



April 7, 2011

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

RE: Alabama Power Company's Preliminary License Proposal Dated January 7, 2011 (Lake Martin Project No. 349)

Dear Secretary Bose:

The Lake Martin Home Owners and Boat Owners (HOBOS) Association, Inc., appreciates this opportunity afforded by FERC to provide comments pertinent to the Preliminary License Proposal submitted by Alabama Power Company on January 7, 2011. These comments represent over 2,000 Lake Martin HOBOS members who are home owners, small business owners, and boat owners. The organization is a membership driven advocacy group dedicated to the preservation of our lake for future generations.

To best organize these comments, please note that responses will be made according to the numbering system used by Alabama Power (APCo). Much of the APCo document filed is simply reiteration of previously filed documents and/or studies. Where the Lake Martin HOBOS have previously commented on filings, reference will be made to those previous filings rather than duplicate a response in this letter.

To complement these comments, please review the separate filing by Mr. John Glasier.

COMMENTS BY PARAGRAPH:

2.1.3 This section addresses project operations and includes the Rule Curve Graph in **Figure 2.8**, and an explanation of the Operating Guide Curve. The HOBOS and others have tried on numerous occasions to engage APCo in discussions about this curve in the new licensing application, without success. The Operating Guide Curve was developed after the last relicensing process to assure that proper lake levels were maintained at all times of the year. The inclusion of the Operating Guide Curve in any final approval of the new FERC license is imperative. Also, the HOBOS request that FERC and APCo develop an operating plan that will insure adherence to the Operating Guide Curve.

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2.2.1 The Multiple Criteria Decision Analysis (MCDA) as prepared and presented by APCo has many problem areas and offers little assistance to the decision making process. The HOBOS and others informed APCo and its consultant of the concerns during the October meetings and the HOBOS filed a letter of concern with FERC and APCo on October 25, 2010. The points made in that letter and repeated below still remain major concerns about the MCDA as applied in this application. Points are:

1. No matter what priorities are given to the four categories in the formula, the results remain approximately the same, which brings questions about the validity of the MCDA analysis.

2. Groupings of certain sub-categories under major categories appear to have little or no relation to each other. Stakeholders must have the ability to re-evaluate and possibly re-arrange the sub-categories, unless categories are eliminated and each sub-category is evaluated and weighted to better reflect its true value in the analysis.

3. Currently, some insignificant sub-categories are weighed more heavily than critically important sub-categories. Example: Downstream Recreation is more heavily rated than Lake Recreation.

4. To better examine the value of raising the winter level, sub-categories must be weighted and analyzed without the groupings into higher categories.

Significant other discrepancies exist with the MCDA:

- The use of major criteria groupings with unequal groupings of sub-criteria permits relatively insignificant factors to outweigh important sub-criteria. Example: Downstream Recreation outweighs Lake Recreation. Energy outweighs any other single sub-criteria by several multiples.
- Insignificant sub-criteria, such as Aquatic Vegetation Control, are arbitrarily placed in major criteria groupings when they have no relationship with that major groupings.
- The Base major criteria is included in the computations and even though its rankings are all equal the results are altered. Base should have been removed from the matrix.
- The source of some of the major criteria groupings appears suspect. Example: See USACE filing of 4/7/11.
- Data from the Southwick Economic Impact Study was largely ignored by the MCDA and the Property Value sub-criteria used incorrect data (see below).
- Sub-criteria were included in the matrix that provided no variable input; therefore there was little need, except for filler, for their inclusion. Example: Water Supply
- Some major criteria matrix participants with similar interests should have been grouped together. Example: USFWS and ADCNR

- Explanations and defense of the MCDA process by APCo and its consultant was lacking and generally hostile.

Interestingly, APCo has downplayed the significance placed on the MCDA in the PLP, compared to the perceived importance applied when the MCDA was introduced to stakeholders at the October meetings. Subsequent to the October meetings and APCo's reluctance to re-evaluate or even discuss the MCDA, six stakeholder groups filed a letter with FERC expressing the joint concern that the culmination of the relicensing process had somehow become soured.

Even though the MCDA supplied by APCo was "locked" and the values and formulas could not be obtained by stakeholders, HOB0 volunteers have been successful in "breaking the code"; therefore, additional information will be furnished to FERC and APCo within the next 30 days. Work is being accomplished now to correct some of the flaws in the MCDA, so that it may be developed into a more meaningful tool. Maybe?

2.2.2 The HOB0s generally support the PME measures outlined in this paragraph. While the concept of lowering the lake periodically below the normal winter rule curve will provide opportunities for seawall/dock maintenance for homeowners as well as lake bed inspection by authorities, it is requested that these drawdown periods be conducted only in times of normal to wet climate and the drawdown period should be restricted to three additional feet of drawdown for a period not to exceed thirty days. For example, rather than setting a drawdown every five years, plan the drawdown during a known predictably wet period such as the periodic El Nino wet cycle, which is usually predictable at least six months in advance.

