

**IREDELL COUNTY BOARD OF COMMISSIONERS  
MINUTES  
MEETING WITH DUKE POWER REPRESENTATIVES  
AND  
REGULAR BRIEFING SESSION  
DECEMBER 6, 2005**

The Iredell County Board of Commissioners met with Duke Power representatives Dave Hart (District Manager/Government & Business Relations for Gaston, Cleveland, Lincoln, and Iredell Counties) and Jeff Lineberger, P.E. (Manager for Hydro Licensing/Charlotte office) in regards to the **Catawba Wateree Relicensing Project** on Tuesday, December 6, 2005, at 4:30 P.M., in the Iredell County Government Center (South Wing Conference Room), 200 South Center Street, Statesville, NC.

Present were:

Sara Haire Tice, Chairman  
Vice Chairman Godfrey Williams  
Steve Johnson  
Marvin Norman  
Ken Robertson

Staff present: County Manager Joel Mashburn, Clerk to the Board Jean Moore, Inspections/Planning Director Lynn Niblock, Planning Supervisor Steve Warren, and Assistant County Manager Tracy Jackson.

CALL TO ORDER by Chairman Tice.

Hart distributed packets containing the following information: 1) Catawba-Wateree Hydro Project Relicensing Update, 2) Question/Answer Sheet about the Water Management Fund, 3) Draft Agreement-in-Principle on the Project, 4) North Carolina Metro Advisory Group Roster, and 5) Brief Summary on Duke Power's Rights Supporting a Proposal for Water Withdrawal Fees.

Lineberger said the relicensing was the single most important project since Lake Norman was constructed almost 50 years ago. He said Duke Power owned the reservoirs, but did not own the water. Lineberger said the project involved 11 lakes beginning with Lake James through Lake Wateree (S.C.), or over 200 river miles. He said the Federal Energy Regulatory Energy Commission (FERC) first licensed the hydro project in 1958 for 50 years, even though most of the reservoirs were already built. Lineberger said it took at least five years to fulfill the relicensing regulations and FERC had to have on file an application in 2006. He then discussed key points about the project some of which are as follows:

- ▶ 14 counties and 30 municipalities are involved
- ▶ 1.3 million people obtain their drinking water from the project area
- ▶ 130,000 average homes obtain their power from the project area  
(under new license this number will decrease, est. 7% generation loss)
- ▶ Initial money to build the stations came from private investors -- no federal funds were used
- ▶ 57 hydro generators in the project with 13 powerhouses to house them
- ▶ 6 stakeholder teams
- ▶ Main focus over last 10 years has been on recreation (improving motorboat launching). In next 20 years, focus will shift to non-boating activities (swimming, camping, hiking, etc.).
- ▶ \$30 million is planned for future recreational facilities and about two-thirds of the money will come from Duke Power. Remaining third to come from "partners" for access area improvements.
- ▶ Much interest in the expansion of Lake Norman State Park (Crescent Resources, a subsidiary of Duke Power, is discussing the expansion, or the sale of property to the State.

- ▶ 285 shoreline miles in Iredell County (Lake Norman & Lookout Shoals)  
This is about one-sixth of the total shoreline for the Catawba-Wataree Project
- ▶ In regards to water quality and the relicensing, Duke Power hopes to better manage under the regulations already written.
- ▶ The operational requirements in the old license did not speak to water storage, but the new license will have a ban for each reservoir. Everyone will have to stay within a certain amount unless there is a drought.
- ▶ Projections indicate current demands for water will more than double in the next 50 years. (The risk of running out of water in a drought is going up.)

#### Questions & Answers

Commissioner Robertson asked who came up with the composition for the members on the stakeholder teams.

Lineberger said Duke Power came up with the initial state relicensing team. He said a proposal was written, and Duke Power went to each party that had a role in the federal regulations governing relicensing. Lineberger said input was received and modified, plus interest forms/applications were shared with any other interested parties. He said this was how the teams decided who would participate in the advisory groups.

Commissioner Johnson asked if the members on the advisory teams were primarily composed of people obtaining water from the lake.

Lineberger said it was a combination of interest groups -- folks representing adjoining properties, recreation, local government, along with a water dependent business category, and a resource agency category.

Hart said there was wide variety of people serving: city/county officials, river keepers, and utility directors.

Chairman Tice asked the lease term for the Stumpy Creek Park with Duke Power.

County Manager Mashburn said it extended for 25 years.

Chairman Tice asked if shoreline management would be more restrictive in the future.

Lineberger said yes. He said there would still be a good balance between private/commercial uses along with protecting the general public and environment.

Commissioner Robertson said he understood (1) there was a known cost that Duke suffered, whether it was for coal or natural gas, etc., when a gallon of water was taken from the lake (2) people wouldn't conserve water unless there was an economic cost to using it and (3) it was understood there was legal precedent establishing the fact that a utility could charge money for water. He then asked the following questions.

1. Who would set the fee amounts?
2. Who would these people be accountable to?
3. Who decided where the money was to be spent, and who were they accountable to?
4. What was the criteria?

Lineberger said Duke presented a fee proposal (trial balloon) to the water suppliers in August of this year that would collect money from people who withdrew water. He said the money would be placed in a fund and used for "other stuff" (improving drought preparation, improving everyday water efficiency, and water quality). Lineberger said the focus was never on paying the maintenance for the dams or for recreation.

