



Yadkin Stakeholders Finalize Relicensing Settlement Agreement

Alcoa reaches significant milestone in federal relicensing process, prepares to submit agreement to Federal Energy Regulatory Commission

Highlights include higher lake water levels, long-term protection of 6,000 acres, expanded recreation opportunities and improved water quality

Alcoa took another significant step forward in the federal relicensing process this week when stakeholders finalized a Relicensing Settlement Agreement (RSA) for the Yadkin Hydroelectric Project that operates along the Yadkin River in central North Carolina.

"This agreement is a significant step forward in our state's efforts to conserve and protect our green lands and blue waters, our fish and wildlife and water quality and water supply along the Yadkin-Pee Dee River valley," said Bill Ross, secretary for the N.C. Department of Environment and Natural Resources. "The agreement will also afford the people of our state many new and continuing opportunities to get outdoors and enjoy the wonderful natural resources of this region. I appreciate the hard and dedicated work of so many people in our department, at Alcoa and in the communities and organizations with whom we have worked and partnered on this relicensing during the last several years."

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Highlights of the Relicensing Settlement Agreement

RECREATIONAL ENHANCEMENTS INCLUDING MORE WATER FOR HIGH ROCK LAKE

High Rock water levels have been a key interest throughout the relicensing process, largely as a result of a severe drought in 2002 that affected reservoirs across central North Carolina. The agreement calls for higher water levels during an expanded recreation season that stretches from April 1 to October 31. It is anticipated that water levels at High Rock will average about 3 feet below full, over the long term, during this time. If water levels drop below 4 feet, Alcoa-Yadkin will significantly decrease generation.

During a shortened winter drawdown period (December 1 to February 28), water levels are anticipated to average approximately 8 feet below full pool, over the long term. Alcoa-Yadkin will significantly decrease generation if water levels drop below 10 feet.

As part of the plan to keep water levels higher, the agreement includes a drought management plan (known as a "Low Inflow Protocol") that will require Alcoa-Yadkin to send less water downstream and generate less energy when drought conditions are present. The plan requires other large storage reservoirs along the Yadkin River to share the responsibility for sending water downstream to prevent High Rock Lake from being unfairly impacted by drought conditions.

Other recreation enhancements include establishing a new public recreation area in Rowan County; constructing new fishing piers at High Rock Lake and Tuckertown; improving access to the tailrace fishing areas at High Rock and Tuckertown; establishing 10 new dispersed, hardened campsites; funding to improve the Yadkin Pee-Dee River Trail; and adding new restroom facilities at several locations.

Stakeholders representing state and federal agencies, local governments, Catawba Indian Nation, environmental organizations and homeowner groups have spent nearly two years negotiating the agreement. Once the Relicensing Settlement Agreement is signed, it will be submitted to the Federal Energy Regulatory Commission (FERC) as a collective recommendation on the future operation of the Yadkin Project. Signatures on the binding agreement will be received during the next 30 days and the agreement will be submitted to FERC in April 2007.

“This agreement reflects the involvement, input and influence of many different organizations and represents a true balance of interests. All of us worked together to develop an agreement that offers substantial benefits for everyone involved,” said Gene Ellis, licensing and property manager at Alcoa-Yadkin. “This settlement agreement will provide more water in High Rock Lake, more recreational opportunities, stronger environmental protections, long-term land protection and much more.”

Final Agreement Closely Mirrors “Agreement in Principle”

The final relicensing agreement closely mirrors the Agreement in Principle (AIP) signed by 27 organizations in August 2006. During the past few months, negotiation participants have been developing final language that adds more detail to the agreement.

The negotiations included specific details about the planned donation or sale of more than 6,000 acres. Alcoa-Yadkin has agreed to donate a total of 1,442 acres, including the Morrow Mountain State Park property, effective after the new license has been granted. The State of North Carolina will purchase an additional 4,730 acres along High Rock Lake and Tuckertown for \$16.2 million.

“The land conservation aspect of this RSA will create a permanent legacy of publicly accessible lands far beyond the terms of the next license,” said Jason Walser, executive director of the Land Trust of Central North Carolina. “With proposed additions to county parks, new campsites, new game lands, new fishing piers, the expansion of Morrow Mountain State Park, and the expansion of the Uwharrie National Forest, the public is going to realize tremendous gains through the conservation component of this new license.”

Other highlights of the agreement include more stable water levels in High Rock Lake, significant recreational enhancements, important environmental protections, a more consistent downstream flow regime and a drought management plan to protect lake levels and downstream interests.

“The South Carolina Department of Natural Resources has actively participated in development of the APGI Relicensing Settlement Agreement and believes the document appropriately addresses the Agency’s interests in providing river flows to protect aquatic habitat, water supply, water quality and recreation,” said Ed Duncan, director of Environmental Programs for the South Carolina Department of Natural Resources.

“The Nature Conservancy is very pleased to be signatory to the Relicensing Settlement Agreement with APGI. The settlement represents four years of collective hard work and commitment of many stakeholders, and a spirit of cooperation among diverse interests. The outcomes of this agreement will be significant improvements in downstream river habitats, lake habitats, water quality, recreational opportunities, drought management, and

These recreational enhancements are expected to provide positive economic impacts to the region.

ENVIRONMENTAL ENHANCEMENTS INCLUDING LONG-TERM LAND PROTECTION

Alcoa-Yadkin has agreed to donate, or make available for purchase, more than 40% of its land holdings for the purpose of recreation, game lands or conservation. It will donate 1,442 acres, including 1,085 acres for the future expansion of Morrow Mountain State Park in Stanly County; 270 acres for the expansion of Uwharrie National Forest in Stanly County; 63 acres for Eagle Point Nature Preserve in Rowan County; and 14 acres around the Badin Public Recreation Area in Stanly County.

The State of North Carolina will purchase 4,730 acres of land in Davidson County, Davie County and Montgomery County for \$16.2 million. The land includes 2,310 acres along High Rock Lake and 2,420 acres along Tuckertown.

Other environmental protections include measures to improve water quality within and below the Yadkin Project and continued efforts to protect Bald Eagles and other rare, threatened and endangered species through responsible management and monitoring. Alcoa-Yadkin will invest millions at Yadkin Project developments to increase dissolved oxygen levels and improve water quality.

COMMUNITY ENHANCEMENTS INCLUDING BENEFITS FOR BADIN AND ALBEMARLE

The agreement includes several items designed to assist local governments. Alcoa-Yadkin will donate land around the Badin Public Recreation Area to the Town of Badin and make additional property available for purchase. Also, the current charges for withdrawing water from Tuckertown and Badin Lakes will be nearly eliminated for the city of Albemarle.

Alcoa-Yadkin wants to continue working with City of Salisbury officials in an attempt to find cost-effective ways to minimize the challenges for its water utility posed by sedimentation and flooding. Those discussions have been delayed until the City of Salisbury completes additional studies related to this issue.

land preservation. Through the agreement, citizens of the Carolinas will be guaranteed these benefits for decades to come," said Eric Krueger, Director of Science and Stewardship at The Nature Conservancy.

[Click here to view the complete Relicensing Settlement Agreement.](#)



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Balancing Energy Generation, Recreation *and* Environmental Resources