

Under the terms of a new relicensing agreement for Duke's Keowee-Toxaway hydroelectric plant, to be signed Nov. 20, the utility will invest around $22 million in habitat enhancements on land surrounding the lakes. PHOTOS BY KEN OSBURN/STAFF



Lakeside homeowners were disappointed to lose a battle over how low Lake Keowee can be dropped during drought.

Pact near on future of KEOWEE COMPLEX

Utility to invest nearly $22M in habitat work

By Nathaniel Cary | Staff writer | ncary@greenvillenews.com

After five years, an agreement that will shape how Duke Energy operates its Keowee-Toxaway hydroelectric plant for the next four decades is close to being finalized.

But it almost didn't happen.

A bit of last-minute negotiating persuaded one key stakeholder — Pickens County — to return to the table, and now a group of 17 stakeholders are preparing to put their signatures on a relicensing agreement at a formal signing that will be held at Clemson University on Nov. 20, said Duke Energy officials.

Duke Energy will invest somewhere in the neighborhood of $22 million to purchase land, protect streams, build up shorelines and islands and enhance the fish and wildlife habitat on the pristine mountain lakes that make up the region that surrounds its hydroelectric plant.

The utility giant's concessions were negotiated between the company and its stakeholders in a process that started in 2009 and allowed stakeholders and the company to draft their own relicensing plan, which they will submit for approval to the Federal Energy

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Regulatory Commission with an end-goal to renew Duke's license to operate the 868-megawatt electricity generating plant beyond 2016 when its initial 50-year license expires.

The process didn't come without controversy, and lakeside homeowners lost one major fight over how low Lake Keowee can be dropped during drought, but stakeholders gave high marks overall to the agreement after they saw some of the land, water and wildlife enhancements Duke offered as part of the deal, including $1 million toward the purchase of a biologically significant 1,600-acre Nine Times Tract in Pickens County.

Across Scenic State 11 north of the Nine Times Tract, Duke has negotiated to purchase yet another significant tract that was once owned by a pair of brothers who ran a sawmill in Oconee County. Before the recession hit in 2008, they'd sold the land to a North Carolina developer who planned to build luxury homes on the land that borders Jocassee Gorges and runs to the crest of Horsegap Mountain.

At 504 acres, the property, known as Laurel Preserve, is one of the last remaining swaths of hillside that overlooks the Eastatoe Valley, said Wes Cooler, who represented the South Carolina Wildlife Federation on the relicensing team.

"Had houses been built on that they would have been the only houses on the hills overlooking the Eastatoe Valley and would have been surrounded by unbroken hills," Cooler said. "It would have been seen from Highway 11 and it would have been, at least to my eye, an eyesore for generations to come."

Now, Duke has an option to purchase the property and expects to close on it after the relicensing agreement is signed, said Erin Culbert, Duke Energy spokeswoman.

As part of the agreement, Duke will lease the land to the South Carolina Department of Natural Resources for the length of Duke's new operating license and would give the state or conservation groups exclusive rights to buy it, according to the agreement.

"If I hadn't done anything else but accomplish the preservation of that piece of property, and I certainly didn't do it by myself, participating in that was worth all the time I put into this thing," Cooler said.

That's why Cooler was upset when a dispute erupted over the last month between Pickens County Council and Duke Energy over use of the water in Lake Keowee.

Pickens had to remain part of the team in order for Duke Energy to purchase the Nine Times and Laurel Preserve tracts, and at one point, Pickens County voted 6-0 not to sign the agreement.

Pickens controversy avoided

The dispute had simmered as stakeholders and Duke Energy crafted how the final re-licensing agreement would be worded.

Pickens County took umbrage over language that dictated which water providers could install water intakes on Lake Keowee.

Essentially, Pickens County would have had to negotiate with Greenville Water System, which already has two water intakes at Lake Keowee, if it ever wanted to install its own water intake into the lake that sits in its backyard, said Chappell Hurst, Pickens County administrator.

But after an initial vote last month to pull out of the voluntary process of negotiating with Duke Energy, Pickens County Council voted this week, 4-2, to sign the relicensing agreement after Duke Energy and a team of stakeholders made changes to the document, Hurst said.

