

Lake Murray Homeowner's Coalition

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August 15, 2005

Mr. William R. Argentieri

Attention: Mr. James Landreth, Vice President
Fossil and Hydro Operations
South Carolina Electric and Gas Company
111 Research Dr.
Columbia, S.C. 29203

Re: Saluda River Hydro Project 516 Relicensing
"Lake Murray Homeowner's Coalition"

Dear Mr. Argentieri:

On May 19, 2005, leaders of five prominent Lake Murray homeowner associations met to form a lake wide homeowners group to better address lake issues associated with the upcoming relicensing of the Saluda Hydro Project. This group chose the name **Lake Murray Homeowners Coalition** as their representative organization which presently represents 16 owner organizations. These sub-organizations represent a total of approximately **4000** lake residents. We anticipate this number will increase over the next few months as our official membership drive kicks into full gear.

Lake Murray homeowners are a very unique and special interest group. As residents, our quality of life and property values are impacted significantly by the manner in which the lake and its resources are managed, both now and in the future. On the average, we utilize the lake's resources much more than the weekend or casual user. As a group, we strongly support the wildlife and water quality professionals and their efforts to protect these important, limited natural resources. We ourselves act as primary caretakers and stewards of the lake and represent the first line of defense in identifying and protecting water quality, fish and wildlife habitats, aesthetic values, as well as concerns regarding boating safety issues.

The **Lake Murray Homeowners Coalition** will represent the interests of Lake Murray homeowners in both meetings and negotiations with SCE&G and the Federal Energy Regulatory Commission, as related to the relicensing process. The **Coalition** will act as the collective voice for homeowner associations, property owner associations as well as individual homeowners who have a stake and civic interest in protecting the lake's recreational and environmental resources.

Coalition Mission statement is:

To gather, convey, represent and negotiate the expressed interests, issues and concerns of homeowners of Lake Murray and the Saluda River tributaries to the FERC, SCE&G and to State and Federal Agencies prior to, during and after the SCE&G Saluda Hydroelectric Project licensing renewal process.

Coalition Goals are:

1. To provide representation for homeowners during the Saluda Hydroelectric Project

relicensing and to establish a voice of representation for homeowners regarding Lake Murray issues in the future.

2. To unify and leverage the voice of various Lake Murray homeowner groups and civic organizations to provide awareness and education regarding lake impacting issues.

3. To interface with State and Federal Agencies regarding Lake Murray issues, bringing focus to specific areas of lake interest, including lake levels, recreational opportunities, boating safety, water quality, project lands, shoreline development and fish & wildlife resources.

4. To partner with SCE&G in protecting the lake's resources now and for the benefit of future generations to come.

Initial Consultation Document Comments

The Lake Murray Homeowners Coalition has reviewed the Saluda River Hydro Project 516 Initial Consultation Document (ICD) and offers the following comments:

Issues to be addressed:

Water quality- According to the latest DHEC report, Lake Murray's water quality is deteriorating and will worsen unless steps are taken to minimize shoreline development impacts.

"In consideration of current water quality trends, DHEC believes that minimization of future urban development along the Lake Murray shoreline is necessary to maintain long term water quality" Rheta Geddings, Bureau of Water

Protecting fish and wildlife habitat - According to SC DNR and the US Fish and Wildlife Service, Lake Murray's fish and wildlife resources have been and continue to be compromised by the continued sale of project lands with high natural resource values.

"Rapid development has caused a general degradation of water quality, boating safety problems due to crowding, and loss of fish and wildlife habitat." Roger Banks, Field Supervisor US Fish and Wildlife Service

Negative impacts from marinas - Large multi-slip docking facilities in certain locations can contribute to poor water quality, congestion and boating safety concerns, impact the quality of life of existing residents and lower property values. Within the past year, several communities have opposed these types of docking facilities.

Lake level fluctuations - Concerns about low lake levels have been an issue for almost a decade. Low fall and winter levels create boating safety concerns, restrict recreation and negatively impact most lake users and businesses.

Communication with the public - Open communication between the licensee and the lake community begs improvement, especially as it relates to public notification and awareness with regard to applications for permitted uses of project lands and waters.

Recommendations for additional disclosure of information -

Generation and/or operational reports - It is requested that SCE&G make available, upon request, copies of generation/operating reports that include information that would allow stakeholders to evaluate the licensee's current generating scheme against other potential alternatives. This could be accomplished as part of the resource meetings relating to operations.

Land use maps - Information regarding the location of land use designations is not included in the ICD. Stakeholders need this information in order to verify the amount and type of shoreline uses

in different areas of the lake.

Marina water quality monitoring records - There is concern regarding water quality impacts as related to large multi-slip docking facilities and these records would give stakeholders an opportunity to better understand the degree of water quality impacts and the results of the monitoring program.

SCE&G's commitment to the grid -The ICD mentions an agreement with other utilities. Reports showing the extent of demands on SCE&G's system resulting from outside utility request is needed in order for stakeholders to understand licensee's position.

Request for additional studies

Water quality in coves- Assimilative Capacity Assessment targeting coves and creek areas

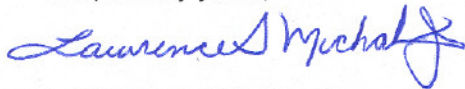
Draw down impacts on public safety, economics, recreation and erosion and sedimentation and other resources

Shoreline developments impacts- as related to fish and wildlife habitat, water quality, recreation, congestion and boating safety

"Total build-out study" – to identify areas not appropriate for private development and marinas

Conclusion-The Initial Consultation phase is the most important part of the re-licensing process. Only with sufficient information through studies and reports, can a proper and complete evaluation be made. As the official representative of homeowners, the Coalition stands ready to assist SCE&G in providing information on homeowner concerns and issues. We will be constantly communicating and taking the "pulse" of the community through out this undertaking. We are excited and optimistic that this process will result in a new license plan that will be acceptable and beneficial to all. We look forward to working with SCE&G staff and Kleinschmidt Consultants in this challenging endeavor.

Respectfully yours,



Lawrence S. Michalec, Jr.

Chairman