

EXECUTIVE SUMMARY STANLY COUNTY

Alcoa cannot operate the Yadkin Project without a federal hydropower license. Such licenses are of limited duration—Alcoa's Yadkin license expired in April 2008^e—and the federal hydro relicensing statute provides several ways for the State to gain better control of the flows of the Yadkin River when a license expires. These methods are explained herein, in the context of the current Yadkin relicensing proceeding. The Federal Energy Regulatory Commission ("FERC") is in the process of reviewing and deciding on Alcoa's relicensing application. However, it has failed to explore the issues of concern in SB 1046, despite the federal statute requiring it to consider local impacts in its relicensing decisions.

The law provides opportunities for the State to better control the use and allocation of the Yadkin River flows for the next fifty years in the public interest, but in the absence of prompt action by the State, the law also provides that the exclusive right to control the Yadkin River flows and receive virtually all of its substantial benefits will go to a private corporation.

This study by the ERC and intervention by the State of North Carolina is crucial because:

- **In 1958, Alcoa received a 50-year federal license to utilize the Yadkin River to generate hydro power. To support its case, Alcoa presented evidence that if the Government granted it the license, it could create and maintain almost 1,000 jobs at the Badin Aluminum Smelting Works because of the cheap power available. This promise was specifically noticed as evidence of the public interest necessary to grant the 1958 license.**
- **Alcoa has eliminated almost all of those jobs, which has shut down its smelting facility. This has created a devastating economic and environmental impact on the region.**
- **If Alcoa receives another 50-year monopoly, this time Alcoa will not be using any of the electricity generated by the Yadkin Project to create jobs for the people of North Carolina. Instead, Alcoa will use the public waters of the Yadkin River to generate electricity at an enormous profit to be sold to the highest bidder on the interstate electricity grid.**
- **This is our only chance to have the issue studied as we lose this opportunity for at least two generations if the license is granted before the commission completes its study.**

I. STATUS OF THE FERC'S YADKIN RELICENSING PROCESS

The current FERC relicensing process is the first since the Yadkin Project was originally licensed in 1958 by FERC's predecessor agency, the Federal Power Commission. The formal federal licensing process began in April 2006, when Alcoa filed its application for a new license for the Yadkin Project. In May-June 2006, FERC issued a notice that the application had been filed, solicited additional study requests, and established a procedural schedule for the relicensing. On December 21, 2006, FERC issued a notice that it intended to prepare an Environmental Impact Statement for the relicensing. The Notice announced a Site Visit and FERC Scoping Meetings to be held in the vicinity of the Project in late January 2007; and it solicited Scoping Comments from interested stakeholders by February 2007. FERC Staff also issued a Scoping Document 1 (SD1) that provided an initial list of the issues that FERC Staff believed would be relevant to the relicensing proceeding. One week later, on December 28, 2006, FERC issued a notice that it had accepted the Alcoa License Application for filing, and it solicited motions to intervene and protests.

Stanly County and many local residents attended the Scoping Meetings in January 2007, and provided oral and written comments regarding the Alcoa License Application proposal. Their concerns included, among other things, Alcoa's failure to provide socioeconomic benefits to the local community and the State, resulting from Alcoa's proposal to no longer use the Project's low-cost power to support North Carolina economic development; Alcoa's failure to commit to use Project revenues to mitigate local environmental damage that had been caused by the aluminum manufacturing activities made possible by the Yadkin Project; and Alcoa's failure to study and mitigate any local groundwater and surface water contamination caused by Alcoa's industrial activities in Stanly County.

On March 13, 2007, FERC Staff issued a Notice that Alcoa's License Application was ready for Environmental Analysis, and it solicited comments, recommendations, proposed terms and conditions, and prescriptions within 60 days. On May 4, 2007, ten days before responses to the Notice of Ready for Environmental Analysis were due, FERC Staff also issued Scoping Document 2, which rejected many of the issues previously raised by Stanly County and local stakeholders on the grounds that Alcoa, Inc., is a distinct corporate entity from APGI, the wholly-owned Alcoa, Inc. subsidiary that holds the Yadkin Project license; and that

environmental contamination and other concerns regarding land located outside the FERC Project boundary were beyond the scope of the FERC's licensing analysis. FERC stated that it would address the socioeconomic issues raised by Stanly County and local residents in its analysis of the Project.

