ALABAMA POWER CO
Form 424B2
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PROSPECTUS SUPPLEMENT
(To Prospectus dated July 19, 2005)

6,000,000 Shares

6.45% Series Preference Stock
Non-Cumulative, Par Value $1 Per Share
(Stated Capital $25 Per Share)

This is a public offering by Alabama Power Company of 6,000,000 shares of 6.45% Series Preference Stock, Non-Cumulative, Par Value $1 Per Share (Stated Capital $25 Per Share).

Alabama Power Company may redeem shares of the new Preference Stock, in whole or in part, at any time (i) if the redemption date is prior to October 1, 2017, at a redemption price equal to $25.00 per share plus a make-whole premium, or (ii) if the redemption date is on or after October 1, 2017, at a redemption price equal to $25.00 per share, together, in both cases, with accrued and unpaid dividends for the current quarterly dividend period.

When, as and if declared by Alabama Power Company, dividends on the new Preference Stock will be payable quarterly on January 1, April 1, July 1 and October 1 of each year, beginning October 1, 2007. Dividends on the new Preference Stock are not cumulative and, accordingly, if Alabama Power Company does not declare a dividend or declares less than a full dividend on the new Preference Stock for a quarterly dividend period, holders of the new Preference Stock will have no right to receive a dividend or the full dividend, as the case may be, for that period, and Alabama Power Company will have no obligation to pay a dividend for that period, whether or not Alabama Power Company pays dividends in full or has sufficient funds to pay dividends in the future.

The new Preference Stock will rank junior to Alabama Power Company s preferred stock and Class A preferred stock, equally with any other shares of Alabama Power Company s preference stock and senior to Alabama Power Company s common stock. The new Preference Stock will not have any voting rights, except as set forth under Certain Terms of the New Preference Stock Voting Rights.

See RISK FACTORS on page S-3 for a description of certain risks associated with investing in the new Preference Stock.

	Public Offering Price(l)	Underwriting Discount	Proceeds to Alabama Power Company Before Expenses

Per Share	$ 25.00	$ 0.4375	$ 24.5625
Total	$ 150,000,000	$ 2,625,000	$ 147,375,000

(1) Plus accrued dividends, if any, from the date of original issuance.

The new Preference Stock should be delivered in book-entry form through The Depository Trust Company on or about September 19, 2007.

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.

Joint Book-Running Managers

JPMorgan **Lehman Brothers**

Joint Lead Manager

Banc of America Securities llc

September 12, 2007

In making your investment decision, you should rely only on the information contained or incorporated by reference 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. We have not, and the underwriters have not, authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it.

We are offering to sell the new Preference Stock only in places where sales are permitted.

You should not assume that the information contained or incorporated by reference in this Prospectus Supplement, the accompanying Prospectus or any written communication from Alabama Power Company or the underwriters specifying the final terms of this offering, including information incorporated by reference, is accurate as of any date other than its respective date.

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RISK FACTORS

Investing in the new Preference Stock involves risk. Before making an investment decision, you should carefully consider the following risk factors 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 new Preference Stock.

Risks Related to Alabama Power Company s Business

For a discussion of risks to consider with respect to Alabama Power Company s business, see the risk factors in Alabama Power Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2006, along with the disclosure related to risk factors contained in Alabama Power Company s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, which are all incorporated by reference in this Prospectus Supplement and the accompanying Prospectus.

Risks Related to the new Preference Stock

Rating agencies may change rating methodologies, including their views on notching practices.

The rating methodologies for securities with features similar to the new Preference Stock are still developing and the rating agencies may change their methodologies in the future. This may include, for example, the relationship between ratings assigned to an issuer s senior securities and ratings assigned to securities with features similar to the new Preference Stock, sometimes called notching. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the new Preference Stock were to be subsequently lowered, this may have a negative impact on the trading price of the new Preference Stock.

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, 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, 2002 through December 31, 2006 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, 2007 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.

