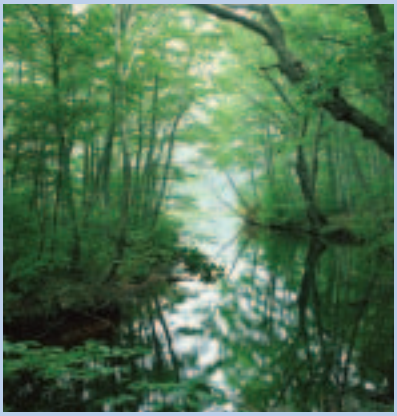
Catawba Currents

Updates on Duke Power Reservoirs and Relicensing for Winter 2005

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



UPDATE ON THE CATAWBA-WATEREE HYDRO RELICENSING PROCESS

Project Updates

Duke Power and 160 stakeholders from 97 different organizations had a very busy 2004. Duke Power, along with interested citizens, river and lake keepers, fishermen, recreation paddlers, property owners, industries and State and Federal resources agencies have been identifying interests, developing their team charter, as well as conducting and evaluating 31 separate studies. The Catawba-Wateree Relicensing Process is designed to negotiate regional interests with regional representatives along the entire 1,700 miles of the Catawba River shoreline.

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AFTER THE STORM

Many of us will remember 2004 as the year of the hurricanes. While Bonnie and Charley spared most of us, Hurricanes Frances and Ivan delivered damage and devastation across the Carolinas.

Managing the Catawba is a balancing act during normal weather. The Catawba River encompasses more than 3 million acres of drainage area. Moving water from the headwaters above Lake James to Lake Wateree, at the end of the chain, can take several days. Managing levels along the 11 diverse reservoirs, and the streams and tributaries flowing into the river, is a delicate balancing act – a balance our neighbors along the Catawba depend on us for the prudent management of the basin for electricity, drinking water, safe recreation, environmental stewardship and other purposes.

Duke Power's preparation for Frances and Ivan actually began with preparations for Bonnie and Charley. In early August when weather forecasts began predicting Bonnie had the Carolinas in her sights, Duke Power lowered lake levels along the Catawba. Bonnie spared our reservoirs, yet Charley appeared to be a bigger threat. We again prepared our reservoirs to handle the increased rainfall – and again were spared.

As weather predictions turned toward Frances, we once again began preparations, moving water through the river chain around the clock. We weren't as fortunate when the 5-10 inch predicted rainfall actually delivered much heavier amounts of rainfall in short periods of time. We saw as much as 17 inches in less than 48 hours. This resulted in stream and river flows

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HABITAT ENHANCEMENT PROGRAM (HEP) UPDATE

For the past several months, a team of Catawba-Wateree homeowners, resource agencies, lake users and others who share interests in the habitat around the reservoirs have been hard at work reviewing and re-initiating the fee collection portion of the Habitat Enhancement Program.

The area where the water meets land (known as the riparian zone) along the Catawba-Wateree has been altered over time by clearing of the natural vegetation, mowing, shoreline stabilization and other activities – changing the availability and diversity of the habitat for a variety of fish and wildlife. One of the more important habitats is the shallow-water habitat for fish and wildlife. Most kinds of fish and wildlife like structure (rocks, vegetation, woody debris and man-made structures such as piers and docks) and are attracted to it. Wildlife - like turtles, muskrats and waterfowl – also use these kinds of habitats for feeding and breeding areas. Such structure provides fish and wildlife with a diversity of habitats that is generally limited naturally in most reservoirs.

In accordance with Duke Power's Federal Energy Regulatory Commission license to operate hydroelectric stations on the Catawba-Wateree Hydroelectric Project

Riparian zone, the shallow-water habitat for fish and wildlife

and its existing Shoreline Management Plan, the North Carolina Wildlife Resources Commission, South Carolina Department of Natural Resources, United States Fish and Wildlife Service and Duke Power formed a partnership to develop habitat management strategies to improve the habitat for fish and wildlife in and adjacent to Duke Power operated reservoirs.

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AFTER THE STORM (continued from cover)

that were 150 to 200 times the normal flow amounts in the upper Catawba basin and took Lake James to an all-time historic high level of 107.3. We continued to move water by operating generating units, operating floodgates and allowing water to flow over spillways as we prepared for yet another hurricane, Ivan.

While Ivan struck the mountain areas of our service area with a tremendous blow, the rains along the rest of the Catawba were intermittent and scattered – sparing severe flooding along the basin.

