

Hydroelectric project falls

Company withdraws plan after Highlands residents speak out

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A plan to use the flow of the Cullasaja River to generate hydroelectric power dried up this month after the company behind the project discovered the financial aspect did not hold water.

As of January, Advanced Hydropower seemed to be moving full steam ahead on plans to restart a hydroelectric plant on the river below the Lake Sequoyah dam.

At that time, the company's CEO, Colin Gaines, told The Highlander he was preparing a preliminary application document and planning a "town hall"-style meeting to get public input for this March or April.

But on March 9, Gaines said his company was dropping its plans for the project.

"Today we filed a request to surrender our preliminary permit with the FERC," he stated in an email to The Highlander. "We do not intend on pursuing this project any further."

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The project would have revived a hydroelectric powerhouse just below the Lake Sequoyah dam that was operated by the Town of Highlands from 1927 to 1969.

Advanced Hydropower, originally listed as being headquartered in Clovis, Calif., but in later documents listed as based in

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Photos by Carolyn Morrisroe/staff

Tumbling waterfalls on the Cullasaja River are visible from the windows of the power plant the town ran from 1927 to 1969.

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Peachtree City, Ga., applied for the preliminary permit in May 2014. The permit was accepted by the Federal Energy Regulatory Commission and opened to comment in September 2014. Advanced Hydropower received the preliminary permit from FERC in January 2015, allowing the company to study the feasibility of the project and granting it priority to file a license application.

On March 10, Gaines told The Highlander his company had determined the project would not be lucrative.

"At this time we feel that the conservative evaluation of all variables involved in such a project suggests that it would take about 30 years to see any meaningful return on investment," he stated.

Gaines said the decision to drop the project was based on uncertainty in the financial markets and the future price of electrical power.

"This project would be a capital intensive project, and frankly

the money that we would invest in this project would be better utilized elsewhere," he stated. "This is of course an unfortunate reality of most renewable energy prospects."

Community leaders who fought the project expressed positive reactions to the news that the proposal would not move forward.

"I personally along with the Chamber of Commerce Board of Directors and Members join with all of you in celebrating Advanced Hydro's withdrawal of the preliminary permit," Highlands Area Chamber of Commerce Executive Director Bob Kieltyka stated in an email to a group involved in battling the project. "Is there a more pressing issue than the need to protect and preserve the natural landscape assets of the Highlands Plateau and the gateways to the Town of Highlands?"

Local historian Ran Shaffner said the withdrawal of the project was good news.

"From the Historical Society's perspective, we're thrilled the coalition was able to convince Advanced Hydropower

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to withdraw their application which would have altered the power plant significantly and destroyed Kalakalaski Falls immediately above it for their profit," he stated in an email.

Highlands resident Sam Green, a member of the Hydro Project Action Committee that brought attention to potential detrimental effects of the project, said his research had shown the hydroelectric plan was not feasible, and he applauded its demise.

"I am extremely happy and pleased that this planned invasive construction project on our beautiful Cullasaja River has been defeated," he stated in an email to The Highlander.

Residents rally to stop the project

Gaines acknowledged that part of the reason Advanced Hydropower withdrew the plan was outcry from citizens over its potential impacts on the scenic approach to Highlands. He said his team tried to change the water flow calculations to protect the area's aesthetics, but they found that doing so would decrease the plant's capacity for energy generating.

"This is based on two factors, preserving the aquatic habitat and the aesthetics of the stream, with the aesthetics being a bit more influential on making this determination," he stated. "This was unanticipated."

The revised plan would reduce environmental impact, but also reduce the output almost exactly in half, or to a capacity of around 360 kilowatts, Gaines said.

"The total cost to develop would, however, remain almost the same due to the capital intensive nature of construction for this particular project," he stated. "In other words, we only expect revenue to be about half of the original estimate, but the project's costs would remain the same."

Advanced Hydropower was up against strong local sentiment in opposition to the project. Mayor Patrick Taylor, representing the Town of Highlands, wrote Gaines a letter in December 2015 detailing concerns about damaging impacts to wildlife, tourism and safety.

The N.C. Wildlife Resources Commission filed a Notice to Intervene, stating that it should be consulted regarding fish and wildlife resources, minimum flows, water quality, recreation and rare, threatened or endangered species. The N.C. Department of Environmental and Natural Resources and U.S. Fish and Wildlife Services also requested to be involved in the proceedings.

Most vocal in its opposition, however, was a coalition of interested Highlands residents, as explained by Green in a March 14 email to The Highlander.

"In October of 2014 I noticed that a California company had placed a federally required notice in the Franklin Press stat-



Photos by Carolyn Morrisroe/staff

The original generator and control box still sit at the 1920s-era power plant below the Lake Sequoyah dam.

ing their intention to install a new dam across the Cullasaja River," he stated. "The purpose of this was to generate and sell power to the utility company. In studying their permit application on-line, I determined that they planned to divert almost all of the river flow into their new large pipe. This would have resulted in an almost dry riverbed nearly a half mile long."

