

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-27992; 70-10186)

The Southern Company, et al.

Supplemental Order Authorizing Various Financing Transactions and Reserving Jurisdiction

June 30, 2005

The Southern Company (“Southern”), Atlanta, Georgia, a registered holding company under the Public Utility Holding Company Act of 1935, as amended (“Act”); the following wholly-owned public utility subsidiaries of Southern: Georgia Power Company (“Georgia Power”), Atlanta, Georgia; Gulf Power Company (“Gulf Power”), Pensacola, Florida; Mississippi Power Company (“Mississippi Power”), Gulfport, Mississippi; Savannah Electric and Power Company (“Savannah Power”), Savannah, Georgia; and Alabama Power Company (“Alabama Power”), Southern Power Company, and Southern Electric Generating Company, each of Birmingham, Alabama; and the following wholly-owned subsidiaries of Southern: Southern Company Holdings, Inc. (“Holdings”), Southern Company Services, Inc. (“SCS”), Southern Company Energy Solutions, LLC, and Southern Communications Services, Inc., each of Atlanta, Georgia; Southern Company Capital Funding, Inc. (“Capital Funding”), Wilmington, Delaware; and Southern Nuclear Operating Company, Inc., Birmingham, Alabama (collectively, “Applicants”), have filed a post-effective amendment under sections 6(a), 7, 9(a), 10, 12(b) and 12(f) of the Act and rules 42, 45, 53 and 54 under the Act, to their previously filed application-declaration (“Declaration”). The Commission issued a notice of the proposed transaction on June 2, 2005 (Holding Company Act Release No. 27981). No request for a hearing was received.

By order dated June 30, 2004 (Holding Company Act Release No. 27867), as corrected by order dated July 23, 2004 (Holding Company Act Release No. 27867A) (collectively, “Original Order”), the Commission authorized certain of the Applicants to engage in financing and related transactions through June 30, 2007 (“Authorization Period”).¹

¹ The Original Order authorized: (1) Southern to issue up to 35 million shares of its common stock; (2) Southern to issue unsecured notes to effect short-term, term loan and commercial paper borrowings in an aggregate principal amount not to exceed \$3 billion at any time outstanding; (3) Southern to issue up to 85 million shares of its common stock to its dividend reinvestment plan, employee savings plan, employee stock ownership plan or other similar stock based plans adopted in the future (these shares are in addition to the common stock authorized in subparagraph 1, above); (4) the Applicants, except Capital Funding, SEGCO and Southern Power Company, to purchase Southern common stock to contribute to the employee stock ownership plan for the benefit of their employees; (5) Southern to provide from time-to-time guarantees on behalf or for the benefit of SCS in an aggregate principal amount not to exceed \$330 million at any time outstanding; and (6) Southern and Capital Funding to issue and sell from time-to-time directly shares of their preferred stock and, directly or indirectly, preferred securities (including without limitation trust preferred securities) (“Preferred Securities”), equity-linked securities, and/or long-term debt, in an aggregate principal amount not to exceed \$1.5 billion. Southern and Capital Funding may also issue and sell Preferred Securities indirectly through one or more financing subsidiaries. Any securities issued by Capital Funding, or any Preferred Securities issued by a financing subsidiary, may be guaranteed by Southern. Any securities may be convertible into common stock of Southern, provided that the value of the common stock issuable upon conversion may not exceed \$2 billion in the aggregate. The common stock issuable upon conversion is in addition to the common stock authorized to be issued by Southern in subparagraphs 1 and 3, above.

Additionally, Southern is authorized to issue up to a total of 71.7 million shares of common stock to several employee plans and an outside director plan (“Plans”). See Holding Company Act Release No. 27246 (October 11, 2000) (40 million shares to the Southern Company Performance Stock Plan through February 17, 2007); Holding Company Act Release No. 27416 (June 7, 2001) (30 million shares to the Southern Company Omnibus Incentive Compensation Plan through May 22, 2011); and Holding Company Act Release No. 27854 (June 4, 2004) (1.7 million shares to the Southern Company Outside Directors Stock Plan through May 26, 2014).