While FERC was processing the Alcoa License Application, Alcoa was conducting a parallel settlement negotiation process in an effort to obtain state, agency, and stakeholder agreement to a comprehensive relicensing settlement agreement and to avoid a contested licensing proceeding. While the settlement and consultation process is a favored form of procedure at FERC, it has its limitations. Some local participants felt that they were not given real choices, and were required to attend long meetings without adequate explanations. When issues of concern to them were raised, there was no way to effectively challenge a denial by Alcoa or the consultants of the need for a study on the socio-economic effects of contaminated wells in the County, that might be the result of the industrial process that was supported by the Project's hydro operations.

Alcoa filed its proposed Relicensing Settlement Agreement ("RSA") on May 7, 2007. The RSA was executed by some, but not all, stakeholders who were involved in the licensing process. Stanly County, which had earlier objected to the failure of draft settlement agreements to address its concerns, was excluded from the RSA negotiations after it expressed its objections and was not a party to the RSA.¹

On September 28, 2008, FERC Staff issued its Draft EIS for the Yadkin Project that recommended issuance of a new Yadkin license consistent with the RSA, with only very limited modifications. The Yadkin Project socioeconomic analysis provided in the Draft EIS was essentially limited to the economic effects of recreation/tourism visits to Project reservoirs and to price effects on local home values. There was no analysis of the alternative proposed by Stanly County, which would have required Alcoa to commit a certain share of Project's electric output for cost-based sales to support local economic development. FERC Staff conducted public

¹ Some of the local governments that signed the RSA later passed resolutions in support of SB 1046 and Stanly County's position that the State of North Carolina should re-examine the negative impacts of granting a 50-year license to Alcoa.

meetings and solicited comments on the Draft EIS; and on April 18, 2008, Staff issued a Final EIS.

Although FERC is heavily influenced by its Staff's recommendations, FERC itself has not yet issued any ruling on the merits of Alcoa's license application for the Yadkin Project, or the comments and recommendations submitted in the relicensing proceeding. The recent issuance of the Final EIS completed the FERC project analysis required before a license can be issued. FERC, however, must await the completion of the State of North Carolina's Clean Water Act Section 401 Water Quality Certification process before issuing a license for the Project. This certificate is required prior to FERC's issuance of a license. Thus, the record in the Yadkin relicensing proceeding remains open and the State of North Carolina still has an opportunity to intervene.

II. THE FEDERAL POWER ACT

Part I of the Federal Power Act ("FPA") established a federal licensing regimen for the development of the hydroelectric power potential of the waters of the United States. Generally speaking, the concepts involve a time-limited federal license, conditioned to protect the public. Accordingly, with limited exemptions, entities that seek to develop hydroelectric facilities on the nation's waterways must first apply for and receive a license from the Federal Energy Regulatory Commission ("FERC"). Licenses are not permanent; the FPA expressly provides that their term cannot exceed 50 years. While in force, however, the federal license is paramount in declaring how the waters are to be governed.

In adopting the licensing requirement, **Congress declared that the navigable waters of the United States belong to the public, not to any private interest.** This principle pre-dates even the 1920 enactment of Part I of the FPA (then known as the Federal Water Power Act). In 1908, President Theodore Roosevelt, vetoing a bill that would have granted a perpetual hydropower license for the Rainy River Project, stated:

The public must retain the control of the great waterways. **It is essential that any permit to obstruct them for reasons and on conditions that seem good at the moment should be subject to revision when changed conditions demand.** The right reserved by Congress to alter, amend, or repeal is based on this principle: but actual experience of what happens with indeterminate public-

utility franchises proves that they are in the vast majority of cases practically perpetual. Each right should be issued to expire on a specified day without further legislative, administrative, or judicial action...Provision should be made for the termination of the grant or privilege at a definite time, leaving to future generations the power or authority to renew or extend the concession in accordance with the conditions which may prevail at that time.

More recently, when the last major revisions were made to the hydropower licensing provisions of the FPA in 1986, President Roosevelt's veto language was quoted approvingly and its themes were repeatedly referred to by a House Committee on Energy and Commerce report dealing with legislation that ultimately became part of the Electric Consumers Protection Act of 1986. House Report No. 99-507 reporting out H.R. 44, which eventually became the Electric Consumers Protection Act of 1986, stated:

Like Roosevelt and the Congress in 1920, our purpose is not to perpetuate a license in the hands of any utility, but to provide that each utility compete in a process of striving for improvements under rigorous tests administered fairly and effectively by FERC that will better serve the Nation and consumers and, **if they fail those tests, to provide for a license transfer to one better qualified.**

In defining what it meant by "rigorous," the Committee stated that "if no competition existed, the Committee approach ensures that an existing licensee will not be 'rubber stamped,' but must again prove that its project qualifies as 'best adapted' on power and non-power grounds."

