

January 27, 2006

Mr. Gene Ellis
Licensing and Property Manager
Alcoa Power Generating, Inc. – Yadkin Division
P.O. Box 576
Badin, North Carolina, 28009-0576

Re: Draft License Application, Yadkin Hydroelectric Project, (FERC No. 2197)

Dear Mr. Ellis,

The U.S. Fish and Wildlife Service (Service) has reviewed the Draft License Application (DLA) for the federal relicensing of the Yadkin Hydroelectric Project (FERC # 2197) located on the Yadkin River in North Carolina. Our comments are provided to you in accordance with provisions of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C. 661-667d), the Endangered Species Act of 1973, as amended, (16 U.S.C. 1531 et. seq.), the Federal Power Act (FPA), as amended (16 U.S.C. 791a-825r).

BACKGROUND

Alcoa Power Generating Inc. (APGI) has presented their Draft License Application for review by resource agencies and other interested parties. Simultaneous with the formal Federal Energy Regulatory Commission (FERC) proceedings for the three stage traditional relicensing process, APGI is engaged with resource agencies and interested parties in a separate negotiations process in order to reach an Agreement in Principle (AIP) which would lead to a Relicensing Settlement Agreement (RSA) for the continued

operation of the project. The Service has participated in the development of appropriate studies and in the negotiations process since the Initial Consultation Document was distributed by APGI in 2002. The project consists of four hydropower developments. The uppermost development is the High Rock development which has a licensed capacity of 39.60 MW. Downstream is the Tuckertown development which has a licensed generating capacity of 38.04 MW. Narrows is the third in the chain of reservoirs and has a licensed capacity of 108.80 MW. The Falls development is the fourth development with a licensed capacity of 29.94 MW. Two Progress Energy hydropower developments are located downstream of the project, the Tillery development, and the Blewett Falls development.

GENERAL COMMENTS

The Service is generally pleased with the direction of the negotiations and settlement discussions, and recognizes that this process continues and is ongoing. However, we do have areas of concern relative to the protection, mitigation, and enhancement measures to compensate for ongoing project impacts to natural resources. We have broken these resource areas down into specific topics, including listed species, diadromous fish, water quality, instream flows, fish entrainment and mortality, riverine recreation, fish communities, and terrestrial communities and migratory birds. Under each of these resource subject areas we will attempt to briefly and clearly identify any resource related problems, the relationship of that problem to the project, and how these impacts can be mitigated to enhance resource protection during the term of a new license for the project. We believe that the river and the natural resources it has supported has suffered

considerable neglect and significant impact since the construction of the dams in the early 1900's. Extreme flow alterations, the absence of minimum flow releases for the river downstream of the project, poor water quality, and the loss of significant reaches of the wild Yadkin River have had significant negative impacts to natural resources which have gone un-mitigated for approximately 89 years. The enhancement and mitigation measures for the project should reflect APGI's commitment to appropriately compensate, through project operations, management plans, and other means, for the continued impacts to the Yadkin River and the important fish and wildlife resources that remain. The Service is committed working with other state and federal resource agencies to assist APGI in identifying and implementing appropriate mitigation measures for project impacts through the FERC relicensing process.

THREATENED AND ENDANGERED SPECIES

The Service asked APGI to conduct surveys for protected species in the project which may be affected by the continued operation and maintenance of the project facilities. Our focus will be on federally listed threatened or endangered species. The applicant (APGI) should be aware that other protected species, such as state listed species, could become federally listed as threatened or endangered during the new license term. Federally listed species identified by APGI in the project area include two endangered plant species, Schweinitz's sunflower, *Helianthus schweinitzii*, and the Yadkin River Goldenrod, *Solidago plumose*. The federally threatened bald eagle, *Haliaeetus leucocephalus*, is known to utilize the project reservoirs and tributaries for roosting, feeding, and nesting. The Service has expressed concern about the potential for the bald eagle to be impacted

by continued shoreline development around project reservoirs and the subsequent increase in human disturbance. APCI, in coordination with the Service, has developed a Bald Eagle Management Plan (BMP), and a Shoreline Management Plan (SMP) that addresses these issues. Both of these plans are designed to protect, to the extent practicable, the quality of the undeveloped portions of the reservoirs while allowing for controlled development in other, less critical, areas of the reservoirs. Transmission line corridors on project lands have been identified as providing important habitat and they provide openings preferred by some protected plant species. The management of these areas is important for their continued protection. The Service recommends that both the BMP and the SMP as are currently utilized, be incorporated into the final license application so that they can continue through the next license term. Some protection mechanism and maintenance protocols should be developed for maintaining the transmission line corridors, and should exclude the use of pesticides or other detrimental practices.