I. Requested Authority

In the post-effective amendment,² Applicants request authority, during the Authorization Period: (1) for the Applicants to enter into transactions to manage interest rate, credit, and equity price risk with regard to the issuance of securities; (2) for Southern and Holdings to provide guarantees on behalf of, or for the benefit of, each of their subsidiaries in an aggregate amount not to exceed \$1.5 billion at any time outstanding; (3) for Southern to acquire additional common stock of certain public utility subsidiaries; and (4) for Southern and Holdings to acquire the securities of intermediate subsidiaries and subsidiaries authorized to engage in development and administrative activities with respect to certain businesses. In addition Applicants seek to modify the language in the Original Order regarding the effective cost of money for guarantees.

A. Financing Risk Management Devices

1. Interest Rate Hedges

To the extent not exempt under rule 52 of the Act, Applicants request authorization to enter into interest rate hedging transactions with respect to existing indebtedness that has been previously authorized for issuance by any relevant regulatory agency (“Interest Rate Hedges”) in order to reduce or manage interest rate cost or risk. Interest Rate Hedges would only be entered into with counterparties (“Approved Counterparties”) whose senior debt ratings, or the senior debt ratings of any credit support providers who have guaranteed the obligations of the counterparties, as published by Standard & Poor’s Corp., are equal to or greater than BBB, or an equivalent rating from Moody’s Investor Service or Fitch Investor Service. In no case will the notional

² Applicants are asking for additional authority that will be concurrent with the Authorization Period in the Original Order.

principal amount of any Interest Rate Hedge exceed the face value of the underlying debt instrument and related interest rate exposure. Because transactions will be entered into for a fixed or determinable period, the Applicants will not engage in speculative transactions. Interest rate hedges will involve the use of financial instruments and derivatives commonly used in today's capital markets, such as interest rate swaps, options, caps, collars, floors and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations. The transactions would be for fixed periods and stated notional amounts.

2. Anticipatory Hedges

To the extent not exempt under rule 52, the Applicants request authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings ("Anticipatory Hedges"). Such Anticipatory Hedges would only be entered into with Approved Counterparties and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (1) a forward sale of exchange-traded U.S. Treasury futures contracts, U.S. Treasury obligations and/or a forward swap (each a "Forward Sale"); (2) the purchase of put options on U.S. Treasury obligations ("Put Options Purchase"); (3) a Put Options Purchase in combination with the sale of call options on U.S. Treasury obligations ("Zero Cost Collar"); (4) transactions involving the purchase or sale, including short sales, of U.S. Treasury obligations; or (5) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to, structured notes, options,

caps and collars appropriate for Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange (“On-Exchange Trades”) with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade or the Chicago Mercantile Exchange, the opening of over-the-counter positions with one or more counterparties (“Off-Exchange Trades”) or a combination of On-Exchange Trades and Off-Exchange Trades.

Each Applicant will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. An Applicant may decide to lock in interest rates and/or limit its exposure to interest rate increases. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the settlements arising from the financial instruments and derivatives, such as swap or option settlements) in connection with an Anticipatory Hedge or an Interest Rate Hedge will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

Each Applicant represents that each Interest Rate Hedge and Anticipatory Hedge will be treated for accounting purposes under generally accepted accounting principles. Each Applicant will comply with Statement of Financial Accounting Standards (“SFAS”) 133 (“Accounting for Derivative Instruments and Hedging Activities”), including any amendments to SFAS 133, or other standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board (“FASB”). The Interest Rate Hedges and Anticipatory Hedges will qualify for hedge accounting under the FASB standards in effect and determined at the date the hedges are entered into.

