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December 3, 2010

Mr. James F. Crew
Manager, Hydro Services
600 North 18th Street
P.O. Box 2641
Birmingham, Alabama 35291

Re: Request for Additional Measures to Protect, Maintain or Enhance the
Lake Martin Reservoir

Dear Jim:

On behalf of Lake Martin Resource Association, Inc. (LMRA), I submit this request for Additional Measures to Protect, Maintain or Enhance the Lake Martin Reservoir in connection with Alabama Power Company's relicensing of Project No. P-349-150. As you know, LMRA has advocated earlier fill, fall extension of full pool and higher winter pool elevations for Lake Martin. The recent meeting to discuss the MCDA analysis ranked these different water level scenarios based upon results of the studies undertaken by Alabama Power Company.

While higher winter pool elevations received the strongest support in the MCDA analysis, the MCDA analysis also showed secondary support for the fall extension of water levels. Although the level of that support was not as high as for the increased winter pool elevation, the fall extension ranked second to the winter elevation increase.

The Southwick economic study also shows strong stakeholder and user support for the extension of higher water levels into fall. Table 11 of the Southwick study indicates that 79% of the property owners cannot moor their boats to their docks by October. Table 12 indicates that 45% of property owners' docks are completely out of the water by October. Extension of higher water elevations into October would favorably impact recreational use and economic impact of a significant number of property owners and recreational users of Lake Martin.

Table 17 of the Southwick study indicates that extending the fall shoulder months would increase the number of days spent at Lake Martin by both visitors and residents by the largest margin of any alternatives. Table 18 indicates that the Delphi study participants predict the fall shoulder alternative would increase business by 14.5%. Table 19 indicates that the fall shoulder alternative would create the largest number of additional recreational user-days of any of the proposed alternatives.

Table 26 indicates that visitors and seasonal owners would increase expenditures in all measured categories by significant amounts. Taken in conjunction with the highest proposed winter pool increase, the fall extension alternative results in a staggering statistical increase in business associated with Lake Martin by visitors, seasonal users and residents.

Table 28 indicates economic contributions of combined trip, equipment and real estate spending on the Lake Martin economy. As impressive as these totals are, the economic impact study undertaken by LMRA (the "RCLCO study", filed with FERC on January 19, 2010) indicates substantially more job creation and total dollar impact on the local economy. While the Southwick economic impact study indicates the significant economic impact of Lake Martin on the area, we continue to believe that the Southwick study does not capture the full impact of Lake Martin on the economy of East Central Alabama. For example, the Southwick study considers initial acquisition cost of housing but did not consider the jobs creation component of the construction activity related to the housing market. During the last building boom at Lake Martin, builders from as far away as Birmingham worked at Lake Martin every day. The payroll associated with the building activity does not appear to be captured by the Southwick study. We believe the building activity would not have taken place absent the availability of recreational use of Lake Martin.

Table 44 of the Southwick study indicates estimated property value changes as a result of the water level proposals. The fall extension results in a projected 10.7% increase in property value, second only to the highest winter pool elevation change which resulted in a 12.6% projected increase in property value. The economic impact of property taxes from these value increases to the counties around the lake is significant. For example, the RCLCO study indicated that almost 50% of the ad valorem taxes in Tallapoosa County come from lake front properties. Elmore County receives one-sixth of its ad valorem taxes from lake front property.

Tables 54 and 55 of the Southwick study show the expectations of the Delphi panelists as a result of proposed changes in water levels. Seventy three percent of the panelists believe the fall extension would result in a nearly identical predicted increase as the highest winter pool elevation proposal (14.5% to 15%). The people who know their customer bases certainly should be able to predict business impact from additional days of water usage.

In the Conclusion, Southwick states that:

"The Fall Shoulder Extension offers the greatest potential for increased recreational activity since the water is still warm enough for water sports and an extended summer pool into the middle of October would provide the usability of shorefront docks. Many seasonal landowners would use their lake houses and cabins more in the Fall season and there would also likely be more interest in renting lake houses and cabins in the Fall season. Due to the lake's location relative to large college football stadiums, the opening of football season in the fall might also serve as an inducement for fans to stay overnight in the Lake Martin area if the lake were more usable for recreation."

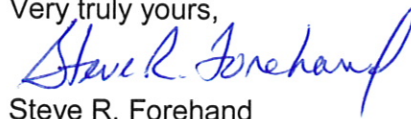
For these reasons, LMRA encourages Alabama Power Company to consider studying ways to retain available water longer into October each year as an additional measure to protect, maintain or enhance the Lake Martin Reservoir. We understand that inflow to Lake Martin may be at low levels in certain years, rendering higher water levels into October impractical; however, in those years when water inflow is sufficient, we would like to see that water retained longer into mid-October. Possibly a flow measurement could be utilized to determine certain threshold levels for retention of the inflow. We would also favor a method of retaining the water that did not involve a variance

proceeding before FERC in years when the flows were adequate to retain the water for a longer period.

Thank you for your consideration of LMRA's request for Additional Measures to Protect, Maintain or Enhance the Lake Martin Reservoir. We appreciate the opportunity to be a part of the relicensing process.

If you have any questions or comments, please contact me at (256) 212-1464.

Very truly yours,



Steve R. Forehand
Legal Officer

SRF/mc