

DPNA Update to TCST and NCST Members – Summer 2004

Fellow Nantahala Area Stakeholders,

I hope all of you are doing well and are enjoying your favorite form of outdoor recreation. The Federal Energy Regulatory Commission (FERC) relicensing process for the East Fork, West Fork and Nantahala Projects is methodically moving forward toward conclusion. I have included in this update a FERC relicensing schedule and a flow chart on pages 9 and 10 showing where the FERC is in their review process.

Topics discussed in this update include the following:

- **Dillsboro Project License Surrender Application**
- **Access Area Enhancements**
- **Discussions with organizations that didn't sign the Settlement Agreement(s)**
- **DPNA Reservoir levels with charts and graphs**
- **Position change from a Party to withdraw as a signatory to the TCST Settlement Agreement**
- **DPNA contribution to Dillsboro's STEPS Initiative**
- **Hydropower history document**
- **USGS gage reactivation**
- **American Rivers dam removal meeting**
- **Post-Submittal Application Review Process & Milestone Schedule**

Dillsboro Project License Surrender Application

The Dillsboro Project license surrender application, which included the Dillsboro Dam Removal Environmental and Biological Assessments, was filed with the FERC on May 28, 2004. FERC is presently reviewing the license surrender application and will request additional information, if needed, from DPNA. FERC will request public comments and hold a public scoping meeting to discuss the license surrender application. The remaining FERC process is shown on pages 9 and 10.

Access Area Enhancements

The Settlement Agreements provide that each hydro project will get new recreation facilities and/or existing facilities will be enhanced. The recreation facilities enhancements will be completed within the schedules specified by the Settlement Agreements. The following access area enhancements have been completed under working arrangements with the North Carolina Wildlife Resources Commission (NCWRC).

DPNA Update to TCST and NCST Members – Summer 2004



Enhanced Wolf Creek Lake Access Area with Loading Dock

1. Wolf Creek Lake

- NCWRC extended the concrete ramp to Elevation 84.9 ft making 87.9 ft the recommended critical level to support public boating on Wolf Lake. The goal in the relicensing Settlement Agreement was to have the ramp useful to at least Elevation of 90.0 ft.
- NCWRC stabilized approximately 100 ft of shoreline.
- NCWRC constructed a concrete pier abutment.
- NCWRC established a gravel handicap parking space in the vicinity of the concrete pier abutment.
- NCWRC has installed a loading pier.
- Duke Power reimbursed the NCWRC 50 percent of the cost for performing the work listed above per the commitment in relicensing Settlement Agreement.
- Duke Power has initiated a purchase order for delivery and installation of a “sweet smelling” concrete single vault restroom.
- NCWRC and DPNA are working with Haywood EMC for the installation of lights.

2. Planning for Additional Enhancements

- Duke Power has drafted a conceptual layout for improvements to East Laporte Park and the proposed Lake Glenville Swimming Beach Area and will initiate discussions with Jackson County in the near future.

DPNA Update to TCST and NCST Members – Summer 2004

- Duke Power has drafted a conceptual layout for improvements to the Cullowhee Dam Portage Area and will initiate discussions with Western Carolina University in the near future.

3. Other Recent Improvements

Listed below are some other items the NCWRC has installed in the last couple of years to enhance the access areas in the Nantahala Area:

a. Nantahala Lake

- NCWRC has upgraded the boat ramps and installed loading docks at the Rocky Branch Access Area and the Big Choga Access Area.

b. Lake Glenville

- NCWRC has installed loading docks at the Power House Access Area and the Pine Creek Access Area. The new loading docks are very nice and really improve the access areas. Thanks to the NCWRC for their responsiveness in providing the loading docks.

Discussions with Organizations that Didn't Sign the Settlement Agreements

DPNA, the Jackson County Manager, Jackson County Soil & Water Conservation and the Western North Carolina Alliance continue exploring opportunities that could potentially resolve the groups' outstanding issues. Donley Hill and Steve Reed continue to facilitate discussions and meetings. If we are able to identify any promising options for adding some of these organizations as new signatories to either Settlement Agreement, we will certainly inform and meet with all the parties to the applicable agreement(s) to determine if any of the identified options would be acceptable to the existing signatory parties.

