

Appendix A – TVA Land Policy

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Policy Governing the Tennessee Valley Authority's Retention, Disposal and Planning of Interests in Real Property

The Tennessee Valley Authority (TVA) has been charged by Congress with improving navigation, controlling floods, providing for the proper use of marginal lands, providing for industrial development and providing power at rates as low as feasible, all for the general purpose of fostering the physical, economic, and social development of the Tennessee Valley region. The lands which TVA stewards in the name of the United States are some of the most important resources of the region. They have provided the foundation for the great dams and reservoirs that protect the region from flooding and secure for its residents the benefits of a navigable waterway and low-cost hydro-electricity. TVA's lands are the sites for its power generating system and the arteries for delivering power to those that need it. Many of the region's parks, recreation areas, and wildlife refuges that are so important for the region's quality of life grew up from lands that TVA made available. And TVA's lands often have been the catalyst for public and private economic development activities that support all of these activities.

TVA originally acquired approximately 1.3 million acres of land in the Tennessee Valley. The construction and operation of the reservoir system inundates approximately 470,000 acres with water. TVA has already transferred or sold approximately 508,000 acres, the majority of which was transferred to other federal and state agencies for public uses. TVA currently owns approximately 293,000 acres which continue to be managed pursuant to the TVA Act.

As stewards of this critically important resource, TVA has a duty to manage its lands wisely for present and future generations. Accordingly, it is TVA's policy to manage its lands to protect the integrated operation of the TVA reservoir and power systems, to provide for appropriate public use and enjoyment of the reservoir system, and to provide for continuing economic growth in the Valley. Recognizing that historical land transfers have contributed substantially to meeting multipurpose objectives, it further is TVA's policy to preserve reservoir lands remaining under its control in public ownership except in those rare instances where the benefits to the public will be so significant that transferring lands from TVA control to private ownership or another public entity is justified. This policy is explicated below.

Reservoir Properties

Land Planning- TVA shall continue to develop reservoir land management plans for its reservoir properties with substantial public input and with approval of the TVA Board of Directors. The land use allocations will be determined with consideration of the social, economic and environmental conditions around the reservoir. TVA shall consider changing a land use designation outside of the normal planning process only for water-access purposes for industrial or commercial recreation operations on privately owned backlying land or to implement TVA's Shoreline Management Policy. Reservoir properties that have become fragmented from the reservoir will be evaluated to determine their public benefit. If it is determined by TVA's Chief Executive Officer that these fragmented properties have little or no public benefit they shall be declared surplus and sold at public auction to the highest bidder in the same manner as surplus power or commercial properties.

Residential Use- TVA shall not allocate lands or landrights for residential use or dispose of reservoir properties for residential use.

Economic Development- TVA shall consider disposing of reservoir lands or land rights for industrial purposes or other businesses if the TVA property is located in an existing industrial park, or is designated for such purposes in a current reservoir land management plan and verified as suitable for such use by RSO&E and ED staff in a property survey. The TVA Board directs staff to complete this survey within six months of the approval of this policy. The TVA Board recognizes that property with water access, for either navigation or water supply, is a limited resource in the Valley and has preference for businesses that require water access. Future reservoir land management plans will consider industrial development opportunities as land allocations are made. TVA shall consider disposing of non-waterfront reservoir properties in industrial parks for any purpose permitted by the industrial park covenants. TVA shall not allocate lands or landrights for retail use or dispose of reservoir land or landrights for such use.

Recreation- TVA shall consider leasing or granting limited easements over lands for the development of commercial recreation facilities or public recreation purposes if the property is so designated in a reservoir land management plan and a survey conducted by RSO&E determines that the site remains suitable for recreational uses and a continued need exists for such use. The TVA Board directs staff to complete this survey within six months of the approval of this policy. Commercial recreation is defined as recreation with facilities that are provided for a fee to the public intending to produce a profit for the owner/operator. Public recreation is defined as recreation on publicly owned land with facilities developed by a public agency (or their concessionaire) and provides amenities open to the general public. -

Commercial Recreation- TVA leases or easements for commercial recreation purposes shall limit the use primarily to water-based recreation designed to enhance the recreation potential of the natural resources of the river and be a stimulus for regional economic development. TVA leases or easements for commercial recreation purposes will contain restrictions against residential use, and no long term accommodations or individually owned units will be permitted.

Public Recreation- TVA leases or easements for public recreation purposes will contain restrictions against residential use, cabins, or other overnight accommodations (other than campgrounds) except if a recreation area is owned by a State or State agency and operated as a component of a State Park system in which case cabins and other overnight accommodations will be permitted.

Deed Restrictions over Private Lands- The TVA Board recognizes that much of TVA's lands were transferred upon specific agreement among the parties to conduct activities that would enhance recreation opportunities in the Valley. TVA will continue to consider the release or modification of flowage rights no longer necessary to TVA to operate the river system. TVA will consider the removal or modification of deed provisions to facilitate industrial development. TVA will also consider the removal or modification of deed restrictions that result in the public having recreational access to the tract, or if the tract is already open to the public, maintains that access. TVA will not remove or modify other deed restrictions for the purpose of facilitating residential development. To the extent permitted by the language of deed or other transfer or contractual instrument, TVA will administer its interest in former TVA land to achieve the goals of this policy.

Operational Uses of TVA Properties- 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. Nothing in this policy is intended to prevent the disposal of tracts of land upon the recommendation of the General Counsel to settle claims or litigation or to address issues of

contamination or potential contamination. In addition, TVA will continue to work with development agencies (and other partners) throughout the Valley to implement previously executed agreements.

Power & Commercial Properties

TVA's nonreservoir property—primarily power and commercial properties and mineral holdings—shall continue to be managed as power assets. The TVA Board directs staff to undertake a review of TVA mineral holdings for later policy consideration. Retention and disposal decisions will be primarily based on business considerations consistent with the TVA Act and other applicable requirements. TVA may enter into special arrangements with the distributors of TVA power. In addition, TVA may relinquish transmission line rights, if they are determined to be unnecessary for present or future operations and the current owner agrees to pay the enhanced fair market value of the property. In all other instances, TVA shall emphasize sales that generate the maximum competition among bidders at public auction and where possible shall not include use restrictions other than those designed to protect TVA's program interests or to meet legal or environmental requirements.