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Natural Gas Hedging

Docket No. 28945-U

SUMMARY OF UTILITY FUEL HEDGING PRACTICES:

Each of the Southern Company operating companies (OPCOs), including Southern Power, utilize hedging instruments to manage fuel price risks. Most hedge transactions are simple fixed-for-float financial swaps executed with a financial institution, or bank with whom SCS hedges. Occasionally, call or put options might also be executed.

SCS executes hedge transactions as agent for Alabama Power, Georgia Power, Gulf Power, and Mississippi Power.* SCS assists in planning, analyzing and identifying hedge opportunities. Execution of hedge transactions occurs following approval by the appropriate operating company executives. This approval provides SCS with the guidance and latitude to hedge certain quantities of gas within certain price ranges under specific hedge strategies. Once approval is granted, SCS may hedge within these approved limits.

Each financial gas trade is entered into Attaché Financial, the SCS deal capture and accounting system. SCS, as agent for each of the Southern Company OPCOs, enters into hedge transactions with financial counterparties for each specific OPCO individually, not as a group, and the costs for that particular hedge are assigned to and accounted for by that specific company. For example, when SCS executes a hedge for Georgia Power, it is entered into Georgia Power's gas book maintained within Attaché Financial. The attached Microsoft Excel workbook contains a summary of the administrative costs of the hedging program and a summary of hedging gains and losses. In addition, the attached PowerPoint files include correspondence related to hedging strategy and recommendations.

Additionally, SCS operates per the applicable hedging orders issued by each Public Service Commission. In 2007, the Georgia Public Service Commission issued a Hedging Policy Statement as an amendment to the ongoing Hedging Program in Docket No. 22403-U. In accordance with the amended order, the Company provides an Implementation schedule to the Staff before the beginning of each quarter. This new process began July 1, 2007 for hedging gas volumes to be burned in the 2008 calendar year and beyond.

* SCS also executes hedge transactions for Southern Power at its direction.

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Administrative Costs

	Georgia Power
February-08	Redacted
March-08	Redacted
April-08	Redacted
May-08	Redacted
Jun-08	Redacted
July-08	Redacted
August-08	Redacted
September-08	Redacted
October-08	Redacted
November-08	Redacted
December-08	Redacted
January-09	Redacted
February-09	Redacted
March-09	Redacted
April-09	Redacted
May-09	Redacted
June-09	Redacted
July-09	Redacted
August-09	Redacted
September-09	Redacted
October-09	Redacted

Note: SCS allocates a portion of the administrative costs of the Company's hedging program per the GPC Fuel Order (19142-U) issued May 2005.

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Hedging Gains/Losses:

	Total Hedge Savings (Losses)
February-08	Redacted
March-08	Redacted
April-08	Redacted
May-08	Redacted
June-08	Redacted
July-08	Redacted
August-08	Redacted
September-08	Redacted
October-08	Redacted
November-08	Redacted
December-08	Redacted
January-09	Redacted
February-09	Redacted
March-09	Redacted
April-09	Redacted
May-09	Redacted
June-09	Redacted
July-09	Redacted
August-09	Redacted
September-09	Redacted
October-09	Redacted

Note: The Hedge Savings amount reported for February 2008 has been adjusted by **Redacted** since the last report in FCR-20. This is reflective of an adjustment in Gas Daily Settlements.