B. Guarantees

From time-to-time through the Authorization Period, Southern and Holdings request authority to enter into guarantees, enter into expense agreements or otherwise provide credit support with respect to the debt or other securities or obligations, whether for payment and/or performance, of any or all of the subsidiaries of Southern and Holdings (collectively, “Guarantees”), as the case may be; provided that the total amount of Guarantees for Southern and Holdings at any time outstanding does not exceed an aggregate amount of \$1.5 billion; and provided further that (1) the amount of any Guarantees in respect of obligations of any non-utility subsidiary shall also be subject to the limitations of rule 53(a)(1) and rule 58(a)(1), as applicable; and (2) that any Guarantee that is outstanding on the last day of the Authorization Period will expire or terminate in accordance with the stated terms of the Guarantee.³

³ Pursuant to the Original Order, Southern currently has authority to provide from time-to-time guarantees on behalf of, or for the benefit of, SCS an aggregate principal amount not to exceed \$330 million at any time outstanding and to provide guarantees on behalf of, or for the benefit of, Capital Funding. Southern proposes that the authorization requested in this Declaration would supersede and replace the authorization to provide guarantees to SCS contained in the Original Order, and be effective immediately upon the date of a Commission order granting this request. The authority to issue guarantees on behalf of, or for the benefit of, Capital Funding in the Original Order would not be superseded by any Commission order issued in regard to the present request.

Pursuant to Holding Company Act Release 27303 (December 15, 2000) (“Transfer Order”) Southern and Holdings are currently authorized to provide from time-to-time guarantees on behalf of their subsidiaries in an aggregate amount not to exceed \$1.2 billion at any time outstanding and performance guarantees on behalf of their subsidiaries in an aggregate amount not to exceed \$800 million at any time outstanding. Under this authorization, Southern and Holdings currently have, in the aggregate, approximately \$57 million in guarantees outstanding. Southern and Holdings propose that the authorization sought in the Declaration would supersede and replace the

In addition to providing direct parent guarantees, Southern and Holdings may also provide Guarantees in the form of formal credit enhancement agreements, including but not limited to “keep well” agreements and reimbursement undertakings under letters of credit. Guarantees may, in some cases, be provided to support obligations of subsidiaries that are not readily susceptible of exact quantification or that may be subject to varying quantification. In such cases, Southern or Holdings, as the case may be, will determine the exposure under the Guarantee for purposes of measuring compliance with the proposed limitation on Guarantees by appropriate means, including estimation of exposure based on loss experience or projected potential payment amounts. If appropriate, estimates will be made in accordance with generally accepted accounting principles in the United States. The estimation will be reevaluated periodically.

Southern and Holdings may each charge a fee for each Guarantee provided that it is not greater than the cost, if any, of obtaining the liquidity necessary to perform the Guarantee for the period of time the Guarantee remains outstanding.

C. Acquisition of Additional Common Stock of Certain Public Utility Subsidiaries

From time-to-time during the Authorization Period, Southern requests authority to acquire the common stock of Gulf Power Company in an aggregate amount not to exceed \$420 million and the common stock of Mississippi Power Company in an aggregate amount not to exceed \$300 million.⁴

authorization granted in the Transfer Order and be effective immediately upon the date of a Commission order granting this request.

⁴ Southern currently has no authority from the Commission to acquire the common stock of Gulf Power Company or Mississippi Power Company.