At the end of a FERC hydropower license term, the Federal Power Act and FERC's regulations provide for various outcomes: (1) relicensing to the existing licensee; (2) relicensing to a competing license applicant; (3) surrender of the license by the existing licensee; or (4) federal takeover of the Project.

The concept here is not unusual if one begins with the fundamental concept embedded in the Federal Power Act, namely, the flowing waters belong to the people. Congress knew that many things might have changed by the time a 50-year license expired, including the best use of the flowing waters of the Nation. Accordingly, it reserved to the federal government the right to take back the Nation's rights in the flowing waters in order to best serve the statutory goals of the Federal Power Act, including the public interest. Thus, at relicensing time, if FERC determines,

based on the hearing record, that federal recapture is in the public interest, it can recommend to Congress that the federal recapture right expressly included in the FPA be used.

III. ALCOA AND THE RECAPTURE PROVISION OF THE FPA

In voluntarily accepting the valuable federal grant of a hydropower license for the Yadkin Project, Alcoa agreed to the terms of the Federal Power Act, which expressly provide for federal recapture at the end of the license term for net investment—a price that fully compensates Alcoa for the money it spent in developing the Project. Having enjoyed the enormous financial benefits of a federal hydropower license to use the public waters for over fifty years, and used the federal government's power of eminent domain to its own advantage, Alcoa should not be allowed to break a contract it entered into with the Federal Government, to return the Government's right to control the flows of water for power, and takeover the related power facilities, at the end of the license period if it is determined that a better use might be made of the project.

Summary of Federal Recapture Option

- The State of North Carolina would seek to participate as a party in the FERC relicensing proceeding for the Yadkin Project, and request permission to augment the official record with the ERC report and recommendations and any other pertinent studies, information and recommendations. It would then request FERC to recommend to Congress that it exercise the recapture provision in the FPA to purchase the Yadkin Hydroelectric Project on behalf of the State of North Carolina, as being in the public interest and subject to payment by the State of the net investment of the Project and any severance damages found reasonable by the Commission. Alcoa would receive a conditional license and continue to operate the Project until Congress acted.
- The State would provide FERC with a draft agreement with the United States, as the Federal law requires a payment to Alcoa equal to its net investment which would be approximately \$25 million.
- In that draft agreement, the State would agree in exchange, to reimburse the federal government for the purchase price and assume the ownership and control of the Yadkin Project and the license, for the benefit of the people of North Carolina. Once FERC transmits its recommendation to Congress, Congress has two years to pass special legislation enabling the recapture of Yadkin to the US Government and the transfer of the Yadkin Project and its license to the State of North Carolina, subject to payment per an agreement.

- Ownership and being a Licensee of the Project would enable the State to better control the flows of the Yadkin River in the interest of the public and the citizens of North Carolina. Without this status, the State would be a supplicant and reduced to asking Alcoa's permission to change the Project's operating conditions and the flows in the Yadkin River; furthermore, Alcoa is entitled to demand that the State guarantee Alcoa's profits if the State's changes might result in a loss of income to Alcoa.

The recapture option is perhaps the only way that the State of North Carolina can assure its citizens that the State can act promptly and in their best interest in planning for the future.

The reasons supporting this conclusion are:

- The Yadkin River is a major source of present and future fresh water for drinking supplies, recreation, industrial uses, including cooling water for electric generation facilities in the State, and the underpinning for a high standard of environmental quality within the State.
- If the State does not take the opportunity now, the next chance is 2058.
- If the State owned and operated the Yadkin Project (even as a partner), it becomes a major player in assuring the use of the River for the public interest. Otherwise, the State ceases to be a major influence in the Yadkin Project after relicensing is done, because the terms of use prescribed in the new license are tantamount to a contract between the Licensee and the United States government, and the terms of that contract cannot be altered without *mutual consent* during the term of the license.
- Alcoa has yet to complete the cleanup of ninety years of smelting operations that have left Stanly County with hazardous wastes and an unknown amount of future public health concerns. Alcoa can sell the Yadkin Project and its license to any third party, with no certainty that the clean up of these wastes will occur and with little control by the State over the pace of clean up. Ownership of a resource that generates tens of millions of dollars per year would enable the State to expedite the cleanup and better assist the affected counties to provide both economically and socially for their citizens.
- The major economic product of the Yadkin Project is electricity. Alcoa, the licensee, has no commitment to sell the power from the Project *at cost* to electricity consumers in North Carolina, even though the Yadkin River belongs to the people of the State of North Carolina.

