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Deal may keep Caddo water out of plant; Longview agreement could trump Marshall's plan to tap lake

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LONGVIEW, Texas - An agreement by Longview officials to sell water for a new power plant may derail neighboring Marshall's efforts to tap **Caddo Lake** for the project, but lake advocates say their fight to protect Texas' only naturally formed lake is not over.

Longview's City Council approved an agreement Thursday to sell treated wastewater for a gas-fired power plant being built south of Marshall by a subsidiary of Entergy Corp.

The plant, a partnership between Entergy's Houston wholesale power division and the Northeast Texas Power Cooperative, is committing to buy 5.5 million to 6 million gallons of water a day at an annual cost of about \$ 221,000.

The project became controversial early last summer when Marshall officials announced a plan to sell up to 5.5 million gallons of water a day from **Caddo Lake** to provide cooling for the Entergy plant.

Many lake-area residents and other advocates, including officials with the lakeside town of Uncertain, immediately protested, contending that Marshall was already violating state permits for use of the lake for its city water supply.

Marshall officials argued that their plan would not harm the lake because it includes a mitigation agreement to buy replacement water with a fund to be bankrolled by Entergy when the lake's level falls to the point that water stops flowing over its spillway. But a hydrology expert hired by opponents concluded that the replacement proposal was insufficient and the plan could tax the fragile, shallow-water lake and even dry up significant areas during a drought. Officials with the U.S. Fish and Wildlife Commission said last fall that the plan could harm one of only 15 areas in the United States declared significant wetlands under international treaty.

Caddo Lake is a primeval stretch of sloughs, cypress swamps, pools and bayous straddling the border with Louisiana.

Lake advocates tried last fall to persuade the city to accept a compromise, including a larger mitigation fund to ensure long-term adequate replacement of water during dry periods. But the talks stalled, even after a **Dallas** oilman arranged for all sides to meet to discuss their differences at the governor's office in Austin in December.

Officials with the Texas Natural Resource Conservation Commission held a hearing in Marshall in December but have not granted permits to allow the city's water plan to go forward.

Opponents have vowed to take their fight to the courts if the conservation commission authorizes Marshall's proposal.

Entergy spokesman Larry Daspit said the threat of a protracted court fight prompted the company to begin scouting for alternative water suppliers for the plant, which is scheduled to begin commercial operations next summer.

Longview officials said they were approached in October and negotiated until this week on a 20-year contract that initially buys raw water but will pay 27.5 cents per gallon for wastewater in 2005.

Longview officials said the wastewater is now released into the Sabine River and earns the city nothing. They said the only other entity that has recently expressed interest in buying it planned to propose paying 6 cents a gallon.

Marshall Mayor Ed Smith said officials there knew Entergy was looking for alternate suppliers, but had heard nothing to indicate that the company has decided not to use its water for the plant.

Mr. Daspit said Entergy has not abandoned the Marshall agreement or decided which city will become its water supplier.

"We really don't know," he said. "We just know that because of some of the opposition of some people involved with **Caddo Lake**, there are some possible impediments to the Marshall water plan."

But the company's agreement with Longview includes a binding requirement to pay for the water whether or not it is used. The deal with Marshall does not. Longview's agreement also supplies water for about a third less per gallon.

Dwight Shellman, director of the Caddo Institute and a spokesman for opponents of the Marshall water plan, praised Longview's agreement.

"Entergy can avoid becoming the first industry to injure **Caddo Lake**, and that's to their credit," he said.

"Now, Entergy does the plant, hires all the people they were going to hire. But more important, Harrison County and the school district get the tax money from a high-value plant. So it looks like everybody wins, including **Caddo Lake**."

But he said the lake still faces a threat because Marshall officials are seeking state approval to take Caddo water for industrial use.

Mr. Smith said that Marshall officials aren't asking for anything that Marshall doesn't already have the right to use, and added that the plan includes enough safeguards.

"Right now this is the only source of water the city of Marshall has," he said. "This permit doesn't ask for any additional volume of water than what's actually adjudicated to Marshall. It just allows Marshall to use it to its maximum benefit."

But lake advocates, including Mr. Shellman, say they are preparing for a long court fight.

"That's not a threat. It's just a reality," he said. "The victory, if any, will occur in a couple years from now when the litigation over the industrial water right is completed and conditions are imposed on the city's withdrawals that protect the lake. That's a long way off."

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