

Alabama Power Company as of 06/30/2017

Electric TCS and MBR

Market Based Rate Tariff

Effective Date: 09/23/2010

Status: Effective

FERC Docket: ER10-02881-000 5

FERC Order: DLO

Order Date: 03/30/2011

Market Based Rate Tariff, Southern's Tariff Volume No. 4, 0.0.0 A

Company: Alabama Power Company

Designated Filing Company: Alabama Power Company

Service Providers: Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company (collectively, "Southern")

Tariff Title (Tariff Database): Market Based Rate Tariff

Tariff Description: Market Based Rate Tariff, Southern's Tariff Volume No. 4

Alabama Power Company as of 06/30/2017

Electric TCS and MBR

Market Based Rate Tariff

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05/17/2017

Record A, General Tariff Provisions, 4.0.0 A

**MARKET BASED RATE TARIFF
OF
ALABAMA POWER COMPANY, GEORGIA POWER COMPANY,
GULF POWER COMPANY, MISSISSIPPI POWER COMPANY,
AND SOUTHERN POWER COMPANY**

General Tariff Provisions

1.0 Availability

1.1 This Tariff provides for sales of capacity and/or energy at market-based rates on a short-term or long-term basis by Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Southern Power Company (collectively referred to hereinafter as “Southern Companies”), subject to the establishment and operation of the Energy Auction as set forth in the attached Rules of the Energy Auction, Rules on Southern Companies’ Energy Auction Participation, and other conditions set forth herein.

1.2 The sale of capacity and/or energy by Southern Companies under this Tariff is available to any electric utility, rural electric cooperative, municipality, power authority, agency, or other entity authorized to purchase capacity and/or energy hereunder (hereinafter “Customer”).

1.3 No entity affiliated with Southern Companies is eligible to purchase capacity and/or energy from Southern Companies under this Tariff.

2.0 Character of Service

2.1 Southern Companies may provide capacity and/or energy under this Tariff in varying amounts, at varying levels of firmness or priorities of service, for varying periods of service, and in accordance with varying delivery schedules, all as agreed to between the Customer and Southern Companies.

3.0 Interconnection and Interchange

3.1 Except as required by the Rules of the Energy Auction and/or Rules on Southern Companies’ Energy Auction Participation as provided herein, or otherwise agreed, it shall be the responsibility of the Customer to make any necessary arrangements for delivery of capacity and energy beyond the points of interconnection of Southern Companies’ transmission system facilities with those of other electric systems.

4.0 Rates

4.1 Except as required by the Rules of the Energy Auction and/or Rules on Southern Companies' Energy Auction Participation as provided herein, the rates for sales under this Tariff shall be as negotiated by the parties.

5.0 Terms and Conditions of Service

5.1 Prior to commencement of service, Southern Companies and the Customer shall execute a Service Agreement under this Tariff.

- a) For transactions of more than one year in duration or for a lesser period if desired by the parties, the Service Agreement shall set forth the rates and any additional terms and conditions of service for the transaction.
- b) For all other transactions, the Service Agreement shall allow the parties to engage in multiple transactions with the rates and any additional terms and conditions established at the time the transaction is arranged.

5.2 Except as required by the Rules of the Energy Auction and/or Rules on Southern Companies' Energy Auction Participation as provided herein, Southern Companies are under no obligation to provide service hereunder unless the parties mutually agree to the rates, terms and conditions of the transactions.

5.3 Acceptance of service by a Customer pursuant to a Service Agreement commits the Customer both to the provisions of this Tariff and to the terms and conditions of the individual Service Agreement.