DIADROMOUS FISH RESTORATION

State and federal agencies are currently engaged in developing a Diadromous Fish Restoration Implementation Plan that will include provisions for instream flows and evaluations of upstream habitats which may benefit diadromous fish if upstream access is provided. The implementation plan will follow a sequential approach, with simultaneous restoration steps, as outlined in the federal and state agency Restoration Plan for the Diadromous Fish of the Yadkin and Pee Dee Rivers, North and South Carolina. Our hope is that we could reach a settlement agreement in which APCI would contribute to a

basinwide restoration effort guided by both the basin plan and the agency implementation plan for restoring migratory fishery resources in the Yadkin-Pee Dee River Basin.

WATER QUALITY

Currently many of the project waters do not meet state water quality standards for portions of the year. Water quality studies have been conducted and the North Carolina Department of Environment and Natural Resources (NCDENR), Division of Water Quality (DWQ) has recommended measures to improve these conditions. The Service will coordinate with the DWQ and adopt recommendations made by the DWQ in determining mitigative measures that need to be taken. In riverine and lacustrine systems, improvements in water quality have improved fish communities and increased opportunities for recreation.

INSTREAM FLOWS

The Service is concerned about the instream flows released from the project and their affect upon fish and wildlife resources. Discussions are ongoing concerning the APGI proposal and the agencies recommended flow regime, including minimum flows. The Service is in agreement with NCDENR, Division of Water Resources (DWR) concerning provisions for instream flows. We will continue to coordinate with APGI, federal and state resource agencies and the public in the development of instream flow recommendations for the Yadkin Hydroelectric Project.

FISH ENTRAINMENT AND MORTALITY

The Service is concerned about the potential for significant losses of fishery resources through the operation of the four hydroelectric facilities and the potential for subsequent entrainment and mortality of all life stages of fish found in the project reservoirs. We did not find in Exhibit E of the DLA, a reference to entrainment and mortality of fishery resources, and recommend that the issue be discussed in detail in the final application to FERC. The Service has brought forth these concerns in our January 14, 2003 comments on the Initial Consultation Document (ICD).

RIVERINE RECREATION AND TAILWATER ACCESS

APGI has completed recreation and use surveys and studies for the project reservoirs. The Service is concerned that bank fishing access to tailwater areas is becoming unnecessarily restricted. These areas have traditionally provided access to prime recreational fishing of the tailwaters, particularly during the Spring when striped bass, and white bass congregate below the dams. While we understand the need to provide security at the dam structures, we believe that both a high level of security and recreational fishing can be achieved in the new license for the project. Riverine recreation has been severely limited by the construction of the reservoirs and bank access to project waters is limited. The Service recommends that APGI maintain the traditional tailwater access that the public has enjoyed in the past, especially, the access at High Rock Dam and Tuckertown Dam. We would like to see enhancements and more access provided for tailwater access as well as facilities that are in compliance with the Americans with Disabilities Act (ADA).

NATIVE FISH COMMUNITIES AND ECOSYSTEM HEALTH

There is great potential to restore and enhance fish and wildlife resources in the Yadkin and Pee Dee River Basin. The establishment of minimum flows and an operational flow regime has the potential to greatly enhance the aquatic resources of the basin, and are critical in achieving our resource goals. We are pleased that APGI is participating in the instream flow study process for the Progress Energy project located immediately downstream of the APGI projects. Both licensees working together on an acceptable instream flow policy is critical in achieving the natural resource goals for the basin, including improvements to the natural communities in both North and South Carolina. We are committed to working with both licensees in achieving an instream flow regime that is acceptable to the participating resource agencies while acknowledging the desire APGI has for an economically viable project.

TERRESTRIAL COMMUNITIES AND MIGRATORY BIRDS

In addition to the bald eagle, there are many migratory birds that utilize both project waters and lands. These species include herons, waterfowl, resident and neo-tropical migratory song birds. Many of the project lands provide ideal habitats for these species and the Service is interested in the enhancement, protection and preservation of these areas through the relicensing process. APGI has completed an Avian Inventory for the project as we requested and the results of the study will be used as we move forward through the negotiated settlement process and the FERC three stage traditional relicensing process.

The Service is committed to our continued cooperative effort to reach an AIP and eventually a final settlement agreement or RSA. As reflected in the above comments, there are some areas involving impacts to fish and wildlife trust resources that require further work or are in the process of being negotiated for the project. As more details concerning the potential operations proposal, protection, enhancement and mitigation measures becomes available we will work with you in identifying areas of disagreement and potential solutions. We appreciate the opportunity to provide you with our comments on the Draft License Application for the Yadkin Project and look forward to our continued work on important areas of natural resource protection. If you have any questions or comments, please contact staff biologist Mark D. Bowers at (919) 856-4529 ex. 19, or at the above address.

Sincerely,

Pete Benjamin,

Ecological Services Supervisor

cc: NCWRC, Raleigh
NMFS, Charleston
EPA, Atlanta
NCDWR, Raleigh
NCDWQ, Raleigh
SCDNR, Columbia

