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October 23, 2007



VIA ELECTRONIC FILING

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

RE: Martin Project, FERC No. 349 and Yates and Thurlow Project, FERC No. 2407

Dear Ms. Bose:

As the Commission knows, the State of Alabama and other southeastern states currently are experiencing record drought conditions. Since early this year, Alabama Power Company has provided Commission staff numerous updates about the status of its hydroelectric reservoirs and its plans for managing the historically low flows in the Coosa and Tallapoosa Rivers. In addition, Alabama Power has requested and received temporary approval from the Commission to reduce certain minimum flows from our Jordan Development on the Coosa, and has notified the Commission of other reductions in flow from our Thurlow Development on the Tallapoosa. These variances and reductions in minimum flows have enabled Alabama Power to minimize the potential impacts that may have otherwise occurred as a result of these emergency conditions. We sincerely appreciate the guidance and assistance provided by FERC staff in obtaining these variances, and in such an expeditious manner.

Unfortunately, these exceptional drought conditions continue and rainfall projections for the upcoming months are not favorable. Alabama Power is therefore facing the real possibility of not being able to fill our reservoirs to their normal elevations next spring, which could result in emergency type conditions as severe as or even worse than we experienced this year. It is imperative that we prepare for this contingency and take the necessary steps now to attempt to minimize as much as possible the effects of this extended drought situation. To this end, and in response to FERC's September 6, 2007 letter offering licensees with projects in an extreme or exceptional drought zone the opportunity to discuss with FERC any operational and procedural alternatives that a licensee may want to implement during this period, Alabama Power representatives met with FERC Staff on October 2, 2007 in Washington D.C. to discuss the alternative presented below.

Alabama Power is requesting FERC approval for a drought-based temporary variance to the Martin Project rule curve, which is described as follows;

The Martin rule curve variance would be for a period from November 20, 2007 to May 1, 2008, and include the following:

1. Maintain the winter pool elevation 3 feet higher than normal, at El. 483 instead of El. 480.
2. Begin maintaining the winter pool elevation earlier than normal, on November 20th rather than January 1st.
3. Initiate the filling process earlier than normal, beginning January 15th instead of February 15th.
4. Reach and maintain summer pool elevation earlier than normal, on April 1st rather than May 1st.

This variance request is shown graphically on the enclosed Attachment 1. Also enclosed are graphs depicting the projected Martin Reservoir elevations from modeling runs made without the rule curve variance (Attachment 2) and with the variance (Attachment 3). The projections depicted in these attachments are based on actual inflows from 2006 and 2007, with two significant rain events dampened to reflect the unfavorable rainfall forecasts and a continuation of the severe drought conditions. As Attachment 2 clearly shows, in the absence of the variance, Martin Reservoir is expected only to reach El. 484, which is six feet below the normal summer pool elevation. As seen on Attachment 3, with the rule curve variance in place, there is a good possibility that Martin Reservoir could reach summer pool by early April, which would greatly enhance Alabama Power's ability to support the many reservoir and downstream needs during next summer's critical period.

In order to adequately evaluate the proposed rule curve variance at the Martin Project, consideration was given to the minimum flow releases at the downstream Thurlow Project. On March 8, 2007 and again on April 18, 2007, Alabama Power notified the FERC that in accordance with Article 401 of the Yates and Thurlow license, FERC No. 2407, the minimum flow releases would be temporarily modified due to the extreme drought condition. The U. S. Fish and Wildlife Service (USFWS) and the Alabama Department of Conservation and Natural Resources (ADCNR) were consulted and concurred with these changes. In association with the proposed Martin rule curve variance, Alabama Power is hereby providing notification to the FERC under Article 401 of the Yates and Thurlow license that upon approval of the Martin variance, the minimum flow releases at the Thurlow Project will be temporarily modified as follows:

1. Change will be in effect until May 1, 2008.
2. Discharge no less than 350 cfs until the Martin Reservoir elevation reaches the existing rule curve.
3. When the reservoir elevation is at or above the existing rule curve but below the temporary rule curve, Alabama Power will discharge the greater of 350 cfs or the inflow at the upstream Heflin gage.
4. When Martin Reservoir elevation is at or above the temporary rule curve, Alabama Power will discharge no less than 1200 cfs from Thurlow.

This Thurlow flow release modification is shown graphically on the enclosed Attachment 4.

