COPY

Southern Company Services
a subsidiary of The Southern Company

Date: February 27, 1996

Re: Southern Company Telecommunications Agreement

From: Dan Traynor

To: Robert Beason
Bob Dawson
Bruce Hutchins
Warren Jobe
Arlan Scarbrough
Mike Southern
Kirby Willis

Attached is a fully executed copy of the Southern Company Telecommunications Agreement for your file. The new two-tiered price structure will be used for the first time for February circuit billings. However, you should wait for the March billings to get an accurate picture of your monthly circuit charges. February billings will be understated due to adjustments for January, which was billed under the terms of the old agreement.

Thanks for your cooperation and support during the agreement revision process. Please call if you have any questions.

Dan Traynor

Dan Traynor
Mgr., Telecom. Planning & Eng.

Attachment

cc: Jim Corbitt
Bob Murphine
Warren Tate
Aline Ward
Tom Fanning
Mike McClure
Dave Coker
Mark Kuester
Earl Parsons
Roger Bryant
Roy Connell
Mike Hill
Jerry Norris
Bob Parker
Rusty Williams
Jimmy Miller
Craig Elder
Bob Edwards

TELECOMMUNICATIONS AGREEMENT

SOUTHERN ELECTRIC SYSTEM
TELECOMMUNICATIONS NETWORK AGREEMENT

This AGREEMENT made effective as of January 1, 1996, by and among ALABAMA POWER COMPANY, a corporation organized under the laws of the State of Alabama ("ALABAMA"), GEORGIA POWER COMPANY, a corporation organized under the laws of the State of Georgia ("GEORGIA "), GULF POWER COMPANY, a corporation organized under the laws of the State of Maine ("GULF"), MISSISSIPPI POWER COMPANY, a corporation organized under the laws of the State of Mississippi ("MISSISSIPPI"), SOUTHERN COMPANY SERVICES, INC., a corporation organized under the laws of the State of Alabama ("SERVICES"), SAVANNAH ELECTRIC POWER COMPANY, a corporation organized under the laws of the State of Georgia ("SAVANNAH"), and SOUTHERN COMMUNICATIONS SERVICES, INC., a corporation organized under the laws of the State of Delaware ("COMMUNICATIONS"),

WITNESSETH:

WHEREAS: ALABAMA, GEORGIA, GULF, MISSISSIPPI, SERVICES, SAVANNAH and COMMUNICATIONS are affiliated companies ("affiliated companies") of The Southern Company, a registered holding company under the public Utility Holding Company Act of 1935. ALABAMA, GEORGIA, GULF, MISSISSIPPI, and SAVANNAH ("operating companies") are principally engaged in the business of operating electric utility companies, COMMUNICATIONS is principally engaged in the business of providing wireless communications services and SERVICES is the system service organization of The Southern Company providing specialized engineering, financial and other management services for all system companies at cost; and

WHEREAS each of these affiliated companies, incidental to their principal business, has acquired through purchase, construction, lease or any combination thereof, or in the future may acquire, a telecommunications system, which is, or will be, operated by employees with skill and expertise in such operations and which can be used in part to meet the needs of the Southern electric system; and

WHEREAS, the parties have determined that it will be of advantage according to convenience, economy and reliability for each party hereto to share, through prearrangement, from time to time portions of each company's telecommunications system. Each telecommunications system is comprised of microwave, fiber optics, multiplexers, communications controllers, and other facilities, including hardware and software, required to provide telecommunications functions such as network access and transporting and routing of information; and

WHEREAS, the parties agree that the use and maintenance of said facilities will carry the highest priority for maintaining reliable power system operations; and

WHEREAS, the parties have determined that it will be of advantage to provide means for equitably distributing costs associated therewith; and

WHEREAS, it has been determined that an agreement is necessary to establish the methods and means for such use and to provide for SERVICES to be responsible for accounting and allocating the costs of the respective affiliated companies telecommunications facilities.

TELECOMMUNICATIONS AGREEMENT (Cont'd)

NOW, THEREFORE, in consideration of the premises and the mutual undertakings herein set forth, the parties hereby agree as follows:

1. Service Requests

From time to time any party hereto may request telecommunications service from any other party hereto or leased telecommunications service connecting two or more parties hereto. Such requests shall be through SERVICES and shall state, among other things, the proposed use for the requested service. The party or parties being asked to supply such service may, or may not, in its or their sole discretion, provide the requested services. SERVICES shall maintain a list of pertinent information on all telecommunications circuits or facilities assigned hereunder. Such list or inventory shall be subject to audit at the request of any party hereto.

2. Costs of and Payments for Telecommunications Services

The cost of telecommunications services hereunder shall be determined in accordance with Exhibit A as such exhibit may be revised from time to time .

