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NEWS RELEASE

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Alabama Municipal Electric Authority Signs Power Supply Agreement

Montgomery, Alabama, January 21, 2002 - Alabama Municipal Electric Authority (AMEA) and Alabama Power Company (APCo) announces the recent signing of a 10-year Power Supply Agreement which will take effect on January 1, 2006. Under the Agreement, APCo will provide 100 percent (with the option to replace up to 20 percent subsequent to 2006) of AMEA's capacity and energy needs, excluding the capacity and energy provided to AMEA's members by the Southeastern Power Administration and AMEA's load growth after five years.

AMEA currently purchases a portion of its members' supply requirements from APCo, but service under those Agreements will terminate on December 31, 2005. Because the new Agreement provides for considerably more flexibility for AMEA and control over a portion of APCo's wholesale generation resources, the Parties believed that an early resolution to a majority of AMEA's supply in 2006 would provide the necessary lead time to transition from the existing arrangement to the new Agreement. Under the new Agreement, AMEA assumes forecasting risk for its load in return for control over the scheduling of energy from its portion of APCo's wholesale resources. APCo retains its largest native load customer, which it has been serving since 1986.

"AMEA is pleased that we have been able to arrange for the majority of our power supply for another ten years, beginning in 2006," said Robert W. Claussen, President and CEO of AMEA. "From the beginning of this process, AMEA was seeking the optimum combination of price, flexibility, and control of generation resources. We believe that this Agreement accomplishes all of these goals for our members. We are excited to continue our close working relationship with Alabama Power Company and look forward to the upcoming transition period that will be required to prepare us for the future."

"Alabama Power Company is excited with the early resolution of this Agreement which is a win-win agreement between us and a very valuable customer," said Charles McCrary, President and Chief Executive Officer of Alabama Power Company. "With all of the change in the electric utility industry, it is important to provide stability and a degree of certainty for all stakeholders. We have all worked together in the past and we anticipate even greater cooperation in the future."

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