Robertson questioned the last remark on recreation.

Lineberger said he previously mentioned \$30 million going towards recreation. He said this was Duke Power funds and not the fees. Mr. Lineberger referred to slide 14 of his presentation to further answer the questions. The information is as follows:

**Focus** – protecting water supply through drought preparedness and everyday water conservation and protecting water quality.

**Membership** – Open to owners of large water intakes for public water supply and Duke Power.

**Fund Collection & Management**

-Annual contribution required for membership

-5 year rolling project list establishes total funds needed

-Members decide how funds collected are used

-Duke would not pursue its water withdrawal fees from members in good standing that also comply with FERC orders and Duke easements and permits.

Lineberger said the people would be accountable to whomever they were accountable to every day.

Commissioner Norman asked how the proposal would affect the average homeowner.

Lineberger said it would depend on the rate, the dollars per million gallons per day. He said a team of water suppliers would decide how it would be passed to the end user. Mr. Lineberger said this would be a “very small” increase.

Commissioner Robertson asked Lineberger to be more specific on who set the rates.

Lineberger said the members of the advisory boards.

Commissioner Robertson asked, “Who gets a seat at the table?”

Lineberger said Duke had a seat, along with the entities having large intakes directly into the reservoirs, or the river reaches downstream of the reservoirs that actually benefited from the upstream storage.

Robertson clarified that it was only the water users.

Lineberger said it was the entities with the ability to withdraw one million gallons a day, or upwards, directly from the reservoirs or the river reaches.

Robertson said, “They will set the fee.”

Lineberger said yes, and it would be adjusted each year. He said there would be a five-year rolling project list of initiatives (drought preparation, water conservation and quality) that would have to occur. Lineberger said this would tell them how much money they would have to come up with.

Commissioner Norman said there was a number out there for the average homeowner.

Lineberger said yes, but it needed to be the water supplier who supplied that “number.”

Commissioner Norman said he was uncomfortable not knowing the numbers.

Lineberger said the suppliers knew this was important, and they would have to supply the information to the elected officials.

Commissioner Johnson said he recognized that Duke did not need county permission, but rather a “blessing” would be requested. He said the county officials would be more inclined to offer the “blessing” if special interest groups were “avoided” by the individuals/groups setting the fees. Johnson said the group should be concerned about two things: (1) capacity (drinking water) and (2) ability to generate electric power. He said the composition of the fee-setting board would directly translate to the quality of the water and availability. Johnson stressed that he had to feel comfortable that the right composition was on the fee-setting group, and they had to be “insulated” so they wouldn’t give in to special interest groups.

Commissioner Robertson said, “Otherwise, the fees just become another tax.”

Johnson thanked the Duke officials for their assistance on the Stumpy Creek Park lease. He asked about the possibility of a lease amendment where a year was added after each passing year, assuming all parties were agreeable. He said the land belonged to Duke Power, but much county money had gone into the park facility.

Lineberger said he didn’t see any reason why the lease couldn’t be renegotiated as a part of the relicensing. He said it could even extend the length of the relicensing -- year 2058.

Hart said the two of them would look at the lease and get back with the commissioners.

Lineberger said the Catawba was a working river, and he wanted it to work for another 50 years. He said drought preparation would be important in the future, and “stretching the value of the lakes would be important.”

Commissioner Williams asked about conservation programs.

Lineberger said there were immediate and long-term programs. He said there was a demonstration on water re-use and there were other simple measures (low-volume toilets, energy efficient appliances, leak detection devices, etc.).

Commissioner Williams asked if there was anything other than educational programs.

Lineberger said education was a “big piece.” He said the fund would not fix everything -- there wouldn’t be enough money.

Williams asked if there were plans for any new reservoirs.

Lineberger said not out of the fund. He said at some point, however, more reservoirs would be needed. He said water usage would outgrow the storage, but there wasn’t any money for reservoirs.

Johnson requested that focus be placed on what was important in the project. He said, “Don’t be distracted by radical fringe groups.”

Robertson said he understood the utility’s goals, but he didn’t want an “inlet pipe going into the peoples’ pockets.”

Hart again said the two would get back to the board on the Stumpy Creek lease.

Lineberger offered to reappear at a future commissioners’ meeting, if additional information was needed.

**AGENDA BRIEFING**  
**December 6, 2005**

At 5:40 p.m., Chairman Tice opened the meeting for the December 6 agenda briefing. All commissioners were present along with the same staff attending the 4:30 p.m. meeting. The following staff members joined them: Deputy County Manager Susan Blumenstein, Purchasing Agent Dean Lail, and Recreation Athletic Director June Tutterrow.

Also attending was Monticello VFD Chief Wayne Mayberry, along with Dr. Terry Holliday (Superintendent), Kay Fulp (Finance Officer) and Rob Jackson (Construction Manager), with the Iredell-Statesville School System.

The agenda items were then briefly explained. Additional information may be found in the regular minutes for this date.

**ADJOURNMENT:** At approximately 6:15 p.m., Chairman Tice adjourned the briefing session.

Approval: \_\_\_\_\_

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Clerk to the Board