

ELECTRIC SERVICE TARIFF:

**PRICE PROTECTION PRODUCTS
SCHEDULE: "PPP-2"**



A SOUTHERN COMPANY

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AVAILABILITY:

Available to customers on any Real-Time Pricing tariff.

APPLICABILITY:

Applicable to the customer's incremental load. Minimum and maximum individual customer purchase amounts will be determined once a year for each upcoming year.

DESCRIPTION:

Price Protection Products (PPP) are price stability alternatives for RTP customers. They are risk management tools that allow RTP customers to manage the risk and volatility associated with RTP prices in specific time periods. PPP's are financial instruments that are separate from the physical delivery of electricity. Customers with PPP will continue to receive RTP prices on an hour-by-hour basis, and monthly RTP bills will be calculated according to the RTP tariff. Customers remain responsible for managing hourly electricity consumption during the contracted time period and will still benefit by reducing load during higher priced hours.

There are different types of Price Protection Products:

A Price Cap is a ceiling guarantee on the average RTP price over a specific time period. Customers are protected against the average RTP price going above the Cap Price. Customers pay an up-front premium for the guarantee.

A Contract for Differences (CfD) is a fixed price guarantee for the average RTP price over a specific time period. Customers are able to lock in a fixed price and know for certain what the average price will be. No up-front premium is required. . RTP-HA or RTP-HAA customers may choose a Price Cap product that settles based on each hour's RTP-HA price.

A Collar is a Cap and a Floor on the average RTP price over a specific time period. Customers are protected against the average RTP price going above the Cap Price. No up-front premium is required. Each Cap Price has a Floor price associated with it.

ADMINISTRATIVE PROCESS:

Detailed offerings for various time periods will be updated throughout time to reflect the most current projection of RTP prices. Customers select a product and state the amount of incremental load they choose to protect.

At the end of the contracted time period, the Company will calculate a price differential between the guaranteed price and the actual price and, if necessary, settle the agreement. With the exception of an hourly settlement offering, the actual price is the average of the hourly RTP prices offered during the time period, not the individual customer's load-weighted average price. PPP contracts are applicable only to the contracted time period. A new contract is required for additional time periods.