

ALABAMA POWER CO
Form 424B5
October 09, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-172528

This Preliminary Prospectus Supplement and the accompanying Prospectus relate to an effective registration statement under the Securities Act of 1933, as amended, but are not complete and may be changed. This Preliminary Prospectus Supplement and the accompanying Prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 9, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated February 28, 2011)

\$

**Series 2012B % Senior Notes
due October ,**

This is a public offering by Alabama Power Company of \$ of Series 2012B % Senior Notes due October , . Interest on the Series 2012B Senior Notes is payable semi-annually in arrears on April and October of each year, beginning April , 2013.

Alabama Power Company may redeem the Series 2012B Senior Notes, in whole or in part, at any time and from time to time, at a make-whole redemption price as described under the caption Description of the Series 2012B Senior Notes Optional Redemption.

The Series 2012B Senior Notes will be unsecured and unsubordinated and will rank equally with all of Alabama Power Company's other unsecured and unsubordinated indebtedness from time to time outstanding and will be effectively subordinated to all secured indebtedness of Alabama Power Company.

See **RISK FACTORS** on page S-3 for a description of certain risks associated with investing in the Series 2012B Senior Notes.

Per Series

Total

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	2012B Senior Note	
Public Offering Price (1)	%	\$
Underwriting Discount	%	\$
Proceeds, before expenses, to Alabama Power Company	%	\$

(1) Plus accrued interest, if any, from the date of original issuance of the Series 2012B Senior Notes, which is expected to be October , 2012. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Prospectus Supplement or the accompanying Prospectus. Any representation to the contrary is a criminal offense.

The Series 2012B Senior Notes should be delivered on or about October , 2012 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Morgan Stanley

RBS

Co-Manager

BB&T Capital Markets

October , 2012

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Prospectus Supplement, the accompanying Prospectus or any written communication from Alabama Power Company or the underwriters specifying the final terms of the offering. Neither Alabama Power Company nor any underwriter takes any responsibility for, nor can it provide any assurance as to the reliability of, any other information that others may give you. This Prospectus Supplement, the accompanying Prospectus and any written communication from Alabama Power Company or the underwriters specifying the final terms of the offering is an offer to sell only the Series 2012B Senior Notes offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information incorporated by reference or contained in this Prospectus Supplement, the accompanying Prospectus and any written communication from Alabama Power Company or the underwriters specifying the final terms of the offering is current only as of its respective date.

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Investing in the Series 2012B Senior Notes involves risk. Please see the risk factors in Alabama Power Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, along with disclosure related to the risk factors contained in Alabama Power Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, which are incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The risks and uncertainties not presently known to Alabama Power Company or that Alabama Power Company currently deems immaterial may also impair its business operations, its financial results and the value of the Series 2012B Senior Notes.

THE COMPANY

Alabama Power Company (the Company) is a corporation organized under the laws of the State of Alabama on November 10, 1927, by the consolidation of a predecessor Alabama Power Company, Gulf Electric Company and Houston Power Company. The Company has its principal office at 600 North 18th Street, Birmingham, Alabama 35291, telephone (205) 257-1000. The Company is a wholly owned subsidiary of The Southern Company.

The Company is a regulated public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy within an approximately 44,500 square mile service area comprising most of the State of Alabama.

SELECTED FINANCIAL INFORMATION

The following selected financial data for the years ended December 31, 2007 through December 31, 2011 has been derived from the Company's audited financial statements and related notes and the unaudited selected financial data incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The following selected financial data for the six months ended June 30, 2012 has been derived from the Company's unaudited financial statements and related notes incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The information set forth below is qualified in its entirety by reference to and, therefore, should be read together with management's discussion and analysis of results of operations and financial condition, the financial statements and related notes and other financial information incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The information set forth below does not reflect the issuance of the Series 2012B Senior Notes offered hereby.

