



December 9, 2009

**RE: Martin Relicensing Studies 12(g) and 12(h)
FERC Project: P349-150**

**Mr. Jim Crew
Martin Relicensing Project Manager
Alabama Power Company
600 North 18th Street
Birmingham, Alabama 35291**

Dear Jim:

As you know, the Lake Martin Home Owners and Boat Owners Association (HOBOS), Inc., has participated in all aspects of the Martin Relicensing process. The success of the relicensing program depends on all parties working together to achieve the common goal of preparing all the necessary documents, studies, and coordinating the inclusion of all pertinent information into the filing documents that represent the combined interest of all stakeholders.

The HOBOS expressed an early interest in developing a study that would examine the economic impact of Lake Martin on the surrounding three counties, both at its present operating water levels and at the levels proposed by HOBOS and other stakeholders. Alabama Power Company (APCO) agreed to add studies 12(g) and 12(h), and these studies were subsequently approved by the Federal Energy Regulatory Commission (FERC).

An economic impact study of Lake Martin is extremely important to this area. A comprehensive study of this type has never been completed, and hopes are that such a study can not only justify raising the fall, winter, and spring levels of the lake, but can also be used to attract new businesses to the area. It is generally recognized that Lake Martin is the economic engine of the area and this study will provide the proof necessary to attract business growth to the area. The unemployment rate for Tallapoosa County is currently about 15%, significantly higher than the national unemployment average, and stakeholders feel raising the levels of Lake Martin can have a real positive impact on the economic conditions in the area.

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Unfortunately, these critical studies have advanced to the current point, without input being offered by APCo to the Lake Martin area stakeholders. Mr. Rob Southwick, Southwick Associates, was introduced to attendees of a restricted stakeholder meeting. However, Mr. Southwick did not explain his proposed study at that time, nor have other opportunities been allowed for input from area stakeholders.

Study 12(g) has progressed throughout the summer with interviews of boaters, fishermen, persons at boat ramps, and some individuals on docks. To date the questionnaire used has not been made available to local stakeholders.

The economic indicators study, 12(h), has progressed to the point where questionnaires were mailed out to a sampling of property owners. This HOB0 representative requested to review the questionnaire, after learning it was about to be mailed out. The request was denied by Mr. Crew and Mr. Southwick, on the grounds that it might taint the study, but Mr. Southwick did read parts of the questionnaire over the phone and actually added suggested questions 21(a) and 21(b) to cover one needed aspect of the study. It is unknown if Mr. Southwick has personally visited the lake or any of its facilities; however, it appears that employees of Kleinschmidt Associates, a consultant hired by APCo, have been involved in the formulation of the study methodology. Local stakeholders should have been involved with the study formulation stages and could have provided valuable information that would have made the survey more applicable to conditions around Lake Martin.

An example of a potential problem area with the survey was discussed at the December 3 meeting. The issue of the survey being divided into six potential rule curve scenarios, which essentially made the survey six different surveys were sent to 116 stakeholders each. At best the sample ratio of 116 out of over 7,800 resident stakeholders does not seem to be adequate sampling. Proposals made during stakeholder meetings for the rule curve change called for increased lake level periods in the fall, with a winter curve of three to five feet higher water levels, and an early fill date. Scenarios offered survey recipients did not include any of the proposed rule curve levels, only fragments of those levels.

During the meeting of December 3, 2009, HOB0 representatives, and other stakeholders, reported to the attendees that the survey had been mailed out and some recipients have reported that the study is too cumbersome, complex, and time consuming. HOB0s and other stakeholder groups received copies of the study from members, since none were provided for review.

To date, the business portion of the study has not been mentioned at relicensing meetings. This would be a very good opportunity for APCo to include local stakeholders in the formulation and methodology of this portion of the study.

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There are numerous areas of concern for the studies as they have progressed so far:

1. Will the interests of all stakeholders be correctly served by the studies and subsequent reports?
2. Will an adequate number of responders complete the survey correctly to validate the effort?
3. At the completion of the survey, will Lake Martin area stakeholders be included in the review of the survey data and other documents used to develop the findings and conclusions of the overall study?

While the HOBOS acknowledge that the consulting firm should have been able to develop the questionnaire in secret, input into the data necessary to compile the study should have been available to local stakeholders. Moving forward, stakeholder involvement will be critical to the completion of the above mentioned studies, as well as all the other studies that must be completed prior to submission to FERC. Stakeholders have spent many hours and days assisting development of many aspects of the studies. The critical time of compilation is approaching, stakeholder interest is peaking, and now is the time for the openness and cooperation that APCo and FERC have shown in the past.

The HOBOS would like to recommend that a meeting be scheduled as soon as possible to address the survey issues and plans for the future. Possibly a meeting with Mr. Rob Southwick could be held next month in conjunction with the modeling workshop that was proposed at the December 3d meeting.

FOR THE BOARD OF DIRECTORS:

Jesse M. Cunningham
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Lake Martin HOBOS

cc: Mr. Lee Emory (email)
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