

# NEWS

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## **Alabama Public Service Commission Announces \$83.0 Million Rate Reduction for Alabama Power Company Customers**

Montgomery – The Alabama Public Service Commission (APSC) announced today two separate rate reductions for Alabama Power Company customers totaling approximately \$83.0 million. The reductions will take place in two parts, one effective for February 2010 billings and one effective for April 2010 billings.

On February 1, 2010, Alabama Power filed for a reduction in rates due to: 1) the expiration of a 630 megawatt purchased power agreement and 2) lower capacity rates negotiated through an extension of a separate 632 megawatt purchase power agreement. Together, these adjustments will result in a \$70 million reduction in the Company's total purchase power expenses when compared to similar costs for 2009. This reduction will become effective April 1, 2010.

Also on February 1, 2010, Alabama Power lowered the customer charge associated with establishing and maintaining its Natural Disaster Reserve. The reserve reached its target level of \$75 million during January 2010 and, under the terms of the tariff, the charge will now be reduced to its maintenance level of \$0.15 per month for residential customers and \$0.37 per month for non-residential customers. Previously, the charge had been \$0.75 per residential customer and \$1.86 per non-residential customer. The adjustments in the charge for the Natural Disaster Reserve will result in a total bill reduction of approximately \$13.0 million for all retail customers. This reduction is effective February 1, 2010.

When combined, these reductions will result in an overall decrease in total retail rates of approximately \$83.0 million or 1.7%. For a typical residential customer using 1,000 kilowatt-hours per month, this will result in a decrease of approximately \$1.98 per month when compared to January 1, 2010.

This is the third consecutive reduction in rates for Alabama Power beginning with a \$140.0 million decrease approved by the Alabama Public Service Commission in June 2009. The Company's rates were further reduced in January 2010 when the Commission approved a rate package that resulted in a net decrease in rates totaling approximately \$350.0 million. Finally, a third reduction of approximately \$83.0 million will become effective during

February and April 2010. In all, the total reductions since June 2009 are approximately \$573 million and represent a decrease in total retail rates of nearly 12%.

For a typical residential customer using 1,000 kilowatt-hours per month, the cumulative effect of all three rate reductions is a decrease of approximately \$9.18 per month when comparing April 1, 2010 to January 1, 2009.