Reservoir Level Agreements

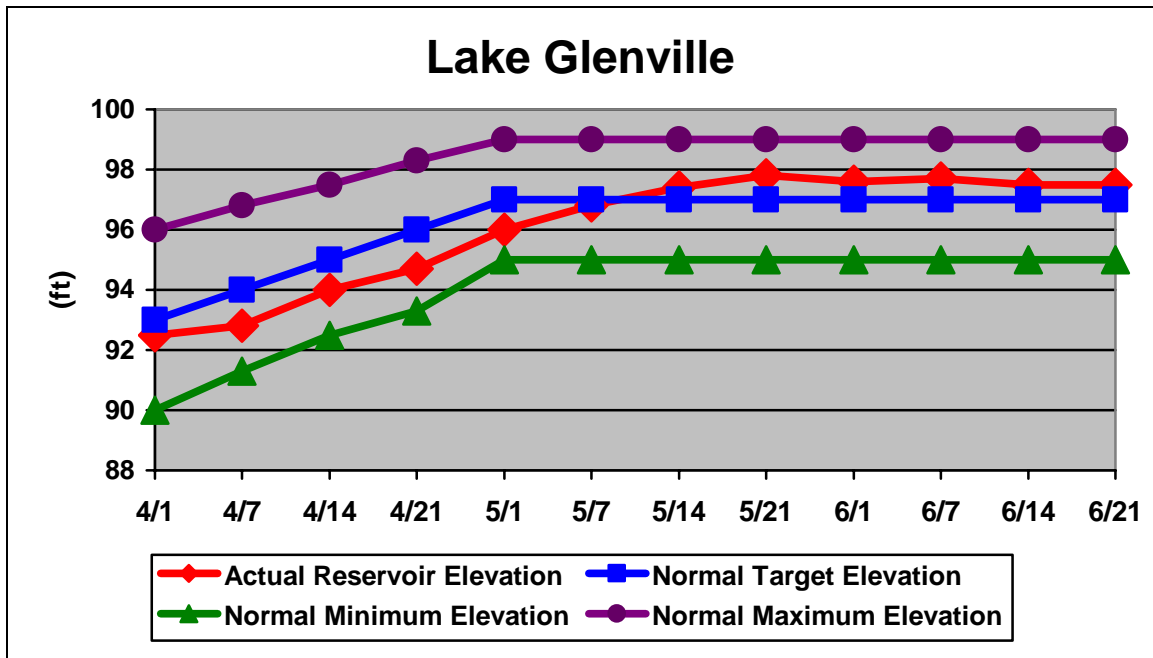
Beginning January 1, 2004, DPNA began using the agreed-upon Normal Operating Ranges and endeavor in good faith to achieve the Normal Target Elevations at each West Fork, East Fork and Nantahala Project reservoir. The following graph for each reservoir presents a good picture showing that DPNA is continuing to meet its commitment to maintain lake levels at the DPNA reservoirs. The time period shown in the graphs is from 4/01/2004 to 6/21/2004. Lake level information can be obtained at www.nantahalapower.com or by calling 866-332-5253.

DPNA Update to TCST and NCST Members – Summer 2004

Lake Glenville

Month	Normal Minimum Elevation (ft)	Normal Target Elevation (ft)	Normal Maximum Elevation (ft)
Apr ²	90	93	96
May ²	95	97	99
Jun ²	95	97	99
Jul ²	95	97	99

²The elevations in the above table are for the first day of month and other days are calculated by interpolation within each table.



