



## Relicensing News

### **N.C. General Assembly approves study of water issues along Yadkin River**

RALEIGH — [The N.C. General Assembly has approved a study of water issues along the Yadkin River.](#) The study, to be conducted by the state's Environmental Review Commission, is designed to study the impact of a new 50-year license for Yadkin Hydroelectric Project. [Click here to see a copy of the legislation.](#)

Legislative leaders have said they want to protect North Carolina's water interests, but have assured Alcoa that it is not the legislature's intent to delay the relicensing of the Yadkin Project or pursue a government takeover of the project.

Alcoa had opposed previous legislative study proposals that focused on delaying the company's relicensing effort and exploring a state condemnation of the Yadkin Project, but supports the revised bill.

"We recognize the growing importance of water issues in North Carolina, and welcome the opportunity to work with the state to support its water interests along the Yadkin River," said Gene Ellis, licensing and property manager for Alcoa Power Generating Inc. (APGI), which operates the Yadkin Project.

For more than five years, Alcoa has worked with the State of North Carolina and other stakeholders on a plan for the future management of the Yadkin Project. The effort resulted in a Relicensing Settlement Agreement that was signed by 22 organizations representing a number of diverse, and often conflicting, interests on the Yadkin watershed. Signatories include state agencies specializing in water issues (the N.C. Division of Water Resources and the N.C. Division of Water Quality); one of the Yadkin River's largest water users (City of Albemarle); leading environmental interest groups such as American Rivers and The Nature Conservancy; and other groups representing North Carolina homeowners, recreational users and business interests.

"We believe the relicensing agreement effectively balances many competing interests along the Yadkin River, while protecting North Carolina's water interests at the same time," Ellis said. "We believe this study's focus on water issues will complement the previous relicensing studies that have been conducted during the past five years."

## What People Think

**71%** Percent of North Carolina residents who oppose spending \$25 million or more on a state takeover of the Yadkin Project.

**57%** Percent of North Carolina residents who disapprove of the state of North Carolina getting into the power business.

**2-to-1** Margin by which North Carolina residents believe a government takeover of the Yadkin Project would be a violation of property rights.

*Source: Public opinion poll conducted by McLaughlin & Associates, a national polling firm. [Click here to see additional poll results.](#)*

## Recent News Coverage

*Winston-Salem Journal*  
[State drops Alcoa move: Study planned of water rights, power plants](#)

By James Romoser  
July 17, 2008

"State legislators have backed away from a proposed state takeover of hydroelectric plants on the Yadkin River that are owned by Alcoa Inc. But the state will continue to examine water rights on the river, a touchy subject as Alcoa works to renew its license to operate its four hydroelectric dams."

*Independent Tribune*  
[House panel passes Yadkin study proposal: Opposing factions agree to terms for further discussion of hydroelectric licensing issues](#)

By Josh McCann  
July 16, 2008

## Alcoa welcomes study of water issues along Yadkin River

*The following article by Gene Ellis appeared in The Charlotte Observer.*

There's no question that maintaining a healthy and abundant water supply is critical to North Carolina's future. That's why Alcoa supports the North Carolina General Assembly's plan to study water issues along the Yadkin River.

Alcoa has served as a good steward of the Yadkin River for nearly 100 years and remains committed to supporting North Carolina's water interests. Our hydroelectric generation operations along the river do not consume any water and our relicensing agreement includes plans to improve water quality. In addition, the agreement will allow for new or increased water withdrawals by local municipalities, giving North Carolina access to water for growth during the next 50 years.

That's one reason why the relicensing agreement is supported by more than 20 organizations, including state agencies specializing in water issues (the N.C. Division of Water Resources and the N.C. Division of Water Quality); one of the Yadkin River's largest water users (City of Albemarle); leading environmental interest groups such as American Rivers and The Nature Conservancy; and other groups representing North Carolina homeowners, recreational users and business interests.

As part of the relicensing process, Alcoa has already spent more than five years working with the State of North Carolina and others to strike a balance between many competing interests in the Yadkin River. While we believe North Carolina's water interests are well represented and strongly supported in our current relicensing agreement, we look forward to working with the state's Environmental Review Commission to study these issues.

Our opponents would have you believe that North Carolina faces a choice — to protect our state's water interests or allow Alcoa Power Generating Inc. to continue operating the Yadkin Project. That's a false choice. North Carolina can do both.

Following the completion of this legislative study, the State of North Carolina should take steps to protect its future water needs while at the same time preserving Alcoa's property rights to generate clean and renewable energy.

Legislative leaders in both chambers have clearly stated that the legislature does not intend to consider a takeover or condemnation of the Yadkin Project as part of the proposed study.

But after the bill passed, the N.C. Water Rights Committee and other opponents started singing a different tune. In a recent news release, they said the state's Environmental Review Commission should study the "recapture" of the Yadkin Project.

No matter what words you use, the goal of Alcoa's opponents is clear: they want the government to spend taxpayer money to take control of a private hydroelectric business that was built and funded entirely by Alcoa. And they want to put North

"Ellis, Alcoa's licensing and property manager for the project, said the company was pleased to remove the explicit study of federal takeover and happy to further discuss the assurance of an adequate, clean water supply for the region and the allocation of water for non-power uses."

