

The Southern Company
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March 28, 2011

VIA E-EMAIL

Ms. Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549

Re: File No. S7-18-08

Dear Ms. Murphy,

The Southern Company ("Southern Company") is pleased to have the opportunity to offer comments in response to the proposal to amend the eligibility requirements for Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), proposed by the Securities and Exchange Commission (the "Commission") under File Number S7-18-08 and published in the Federal Register on February 16, 2011 (the "2011 Proposal"). Southern Company previously offered comments to the Commission in response to a substantially similar proposal to amend these requirements (the "2008 Proposal") on September 5, 2008 (the "2008 Comment Letter") and a request for additional comments to the 2008 Proposal (the "2009 Proposal" and, together with the 2008 Proposal, the "Prior Proposals") on December 8, 2009 (the "2009 Comment Letter" and, together with the 2008 Comment Letter, the "Previous Comment Letters"). Southern Company's comments in the Previous Comment Letters were consistent with those of the Edison Electric Institute ("EEI"), which were in opposition to the proposed amendments.

The proposed amendments would revise the transaction eligibility criteria for registering primary offerings of non-convertible securities, eliminating the provision in Form S-3 that allows issuers of investment grade debt securities and preferred and preference stock to use Form S-3. Instead, only entities that have issued \$1 billion or more in such securities over a period of three years would be permitted to use Form S-3.

Southern Company (NYSE: SO) is a well-known seasoned issuer ("WKSI") with a market capitalization of approximately \$31 billion. Southern Company is one of the largest public utility holding companies, with four state-regulated electric utility subsidiaries – Alabama Power

Company (“Alabama Power”), Georgia Power Company (“Georgia Power”), Gulf Power Company (“Gulf Power”) and Mississippi Power Company (“Mississippi Power” and, together with Alabama Power, Georgia Power and Gulf Power, the “traditional operating companies”). In addition, Southern Company owns a growing competitive generation subsidiary, Southern Power Company (“Southern Power”), as well as certain non-energy related businesses. Each of the traditional operating companies and Southern Power has registered offerings of investment grade debt securities and preferred and preference stock on Form S-3. In addition, the securities issuances of each of the traditional operating companies and Southern Power are subject to state and/or federal regulatory approval requirements.

Southern Company continues to believe in the position expressed in the Previous Comment Letters and remains opposed to the proposed amendments. However, Southern Company is complying with the request of the Commission in the 2011 Proposal to comment on whether the approach contained in the 2011 Proposal is appropriate, what the impact on issuers and other market participants would be and what alternative approaches should be considered. Specifically, Southern Company is providing comment with respect to the issuers for which the 2011 Proposal would cause eligibility for Form S-3 to be lost, including additional eligibility criteria that may be appropriate to retain eligibility for these issuers.

As described in the Previous Comment Letters and as mentioned in the 2011 Proposal, Southern Company believes the changes to the Form S-3 eligibility requirements will impact a significant and disproportionate number of electric utilities due to the vertically integrated holding company structure that is common among electric utilities. For electric utilities in the Southern Company system, the 2011 Proposal would cause Gulf Power, Mississippi Power and Southern Power to lose eligibility under Form S-3 with respect to traditional corporate debt securities and preferred and preference stock. The proposed amendments would require these issuers to use the more expensive and less flexible Form S-1 registration statement or conduct offerings limited to qualified institutional buyers under Rule 144A. This may limit the ability of electric utilities to obtain the most cost effective source of funding and is likely to reduce the number of traditional corporate debt securities offerings listed on the New York Stock Exchange and available to retail investors. In addition, Southern Company believes changes to the Form S-3 eligibility requirements will not reduce investor reliance on securities ratings. Underwriters and investors will continue to require ratings letters in traditional corporate debt and preferred and preference stock offerings, regardless of whether the offering is registered on Form S-1 or Form S-3, or conducted without registration under Rule 144A.

With respect to the proposed eligibility criteria contained in the 2011 Proposal, Southern Company continues to believe the proposed \$1 billion debt issuance threshold is not an appropriate alternative standard of eligibility. In the 2009 Proposal, the Commission requested alternatives to the \$1 billion debt issuance standard of eligibility. Southern Company continues to believe that the alternative standards of eligibility set forth in the comments submitted by Southern Company and EEI in September 2008 would provide more appropriate eligibility standards for Form S-3. These alternatives generally covered entities that were regulated issuers of high quality debt securities and preferred and preference stock or that were otherwise widely followed in the market.

Southern Company believes that it is appropriate to maintain Form S-3 eligibility for non-convertible debt and preferred and preference stock issuances by any company whose securities issuances are subject to state or federal regulatory approval. In Southern Company's industry, for example, each electric utility subsidiary must obtain Federal Energy Regulatory Commission approval in advance of any securities issuance unless the electric utility is subject to separate state public service commission securities issuance approval requirements. In general, these securities issuance approval requirements are designed to provide regulatory authority over the capital structure of regulated utilities to ensure financially stable and reliable sources of electricity with the low overall borrowing costs. Consistent with these policies, many electric utility subsidiaries have maintained investment grade ratings for debt securities and preferred and preference stock and have relied heavily on Form S-3 for securities offerings. As a result, Southern Company believes an alternative approach that would provide Form S-3 eligibility for such regulated issuers would accomplish two important objectives of the 2011 Proposal: (1) it would avoid market disruption by allowing a large portion of the companies currently making use of the investment grade debt exception to continue to use Form S-3; and (2) it would continue to provide a mechanism for the issuance of high quality fixed income securities on Form S-3 without reliance on security ratings.

In addition, as discussed in the Prior Comment Letters, Southern Company believes Form S-3 eligibility should remain available to any entity that is widely followed in the market. While the \$1 billion debt issuance standard may provide an appropriate standard for eligibility for automatically effective shelf registration, it does not capture many widely followed entities. Any subsidiary of a WKSI that is also a reporting company and is of significant size (for example, \$1 billion in assets) will be widely followed by investors analyzing the WKSI parent and should remain eligible to use Form S-3. Further, any entity with substantial amounts of outstanding publicly traded debt securities (for example, \$500 million or more) or with debt securities that are traded on a national securities exchange will be widely followed by fixed-income investors and should remain eligible to use Form S-3.

Southern Company believes the alternative standards of eligibility described above would continue to provide a bright-line standard and would be generally comparable in scope to the existing investment grade standard of eligibility. Southern Company believes that any issuer that satisfies any one or more of these standards should remain eligible to use Form S-3 for offerings of debt securities and preferred and preference stock.

Additionally, Southern Company believes that the Commission should permit issuers that are currently eligible to use Form S-3 to continue to be eligible under the new rules for a period of time after the effective date of the final rule relating to the 2011 Proposal, either until the amount of securities registered under an effective Form S-3 is expended or until the effective Form S-3 has otherwise expired. Southern Company believes that such delayed implementation period is necessary in order to allow affected companies to make appropriate transitional plans.

In conclusion, while Southern Company believes that changes to the Form S-3 eligibility rules are unnecessary for traditional corporate debt securities and preferred and preference stock, in the event changes are made to the Form S-3 eligibility requirements, those changes should not impact the ability of highly regulated companies such as electric utilities to efficiently issue

traditional investment grade corporate debt securities and preferred and preference stock. If the Commission has any questions regarding this letter, please contact undersigned at (404) 506-5000.

Very truly yours,

A handwritten signature in cursive script that reads "Melissa K. Caen". The signature is written in black ink and has a fluid, connected style.

Melissa K. Caen
Assistant Secretary