

Alabama Power Company
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J. Randy DeRieux
Assistant Treasurer and
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Finance and Planning



April 26, 1995

Mr. Jerome Saltzman
Chief, Antitrust and Indemnity Group
Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

Enclosed is the annual submission of Alabama Power Company with respect to the retrospective premium guarantee required under the Price-Anderson Act, as amended, applicable to its Joseph M. Farley Nuclear Plant. We have elected to satisfy this guarantee requirement by submitting annual certified financial statements and cash projections, showing that a cash flow can be generated and would be available for payment of retrospective premiums up to \$20,000,000 within three months after submission of the statement. In this connection, enclosed are the following:

1. 1995 Annual Report which includes financial statements for the calendar year 1995, together with the report on such statements by Arthur Andersen & Co., independent public accountants;
2. Unaudited Financial Statements for the quarter ended March 31, 1996;
3. Cash Flow Projections for the period January 1, 1996 through December 31, 1996, showing that cash flow of \$20,000,000 can be generated and would be available for payment of retrospective premiums within three months after submission of the statement.

Please acknowledge receipt of the enclosures by signing and returning the enclosed copy of this letter.

Very truly yours,

J. Randy DeRieux

JRD:lw
Enclosures

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ALABAMA POWER COMPANY

Internal Cash Flow for Joseph M. Farley Nuclear Power Station

(Thousands of Dollars)

	1995 Actual	1996 Projections
Net Income	\$ 387,963	\$ 395,542
Less Dividends Paid	312,069	328,750
Retained Earnings	75,894	66,792
Adjustments:		
Depreciation and Amortization	371,382	405,684
Deferred Income Taxes and Investment Tax Credits	32,627	23,550
Allowance for Equity Used During Construction	(1,649)	(1,366)
Total Adjustments	402,360	427,868
Internal Cash Flow	\$ 478,254	\$ 494,660
Average Quarterly Cash Flow	\$ 119,564	\$ 123,665
Percentage Ownership in all Operating Nuclear Units:		
Joseph M. Farley Units 1 and 2		100%
Maximum Total Contingent Liability		\$20,000

ALABAMA POWER COMPANY
STATEMENT OF INCOME
(Stated in Thousands of Dollars)

	3 MONTHS ENDED MARCH 31, 1996
OPERATING REVENUES:	
Revenues	<u>\$ 732,809</u>
OPERATING EXPENSES:	
Operation--	
Fuel	205,394
Purchased and interchange power, Net	24,813
Other	123,231
Maintenance	62,935
Depreciation and Amortization	79,898
Taxes other than income taxes	50,064
Federal and state income taxes	<u>44,422</u>
Total operating expenses	<u>590,757</u>
OPERATING INCOME	142,052
OTHER INCOME (EXPENSE):	
Allowance for equity funds used during construction	401
Income from subsidiary	1,101
Other, net	<u>1,550</u>
INCOME BEFORE INTEREST CHARGES	<u>145,104</u>
INTEREST CHARGES:	
Interest on long-term debt	43,927
Allowance for debt funds used during construction	(1,876)
Amortization of debt discount, premium and expenses, net	7,372
Other interest charges	<u>15,910</u>
Net interest charges	<u>65,333</u>
NET INCOME	79,771
DIVIDENDS ON PREFERRED STOCK	<u>6,612</u>
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	<u><u>\$ 73,159</u></u>

This statement reflects the usual accounting practices of the Company on the basis of interim figures and is subject to audit and end of year adjustments.

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ALABAMA POWER COMPANY
BALANCE SHEET
CONSOLIDATED WITH ALABAMA POWER CAPITAL TRUST I
(Stated in Thousands of Dollars)

ASSETS	At March 31, 1996	At March 31, 1995
UTILITY PLANT:		
Plant in service, at original cost.....	10,503,568	10,108,050
Less - Accumulated provision for depreciation and amortization.....	3,914,933	3,668,195
	6,588,635	6,439,855
Nuclear fuel, at amortized cost.....	80,346	94,193
Construction work in progress.....	383,298	374,882
	7,061,279	6,908,930
Less - Property-related accumulated deferred income taxes.....	0	0
	7,061,279	6,908,930
OTHER PROPERTY AND INVESTMENTS:		
Southern Electric Generating Company, at equity.....	26,273	26,985
Nuclear decommissioning trusts.....	111,918	71,535
Miscellaneous.....	19,302	18,166
	157,493	117,686
CURRENT ASSETS:		
Cash.....	4,191	9,334
Temporary cash investments.....	0	0
Investment securities.....	0	0
Receivables -		
Customer accounts receivable.....	322,596	275,152
Other accounts and notes receivable.....	18,835	17,089
Affiliated companies.....	89,831	25,443
Accumulated provision for uncollectible accounts.....	(949)	(2,853)
Refundable income taxes.....	2,625	17,003
Fossil fuel stock, at average cost.....	98,858	153,362
Materials and supplies, at average cost.....	170,892	178,215
Allowance inventory.....	1,712	0
Prepayments -		
Income taxes.....	0	10,999
Other.....	158,203	129,142
Vacation pay deferred.....	29,385	20,442
	877,159	833,548
Debt expense, being amortized.....	7,600	7,426
Debt redemption expense, being amortized.....	83,640	99,989
Nuclear decontamination and decommissioning fund.....	40,282	42,998
Regulatory assets.....	432,748	448,173
Miscellaneous.....	92,233	49,770
	656,503	648,354
TOTAL ASSETS.....	8,752,434	8,508,520
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock equity.....	2,887,808	2,807,782
Preferred stock.....	440,400	440,400
Company obligated mandatorily redeemable securities of Alabama Power Capital Trust I (see footnote).....	97,000	0
Long-term debt.....	2,372,817	2,395,363
	5,597,825	5,443,525
CURRENT LIABILITIES:		
Long-term debt due or to be redeemed within one year.....	913	80,823
Notes payable to banks.....	10,000	12,000
Commercial paper.....	426,030	288,051
Accounts payable -		
Affiliated companies.....	70,250	47,455
Other.....	109,553	124,778
Customer deposits.....	30,901	30,812
Taxes accrued -		
Federal and state income.....	51,747	36,507
Other.....	32,036	31,488
Interest accrued.....	46,077	49,711
Distributions accrued.....	1,351	0
Vacation pay accrued.....	29,385	20,442
Miscellaneous.....	66,551	55,796
	874,771	757,663
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred income taxes.....	1,199,816	1,177,911
Accumulated deferred investment tax credits.....	302,526	314,143
Prepaid capacity revenues, net.....	129,228	136,679
Deferred revenues from settlement of disputed contracts.....	0	0
Regulatory liabilities.....	380,140	402,034
Nuclear decontamination and decommissioning fund.....	36,620	39,413
Miscellaneous.....	231,508	237,152
	2,279,838	2,307,332
TOTAL CAPITALIZATION AND LIABILITIES.....	8,752,434	8,508,520

Corporate Accounting Department