

Southern Company Overview

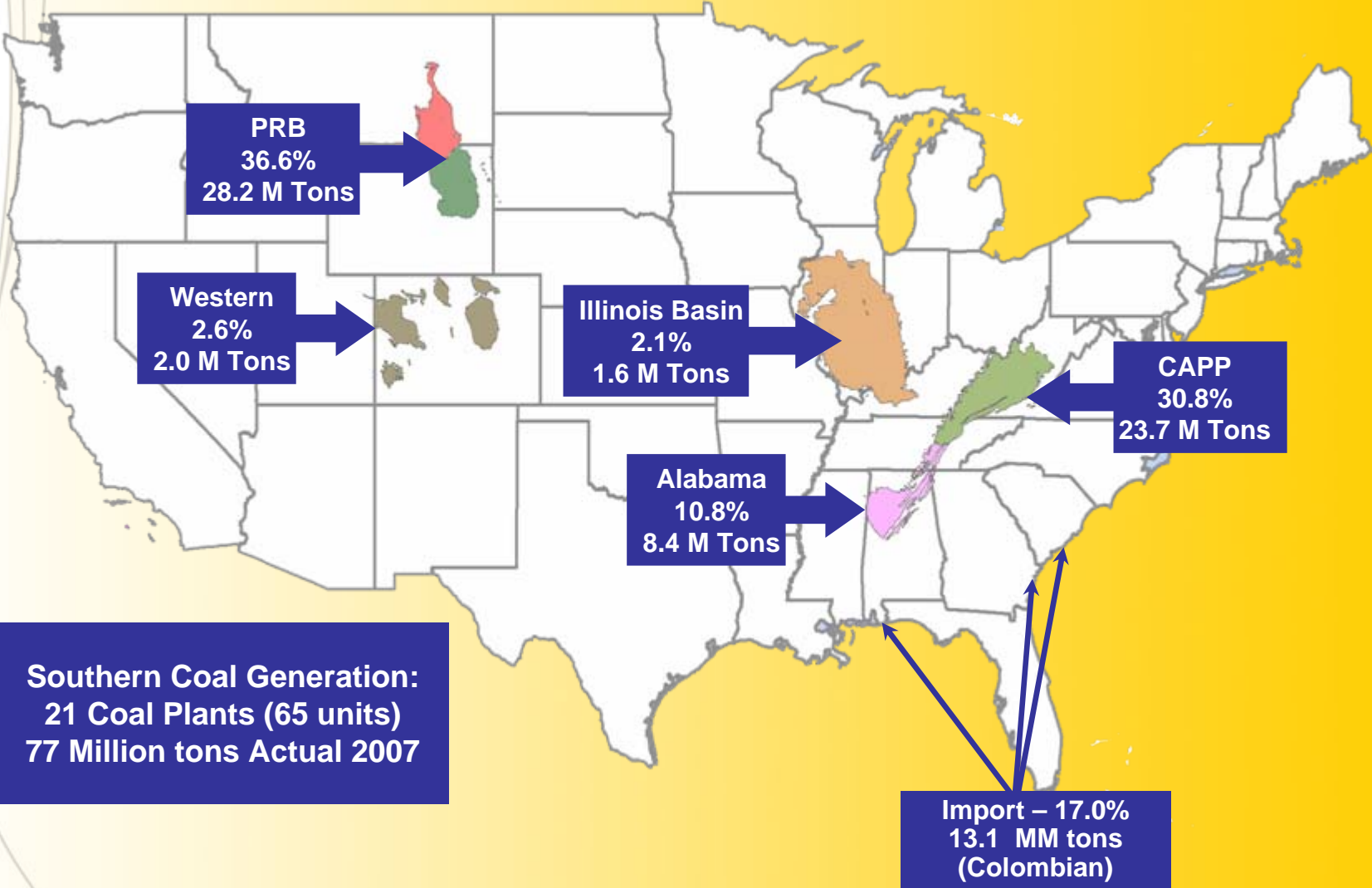
Jeff Wallace – VP Fuel Services
RETAC Committee Meeting
March 6, 2008

Southern Company Profile 2007

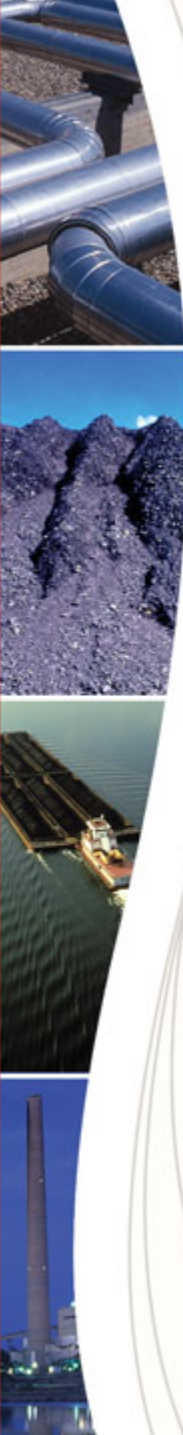
<ul style="list-style-type: none">■ Total Coal Cost<ul style="list-style-type: none">– Coal Commodity– Transportation– Taxes– Lease and Maintenance	<ul style="list-style-type: none">■ \$ 4.1 B<ul style="list-style-type: none">– \$2.7– \$1.2– \$0.1– \$0.1
■ Coal Tons	■ 77 M
■ Coal MWs	■ 21,282
■ Coal Plants	■ 21
■ Coal Units	■ 65