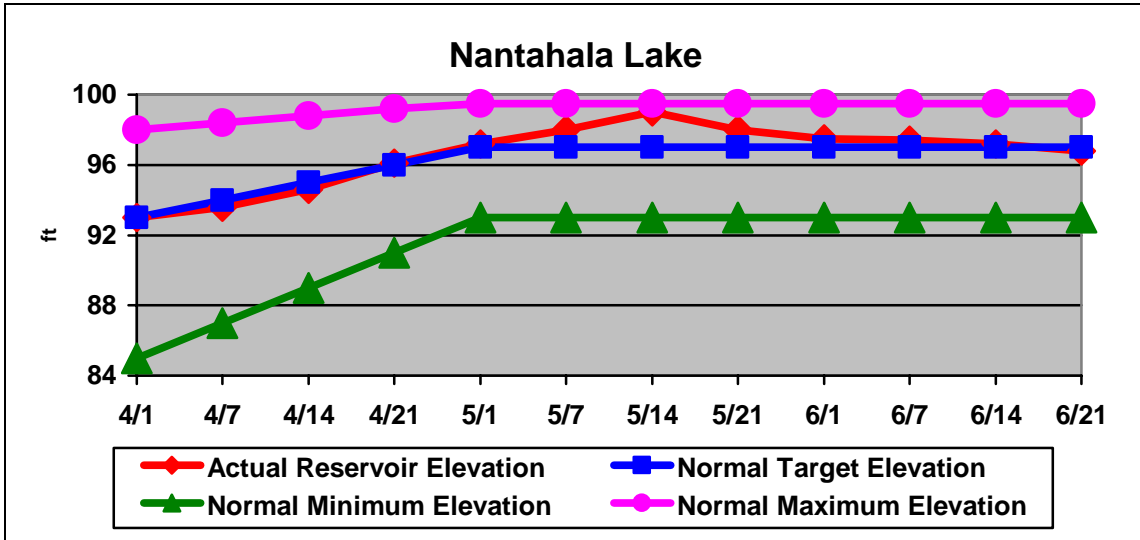
Normal Full Pond Elevation = 100.0 ft = 3491.7 ft (USGS datum)

Nantahala Lake

Month	Normal Minimum Elevation (ft)	Normal Target Elevation (ft)	Normal Maximum Elevation (ft)
Apr ²	85	93	98
May ²	93	97	99.5
Jun ²	93	97	99.5
Jul ²	93	97	99.5

²The elevations in the above table are for the first day of month and other days are calculated by interpolation within each table.

DPNA Update to TCST and NCST Members – Summer 2004

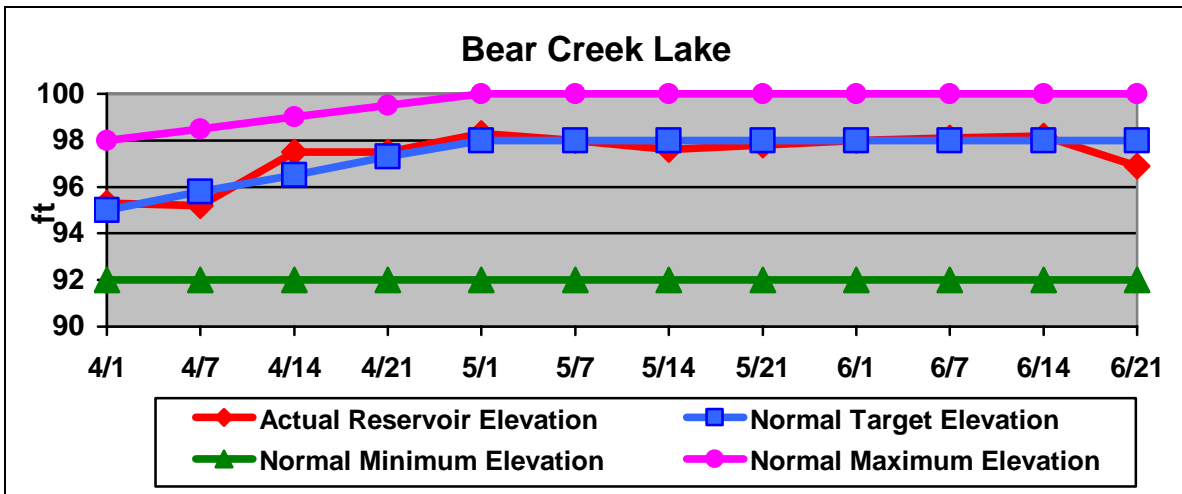


Normal Full Pond Elevation = 100.0 ft = 3012.2 ft (USGS datum)

Bear Creek Lake

Month	Normal Minimum Elevation (ft)	Normal Target Elevation (ft)	Normal Maximum Elevation (ft)
Apr ²	92	95	98
May ²	92	98	100
Jun ²	92	98	100
Jul ²	92	98	100

²The elevations in the above table are for the first day of month and other days are calculated by interpolation within each table.



