



NORTH CAROLINA
COAL ASH MANAGEMENT COMMISSION



MICHAEL JACOBS, CHAIRMAN

NATALIE K. BIRDWELL, EXECUTIVE DIRECTOR

April 30, 2015

MEMORANDUM

TO: ENVIRONMENTAL REVIEW COMMISSION
The Honorable Brent Jackson, Chairman
The Honorable Mike Hager, Co-Chairman

FROM: Michael Jacobs, Chairman, Coal Ash Management Commission
Natalie Birdwell, Executive Director

SUBJECT: North Carolina Coal Ash Management Commission Quarterly Report Q3 FY 2014-2015

DATE: April 30, 2015

Pursuant to Session Law 2014-122, Senate Bill 729 (§130A-309.202 Section (m) Reports), the North Carolina Coal Ash Management Commission (CAMC) shall submit quarterly written reports as to its operation, activities, programs, and progress to the Environmental Review Commission. The attached report satisfies this reporting requirement.

If you have questions or need additional information, please contact me at 919.703.7116 or via email at Michael.Jacobs@CAMC.NC.gov.

cc: Michael A. Sprayberry, Director, NC Division of Emergency Management
Lisa Schneider, CAMC Legal Counsel

North Carolina Coal Ash Management Commission

Quarterly Report

to the Environmental Review Commission
on the North Carolina Coal Ash Management Commission
operations, activities, programs and progress.

April 30, 2015

This report is submitted to meet the requirements of Session Law 2014-122, Senate Bill 729 (§130A-309.202 Section (m) Reports) which requires quarterly reporting on the NC Coal Ash Management Commission operation, activities, programs and progress. This report covers actions taken by the NC Coal Ash Management Commission during Quarter 3 of the 2014-2015 fiscal year.

Commission Membership

On March 16, the North Carolina Superior Court ruled that six (6) of the nine (9) CAMC commissioners were appointed in a manner that it found to be unconstitutional. An appeal has been filed by the Defendants, and the appellate arguments are scheduled to be heard by the North Carolina Supreme Court on June 30th. Senate Bill 729 states that the CAMC must have five (5) commissioners in order to constitute a quorum. At this time, the CAMC does not expect to hold any commission meetings until after the North Carolina Supreme Court issues its ruling.

The CAMC staff and three (3) current commissioners continue to focus on carrying out the mission and work of the CAMC. All efforts are currently focused on the development and completion of the report on beneficial use required by Senate Bill 729.

Staffing

In order to conduct its operations, the Commission needs to retain staff members. This has been the first priority of the Chairman. The philosophy for staff recruitment is to bring on board the most talented people possible, with the most relevant backgrounds. We are confident that this objective will be achieved; however, we will likely use contractors to fill our legal and engineering/scientific staff needs due to the multiple skill sets required in each of those disciplines and uncertainty over the future operations of the Commission given the current legal challenges.

Janet Mack was retained through Temporary Solutions as the Administrative Assistant to the CAMC. Ms. Mack has experience in academia, private sector business, and most recently in the mortgage and real estate industry. The CAMC intends to fill this position with a permanent employee in the future.

The CAMC has also retained Holly Bannerman as Policy Advisor for two to three days per week. Her primary responsibility will be to lead the research and drafting effort for the beneficial use report. Ms. Bannerman received her J.D., with honors, from the University of North Carolina at Chapel Hill where she served as Editor-in-Chief of the North Carolina Journal of Law and Technology and president of the Environmental Law Project. Prior to law school, Holly received her Master of Environmental Management degree from Duke University's Nicholas School of the Environment and graduated magna cum laude from North Carolina State University. The contract for Holly's services will be finalized in May.

We have determined that there is not likely to be a single engineer that will have the requisite skill sets to serve as our sole advisor on technical matters. The Commission needs access to independent expertise in at least two areas that do not overlap frequently in the engineering world: groundwater and dams. Also, we anticipate the need for technical advisement in the area of beneficial use. Therefore, we anticipate contracting with two or more engineers to serve, as appropriate, as subject matter experts as needed. A Request for Qualifications will be released in April for the groundwater specialist, and we anticipate that

process to be completed by the end of Q4. The CAMC is currently negotiating an MOU with the University of North Carolina at Charlotte to provide expertise in the area of beneficial use for coal combustion residuals.

The job description for the full-time External Affairs position has been completed and the CAMC is diligently working with the Department of Public Safety Human Resources division to complete the necessary paperwork in order to proceed with the hiring process.

The current staff organizational chart is attached as Exhibit A.

Office Locations

As of the end of Q3, the CAMC staff has furniture, office equipment, and operating telephone and internet services at both office locations.

Meetings

The second CAMC meeting was held on January 14, 2015 in the McKimmon Center adjacent to the NC State University campus. The purpose of the meeting was to provide information from private industry on the various types of beneficial uses available in the market. The agenda for that meeting is attached as Exhibit B.

The Commission is charged with meeting bi-monthly. Subsequent meetings will be held at public university campuses across the state to allow citizens impacted by coal ash impoundments in their communities and the local media to easily attend. The future meeting schedule will be determined after the ruling by the North Carolina Supreme Court.

Finances

Duke Energy has been invoiced in accordance with Senate Bill 729 and has submitted payments in a timely manner. There was previously a concern about the clarity of the legislation relative to the funding of the Commission. That clarification was addressed in Senate Bill 14 in the 2015 session. Due to the delay in operations, the CAMC funds remaining in the account will be utilized in accordance with the increased work load of the CAMC to meet the timelines prescribed in Senate Bill 729.