*WSPC 1010AM*

[Discussion with Stanly County Commissioner Lindsey Dunevant](#)

By Leon Warren

July 16, 2008

"If you're going to spend taxpayer money against Alcoa, or whoever, that needs to be done in an open meeting of the County Commissioners and not by some secret committee."

*Stanly News & Press*

[Letter to the Editor: Don't make the same mistake as the British](#)

By Eugene Pickler, New London

July 6, 2008

"It may be correct that the water in the rivers belongs to the public, but the dams on the river and the land under the lakes are private property. They were built with private money. They were built with the expectation of making a profit just as any investor would expect when a business is started or expanded."

If the government can take over the private property of Alcoa because it is producing too much profit, what is to keep the government from taking over the local bank or the local farm or the local building supply company or any other business that is "making too much profit?"

The British broke into the sanctity of private property in the late 1940s and forced many large companies to sell their property to the government. By the 1980s the British realized that government ownership of business resulted in less production and less income in the country. The companies

Carolina into the power-generating business.

North Carolina citizens have said they strongly oppose that plan — and for good reason. A government takeover of a private business sets a dangerous precedent and sends the wrong message to businesses that may be looking to expand or locate in North Carolina.

For the state to study a “recapture” or “taking” of the Yadkin Project is outside the bounds of what the study calls for.

It is our expectation that the Environmental Review Commission will stay true to the focus of this study as enacted by the General Assembly — the assurance of a clean, future water supply; the allocation of water for non-power uses; and the socioeconomic impact of Alcoa job losses — and develop recommendations that do not consider the taking of the Yadkin Project in any way, shape or form.

By following this path, we are confident that Alcoa and the State of North Carolina can identify reasonable measures regarding the future water management of the Yadkin River.

---

## Around The Lakes

### **Alcoa reduces downstream flows to keep more water in Yadkin lakes during drought; Drought Management Team working together to minimize drought impact**

With drought conditions worsening in central North Carolina, Alcoa-Yadkin and Progress Energy are once again committed to working through the Yadkin Drought Management Team (DMT) to protect lake levels, public water intakes and downstream flows. The DMT, established following the severe drought of 2002 to increase collaboration among stakeholders in the Yadkin-Pee Dee basin, is a voluntary organization that includes federal and state agencies, industry and community groups, and the two companies that own hydroelectric projects on the river.

With the team’s support and approval, Alcoa-Yadkin received permission from the Federal Energy Regulatory Commission (FERC) to keep more water in the Yadkin lakes. Beginning in early July, Alcoa was allowed to reduce the amount of water it is required to send downstream from 1,400 cubic feet per second (CFS) to a 1,000 CFS weekly average.

The action is part of a “low inflow protocol” that will be included in Alcoa-Yadkin’s new license for the Yadkin Hydroelectric Project. Although a new license has yet to be issued, Alcoa-Yadkin is voluntarily following many of the plan’s recommendations to minimize the impact of the drought.

For more than a year, Alcoa-Yadkin and Progress Energy have voluntarily reduced power generation and operated their hydroelectric projects in a conservative manner.

“The Drought Management Team, Alcoa-Yadkin and Progress Energy deserve credit for taking voluntarily, proactive steps to address the drought. The Yadkin - Pee Dee basin has been in better shape than surrounding basins throughout the drought because of the quick action Alcoa-Yadkin and Progress Energy took last year to

were sold back to the public.”

## In the Community

### **Alcoa Foundation grant allows Badin teachers to attend national design workshop**

Two middle school teachers from Badin School recently attended a week-long professional development program in New Orleans, thanks to a grant from Alcoa Foundation. The teachers were Lori Baucom, a 7-8th grade social studies teacher, and Frederick Smith, a 7-8th grade science teacher.

The “City of Neighborhoods” program brought together 30 educators from all disciplines from across the country as part of its effort to create a model of community-focused, project-based learning. The education workshop included interactive activities, walking tours, lectures and presentations by leading design experts that demonstrate how to incorporate design instruction into their school curricula.

The participating teachers, including Ms. Baucom and Mr. Smith, will now develop lesson plans and start design projects with students at Badin School to improve their school and city.

The City of Neighborhoods program was hosted by the Smithsonian’s Cooper-Hewitt, National Design Museum, with support from the Alcoa Foundation. The Alcoa Foundation’s partnership allowed Cooper-Hewitt to expand the reach of the program and bring design education to new communities, including Badin.

---

### **Stanly County opens satellite sheriff office at Alcoa’s Badin Works location**

voluntarily implement parts of the low-inflow protocol," said Todd Ewing, Special Projects Coordinator, Division of Inland Fisheries, N.C. Wildlife Resources Commission. "The two companies' willingness to voluntarily implement portions of the low-inflow Protocol as a guide again this year will help protect the reservoirs and riverine interests as the drought continues. These actions underscore both companies' stewardship of the resources of the Yadkin - Pee Dee River."