It is reasonable to ask whether the State can afford to take action supporting recapture, and ultimately, this decision depends on the Committee's obtaining adequate information, about the following:

- Although Alcoa has not provided its revenue projections for the Yadkin Project, Project revenues are likely to significantly exceed costs. Presently, the Yadkin Hydroelectric Project produces at least \$40 million in gross annual revenues, with annual costs of only about \$2.5 million. New enhancements under the relicensing may add another \$1.5 million annually to that cost, with a one-time cost of approximately \$4 million, leaving a substantial profit to the holder of a new fifty-year Project License. Major maintenance that Alcoa has deferred would also need to be completed after any federal recapture, in order to bring the dissolved oxygen from the Project flows into compliance with state standards. While those costs are significant, the value of the Project's electric output would substantially exceed costs under even very conservative energy price assumptions.
- Ownership by the State is a preferable alternative to the current Relicensing Settlement Agreement that only yields about \$1.5 million in additional annual benefits to the stakeholders in North Carolina. Stanly County does not know what the actual or true costs of the Relicensing Settlement Agreement are to Alcoa, in terms of its tax benefits and net costs as this information is held closely by the corporation. Nevertheless, if asked by the ERC, Alcoa should be willing to provide this information.

The choice for North Carolina is between either a combination of continued exploitation and neglect of the contaminated areas in Stanly County or, in contrast, an enlightened management by the State in the interest of the people of the region and the State. It is a choice worth considering.

IV. SOCIOECONOMIC IMPACTS

The crux of this issue is that Alcoa's decision to move all of its manufacturing jobs out of Stanly County and the State has wrought substantial adverse socioeconomic impacts that have not been mitigated by Alcoa. Nevertheless, Alcoa wants to continue to utilize the public waters of the Yadkin River in North Carolina for its sole corporate economic gain, by renewing its federal license for the Yadkin Project. By reserving the exclusive right to control the flows of the Yadkin River to itself, it necessarily removes that right from the State, which can no longer anticipate the benefits it has received from Alcoa's presence over the past fifty years because of the company's decision to leave the State.

At the time of the last Yadkin Project licensing in 1958, Alcoa supported the licensing of an existing, smaller hydro project and the construction of the Project's fourth dam on the grounds that the hydropower from the Yadkin was needed to support the new aluminum smelting facilities that would provide in excess of 900 jobs to residents of Stanly County and the adjoining counties. The Federal Power Commission ("FPC") order issuing that license made it clear that the importance of the project to the smelting operation, and therefore to the local economy, was a significant consideration in its decision to issue a 50-year license to Alcoa. According to the FPC, granting a new fifty-year license to the Project was justified, because otherwise, continued operation of the Badin [smelting] works would be threatened, to the detriment of its 977 employees (as of 1957) and the surrounding region.

Over the past few years, however, Alcoa has shut down its smelting facility and eliminated almost all of these jobs. This has had a devastating economic impact on the region, which never had a surplus of jobs. Alcoa is now in the process of trying to relicense the hydroelectric project for another 50 years. But this time Alcoa will not be using any of the electricity generated by the Yadkin Project to create jobs for the people of North Carolina. Instead, Alcoa will use the public waters of the Yadkin River to generate electricity at an enormous profit to be sold to the highest bidder on the interstate electricity grid. Ironically, the profits will be exported elsewhere to support Alcoa's operations in other states and even other nations.

V. ASSURANCE OF AN ADEQUATE, CLEAN FUTURE WATER SUPPLY FOR THE REGION.

A. How Big Is the Contamination Problem?

Heath impacts to the communities surrounding the Yadkin project are germane to the relicensing decision. The relicensing statute requires FERC to consider "the effect on communities served or to be served by the project, and in the case of an applicant using power for the applicant's own industrial facility and related operations, the effect on the operation and efficiency of such facility or related operations, its workers, and the related community," in making its decision, whether or not there is a competing license application.

Environmental contamination of the Badin Smelting Works site and the surrounding areas, located on the shore of Badin Lake, has been documented in ground water, swimming areas, soil and our streams and riverbeds. The County is also aware that certain Alcoa-owned lands in Stanly County were used in the past as disposal sites for post-processing industrial waste from the Badin Smelting Works. The County does not know the extent and location of all of these sites, which may be contaminated with hazardous waste, or the extent of seepage into the River or its tributaries.

