AGENCY AGREEMENT

THIS AGREEMENT is made as of January 26, 2000 between SOUTHERN COMPANY SERVICES, INC., an Alabama corporation ("Service Company") and ALABAMA POWER COMPANY, an Alabama corporation ("Client Company").

RECITALS

Service Company is organized, staffed, and equipped and is authorized by the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935 to provide management, technical, training and other services to Client Company.

Service Company and Client Company have previously entered into an agreement as amended January 1, 1984 (the "Service Agreement"), pursuant to which Service Company has agreed to provide certain services and resources to Client Company

Client Company now wishes to affirm and clarify its appointment of Service Company as its agent in connection with the negotiation, execution and administration of agreements pursuant to which Client Company will (i) purchase and sell electric power for resale, (ii) purchase and sell fuels and related services in connection with power generation, (iii) purchase and sell utility equipment and facilities and related services, (iv) purchase and sell transportation and transmission capacity in connection with power generation and delivery, and (v) engage in derivative transactions, including (without limitation) those entered into pursuant to master swap agreements (the "Contracts").

Subject to the terms and conditions described herein and to the terms and conditions of the Service Agreement, Service Company desires to act as agent for Client Company in connection with such transactions.

ACCORDINGLY, for value received, the parties agree as follows:

TERMS AND CONDITIONS

1. **Appointment of Service Company as Agent**. Client Company hereby affirms its appointment of Service Company as its agent, and Service Company hereby agrees to act as Client Company's agent, in connection with the negotiation, execution and administration of Contracts.

2. **Service Company's Authority**. Pursuant to the authorization conferred by the Service Agreement (as affirmed and clarified by this Agreement), Service Company will have all rights and authority necessary or convenient in order to negotiate, execute, administer and otherwise perform the Contracts, including (without limitation) the right to collect payments required under such Contracts, to advance payments on Client Company's behalf, and to accept and give notices

and other communications on behalf of Client Company.

3. **Reimbursement of Costs**. Client Company will reimburse Service Company for all costs properly chargeable or allocable to the services provided hereunder in accordance with Section 3 of the Service Agreement.

4. **Termination**. This Agreement will remain in effect until terminated by either party upon written notice to the other party.

5. **Limitation of Liability**. As between Client Company and Service Company, Client Company will be solely responsible for all liabilities, obligations, and performance under any Contract executed pursuant to this Agreement, whether or not Service Company's role as agent for Client Company is disclosed to the other party to such contract. Service Company will not warrant or guaranty or otherwise be secondarily liable for performance by Client Company under any Contract or under any other agreement the Client Company may enter in relation to such Contract, including (without limitation) subcontracts, purchase orders and other similar agreements. Client Company shall defend, hold harmless, and indemnify Service Company against any claim made by any third party in connection with the subject matter of such Contract.

6. **Miscellaneous**.

6.1 This Agreement will bind the successors and assigns of the parties hereto, but neither party may assign this agreement without prior approval of the other party, which may be withheld in the discretion of such other party.

6.2 The validity and effect of this Agreement will be governed by and construed and enforced and enforced in accordance with the laws of the State of [State], without regard to its conflict of laws rules.

6.3 This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.

6.4 No provision of this Agreement will be deemed waived nor any breach of this Agreement consented to unless such waiver or consent is set forth in writing and executed by the party hereto making such waiver or consent.

6.5 This Agreement is entered into by the parties hereto for the purpose of affirming and clarifying Service Company's authorization as agent for Client Company and is not intended to, and shall not, in any way amend, modify, or terminate the Service Agreement, which shall remain in full force and effect in accordance with its terms.

SIGNED AND DELIVERED, as of the date first shown above.

ALABAMA POWER COMPANY

By: _____
Title: President & CEO

SOUTHERN COMPANY SERVICES, INC.

By: _____
Title: Vice President, Associate General Counsel & Secretary