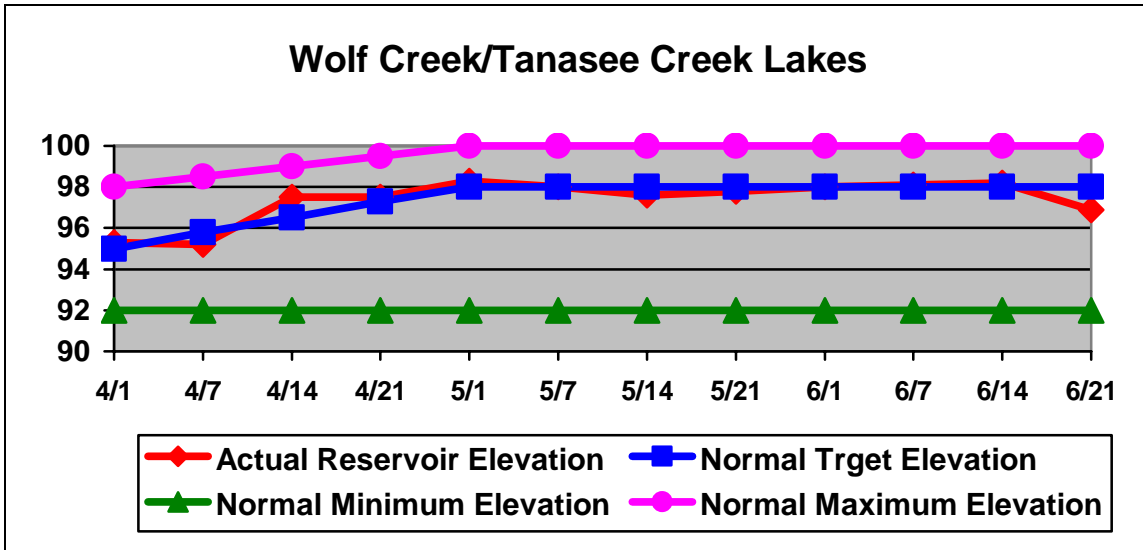
Normal Full Pond Elevation = 100.0 ft = 2560.0 ft (USGS datum)

DPNA Update to TCST and NCST Members – Summer 2004

Wolf Creek/Tanasee Creek Lakes

Month	Normal Minimum Elevation (ft)	Normal Target Elevation (ft)	Normal Maximum Elevation (ft)
Apr ²	86	88	96
May ²	90	93	100
Jun ²	90	93	100
Jul ²	90	93	100

²The elevations in the above table are for the first day of month and other days are calculated by interpolation within each table.



Normal Full Pond Elevation = 100.0 ft = 3080.0 ft (USGS datum)

Miscellaneous Topics

1. Request from a Party to withdraw – Recall that Ken Dingler (Cedar Cliff Lake and Bear Creek Lake Property Owner Representative) asked in late 2003 to withdraw as a signatory party to the TCST Settlement Agreement. On April 26, 2004, I received a note from Ken advising that he no longer desired to withdraw his consent to the TCST Settlement Agreement.
2. DPNA Contribution to Dillsboro STEPS Initiative – Recall that DPNA committed in the Settlement Agreements to provide the Town of Dillsboro with \$50,000 to support DPNA-selected items from Dillsboro’s Small Town Enhancement Planning Strategy (STEPS) Initiative. On June 4, 2004, Fred Alexander presented a check for \$50,000

DPNA Update to TCST and NCST Members – Summer 2004

to Mayor Jean Hartbarger to help the town pay for the purchase of 16 acres of property as the future home of the Town's Cultural Center.

3. Hydropower History Document – Recall that DPNA committed in the Settlement Agreements to work with the Town of Dillsboro and other partners to develop a brief written history of hydropower in western North Carolina, particularly in the Tuckasegee and Nantahala River Basins by December 31, 2004. A draft history of hydropower document has been developed and is presently being reviewed internally by DPNA. The document will be available for stakeholder review in the near future.