6.0 Billing

6.1 Southern Companies will submit to the Customer, as promptly as practicable after the first of each month, an invoice for transactions and the respective amounts due under the terms of this Tariff and the Service Agreement for the preceding calendar month ("delivery month"). Bills for each delivery month shall be due and payable on the 20th day of the succeeding month or the 10th day after the receipt of the invoice, whichever is later. Payment shall be made, on or before the due date, to Southern Companies in accordance with the invoice in immediately available funds through wire transfer, mail or other mutually agreeable method. Bills not paid when due shall accrue interest at one hundred five percent (105%) of the prime lending rate published in The Wall Street Journal or comparable successor publication on the date due (or if not published on the date due on the most recent preceding day on which published), from the due date to the date of payment.

6.2 In the event any portion of any invoice submitted pursuant to this Article is in bona fide dispute for reasons relating to the computation of the invoice, the undisputed amount shall be payable when due; and the remainder, with interest accrued at one hundred percent (100%) of the prime lending rate published in The Wall Street Journal or comparable successor publication on the date due (or if not published on the date due on the most recent preceding day on which published), shall be paid upon the determination of the correct amount.

7.0 Compliance with Commission Regulations

7.1 Seller shall comply with the provisions of 18 C.F.R. Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning Seller's market-based rate authority, including orders in which the Commission authorizes Seller to engage in affiliate sales under this tariff or otherwise restricts or limits the Seller's market-based rate authority. Failure to comply with the applicable provisions of 18 C.F.R. Part 35, Subpart H, and with any order of the Commission concerning Seller's market-based rate authority, will constitute a violation of this tariff.

8.0 Limitations and Exemptions Regarding Market-Based Rate Authority

8.1 Southern Power Company has been granted the following waiver and blanket authorization: (i) waiver of Subparts B and C of Part 35 of the Commission's regulations, except for sections 35.12(a), 35.13(b), 35.15 and 35.16; (ii) waiver of the accounting and related reporting requirements of Parts 41, 101, and 141 of the Commission's regulations, except for sections 141.14 and 141.15; and (iii) blanket approval as to Section 204 of the Federal Power Act and Part 34 of the Commission's regulations for issuances of securities or assumptions of liabilities. *See Southern Company Services, Inc.*, 99 FERC ¶ 61,259 (2000).

8.2 Southern Companies' authorization to sell capacity and/or energy at market-based rates pursuant to this Tariff is restricted in mitigated balancing authorities, as described in *Alabama Power Company*, 158 FERC ¶ 61,131, P 21 (2017); and is further restricted as set forth in Section 3.1 of the attached Rules on Southern Companies' Energy Auction Participation. *See Southern Company Services, Inc.*, 125 FERC ¶ 61,316 P 16, 23(2008); *Southern Company Services, Inc.*, 129 FERC ¶ 61,253 at P 36 (2009).

8.3 Southern Companies' authorizations to engage in affiliate wholesale sales of electric energy or capacity: *Letter Order*, 96 FERC ¶ 61,341, September 27, 2001 (FERC Docket No. ER01-2822); *Letter Order on Authorization for Affiliate Sales*, July 13, 2007 (FERC Docket No. ER07-957-000); *Letter Order on Authorization for Affiliate Sales*, January 18, 2008 (FERC Docket No. ER08-243-000); *Letter Order on Authorization for Affiliate Sales*, November 21, 2012 (FERC Docket No. ER12-1721-000); Southern Power Company, *Order Granting Authorization to Make Affiliate Sales*, 153 FERC ¶ 61,068 (2015); *Letter Order on Authorization for Affiliate Sales*, July 21, 2016 (FERC Docket No. ER16-1773-000).

9.0 Role of Southern Company Services, Inc.

9.1 Southern Company Services, Inc. ("SCS") acts as agent for Southern Companies in the administration of this Tariff. Payments due to Southern Companies shall be properly made when submitted to SCS.

10.0 Miscellaneous

10.1 Nothing in this Tariff or the Service Agreement is intended to create or to imply the existence of any rights hereunder for or on behalf of any third parties.