Green said he told Highlands' mayor about the notice and began informing other community members.

"As news of this spread quickly through town, several prominent citizens stepped forward and joined us in opposition to this project including Ran Shaffner of the Historical Society, Hillrie Quin of the (Greenway), Tucker Chambers, Colleen Kerrigan, Chip Wisdom, to mention a few," he said.

Local landscape architect Hank Ross said the goal of the Hydro Project Action Committee was to make sure that the project was a benefit to the Highlands community.

"After Sam Green caught wind of the project and brought the project to our attention ... we formed an ad-hoc coalition of citizens and organizations to review and comment on the project," Ross stated in an email to The Highlander.

According to its permit application, the project would have consisted of a 50-foot-wide diversion weir; a 50-foot-wide intake structure; a 2,000-foot-long, 36-inch-diameter above-ground penstock; a powerhouse with a total capacity of 775 kilowatts; a 40-foot-long, a 40-foot-wide tailrace; and a 60-foot-long, 12.47-kilovolt transmission line. All of this would be placed along the Cullasaja River just below Bridal Veil Falls on Highway 64.

Green said the main concerns were the aesthetic impact of construction and installation of the 3-foot-wide pipe along Highway 64, which would harm the "existing beautiful drive coming into town from Franklin." He also believed many trees and rhododendrons would be ravaged.

"The scenic view would be devastated," Green stated.

HPAC developed a detailed strategy to defeat the project, including writing to Congressman Mark Meadows, FERC, the Macon County Board of

Commissioners, the Town of Highlands, the U.S. Forest Service, U.S. Fish and Wildlife, N.C. DENR, and the State Historical Preservation Office, according to documents provided to The Highlander by Ross.

"Request that agencies make tougher comments on Draft EA (environmental assessment)," one action item in the document reads.

The strategy also involved working with the Town of Highlands and Chamber of Commerce to help spread word about the group's concerns and to exert political pressure to stop the project.

"In the end the project seemed like a high price to pay for very little energy benefits and of no benefit to the Town of Highlands, especially considering the impacts to our community's natural beauty and the town gateway's old growth landscape," Ross said.

Lake Sequoyah dam held the key

The Lake Sequoyah dam, which is owned by the Town of Highlands, played a larger role in Advanced Hydropower's decision to withdraw the project than had previously been made public.

In his March 10 email to The Highlander, Gaines said his company knew going in that the dam is essentially off limits to any future water power projects, but that fact made the project less appealing from a financial perspective.

"The town will never turn over ownership of the dam, especially now that it creates a water supply for the town," he stated. "Federal law requires the owner/operator of a licensed hydropower project to own all of the land and improvements associated with the project, so in other words only the town can possess a license for a project that uses the dam."

Gaines said that anyone wanting to use the dam for hydroelectric generation would also be required to own all the land along the lake up to the high-water line.

"Property records show that this is owned by the individuals living along the shoreline and not the town," he stated. "Even if everyone wanted to sell us this land, the cost would be astronomical compared to the potential earnings from such a

project (even for the town if it should ever choose to start the project)."

Gaines said the dam is not acceptable for use in a hydroelectric project at this time, anyway.

"The dam does not meet federal water power dam safety requirements as previously determined in the early 90s, and still does not even after the renovations recently undertaken," he stated. "Fixing these deficiencies would cost almost as much as building a new dam from scratch."

When asked about this contention, Taylor responded that this point is basically moot.

"The Lake Sequoyah dam has no deficiencies as a dam for the town's reservoir," he stated in an email to The Highlander. "In fact, during our recent repairs and upgrades, it was discovered the dam was a well built structure, especially by 1920s standards."

The town undertook a major renovation of the dam last year, including leak repairs and installing a drain valve and a cold-water release siphon.

"The purpose of the dam is no longer for hydro generation," Taylor stated. "So yes, it can no longer meet current federal standards for power generation, all the more reason why it is unrealistic for anyone to renew a FERC license to do so. Reviving the old Highlands hydro plant is no longer an option."

Town Manager Bob Frye said the dam meets all state requirements for its current use.

"The dam is regularly inspected by the state of North Carolina and all of our recent repairs were certified by our consulting engineering firm and approved by the state of North Carolina Dam safety section," he stated in an email to The Highlander.

Preserving the old power plant

The future of protecting the land and river below Lake Sequoyah might lie in the past.

Shaffner said the old power plant that Advanced Hydropower wanted to renovate has been on the study list of the National Register since 1989, when it qualified for nomination.

"As one of the first — if not the first — generators of hydroelectric power in Western N.C., it played a major role in the growth of Highlands during the 1930s when the new Gorge Road opened the town to the outside world," he stated. "Getting the power plant on the National Register would help protect it from future attempts by outside interests to reactivate it for their personal gain. It would also preserve it as a beautifully constructed building and a unique treasure of Highlands history."

Green agreed with that suggestion and said the town could also lease the property from the Forest Service.

"I would like to see a 50 year lease," he stated. "We would take care of the building. This might provide the impetus to raise funds to replace the old roof, windows and door."