Southern Nuclear Operating Company
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SCS
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John O. Meier
Corporate Secretary

Southern Nuclear Operating Company
the southern electric system

January 15, 1991

Mr. H. A. Franklin
President & Chief Executive Officer
Southern Company Services, Inc.
Birmingham, Alabama

Dear Mr. Franklin:

As you are aware, certain support services will continue to be required from Southern Company Services (SCS) by Southern Nuclear (SNC). The original U-1 Application filed with the Securities and Exchange Commission contained a draft agreement between SNC and SCS to formalize this relationship. Mr. R. A. Buettner of Balch and Bingham has assisted us with updating and finalizing the draft agreement, and two originals of the final agreement are enclosed. These documents have been signed for SNC by Mr. Farley, and they are now ready for signature by SCS.

Please have both originals signed and attested on behalf of SCS. One fully signed original should be retained for the SCS files, and the other should be returned for the SNC files.

If you have any questions, please let me know.

Sincerely,

John O. Meier

eaj

Attachments

cc: J. M. Farley
R. A. Buettner

AGREEMENT

THIS AGREEMENT, made and entered into as of January 15, 1991, between **SOUTHERN COMPANY SERVICES, INC.**, a corporation organized under the laws of the State of Alabama (hereinafter sometimes referred to as the "Service Company") and **SOUTHERN NUCLEAR OPERATING COMPANY, INC.**, a corporation organized under the laws of the State of Delaware, (hereinafter sometimes referred to as "Client Company");

WHEREAS, Service Company is organized, staffed and equipped to render to Client Company services as herein provided; and

WHEREAS, economics and increased efficiencies will result from the performance by Service Company of services for Client Company as herein provided; and

WHEREAS, Service Company is willing to render such services at cost, determined in accordance with applicable rules and regulations of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, including Rule 91 (exclusive of compensation for the use of the capital represented by capital stock of Service Company); and

WHEREAS, Client Company desires to use Service Company to provide such services to it from time to time;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the parties hereto hereby agree as follows:

1. Agreement to Furnish Services. Service Company agrees to furnish to Client Company, upon the terms and conditions hereinafter set forth, such of the services described in Article 2 hereof, at such times, for such periods and in such manner as Client Company may from time to time request.

2. Description of Services. Service Company will, as and to the extent required for Client Company, keep itself and its personnel available and competent to render to Client Company, the following services:

A. General Executive and Advisory Services. To advise and assist the officers and employees of Client Company in connection with various phases of its nuclear business and operations.

B. General Engineering. To perform general engineering work for Client Company, including plant production studies, engineering studies and problems, advice and assistance in connection with analyses of operations and operating and construction budgets.

C. Design Engineering. To perform detailed design work for Client Company for nuclear plants, and improvements and modifications thereto, and otherwise as required by Client Company; to make available to Client Company and other client companies as required, the services of a specialist or specialists on various phases of plant operation; and also to make available as required, inspection

and supervision personnel for plant construction and operation.

D. Purchasing. To render services to Client Company in connection with purchasing, including the coordination of group purchasing, and to supply expediting services.

E. Accounting and Statistical. To advise and assist Client Company in connection with the installation of new accounting systems and similar projects, appearances before regulatory commissions, requirements of Federal and State regulatory bodies with respect to accounting, studies of accounting procedures and practices to improve efficiency, book entries resulting from unusual financial transactions, internal audits, employment of independent auditors, preparation and analysis of financial and operating reports and other statistical matters relating to Client Company and other client companies, preparation of annual reports to stockholders, regulatory commissions, insurance companies and others, standardization of accounting and statistical forms in the interest of economy, and other accounting and statistical matters.

F. Finance and Treasury. To advise and assist Client Company on (a) financing matters, (b) treasury

matters, including banking problems and investment of surplus funds, and (c) maintenance of books of accounts and other related corporate records.

G. Taxes. To advise and assist Client Company in connection with tax matters, including preparation of Federal and State income and other tax returns and of protests, claims and briefs where necessary, tax accruals, and other matters in connection with Client Company's taxes.

H. Insurance and Pensions. To advise and assist Client Company in connection with insurance and pension matters, including contracts with insurers, trustees and actuaries and the placing of blanket and group policies covering Client Company and other client companies, and other insurance problems as required.

I. Corporate. To advise and assist Client Company in connection with its corporate affairs.

J. Budgeting. To advise and assist Client Company in matters involving the preparation and development of construction and operating budgets, cash and cost forecasts, and budgetary controls.

K. Employee Relations. To furnish Client Company with advisory services in connection with employee relations matters, including recruitment, employee placement, training, compensation, safety, labor relations and health, welfare and employee benefits.

L. Systems and Procedures. To advise and assist Client Company in the formation of good operating practices and methods of procedure, in obtaining services for information systems development and processing, in conducting economic research and planning and in the development of special economic studies.

M. Other Services. To render advice and assistance in connection with such other matters as Client Company may request and Service Company may be able to perform with respect to Client Company's business and operations.

3. Compensation of Service Company. As compensation for such services rendered to it by Service Company, Client Company hereby agrees to pay to Service Company the cost of such services. Bills will be rendered for the amount of such cost on or before the 10th day of the succeeding month and will be payable on or before the 20th day of such month. Cost of services to be paid by Client Company shall include direct charges and Client Company's pro rata share of certain of Service Company's costs, determined as set forth below:

A. Direct Charges. To the extent that the costs incurred by Service Company in connection with services rendered by it to Client Company can be identified and related to a particular transaction, direct charges will be made by Service Company against Client Company.