If Pickens County did not sign the agreement, it would have thrown into doubt many of the concessions that Duke Energy plans to make.

Pickens County was concerned about language in the relicensing agreement that may have limited the county's ability to put a public water intake into Lake Keowee if it ever desired to do so in the future, Hurst said.

Pickens County doesn't have a water intake in Lake Keowee now, but didn't want to lose its option to tap into the lake if it wanted to, Hurst said.

If the document hadn't been changed, the county would have had to rely on existing Greenville Water System intakes if Pickens County ever needed to tap into the lake for its water needs, he said.

Neil Smith, Pickens County Council Chairman, said he still was not pleased with the "heavy-handed" way he felt Duke Energy treated the county through the process, but there was nothing for Pickens County to gain now if it didn't sign the agreement.

Smith still voted against it, but he called his vote symbolic.

"I wanted to send the message back to Duke that things weren't so fine and chipper," Smith said. "This wasn't something that we should have had to go through."

Duke investments

Pickens County didn't initially ask for any concessions from Duke Energy as part of the relicensing agreement, Hurst said.

After Pickens County felt slighted by the issue over water intakes, it decided to ask for something in return, Smith said.

It requested $350,000 to build 10 cabins at the Mile Creek Park, which Pickens County operates on the shores of Lake Keowee.

And it got them.

Smith said the cabins would help generate revenue to pay for park operations.

To accommodate Pickens County's request, the stakeholder team lowered Duke's contribution to building an observation tower atop Sassafras Mountain from $500,000 to $350,000.

Duke said its total dollar amount of investments into land and water conservation and recreation projects wouldn't be known until it closed on land purchases following the agreement signing, but Cooler said the stakeholder team counted a rough tally of nearly $22 million in total concessions included in the agreement.

Land conservation played a significant part in total contributions.

Duke included $1 million to purchase and conserve the remaining 1,600 acres of the Nine Times Tract, and Naturaland Trust has a purchase contract for the property that runs out at the end of the year.

"That's the urgency to work on that now," said Van Whitehead, deputy director of Upstate Forever, also a stakeholder team member.

Through a combination of the anticipated Duke funds, a U.S. Forest Service grant, a private donation and a South Carolina Conservation Bank grant, it has the funds to buy the land, but the agreement must be signed before they can close on the property, Whitehead said.

Duke will also add 67 acres in two smaller tracts to SCDNR's Jocassee Gorges, and will lease to the state another 572 acres in three tracts, including the Laurel Preserve site along Highway 11.

Duke will also contribute $600,000 to the Oconee County Conservation Bank.

Beyond land conservation, Duke will spend $1 million to start a habitat enhancement program and another $1 million to start a program that will protect the cleanliness of that water that runs into lakes Keowee and Jocassee.

Residents will see added fishing and boating enhancements, improvements at area parks, campground expansions and new parking and lake access points.

And Duke will develop a new shoreline management plan and will install rip-rap to protect against erosion on several Lake Keowee islands the company owns.

Unhappy lake homeowners

Duke won't ever be allowed to drop Lake Keowee 25 feet below full pond, which is allowed now if the area fell into a prolonged, extreme drought, but won't be under the new agreement.

It will be allowed to drop the lake up to 10 feet during drought conditions, five feet lower than is allowed now.

Ben Turetsky, executive director of the Friends of Lake Keowee Society, called negotiations over the maximum water level reduction the "most contentious and time-consuming part of the agreement that we looked at."