	Year Ended December 31,					Six Months Ended
	2007	2008	2009	2010	2011	June 30, 2012(1)
	(Millions, except ratios)					
Operating Revenues	\$ 5,360	\$ 6,077	\$ 5,529	\$ 5,976	\$ 5,702	\$ 2,593
Earnings Before Income Taxes	967	1,023	1,093	1,209	1,225	541
Net Income After Dividends on Preferred and Preference Stock	580	616	670	707	708	311
Ratio of Earnings to Fixed Charges(2)	3.85	3.98	3.93	4.55	4.76	4.46

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	Actual	Capitalization As of June 30, 2012	
		As Adjusted(3)	
	(Millions, except Percentages)		
Common Stockholder's Equity	\$ 5,401	\$ 5,401	46.9%
Cumulative Redeemable Preferred Stock	342	342	3.0
Preference Stock	343	343	3.0
Senior Notes	4,275	4,075	35.4
Other Long-term Debt	1,355	1,355	11.7
Total, excluding amounts due within one year	\$ 11,716	\$ 11,516	100.0%

- (1) Due to the seasonal variations in the demand for energy, operating results for the six months ended June 30, 2012 do not necessarily indicate operating results for the entire year.
- (2) This ratio is computed as follows: (i) Earnings have been calculated by adding to Earnings Before Income Taxes Interest expense, net of amounts capitalized, the distributed income of equity investees, the interest component of rental expense and the debt portion of allowance for funds used during construction and excluding from Earnings Before Income Taxes the amount of income of equity investees; and (ii) Fixed Charges consist of Interest expense, net of amounts capitalized, the interest component of rental expense and the debt portion of allowance for funds used during construction.
- (3) Reflects the announced redemption in October 2012 of \$200,000,000 aggregate principal amount of Series 2007C 6.00% Senior Insured Monthly Notes due October 15, 2037.

USE OF PROCEEDS

The net proceeds from the sale of the Series 2012B Senior Notes will be used by the Company for the announced redemption of all or a portion of \$200,000,000 aggregate principal amount of the Company's Series 2007C 6.00% Senior Insured Monthly Notes due October 15, 2037 and for general corporate purposes, including the Company's continuous construction program.

DESCRIPTION OF THE SERIES 2012B SENIOR NOTES

Set forth below is a description of the specific terms of the Series 2012B % Senior Notes due October , (the Series 2012B Senior Notes). This description supplements, and should be read together with, the description of the general terms and provisions of the senior notes set forth in the accompanying Prospectus under the caption Description of the Senior Notes. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying Prospectus and the Senior Note Indenture (the Senior Note Indenture) dated as of December 1, 1997, as supplemented, between the Company and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank)), as trustee (the Senior Note Indenture Trustee).

General

The Series 2012B Senior Notes will be issued as a series of senior notes under the Senior Note Indenture. The Series 2012B Senior Notes will be initially issued in the aggregate principal amount of \$. The Company may, at any time and without the consent of the holders of the Series 2012B Senior Notes, issue additional notes having the same ranking and interest rate, maturity and other terms as the Series 2012B Senior Notes (except for the public offering price and issue date and the initial interest accrual date and initial Interest Payment Date (as defined below), if applicable). Any additional notes having such similar terms, together with the Series 2012B Senior Notes, will constitute a single series of senior notes under the Senior Note Indenture.

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Unless earlier redeemed, the entire principal amount of the Series 2012B Senior Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on October , . The Series 2012B Senior Notes are not subject to any sinking fund provision. The Series 2012B Senior Notes are available for purchase in denominations of \$1,000 and any integral multiple thereof.

Interest

Each Series 2012B Senior Note will bear interest at the rate of % per year (the Securities Rate) from the date of original issuance, payable semi-annually in arrears on April and October of each year (each, an Interest Payment Date) to the person in whose name such Series 2012B Senior Note is registered at the close of business on the fifteenth calendar day prior to such Interest Payment Date (whether or not a Business Day). The initial Interest Payment Date is April , 2013. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on the Series 2012B Senior Notes is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), with the same force and effect as if made on such date. Business Day means a day other than (i) a Saturday or Sunday, (ii) a day on which banks in New York, New York are authorized or obligated by law or executive order to remain closed or (iii) a day on which the Senior Note Indenture Trustee s corporate trust office is closed for business.

Ranking

The Series 2012B Senior Notes will be direct, unsecured and unsubordinated obligations of the Company and will rank equally with all other unsecured and unsubordinated obligations of the Company. The Series 2012B Senior Notes will be effectively subordinated to all secured indebtedness of the Company, aggregating approximately \$153,000,000 outstanding at June 30, 2012. The Senior Note Indenture contains no restrictions on the amount of additional indebtedness that may be incurred by the Company.

