

Do you have a figure, or an approximation, of how many employees work full time in NC re: the dams and power generation?

Alcoa has 26 full-time employees in North Carolina involved in the operation of the Yadkin Project. In addition, we employ 14 full-time and part-time contractors, as well as additional contractors as needed.

How much does APGI pay NC in local/state tax payments?

Alcoa pays more than \$1 million a year in local property taxes. (See the attached spreadsheet for a complete breakdown of county tax payments.) The company paid \$163,000 in state taxes in 2014.

Are there more recent financials available than 2008-2010?

Alcoa does not typically release financial information by specific locations or business units. However, recent operating costs and profits are consistent with the information released in 2008-2010.

Does Alcoa sell most of the Yadkin's electricity in the Pennsylvania-Jersey-Maryland wholesale power pools because it gets better prices?

Alcoa sells power on the wholesale market to a broad range of utilities across the country, including Duke Energy. More than 50 percent of the power remains in North Carolina.

Where does Alcoa sell its RECS (renewable energy credits)?

Alcoa began selling voluntary renewable energy credits in 2013 to wholesale customers.

Follow up Question: Over the past three years, how much APGI/Yadkin generated electricity was ultimately consumed by NC residents?

APGI is only allowed by federal law to sell on the wholesale market and not to retail residential customers. Over the past three years, 54% of the APGI generation was sold to Duke and other NC utilities. Those utilities, as both wholesale and retail suppliers, distribute that power. We have no way of knowing

if Duke or the others resell APGI power, along with their own generation, outside the state.

It is all dependent on electrical demand or load. Hydro-electric projects are primarily peak generating facilities. When the market signals that there is a need for additional power, as in the day last week when Duke said demand was at an all time peak in NC because of frigid weather, one may assume that almost all power stayed in the state. On a cold day in the northeast or mid-west, when seasonal temperatures in North Carolina are in normal ranges, more power would flow where the need is greatest.

Addressing the issue of “Who owns our water?”

Since this is the title of the article, we felt it was important to provide our view of “who owns the water.”

The federal government has the ultimate authority for regulating the water in the Yadkin River.

APGI owns the Yadkin Project land, including the riverbed and adjacent “riparian” lands. That ownership gives it the right to use the water for electric generation, subject to FERC regulations. APGI's hydroelectric operations do not consume the water – it passes through the turbines and continues to flow downstream.

1. Why is Alcoa seeking a relicense to operate dams when there is no more smelter and the public interest cited by FPC (FERC) in 58 explicitly connected public interest to industrial/economic activity?

FERC addressed the issue of public benefit in its Final Environmental Impact Statement (FEIS) issued in 2008. Here are two excerpts from the document:

“If relicensed, the power from both Projects would continue to be useful in meeting part of the local and regional need for power and continue to displace the operation of fossil-fueled facilities thus avoiding significant fossil-fueled power plant emissions and creating an environmental benefit. If the electric output of the Projects (1,310,300 MWh) were replaced with coal-fired generation, greenhouse gas emissions would increase by 348,500 metric tons of carbon annually.”

"We recommend these alternatives because (1) issuing new licenses would allow Alcoa Generating and Progress Energy to continue operating the Projects as beneficial, dependable sources of electric energy; (2) the Projects, with a total installed capacity of 210 MW and 108.6 MW, respectively, would eliminate the need for an equivalent amount of fossil fuel-produced energy, which helps conserve these non-renewable resources and limits atmospheric pollution; (3) our recommended environmental measures would protect water quality and quantity, enhance fish and wildlife resources, protect cultural resources; and improve public use of the Projects' recreational facilities and resources; and (4) the public benefit of these measures would exceed those of the No-action Alternatives."

