Catawba-Wateree Relicensing Project
Agreement-in-Principle
Mountain Island Lake Perspective

Background

Mountain Island Lake was built in 1924 with the construction of Mountain Island Hydroelectric Station. The lake has approximately 3,281 acres of surface area and 89 miles of shoreline. The lake also supports Riverbend Steam Station by cooling the steam that drives the turbines and provides a dependable water supply for Mount Holly, Gastonia and Charlotte-Mecklenburg, North Carolina. Full pond elevation is approximately 647.5 feet above mean sea level.

Duke Power provides two boating access areas on the lake and a tailrace fishing platform for bank fishing in cooperation with the North Carolina Wildlife Resources Commission.

Stakeholders representing the reservoir and river in hydro relicensing

In addition to federal and state resource agencies, Duke Power and national special interest groups – many representatives of local entities and public citizens around Mountain Island Lake have participated in the 3-year relicensing process. These include:

North Carolina Wildlife Federation
Mountain Island Lake Association
City of Mount Holly
Mecklenburg County
Centralina Council of Governments
Catawba-Wateree Relicensing Coalition
Catawba Lands Conservancy
Mt. Island Marine Commission
Lincoln County
Charlotte-Mecklenburg Utilities
City of Gastonia
Gaston County Quality of Natural Resources Committee

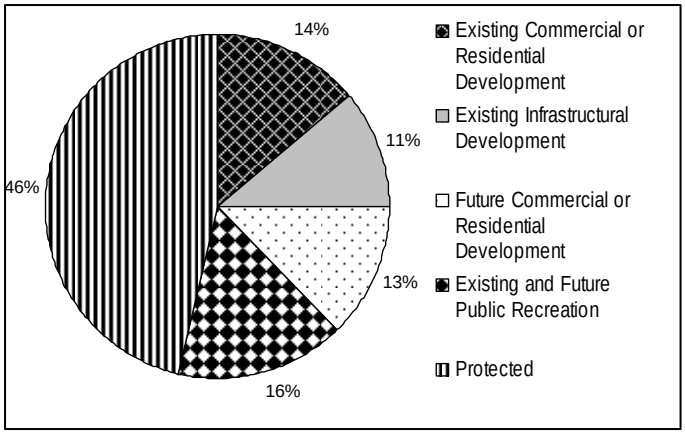
Interests addressed in the Agreement-in-Principle

1. Lake Level Ranges – Lake level ranges (located in the adjacent chart) have been established to protect fish habitat, municipal, industrial and power generation water intakes, recreation access and aesthetics. Ranges are bounded by normal minimum and normal maximum elevations with a normal target elevation in between. For Maintain Island Lake the normal target lake level is 96 feet year-round.

Mountain Island Lake	Elevation on 1st Day of Month			
Month	Existing Guide Curve (ft.)	Normal Minimum (ft.)	Normal Target (ft.)	Normal Maximum (ft.)
Jan	96	94.3	96	100
Feb	96	94.3	96	100
Mar	96	94.3	96	100
Apr	96	94.3	96	100
May	96	94.3	96	100
Jun	96	94.3	96	100
Jul	96	94.3	96	100
Aug	96	94.3	96	100
Sep	96	94.3	96	100
Oct	96	94.3	96	100
Nov	96	94.3	96	100
Dec	96	94.3	96	100
31-Dec	96	94.3	96	100

2. Drought Management – As part of the relicensing process, a Low Inflow Protocol has been established to "trigger" water use restrictions by large water users. These water use restrictions apply to hydroelectric generation, public water system withdrawals and flows for recreation and aquatic life.

3. Shoreline Management – Duke Power operates a comprehensive shoreline management program on all 11 lakes along the Catawba River. Duke Power's program depends on the Shoreline Management Plan (SMP) and Shoreline Management Guidelines (SMG) to balance private and public access with protecting the environmental, public recreational, cultural and scenic values. As part of the relicensing process, both the SMP and SMG have been updated and these updates will begin to be used in September 2006. The SMG provide rules on what facilities are allowed and how they can be built/constructed/maintained. Overall, the update to the SMP has resulted in more refined shoreline mapping and additional restrictions on construction activity



within the project boundary of the reservoir. The SMP is a series of maps with shoreline classifications denoting locations where piers, marinas, excavations and shoreline stabilization within the project boundary either already exist or can take place. Each shoreline classification has a separate set of restrictions and allowed activities.

4. Public Information Systems for Lake and River Information -- Information including reservoir level ranges, water release times, generation schedules and maps to public access areas will be provided as a result of relicensing. River paddlers and anglers will have access to information on releases from dams to paddle and fish. Information posted on signs will be provided in English and/or international symbols with signage in Spanish also available immediately downstream of the dams.

5. New and Expanded Public Recreation Facilities/Access – Recreational enhancements planned for Mountain Island Lake include:

    a. Highway 73 Access Area – ten gravel parking spaces to support canoe/kayak use of the existing gravel boat ramp adjoining the downstream side of the NC Highway 73 Bridge.

    b. Lucia Access Area – renovate the retired Lucia Access Area, for canoe/kayak access by developing a gravel pull-off and ten gravel parking spaces.

    c. Mountain Island Lake Trails Planning Assistance – trails planning and technical assistance to state and local governments to connect existing multi-use trail systems.

    d. Riverbend Access Area – swimming area, restrooms and evaluate additional recreation development including, but not limited to, a campground, bathhouse, bank fishing, swimming, and fishing pier.

    e. Mountain Island Dam Canoe Portage – a portage trail with canoe/kayak access (take-out, put-in) and signage.

6. Habitat, Water Quality and Land Conservation Enhancements – Duke Power will continue operating the existing hydro units at Mountain Island Lake Hydro Station to support water quality. Duke Power will also contribute $1 million to the Habitat Enhancement Fund in each state to support, protect and enhance fish and wildlife habitat and contribute $4 to $5.5 million to each state dependent on the license term for additional land conservation.

7. Public Drinking Water Supply and Water Conservation Programs -- Water is vital to life and drives our region's economy and way of life. However, Catawba-Wateree relicensing process studies indicate demands for water will more than double over the next 50 years. A group of approximately 20 water supply experts, including Duke Power, have outlined water management objectives, identified tangible projects to protect our water supply and proposed a voluntary water conservation fund to finance these projects. The money will come from contributions paid by Duke Power and large water users. Contributors to the voluntary fund will determine the timing and priority of projects.

The Agreement in Principle, which reflects almost three years of studies and negotiations by 160+ stakeholders was finalized and distributed to representatives of 80 organizations involved in the relicensing process. In mid-April 2006, stakeholders will be asked to sign the agreement – indicating their level of consensus. Those in agreement with the Agreement in Principle will then, in turn, construct the binding Final Agreement which will be included in the license application to the Federal Energy Regulatory Commission by August 31, 2006.