Alcoa-Yadkin has focused on limiting downstream flows to keep as much water as possible in the Yadkin lakes for recreational users. Progress Energy has adjusted its operating schedule in order to release 1,000 CFS daily from its Blewett Falls reservoir to protect public water system intakes that draw from the Yadkin - Pee Dee system. This action enables public water systems and downstream industry to have a dependable quantity of water each day.

Those measures, however, can't completely make up for the extended lack of rain. Marshall Olson, environmental and natural resources manager for Alcoa, said the sunny skies that attract so many people to the Yadkin lakes are having an unintended effect this year.

"We need a lot more rain, plain and simple," Olson said. "The ground is exceptionally dry right now, and the dry soil is soaking up the rainfall before it can flow into the river and help raise water levels."

The prolonged drought has hit central North Carolina exceptionally hard. The Yadkin - Pee Dee watershed is currently experiencing extreme drought conditions, the second most severe stage of drought, according to the U.S. Drought Monitor.

### Badin triathlon raises money for Charlotte Rescue Mission

More than 200 brave souls visited Badin Lake last month to run, swim and bike for a good cause. The first Historic Badin Triathlon raised more than \$2,000 for the Charlotte Rescue Mission. The money will be used to support the organization's free recovery programs for homeless men and women.

Gary Kaufman, program director at Charlotte Rescue Mission, said he looks forward to making the triathlon an annual event at Badin Lake.

Alcoa assisted event organizers with preparation and safety measures for the triathlon.



Competitors in the first Historic Badin Triathlon enter Badin Lake as they prepare to start the event. The triathlon raised more than \$2,000 for the Charlotte Rescue Mission.



Stanly County Sheriff Rick Burris (second from right) with Alcoa's Mark Gross; Lynwood Butler, a part-time deputy; and Tommy Gibson outside the new satellite sheriff office in Badin.

The former Badin Works smelter is proving to be a valuable resource for the Stanly County Sheriff Department. Thanks to a no-cost lease from Alcoa, Sheriff Rick Burris has opened a satellite sheriff office in the plant's former railroad office.

The satellite office, which opened this spring, provides a convenient location for officers who patrol Badin Lake. A public boat access and swim area are located right down the street from the new office.

"It's quite convenient for us. It's a tremendous help to us and all of the other law enforcement agencies who patrol the lake," Sheriff Burris said. "Alcoa has been very generous to law enforcement in our county. They have helped us with a lot of resources and this new satellite office is the latest example of that."

Sheriff Burris credits Lynwood Butler, an Alcoa employee and part-time sheriff deputy, for his dedication to getting the satellite office up and running. "Without Lynwood, it would have been a much slower process," he said.

## Inside Alcoa

## Did You Know?

## N.C. Labor Commissioner Cherie Berry presents outstanding safety award to Alcoa

N.C. Commissioner of Labor Cherie Berry recently presented Alcoa with an award from the N.C. Department of Labor for its outstanding safety performance in 2007. It marked the 34th consecutive year that Alcoa has been recognized by the State of North Carolina for its stellar safety record.

"It's hard to believe that David Thompson was playing basketball at NC State when we were received the first of these awards for our commitment to safety. The fact that we've been honored 34 straight years is a testament to our employees and their dedication to operating in a safe manner," said Tommy Gibson, community affairs manager for Alcoa.



Commissioner Cherie Berry presents a safety award from the N.C. Department of Labor to Tommy Gibson. Alcoa has been honored for its outstanding safety record for 34 consecutive years.

## Alcoa again named one of the "World's Most Ethical Companies"

Alcoa has once again been named one of the World's Most Ethical Companies by Ethisphere, a think-tank dedicated to the research and promotion of profitable best practices in global governance, business ethics, compliance and corporate responsibility. The recipients were announced at a joint conference held by Ethisphere and Forbes in June. Winners will be featured in Ethisphere Magazine, the quarterly publication of the Institute.

In assembling the rankings of the World's Most Ethical Companies, researchers and analysts reviewed over 10,000 of the world's leading companies on six continents. Ethisphere analysts reviewed codes of ethics, litigation and regulatory infraction histories; evaluated investment in innovation and sustainable business practices; looked at companies' activities to improve corporate citizenship; studied nominations from senior executives, industry peers, suppliers and customers; and worked with consumer action groups for feedback and rating.

When you recycle an aluminum can, it is brought back to the grocery store shelf in 60 days or less. A video at Alcoa's new recycling web site, [www.alcoa.com/recycling](http://www.alcoa.com/recycling), explains how it happens. The site explains why it's important to recycle and how recycling helps the environment and the economy. Among the nuggets of information: recycled aluminum requires 95% less energy to produce and can be recycled many times, reducing carbon dioxide emissions.

This electronic newsletter is designed to keep the community informed about important issues related to the relicensing of the Yadkin Project.

- [Sign up for newsletter mailing list](#)
- [Share your feedback](#)
- [Download newsletter \[PDF\]](#)



**PLAY IT SAFE**  
ON THE LAKES  
Always wear your life jacket.



# Balancing Energy Generation, Recreation *and* Environmental Resources