's Catawba-Wateree Project in 1958. That license expires in 2008.

Dear Catawba-Wateree Neighbors:

In this special edition of the *Catawba Currents*, Duke Power is pleased to share with you highlights of the outstanding progress being made by the Catawba-Wateree Hydro Relicensing stakeholder team.



The Catawba-Wateree River and the hydroelectric stations that harness its power have become the lifeblood to the communities along its banks. In addition to providing water for electricity production, homes, manufacturers and businesses – the River and its reservoirs attracts new folks to the region to enjoy its cultural resources, recreational amenities and recreational opportunities – just to name a few.

For much of the past three years, a 160-member team of visionaries representing over 80 organizations has worked hard in drafting an Agreement in Principle (AIP). Stakeholders from up and down the 225-mile basin have committed their time, energy and experience to reviewing studies related to fish and wildlife habitat; rare, threatened or endangered plant or animal species; reservoir levels; recreation needs and access facilities; water quality; cultural, historic and archaeological resources and other areas important to the future of the Catawba-Wateree.

Anglers and paddlers; river and cove keepers; biologists and businesses; homeowners and industry participants, environmental agencies and developers; city and civic professionals – and others have joined Duke Power in drafting this document that will shape the future of the Catawba River and surrounding communities for generations to come.

In mid-February, the relicensing team “put their pencils down” and for the next 60 days will review the AIP with the organizations they represent. Provisions of the AIP will be incorporated into a Final Agreement and will become part of the complete license application submitted to the Federal Energy Regulatory Commission later this year.

For additional information on the Catawba-Wateree Relicensing Project, please visit www.catawbahydrolicensing.com or contact Duke Power at catawbahydrolicensing@duke-energy.com.



The Agreement in Principle is divided into 21 sections. Most sections include Guiding Principles, Facts and Assumptions and General Agreements for each portion of the AIP. The following 14 sections contain brief highlights from the AIP. The remaining sections are primarily administrative.

INTRODUCTION

In addition to describing the purpose and general provisions of the AIP, this section also includes the following Vision Statement of the agreement:

The Catawba-Wateree River Basin will sustain a healthy ecosystem that increases biodiversity and attracts people and business to the region. The abundant resources of this basin will be managed to improve and sustain a diverse natural ecosystem, a vibrant economy and broad recreational opportunities.

OPERATING RANGES FOR RESERVOIR LEVELS

The Catawba-Wateree reservoirs function as part of a system that balances power and non-power benefits (fish habitat protection, municipal and industry water intakes, recreation, etc.). This section presents a reservoir by reservoir series of water level targets to balance all these various benefits.

FLows FOR RECREATION

A new series of flows are being proposed along the project to enhance recreational experiences (paddling, wade and boat fishing and possibly other activities). Partnering with recreational entities (Carolina Canoe Club, American Whitewater, federal and state agencies, etc.), flows will be established and communicated to improve the opportunities for recreational users. This section introduces a new recreation opportunity rare to this area – scheduled releases from hydro stations to support the growing whitewater interests in the Carolinas.

FLows FOR AQUATIC HABITAT

The habitats for aquatic species in regulated rivers and bypassed reaches are predicted to increase from 23 percent to 500 percent as a result of the AIP by enhancing flow releases throughout the project. Many of these flow enhancements will require a significant financial commitment to modify equipment that currently exists at Duke Power's hydroelectric facilities.

ACTIONS TO SUPPORT WATER USER NEEDS

Water is vital to life and drives our region's economy and way of life. However, as part of the Catawba-Wateree relicensing process, studies indicate demands for water will more than double over the next 50 years. A group of approximately 20 water supply experts, including Duke Power, have outlined water management objectives, identified tangible projects to protect our water supply and propose a voluntary water conservation fund to finance these projects. The money comes from contributions paid by Duke Power and large water users. Contributions to the voluntary fund determine the timing and priority of projects.

LOW INFLOW PROTOCOL

As evident during the drought of record from 1998-2002, water supply in the Catawba River Basin is limited. The Low Inflow Protocol identifies "triggers" that signal the need for restrictions in water use for hydroelectric generation, large consumptive uses, water releases for fish habitat and water releases for recreation. These restrictions on water use help protect the water supply during times when flows in the basin are not adequate to meet all water demands.