D. Acquisition of Securities of Intermediate Subsidiaries and Subsidiaries Authorized to Engage in Development and Administrative Activities with Respect to Exempt Businesses

In connection with existing and future exempt businesses authorized pursuant to rules 53 or 58 of the Act, including exempt wholesale generators (“EWGs”) or foreign utility companies (“FUCOs”) and investments in energy-related companies (collectively, “Exempt Businesses”), Southern and Holdings will engage directly or through subsidiaries in preliminary development activities (“Development Activities”) and administrative and management activities (“Administrative Activities”) associated with the investments.⁵ Development Activities will be limited to: due diligence and design review, market studies, preliminary engineering, site inspection, preparation of bid proposals (including posting of bid bonds), application for required permits and/or regulatory approvals, acquisition of site options and options on other necessary rights, negotiation and execution of contractual commitments with owners of existing facilities, equipment vendors, construction firms, power purchasers, thermal “hosts,” fuel suppliers and other project contractors, negotiation of financing commitments with lenders and other third party investors, and other preliminary activities as may be required in connection with the Development Activities and Administrative Activities. Southern and Holdings request authority to acquire directly or indirectly the securities of one or more corporations, trusts, partnerships, limited liability companies or other entities

⁵ Under the Transfer Order, Southern currently has authority to organize one or more intermediate subsidiaries to make investments in Exempt Businesses and to spend up to \$300 million on Development Activities. Southern proposes that the authorization sought in this Declaration would supersede and replace the authorization granted in the Transfer Order and be effective immediately upon the date of a Commission order regarding this request.

(collectively, “Intermediate Subsidiaries”), which would be organized exclusively for the purpose of acquiring, holding and/or financing the acquisition of the securities of, or other interests in, one or more Exempt Businesses; provided that Intermediate Subsidiaries may also engage in Development Activities and Administrative Activities. To the extent that Southern or Holdings provide funds directly or indirectly to an Intermediate Subsidiary which are used for the purpose of making an investment in any Exempt Business, the amount of such funds will be included in Southern’s or Holdings’ “aggregate investment” in these entities, as calculated in accordance with rules 53 and 58, as applicable.

II. Financing Parameters

Applicants state that the proposed transactions will be subject to the Financing Parameters set forth in section III of the Original Order, as applicable, except that they request that section III.1(d) of the Original Order be amended and restated as follows: “(d) on any Guarantee by Southern or Holdings of obligations of their subsidiaries (other than Capital Funding) exceed 500 basis points over a U.S. treasury security having an amount equal to the guaranteed amount.”

In particular, at all times during the Authorization Period, Southern represents that it and its public utility subsidiaries will each maintain a common equity ratio of at least thirty percent of its consolidated capitalization (common equity, preferred stock, long-term and short-term debt) as reflected in its most recent Form 10-K and Form 10-Q filed with the Commission adjusted to reflect changes in capitalization since the balance sheet date, unless otherwise authorized.

Additionally, the Applicants represent that with respect to the securities issuance authority proposed in the Declaration: (1) within four business days after the occurrence of a Ratings Event,⁶ Applicants will notify the Commission of its occurrence (by means of a letter, via fax, email or overnight mail to the Office of Public Utility Regulation), and (2) within 30 days after the occurrence of a Ratings Event, Applicants will submit a post-effective amendment to the Declaration explaining the material facts and circumstances relating to that Ratings Event (including the basis on which, taking into account the interests of investors, consumers and the public as well as other applicable criteria under the Act, it remains appropriate for Applicant(s) to issue the securities for which authorization has been requested in the Declaration, so long as the applicable Applicant(s) continue(s) to comply with the other applicable terms and conditions specified in the Commission's order authorizing the transactions requested in the Declaration). Furthermore, no securities authorized as a result of this Declaration (other than common stock, commercial paper and short-term bank debt (with a maturity of one year or less)) will be issued following the 60th day after a Ratings Event if any downgraded rating has not been upgraded to investment grade. Applicants also request that the Commission reserve jurisdiction through the remainder of the Authorization Period over the issuance of any securities authorized pursuant to the Declaration (other than common stock, commercial paper and short-term bank debt (with a maturity of one

⁶ A "Ratings Event" will be deemed to have occurred if, during the Authorization Period, (1) any outstanding security of the issuer that is rated is downgraded below investment grade; (2) any security to be issued by any Applicant pursuant to the authority sought in the Declaration upon original issuance is rated below investment grade; or (3) any outstanding security of Southern that is rated is downgraded below investment grade. For the purposes of the preceding provision, a security will be deemed to be rated "investment grade" if it is rated investment grade by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934, as amended.

year or less)) that are prohibited from being issued after the 60th day following a Ratings Event if no revised rating reflecting an investment grade rating has been issued.

