



March 22, 2011

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

RE: Letter Filed February 25, 2011, pursuant to Martin Dam Project No. 349

Dear Secretary Bose:

The Lake Martin Home Owners and Boat Owners (HOBOS) Association, Inc., appreciates the opportunity afforded by FERC to participate in the relicensing process of Martin Dam (Project No. 349). The Lake Martin HOBOS was founded as a non-profit advocacy organization dedicated to the preservation of Lake Martin. The 2,000 member group is comprised primarily of homeowners and small business owners around Lake Martin, and does not represent any corporation, developer, or other special interest stakeholder of the lake.

Lake Martin is a 42,000 acre lake, with 750 miles of shoreline located in east central Alabama. Over 7,500 homes have been built on the lake front with approximately 35% of those homes occupied by full time residents, with the rest of the properties serving as weekend second homes. In addition, over 500 miles of shoreline remains undeveloped at this time, and is owned by Alabama Power Company and Russell Lands, Inc., with each holding approximately equal shares. The property tax base of the waterfront homes is extremely important to the three counties that comprise Lake Martin. The tax appraisal of shoreline property values in Tallapoosa County exceeds two billion dollars and represents over 45% of the total property tax revenue for the county. The above facts are mentioned to stress the importance for all parties to the relicensing process working to achieve the best possible decisions for Lake Martin.

The new license for Martin Dam will last for the next thirty to forty years so the correct answer should be sought, not the most expedient. The Lake Martin HOBOS, along with five other stakeholder groups filed a letter with FERC on February 25, 2011, stating that the Integrated Licensing Process was not being followed by Alabama Power Company (APCo), and a meeting was requested to discuss possible remedies. It should be noted that the signatories of the letter have varied (some conflicting) interests and goals for the lake, but all members felt the culmination of the relicensing process was flawed.

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On March 2, 2011, Mr. Jim Crew, APCo, filed a response to the February 25 letter. Mr. Crew took exception to the requests made by stakeholders and explained that APCo had offered many opportunities to comment during the ILP relicensing process, which was true in the initial years of meetings and the input offered by stakeholders was openly accepted; however, once the studies were begun very little stakeholder input was welcomed, even though corrections were needed in some of the studies.

The development of the MCDA evaluation of alternatives study was not an open process, as claimed by Alabama Power. During the first MCDA meeting on October 13, attended by FERC representatives, most of the meeting was used to explain the MCDA formula in general terms. The second meeting on October 26, without FERC present, became more hostile with attendees being informed that APCo intended to use the MCDA as produced by APCo and input from stakeholders would not change APCo's plan to submit the MCDA "as is".

On March 11, 2011, LMRA, a corporate oriented group, filed a letter with FERC generally stating its support for ILP relicensing of Lake Martin as conducted by APCo. While the HOBOS certainly approve the right of any stakeholder to make any statement it deems appropriate, LMRA's comparison of its goals for the lake do not equate with the HOBOS' goals. After review of the studies during relicensing, the HOBOS believe that a winter pool level increase of five feet is easily justified, while a four foot increase should be considered as the absolute minimum acceptable level. No significant problems have been identified which would give one pause for raising Lake levels to this extent, and there are strong indicators that such a move would have tremendous favorable economic impact on the surrounding area

The fall extension of summer pool is a more complex issue, in light of the perceived need of APCo to use Lake Martin's water to relieve the excess drawdown on the Coosa River during August to accommodate the extra cooling of the steam plant on the Coosa River, as well as meeting the dissolved oxygen levels of the river. APCo appears to use Lake Martin in September to maintain minimum flows on the Alabama River; therefore, APCo does not feel it can meet the desired rule curve change. The HOBOS will submit a plan with the PLP comments to address the fall extension; this proposal will include an extension of the summer rule curve until the end of September and then extend the fall water levels via PM&E.

Regardless, in view of the tremendous economic impact Lake Martin has on the local economy, as well as surrounding areas and communities, the future growth and development of our area, if it is to be planned and managed properly, is directly dependent upon decisions being made presently regarding future Lake regulations and guidelines. These decisions must absolutely be based on the most valid and reliable data available.

Unfortunately, and with all sincerity, the indicated MCDA results aren't it. Though some have stated our position is generally one of sour grapes, this couldn't be further from the truth. Our concern is not so much with the results obtained from the analysis of the MCDA data generated, but rather with the MCDA *process* utilized in and of itself. It is our contention that if the *process* is flawed, then it necessarily follows that any results obtained are certainly flawed as well. Our attempts to bring the model's shortcomings to the attention of APCO not only fell on deaf ears, but were and continue to be met with hostility.

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The problem is that the process can be so manipulated as to proffer the same results utilizing any number of differing scenarios generated by study participants. Whether or not the results are favorable or unfavorable to those concerned are irrelevant because the *process* used in arriving at the conclusions, whether reliable or not, unquestionably lacks the validity necessary to render the results meaningful.

The Lake Martin HOBOS feel that repairs are necessary to make the license application reflect the needs of the lake and the desires of all stakeholders. Efforts are underway to identify the specific problem areas of the MCDA evaluation of alternatives and submit a corrected evaluation as part of the comments submission for the PLP due on April 7, 2011. With over two years before the final approval is even due, we are sure that the necessary corrections can be accomplished without any delay in approval.

FOR THE BOARD OF DIRECTORS:

Sincerely,

A handwritten signature in black ink, reading "Jesse M. Cunningham". The signature is written in a cursive style with a large, sweeping initial "J".

Jesse M. Cunningham
President
Lake Martin HOBOS