Diversity of Coal Purchases 2007

Tons in Millions and % by Region – 100% Actuals

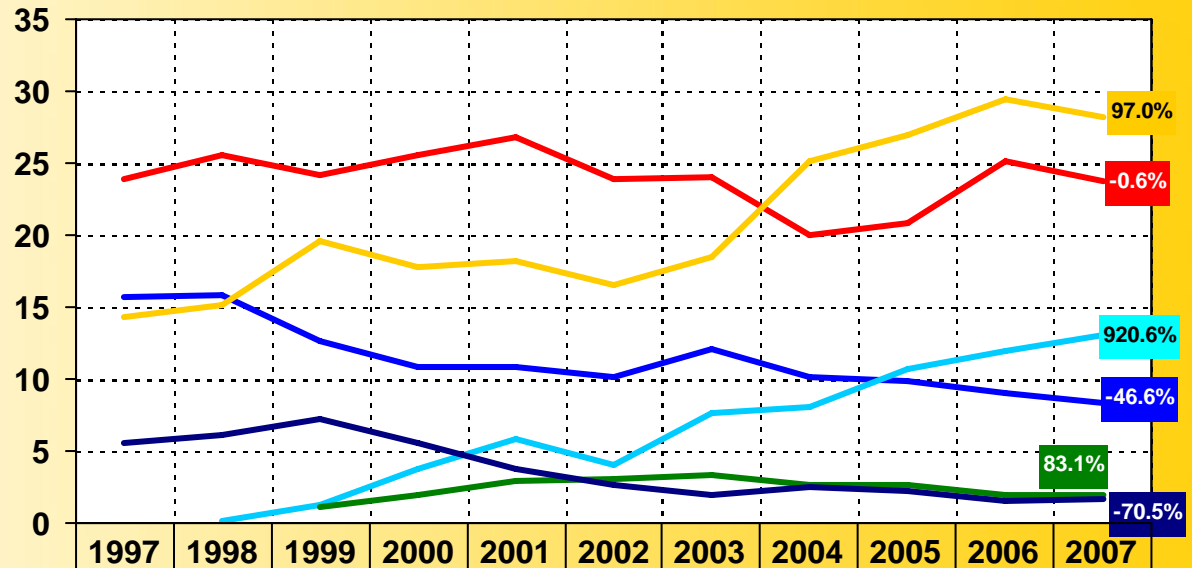


**Southern Coal Generation:
21 Coal Plants (65 units)
77 Million tons Actual 2007**



Historical Diversity of Coal Purchases

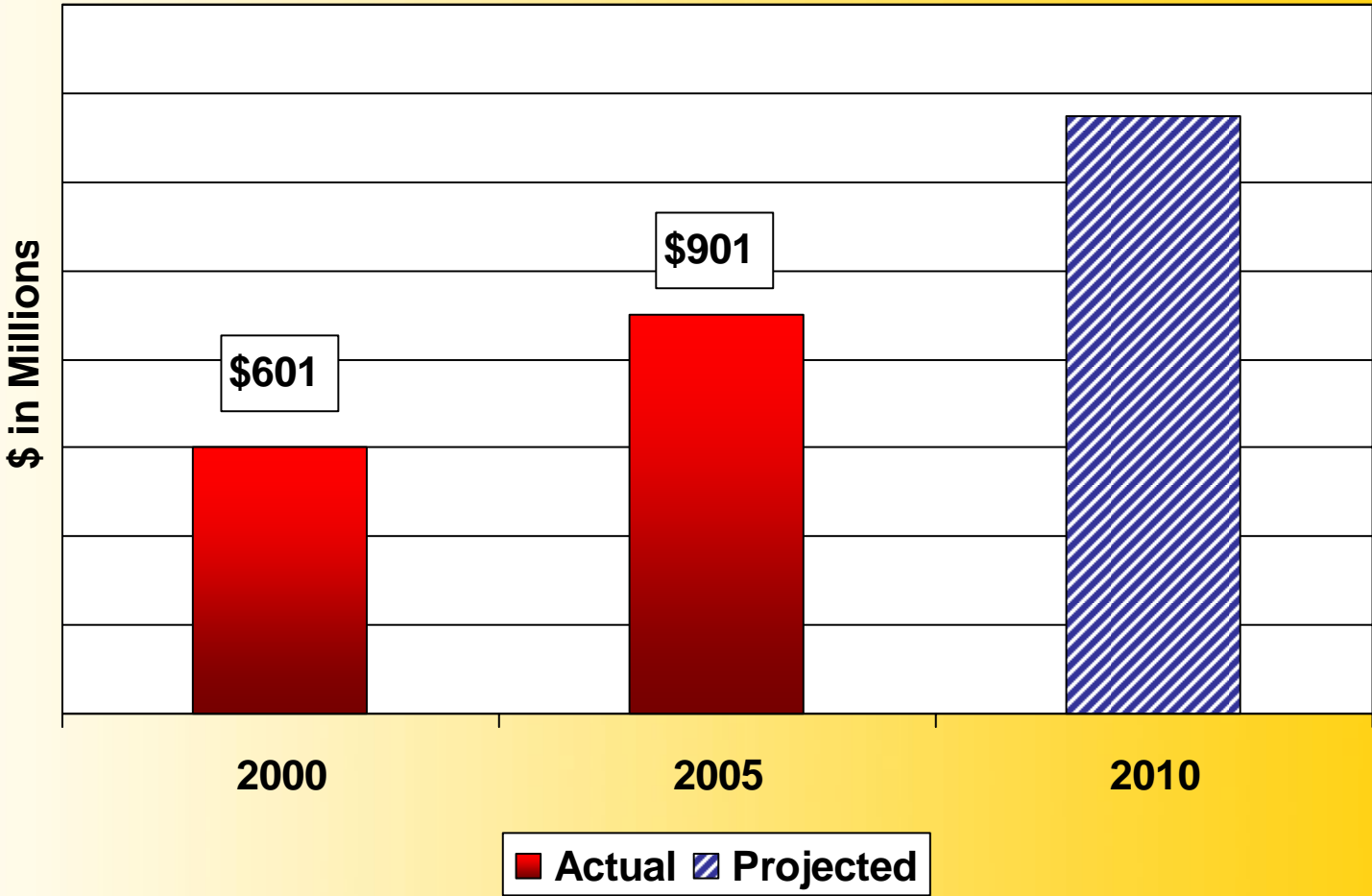
Tons in Millions



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alabama	15.7	15.8	12.7	10.8	10.8	10.2	12.1	10.2	9.8	9	8.4
CAPP	23.9	25.5	24.2	25.5	26.8	23.9	24	20	20.8	25.1	23.7
Colombian		0.2	1.3	3.8	5.9	4	7.6	8	10.7	12	13.1
Colorado			1.1	1.9	2.9	3	3.4	2.7	2.7	2	2
Ill Basin	5.5	6.1	7.2	5.5	3.8	2.6	2	2.5	2.2	1.5	1.6
PRB	14.3	15.2	19.6	17.8	18.2	16.5	18.5	25.2	26.9	29.4	28.2

Rail Transportation Costs

2000-2010*



*Years 2000 and 2005 are based on actuals while 2010 is based on a projection from the 2008 Official Budget – all \$ are at 100%
These are freight dollars ONLY.

Electric Utility Realities:

- An obligation to meet every demand for every second
- A requirement to deliver the best cost of energy to our customer
- Coal supply markets will continue to be very volatile and will vary among basins, resulting in continual shifts in basins supplying each power plant



Southern Coal Supply Approach

- Competitive solicitations
- Long term coal contracts with staggered schedules
- Typical contract hedging by year:

Current Year	Year 2	Year 3	Year 4
85 - 95%	60 - 70%	40 - 50%	20 - 30%

- Match term of supply and transportation contracts where practical

Southern Company needs Railroads to have:

- Flexibility to react to our shifts in regional coal demands
- Financial stability
- Access to capital for expansion
- Reliability and performance standards similar to our requirements
- Prices that are competitive



Best Industry Practices

- Provide advance notice of major coal origin shifts to railroads to facilitate smooth transition.
- Promote improved communications with railroads at all levels to facilitate operational efficiencies.
 - Quarterly operations meetings
 - Regional meetings with producers and railroads
 - New services start-up meetings
- Utilize new technology to improve operational efficiencies.
 - Scanner notification of train arrivals at plants
 - GPS devices on railcars for train/railcar location
- Provide rolling monthly/quarterly shipment projections to the railroads to improve resource planning for power, railcars and crews

Future Coal and Railroad Realities

- Volatile shifts in coal supply origins are likely for the foreseeable future
 - World-wide Btu markets
 - Evolving environmental requirements
- Railroads must maintain reserve capacity for these swings in coal flow – as they always have – and the cost of this reserve should continue to be baked into their tariffs and contracts