III. Financial Condition

Set forth below are the security ratings of those Applicants that have received them:

	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>
Southern:			
unsecured debt	A-	A3	A
trust preferred securities	BBB+	A3	
preferred stock		Baa1	
commercial paper	A-1	P-1	F-1
Alabama Power Company:			
unsecured debt	A	A2	A+
trust preferred securities	BBB+	A3	A
preferred stock		Baa1	A
commercial paper	A-1	P-1	F-1
Georgia Power Company:			
unsecured debt	A	A2	A+
trust preferred securities	BBB+	A3	A
preferred stock		Baa1	A
commercial paper	A-1	P-1	F-1

	<u>S&P</u>	<u>Moody's</u>	<u>Fitch</u>
Gulf Power Company:			
unsecured debt	A	A2	A
trust preferred securities	BBB+	A3	A-
preferred stock		Baa1	A-
commercial paper	A-1	P-1	F-1
Mississippi Power Company:			
unsecured debt	A	A1	AA-
trust preferred securities	BBB+	A2	A+
preferred stock		A3	A+
commercial paper	A-1	P-1	F-1
Savannah Electric and Power Company, Inc.:			
unsecured debt	A	A2	
trust preferred stock	BBB+	A3	
preferred stock		Baa1	
commercial paper	A-1	P-1	
Southern Power Company:			
unsecured debt	BBB+	Baa1	BBB+
commercial paper	A-2	P-2	
Southern Company Services:			
corporate credit rating	A		

IV. Miscellaneous

Applicants state that the proposed transactions are subject to rule 54 which provides that, in determining whether to approve the issue or sale of a security for purposes of financing the acquisition of an EWG or FUCO, as those terms are defined in sections 32 and 33, respectively, of the Act, the Commission shall not make certain adverse findings if the conditions set forth in rule 53(a)(1) through (a)(4) are met, and are not otherwise made inapplicable by reason of the existence of any of the circumstances described in rule 53(b).

Applicants state that Southern currently meets all of the conditions of rule 53(a). At March 31, 2005 Southern's "aggregate investment," as defined in rule 53(a)(1), in EWGs and FUCOs was approximately \$265 million, or about 4.59% of Southern's consolidated retained earnings," also as defined in rule 53(a)(1), as of March 31, 2005 (\$5.769 billion).⁷

With respect to rule 53(a)(1), however, the Commission has determined that Southern's financing of investments in EWGs and FUCOs in an amount greater than the amount that would otherwise be allowed by rule 53(a)(1) would not have either of the

⁷ Although Southern owns all of the equity in four indirect subsidiaries (EPZ Lease, Inc., Dutch Gas Lease, Inc., GMAOG Lease, Inc. and NUON Lease, Inc.), Southern has no direct or indirect investment or any aggregate investment within the meaning of rule 53 in these FUCOs, including any direct or indirect guarantees or credit positions related to any capital or financing leases. (See Southern's Application on Form U-1, File No. 70-9727, for further information.) Southern has executed limited keep-well commitments whereby Southern would be required to make capital contributions to SE Finance Capital Corp. II, SE Finance Capital Corp. or SE Finance Company, Inc. if there is a shortfall in the scheduled debt service resulting from certain changes in the payments due from Southern under the Southern Company Income Tax Allocation Agreement. The maximum potential capital contribution required under these commitments is the unamortized balance of the related loans, which totaled approximately \$403 million as of March 31, 2005.

adverse effects set forth in rule 53(c).⁸ In addition, Southern states that it has complied and will continue to comply with the record-keeping requirements of rule 53(a)(2), the limitation under rule 53(a)(3) on the use of operating company personnel to render services to EWGs and FUCOs and the requirements of rule 53(a)(4) concerning the submission of copies of certain filings under the Act to retail rate regulatory commissions. Further, none of the circumstances described in rule 53(b) has occurred. Finally, rule 53(c) is, by its terms, inapplicable since the requirements of rules 53(a) and 53(b) are satisfied.

