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Natural Gas Hedging

Docket No. 43011

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. SCS utilizes fixed for floating financial swaps as well as financial options in its hedging activities. These transactions are executed "over-the-counter" primarily with financial institutions and producers.

SCS executes hedge transactions as agent for Alabama Power, Georgia Power, and Mississippi Power.* SCS assists in planning, analyzing, and identifying hedge opportunities for this group of operating companies. Execution of hedge transactions for this group occurs as a result of having received previous approval from 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.

Gas trades are entered into Attaché Financial, the SCS deal capture system, for a specific operating company. Costs for each OPCO of a particular trade are assigned to and accounted for a specific company. For example, when SCS executes a hedge for Georgia Power, it is entered into Georgia Power's gas book via the SCS hedge accounting system (Attaché Financial).

Pages 2 and 3 contain a summary of the administrative costs of the hedging program and a summary of hedging gains and losses. Hedging gains and losses reported on page 3 primarily include settlement of transactions executed prior to the revisions made to the hedging program in December 2015 (see below).

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. In 2012, the Georgia Public Service Commission revised the Hedging Policy Statement in Docket No. 16134. In 2015, the Georgia Public Service Commission revised the parameters of the hedging program in Docket No. 39638.

* SCS executes hedge transactions for Southern Power at Southern Power's direction.

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Administrative Costs

	Georgia Power
August-15	REDACTED
September-15	REDACTED
October-15	REDACTED
November-15	REDACTED
December-15	REDACTED
January-16	REDACTED
February-16	REDACTED
March-16	REDACTED
April-16	REDACTED
May-16	REDACTED
June-16	REDACTED
July-16	REDACTED
August-16	REDACTED
September-16	REDACTED
October-16	REDACTED
November-16	REDACTED
December-16	REDACTED
January-17	REDACTED
February-17	REDACTED
March-17	REDACTED
April-17	REDACTED
May-17	REDACTED
June-17	REDACTED
July-17	REDACTED
August-17	REDACTED
September-17	REDACTED
October-17	REDACTED
November-17	REDACTED
December-17	REDACTED
January-18	REDACTED
February-18	REDACTED
March-18	REDACTED
April-18	REDACTED
May-18	REDACTED
June-18	REDACTED
July-18	REDACTED
August-18	REDACTED
September-18	REDACTED
October-18	REDACTED
November-18	REDACTED
December-18	REDACTED
January-19	REDACTED
February-19	REDACTED
March-19	REDACTED
April-19	REDACTED
May-19	REDACTED
June-19	REDACTED
July-19	REDACTED
August-19	REDACTED
September-19	REDACTED
October-19	REDACTED
November-19	REDACTED
December-19	REDACTED
January-20	REDACTED
February-20	REDACTED
March-20	REDACTED

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

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Realized Hedging Gains/(Losses):

	Total Hedge Gains/(Losses)*
August-15	REDACTED
September-15	REDACTED
October-15	REDACTED
November-15	REDACTED
December-15	REDACTED
January-16	REDACTED
February-16	REDACTED
March-16	REDACTED
April-16	REDACTED
May-16	REDACTED
June-16	REDACTED
July-16	REDACTED
August-16	REDACTED
September-16	REDACTED
October-16	REDACTED
November-16	REDACTED
December-16	REDACTED
January-17	REDACTED
February-17	REDACTED
March-17	REDACTED
April-17	REDACTED
May-17	REDACTED
June-17	REDACTED
July-17	REDACTED
August-17	REDACTED
September-17	REDACTED
October-17	REDACTED
November-17	REDACTED
December-17	REDACTED
January-18	REDACTED
February-18	REDACTED
March-18	REDACTED
April-18	REDACTED
May-18	REDACTED
June-18	REDACTED
July-18	REDACTED
August-18	REDACTED
September-18	REDACTED
October-18	REDACTED
November-18	REDACTED
December-18	REDACTED
January-19	REDACTED
February-19	REDACTED
March-19	REDACTED
April-19	REDACTED
May-19	REDACTED
June-19	REDACTED
July-19	REDACTED
August-19	REDACTED
September-19	REDACTED
October-19	REDACTED
November-19	REDACTED
December-19	REDACTED
January-20	REDACTED
February-20	REDACTED
March-20	REDACTED

* Includes option premiums