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March 30, 2009

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, D.C. 20426

RE: Tapoco Hydroelectric Project (FERC No. 2169) – License Compliance
Annual Recreation Report

Dear Secretary Bose:

On January 25, 2005, the Federal Energy Regulatory Commission (FERC) issued an order approving settlement and issuing a new license for Alcoa Power Generating Inc.'s (APGI) Tapoco Project. Section 2.4.5 of the Relicensing Settlement Agreement reads:

“The funding Parties will meet annually during July of each year, or at another mutually agreeable time, to discuss funding priorities for the subsequent calendar year based on projected funding availability, including in-kind services and other relevant considerations. Additional meetings of the funding Parties may be held at the request of any of the funding Parties. The funding Party interested in holding an additional meeting shall notify the other funding Parties of the perceived need for such a meeting and shall work with the other funding Parties to identify a mutually acceptable time for the meeting. The funding Parties will also prepare a report during the first quarter of each calendar year that summarizes expenditures and accomplishments during the previous calendar year.”

The following is APGI's report on recreational funding priorities and accomplishments for the period January 1, 2008 through December 31, 2008 (reporting period).

Enhancement	Primary Agency Responsible	Progress in 2008	Funding Priorities (2008)
Panel Branch Boat Access Relocation to Lewellyn Branch	North Carolina Wildlife Resources Commission (NCWRC)	NCWRC completed site planning and the required agency consultation process in accordance with the Tapoco Project Shoreline Management Plan (SMP) and APGI issued a Construction Permit. Construction is scheduled to begin in early 2009.	\$75,000
Cheoah Bank Fishing Areas	APGI	NCWRC completed site planning and the required agency consultation process in accordance with the	\$10,000

Enhancement	Primary Agency Responsible	Progress in 2008	Funding Priorities (2008)
		Tapoco Project SMP and APGI issued a Construction Permit. Construction is scheduled to begin in early 2009. The bank fishing areas will be incorporated into the design of Lewellyn Branch.	
Cheoah Point Boat Access	NCWRC, U.S. Forest Service (USFS)	NCWRC completed site planning and the required agency consultation process in accordance with the Tapoco Project SMP and APGI issued a Construction Permit. Construction will begin in late 2009.	\$12,500
Chilhowee Portage	APGI	APGI finalized plans and initiated construction.	\$36,790
Calderwood Portage	APGI	APGI finalized plans and initiated construction.	\$110,360
Cheoah Portage	APGI	APGI finalized plans and construction is 80% complete.	\$147,130
USFS Site Funding	USFS	The USFS rehabilitated eight dispersed campsites around Santeetlah Reservoir.	\$89,797
Total			\$481,577

In accordance with the FERC-approved Recreation Plan (by order dated August 9, 2006), APGI held an annual recreation planning meeting on July 23, 2008. At the meeting, APGI and the other funding Parties discussed design plans and implementation schedules for recreation enhancements and/or new construction, and funding priorities for 2009. In addition to any carry over funding from 2008, funding for 2009 was committed for the following enhancements:

Enhancement	Primary Agency Responsible	Funding Priorities (2009)	Plans for 2009
Primitive Campsites (Calderwood)	APGI, USFS	\$15,700	APGI and the USFS initiated construction of the campsites in early 2009 and expect to complete construction in the second quarter of 2009.
Massey Branch Boat Access Area	USFS, NCWRC	\$66,000	The USFS and NCWRC are continuing to collaborate on the redesign of the boat access area.

Enhancement	Primary Agency Responsible	Funding Priorities (2009)	Plans for 2009
USFS Site Funding	USFS	\$92,015	The USFS plans to continue rehabilitating dispersed campsites around Santeetlah Reservoir. Construction plans for other USFS facilities (Cheoah River trail, fishing access and Highway 129 pull-off areas) are on hold until additional funding is available from USFS and/or accrued from APCI's annual payments.

In 2008, APCI dispersed approximately \$384,077 of the committed \$481,577 for recreational enhancements (i.e., capital improvements) at the Project and approximately \$64,898 for operations and maintenance of existing recreation areas.

Attachment 1 summarizes the current status of all the various recreational enhancements.

Please feel free to contact me at (704) 422-5622 or marshall.olson@alcoa.com if you have any questions.

Sincerely,



Marshall Olson
Environmental and Natural Resources Manager

Attachment

Attachment 1: Summary of Recreational Enhancements

New and/or Upgraded Recreation Facilities	Primary Agency Responsible	Location Sited?	Construction begun?	Anticipated Beginning of Construction	Anticipated Completion of Construction
Santeetlah Reservoir					
Massey Branch Boat Launch	USFS / NCWRC	Yes	Yes	Underway	By March 2020
Cheoah Point Boat Access	NCWRC / USFS	Yes	No	Fall/Winter 2009	By March 2010
Cheoah Point Campground	USFS	Yes	Yes	COMPLETE	COMPLETE
USFS Dispersed Campsites	USFS	Yes	Yes	Underway	By March 2020
Avey Branch Boat Launch	USFS / NCWRC	Yes	No	Uncertain	By March 2020
Bank Fishing Areas	APGI / USFS	Yes	No	Uncertain	By March 2020
Cheoah River					
US 129 Access Areas and Additional Parking	USFS	Yes	No	Uncertain	By March 2020
Cheoah River Trail	USFS	Yes	No	Uncertain	By March 2020
Shoreline Fishing Facility	NCWRC / USFS	No	No	Uncertain	By March 2020
Boater Put-in/Take-out Facilities	USFS	Yes	Yes	COMPLETE	COMPLETE
Cheoah Reservoir					
Canoe Portage	APGI	Yes	Yes	Underway	By March 2010
Bank Fishing Facilities	APGI	Yes	Yes	Underway	By March 2010
Panel Branch Boat Access Relocation to Lewellyn Branch	NCWRC	Yes	Yes	Underway	By March 2010
Calderwood Reservoir					
Primitive Campsites	APGI / USFS	Yes	Yes	Underway	By March 2010
Canoe/Kayak Take-out	APGI	Yes	Yes	Underway	By March 2010
Fish Delivery Chute	APGI	Yes	Complete	COMPLETE	COMPLETE
Chilhowee Reservoir					
Canoe Portage	APGI	Yes	Yes	Underway	By March 2010
Accessible Fishing Piers	Tennessee Wildlife Resources Agency (TWRA)	Yes	Yes	COMPLETE	COMPLETE
US 129 Day-use Areas	APGI	Yes	Yes	Underway	By March 2010