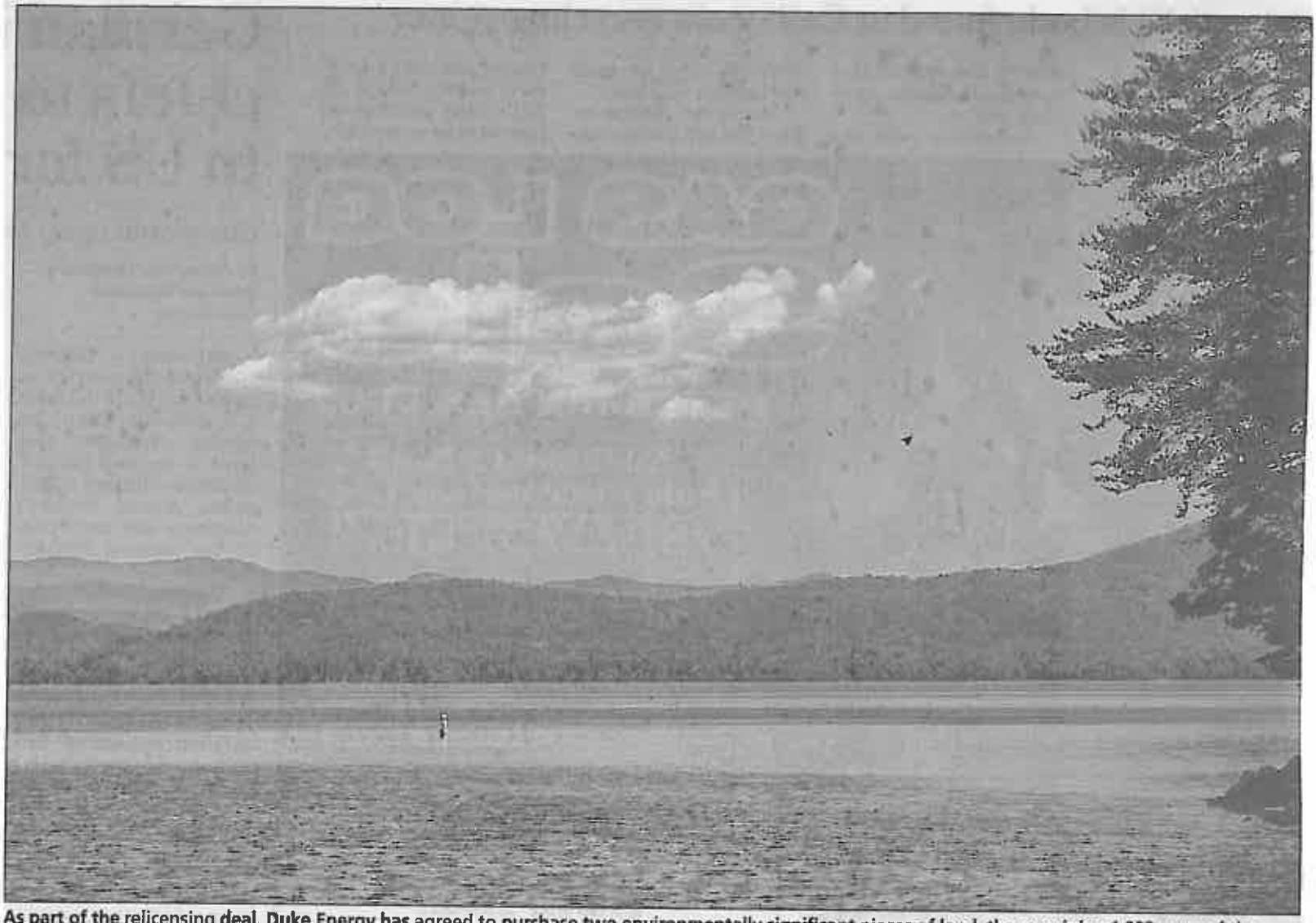
Lakeside homeowners, many who live in luxurious homes complete with private docks and boat access, have been concerned throughout the process that an additional reduction would expose muddy shorelines and may leave some homes without access to the lake from existing docks.

In the end, it could harm property values, homeowners argued. Hundreds of homeowners signed petitions and showed up at meetings to express their frustration.

Duke remained steadfast that the new water-level management plan would improve conditions in the entire basin, though it could create lower levels on Keowee during drought.

Duke Energy, which has a deadline to submit the re-licensing agreement to FERC by next summer, isn't making concessions in order to get parties to sign off on the agreement, but investments the company is electing to make, Culbert said.

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As part of the relicensing deal, Duke Energy has agreed to purchase two environmentally significant pieces of land, the remaining 1,600 acres of the Nine Times Tract in Pickens County and the 500-acre Laurel Preserve. KEN OSBURN/STAFF