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May 29, 2008

Mr. Gary Cockrell
Chairman
Lake Wedowee Property Owners' Association
P.O. Box 55
Wedowee Alabama 36278

Dear Mr. Cockrell:

Mr. Charles McCrary requested that I respond to your April 17, 2008 letter concerning the relationship between the relicensing of Martin Dam and the operations of Harris Dam. I appreciate the involvement of the Lake Wedowee Property Owners Association in this process and the many contributions your organization has made to improve the quality of Lake Wedowee for all who visit.

As your letter indicates, Alabama Power is in the early stages of preparing an application to relicense the Martin Dam Project. A significant issue in the Martin relicensing proceeding will be whether and to what extent Alabama Power should modify the operations to increase pool elevations at Lake Martin during certain times of the year. The company has already completed an initial evaluation of changing the Martin rule curve, but additional studies and consultation among interested stakeholders are needed to fully evaluate the impacts of such a change on flood control, navigation, power generation, water quality and other project and river basin resources. Alabama Power intends to incorporate the modeling of Harris Dam operations into the final Martin Study Plan so that we can consider potential impacts to Harris Reservoir of any rule curve change at the Martin Project. Alabama Power has no intention of proposing in the Martin relicense application an operational change at Martin Dam that would prohibit the future possibility of modifying the Harris rule curve to include higher winter pool elevations at that reservoir.

In the event our studies, modeling and stakeholder consultation indicate that a modification to the Harris rule curve is desirable, Alabama Power will consider applying to the Federal Energy Regulatory Commission (FERC) to amend the Harris license at the appropriate time. However, any change to the Harris rule curve will be pursued separately from the Martin relicensing proceeding. As you may know, the Harris Reservoir is operated in accordance with a regulation manual issued by the United States Army Corps of Engineers. Any rule curve change at Harris necessarily would require an amendment by the Corps of Engineers to the Harris regulation manual. From our experience with the Corps in requesting amendments to two regulation manuals for reservoirs on the Coosa River, we believe that the Corps' process for amending the Harris regulation manual would be incompatible with the relicensing schedule for the Martin Project. For this reason, any change to the Harris rule curve would not be included in the Martin relicensing application.

Your letter also asked whether Alabama Power will continue the Harris generation plan to use the Heflin Gage flow as an indication of when to augment low flows in the Tallapoosa River with pulses from Harris Dam. As a participant in the ongoing adaptive management study of flows below Harris, Alabama Power intends to continue to follow the operation plan for the duration of the study. Should that study be terminated or substantially modified by the resource agency sponsors, Alabama Power will evaluate whether any operational change at Harris Dam is appropriate consistent with our FERC license.

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Thank you again for your participation in the Martin relicensing process. If you or other members of your organization would like, I would welcome the opportunity to personally meet with you to discuss these issues. Should you have any questions or need additional information, please do not hesitate to call me.

Yours very truly,



cc: Charles McCrary
Jim Crews
Kim Benefield, Alabama State Senator
Richard Laird, Alabama State Representative
Tim Coe, Mayor of Town of Wedowee
Larry Raughton, Chairman of Randolph County Commission
Charles Smith, LWPOA
Gene Crouch, President of Hunter Bend Homeowners' Association