FERC also addressed the issue of a federal takeover of the Yadkin Project: *"We do not consider federal takeover to be a reasonable alternative for the Projects. Federal takeover of the Projects would require Congressional approval. While that fact alone would not preclude further consideration of this alternative, there is currently no evidence showing that a federal takeover should be recommended to Congress. No federal agency has suggested that federal takeover would be appropriate, and no federal agency has expressed an interest in operating the Projects."*

The FEIS is available online at:

<http://www.ferc.gov/industries/hydropower/enviro/eis/2008/04-18-08.asp>

As the rightful owner of the hydroelectric dams and surrounding property that comprise the Yadkin Project, APGI maintains the right to continue generating clean, renewable energy. APGI's relicensing has the support of 23 stakeholder organizations, including all local governments along the Yadkin River who are impacted by the project.

2. Do you have the most recent argument/filing from Alcoa re: NC v APGI...we have the response from '13, but that's not very detailed?

The Motion for Summary Judgment, filed in July 2014, is attached.

3. We have detailed interview notes/quotes from Ray Barham re: enviro remediation, but does Alcoa wish to make a comment re EPA investigation of the area as a possible superfund site? Alternately, does Alcoa wish to comment on Yadkin Riverkeeper's letter requesting EPA investigation?

Whenever someone has raised environmental questions related to our past manufacturing operations, we've done a thorough investigation and shared the results.

Since the early 1990s, the plant site has been thoroughly investigated and remediated under the Resource Conservation and Recovery Act (RCRA) corrective action at the direction of the NC Department of Environmental and Natural Resources and with oversight provided by the US Environmental Protection Agency.

Under the direction of the State of North Carolina, Alcoa has performed all necessary remediation. Alcoa is currently working with the state on a plan for ongoing monitoring of waste sites and we are developing a plan to sample two areas near the former Badin Works plant. All sampling will be done with the approval and oversight of the appropriate state and federal agencies.

4. Our notes indicate that Alcoa has spent ~\$23 million on various relicensing related measures and initiatives as opposed to about \$12 million on environmental remediation. Does Alcoa wish to comment on this?

These two issues are entirely unrelated. We have spent what is necessary to appropriately remediate the environmental concerns associated with the Badin Works plant. All environmental remediation has been conducted under the direction by the NC Department of Environmental and Natural Resources and in accordance with state and federal laws governing the disposal of solid waste and hazardous waste.

Legal challenges to APGI's rightful ownership of its property have resulted in the

delay of important environmental and recreational benefits, including an investment of up to \$80 million to continue improving water quality in the Yadkin River. That is one of many environmental benefits included in the Relicensing Settlement Agreement that has been delayed by the state's efforts to take Alcoa's property.

5. In 1992 it was estimated that clean up at Badin (spent pot liners et al) would cost \$50 million. At two other Alcoa smelter sites that proved accurate, but not Badin. Why?

The 1992 report provided an estimate of remediation costs at Badin Works before thorough evaluations were completed. More than 100 studies and reports have been conducted under the direction of the NC Department of Environment and Natural Resources to assess the environmental condition of the Badin Works site. Those studies determined what was required to remediate the site, under the direction of state and federal authorities.

Alcoa has been responsible and transparent about the cleanup of the former Badin Works site. We began working with state and federal officials in the early 1990s to identify and investigate waste sites on its property in Stanly County and to take appropriate action to remediate the sites. We have thoroughly investigated any concerns raised by the community and worked closely with the US Environmental Protection Agency and NC Department of Environment and Natural Resources to identify and address environmental issues in a proactive way.

6. Assuming FERC grants another 50-yr license, and the legal fight is wrapped up in some fashion, does Alcoa plan on selling the license as it did with the Tapoco project ca. 2012?

We do not speculate or comment on potential asset sales.

FD: We do note (and link to the doc) that in Alcoa's FERC filings ca. 2004 for another Tapoco license, the company made much of its commitment to

Knoxville area and that it would generate an estimated \$400mm in economic activity.

We recognize that economic development is important, but it is unrelated to the operation of a hydroelectric project and not a requirement of a federal license. Alcoa has invested more than \$10 million to redevelop the former Badin Works site into one of the best industrial sites in North Carolina. We are committed to attracting new jobs to the community and are actively working with local and state economic development officials.