10.2 In case either party should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations made by and imposed upon the parties by this Tariff or the Service Agreement by reason of or through strike, stoppage in labor, failure of contractors or suppliers of materials, riot, fire, flood, storm, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or judge granted in any bona fide adverse legal proceedings or action, order of any civil or military authority either de facto or de jure, demands or priorities of governmental and administrative agencies or bodies, explosion, act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, such party shall not be liable to the other party for or on account of any loss, damage, injury, or expense (including, without limitation any special, incidental, indirect or consequential damages and cost of replacement power) resulting from or arising out of such delay or prevention; provided, however, that such party shall use due and, in its judgment, practicable diligence to remove the cause or causes thereof; and provided further, that neither party shall be required by the foregoing provisions to settle a strike or other labor dispute except when, according to its own best judgment, such a settlement seems advisable.

10.3 Southern Companies shall have the right to revise, amend, cancel or terminate this Tariff or a Service Agreement executed hereunder by unilateral filing with the FERC. Nothing contained in this Tariff shall be construed as affecting in any way the ability of any party receiving service hereunder to exercise its rights under the Federal Power Act and pursuant to the FERC's rules and regulations promulgated thereunder.

11.0 Seller Category

11.1 Southern Companies are a Category 2 Seller, as defined in 18 C.F.R. 35.36(a).

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Record B, Code of Conduct - System Companies, 0.0.0 A

**Code of Conduct for Officers and Employees
of System Companies of The Southern Company
Concerning Business Relationships and the Sharing of Market
Information with Marketing Affiliates**

1. “System Companies” means any of Alabama Power Company, Georgia Power Company, Mississippi Power Company, Gulf Power Company, Southern Company Services, Inc., Southern Power Company and any subsidiary of such companies. Southern Power Company is further subject to the conditions and requirements of the Separation of Functions and Communications Protocol that is attached and made a part hereof.

2. “Marketing Affiliate” means any public utility subsidiary company of The Southern Company (other than a System Company) that engages in sales for resale of electric energy at market-based rates.

3. No officer or employee of System Companies shall directly (or indirectly through an officer or employee of another affiliate of The Southern Company) provide any information to any officer or employee of Marketing Affiliates if such information has been received on a confidential basis from a customer of System Companies and such customer has not consented to release of such information.

4. The personnel of System Companies engaged in the marketing or purchasing of wholesale power or transmission service will not provide, either directly or indirectly, to the personnel of Marketing Affiliates engaged in the marketing or purchasing of wholesale power or transmission service any market information including information regarding the price or terms offered by System Companies to a customer or potential customer or the identity of such customer or potential customer, unless such market information is simultaneously disclosed to the public.

5. No officer or employee of System Companies shall make any statement suggesting or indicating that:

- (a) a person or company doing business with Marketing Affiliates will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to System Companies; or
- (b) a person or company doing business with System Companies will receive preferential treatment in the purchase or sale of electric energy from or to Marketing Affiliates.

6. System Companies will not, directly or indirectly, provide Marketing Affiliates' marketing personnel with non-public information regarding transmission availability, terms or rates on the System Companies' transmission system unless such information: (1) is provided in response to a request by a Marketing Affiliate for transmission service under System Companies' transmission tariff; (2) pertains to the requested service; and (3) is comparable to the information provided to non-affiliated entities in the context of their requests for transmission service. System Companies will post on their electronic bulletin board the disposition of any request for transmission service by a Marketing Affiliate in the same manner as they would post information for a request for service by any eligible utility.

7. System Companies will sell non-power goods and services, directly at or indirectly, to Marketing Affiliates at a price no lower than market value or cost, whichever is higher, and System Companies will not purchase non-power goods and services, directly or indirectly, from marketing Affiliates a rate in excess of market value.

8. To the extent practicable, personnel of System Companies engaged in the marketing or purchasing of wholesale power or transmission service will operate separately from the personnel of Marketing Affiliates engaged in the marketing or purchasing of wholesale power or transmission service.

