

# POWERING UP

**Alabama Power Company Paves Way for ThyssenKrupp Steel's First U.S. Plant**



Ground breaking on the site of ThyssenKrupp's new \$3.7 billion carbon and stainless steel processing facility in Calvert, Alabama

## BY AMANDA EDGE AND MARK CHANDLER

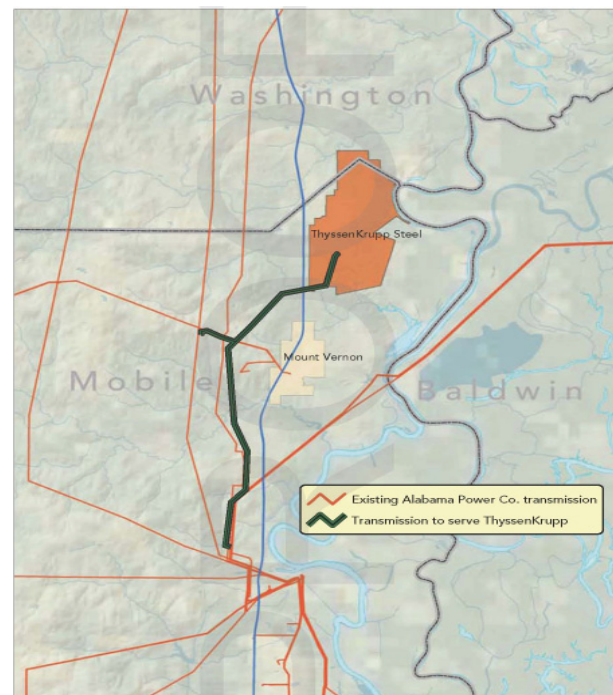
When German-based steel manufacturer, ThyssenKrupp Steel (TK) selected Alabama as the location for its first U.S. plant, the local power company knew that this was a rare and unique opportunity.

With right of way required for 400 acres over 16 miles, the Alabama Power Company felt confident that they were up for the challenge. Despite the client's compressed 180 day schedule, Alabama Power's Corporate Real Estate Department committed to acquire all necessary rights to serve this new customer in only six short months.

### THE SURVEY PROCESS

Upon hearing the official announcement that Alabama had been selected as the site for the new steel mill, Corporate Real Estate went to work immediately. When faced with the challenges of how to survey and acquire the land rights needed to serve TK, Alabama Power knew that the job would require teamwork.

A line route projection was done and revealed that approximately ten miles of new transmission right of way would be necessary to



reach the ThyssenKrupp property, and an additional six miles would be needed once positioned on the property. Along with the purchase of switching stations, pre-survey contact was made with approximately 70 property owners along the projected route within the first 24 hours of having the TK contract.

In an effort to expedite turnaround time on surveying maps, the manager of the Transmission Projection and Survey Department suggested the route be broken into sections and that aerial surveys be completed. The aerial survey was used to locate section corners, property corners and any important landmarks. With this information, property lines along the projected route were mapped. These maps were then used to write permits to acquire the rights necessary to build the new transmission line. This process was repeated until each section of line had been surveyed and all of the permits had been written.

### LOCATING THE LINES

Initial feasibility studies completed by Alabama Power's Transmission Engineering Department revealed that two 230kV transmission lines would be needed to provide adequate power to the ThyssenKrupp site.

The two transmission lines would feed a six-breaker ring buss system that would be located on the plant site. From this buss ring, five 230kV lines would provide power to TK's load-intensive electric arc furnaces. The design showed three 230 kV lines sourcing the electric arc furnace that would be used in the manufacturing of stainless steel, while the arc furnace used to manufacture carbon steel would be sourced by two 230 kV lines. Additional power for the plant would come via two customer substations located on TK property, and this would be acquired through easement.

The process of purchasing two fee sites suitable for switching stations began immediately. Once the location of each site was determined, Alabama Power could begin negotiating with the property owners.