3. Planning and Design Consideration

To insure compatible design, installation schedules and continuity of operation of the telecommunications systems of the parties, Telecommunications Planning and Engineering shall establish from time to time the telecommunications requirements for the Southern electric system and incorporate such requirements in Exhibit B hereto.

4. Administration

The Manager of Telecommunications Planning and Engineering shall administer the requirements of this agreement, be responsible for monitoring the methods and procedures, and recommend any revisions to the Vice President, Telecommunications Services for consideration.

5. Liability Responsibility

In the event injury or death of persons, or damage to property arises directly out of the furnishing of telecommunications service hereunder, the liability therefor is placed on the affiliated company owning the telecommunications facilities which are involved, the intention of the parties concerning liability therefor, in the event such liability would not have been sustained except for the fact that a party hereto requested the loan of telecommunications circuits or service under this agreement, is the following:

a. In the event workmen's compensation or employer's liability is involved:
In this situation the liability of the company owning the telecommunications facilities to its employees (regarding any federal or state workmen's compensation law) so arising out of the performance of work covered by this agreement, will be satisfied by the company owning the facilities and billed at cost to the company utilizing the services. Such liability of the using company to its employees shall be satisfied by the using company.

TELECOMMUNICATIONS AGREEMENT (Cont'd)

b. In the event public liability and property damages are involved: In this situation the company utilizing the telecommunications facilities agrees to indemnify and hold harmless the company owning the telecommunications facilities against any liability for damage to persons or property so arising out of the performance of the work covered by this agreement, regardless of the claimed or actual negligence or fault of the owning company.

c. Items reimbursed under paragraph 5 shall embrace an appropriate allocation of the owning company's cost of claim administration; including (without limitation) administrative overhead, investigation expenses, attorney's fees, etc.

6. Agreement Compliance

This agreement shall be revised to any extent that performance thereof may conflict with any rule, regulation or order of any properly constituted regulatory authority, including the Securities and Exchange Commission, adopted before or after the making of this agreement. On being informed of any such conflict, the parties agree to promptly negotiate appropriate amendatory provisions to carry out to the extent feasible the intent of the agreement.

7. Agreement Cancellation

This agreement supersedes the Communications Agreement of 1985 as amended and shall be effective until canceled by any party hereto on the giving of sixty day's advance written notice specifying the date of such termination.

TELECOMMUNICATIONS AGREEMENT (Cont'd)

Attest:

Secretary

ALABAMA POWER COMPANY

By
Its Executive Vice President and CFO

Attest:

Asst. Secretary

GEORGIA POWER COMPANY

By
Its Executive Vice President

Attest:

Secretary

GULF POWER COMPANY

By
Its Vice President - Finance

Attest:

Asst. Secretary

MISSISSIPPI POWER COMPANY

By
Its Vice President, Finance

Attest:

Asst. Secretary

SOUTHERN COMPANY SERVICES, INC.

By
Its Vice President, Telecommunications Services

Attest:

Secretary

SAVANNAH ELECTRIC & POWER CO.

By
Its

Attest:

Secretary

SOUTHERN COMMUNICATIONS SERVICES, INC.

By
Its President

EXHIBIT "A" TO
SOUTHERN ELECTRIC SYSTEM
TELECOMMUNICATIONS NETWORK AGREEMENT
Revised 2/5/96

DETERMINATION OF COSTS OF AND
PAYMENT FOR TELECOMMUNICATIONS SERVICES

Determination of the cost of providing telecommunications services under the Southern electric system Telecommunications Network Agreement (Agreement) and the payment therefor shall be as set forth herein. In computing the actual cost of furnishing telecommunications services or service under the agreement to which this exhibit is a part, the following items, together with all other pertinent expenses, shall be considered, but in no event shall the actual cost exceed a fair and equitable allocation of expenses plus reasonable compensation for necessary capital obtained through the issuance of capital stock and otherwise.

1. Direct Costs. Actual payroll labor plus prorated share of nonproductive time, fringe benefits, and overhead costs associated with direct labor charges at percentages computed on previous year's experience; transportation and equipment at current rates charged by owning company; materials furnished at cost from stores, including stores handling charge at the same rate normally charged; actual cost of materials, tools, equipment, or services purchased directly from suppliers; the actual cost of materials, lodging, telephone toll calls, etc.; actual cost of work done under special contracts; actual cost of claims or claim settlements (which are not specifically and separately calculated under paragraph 4 of the document to which this exhibit is attached as Exhibit A). Nonproductive time consists principally of the following items: vacations, sick leave, holidays, jury duty, company-union meeting, residency moves, death in immediate family, voting, rest period provision, safety meetings, severe weather and occupational injury. Fringe benefits consist principally of these items: Pension, group life insurance, group medical insurance state unemployment tax, federal unemployment tax, federal old age benefits tax, personal tools subsidy, foul weather gear, military duty, separation pay, occupational injury medical expense, residency moving expense. The principal overhead items are: building service costs, telephone service, furniture, equipment and supplies.

