

**Cheoah River Resource Management and Enhancement Fund
Annual Report 2007**

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.

2007 Board Activities.

In early 2007, the Fund fiduciary, 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 special 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 Annual Meeting of the Board was held on October 16, 2007 in Asheville. The priorities established for funding at the meeting were gravel augmentation in Cheoah River, identification of larval fishes collected during flow studies, and long-term monitoring with Virginia Tech.

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	NCWRC & USFWS	\$15,000
<i>Spiraea virginiana</i> monitoring and management	Hargreaves Associates	\$10,000
Restoration Ecology of Fishes in Regulated Rivers	Virginia Tech	\$23,592
Cheoah River Gravel Augmentation	Clear Blue Grading	\$24,400
Identify larval fishes	Wallus	\$3,000
	Total	\$66,992

At the end of 2007, the Fund had \$88,300 of unallocated money.

2008 Annual Meeting Scheduled.

The Fund Board will hold its annual planning meeting during the fourth quarter, on November 5 2008, at the Marion Fish Hatchery, 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 the term of this report, please contact Mr. Mark A. Cantrell, Board Chair, at 828/258-3939, (ext. 227).