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	Year Ended December 31,					Six Months Ended June 30,
	2002	2003	2004	2005	2006	2007(1)
	(Millions, except ratios)					
Operating Revenues	$ 3,711	$ 3,960	$ 4,236	$ 4,648	$ 5,015	$ 2,533
Earnings Before Income Taxes	768	781	818	817	873	445
Net Income After Dividends on Preferred and Preference Stock	461	473	481	508	518	262
Ratio of Earnings to Fixed Charges(2)	3.98	4.29	4.76	4.67	4.34	4.07
Ratio of Earnings to Fixed Charges Plus Preferred and Preference Dividend Requirements (Pre-Income Tax Basis)(3)	3.66	3.83	4.06	4.01	3.77	3.46

	Capitalization As of June 30, 2007		
	Actual	As Adjusted(4)	
	(Millions, except percentages)		
Common Stockholder s Equity	$ 4,211	$ 4,211	45.2%
Cumulative Preferred Stock	465	465	5.0
Non-Cumulative Preference Stock	147	147	1.6
Senior Notes	3,485	3,485	37.4
Long-term Debt Payable to Affiliated Trusts	309	206	2.2
Other Long-Term Debt	800	800	8.6
Total, excluding amounts due within one year	$ 9,417	$ 9,314	100.0%

(1) Due to seasonal variations in the demand for energy, operating results for the six months ended June 30, 2007 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, Interest expense to affiliate trusts, Distributions on mandatorily redeemable preferred securities and the debt portion of allowance for funds used during construction; and (ii) Fixed Charges consist of Interest expense, net of amounts capitalized, Interest expense to affiliate trusts, Distributions on mandatorily redeemable preferred securities and the debt portion of allowance for funds used during construction. For the six months ended June 30, 2007, this ratio includes interest relating to Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes.*

(3) 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. For the six months ended June 30, 2007, this ratio includes interest relating to Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes.*

(4) Reflects the announced redemption in October 2007 of $103,093,000 aggregate principal amount of Series D Junior Subordinated Notes due October 1, 2042 and the related Flexible Trust Preferred Securities and Common Securities of Alabama Power Capital Trust IV. Does not reflect the proposed issuance of the new Preference Stock offered hereby or the use of proceeds therefrom. See Use of Proceeds.

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USE OF PROCEEDS

The proceeds from the sale of the new Preference Stock will be used by the Company for general corporate purposes, including the Company s continuous construction program.

CERTAIN TERMS OF THE NEW PREFERENCE STOCK

The following is a summary of the terms of the 6.45% Series Preference Stock, Non-Cumulative, Par Value $1 Per Share (Stated Capital $25 Per Share) (the new Preference Stock). This summary is not complete and should be read together with the general terms and provisions of the Preference Stock in the accompanying Prospectus under the caption Description of the Preference Stock. To the extent this summary is inconsistent with information in the accompanying Prospectus, this summary controls.

Dividends

Dividends on the new Preference Stock will be payable, when, as and if declared by the Company s Board of Directors out of funds legally available, at a rate per annum equal to 6.45%.

Dividends on the new Preference Stock are payable on January 1, April 1, July 1 and October 1 of each year, commencing on October 1, 2007, when, as and if declared by the Board of Directors, or, if any such date is not a business day, on the next business day.

Dividends on the new Preference Stock are not cumulative, and accordingly, if the Board of Directors of the Company does not declare a dividend or declares less than a full dividend on the new Preference Stock for a quarterly dividend period, holders of the new Preference Stock will have no right to receive a dividend or the full dividend, as the case may be, for that period, and the Company will have no obligation to pay a dividend for that period, whether or not the Company pays dividends in full or has sufficient funds to pay dividends in the future.

So long as any shares of the Company s preferred stock (the Preferred Stock) or Class A Preferred Stock (the Class A Preferred Stock) are outstanding, no dividends may be declared on the Company s common stock or on any other kind of stock over which the Preferred Stock and the Class A Preferred Stock have preference as to the payment of dividends, including the new Preference Stock, unless full cumulative dividends upon such Preferred Stock and Class A Preferred Stock for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment.

So long as any shares of the Preference Stock, including the new Preference Stock, are outstanding, no dividends may be declared on the Company s common stock or on any other kind of stock over which the Preference Stock has preference as to the payment of dividends, nor may the Company purchase, redeem or retire such stock, unless (i) full dividends upon all shares of cumulative Preference Stock outstanding for all past dividend periods shall have been paid or declared and set apart for payment and the full dividend for the then-current dividend period shall have been or concurrently shall be declared, and (ii) full dividends for the then-current dividend period on all shares of non-cumulative Preference Stock outstanding shall have been paid or declared and set apart for payment.

Ranking

The new Preference Stock will rank junior to the Preferred Stock and the Class A Preferred Stock with respect to payment of dividends and distribution of assets upon the Company s liquidation, dissolution or winding up. As of June 30, 2007, the Company had 475,115 outstanding shares of Preferred Stock and 12,001,250 outstanding shares of

Class A Preferred Stock.