2. Other elements of Cost. Fixed Charges on Owning Company's Investment. In addition to the direct charges provided for above, a fair and equitable allocation of other elements of cost, including taxes, interest, other overhead, compensation for the use of capital obtained by the issuance of capital stock and interest on borrowed capital, shall be charged by the owning company where reasonably necessary for the owning company's performance of its obligations under the Agreement.

3. Telecommunications Expense Computation Method

   a. The cost of telecommunications services provided on company owned and maintained (COAM) facilities shall be determined as follows (except that, in addition, any cost as set forth in paragraph 5 of the Agreement, upon concurrence and verification, will be calculated separately where feasible):

      Annually in accordance with Standard Accounting Methods, SERVICES shall determine, by generally accepted accounting principles consistently applied from year to year, the full cost to each individual operating company of owning and operating its telecommunications system. In so doing, SERVICES shall first ascertain the current net book value of each company's telecommunications system (from each system company's accounting department where the net book value of telecommunications equipment in service is maintained and audited) and, after giving consideration and effect to all other relevant and pertinent telecommunications expenditures (including all operating, maintenance, fixed, and other costs, including those set out herein above) incurred during the preceding twelve (12)

months and theretofore, derive the full costs associated with each company's telecommunications system for the year just ended.

The methodology for circuit costs will be based on two tiers: Tier 1 will be circuits between the major nodes in the network; Tier 2 will be all other circuits. Tier 1 circuit costs will be market based. Tier 2 circuit costs will be based on the remaining transport network operation costs after deducting the circuit costs accumulated in Tier 1. The major nodes are listed in Exhibit C. The cost of a circuit will be determined by the speed of the circuit and the location served. The pricing structure is demonstrated in Exhibit D.

Annually, a fixed cost/mile is calculated for each company by dividing the projected operating cost by the projected total weighted circuit route mileage. Each month this fixed cost/mile is multiplied by the total weighted circuit route mileage to determine the total operating cost for each company. The system companies are reimbursed each month for the use of their system based on a ratio of each company's intercompany route mileage. Annually, actual costs will be compared to estimated and discrepancies will be corrected through a true-up process as referenced in the Standard Accounting Policies and Procedures for Telecommunications Equipment.

b. The cost of leased telecommunications service is the lease charge, payable monthly, plus any applicable direct or indirect costs associated therewith. SERVICES shall have the responsibility of paying, initially for leased telecommunications facilities serving two or more parties hereto.

c. Each party hereto which uses, on request, the telecommunications facilities of another party hereto shall have the responsibility of paying monthly (based on full current operating cost per service as so ascertained) the usage of telecommunications facilities belonging to and/or contracted by other affiliated companies.

d. All payments made hereunder shall be made through SERVICES and the responsibility for accounting for such charges and payments is SERVICES with appropriate concurrence (under the principles hereof and as set out in Paragraph 4 below), of the system companies.

4. Definitions

As used, herein, a channel mile is one-twelfth of a group of analog microwave bandwidth, as defined CCITT standards or one twenty-fourth of a DS1 of fiber or digital microwave bandwidth, when used separately, being carried over the existing microwave or fiber path for a distance of one mile. The methods used to calculate the cost of digital circuits will be same as analog circuits.

5. Ultimate Allocation of Costs

Each intercompany circuit is assigned a SCS work order and is billed to the appropriate company(s) based on the work order allocation methods.

Formula for Ultimate Allocation of Costs for Telecommunications Services are Identified in Paragraphs b,c, and d, below. Allocation formulas are based on the premise that costs are distributed on a channel/mile or equivalents usage, however, certain considerations are given to minimize any penalties to a particular user because of system topology. In any event, ultimate allocations are based on Standard Accounting Methods for Telecommunications Expenses as approved by the Manager of Telecommunications Planning and Engineering.

TELECOMMUNICATIONS AGREEMENT (Cont'd)

a. Allocation Methods

"Annual Territorial Load Ratio Basis," "Employee Count," "Charges in Connection with Other Services" and other allocation methods that may be used are defined in the SCS Cost Accountability and Control Manual established by Agreements between "Service Company" and the six "Client Companies" dated January 1, 1963, as amended and restated January 1, 1984, and as amended and restated month, day, 199X.

