

Willard L. Bowers
Vice President
Environmental Affairs

600 North 18th Street / 12N-0830
Post Office Box 2641
Birmingham, Alabama 35291

Tel 205.257.4090
Fax 205.257.4349



Always on.™

June 28, 2007

100 Years. Lighting the way.

Dear Shorelines subscriber,

I know many of you are following very closely drought conditions and the impact on lake levels. I am sure there are many rumors circulating. Things are certainly getting worse quicker than better and I felt it would be beneficial to give an update. Many of you may need to take actions based on what may be ahead.

By way of background, in February, based on the developing drought conditions, we reduced the releases from all of our reservoirs to the minimum flow required under our federal operating licenses. At that time we made a request to the U.S. Army Corps of Engineers to allow us to start filling our storage reservoirs early based on the unprecedented flows we were experiencing. In March we obtained a variance that enabled us to fill our storage reservoirs on the Coosa River. However, the benefit was short-lived and the storage achieved was quickly consumed by the required downstream release at Jordan Dam.

On the Tallapoosa River we were unable to fill our storage projects despite the variance obtained from the Corps. The Tallapoosa system is now being operated in conjunction with the Coosa system to meet the required navigational flow at Montgomery, which is 4,640 cubic feet per second (cfs). Basically, we are releasing 2,300 cfs from the Coosa and 2,300 from the Tallapoosa to meet this requirement.

Smith Lake never reached full pool despite minimal releases from February to mid-May. We recently began releasing water from Smith to meet downstream flow needs, including navigation, drinking water and power generation at Gorgas Steam Plant.

In May we initiated drawdowns of Lay, Mitchell, Yates, Thurlow and Jordan. These lakes normally do not fluctuate more than a few inches, but the utilization of the limited storage in these lakes was necessary to maintain the required releases in the most effective manner.

As of June 27, elevations below summer pool are as follows: Harris down 4 feet; Martin down 8 feet; Weiss down 1 1/2 feet; Henry down 1 1/2 feet; Logan Martin down 3 feet; and Smith down 5 1/2 feet. Yates, Thurlow, Lay, Mitchell and Jordan are down 2 to 3 feet.

We have requested further relief from the flow requirements based on the worsening conditions. Specifically, we have requested that the Corps reduce flow requirements on the Alabama River and increase water releases from upstream reservoirs in Georgia.

While we continue to seek relief, which will balance the upstream and downstream interests, there are parties that want no increase in upstream releases, such as the state of Georgia. Also, there are parties downstream that want no reduction in the minimum flow.

The comment period on the proposal we made to the Corps ended on June 12. We were informed June 15 that the Corps has determined that it will be necessary to do an environmental assessment of the proposed action before a decision can be made. We are in the process of responding to that request, but cannot predict when a decision will be made regarding any reduction in downstream releases or increase in releases from the upstream reservoirs.

Based on these circumstances, we expect the levels of all our storage projects to continue to fall. Given the current required releases, we anticipate projects on the Coosa and Tallapoosa will reach winter pool by July 25. We anticipate that Smith Lake will be approximately 10 feet below summer pool by Aug 1.

I have heard feedback that we are favoring some lakes over others. The decisions we are making are with one purpose in mind: to manage the water resources in the most efficient way. We recognize that upstream lakes in Georgia cannot be drained and we recognize that downstream flow requirements cannot be reduced to a level that places undue burden on those downstream interests. Our goal is to balance, as much as possible, all of the various needs.

We will continue to press for relief from the requirements discussed, but all of us must recognize that lake levels will continue to drop, though at a much slower rate, even if relief is granted. The drought conditions we are seeing are the worst on record and we are attempting to manage them within the constraints that have been placed upon us.

I urge you to monitor our Web site at AlabamaPower.com, which has a link to drought lake level information, and our 1-800-LAKES11 number.

Thank you for your continued interest and understanding.

Sincerely,

A handwritten signature in black ink, appearing to read "Willard R. ...".