The new Preference Stock will rank senior to the Company s common stock and to any other equity securities that the Company may issue in the future that by their terms rank junior to the new Preference Stock with respect to the payment of dividends and distribution of assets upon the Company s liquidation, dissolution or winding up.

The new Preference Stock will rank equally with any other shares of Preference Stock and with any of the Company s other equity securities that the Company may issue in the future, the terms of which provide that such shares or securities will rank equally with the Preference Stock with respect to payment of dividends and distribution of assets upon the Company s liquidation, dissolution or winding up. As of June 30, 2007, the Company had 6,000,000 outstanding shares of Preference Stock.

Redemption

The Company shall have the right to redeem the new Preference Stock, in whole or in part, from time to time, upon not less than 30 nor more than 60 days notice, at a redemption price equal to:

(i) if the date on which the shares of the new Preference Stock are to be redeemed (the Redemption Date) is prior to October 1, 2017 (the Initial Redemption Date), the greater of (1) $25.00 per share of the new Preference Stock to be redeemed or (2) the sum of the present values of the liquidation amount and the remaining scheduled dividend payments on the shares of the new Preference Stock to be redeemed to the Initial Redemption Date (for purposes of this calculation, the $25.00 per share liquidation amount of the new Preference Stock is deemed payable on the Initial Redemption Date and the remaining scheduled dividend payments are those dividend payments payable on or before the Initial Redemption Date (presuming full dividends are declared for each Dividend Payment Date for the period from the Dividend Payment Date immediately preceding the Redemption Date to the Initial Redemption Date) (excluding any accrued and unpaid dividends (whether or not declared) to the Redemption Date)) discounted (for purposes of determining present value) to the Redemption Date on a quarterly 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 25 basis points; or

(ii) if the Redemption Date is on or after the Initial Redemption Date, $25.00 per share of the new Preference Stock to be redeemed,

plus in each case, an amount equal to the amount of the accrued and unpaid dividends (whether or not declared) from the dividend payment date immediately preceding the Redemption Date to but excluding the Redemption Date, but without accumulation of unpaid dividends on the new Preference Stock for prior dividend periods.

The following defined terms used herein shall, unless the context otherwise requires, have the meanings specified below.

Business Day means a day other than (i) a Saturday or Sunday or (ii) a day on which banks in New York, New York are authorized or obligated by law or executive order to remain closed.

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 new Preference Stock to the Initial Redemption Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate securities of comparable maturity to the Initial Redemption Date.

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 United States Government securities dealer in New York City appointed by the Company.

Reference Treasury Dealer Quotation means, with respect to each 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).

Treasury Yield means, with respect to any Redemption Date, the rate per annum equal to the quarterly 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.

For any shares of new Preference Stock to be redeemed, dividends will cease to accrue and all rights of holders of such shares, except the right to receive the redemption price, will cease as of the redemption date.

No sinking fund will be provided for the purchase or redemption of the new Preference Stock.

It is the Company s intention to redeem or repurchase shares of the new Preference Stock only from proceeds from the receipt of capital contributions or the issuance of new capital offerings whose equity treatment at the time of such redemption or repurchase is equal to, or greater than, the shares of new Preference Stock being redeemed or repurchased, which proceeds are received within 180 days prior to the applicable redemption or repurchase date.

Liquidation Rights

Upon voluntary or involuntary liquidation of the Company, the holders of the new Preference Stock, without any preference over the holders of any other series of Preference Stock, out of the Company s assets available for distribution to the holders of the Preference Stock following the satisfaction of all claims ranking senior to the Preference Stock, including the claims of the holders of any outstanding shares of the Preferred Stock or the Class A Preferred Stock, shall be entitled to receive $25.00 per share, plus accrued and unpaid dividends (whether or not declared) for the then current quarterly dividend period, accrued to but excluding the date of such liquidation payment, but without accumulation of unpaid dividends on the new Preference Stock for any prior dividend periods, before any distribution of assets may be made to the holders of the Company s common stock. Available assets, if insufficient to pay the amounts payable on all outstanding series of Preference Stock, are to be distributed pro rata to the payment, first of the amount per share payable on each outstanding series of Preference Stock, second of accrued dividends, if any, with respect to each series of Preference Stock, and third of any premium.

Transfer Agent, Registrar and Paying Agent

Southern Company Services, Inc. will be the transfer agent, registrar and paying agent for the new Preference Stock.