"As is our practice following a major event, Duke Power quickly assembled a team to identify 'lessons learned' from 2004's hurricanes," said Steve Immel, Duke Power's manager of hydroelectric generation. "We realize that some of the best input comes from those who directly experienced the event, and we've had several great opportunities to hear from some of you during community meetings over the past several months," added Immel.

Catawba Dam Spillway – River flows were 150 to 200 times the normal amounts

Lessons Learned to Date

Communications with our Neighbors

- We are working on technology improvements that will allow easier, faster and more frequent updates to Duke Power's website (**www.dukepower.com** — lake and recreation option) and 800-829-5253(LAKE).
- Identifying neighbors that can help us "get the word out" – Several of the Lake and Covekeepers along the basin have access to e-mail distributions, phone lists and other means of communicating with neighbors. These folks have volunteered to forward e-mail updates and other high-water information to a large majority of you.

Communications with Local Emergency Management

We have more clearly defined our processes for keeping local officials abreast of changing conditions so they can be better able to perform their very critical role.

Communication Links to other Important Weather Websites

Additional access to sites such as the National Weather Service, National Oceanic and Aeronautic Administration and the Federal Energy Management Agency will be added to the **dukepower.com** site for you to track the weather pattern or to help you find out if you may be in a flood plain.

Historic Highs:

Reservoir	*High*	*Year*
James	*107.3*	*2004*
Rhodhiss	*110.1*	*1940*
Hickory	*104.7*	*1940*
Lookout Shoals	*114.4*	*1940*
Norman	*100.9*	*2004*
Mountain Island	*109.6*	*1940*
Wylie	*100.1*	*2003*
Fishing Creek	*101.2*	*2003*
Great Falls/Dearborn	*103.3*	*1929*
Rocky/Cedar Creek	*106.0*	*1940*
Wateree	*109.6*	*1929*

Additional Communication Improvements

We continue to work with the local media and local organizations to identify additional resources to assist with improving information vehicles out to our neighbors during high-water events.

While it is our sincerest wish that there will never be another repeat of 2004's hurricanes, the reality is, there will be. And when it does, Duke Power will continue to be on the job, working with a tremendous team of local emergency management officials, caring neighbors and others – managing what nature delivers.

For frequently asked questions about high water events, click on **http://www.dukepower.com/contact/other/faq/lakes/** and for information about Flood Safety, click **http://www.dukepower.com/environment/stormcentral/floodsafety.asp**

HABITAT ENHANCEMENT (continued from cover)

The Habitat Enhancement Program was implemented in December 2003. Shortly after implementation, a decision was made to place a moratorium on fee collection based on feedback that more public involvement was needed on the program's fee structure.

Last year, the Habitat Enhancement Program partners solicited public involvement through the Catawba-Wateree Hydro Relicensing stakeholders teams.

Last year, the Habitat Enhancement Program partners solicited public involvement through the Catawba-Wateree Hydro Relicensing Project effort. The relicensing effort involves over 170 stakeholders and represents over 80 organizations, which provided a great group to solicit volunteers from the lake communities.

The team began meeting in late summer and completed their work in December. The fee collection portion of the program will be re-implemented in March 2005. The changes in the fee collection from the original program are highlighted in the chart below.

Fees will be collected by Duke Power. Each state will have its own Technical Review Committee that will review and approve funding for activities. Both states will also have HEP Lakes Advisory Committees that will review projects submitted and provide advice on geographical distribution of funds, program management, funding and other issues. The Charlotte-based Foundation for the Carolinas will be responsible for the administration of the HEP funds.

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Original Program	**New Program**
Fee - $500	Fee - $250
Fee applied to new structures and improvements to old structures	Fee **only** applies to new structures and improvements that increase the square footage of the "footprint" of the existing approved structure.
Duke Power contribution - $5,000 per state/ per year	Duke Power contribution - $80,000 per year per state for five years.
Agency (NCWRC and SCDNR) contribution – Zero	Agency (NCWRC and SCDNR) contribution – up to $25,000 per year cash or cash equivalent in-kind services for each state for five years.
Agency /Public involvement – Review board for each state	Agency/Public involvement – Technical Review Committees in each state • Includes an HEP Lakes Advisory Committee comprised primarily of a representative from each reservoir. • Each Lake Advisory Committee selects a member to participate with the HEP Technical Review Committee.

HABITAT ENHANCEMENT (continued from page 2)

Congratulations to the team for their hard work, their dedication of time and sharing their individual areas of expertise in re-initiation of the HEP fee collection. This team's work in implementation of the HEP helps all of us to ensure that in the future we can continue enjoying the fish and wildlife resources of the Catawba-Wateree.

