

Yadkin Riverkeeper attempts to cast doubt upon the High Rock Lake Association and its President, Larry Jones

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In two papers, the Yadkin Riverkeeper has made accusations about the High Rock Lake Association, Larry Jones and our relationship with ALCOA. Apparently the Yadkin Riverkeeper Inc. believes the HRLA should not be supporting issuance of a new Federal License which contains terms negotiated by stakeholders over a period from 2002 through 2007, including especially detailed conditions of operation in a document known as the Relicensing Settlement Agreement (RSA).

The facts are that:

1. No one has or is fighting harder for the users of High Rock Lake and the rest of the Yadkin Project than Larry Jones and the Association. (Ask any of the participants of the Re-Licensing Negotiating Process). When the license is issued by FERC, we will have a binding agreement to operate the Yadkin Project for the benefit of all stakeholders. Jones, under the direction of the Association, was a primary negotiator to get these desired changes.
2. The Riverkeeper has cited a paper which was submitted by Jones on behalf of the Association and which addressed water quality issues in High Rock Lake. This paper was prepared as a guide for stakeholders in the negotiation process. Water quality, as studies showed, could be improved by maintaining higher water levels. The RSA guarantees higher levels.
3. With full disclosure to the Board years ago, and with Board approval, Jones did negotiate a personal land swap with ALCOA to resolve a road bed problem that had existed since the 1940's. A key part of the swap was Jones's agreement to release pasturage, cultivation, and water withdrawal rights on the buffer zone on the Jones farm around the lake shoreline.
4. The Association has never opposed ALCOA's re-licensing; we just wanted to insure the Federal License renewal contained terms that were satisfactory to the HRLA. There has never been a turnaround in our support of the RSA. At the moment there is no other acceptable option for operation of the Yadkin Hydroelectric Project.

There is nothing wrong with the actions of Larry Jones, either in his capacity as an officer of the HRLA or in the manner he has conducted his personal affairs. Let's address the real issue.

The real issue- the State's proposal to take-over the Yadkin Project.

Why the Association does not support take over of the Yadkin Project by the State of North Carolina?

1. After talking with the NC Secretary of Commerce, Legislators and promoters of the bill to establish the Trust, the Association has yet to be given a clear picture of why the State wishes to take over this Project. After buying the facilities, there will be very little reward for anyone. We believe there will be no benefit for the State, Counties or the people of NC. However, there may be a large reward for the individual promoters.
2. The proposed legislation will likely result in a huge debt load for the State of North Carolina. Promoters of the legislation claim otherwise, trying to use many different ways to explain proposed financing of the take-over, but the bottom line is an obligation for the State. Constitutionally, the assumption of debt by the State requires a public referendum.
3. The involvement of special interests and the expenditure of millions of dollars in lobbying expenses promoting State takeover continues to be very troubling to the HRLA. We've all come to know that millions spent on lobbying usually means payback later on. We fear any payback could influence operation of the Yadkin Lakes years from now.
4. The Yadkin Riverkeeper Inc. appears to be promoting this legislation under the guise of the legislations' promised environmental benefits. In its Charter with the State of North Carolina, the Yadkin Riverkeeper certified no substantial part of the Corporation's activities shall consist of carrying on of propaganda or otherwise attempting to influence legislation. We believe the apparently willful violation by the Riverkeeper of its own charter is another indication of secret special interests.
5. Since the time for filing an application for the Project license expired years ago, there is also a question as to whether the State is even eligible to file an application with the Federal Energy Commission for a license. The State has not provided any indication that it is prepared to operate the Yadkin Project. Sponsors of the take-over attempt either cannot, or will not, provide any financial planning information

6. By North Carolina Law, any legislation which potentially has a fiscal impact on any unit of government, such as cities or counties, must be submitted to the Legislature with a detailed fiscal study. A Legislative Fiscal Note prepared on the current version of HB 1099 does not address all of the impacts to local governments. In previous attempts to produce a fiscal note the NCGA Fiscal Research Division advised legislators the sponsors were not providing sufficient information to determine economic impact of the proposal.
7. The current legislation prohibits Kannapolis and Concord from withdrawing water from the Catawba River, as approved by the State in 2007. Instead, this bill now requires that Kannapolis and Concord withdraw 10 million gallons daily from the Yadkin River.
8. The NCGA Fiscal Research Division has determined the legislation requires legal action by the State concerning suspected or alleged environmental issues, and the legal expenses are an expressed concern of the Division as well as the HRLA. Given the bill's primary sponsor is a lawyer, and the Riverkeeper Inc. was chartered by a lawyer, this might help understand part of the lobbying.
9. The NCGA Fiscal Research Division has determined Alcoa currently pays \$6,600,000.00 in State, Federal, and Local taxes from the Yadkin Project. That amount, plus the benefits we will derive from the RSA, should satisfy North Carolina citizens; instead of the promised "windfall" alluded to by bill sponsors.
10. The NCGA Fiscal Research Division has determined the five counties in which the Yadkin Project is located currently receive about \$1,300,000.00 annually in property taxes. They advise this county tax revenue will be lost if the State takes over.
11. When the HRLA asks for details about the State's proposal to operate the Project, in order to understand the direct results of operation under State ownership, elected officials tell us to "trust them". Sorry, but these days that doesn't cut it in Raleigh.

We hope that the Legislators will understand this legislation raises far more questions than it answers. The NC House defeated this legislation in 2009, and it's simply a shame that the legislative process is being burdened with thinly disguised identical legislation again this year. HB 1099 as amended by the Senate should be rejected and the Senate should be asked to ratify the original version of HB 1099.