Fees and expenses in connection with the proposed transactions (other than those stated above and other than underwriting discounts and commissions) are estimated not to exceed \$5,000,000. Applicants state that no state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

Due notice of the filing of the Application has been given in the manner prescribed by rule 23 under the Act, and no hearing has been requested of, or ordered by, the Commission. Based on the facts in the record, the Commission finds that, except as to those matters over which jurisdiction is reserved, the applicable standards of the Act are satisfied and no adverse findings are necessary.

IT IS ORDERED, under the applicable provisions of the Act and the rules under the Act, that, except as to matters as to which jurisdiction has been reserved, the

⁸ See The Southern Company, Holding Company Act Release No. 26501 (April 1, 1996) (“Rule 53(c) Order”); and Holding Company Act Release No. 26646 (January 15, 1997) (order denying request for consideration and motion to stay). The Rule 53(c) Order allows Southern to invest 100% of its consolidated retained earnings in EWGs and FUCOs.

Application is granted and permitted to become effective immediately, subject to the terms and conditions prescribed in rule 24 under the Act.

IT IS FURTHER ORDERED, that Applicants will file, on a quarterly basis (within 75 days following the close of the fourth calendar quarter and 60 days following the close of each other calendar quarter) the following information: (1) under the authority granted by the Original Order, the issuances of any common stock (except pursuant to the Plans), Preferred Securities, preferred stock, or equity-linked securities during the quarter, including the number of shares, the purchase price per share and the market price per share at the date of the agreement of sale, and also showing, separately the cumulative amount of each type of security issued to date during the Authorization Period; (2) under the authority granted by the Original Order, the amount and terms of any long-term debt issued during the quarter which shall also separately show the amount of long-term debt cumulatively issued to date during the Authorization Period; (3) under the authority granted by the Original Order, the amount of any short-term or term loan notes or commercial paper outstanding at the end of the quarter; (4) a statement describing the uses for the proceeds of the securities issued ; (5) the total capitalization ratio of Southern as of the end of the quarter, including the dollar and percentage components of the capital structure on a consolidated basis, with consolidated debt to include all short-term debt and non-recourse debt of all EWGs and FUCOs; (6) market-to-book ratio of Southern's common stock; (7) under the authority granted by the Original Order, the total number of shares of Southern common stock issued or issuable under any of the Plans, together with the cumulative number of shares issued under the Plans to date during the Authorization Period; (8) consolidated balance sheets as of the end of the

quarter for Southern, Holdings and Capital Funding (if they are engaged in any financings authorized under this order or the Original Order during the quarter); (9) if a Guarantee is issued during the quarter, the name of the guarantor, the name of the beneficiary of the Guarantee and the amount, terms and purpose of the Guarantee; (10) under the authority granted by the Original Order, if Southern common stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted in the hands of the acquirer; (11) information on significant variable interest entities where Southern is not the primary beneficiary, formed with any financing proceeds pursuant to this order or the Original Order, including a description of any financing transactions conducted during the reporting period that were used to fund variable interest entities and a description of the accounting for such transactions under FASB Interpretation 46R; (12) future registration statements filed under the Securities Act of 1933 with respect to securities that are the subject of the Declaration will be filed or incorporated by reference as exhibits to the next certificate filed under rule 24; (13) notational amount and principal terms of any Interest Rate Hedges or Anticipatory Hedges entered into during the quarter and identifying the counterparties; (14) purchases of the common stock of Gulf Power and Mississippi Power Company by Southern during the quarter indicating the number of shares purchased and the purchase price; (15) a copy of the balance sheet and income statements as of and for the period ending on the last day of the quarter for direct subsidiaries of Southern that hold the securities of Exempt Businesses including, without limitation, Holdings; (16) a narrative description of Holdings activities during the quarter just ended organized by business category (project development, project related services,

