

June 2, 2003

Hon. Magalie Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: **Yadkin Hydroelectric Project**
FERC Project Number 2197

Subject: Request for Administrative Review of Operating Guidelines

Dear Secretary Salas,

This letter is to request the Federal Energy Regulatory Commission (FERC) to conduct a review of the License terms for Yadkin Project P-2197; and specifically the Operating Guidelines for High Rock Lake. We believe the Project is currently being operated with a different interpretation of the Guidelines by the Licensee (Alcoa) than were proposed by the Licensee in 1968.

During the summer of 2002, Alcoa began quoting the operating guidelines as the reason it continued to drop the level of High Rock Lake. Alcoa used the flow rates listed in Article 33 as "Federally mandated minimum discharge rates". The only actual minimum discharge rate we know of in the license is 150 cfs. This figure was required by Article 29 of the 1958 License for Project P-2197. We do not interpret the "Headwater Agreement" between Alcoa and CP&L (Progress Energy) as representing a minimum mandated release; but rather a Commission approved commercial agreement between two private companies that defines compensation if certain flow rates are met.

In Article 33, Part III, there is a very specific Section that deals only with High Rock Lake for the period March 6 through September 30 of each year. The High Rock Lake Association thinks Rule 8 of Part II is very clear:

1. If the elevation of High Rock Lake is less than Line 7 between May 15 and September 1, ***limit*** the discharge thru the High Rock turbines to:
 - March 6 – May 13 = 1,500 cfs average for the period
 - May 11 - July 29 = 1,610 cfs average for the period
 - July 29 – Sept 1 = 1,400 cfs average for the period

A graph is depicted in Part III, which shows the referenced LINE 7. Line 7 indicates the intended minimum lake levels that the Federal Power Commission expected to be maintained. From the chart, these Minimum Levels are as follows:

April 10	Elevation 645	10' below full
May 1	Elevation 651	4' below full
June 1	Elevation 652	3' below full
July 1	Elevation 653	2' below full
August 1	Elevation 652.5	2.5' below full
September 1	Elevation 650.5	4.5' below full
September 15	Elevation 648	7' below full

Part III of the Operating Guides do not set forth any requirement for a **MINIMUM DISCHARGE**. The conditions imposed by Part III, 8 A, B, & C are limitations on flow.

Nowhere does the terminology refer to maintaining the maximum flows permitted by 8A, 8B, or 8C.

The Guidelines clearly intended to keep the level of the lake no lower than shown by Line 7 of Figure 2.1 which is referenced by Part III.

Alcoa's stated original intent of the Guidelines submitted to and adopted by FERC in 1968 was to keep the lake at the level shown by Line 7 of Figure 2.1 (referenced by Part III) during the period May 15 through September 15 of each year. We refer to a public announcement made by Yadkin, Inc. on January 18, 1968, wherein Yadkin (Alcoa) stated "***it would sacrifice power needed to operate the Alcoa smelter at Badin in order to provide improved recreational facilities on its Yadkin River reservoirs***". The announcement went on to say the new operating procedure is intended to limit drawdown to five feet or less 96% of the time during the recreational season, and in years of severe drought the drawdown would not exceed eight feet.

We believe the Federal Power Commission fully understood this intent in 1968, when it issued the order making Yadkin, Inc.'s recommended Operating Guidelines a part of Yadkin's license.

Although the Yadkin River Valley has been fortunate to receive generous rainfall this spring, the HRLA is concerned about a possible repeat of the draining of High Rock Lake by Alcoa for electrical power production should river flows decrease. It is for that reason, and for the lack of specific operational plans in the FERC required Drought Contingency Plan that Alcoa recently submitted, that the HRLA is submitting this request for a review and clarification of the Operating Guidelines for High Rock Lake.

We believe most people outside Alcoa believe the intent of the 1968 License modification was to ensure High Rock Lake would be maintained at usable levels during the recreational season, as evidenced by Director Morgan's December 20, 2002 letter to Alcoa. A statement of clarification from FERC is needed, and could help resolve some deep differences between Alcoa and the public that uses and depends upon High Rock Lake. We sincerely hope the Commission can act without delay on this request.

Thank you for your consideration of this matter.

Sincerely,

High Rock Lake Association Inc.

Larry O. Jones
President

Attachment: Excerpts from 1968 Tarheel Alcoa