For additional information on the Habitat Enhancement Program, contact Duke Power at 1-800-443-5193.

The Habitat Enhancement Program team members included:

Amanda Hill, US Fish and Wildlife Service
Bill Hubert, Wateree Homeowners Assoc. (Fairfield)
Chris Goudreau, NC Wildlife Resources Commission
Dick Christie, SC Department of Natural Resources
Donna Lisenby, Catawba Riverkeeper
Eric Jenkins, Lake James Task Force
George Galleher, Duke Power
Hugh Barwick, Duke Power
Joe Hall, Duke Power
Ivy Robichaux, Robichaux Outfitters Inc.
Jason Walls, Duke Power
John Carter, Norman Covekeepers
Ken Paschall, *The Herald Independent*
Linda Short, SC Senate
Mark Oakley, Duke Power
Mark Cantrell, US Fish and Wildlife Service
Pres Brownell, National Marine Fisheries Service
Randy Humphries, Wateree Homeowners Assoc. (Fairfield)
Ron Montgomery, Lake Wylie Marine Commission
Ron Ahle, SC Department of Natural Resources
Scott Fletcher, Devine, Tarbell & Assoc.
Shannon Deaton, NC Wildlife Resources Commission
Shorty Gibson, Wateree Homeowners Assoc. (Kershaw)
Steve Oakley, Paradise Point Homeowners
Steve Arnold, Devine, Tarbell & Assoc.
Steve Johnson, Duke Power
Sue McCauley, Lake Wylie Covekeepers
Tim Gause, Duke Power
Tim Gestwicki, NC Wildlife Federation
Vicki Taylor, Catawba-Wateree Relicensing Coalition

CATAWBA-WATEREE HYDRO RELICENSING (continued from cover)

Achievements in 2004 included:

First Draft of Agreement–in–Principle Rolled-Out to Stakeholders

On October 19 and 20, Duke Power presented their initial Agreement-in-Principle (AIP), to the entire stakeholder team in Rock Hill, South Carolina. The AIP, which is a non-binding document, serves as a first step for Duke Power and the stakeholders to negotiate a comprehensive binding Final Agreement for the license application. The license application will be filed with the Federal Energy Regulatory Commission in August 2006.

Land Ad Hoc Committee Formed

As the Catawba River basin continues to develop, the interest in land conservation increase and is a primary interest to many Catawba-Wateree relicensing stakeholders. As discussions with stakeholders progressed, it was clear that a technical approach was needed to determine land attributes and land parcels. The Land Ad Hoc committee consists of local government planners, lakefront residential property owners, local land trusts and the Catawba Riverkeeper. This group is working to determine attributes that determine the importance or "value" for protecting specific areas from development. The resulting product from this study will be a series of digital maps outlining areas of significant interest to land conservation.

Conservation categories include; but are not limited to water quality, recreation, wildlife habitat and aesthetics. The committee continues to refine specific attributes to define areas of land conservation interests. The land conservation evaluation and maps will be finished by late spring 2005.

Water Supply Study Progresses

From 1998 until spring 2002, the Catawba-Wateree river basin experienced the worst drought in the recorded history of the river. The spiraling decrease of inflow to the Catawba River required widespread conservation in order to ensure adequate water for public consumption, industrial processing and power generation. To conserve water, Duke Power voluntarily reduced hydro generation and some of the public water suppliers invoked their drought response plans, which instituted voluntary and mandatory water use restrictions. These four years of drought begged the question "have we reached the limits of the Catawba River?"

As part of the Catawba-Wateree relicensing process, Duke Power is conducting an evaluation of current water supply needs as well as a 50-year forecast of water supply needs in the Catawba River basin. These water supply needs are being determined using population and industrial projections. This study is being overseen by a study team consisting of public water suppliers, industrial users and Duke Power. The study is being conducted by HDR Engineering.

The study is being conducted in two phases. The first phase is the actual evaluation of current and future water supply needs. The second phase will evaluate how other utilities in the southeast charge for water withdrawn from their reservoirs. Duke Power currently does not charge for water withdrawn from the Catawba River reservoirs, but will continue to reserve that right. The final step in phase two will be to develop a Low Inflow Protocol. This procedure outlines times or "stages" when water restrictions need to be enacted across the entire basin by water suppliers, industries and power generators. Phase one of the water supply studies will be completed by the end of January 2005, and phase two should wrap up around the summer of 2005.

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**.

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