B. Prorated Charges. Such costs incurred by Service Company each month as cannot be charged by Service Company directly to the companies for which it performs services will be distributed among such companies in a fair and equitable manner as set forth in the Southern Company Services, Inc. Cost Allocation Manual which is incorporated herein by reference. The Service Company may revise the Cost Allocation Manual from time to time, subject to the approval of the Client Company and to any necessary regulatory approval, and the revised Cost Allocation Manual may be incorporated herein by reference upon the effective date of the revision.

4. Companies to be Served. Service Company agrees that during the term hereof it will render services as required by companies in the Southern System and that all such companies will compensate Service Company as provided in Section 3 hereof.

5. Effective Date - Term - Cancellation. This agreement shall be effective as of January 1, 1991, subject to receipt of any required regulatory approval, and shall remain in effect until terminated by mutual agreement of said parties.

It is also understood and agreed that nothing herein shall be construed to release the officers and directors of Client Company from the obligation to perform their respective duties, or to limit the exercise of their powers in accordance with the provisions of law or otherwise, and this agreement shall be

canceled to the extent and from the time that performance hereunder may conflict with any rule, regulation or order of the Securities and Exchange Commission adopted before or after the execution hereof.

IN WITNESS WHEREOF, the parties hereby have caused this agreement to be executed by their duly authorized officers and their respective seals to be affixed as of the day and year first above written.

SOUTHERN COMPANY SERVICES, INC.

By: _____
Its Pres.

Attest:

Asst. Secretary

SOUTHERN NUCLEAR OPERATING COMPANY, INC.

By: Joseph M. Farley
Its PRESIDENT

Attest:

John O. Meier
Secretary

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-26211; 70-8233)

Southern Company
Memorandum Opinion and Order Authorizing Acquisition of Nonutility Subsidiary and Related Transactions; Reservation of Jurisdiction; and Denying Request for Hearing

December 30, 1994

The Southern Company ("Southern"), Atlanta, Georgia, a registered holding company, has filed an application, as amended, under sections 6(a), 7, 9(a), 10, 12(b) and 13 of the Public Utility Holding Company Act of 1935, as amended ("Act"), and rules 45, 81, 87, 90, 91, 92, 93 and 94 thereunder. Southern requests authorization to organize and acquire Southern Communications Services, Inc. ("Southern Communications") and to engage in related transactions.[1] Southern Communications will oversee the installation of a wireless digital communications system that will operate as a specialized mobile radio service ("SMR") provider to serve the needs of the Southern system companies and regional nonassociates.

The Commission issued a notice of the filing on March 4, 1994 (Holding Co. Act Release No. 25996). Dial Page, Inc. ("Dial Page") requested a hearing.[2]

I. BACKGROUND

Southern, through its public-utility subsidiaries, is primarily engaged in the generation, transmission and distribution of electric energy. The Southern operating companies, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Savannah Electric and Power Company, operate an

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[1]Four amendments have been filed, the last on December 19, 1994.

[2]Dial Page is the parent company of Dial Page Southeast, Inc., a radio common carrier operating in Georgia that plans to provide SMR services similar to those Southern seeks to provide commercially through Southern Communications. Dial Page filed submissions with the Commission on May 11, 1994 ("Dial Page I Letter"), June 10, 1994 ("Dial Page II Letter") and two on November 29, 1994 ("Dial Page III Letter" and "Dial Page IV Letter," respectively).

technical and marketing employees of Southern Company Services will be transferred to the new subsidiary. Southern Company Services will provide financial, accounting, data processing, and internal auditing services to Southern Communications in accordance with the methods and accounts previously approved by the Commission. Personnel of the operating companies and of Southern Development and Investment Group, Inc.[26] will also provide necessary services to Southern Communications. Such services will be charged on a full cost reimbursement basis utilizing a work order procedure in accordance with rules 90 and 91 under the Act.

Southern proposes that, except as provided hereinafter, Southern Communications will provide SMR services to associate companies at the lower of cost or market value. Cost would be determined in accordance with rules 90, 91 and 92 under the Act[27] and the accounting methodology set forth in the application.[27] In the event, however, that the FCC, pursuant to its statutory authority, requires the filing of a tariff by order, or approves or prescribes or determines the applicability of a different rate or charge by adjudication (with respect to the pricing terms proposed in the application), Southern proposes that the decision

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[26]Southern Development and Investment Group, Inc. has proposed to conduct research and related activities with respect to remote meter-reading, energy management and efficiency services and communications technologies. See Southern Development and Investment Group, Inc., Holding Co. Act Release No. 26047 (May 6, 1994) (File No. 70-8173).

[27]As part of its calculation of cost, Southern Communications will include a cost for equity capital. During the first three years of operations, such cost will reflect the cost of capital of the Southern system on a consolidated basis. Thereafter, such cost will reflect the cost of capital of comparable cellular telephone companies.

[27]"Market value" is defined to mean price and terms comparable to those normally offered to unaffiliated customers, having due regard to any differences in quality or quantity, or, if no such comparability exists, the price and terms which the affiliated purchaser might reasonably be expected to obtain elsewhere, giving due regard to quantity, quality, reliability and other factors entering into the calculation of a fair price. Southern represents that there exist substitute services, such as cellular, paging and local dispatch services, upon which a market rate can be based. Southern further represents that these market rates will be compared with cost on at least an annual basis.