In a forward swap, Columbia would agree to enter into a fixed-to-floating rate swap for a period equal to the maturity of the series of New Indenture Securities being hedged, as of a future settlement date. The future settlement date will be on or around the Effective Date. In the swap agreement, Columbia would contract to pay a fixed rate and received floating-rate payments. On or about the Effective Date, Columbia would unwind the swap by entering into a floating-to-fixed rate swap for a notional amount equal to that of the swap being unwound.

Any gains resulting from interest rate rises in closing the forward sale or sale of Treasury futures or in unwinding the swap would be offset ratably over the life of the New Indenture Securities being hedged by the higher financing cost of such securities. Any losses resulting from interest rate drops in closing such hedging transactions would be offset ratably over the life of the New Indenture Securities being hedged by the lower financing cost of such securities.

Using a Put Options Purchase strategy, Columbia would buy the right, but not the obligation, to sell U.S. Treasury securities forward at a predetermined price or yield. A Put Options Purchase would protect Columbia from a rise in U.S. Treasury rates and would permit Columbia to benefit from a decline in U.S. Treasury rates. To purchase this right, Columbia would be required to pay an up-front option premium.

Columbia additionally requests approval to sell call options on U.S. Treasury securities to earn premiums that would offset the cost of a Put Options Purchase. Columbia would buy the right to sell U.S. Treasury securities forward at a predetermined price and yield (through a put option purchase), and would sell the right to buy the same U.S. Treasury securities forward at a higher predetermined price and lower yield. The premiums paid for the put options would be paid for by the premiums received on the call options that are sold.

Alabama Power Company (70-8661)

Alabama Power Company ("Alabama"), 600 North 18th Street, Birmingham, Alabama 35291, an electric utility subsidiary of The Southern Company, a registered holding company, has filed an application-declaration pursuant to sections 6(a), 7, 9(a) and 10 of the Act and rule 54 thereunder.

Alabama entered into Installment Sale Agreements and supplements thereto ("Agreements") with the Industrial Development Boards of various cities within the State of Alabama ("Boards") to finance and refinance certain pollution control facilities at Alabama's plants located in or near such cities ("Projects"). Pursuant to the Agreements, the Boards purchased the then existing portions of the Projects, undertook to complete their construction and to sell the completed Projects to Alabama for a purchase price payable in semi-annual installments over a term of years.

Each Board issued its Series A pollution control revenue bonds ("Original Bonds"), and, in certain cases, subsequent series of pollution control revenue bonds ("Additional Bonds") pursuant to various trust indentures and supplements thereto ("Indentures"), in various amounts, then estimated to be sufficient to cover the cost of construction of the Projects. To secure its obligations under the Agreements, Alabama granted to certain Boards a security interest in the Board's Project subordinate to the lien of the Indenture dated as of January 1, 1942, between Alabama and Chemical Bank, as Trustee, as supplemented and amended ("First Mortgage Indenture"). In other instances, Alabama issued and pledged bonds under the First Mortgage Indenture ("Mortgage") ("Collateral First Mortgage Bonds") as security for its obligations under the Agreements. Each Board assigned all its right, title and interest in the Agreement, including either the Collateral First Mortgage Bonds or the subordinate security interest, to the trustee under the Indenture ("Revenue Bond Trustee") as security for the pollution control revenue bonds, including the Original Bonds and Additional Bonds to be issued under such Indenture.

The proceeds of the sale of the Original Bonds and the Additional Bonds were deposited by the Board with the Revenue Bond Trustee. The proceeds have been applied to payment of the cost of construction of the Projects. The total cost of construction of one or more of the Projects may exceed the proceeds of the Original Bonds and the Additional Bonds. Additionally, it may be necessary or appropriate to refund one of more series of such bonds.

Consequently, Alabama proposes to request that the appropriate Board or Boards issue up to an aggregate of \$500 million principal amount of revenue bonds ("New Bonds") through December 31, 2000. Upon issuance of the New Bonds, Alabama and the Board will execute and deliver to the Revenue Bond Trustee, as required by the Indenture, a supplement to the

Agreement ("Supplemental Agreement") providing for: (1) Any required revision to assure that the semi-annual purchase price payments will be sufficient (together with other moneys held by the Revenue Bond Trustee under the Indenture for that purpose) to pay the principal of, premium (if any), and interest on the New Bonds as they become due and payable; and (2) the payment of all expenses and costs incurred or to be incurred by virtue of the issuance of the new Bonds. The Board and the Revenue Bond Trustee will enter into a supplement ("Supplement") to the Indenture providing for the New Bonds. The Supplement will provide for redemption provisions for the New Bonds comparable to those provided for the Original Bonds and the Additional

It is proposed that the New Bonds will mature not more than 40 years from the first day of the month in which they are initially issued. The New Bonds may be entitled to the benefit of serial maturities and/or a mandatory redemption sinking fund calculated to retire a portion of the New Bonds prior to maturity.

The effective cost to Alabama of any series of the New Bonds will not exceed the yield on U.S. Treasury securities having a maturity comparable to that of such series of New Bonds. Such effective cost will reflect the applicable interest rate or rates and any underwriters' discount or commission.

The premium (if any) payable upon the redemption of any New Bonds at the option of Alabama will not exceed the greater of: (1) 5% of the principal amount of the New Bonds so to be redeemed; or (2) a percentage of such principal amount equal to the rate of interest per annum borne by the New Bonds.

The Supplement may give the holders of the related New Bonds the right, during such time, if any, as such New Bonds bear interest at a fluctuating rate, to require Alabama to purchase such New Bonds from time to time, and arrangements may be made for the remarketing of any such New Bonds through a remarketing agent. Alabama also may be required to purchase the New Bonds, or the New Bonds may be subject to mandatory redemption, at any time if the interest thereon is determined to be subject to federal income tax. Also, in the event of taxability, interest on the New Bonds may be effectively converted to a higher variable or fixed rate, and Alabama also may be required to indemnify the bondholders against any other additions