



July 26, 2011

Hello Everyone:

We wanted to provide you with a status report regarding the Nantahala Area Hydro Licenses.

Bryson License:

- FERC issued the new [Bryson Hydro Project License](#) Friday, July 22. Based on our initial review, it is generally consistent with the License Application, Water Quality Certification, and Settlement Agreements. We continue to review the new license to determine whether to file a request for rehearing.
- We welcome your input on any concerns you may have regarding the new Bryson license. Please notify me of concerns by August 15, 2011.

Status of Requests for Rehearing for East Fork and West Fork Projects:

- FERC issued a letter [on July 3, 2011](#), stating that Duke's requests for rehearing (RFR) were still under consideration. We continue to wait for further communications regarding the requests.
- As required by Article 202 in both licenses, on June 16, 2011, we filed the Exhibit F drawings, scaled drawings of Project structures and facilities.
- We filed July 1, 2011, the safety assessments required by Article 301 of both licenses.
- We continue working on Minimum Flow / Flow Monitoring Plans required by Article 404 of both licenses and expect to begin resource agency consultation on those plans by mid-August.
- We are working on [the](#) Fishery Monitoring Plan for the West Fork whitewater boating flow releases to monitor any effects on trout populations in the West Fork Tuckasegee River Bypassed Reach as required by Article 406.
 - The RFR asked for this requirement to be removed since most of the stream reach is on private property and the trout populations are marginal.
- As required by Article 203 in both licenses, we continue finalizing Exhibit G drawings, which define the Project Boundary and identify the locations of Project facilities, access

areas and other relevant features of the Project. These drawings will be filed with FERC within in the 90-day period from license issuance as required.

- Recreation Plans under development:
 - We expect to begin the consultation process with stakeholders identified in the license for the West Fork recreation plan during August, with the consultation process on the East Fork plan to begin shortly thereafter.
 - The Access Area Plan for the mainstem of the Tuckasegee River is nearly ready to present to stakeholders

Nantahala, Franklin and Mission Status:

- We await new licenses from the FERC for Nantahala, Franklin and Mission. It remains uncertain whether FERC will respond to the requests for rehearing for the East and West Fork Projects before issuing the remaining three licenses.
- Upon FERC's issuance of the new Nantahala license, we will call a meeting of the Nantahala Cooperative Stakeholder Team Settlement Agreement signatories to gather input before filing any response with the FERC.

We appreciate your patience and continued support as these new licenses are finalized and implemented.