Voting Rights

Except as hereinafter set forth or when some mandatory provision of law is controlling, the holders of the new Preference Stock will have no voting power.

The holders of the new Preference Stock are not entitled to vote generally in the election of directors. However, the Company s Board of Directors and the holders of a majority of the outstanding shares of the Company s common stock may amend the Company s Articles of Incorporation to provide that the holders of the new Preference Stock will be entitled to vote in the election of directors, with each outstanding share of the new Preference Stock to be entitled to one-tenth of a vote. Each outstanding share of the common stock is entitled to one vote in the election of directors, each outstanding share of the Preferred Stock is entitled to two-fifths of a vote in the election of directors, each outstanding share of the Class A Preferred Stock with a stated value of $25.00 is entitled to one-tenth of a vote in the election of directors and each outstanding share of Class A Preferred Stock with a stated value of $100,000 is entitled to 400 votes in the election of directors.

In the event that any six quarterly dividends (whether or not consecutive and whether or not earned and declared) have not been paid in full on the new Preference Stock, the holders of such new Preference Stock will have the right, voting together as a single class with holders of shares of any one or more other series of Preference Stock upon which like voting rights are then exercisable, to elect two members of the Board of Directors of the Company, and the size of the Company s Board of Directors will be increased accordingly to effect such election. The rights of such holders of new Preference Stock to elect (voting together as a single class with the holders of any one or more other series of

Preference Stock upon which like voting rights are then exercisable) two members of the Board of Directors of the Company will continue until such time as full dividends on such new Preference Stock have been paid or declared and set apart regularly for at least one year (i.e., four consecutive full quarterly dividend periods), at which time such right will terminate, subject to revesting in the event of a subsequent failure to pay dividends of the character described above. Upon termination of the right of the holders of shares of Preference Stock to vote together as a single class to elect two directors, the term of office of the two directors then in office elected by such holders voting as a single class will terminate immediately.

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In addition, the affirmative vote of at least a majority of the voting power of the outstanding shares of all series of Preference Stock will be required for:

- the increase of the authorized shares of Preferred Stock or Class A Preferred Stock or the authorization or creation of any other class of stock preferred as to dividends or assets over the Preference Stock; or

- any change of the rights and preferences of the then outstanding Preference Stock in any manner so as to affect adversely the holders thereof; provided, however, that if any change would affect adversely the holders of only one or more series of the Preference Stock, but not other series of the Preference Stock, only the vote of the holders of at least a majority of the voting power of the outstanding shares of the series so affected shall be required.

The Company may create and issue new series of Preference Stock, Preferred Stock or Class A Preferred Stock without the consent of the holders of the new Preference Stock.

Book-Entry Only Issuance The Depository Trust Company

The Depository Trust Company (DTC) will act as the initial securities depository for the new Preference Stock. The new Preference Stock will be issued only as fully registered securities registered in the name of Cede & Co., DTC s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global new Preference Stock certificates will be issued, representing in the aggregate the total stated amount of the new Preference Stock, and will be deposited with Southern Company Services, Inc. on behalf of DTC.

DTC, the world s largest depository, 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, Inc. Access to the 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). DTC has Standard & Poor s, a division of The McGraw Hill Companies, Inc., highest rating: AAA. 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.dtcc.org.

Purchases of new Preference Stock under the DTC system must be made by or through Direct Participants, which will receive a credit for the new Preference Stock on DTC s records. The ownership interest of each actual purchaser of new Preference Stock (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 are, however, 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 new Preference Stock. Transfers of ownership interests in the new Preference Stock 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 new Preference Stock, except in the event that use of the book-entry system for the new Preference Stock is discontinued.

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To facilitate subsequent transfers, the new Preference Stock deposited by Direct Participants with DTC is 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 the new Preference Stock with DTC and its 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 new Preference Stock. DTC s records reflect only the identity of the Direct Participants to whose accounts such new Preference Stock is 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 shares of new Preference Stock are being redeemed, DTC s practice is to determine by lot the number of shares of new Preference Stock of each Direct Participant to be redeemed.

Although voting with respect to the new Preference Stock 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 new Preference Stock. 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 the new Preference Stock is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the new Preference Stock 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 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 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 the global new Preference Stock will not be entitled to receive physical delivery of the new Preference Stock. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the new Preference Stock. 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 the global new Preference Stock.