Reports

The CAMC received the complete 2014 Groundwater Protection and Restoration Report from Duke Energy (§ 130A-309.209(d)). These reports will be reviewed by a Technical Advisor for the purposes of an executive summary to the Commission once the Technical Advisor is officially contracted for the CAMC.

Web Site

The Commission web site (www.CAMC.NC.gov) has been an invaluable tool to disseminate information about the Commission activities to government entities, the public and the media. There is still significant work to be done in order for this site to become a comprehensive portal for information on all aspects of coal ash including details of the 14 sites in North Carolina. Once the External Affairs position is in place, focus will be placed on the completion of the site.

Deliverables

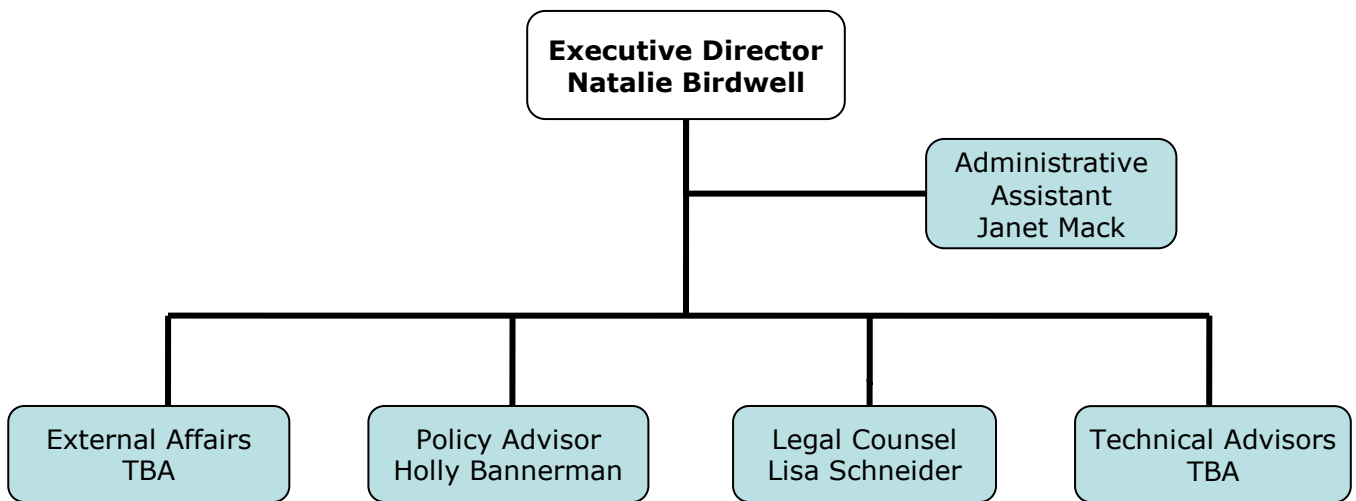
Senate Bill 729 requires the CAMC to complete a report on the beneficial uses of coal ash, intended to cover both the science and economics of the subject. This is an all hands on deck effort by the Commission and staff. Due to the current legal situation, the commissioners that were leading the preparation of this report are no longer able to do so at this time. Therefore, the Commission staff, under the direction of the Chairman has taken over responsibility for drafting the report. Holly Bannerman, Policy Advisor, has taken the lead role in compiling initial research for the project. We have been in discussions with several PhD programs and are looking to secure a summer intern to assist with this project. As mentioned above, the technical advisors will be vital in securing and analyzing data for the report. If all resources are able to come on board in a timely manner, the Commission anticipates the report to be completed late summer.

Exhibit A

COAL ASH MANAGEMENT COMMISSION

Organizational Chart

Updated April 9, 2015





North Carolina Coal Ash Management Commission

Michael T. Jacobs, Chairman

Natalie K. Birdwell, Executive Director

Coal Ash Management Commission Meeting Agenda

January 14, 2015 11:30 a.m. to 5:00 p.m.

11:30 a.m.	Welcome and Introductions of Commissioners & Staff	Michael Jacobs <i>CAMC Chair</i>
11:40 a.m.	EPA Rule Review	Lisa Schneider <i>CAMC Legal Counsel</i>
11:50 a.m.	Current Beneficial Uses	Jim Auten <i>Commissioner</i>
12:00 p.m.	Beneficial Use Practices in the United States	Chris Hardin <i>CH2M</i>
12:30 p.m.	Break	
1:00 p.m.	Overview of Rate Setting Formula & Rate Treatment of Beneficial Uses	Edward S. Finley, Jr. <i>NC Utilities Commission</i>
2:00 p.m.	Coal Fly Ash and Bottom Ash Beneficial Use: Global View	Dr. Milind V. Khire <i>UNC-Charlotte</i>
2:30 p.m.	Environmental Management Commission Update	Dr. Bob Rubin <i>NC State University</i>
3:00 p.m.	Material Science Applications for Beneficial Use	Dr. Brett Tempest <i>UNC-Charlotte</i>
3:30 p.m.	Break	
3:45 p.m.	Market Economics for Beneficial Use Applications	Dr. Rafic Minkara <i>Vice President of Technology Headwaters Energy Services</i>
4:15 p.m.	STAR System and Industry Economics	Jimmy Knowles <i>Vice President of Market Development and Research SEFA Group</i>