4.1 On page 4-4, APCo refers to the Alabama River as a "critical navigation route for commercial barge traffic". It should be noted that there is very little barge traffic on the lower Alabama River and none on the upper Alabama. In a recent newspaper article by the Rome (GA) News-Tribune, General Todd Semonite, Commander of the South Atlantic Division of the US Army Corps of Engineers told the CARIA Annual Meeting attendees "the current benchmark for funding is focused on tons per mile of water-borne freight and that last year, less than a ton of freight moved through corps locks on the (Alabama) river system. That's down from 600,000 tons in 1999." There is currently a minimum navigation flow rate set by the Corps of Engineers on the Alabama River of 4,640 cfs. This flow rate is set primarily for navigation purposes and if there is no navigation flow needed, then maybe the extension of the summer pool into the fall becomes very feasible.

4.4.9.2 On page 4-133, the total lake front property value (improved and unimproved) used to compute data in Table 4-55 is incorrect. The source listed for the data given is Southwick, and this error was brought to the attention of Southwick's personnel during their presentation to stakeholders, but apparently corrections were not made. Computations provided by the Chief Appraisers of Tallapoosa, Elmore, and Coosa Counties for the tax appraised values are provided below:

TOTAL TAX APPRAISED VALUE OF LAKE FRONT PROPERTY (2010)

<u>County</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
Tallapoosa	\$1,203,704,880	\$894,768,177	\$2,098,473,057
Elmore	810,183,860	491,831,330	1,302,015,190
Coosa	153,157,800	57,201,990	<u>210,719,790</u>
		TOTAL	\$3,611,208,037
	Southwick Total Value		<u>2,870,000,000</u>
		DISCREPANCY	\$ 741,208,037

Please note that these values are actual tax appraisal values which usually run 10% or more lower than market value of property. Southwick appears to have used market values. The discrepancy of \$741 Million dollars (26%) will significantly impact the comparative values of increasing winter water level and extending the summer water levels further into the fall.

The HOBOS request that APCo change the total lake property values used in the economic analysis to reflect the correct values. The corrected value of property with a five foot winter level increase will be \$4.06 Billion, even without the tax value vs market value differential computed, **and** without the benefit of the fall extension added in.

APCo has chosen not to include the increase in shoreline property values in the PLP; however, these values are available in the Southwick study. The fall extension will result in a 10.7% increase in property values. The value of a five foot increase in winter pool (12.6%) plus the value of the extended fall water levels (10.7%) will increase property values by \$730 Million over the base values. The fall extension of the Rule Curve must be considered in this evaluation, but has been excluded by APCo.

SUMMARY:

This Preliminary Licensing Proposal is a compilation of the various studies and data analysis performed over the past four years with no inkling of the recommendations to be made in the final license proposal. At the Lake Watch Annual Meeting approximately a month ago, Mr. Jim Crew, APCo, was invited to speak to the group and Mr. Crew, told the group that the recommended winter level would probably be raised three or four feet and the utility would try to offer more water in the fall, if it was available, and he said he would schedule a meeting before the end of March when he would have more concrete information available. March is gone and there still is no word of a meeting with stakeholders. Hopefully, some information will be made by APCo prior to the June 8, deadline.

APCo appears to be trying to avoid the extension of the summer pool into the fall. As previously stated, it is the belief of this group that the summer rule curve can be extended at least until the end of each September, then PME measures, as advocated by APCo can provide additional water level when possible.

RECOMMENDATIONS:

The Lake Martin HOBOS propose that FERC approve a winter rule curve raising the current level by five feet to 486' msl. In 2007, the HOBOS surveyed its 2,000 members and the overwhelming request was to raise the winter level by five feet. This request was echoed by the Southwick Economic Impact Study responses to the questionnaire, and the economic impact study on businesses, property values, and projected business activity all support a Winter Rule Curve level of 485'. Fish spawning with the higher early levels will improve fish habitat, which again helps the local economy. One must not forget the real reason for raising the winter level is to help avoid low lake levels during a drought. In 2007, 2008, and again in 2010, APCo requested, and FERC granted, an early fill of three feet in Lake Martin to prevent a recurrence of the spring of 2007, when the lake never filled, boaters were stranded, valuable property sat vacant, businesses failed or suffered; all because of a lack of forethought and planning.

The extension of the summer pool rule curve into the fall for the month of September apparently will be resisted by APCo, because of the desire to use Lake Martin's water to supplement the Coosa's normal downstream requirements. Perhaps a better solution to the issues of the coal generating plant using Coosa River water for cooling, and problems with meeting dissolved oxygen levels on the Coosa could be developed to relieve the pressure on Lake Martin in September. All economic indicators support the fall extension. After September, APCo's PME measures can be used to extend the higher level into October when possible.

The Lake Martin HOBOS recommend that FERC approve raising the Winter Rule Curve by five feet, from 481' msl to 486' msl, and extending the Summer Rule Curve level of 491' msl until the end of September each year, and using PME measures to further extend summer pool when possible.

FOR THE BOARD OF DIRECTORS

Sincerely,



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cc: Mr. Jim Crew, Alabama Power Company