To assess the consequences of Alcoa's receipt of a new license, the ERC should request from Alcoa information as to the sites where it disposed of its industrial waste; its schedule for removing all the waste from Stanly County; and if it does not intend to remove all the waste within the next ten years, what its management is now estimating to be the timetable. Furthermore, it should require Alcoa to commission an independent study on the effects of the industrial operations on the health of individuals in the County over the period of its operations.

Understanding the environmental mitigation alternatives that could be made available through the current relicensing—or could be provided by the State of North Carolina if it were to own the Yadkin Project after federal recapture—is critical to the ERC's evaluation of the impacts to the State of a new Yadkin license. Where, as here, neither Alcoa's proposed new license, nor the new license recommended by FERC Staff in its Final EIS, includes any such mitigation measures as mandated license conditions in a new license, the ERC should consider the impacts of those business-as-usual proposals versus more active mitigation that would be available under alternatives to a new Alcoa license.

B. The State's Department of Water Quality and the 401 Certification

The Yadkin Project includes the Narrows Dam (the "Dam") on Badin Lake. The Lake, in turn, is a significant, 5,300-acre water body located along Stanly County's northeastern edge that serves as a primary drinking water source and is a heavily used fishing and swimming lake. The County is vitally interested in the quality of the water in the Lake, and will participate in the State's DWQ hearing; the DWQ is authorized to decide whether to deny APGI's request for a Section 401 water quality certificate or ensure that any such certification addresses documented water quality issues.

This is the second time that DWQ has considered APGI's application for a Section 401 certification for the Yadkin Project. The County challenged the first certification (issued on November 16, 2007) through a contested case proceeding, believing strongly that DENR did not adequately probe and properly consider water quality concerns and/or impacts that will arise from hydropower operations, before signing off on a certificate. During that contested case, the evidence was strikingly clear that the County's fears were well-founded. We are now highlighting that evidence to the ERC, expressing our disappointment at DWQ's constrained view of its jurisdiction and presenting an expert report previously provided to DWQ from one of the country's best known water quality experts, demonstrating that there are serious water quality issues in Badin Lake that fall directly within DWQ's Section 401 jurisdiction. See Exh I.

Finally, it should be understood that the Section 401 certification is a required component of the FERC licensing process. Without the State's approval or waiver of the Section 401 water quality certificate, FERC cannot issue a license. Furthermore, in prescribing conditions in the Section 401 Certificate, the State is allowed broad discretion to include those terms that are relevant for purposes of achieving the state's water quality criteria, as discussed in the U.S. Supreme Court cases below.

C. DWQ Has Inappropriately Limited its Own Section 401 Jurisdiction Such That It Cannot Adequately Protect Water Quality as Mandated by the Clean Water Act

Stanly County provided DWQ a detailed letter, dated November 9, 2007, which described several significant water quality issues impacting the Lake. The issues in that letter related primarily to the presence of significantly contaminated sediments at several locations in Badin Lake, and we described how those conditions would directly impact water quality within DWQ's jurisdiction. The contamination, in turn, was documented in several reports from different sources and consultants. Stanly County was surprised and disappointed to learn in the contested case that these conditions were not evaluated and that DWQ did not read the reports that the County brought to its attention.

As matters have evolved, Stanly County and DWQ have diametrically opposed views of DWQ's Section 401 jurisdiction. In DWQ's view, it appears that a clear, detrimental water quality condition can exist in the Lake and DWQ will not attempt to address it under the Section 401 program unless some party can demonstrate that the operation (although, apparently not the

existence) of the Dam directly affects that condition in a very specific way. Thus, as representatives of DWQ have explained it, the presence of confirmed high levels of polycyclic aromatic hydrocarbons in Lake sediments cannot even be considered in the Section 401 review because they were not initially caused by Dam operations and/or Stanly County did not show DWQ by expert evidence that Dam operations would cause those sediments to impact water quality.

DWQ can and should extend its Section 401 jurisdiction to all water quality issues that exist in the Lake and that relate in any reasonable fashion to the presence of the Project, including the impoundment of water by the Project's dams, the operation of the dams, stream flows, water levels, the use of the Lake for recreation and the like, since there is no other agency that currently performs this evaluation on behalf of the State in the FERC relicensing process. As a practical matter, this scope of examination is probably assumed to be the case, as the FERC licensing process allows no other agency to evaluate this aspect of Project operations, and the legitimate issue is: how do the Project's operations, both current and proposed, affect the condition of the environment? The broad reach of DWQ's jurisdiction and the expectation of the Clean Water Act statute was confirmed by the United States Supreme Court in PUD No. 1 of Jefferson County v. Washington Dep't of Ecology, 511 U.S. 700 (1994).

