

Fontana Reservoir

Mountain Reservoirs Land Management Plan - Summary of Allocation Changes

Land use allocation changes on Fontana Reservoir that have occurred since the 2009 Mountain Reservoirs Land Management Plan (RLMP) was completed are summarized below:

| Parcel & Tract No. | 2009 Mountain RLMP | | Allocation Change Description ² | Justification ³ |
|--------------------|-------------------------|--------|--|----------------------------|
| | Allocation ¹ | Acres | | |
| Parcel 1 (XFR-1PT) | Zone 2 | 403.01 | <ul style="list-style-type: none">• 2.61 acres changed to Zone 1 (Non-TVA Shoreland)• Parcel 1 is now 400.40 acres and remains Zone 2 | Land Policy |

¹ See [definitions of the land planning zones](#)

² More information is available in the fact sheets below - the fact sheets for the allocation changes are considered a supplement to the 2009 Mountain RLMP.

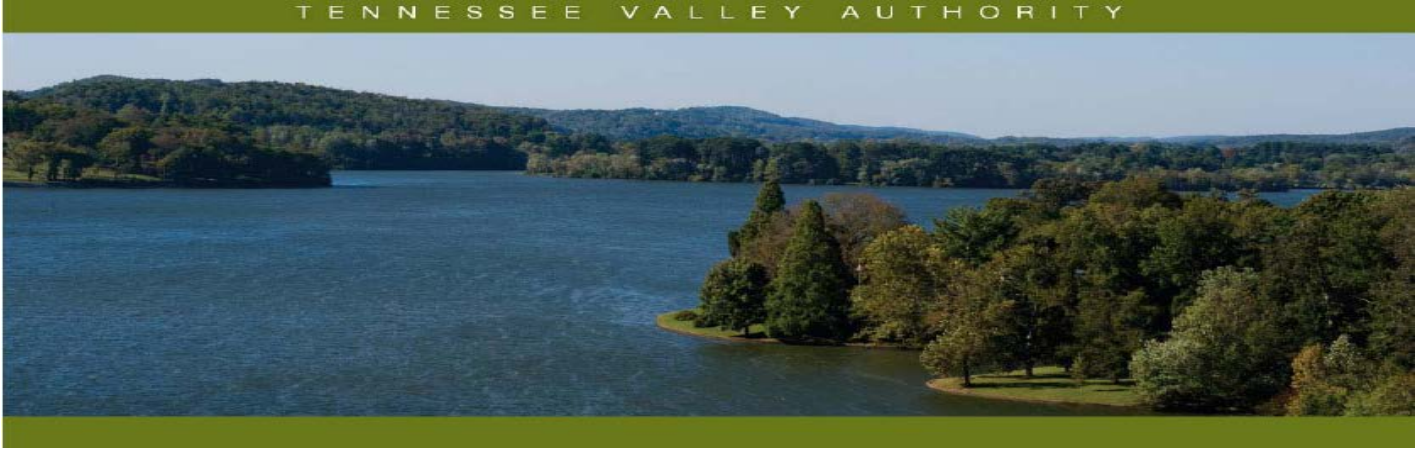
Land Use Allocation Changes

After approval of a [reservoir land management plan](#) by TVA, all future uses of TVA-managed lands on that reservoir must then be consistent with the allocations within that RLMP.

³ In accordance TVA policies and guidelines, allocation changes after approval of an RLMP are only allowable under limited circumstances described below:

- (1) To correct administrative errors that occurred during the planning process
- (2) To implement TVA's [Shoreline Management Policy](#), consistent with the TVA [Land Policy](#)
- (3) To allow water-access for industrial or commercial recreation operations on private backlying property, consistent with the TVA [Land Policy](#)

Reservoir property that has been sold reverts to Zone 1 – Non-TVA Shoreland.



Mountain Reservoir Land Management Plan Allocation Change – Fontana – Plan Tract XFR-1PT

Reservoir Lands Planning Allocation Change

After approval of a reservoir land management plan (RLMP) by the Tennessee Valley Authority (TVA), future uses of TVA-managed lands on that reservoir must then be consistent with the land use allocations within that RLMP. In 2012, TVA declared surplus and sold at public auction pursuant to Section 31 of the TVA Act, a 2.6-acre portion of Plan Tract No. XFR-1PT (TVA Tract No. XFR-9) for industrial purposes to support a new public water treatment facility that replaced an aging water treatment facility that served Fontana Village and TVA facilities at Fontana Dam.

Former TVA reservoir property reverts to Zone 1 (Non-TVA Shoreland), therefore the sale of the 2.6-acre portion of XFR-1PT warrants an allocation change. This document addresses the reallocation of the 2.6-acre portion of XFR-1PT from Zone 2 (Project Operations) to “Non-TVA Shoreland” and is considered a supplement to the Fontana Reservoir section of the 2009 Mountain RLMP. Definitions of TVA’s land use allocation zones are available at www.tva.com/landplanzones.

General Information about Fontana Reservoir

Fontana Reservoir is an impoundment of the Little Tennessee River formed by Fontana Dam which is located at Little Tennessee River mile 61.0. Fontana Reservoir is situated in Graham and Swain counties in North Carolina, has 931 acres of TVA reservoir land, and mainland shoreline length is 237.8 miles. Fontana Reservoir is 29 miles long and the water surface area is 10,230 acres. The Great Smoky Mountains National Park borders the reservoir to the north, and the Nantahala National Forest borders the reservoir to the south.