### ENVIRONMENTAL CHALLENGES

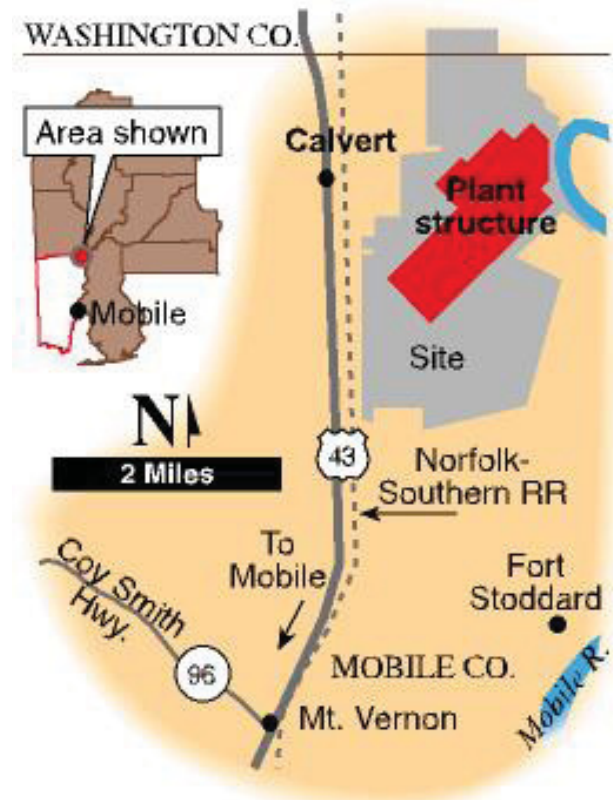
The first site, Bucks, was located within the corridor of an existing 115kV and 230kV transmission line. Once the site was surveyed, the environmental assessment began. The assessment led to the discovery of gopher tortoises, which are protected by federal law in the Alabama Counties west of the Mobile and Tombigbee Rivers. Since the gopher tortoise is prone to inhabit undeveloped land, the greatest threat to the tortoise is habitat destruction. Fortunately, Alabama Power's Environmental Department determined that the tortoise habitats could be worked around, as long as extreme caution was used. Carefully, each

burrow was flagged, and the KG blades used for the clearing process were able to maneuver around the areas of concern.

A second environmental issue arose when wetlands were identified on the site. A special team within the environmental department that identifies and mitigates wetlands was called. Each wetland was flagged at its beginning and ending, as well as GPS points taken to enable each wetland area to be added to our surveyed construction drawings, insuring that special care would be taken in these areas. The team determined that in this particular location, it would be possible to work around these wetland areas to avoid disturbing the natural environment and that no mitigation would be needed.

### LAND OWNERSHIP

The second site, Calvert, was located underneath an existing 230kV transmission line. While this site did not present major environmental concerns, it soon presented its own set of issues. This site was part of a larger tract of land that had been passed down from generation to generation, and the family name was traced back to the original governmental patent issued in 1859.



The team was now faced with the issue of emotional attachment, as this family had never sold any portion of its land. After extensive negotiations, Alabama Power and the family were able to come to an agreement. Unfortunately, the property was titled into eight undivided interests, and family holding interest in the property lived in different areas scattered throughout the country. With an agreement in hand, the team began the process of mailing documents to all family members, while pressing to stay within the limits of the compressed time line. Although it took the team a bit longer to close on this property, the project remained on schedule.

### **ACQUIRING RIGHT OF WAY**

As the initial team became fully engaged in the acquisition process, additional manpower was brought in from other areas of the state to help ensure the compressed timeline could be met. With all resources now in place, the team was ready. However, before actual negotiations could begin, a market analysis was required.

The large industrial customer coming to the small rural area, coupled with the prediction of a gross population increase, caused the real estate market to become volatile over night, thus making it difficult to accurately identify the fair market value. A contract company was hired to evaluate the market and compile an unbiased market analysis. After close examination of the analysis by Alabama Power's chief appraiser, a range of values were calculated for various types of property.

During the acquisition process, the team encountered a variety of ownership issues. While some property owners had died, leaving no will or record of who currently owned the property, others

failed to pay taxes thus creating a question of current ownership. Extensive title research was needed to ensure that each easement was executed by the appropriate party.

### **LESSONS LEARNED**

Another challenge the team faced was ensuring each property owner was paid based on the highest and best use of the property. Although the chief appraiser had provided guidelines, the properties varied in size and type. Some were small residential lots, while others were large timberland tracts. Several properties had major highway access, and others had little or no access. With diligent research and careful consideration given to each parcel, the negotiation team applied a per acre value, always allowing the balance of favor to fall toward the property owner. As each parcel was acquired, the team returned the executed permits to the project leader, who tracked the parcels and monitored dollars spent to make certain that the project came in under budget.

With the persistence and dedication of the negotiating teams who put in numerous hours over and above the expectations of the company, acquisitions were completed with a 99% success rate. Only three parcels were acquired through the eminent domain process. Despite the aggressive schedule and environmental challenges, the team managed to bring the project in ahead of schedule and under budget.

Once online, ThyssenKrupp Steel will become one of the largest customers for Alabama Power Company as well as for Southern Company, Alabama Power's parent company. This project is vital to the economic development of the city of Mobile, the state of Alabama and the entire southeast region. ☺



ThyssenKrupp representatives and state and local officials sign the formal Memorandum of Understanding to finalize the selection of Calvert, Alabama, as the new site.