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Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 850
Post Office Box 304260
Montgomery, AL 36130-4260

Attention: Mr. Walter L. Thomas, Jr.
Secretary

Re: Anniston Army Depot Solar Project
Docket No. 32382

Dear Commissioners:

The solar project at the Anniston Army Depot (ANAD) is one of the facilities being developed by the Company pursuant to the renewable generation certificate issued by the Commission on September 16, 2015. In its original form, the ANAD project was designed as a 10.6 MW (AC) solar resource. For the reasons described below, the ANAD project has been reduced to approximately 7.4 MW (AC), with an associated reduction in project cost.

The reduction in the ANAD project is due to significant challenges involving a combination of terrain and subsurface conditions that have arisen at a roughly 20 acre portion of the project site referred to as "Demil 1". Specifically, subsurface bedrock was discovered in the interior of Demil 1 that would greatly complicate planned grading and filling activities and frustrate the use of driven post configurations. These adverse conditions, which were discovered only after digging additional test pits, were not known at the time the original project estimates were developed because machine access to the interior of this heavily forested area was not possible at that time. In order to gain such access, the Company had to wait several months for ANAD to complete harvesting the marketable timber. The harvesting work could not begin until late October of last year because the U.S. Fish and Wildlife Service deemed the area to be a favorable habitat for certain threatened and endangered bat species.

Given the time constraints associated with the Federal Investment Tax Credit program, it was necessary for the Company to move forward with the ANAD project in reliance on soil borings taken from the perimeter of Demil 1. The results of these perimeter borings indicated adequate subsurface conditions, with no notice of the significant challenges that were later discovered. Upon learning of these very adverse conditions, the Company worked with ANAD officials for a number of months in an effort to locate a substitute site, eventually identifying one possible area. During the ensuing due diligence process, however, ANAD officials became aware of a competing use for the area that was preferred because it has the potential to create approximately seventy new jobs. Further efforts revealed no other suitable alternative to Demil 1 at ANAD.

Attempting to overcome the challenges at Demil 1 would be cost prohibitive, with a significant adverse effect on the project economics. Accordingly, and with the agreement of ANAD and Army officials, the Company has determined that the appropriate course is to forego development of Demil 1. This reduces the overall size of the project to approximately 7.4 MW (AC), with a corresponding reduction in project cost. The effect of the reduced energy output is offset by the lower contract cost with the solar developer, thereby preserving the overall project economics previously reviewed with the Staff. Supplemental analyses have been provided to the Staff and to the Office of the Attorney General demonstrating that the net benefits remain equivalent. The 3.2 MW (AC) reduction in project size will be restored to the unused block under the renewable generation certificate and will be available for other projects that might arise thereunder.

If you have any questions or need further information, please contact me.

Very truly yours,



cc: Commissioner Twinkle Andress Cavanaugh
Commissioner Jeremy H. Oden
Commissioner Chris "Chip" Beeker, Jr.

Executive Director and
Chief Administrative Law Judge
The Honorable John A. Garner

Director, Electricity Policy Division
Mr. John D. Free

Office of the Attorney General
Ms. Olivia W. Martin