Optional Redemption

The Series 2012B Senior Notes will be subject to redemption at the option of the Company in whole or in part at any time and from time to time upon not less than 30 nor more than 60 days notice, at redemption prices equal to the greater of (i) 100% of the principal amount of the Series 2012B Senior Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2012B Senior Notes being redeemed (not including any portion of such payments of interest accrued to the redemption date) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the Treasury Yield (as defined below) plus basis points (each, a Redemption Price), plus, in each case, accrued and unpaid interest on the Series 2012B Senior Notes being redeemed to the redemption date.

Treasury Yield means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series 2012B Senior Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series 2012B Senior Notes.

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Comparable Treasury Price means, with respect to any redemption date, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means an independent investment banking institution of national standing appointed by the Company.

Reference Treasury Dealer means a primary U.S. Government securities dealer in the United States appointed by the Company.

Reference Treasury Dealer Quotation means, with respect to a Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount and quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day in New York City preceding such redemption date).

If notice of redemption is given as aforesaid, the Series 2012B Senior Notes so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price together with any accrued and unpaid interest thereon, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Series 2012B Senior Notes shall cease to bear interest. If any Series 2012B Senior Note called for redemption shall not be paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the Securities Rate. See **Description of the Senior Notes** **Events of Default** in the accompanying Prospectus.

Subject to the foregoing and to applicable law (including, without limitation, United States federal securities laws), the Company or its affiliates may, at any time and from time to time, purchase outstanding Series 2012B Senior Notes by tender, in the open market or by private agreement.

Book-Entry Only Issuance The Depository Trust Company

The Depository Trust Company (**DTC**) will act as the initial securities depository for the Series 2012B Senior Notes. The Series 2012B Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global Series 2012B Senior Notes certificates will be issued, representing in the aggregate the total principal amount of the Series 2012B Senior Notes, and will be deposited with the Senior Note Indenture Trustee on behalf of DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a **banking organization** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the **1934 Act**). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

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DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The contents of such websites do not constitute part of this Prospectus Supplement.

Purchases of Series 2012B Senior Notes within the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012B Senior Notes on DTC's records. The ownership interest of each actual purchaser of each Series 2012B Senior Note (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners, however, are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased Series 2012B Senior Notes. Transfers of ownership interests in the Series 2012B Senior Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012B Senior Notes, except in the event that use of the book-entry system for the Series 2012B Senior Notes is discontinued.

To facilitate subsequent transfers, all Series 2012B Senior Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012B Senior Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any changes in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012B Senior Notes. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012B Senior Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2012B Senior Notes are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such Series 2012B Senior Notes to be redeemed.

Although voting with respect to the Series 2012B Senior Notes is limited, in those cases where a vote is required, neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012B Senior Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012B Senior Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2012B Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Company or the Senior Note Indenture Trustee on the relevant payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers registered in street name, and will be the responsibility of such Direct or Indirect Participant and not of DTC or the Company, subject to

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any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Except as provided herein, a Beneficial Owner of a global Series 2012B Senior Note will not be entitled to receive physical delivery of Series 2012B Senior Notes. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Series 2012B Senior Notes. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global Series 2012B Senior Note.

DTC may discontinue providing its services as securities depository with respect to the Series 2012B Senior Notes at any time by giving reasonable notice to the Company. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012B Senior Notes certificates will be required to be printed and delivered to the holders of record. Additionally, the Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Series 2012B Senior Notes. The Company understands, however, that under current industry practices, DTC would notify its Direct and Indirect Participants of the Company's decision, but will only withdraw beneficial interests from a global Series 2012B Senior Note at the request of each Direct or Indirect Participant. In that event, certificates for the Series 2012B Senior Notes will be printed and delivered to the applicable Direct or Indirect Participant.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but neither the Company nor any underwriter takes any responsibility for the accuracy thereof. Neither the Company nor any underwriter has any responsibility for the performance by DTC or its Direct or Indirect Participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

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UNDERWRITING

Subject to the terms and conditions of an underwriting agreement (the Underwriting Agreement), the Company has agreed to sell to each of the underwriters named below (the Underwriters) for whom Morgan Stanley & Co. LLC and RBS Securities Inc. are acting as representatives (the Representatives) and each of the Underwriters has severally agreed to purchase from the Company the principal amount of the Series 2012B Senior Notes set forth opposite its name below:

Underwriters	Principal Amount of Series 2012B Senior Notes
Morgan Stanley & Co. LLC	\$
RBS Securities Inc.	
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Total	\$

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the Series 2012B Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. In the Underwriting Agreement, the Underwriters have severally agreed, subject to the terms and conditions set forth therein, to purchase all of the Series 2012B Senior Notes offered hereby, if any of the Series 2012B Senior Notes are purchased.

