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January 7, 2008

Minerals Management Service  
Offshore Minerals Management  
Alternative Energy and Alternate Use Team  
381 Elden Street  
Herndon, VA 20170-4817

Attn: Ms. Maureen Bornholdt, Mail Stop 4080

RE: Request for Comments on MMS Interim Policy on Offshore Alternative Energy Resource Assessment and Technology Testing Activities

Dear Ms. Bornholdt:

These comments provide the Minerals Management Service (“MMS”) with general feedback and recommendations regarding the interim policy on offshore alternative energy resource assessment and technology testing activities under section 388 of the Energy Policy Act of 2005 (“Interim Policy”). We are submitting as a separate attachment a confidential nomination of interest responding to MMS’s request for information and nominations of interest for lease areas. These two notices were published together in the *Federal Register* on November 6, 2007.<sup>1</sup>

Southern Company has a keen interest in the policymaking activities of the MMS and submitted extensive comments on the Advance Notice of Proposed Rulemaking (“ANPR”) on Alternative Energy Uses on the Outer Continental Shelf (“OCS”), which was published in the *Federal Register* on December 30, 2005.<sup>2</sup> Our prior comments are attached to this letter. In addition, in conjunction with Georgia Tech, Southern has collected substantial data about potential wind resources off the Georgia coast. A copy of the joint study produced by Georgia Tech and Southern Company is also attached to this letter. We hope that the summary of issues and confidential nomination contained herein are useful to MMS in further developing its policies with regard to offshore alternative energy development in the United States and in providing MMS with additional details on Southern Company’s interest in exploring this new resource.

Southern Company (NYSE: SO) is a super-regional energy company based in Atlanta, Georgia with more than 42,000 megawatts (“MW”) of electric generating capacity in the Southeast. Southern Company is one of the largest producers of electricity in the United States, supplying energy to a 120,000-square-mile

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<sup>1</sup> 72 *Fed. Reg.* 62,673 (Nov. 6, 2007).

<sup>2</sup> 70 *Fed. Reg.* 77,345 (Dec. 30, 2005).

service territory spanning most of Georgia and Alabama, southeastern Mississippi, and the panhandle region of Florida. Southern Company's 2006 reported earnings were \$1.57 billion. It has approximately 26,000 employees, providing reliable electricity to 4.3 million customers.

Southern Company owns four regulated retail electric utilities, Georgia Power, Alabama Power, Gulf Power, and Mississippi Power. In addition, Southern Company is a leader in environmental research. Since 1990, we have invested more than \$1.5 billion on environmental controls and we are projecting to invest an additional \$4.6 billion over the next three years in additional pollution control systems.

While we are submitting separate comments in a confidential attachment to express interest in pursuing data collection activities in certain areas of the OCS, we stress that this indication is made without the benefit of knowing the full, final terms of the lease instrument. We recognize that MMS published a draft lease instrument for public comment on December 14, 2007<sup>3</sup> and, after careful review, we plan to submit comments on this draft lease instrument. Based on an initial review, we are concerned about several aspects of the draft instrument, including the failure to recognize any preferential development rights to an entity which has invested in data gathering on a particular parcel, the limits on preserving confidentiality of data, and the requirement of automatic removal of data collection devices, and we are hopeful that MMS will modify these and potentially other terms in any final lease instrument developed after full review of public comment. Any expression of interest made herein is conditioned upon our satisfaction with the final lease instrument when it is issued.

Our major points can be summarized as follows:

- Support for Interim Policy: Southern Company generally supports and appreciates MMS's Interim Policy to allow data collection activities for alternative energy development in the OCS to proceed during the pendency of the rulemaking.
- Explicitly recognize a NEPA categorical exclusion for data collection activities: As discussed in greater detail in our February 2006 comments, MMS should explicitly state that data collection activities are categorically excluded under the National Environmental Policy Act.
- Process lease applications expeditiously: MMS should consider fostering the development of this nascent industry by prioritizing the processing of data collection lease applications. Other agencies, such as the Bureau of Land Management, have adopted policies to approve such applications within thirty days and we would encourage MMS to adopt a similar policy.
- Grant exclusive rights to develop: Companies and institutions should be granted the incentive of exclusive rights or a right of first refusal to develop particular sites in which they have invested substantial research money and efforts. The private sector will be less willing to undertake significant research on a particular site if it knows MMS will provide no recognition of its substantial investment.
- Preserve confidentiality: Companies will not be willing to undertake significant research activities if the results of their research will be made publicly available in such a manner as to benefit potential competitors who have not made similar investments in data collection.

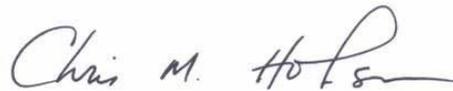
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<sup>3</sup> 72 Fed. Reg. 71,152 (Dec. 14, 2007).

We intend to develop these points and potentially several others in our comments on the draft lease instrument. In the meantime, if you have any questions or comments, please do not hesitate to contact me or Liz Philpot at (205)257-5315.

Congress clearly intended to encourage expeditious development of the OCS for alternative energy production. We hope that the MMS will quickly institute a policy for resource assessment and technology testing that will encourage this development.

Sincerely,

A handwritten signature in cursive script that reads "Chris M. Hobson".

Chris M. Hobson  
Senior Vice President  
Research and Environmental Affairs

| cc: Jeff Burleson, Georgia Power Company  
Oscar Harper, Georgia Power Company  
Leonard Haynes, Southern Company  
Liz Philpot, Southern Company  
Steve Wilson, Southern Company