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General Information**Assigned Office:** NRR**OEDO Due Date:** 05/22/2013**Other Assignees:****SECY Due Date:** 05/22/2013**Date Response****Requested by Originator:****Other Parties:****Subject:** Duke Energy Lake Keowee - Toxaway Relicensing Application**Description:****CC Routing:** RegionII**ADAMS Accession Numbers - Incoming:** ML13114A105**Response / Package:** ML13114A106**Other Information****Cross Reference No:** LTR-13-0347**SRM\Other:** No**Process Information****Action Type:** Letter**OEDO Concurrence:** No**Signature Level:** NRR**OCM Concurrence:** No**Special Instructions:****OCA Concurrence:** No**Document Information****Originator Name:** Thomas M. Destefano, Jr.**Date of Incoming:** 03/25/2013**Originator Org:** Citizens**Document Received by OEDO Date:** 04/24/2013**Addressee:** Chairman Macfarlane**Incoming Task:** Letter**OEDO POC:** Dan Merzke

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

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LOGGING DATE: 04/23/2013

ACTION OFFICE: EDO

AUTHOR: Destefano, T

AFFILIATION: Sunset, SC

ADDRESSEE: Macfarlane A M

SUBJECT: LTR-13-0347 - Thomas Destefano Ltr. re: Duke Energy Keowee - Toxaway Relicensing Application

ACTION: Direct Reply

DISTRIBUTION: RF, SECY to Ack.

LETTER DATE: 03/25/2013

ACKNOWLEDGED: No

SPECIAL HANDLING: Lead Office to Publicly Release 24 hours after Secy's assignment.

NOTES:

FILE LOCATION: ADAMS

DUE DATE: 05/22/2013

DATE SIGNED:

Thomas M. Destefano Jr
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Sunset, SC
29685

March 25, 2013

Ms. Allison M. MacFarlane, Chairman
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Ms. MacFarlane,

Attached is a copy of a letter recently disseminated to 1322 residents and property owners who have signed a petition opposed to Duke's proposal to lower the floor level of Lake Keowee another five (5) feet, to 790 feet above mean sea level.

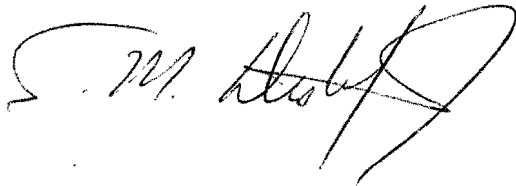
The letter discusses the findings of a study recently conducted by Professor Dave Wyman of Clemson University regarding the potential impact on real estate values should Duke lower the Lake Keowee floor to 790 feet. The findings and study will be presented and published in April 2013 at American Real Estate Association conference. The potential consequences of Duke's proposal are significant and severe for Oconee and Pickens Counties and residents.

Please do not let Duke run rough-shod over the residents and citizens of Oconee and Pickens Counties in the interest increasing of corporate profits. Demand that Duke incorporate Professor Wyman's findings into its application and set forth for all reviewers to consider the potential economic consequences of Duke proposed application plan.

Under Duke's current application proposal, 100% of the burden of lowering the floor of Lake Keowee falls on the residents and citizens of Oconee and Pickens Counties while 100% of the benefits accrue to Duke. Such a one-sided arrangement is patently unfair. Demand that Duke reconsider its plan and proposal to lower the floor level of Lake Keowee to 790 feet.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "T. M. Destefano Jr.", with a stylized, sweeping flourish at the end.

As part of Duke Power's Keowee-Toxaway hydropower relicensing application, Duke maintains that the findings of two studies done in 2010 are sufficient for Duke to draw the conclusion that there will be little to no property value impact on Lake Keowee real estate as a result of its proposal to lower Lake Keowee an additional 5ft., to 790 ft. during drought conditions..

The two studies on which Duke is relying in support of its application were conducted by Allen, et al., in 2010. The first study was conducted for the Corp. of Engineers and focused only on Lake Hartwell and encompassed a six county area. The study concluded that the economic impact on the entire six counties would be minimal. Although the second Allen study did include Lake Keowee, it assumed the water level would not drop below the current minimum of 795 ft. and it did not include the impact of property value reductions.