MAINTENANCE AND EMERGENCY PROTOCOL

This section of the AIP addresses communication and operational steps Duke Power agrees to take as a result of emergency situations occurring at the hydro stations. The protocol outlines a procedure to ensure communication of situations in which the plant temporarily cannot be operated per the requirements of the license.

PUBLIC INFORMATION SYSTEM

These reservoirs and rivers provide great opportunities for motor boating, water skiing, fishing, canoeing, kayaking and sailing. Information including reservoir level ranges, water release times, generation schedules and maps to public reservoir access will be provided as a result of relicensing. River paddlers and anglers will have access to information on releases from dams to paddle and fish. Information posted on signs will be provided in English, Spanish and/or international symbols.

CULTURAL RESOURCES

The Catawba River is home to many cultural and archeological resources. The Catawba region is home to the Catawba Indian Nation and their rich history. Grist mills once lined the river and fueled the economy. An arsenal commissioned by Henry Dearborn, President Jefferson's Secretary of War was constructed atop a hill just east of the Town of Great Falls, South Carolina. The AIP provides management plans to monitor and protect these and other regional cultural resources.



PUBLIC RECREATION FACILITIES

The Catawba River provides exceptional recreational opportunities including reservoir recreation and river recreation. The relicensing agreement includes additional enhancements at 87 locations. These enhancements include picnic areas, hiking trails, reservoir access, parking, restrooms, etc. Projects will be spread out over a twenty year period after Duke Power receives a new license. Stakeholders have partnered to identify enhancements and when they will be built.

SPECIES PROTECTION PLANS

Studies indicate several rare, threatened and endangered species live in and/or around the Catawba River. Plant species include the Schweintz Sunflower and Rocky Shoals Spider Lilies. Aquatic species such as mussels also call the Catawba-Wateree home. In addition, wildlife species like the Bald Eagle and other avian species thrive along the Catawba River. This section outlines management plans to protect these species.

SHORELINE MANAGEMENT PLAN

The Catawba-Wateree Hydroelectric Project encompasses more than 1,700 miles of shoreline and Duke Power maintains a comprehensive reservoir management program to balance private and public access with protecting the environmental, public recreational, cultural and scenic values of each reservoir.

The AIP includes an update to Duke Power's Shoreline Management Plan (SMP) and Shoreline Management Guidelines (SMG). The SMGs provide rules on what facilities are allowed and how they can be built/constructed/maintained. The SMP is a series of maps which details where shoreline facilities can be built (i.e., piers, docks, shoreline stabilization, etc.). Both the SMP and SMG have been updated and will take effect in September 2006.

WATER QUALITY ENHANCEMENTS

This section identifies modifications to the existing hydroelectric stations to add oxygen and help support healthier water quality in the Catawba River reservoirs. Duke Power also recognizes that the states of North Carolina and South Carolina have a critical role in a new license for the Catawba-Wateree Hydroelectric project – they must issue water quality certifications. Enhancements in section 13 reflect our desire and intent to support healthy water quality in the Catawba River.

OTHER RESOURCE ENHANCEMENTS

Throughout the relicensing process, stakeholders have identified many interests, including some that are typically above and beyond what is required by the Federal Energy Regulatory Commission to operate a hydroelectric project. This section of the AIP addresses a number of interests through significant monetary contributions to conserve land and improve fish and wildlife habitat, and it also includes support for trash, debris and aquatic weed management programs. This section also includes actions Duke Power will take if it receives a 50-year license from the FERC including additional monetary contributions and easements for land conservation and flood management improvements at Lake Wateree.

To review the entire relicensing Agreement-in-Principle, please visit www.dukepower.com/community/lakes/cw. The agreement will be available for public review and comment until April 21, 2006. Please send any comments to www.catawbahydrolicensing.com.

We wish to extend our sincerest gratitude to the stakeholders who have committed so much of their time and energy to this relicensing process.



For more information and updates on the water supply study or other hydro relicensing news, visit www.catawbahydrolicensing.com or contact Duke Power at catawbahydrolicensing@duke-energy.com.