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Record C, Separation of Functions and Communications Protocol, 0.0.0 A

**Separation of Functions
and
Communications Protocol
applicable to
Southern Power Company**

This separation of functions and communications protocol (“Separation Protocol”) is established in compliance with the order of the Federal Energy Regulatory Commission (“Commission”) in Southern Company Services, Inc., 117 FERC ¶ 61,021 (2006) and Southern Company Services, Inc., 119 FERC ¶ 61,065 (2007). Pursuant to these Commission orders, Southern Power Company is defined as a “system company” under the Code of Conduct, is a party to the Southern Company System Intercompany Interchange Contract (“IIC”), and will continue to participate in joint dispatch and reserve sharing under the IIC. This Separation Protocol provides for the separation of certain functions of Southern Power Company from the other Southern Operating Companies (i.e., Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company) and for the restriction of certain communications between them.

1. The wholesale activities of Southern Power carried on for the sole benefit of Southern Power are to be functionally separated from the other Southern Operating Companies. These activities (collectively referred to as “separated functions”) consist of any function undertaken for the benefit of Southern Power’s shareholders.
2. Personnel who conduct separated functions for Southern Power may be employees of Southern Power or they may be employees of a service company or other affiliated company. To the extent service company or other affiliated company employees conduct these separated functions, such employees must be dedicated exclusively to Southern Power and all associated costs (direct and indirect) must be borne by Southern Power or its shareholders.
3. Personnel who conduct separated functions for Southern Power may not receive market information from the other Southern Operating Companies (“prohibited information”), which information also includes the inputs (fuel forecasts, emission allowance forecasts, load forecasts, and projected unit operating characteristics) and outputs (projected future capacity resources and the utilization and cost of such capacity and energy) of the Integrated Resource Planning process used by the other Southern Operating Companies. This limitation is not intended to restrict access to information related to Southern Power’s participation in the IIC except to the extent specified in Section 5.2 of the IIC, which addresses information regarding the

operation of Pool resources of the other Southern Operating Companies.

4. With respect to any employee conducting the separated functions of Southern Power, the following processes will be put in place:
 - Physical separation of work space -- The work space of employees conducting the separated functions of Southern Power will be physically separated from the work space of employees acting on behalf of one or more of the other Southern Operating Companies.
 - Restricted physical access to prohibited information -- Prohibited information will be physically protected from employees conducting the separated functions of Southern Power through locked files, password protected computers, and removing such information from view when it is not being used.
 - Restricted electronic access to prohibited information -- Prohibited information will be electronically protected from employees conducting the separated functions of Southern Power through restricted access to any shared drive that includes such information. Access to these shared drives by employees conducting separated functions of Southern Power will require pre-approval under an authorization process administered by the Southern Company Generation Compliance Officer.
5. Southern Power may use shared support services in a manner consistent with the Commission's Standards of Conduct and subject to comparable "no conduit" rules pertaining to the transfer of prohibited information. To the extent such shared support services are provided, Southern Power or its shareholders are to bear the direct and indirect costs associated with those services.
6. All employees who perform activities for Southern Power (whether separated functions or shared support services) are to be familiar with this Separation Protocol and shall report any potential violation to their Compliance Officer. Any violation of this Separation Protocol will be posted on Southern Companies' OASIS in a manner consistent with the process under the Standards of Conduct.
7. No officer or employee of the other Southern Operating Companies shall make any statement suggesting or indicating that:
 - (a) a person or company doing business with Southern Power will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to the other Southern Operating Companies; or
 - (b) a person or company doing business with the other Southern Operating Companies will receive preferential treatment in the purchase or sale of electric energy from or to Southern Power.

8. The other Southern Operating Companies will sell non-power goods and services, directly or indirectly, to Southern Power at a price no lower than market value or cost, whichever is higher, and the other Southern Operating Companies will not purchase non-power goods and services, directly or indirectly, from Southern Power at a rate in excess of market value.