Duke is relying on the aforementioned studies to conclude that the lowering of Lake Keowee another 5 ft., as proposed in its application, will have neither an economic impact on Oconee and Pickens County nor a significant impact on property values. The lack of economic impact is, of course, the very conclusion Duke wants. Duke has steadfastly refused to conduct a focused study of the economic impact on the Lake Keowee area of its proposal to lower the water level floor to 790 ft. despite the fact that multiple stakeholders and property owners have requested Duke to do so. The 1322 Petitioners that have signed a petition in opposition to Duke's proposal believe the use of the aforementioned studies is clearly wrongful and misleading, and, now, the facts set forth below unequivocally support our beliefs.

In a research paper to be presented at the American Real Estate Association conference in April, Professor David Wyman of Clemson University will present his findings from a 2013 study focused solely on the economic impact on the Lake Keowee area, and hence Oconee and Pickens Counties, of Duke's proposal to lower Lake Keowee to 790 ft. during drought conditions. Dr. Wyman's academic area of expertise is in assessing the factors that impact real estate values.

As mentioned above, Professor Wyman's paper will be finalized and presented in April 2013. What follows is a very brief summary of the facts and conclusions of this study.

Professor Wyman reviewed real estate transactions on both Lake Hartwell and Lake Keowee in Oconee County between 2002 and 2012 in order to obtain an accurate and comparable assessment of the impact of lake levels on property values. Using topographic data obtained from Duke through the Freedom of Information Act, GIS information obtained from Oconee County and input from a local dock manufacture to determine at what level each property would be "dockable", Dr. Wyman concluded that 47.7% of the lots on Lake Keowee would be undockable at 790 ft. This finding compares

with Duke's conclusion that 46% would be undockable and confirms the accuracy of Dr. Wyman's data base.

Dr. Wyman used actual sales data and lake levels from Lake Hartwell over a 10 year period to extrapolate the projected impact the lowering of Lake Keowee's floor to 790 ft. would have on Lake Keowee real estate values. In order to further confirm the accuracy of his data and conclusion, Dr. Wyman compared the Lake Keowee conclusions with similar studies conducted on Lake Lanier (Georgia) and Lake Conroe (Texas).

What Professor Wyman concluded from the Hartwell data, and that which was supported by both the Lanier and Conroe studies, is that a single short duration lowering of the Lake Keowee level would have a moderate impact on real estate values (-14%), but that any sustained lowering of the lake level would have a dramatic and permanent impact on real estate values (-32%). The aforementioned projected diminution in value estimates is, of course, an average for all properties. However, what is notable is that those properties in shallower water that will become undockable will be impacted significantly (>-50%) while those in deeper water will be impacted less.

A pretext of Duke's application and proposal to lower Lake Keowee's floor to 790 ft. is its claim that the lake will be subject to drought conditions and therefore down below 795 ft. (current floor) only 4% of the time. What Professor Wyman's review of the Lake Hartwell data concluded was that by using a more relevant time frame, these drought conditions are in excess of 4% and occur for extended periods of time. Once Lake Hartwell was lowered the lake level remained down for extended periods of time. For example, when Lake Hartwell was lowered below 654 ft. in August 2007, it was not refilled until April 2009 (21 months later). The result was an 85% drop in Hartwell real estate values for raw land (which suggests that Dr. Wyman's -32% number is likely conservative).

The facts are now in and they are irrefutable. There can be no doubt that Duke's proposed application to lower Lake Keowee's floor to 790 ft. will result in a significant and long-term impact on Oconee and Pickens County property values, tax revenues and school funding.

The question that remains unanswered is why Duke desires to lower the Lake Keowee floor to 790 ft. Virtually everyone involved, including Duke, acknowledges, that the amount of water involved in lowering the lake 5 ft. is minimal compared to the volumes of the other downstream lakes and that lowering the lake is a one-time event (once the water is gone it is gone forever).

Now is the time to act. Write your representatives on the county councils and at the state and federal level and tell them that you think a decrease in your property values, school tax revenues and County tax revenues based merely on Duke's desire to have more flexibility in its nuclear plant operation is unacceptable. Demand that your representatives not sign off on Duke's application until and unless Duke incorporates into its application Professor Wyman's conclusion regarding the potential significant financial

impact on Oconee and Pickens County property owners, tax revenues, school tax revenues and ultimately all Oconee and Pickens County residents.

Doug Barker
Newton Brightwell

Lake Keowee Homeowners
Petition originators