

Commercial Recreation Licenses
True-Up Payment Questions and Answers
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1. What is meant by “True-Up” Payment?

A “true-up” payment is the amount that your total rent payment due for the calendar year exceeds the minimum payments that you have already made. True-up payments only apply to those licenses using the percentage of gross revenues (PGR) payment option. It does not apply to those licenses using the Market Value (MV) payment option.

2. Can you give me an example of a True-up payment?

Refer to Section K on page 1 of your license to determine the payment option for your agreement.

Example: A license with \$300,000 in gross revenues and a \$1500 quarterly minimum payment.

\$12,000	(\$300,000 x 4% = Total Required Payment)
- 1,500	January 1, 2013 quarterly payment made
- 1,500	April 1, 2013 quarterly payment made
- 1,500	July 1, 2013 quarterly payment made
- 1,500	October 1, 2013 quarterly payment made
= \$6,000	True-Up payment due by April 30, 2014

Also, refer to Paragraph 37 on page 9 of your license.

3. When is the True-Up Payment due to TVA?

April 30, 2014

4. What is considered “gross revenues”? Are there exclusions?

Gross Revenues are defined in Paragraph 37 a) iii. You may exclude from gross revenues those items specifically listed as excludable, but nothing else. Exclusions include: (1) amounts collected from customers and paid by Licensee or concessionaires to any government or any sales, use, or excise tax; (2) proceeds from the sale of hunting or fishing licenses; or (3) the exact amount collected from customers for electrical services which are metered to the customer and collected by Licensee as the servicing agent and paid to a distributor of TVA power.

5. Are revenues from sub-agreement holders to be included in gross revenues?

Yes, all revenue generated on the TVA property is considered part of gross revenues. Refer to Paragraph 37 a.) of your license.

6. Is a fishing guide service or river tour business that operates out of my marina considered as part of the gross revenues?

Yes, when business is conducted on the TVA property subject to the agreement, all revenues are considered part of the gross revenues.

7. If I rent out a restaurant on the licensed premises/leased premises/easement area (approved by TVA), are the gross revenues from the restaurant counted in the Total Gross Revenues to be reported to TVA or do I only report the rent that restaurant owner pays me?

The total restaurant revenue is included in the Total Gross Revenues, not just the rent paid from the sub-licensee to the Licensee.

8. What documentation must I submit with my True-Up payment?

- Financial statements identifying gross revenues from all activities on or over TVA land (including harbor limits). Include agreement holder and all sub-agreements/vendors. As an alternative, you can submit a copy of federal, state, and local tax returns signed by a Certified Public Accountant (CPA) for the applicable year.
- Copies of all state and local sales and use tax forms submitted to the state government each year.
- Completed TVA Annual Gross Revenue Summary Sheet signed by both CPA and agreement holder. This editable form (form TVA 20672) is available at <http://www.tva.com/river/recreation/commercial.htm> (see box at right labeled True-Up Payment documents).

9. What level of review is needed by the Certified Public Accountant?

See chart below. The CPA will check the appropriate box on the TVA Annual Gross Revenue Summary Sheet (Form 20672).

Annual Gross Revenues	Requirement for Financial Statements
Less than \$1 million	Compiled by Certified Public Accountant
\$1 million and higher	Reviewed by Certified Public Accountant

10. Where do I mail the True-Up payment and required documentation?

TVA Treasury
400 W. Summit Hill Drive
WT 4C
Knoxville, TN 37902

Write your Contract Number (see upper right hand corner of page 1 of your license) on your check. No invoice number is needed. Send check and required documentation together.

11. Can I make a payment with a credit card?

Yes, however, you will need an invoice number to pay by credit card. To allow time for you obtain the invoice number and still make payment by April 30, 2014, you will need to submit

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all required documentation shown in Question 8 by March 15, 2014. Once your information is received and reviewed, TVA will email or mail an invoice. You can then go to the TVA website, www.tva.com, click the "Doing business with TVA" tab, and click on "eCollection". Click on the "Invoice" payment type, provide the invoice number, and then enter your credit card information. You remain responsible for making sure TVA receives your payment by April 30, 2014.

12. Can I make a payment with a credit card over the phone?

Yes, invoice holders should contact TVA's Cory Ferrell at 865-632-4412 and credit card information can be taken over the phone. Refer to Question 8 above. You will need to submit your documentation by March 15, 2014, for payments due on April 30, 2014, in order to use the credit card by phone method so that an invoice number can be generated.

13. Can TVA audit my business records?

Yes, TVA can audit business records for the operations being conducted on TVA property. Consult Paragraph 37 a.) v. of your license agreement.

14. Can you provide additional detail concerning what types of revenues are subject to a particular percentage payment?

Section A of the TVA Annual Gross Revenues Summary Sheet lists the revenue types and the appropriate percentages. This Summary sheet is available at <http://www.tva.com/river/recreation/commercial.htm> (click "True-up" documents in box to right of the screen). If you have specific questions, please email or call your TVA Representative.

15. I am filing an extension with the IRS this year. Will TVA also grant me an extension on my true-up payment?

No. The true-up payment is due to TVA no later than April 30, 2014.

16. Can my true-up payment be split into quarterly payments?

No, the true-up payment is due by April 30, 2014. At your request, TVA can revise your existing payment schedule to raise the quarterly minimum payments, thereby reducing the end of year true-up payment.