Alabama Power provided the USFWS, ADCNR, and the Alabama Department of Environmental Management (ADEM) a package of information describing the Martin drought-based rule curve variance and the Thurlow temporary flow modifications by emails dated October 3 and 11, 2007. The U.S. Army Corps of Engineers (USACE) was provided the same information by emails dated October 5 and 11, 2007. Conference calls to fully explain the proposals and answer questions were held with the USACE on October 11, 2007; with the USFWS and ADCNR on October 12, 2007; and, with ADEM on October 15, 2007. Enclosed as Attachments 5, 6 and 7 are emails of concurrence on the Martin drought-based rule curve variance from ADEM, USFWS and ADCNR, respectively. Alabama Power will continue to communicate with these resource agencies to provide the additional information referenced in their emails. The USACE has indicated that it would likely file comments directly with the Commission. Also enclosed as Attachment 8 is Alabama Power's response email to ADCNR answering additional questions pertaining to the Thurlow temporary flow modifications. Subsequent to this email, Alabama Power and ADCNR participated in an additional conference call on October 19, 2007, to discuss the proposed Thurlow releases. At the conclusion of this conference call, ADCNR gave Alabama Power its verbal concurrence. As a condition of that concurrence, however, ADCNR requested that Alabama Power hold periodic conference calls (e.g. weekly) with USFWS, ADCNR and ADEM during the variance period to discuss any issues that may arise. Alabama Power agrees that such periodic conferences are appropriate and we are including this recommendation as a part of our request for the Martin rule curve variance.

Given the fact that implementation of the Martin drought-based rule curve variance must be initiated by mid-November in order to maximize its effect on our drought mitigation efforts, Alabama Power respectfully requests expedited handling of this proposal. If you have any questions or need additional information, please contact Mr. Jim Crew at (205) 257-4265.

Sincerely,

A handwritten signature in black ink that reads "R. M. Akridge". The signature is written in a cursive style with a long, sweeping tail on the letter "g".

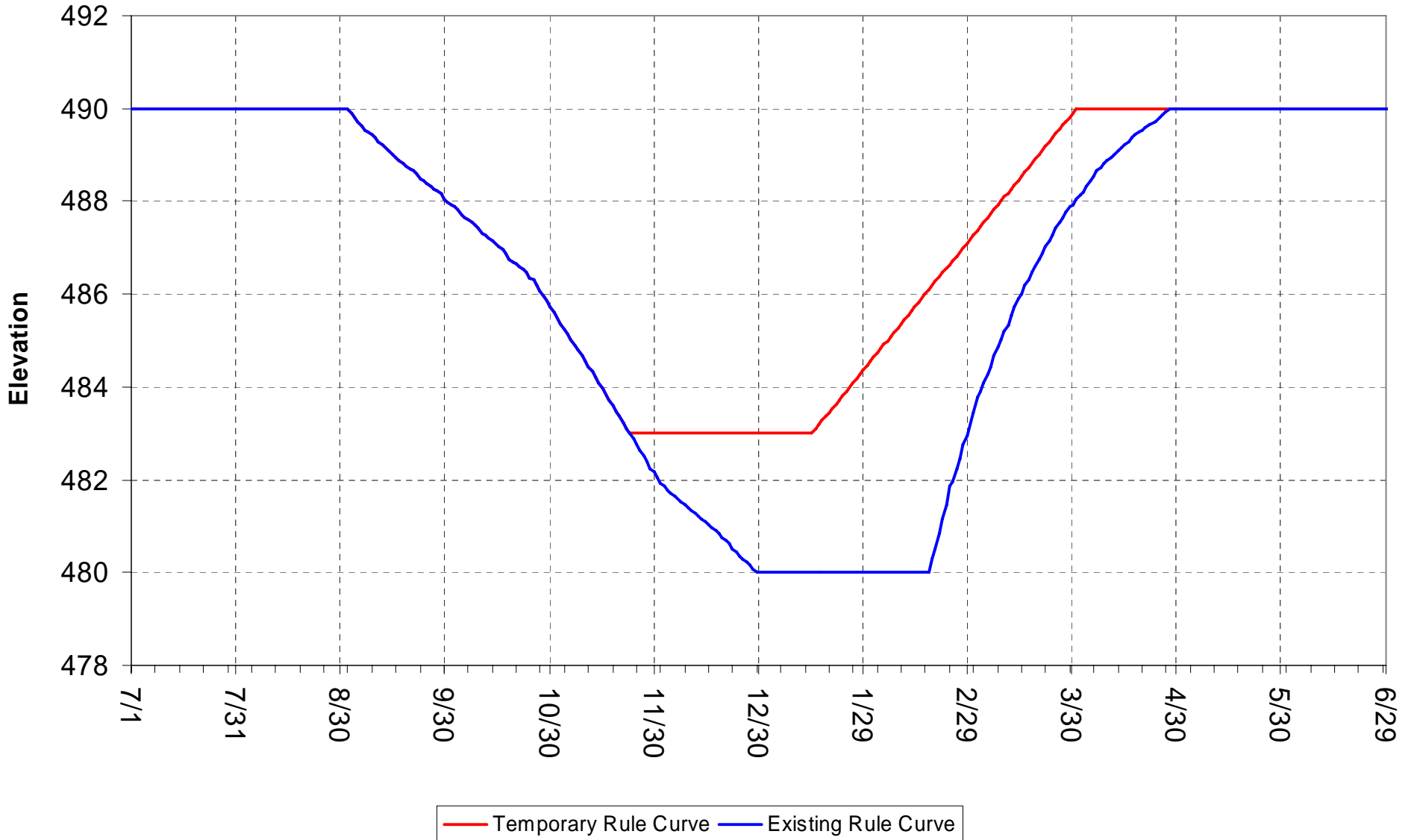
R. M. Akridge
Hydro General Manager
Alabama Power Company