Through its decision in PUD, the Supreme Court has confirmed that DWQ should not limit its review to only those conditions actually caused or otherwise somehow affected by the operation of the Dam itself. The Section 401 process is DWQ's chance to impose conditions on the "project in general" and "the activity as a whole" to ensure that State law is being met, including the State law related to the protection of best uses of the Lake. Certainly the Lake itself, which would not exist but for the Dam, is part of the "project in general," whether or not Alcoa operates the Dam in any particular fashion. Certainly, as well, under this broad authority DWQ may recognize that contaminated sediments are present, and it is within its authority to require that Alcoa address them so that the "activity as a whole" (that is, the Project's operations) meets water quality standards. Again, DWQ has recognized that the issues raised by the County do indeed constitute adverse impacts to water quality. Now is the opportunity for DWQ to require investigations and impose conditions necessary to ensure that those water quality impacts are addressed and that the best uses of the Lake are protected. DWQ's failure to do so is a missed opportunity to protect the State's interests as a condition of Alcoa's receipt of a new 50-

year FERC license, inasmuch as without a Section 401 water quality certificate, FERC cannot issue a license.

NEXT STEPS

Stanly County respectfully requests that, at the outset, the ERC take following actions to assure a complete and adequate study on the issue of the Yadkin River's use:

1. Disclosure by Alcoa and APCI of all information it has or has knowledge of, regarding environmental contamination at the Badin Smelting Works and known waste disposal sites, including potential health hazards posed by such contamination;
2. Comprehensive screening and, where appropriate, in-depth site characterization, of Alcoa-owned property in Stanly County outside the Badin Smelting Works, where informal, off-site hazardous smelting waste disposal may have occurred during the past 100 years;
3. Disclosure by Alcoa/APCI of past Alcoa arsenic emissions and their impact on the land and water resources of the Project area, as well as interconnected land and water resources that could affect the Project features, including Badin Lake;
4. Disclosure by Alcoa/APCI of all information it has or has knowledge of, regarding environmental contamination of Badin Lake;
5. Acquire and if time permit, conduct additional detailed studies of environmental contamination of Badin Lake and other reservoirs supplying water, including testing for contaminants, including arsenic.

After preparing its studies, Stanly County recommends, based on its experience to date, that the ERC consider among its proposals to best assure the State's ability to provide for the clean, safe and adequate future use of the water flows of the Yadkin River, the following:

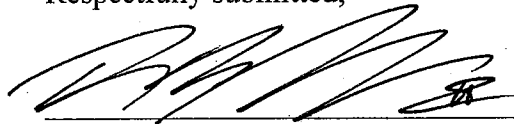
1. Mitigation of the County's infrastructure costs, which will include mitigating the detrimental impacts on residents who were encouraged to come to the area and lay down their roots because of Alcoa's need for workers;
2. Consideration of mitigation measures to: (a) monitor the changing environmental situation; (b) clean up contaminated sites and fund technically feasible methodologies to avoid penalizing Stanly County and its residents for hosting Alcoa's operations and to safeguard the County's right to a decent future; and (c) identify all contamination resulting from the Licensee's historical smelting operations to allow proper public notice and opportunities for mitigation; and

3. The State of North Carolina should request the federal government to exercise an option, available under federal law, to purchase the Yadkin Hydroelectric Project. In exchange, the State would reimburse the federal government for the purchase price and assume the ownership and control of the Yadkin Project, for the benefit of the people of North Carolina. Ownership would enable the State to better control the flows of the Yadkin River in the interest of the public and the citizens of North Carolina.

CONCLUSION

FERC's relicensing decision will determine the fate of the Yadkin River for years to come and will measurably affect the ability of this waterway to meet the public's needs and to make the lives of thousands of people in the area better. Through this study, Stanly County hopes that the ERC will make recommendations that ensure that the citizens of North Carolina benefit from what rightfully belongs to them – the water.

Respectfully submitted,



R. Bruce Thompson II
Tracy W. Kimbrell
Parker, Poe, Adams & Bernstein L.L.P.
150 Fayetteville Street, Suite 1400
Post Office Box 389
Raleigh, North Carolina 27602-0389
Telephone: (919) 828-0564
Facsimile: (919) 834-4564

LOBBYISTS FOR STANLY COUNTY