The Underwriters propose to offer the Series 2012B Senior Notes to the public at the public offering price set forth on the cover page of this Prospectus Supplement and may offer the Series 2012B Senior Notes to certain dealers at such price less a concession not in excess of % of the principal amount per Series 2012B Senior Note. The Underwriters may allow, and such dealers may realow, a concession not in excess of % of the principal amount per Series 2012B Senior Note. After the initial public offering, the offering price and other selling terms may be changed.

The Series 2012B Senior Notes are a new issue of securities with no established trading market. The Series 2012B Senior Notes will not be listed on any securities exchange or on any automated dealer quotation system. The Underwriters may make a market in the Series 2012B Senior Notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Series 2012B Senior Notes or that an active public market for the Series 2012B Senior Notes will develop. If an active public trading market for the Series 2012B Senior Notes does not develop, the market price and liquidity of the Series 2012B Senior Notes may be adversely affected.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Company's expenses associated with the offer and sale of the Series 2012B Senior Notes are estimated to be \$.

The Company has agreed with the Underwriters that, during the period of 15 days from the date of the Underwriting Agreement, it will not sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Series 2012B Senior Notes, any security convertible into, exchangeable into or exercisable for the

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Series 2012B Senior Notes or any debt securities substantially similar to the Series 2012B Senior Notes (except for the Series 2012B Senior Notes issued pursuant to the Underwriting Agreement), without the prior written consent of the Representatives. This agreement does not apply to issuances of commercial paper or other debt securities with scheduled maturities of less than one year.

In order to facilitate the offering of the Series 2012B Senior Notes, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2012B Senior Notes. Specifically, the Underwriters may over-allot in connection with this offering, creating short positions in the Series 2012B Senior Notes for their own accounts. In addition, to cover over-allotments or to stabilize the price of the Series 2012B Senior Notes, the Underwriters may bid for, and purchase, Series 2012B Senior Notes in the open market. Finally, the Underwriters may reclaim selling concessions allowed to the Underwriters or dealers for distributing Series 2012B Senior Notes in the offering, if the Underwriters repurchase previously distributed Series 2012B Senior Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Series 2012B Senior Notes above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time without notice.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any Underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Series 2012B Senior Notes. In addition, neither the Company nor any Underwriter makes any representation that the Underwriters will engage in such transactions or that such transactions once commenced will not be discontinued without notice.

It is expected that delivery of the Series 2012B Senior Notes will be made, against payment for the Series 2012B Senior Notes, on or about October 1, 2012, which will be the first business day following the pricing of the Series 2012B Senior Notes. Under Rule 15c6-1 under the 1934 Act, purchases or sales of securities in the secondary market generally are required to settle within three business days (T+3), unless the parties to any such transactions expressly agree otherwise. Accordingly, purchasers of the Series 2012B Senior Notes who wish to trade the Series 2012B Senior Notes on the date of this Prospectus Supplement or the next succeeding business day(s) will be required, because the Series 2012B Senior Notes initially will settle within three business days (T+3), to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Series 2012B Senior Notes who wish to trade on the date of this Prospectus Supplement or the next succeeding business day(s) should consult their own legal advisors.

Certain of the Underwriters and their affiliates have engaged and may in the future engage in transactions with, and, from time to time, have performed and may perform corporate trust, investment banking and/or commercial banking services for, the Company and certain of its affiliates in the ordinary course of business, for which they have received and will receive customary compensation.

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LEGAL MATTERS

The validity of the Series 2012B Senior Notes and certain matters relating to the Series 2012B Senior Notes will be passed upon on behalf of the Company by Balch & Bingham LLP, Birmingham, Alabama, and by Troutman Sanders LLP, Atlanta, Georgia. Certain legal matters will be passed upon for the Underwriters by Hunton & Williams LLP, New York, New York. From time to time Hunton & Williams LLP acts as counsel to affiliates of the Company for some matters.