Enclosures: Attachment Nos. 1 through 8

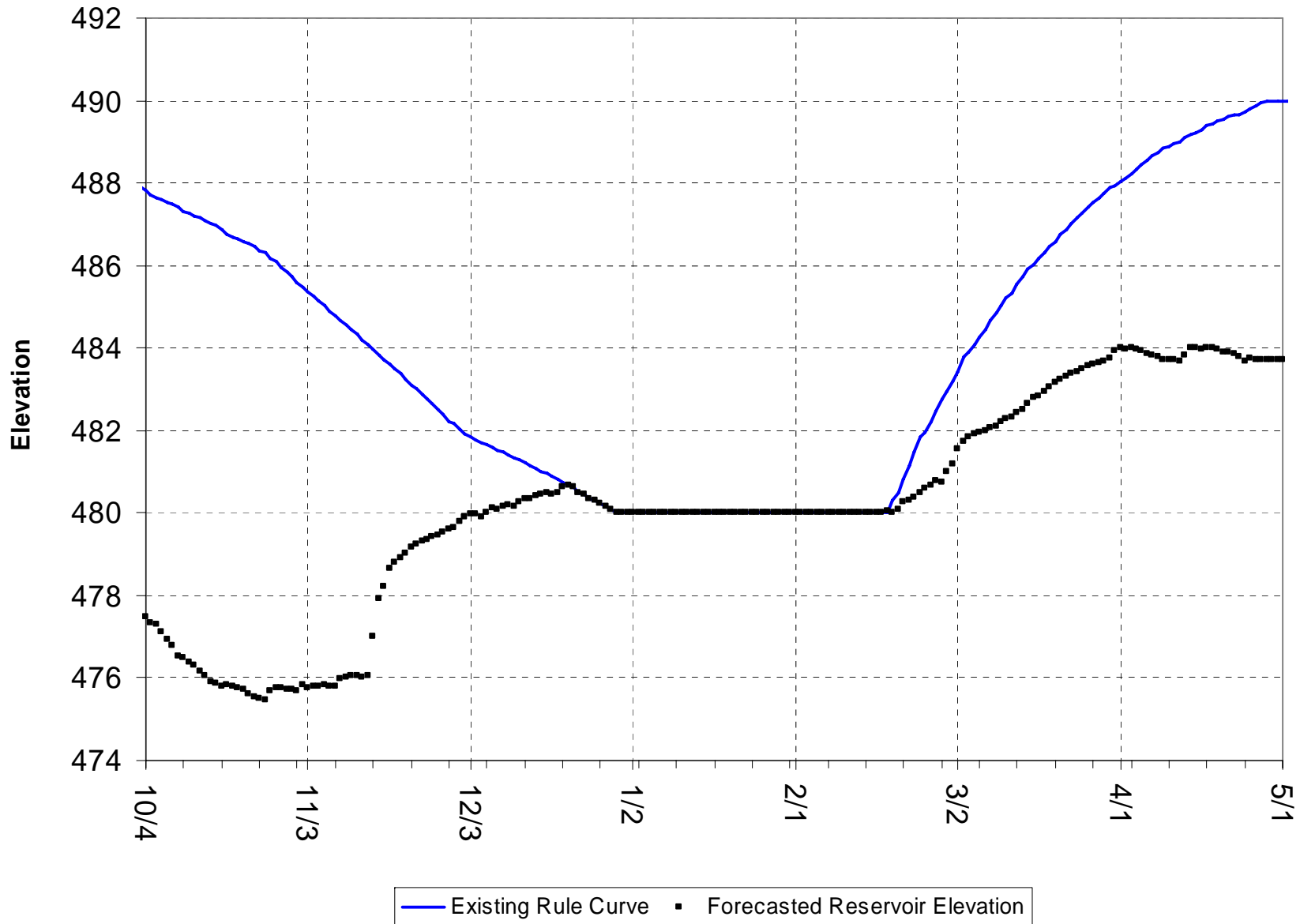
cc (w/enclosures): Mr. Joe Morgan, FERC
Mr. George Taylor, FERC
Mr. Kirk Cover, FERC
Colonel Byron Jorns, USACE
Mr. Doug Otto, USACE
Mr. Jeff Powell, USFWS
Mr. Stan Cook, ADCNR
Mr. Lynn Sisk, ADEM

