

Cheoah River Resource Management and Enhancement Fund

Annual Report 2006

This annual report is submitted to satisfy the requirements of the Tapoco Project Relicensing Settlement Agreement (RSA) that requires an annual report be prepared and distributed to Board members and advisors and that Alcoa Power Generating Inc. (APGI) file the report with FERC by June 30 of the following year. The Cheoah River Resource Management and Enhancement Fund (“Fund”) (listed in the RSA as the North Carolina Resource Management and Enhancement Fund) was established through the Tapoco Project RSA and is to be administered by the Fund Board composed of authorized representatives of the North Carolina Wildlife Resources Commission, North Carolina Department of Environment and Natural Resources, USDA Forest Service, United States Fish and Wildlife Service, and the Eastern Band of the Cherokee Indians. APGI is required to provide an initial deposit of \$100,000 then annual deposits of \$25,000 (both in inflation adjusted dollars) except for the final 3 years of the new 40-year license.

During 2006: The Fund Board finalized its organizational document, Operating Protocols for the Cheoah River Resource Management and Enhancement Fund. It also finalized the Appointment of Fiduciary and Delegation of Authority document which appointed the North Carolina Department of Environment and Natural Resources (NCDENR) as the fiduciary for the Board. Both of these documents were approved and signed by all Board members. Representatives from American Rivers, Cross Creek Property Owners Association, Friends of Lake Santeetlah, and Western North Carolina Alliance have agreed to serve as Advisors to the Fund Board.

A brief organizational meeting of the Fund Board was held in July and the initial annual planning meeting was held in October. There were no funding proposals submitted to the Board prior to the October meeting so no proposals were approved for funding in 2006. The fiduciary, NCDENR, did not have procedures in place to receive funds from APGI until late in 2006. Therefore no funds were requested or received from APGI during 2006.

2007 Update: In early 2007, NCDENR invoiced APGI for the 2005, 2006 and 2007 annual payments for the fund. The following payments were received from APGI and deposited by NCDENR: \$102,080 (2005), \$26,201 (2006) and \$27,011 (2007) for an initial Fund balance of \$155,292.

The Board held a follow-up meeting on February 12, 2007 to review and approve proposals for funding during calendar year 2007 since no proposals were received in time for review at the October 2006 annual planning meeting. The following proposals were approved for funding for 2007:

Title	Grantee	Amount
Population Genetics of the Appalachian Elktoe Mussel: guidance for Restoration of the Cheoah River Population	NCWildlife Resources Commission & US Fish & Wildlife Service	\$15,000
<i>Spireaea virginiana</i> monitoring and management	Hargreaves Associates	\$10,000
Restoration Ecology of Fishes in Regulated Rivers	Virginia Tech	\$23,592

The Fund Board will hold its annual planning meeting during the fourth quarter of 2007 to review the status of funded proposals and consider funding priorities and requests for 2008. If you have any questions about the Cheoah River Fund, or its operation during 2006, please contact Steve Reed, Board Chair, at 919-715-5424 or Steven.Reed@ncmail.net.