and other), and within each category, a description of new developments by project type (e.g., EWGs, FUCOs, energy related activities, etc.); (17) a chart showing, as of the end of the quarterly period, all associate companies of Southern that are EWGs, FUCOs, Intermediate Subsidiaries, special purpose subsidiaries that are organized to engage in any of the activities in which Southern is currently authorized to engage (“Special Purpose Subsidiary”) and energy-related companies, Southern’s direct or indirect investment in each entity and the aggregate direct and indirect investment by Southern in all these entities and Southern’s percentage equity ownership in each entity together with a statement indicating by category the type of entity or person (i.e., domestic corporation, foreign corporation, foreign government, or natural person) owning the equity interests in each entity that are not held directly or indirectly by Southern; (18) investments made by Southern, directly or indirectly, in any Intermediate Subsidiary or Special Purpose Subsidiary in the previous quarter (to the extent not included in the response to (17) above), indicating the amount and type of the investment and generally identifying the facility with respect to which the Intermediate Subsidiary or Special Purpose Subsidiary was organized or formed; (19) the amount, type and terms (including interest rate and maturity and the basis for inflation adjustment in the case of non-recourse indebtedness and denominated in any currency other than U.S. dollars) of securities issued by Holdings or any subsidiary of Holdings (other than an Exempt Business) to third persons; (20) a computation in accordance with Rule 53(a) of aggregate investment in EWGs and FUCOs; (21) a statement of aggregate investment as a percentage of the following: total capitalization, net utility plant, total consolidated assets, and market value of common equity, all as of the end of the quarter; (22) consolidated capitalization ratios as of the end

of the quarter, with consolidated debt to include all short-term debt and non-recourse EWG and FUCO debt to the extent normally consolidated under applicable financial reporting rules; (23) an analysis of the growth in consolidated retained earnings distinguishing total earnings growth attributable to EWGs and FUCOs from that attributable to other subsidiaries of Southern; (24) a statement of revenues and net income of each EWG and FUCO for the twelve months ended as of the end of the quarter; (25) the names of any new energy-related companies formed during the period not previously disclosed; (26) a copy of the balance sheet and income statements for the period ending on the last day of the quarter for each energy-related company including a narrative discussion of any losses incurred during the period if applicable; (27) description of specific activities conducted by each energy-related company during the quarter (i.e., the purpose of each subsidiary); and (28) a statement for the period indicating the amount of revenue for each energy-related company attributable to power, natural gas, and any other energy commodity, expressed as a percentage of total revenues from the physical sale of energy commodities during the period.

Southern will file Rule 24 certificates to notify the Commission of its issuances of securities that are exempt under the rules and regulations of the Act. Portions of Securities Act of 1933 filings or Securities Exchange Act of 1934 reports that contain disclosures of transactions occurring pursuant to the authorizations granted in this order or the Original Order may be incorporated by reference into rule 24 certificates if the filings or reports contain the specific information required as set forth above. The certificates will also contain all other information required by rule 24, including the

certification that each transaction being reported on has been carried out in accordance with the terms and conditions of, and for the purposes represented in, the Declaration.

IT IS FURTHER ORDERED, that jurisdiction is reserved, pending completion of the record, over the issuance by an Applicant of any security that was prohibited due to the occurrence of a Ratings Event.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland
Deputy Secretary

Action as set forth herein APPROVED
pursuant to authority delegated by the
Commission under Public Law 87-592.

For the Division of Investment Management

By: _____ Branch Chief
June 30, 2005