Martin Project - Proposed Drought-Based Temporary Variance

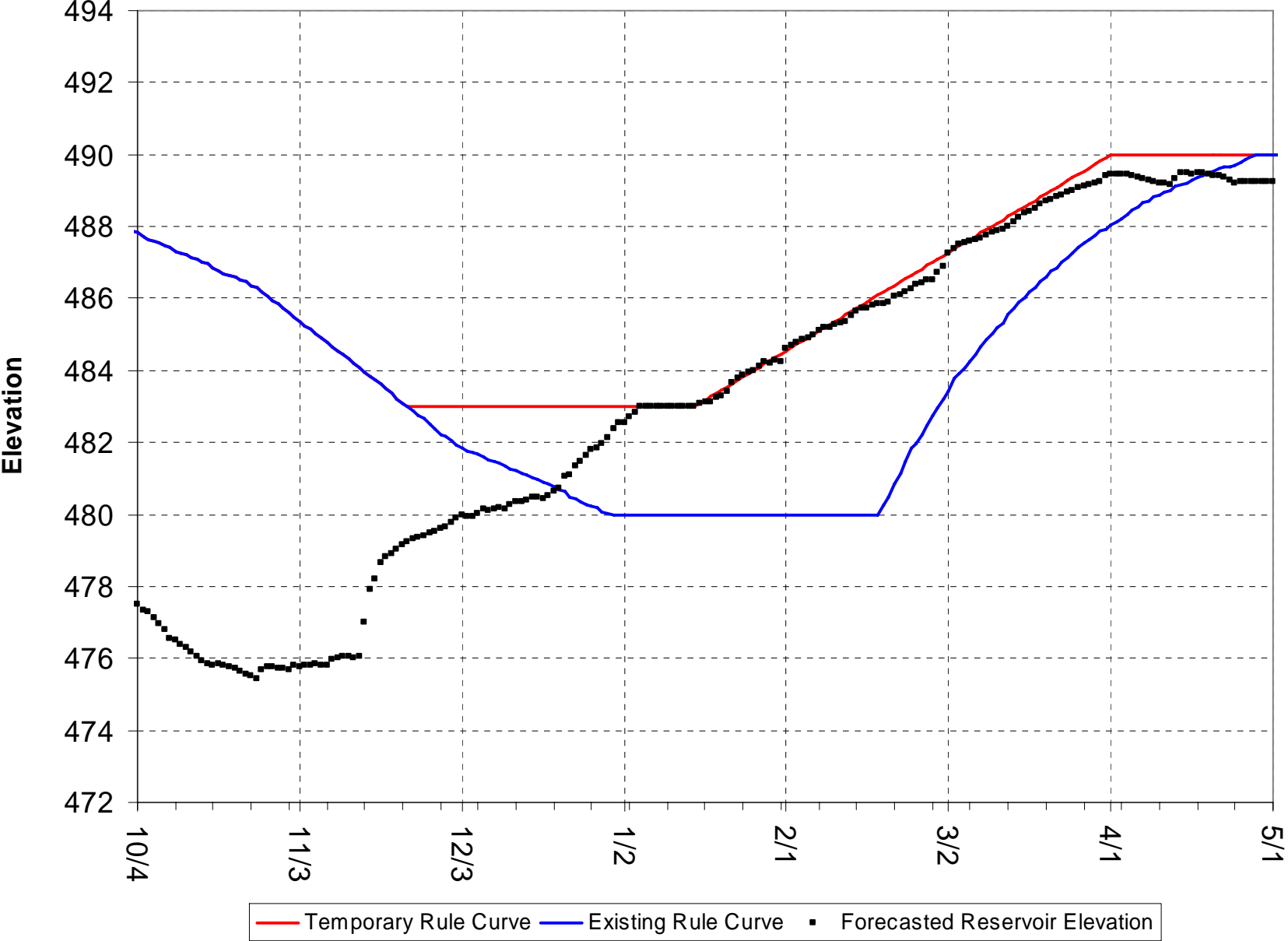
Attachment 1



Martin Project -
Without Proposed Drought-Based Temporary Variance



Martin Project -
With Proposed Drought-Based Temporary Variance



Martin Project -
With Proposed Drought-Based Temporary Variance

Example - Thurlow Minimum Discharges