DTC may discontinue providing its services as securities depository with respect to the new Preference Stock at any time by giving reasonable notice to the Company. Under such circumstances, in the event that a successor securities depositary is not obtained, new Preference Stock certificates will 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 depositary) with respect to the new Preference Stock. 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 new Preference Stock at the request of each Direct or Indirect Participant. In that event, certificates for the new Preference Stock will be printed and delivered to the applicable Direct and Indirect Participants.

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 the Company takes no responsibility for the accuracy thereof. The Company has no 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.

UNDERWRITING

Subject to the terms and conditions of an underwriting agreement (the Underwriting Agreement), the Company has agreed to sell to the underwriters (the Underwriters) and each of the Underwriters has severally agreed to purchase from the Company the number of shares of new Preference Stock set opposite its name below:

Name	Number of Shares of New Preference Stock
J.P. Morgan Securities Inc.	2,250,000
Lehman Brothers Inc.	2,250,000
Banc of America Securities LLC	1,500,000
Total	6,000,000

In the Underwriting Agreement, the Underwriters have severally agreed, subject to the terms and conditions set forth therein, to purchase all of the new Preference Stock offered hereby if any of the new Preference Stock is purchased.

The Underwriters propose initially to offer all or part of the new Preference Stock to the public at the public offering price set forth on the cover page of this Prospectus Supplement and may offer the new Preference Stock to certain securities dealers at such price less a concession not in excess of $0.250 per share of the new Preference Stock. The Underwriters may allow, and such dealers may reallow, a discount not in excess of $0.125 per share of the new Preference Stock to certain brokers and dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The new Preference Stock is a new issue of securities with no established trading market. The new Preference Stock will not be listed on any securities exchange or on any automated dealer quotation system. The Underwriters may make a market in the new Preference Stock 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 new Preference Stock or that an active public market for the new Preference Stock will develop. If an active public trading market for the new Preference Stock does not develop, the market price and liquidity of the new Preference Stock may be adversely affected.

The Company has agreed to indemnify the 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 new Preference Stock are estimated to be $250,000.

The Company has agreed, during the period of 15 days from the date of the Underwriting Agreement, not to sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Preference Stock of the Company, any security convertible into, exchangeable into or exercisable for the Preference Stock of the Company or any securities substantially similar to the new Preference Stock (except for the new Preference Stock issued pursuant to the Underwriting Agreement), without the prior written consent of J.P. Morgan Securities Inc. and Lehman Brothers Inc.

In order to facilitate the offering of the new Preference Stock, the Underwriters or their affiliates may engage in transactions that stabilize, maintain or otherwise affect the price of the new Preference Stock. Specifically, the Underwriters or their affiliates may over-allot in connection with this offering, creating short positions in the new Preference Stock for their own accounts. In addition, to cover over-allotments or to stabilize the price of the new Preference Stock, the Underwriters or their affiliates may bid for and purchase new Preference Stock in the open market. Finally, the Underwriters or their affiliates may reclaim selling concessions allowed to a dealer for distributing new Preference Stock in this offering, if the Underwriters or their affiliates repurchase previously distributed new Preference Stock in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the new Preference Stock above

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independent market levels. The Underwriters and their affiliates 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 new Preference Stock. In addition, neither the Company nor any Underwriter makes any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

It is expected that delivery of the new Preference Stock will be made, against payment for the new Preference Stock, on or about September 19, 2007, which will be the fifth business day following the date of pricing of the new Preference Stock. 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 new Preference Stock who wish to trade the new Preference Stock on the date of this Prospectus Supplement or the next succeeding business day will be required, because the new Preference Stock initially will settle within five business days (T+5), to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the new Preference Stock who wish to trade on the date of this Prospectus Supplement or the next succeeding business day should consult their own legal advisors.

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

EXPERTS

The financial statements and 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, 2006 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph referring to the Company s change in its method of accounting for the funded status of defined benefit pension and other postretirement plans), and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

$2,300,000,000

Alabama Power Company
First Mortgage Bonds
Class A Preferred Stock
Cumulative, Par Value $1 Per Share
Preference Stock
Depositary Preference Shares,
each representing a fraction of a share of Preference Stock
Senior Notes
Junior Subordinated Notes

Alabama Power Capital Trust VI
Alabama Power Capital Trust VII
Alabama Power Capital Trust VIII
Trust Preferred Securities
Fully and unconditionally guaranteed, as set forth herein, by
Alabama Power Company
a subsidiary of The Southern Company

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 these securities.

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 July 19, 2005

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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,

first mortgage bonds (the new Bonds)

class A preferred stock (the new Stock)