EXPERTS

The financial statements and the related financial statement schedule incorporated in this Prospectus Supplement and the accompanying Prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2011 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

Alabama Power Company

Class A Preferred Stock

Cumulative, Par Value \$1 Per Share

Preference Stock

Senior Notes

Junior Subordinated Notes

We will provide the specific terms of these securities in supplements to this Prospectus. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest.

See Risk Factors on page 2 for information on certain risks related to the purchase of securities offered by this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This Prospectus is dated February 28, 2011

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ABOUT THIS PROSPECTUS

This Prospectus is part of a registration statement filed with the Securities and Exchange Commission (the Commission) using a shelf registration process under the Securities Act of 1933, as amended (the 1933 Act). Under the shelf process, Alabama Power Company (the Company) may sell, in one or more transactions,

shares of class A preferred stock (the Class A Preferred Stock),

shares of preference stock (the Preference Stock),

senior notes (the Senior Notes), or

junior subordinated notes (the Junior Subordinated Notes).

This Prospectus provides a general description of those securities. Each time the Company sells securities, the Company will provide a prospectus supplement that will contain specific information about the terms of that offering (Prospectus Supplement). The Prospectus Supplement may also add, update or change information contained in this Prospectus. You should read this Prospectus and the applicable Prospectus Supplement together with additional information under the heading Available Information.

RISK FACTORS

Investing in the Company's securities involves risk. Please see the risk factors described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated by reference in this Prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this Prospectus. The risks and uncertainties described are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company deems immaterial may also impair its business operations, its financial results and the value of its securities.

AVAILABLE INFORMATION

The Company has filed with the Commission a registration statement on Form S-3 (the Registration Statement, which term encompasses any amendments to the Registration Statement and exhibits to the Registration Statement) under the 1933 Act. As permitted by the rules and regulations of the Commission, this Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement, to which reference is made.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the 1934 Act), and in accordance with the 1934 Act files reports, information statements and other information with the Commission. Such reports and other information can be inspected and copied at the Public Reference Room of the Commission at 100 F. Street, N.E., Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants including the Company that file electronically at <http://www.sec.gov>. In addition, reports and other material concerning the Company can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which Exchange certain of the Company's outstanding securities are listed.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 has been filed with the Commission pursuant to the 1934 Act and is incorporated by reference in this Prospectus and made a part of this Prospectus.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act subsequent to the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and made a part of this Prospectus from the date of filing of such documents; provided, however, the Company is not incorporating any information furnished under Item 2.02 or 7.01 of any Current Report on Form 8-K unless specifically stated otherwise. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, on the written or oral request of any such person, a copy of any or all documents incorporated by reference in this Prospectus (other than the exhibits to such documents unless such exhibits are specifically incorporated by reference). Such requests should be directed to William E. Zales, Jr., Vice President and Corporate Secretary, Alabama Power Company, 600 North 18th Street, Birmingham, Alabama 35291, telephone: (205) 257-2714.

ALABAMA POWER COMPANY

The Company is a corporation organized under the laws of the State of Alabama on November 10, 1927, by the consolidation of the predecessor Alabama Power Company, Gulf Electric Company and Houston Power Company. The predecessor Alabama Power Company had a continuous existence since its incorporation in 1906. The principal executive offices of the Company are located at 600 North 18th Street, Birmingham, Alabama 35291, and the telephone number is (205) 257-1000.

The Company is a wholly owned subsidiary of The Southern Company. The Company is engaged, within the State of Alabama, in the generation and purchase of electricity and the distribution and sale of such electricity at retail in over 650 communities (including Anniston, Birmingham, Gadsden, Mobile, Montgomery and Tuscaloosa), as well as in rural areas, and at wholesale to 15 municipally-owned electric distribution systems, 11 of which are served indirectly through sales to the Alabama Municipal Electric Authority, and two rural distributing cooperative associations. The Company also supplies steam service in downtown Birmingham. The Company owns coal reserves near its Gorgas Steam Electric Generating Plant and uses the output of coal from the reserves in its generating plants. It also sells, and cooperates with dealers in promoting the sale of, electric appliances.