Fontana Parcel 1 (XFR-1PT)

XFR-1PT (403.0 acres) is located in Graham County and the 2.6-acre area is along the left descending bank at Little Tennessee River mile 60.0 along the tailwater of Fontana Reservoir. In the 2009 Mountain RLMP, Fontana Reservoir Parcel 1 (XFR-1PT) is allocated for “Project Operations” and the large parcel is described as having the Fontana Dam Reservation including visitor center, Appalachian Trail, camping and picnic areas. The 2.6-acre area is along a narrow strip of property adjacent to an existing TVA access road and is about 250 downstream from the existing water treatment plant being replaced.

The 2.6-acre area was sold at public auction pursuant to the TVA Land Policy, which describes that TVA shall continue to utilize reservoir properties to meet the operational needs of the agency and its distributors as well as provide for public infrastructure needs such as roads, water and sewer lines, and other utilities, but will only consider requests for private infrastructure where TVA determines no other practicable alternative exists. In this instance, the sale of the property was recommended rather than a grant of easement due to environmental risks associated with industrial use. The remaining 400.4 acres of Parcel 1 continues to be allocated as “Project Operations.”

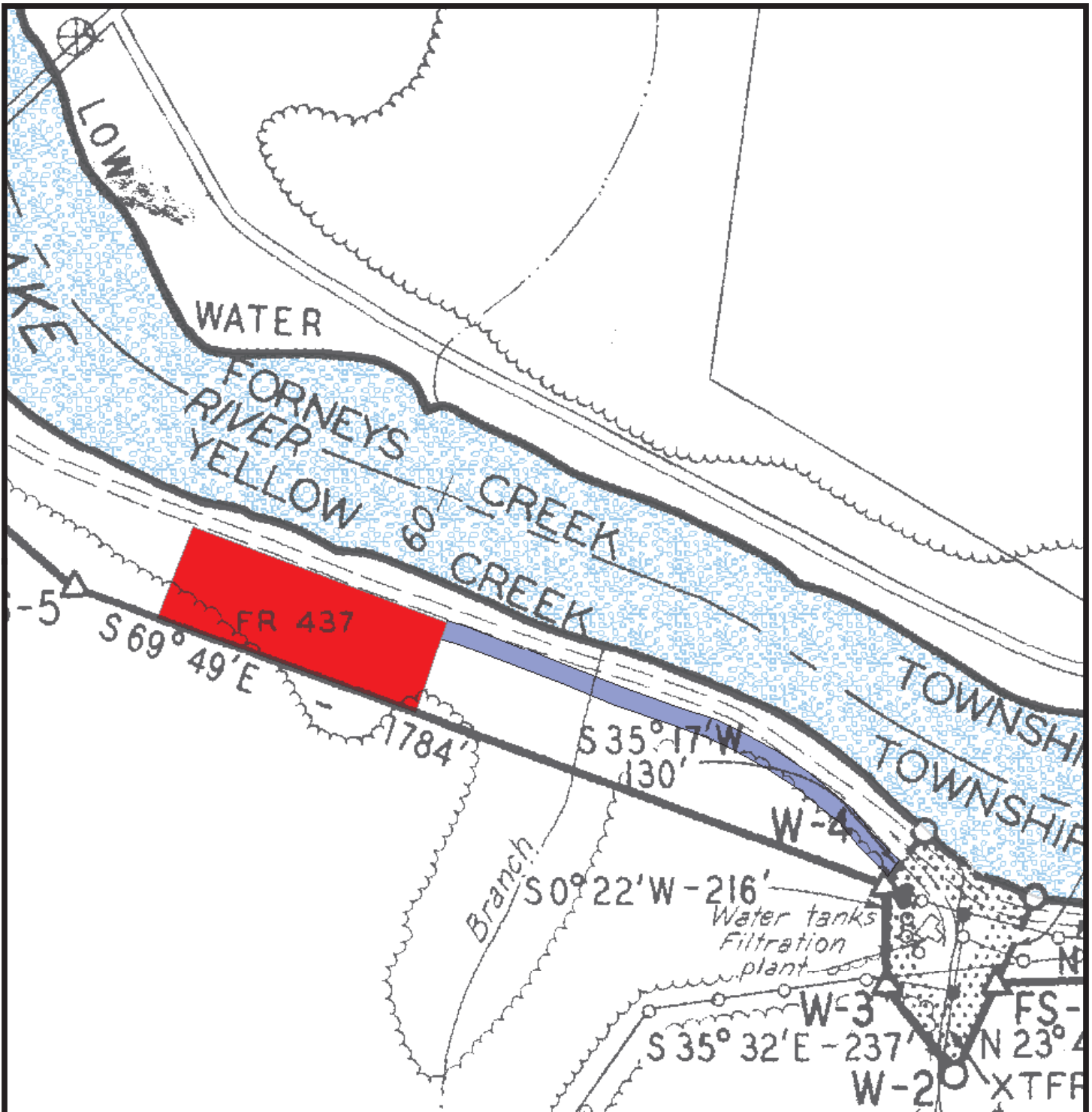



Exhibit Map

Land Use Allocation Change
 Graham County, North Carolina
 Tract No. XFR-1PT
 Little Tennessee River Mile 60.0L

Map Reference:
 C/D Stage: 1D
 Quad: 149NE

 Area Reallocated to Zone 1
 (Approx. 2.6 acres)



Land and Shoreline
 Management

Fontana Reservoir



March 13, 2012