4. USGS gage reactivation update –
 - Construction at the Dillsboro site on the Tuckasegee River is scheduled to begin the week of June 28. The site will be located at the truss bridge about 60 feet upstream of the concrete bridge at Barkers Creek Road.
 - Work will begin on the second Tuckasegee River site located approximately 1.3 miles downstream at a new concrete bridge at SR 1172 Moody Bridge as soon as the Dillsboro gage is installed.
 - The USGS is working with the landowner to get an agreement signed to use the original gage site on the Nantahala River. If an agreement with the landowner can not be reached, the alternate site is located downstream of the old gage site on the USFS bridge. Construction is scheduled to begin at the selected Nantahala River site in August.
 - The USGS goal is to all three gages operational by the end of August, pending issues with landowner permission and weather.
 - Streamflow data will be available for review on the USGS website after the USGS determines if the installed equipment is fully functional. River stage or gage height data will be available immediately after installation is complete.

5. American Rivers Dam Removal Discussion – On June 24, 2004, American Rivers held a public meeting at the Dillsboro Inn for the purpose of discussing the benefits of dam removal and in particular, the removal of Dillsboro Dam. Approximately 30 individuals attended the meeting. The discussion was led by American Rivers' staff members Andrew Fahlund and Serena McLean. A video presentation was used to show examples of previously removed dams that were similar in size to the Dillsboro Dam. The methodology for successfully removing the Rains Mill Dam on the Little River in eastern North Carolina appeared very similar to the methodology that DPNA is proposing for the removal of Dillsboro Dam. The sediment behind the Rains Mill Dam was not dredged; it was allowed to move downstream without causing major problems for the fish and wildlife living downstream of the dam. Other topics discussed included bank stabilization, water quality, sediment removal, aesthetics,

DPNA Update to TCST and NCST Members – Summer 2004

ecotourism, economic opportunities and loss of sound caused by the removal of the dam.

6. Address Change - James Jackson has a new e-mail address and a new mailing address. His new e-mail address is tuckfloat@earthlink.com. His new mailing address is: James R Jackson
P.O. Box 1201
Dillsboro, NC 28525

If you have questions, please call me at 828-369-4604.

Sincerely,

John

DPNA Update to TCST and NCST Members – Summer 2004

Post-Submittal Application Review Process & Milestone Schedule

The following table lists the FERC post-submittal review process and a tentative milestone schedule for each license application.

Milestone	Mission	Franklin	Bryson	Dillsboro¹ Surrender	East Fork	West Fork	Nantahala
Submittal	7/03	7/03	7/03	5/04	1/04	1/04	2/04
Comments on TCST and NCST SAs					6/24/04 ⁴ 7/05/04 ⁵	6/24/04 ⁴ 7/05/04 ⁵	6/24/04 ⁴ 7/05/04 ⁵
Motions to Intervene	11/03	11/03	11/03	7/04	7/04	7/04	8/04 ²
Additional Information Request #1	Complete	Complete	Complete	9/04 ³	7/04	7/04	8/04 ²
Scoping Meetings	Complete	Complete	Complete	10/04 ³	8/04 ²	8/04 ²	8/04 ²
Additional Information Request #2	Complete	Complete	Complete	11/04 ³ (if necessary)	9/04 ²	9/04 ²	10/04 ²
Application is Ready for EA	8/04	8/04	8/04	1/05 ³	11/04 ²	11/04 ²	11/04 ²
Draft EA	2/05	2/05	2/05	4/05 ³	4/05 ²	4/05 ²	4/05
Final EA	5/05	5/05	5/05	6/05 ³	7/05 ²	7/05 ²	7/05
Final License Issues	8/05	8/05	8/05	7/05 ³	1/06	1/06	2/06

¹ The Dillsboro License Surrender Application, in accordance with the Tuckasegee and Nantahala Settlement Agreements was submitted to the FERC on May 28, 2004.

² Estimate based on FERC schedule provided for the Nantahala Project and the Dillsboro Dam Removal License Surrender Application.

³ Estimate based on FERC schedule for Dillsboro Dam License Surrender Application.

⁴ The deadline for filing comments on the Settlement Agreements.

⁵ The deadline for filing reply comments on the Settlement Agreements.