The Company and one of its affiliates, Georgia Power Company (GEORGIA), each own 50% of the outstanding common stock of Southern Electric Generating Company (SEGCO). SEGCO owns generating units with an aggregate capacity of 1,019,680 kilowatts at the Ernest C. Gaston Steam Plant (Plant Gaston) on the Coosa River near Wilsonville, Alabama. The Company and GEORGIA are each entitled to one-half of the capacity and energy of these units. The Company acts as SEGCO's agent in the operation of SEGCO's units and furnishes coal to SEGCO as fuel for its units. SEGCO also owns one 230,000 volt transmission line extending from Plant Gaston to the Georgia state line.

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The following material, which is presented in this Prospectus solely to furnish limited introductory information regarding the Company, has been selected from, or is based upon, the detailed information and financial statements appearing in the documents incorporated in this Prospectus by reference or elsewhere in this Prospectus, is qualified in its entirety by reference to such documents and, therefore, should be read together with those documents.

Alabama Power Company

Business	Generation, transmission, distribution and sale of electric energy
Service Area	Approximately 45,000 square miles comprising most of the State of Alabama
Customers at December 31, 2010	1,439,016
Generating Capacity at December 31, 2010 (megawatts)	12,222
Sources of Generation during 2010 (megawatt-hours)	Coal (61%), Nuclear (19%), Gas (15%), Hydro (5%)

Certain Ratios

The following table sets forth the Ratios of Earnings to Fixed Charges and Earnings to Fixed Charges Plus Preferred and Preference Dividend Requirements (Pre-Income Tax Basis) for the periods indicated.

	Year Ended December 31,				
	2006	2007	2008	2009	2010
Ratio of Earnings to Fixed Charges (1)	4.34	4.30	4.41	4.29	4.80
Ratio of Earnings to Fixed Charges Plus Preferred and Preference Dividend Requirements (Pre-Income Tax Basis) (2)	3.77	3.61	3.66	3.63	4.01

(1) This ratio is computed as follows: (i) Earnings have been calculated by adding to Earnings Before Income Taxes Interest expense, net of amounts capitalized and the debt portion of allowance for funds used during construction; and (ii) Fixed Charges consist of Interest expense, net of amounts capitalized and the debt portion of allowance for funds used during construction.

(2) In computing this ratio, Preferred and Preference Dividend Requirements represent the before-tax earnings necessary to pay such dividends, computed at the effective tax rates for the applicable periods.

USE OF PROCEEDS

Except as may be otherwise described in an applicable Prospectus Supplement, the net proceeds received by the Company from the sale of the Class A Preferred Stock, Preference Stock, Senior Notes or Junior Subordinated Notes will be used in connection with its ongoing construction program, to pay scheduled maturities and/or refundings of its securities, to repay short-term indebtedness to the extent outstanding and for other general corporate purposes.

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DESCRIPTION OF THE CLASS A PREFERRED STOCK

Set forth below is a description of the general terms of the Class A Preferred Stock. The statements in this Prospectus concerning the Class A Preferred Stock are an outline and do not purport to be complete. Such statements make use of defined terms and are qualified in their entirety by express reference to the cited provisions of the charter of the Company, as amended (the "charter"), a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part. The general provisions which apply to all series of the Class A Preferred Stock, which are now or may at a later time be authorized or created, are set forth in the charter.

General

Each series of the Class A Preferred Stock is to be established by resolutions of the Board of Directors of the Company, a copy of which is an exhibit to the Registration Statement (or incorporated by reference). In such resolutions, the Board of Directors will set the stated capital, among other terms, of such series of Class A Preferred Stock.

At December 31, 2010, the Company had 27,500,000 authorized shares of Class A Preferred Stock, of which 12,000,000 shares of Class A Preferred Stock with a stated capital of \$25 per share were outstanding. Additionally, at December 31, 2010, the Company had outstanding 475,115 shares of Preferred Stock which have a par value of \$100 per share. The Class A Preferred Stock ranks on a parity as to dividends and assets with the outstanding Preferred Stock and has the same general rights and preferences as the outstanding Preferred Stock. On all matters submitted to a vote of the holders of the Preferred Stock and the Class A Preferred Stock (other than a change in the rights and preferences of only one, but not the other, such kind of stock), both kinds of stock vote together as a single class, and each share of Preferred Stock and Class A Preferred Stock shall have the relative voting rights described in the applicable Prospectus Supplement.

The Class A Preferred Stock will not be subject to further calls or to assessment by the Company.

Any proposed listing of the Class A Preferred Stock on a securities exchange will be described in the applicable Prospectus Supplement.

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