b. Operating Services

Power Management System (PMS) and telecommunications services are allocated on an Annual Territorial Load Basis. Included in these costs are circuits from the Southern electric system Coordination Center (SESCC) to Division Control Center(s) (DCC) and company dispatch centers and circuits that facilitate the operation of the Power Coordination Center (PCC). The telecommunications services for the Energy Management Systems (EMS) that will replace the PMS will also be allocated on an Annual Territorial Load Basis. Included in these costs are circuits from the PCC to the Host Processing Nodes (HPNs) and other circuits that facilitate the operation of the PCC. Also included are circuits from the HPNs to the satellite DAQ Nodes that cross company boundaries. Costs for Fan Circuits, that connect PMS/EMS remote terminals to division control centers or SDNs, (here data is multiplexed for retransmission to the SESCC or HPN), are to be paid by the owning operating company.

c. Administrative Services

Telecommunications services allocated on a employee count ratio basis include services that are of mutual benefit to all affiliated companies and required to conduct day-to-day business. The intercompany dial trunks are an example of services allocated on this basis.

d. Direct Services

Many telecommunications services are for the benefit of one or more, but not all, affiliated companies, and the costs of such services can be more equitably distributed based on direct usage methods. Direct costs for telecommunications services will, therefore, be allocated by one of the methods outlined below depending on each application. Specific methods are defined in the Standard Accounting Method Procedures for Telecommunications Expenses for each application and are approved by the Manager of Telecommunications Planning and Engineering.

1) Costs of facilities for the benefit of one company, not otherwise specifically addressed, will be allocated in its entirety to the benefiting company.

2) Costs of facilities that benefit more than one company will be allocated to each of the benefiting companies on a equal basis or any percentage ratio agreed to be the affiliated companies.

3 Facility costs will be allocated to users on a usage sensitive prorated basis, when appropriate, and usage criteria is available.

4) Intracompany services, circuits that use only owning company facilities and only benefit owning companies, will be ordered by the respective company and the cost will be borne directly by that operating company.

EXHIBIT "B" TO
SOUTHERN ELECTRIC SYSTEM
TELECOMMUNICATIONS NETWORK AGREEMENT

TELECOMMUNICATIONS REQUIREMENTS

1. General - The telecommunications system will operate as a single system with coordination of management and administration performed through the Telecommunications Services Organization. Continuity of operation, and setting of repair priorities will be coordinated through the Southern electric system telecommunications Network Operations Center(s) (NOC).

2. Design and Installation - The design and installation of the telecommunications system will be carried out in accordance with overall standards and plans established for the Southern electric system by telecommunications Planning and Engineering..

3. Operation - The operations of the telecommunications system will be carried out in accordance with overall standards and plans established for the Southern electric system by Telecommunications Operations and Network Management.

4. The Southern electric system Coordination Center (SESCC), the Power Pool and Telecommunications Services will cooperate to insure reliable telecommunications service for all uses, with highest priority being given to power system operations. The NOC has the best knowledge of telecommunications status, and the Power Pool the best knowledge of power system operations.

EXHIBIT "C" TO
SOUTHERN ELECTRIC SYSTEM
TELECOMMUNICATIONS NETWORK AGREEMENT

MAJOR NODES

The nodes contained in each tier are as follows:

Tier 1:

Alabama

- Birmingham
- Anniston
- Gadsden
- Mobile
- Montgomery
- Tuscaloosa
- Plant Farley

Florida

- Fort Walton
- Panama City
- Pensacola

Georgia

- Atlanta
- Athens
- Augusta
- Columbus
- Macon
- Plant Hatch
- Plant Vogtle
- Rome
- Savannah
- Valdosta

Mississippi

- Gulfport
- Hattiesburg
- Meridian

Tier 2: All other locations

EXHIBIT "D" TO
SOUTHERN ELECTRIC SYSTEM
TELECOMMUNICATIONS NETWORK AGREEMENT

CIRCUIT PRICING STRUCTURE

The structure for 2 Tier pricing is as follows:

1. A DSO market based cost/mile and bandwidth multiplier is determined for Tier 1. A bandwidth multiplier is determined for each speed circuit listed below. The circuit cost is calculated using the DSO airline cost/mile as the base unit times the bandwidth multiplier. The speeds used for circuit pricing and examples of the bandwidth multipliers and cost/mile (Tier 1) are as follows:

	Multipliers	
	Tier 1	Tier 2
0 - 19.2 Kbps	1.00	1.00
19.2 - 64 Kbps	1.00	1.69
64.1 - 128 Kbps	3.18	5.24
128.1 - 256 Kbps	3.49	5.26
256.1 - 512 Kbps	3.78	5.28
512.1 - 768 Kbps	4.06	5.28
768.1 - 1544 Kbps	4.34	5.28
DS1	4.62	5.26
DS3	56.54	75.28
Cost/mile	3.80	*

The Transport Billing program calculates the cost/mile for Tier 2. Tier 1 costs are deducted from the total operating costs to derive Tier 2 costs. The Tier 2 cost/mile is then derived by dividing the Tier 2 cost by the Tier 2 mileage.