

Gulf Power Company
Fin 48 Analysis
As of 12/31/2008

FIN 48 Activity -09/30/2008

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 261,436	\$ -	\$ 261,436	\$ 12,546
State	26,780	-	26,780	1,230
Total - 09/30/2008	<u>288,216</u>	<u>-</u>	<u>288,216</u>	<u>13,776</u>

FIN 48 Activity -12/31/2008

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 271,580	\$ -	\$ 271,580	\$ 15,115
State	22,116	-	22,116	1,619
Total - 12/31/2008	<u>293,696</u>	<u>-</u>	<u>293,696</u>	<u>16,734</u>
Difference - Federal	10,144	-	10,144	2,569
Difference - State	(4,664)	-	(4,664)	389
Total	<u>5,480</u>	<u>-</u>	<u>5,480</u>	<u>2,958</u>

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense – Federal	409-00481		-
FIN 48 Current Income Tax Expense – State	409-00482		-
FIN 48 Long-term Tax Liability - Federal	236-00483	-	-
FIN 48 Long-term Tax Liability - State	236-00484	-	-
Interest Expense- Federa	431-00481		-
Interest Expense- State	431-00482		-
FIN 48 Interest Payable - Federal	237-000483		-
FIN 48 Interest Payable - State	237-000484		-
<i>To Reverse Fin 48 UTP - Section 199 Deduction & Interest</i>			
FIN 48 Current Income Tax Expense – Federal	409-00481	10,144	
FIN 48 Current Income Tax Expense – State	409-00482	-	4,664
FIN 48 Long-term Tax Liability - Federal	236-00483		10,144
FIN 48 Long-term Tax Liability - State	236-00484	4,664	-
Interest Expense- Federa	431-00481	2,569	
Interest Expense- State	431-00482	389	
FIN 48 Interest Payable - Federal	237-000483		2,569
FIN 48 Interest Payable - State	237-000484		389
<i>To Record Current Period Fin 48</i>			
Totals		17,766	17,766

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008

Last Disclosure: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
Opening Balance						288,271	
<u>Additions for Current Year Tax Position</u>							
FED	58-0690070	2008/1 INC	199 Indirect	Tax	215,500	130,000	(29,925)
FED	58-0690070	2008/1 INC	R&D	Tax	-	40,173	40,173
FL	58-0690070	2008/1 INC	199 Indirect	Tax	215,500	130,000	(4,703)
Subtotal						5,546	
<u>Additions for Prior Years' Tax Position</u>							
FED	58-0690070	2006/1 INC	199 Indirect	Tax	38,156	40,286	746
FL	58-0690070	2006/1 INC	199 Indirect	Tax	38,156	40,286	117
Subtotal						863	
<u>Reductions for Prior Years' Tax Position</u>							
FED	58-0690070	2007/1 INC	199 Indirect	Tax	234,257	231,831	(849)
FL	58-0690070	2007/1 INC	199 Indirect	Tax	234,257	231,831	(133)
Subtotal						(983)	
<u>Settlements with Taxing Authority</u>							
No Activity							
<u>Reduction Due to Expired Statute of Limitations</u>							
No Activity							
Closing Balance						293,696	

Federal Permanent Adjustment	(85,796)
Federal Credit Adjustment	40,173
Federal Temporary Adjustment	-
State Permanent Adjustment	(85,796)
State Credit Adjustment	-
State Temporary Adjustment	-

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008

Last Disclosure: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
Opening Balance						288,271	
<u>Additions for Current Year Tax Position</u>							
FED	58-0690070	2008/12 INC	199 Indirect	Tax	215,500	130,000	(29,925)
FED	58-0690070	2008/12 INC	R&D	Tax	-	40,173	40,173
FL	58-0690070	2008/12 INC	199 Indirect	Tax	215,500	130,000	(4,703)
Subtotal						5,546	
<u>Additions for Prior Years' Tax Position</u>							
FED	58-0690070	2006/12 INC	199 Indirect	Tax	38,156	40,286	746
FL	58-0690070	2006/12 INC	199 Indirect	Tax	38,156	40,286	117
Subtotal						863	
<u>Reductions for Prior Years' Tax Position</u>							
FED	58-0690070	2007/12 INC	199 Indirect	Tax	234,257	231,831	(849)
FL	58-0690070	2007/12 INC	199 Indirect	Tax	234,257	231,831	(133)
Subtotal						(983)	
<u>Settlements with Taxing Authority</u>							
No Activity							
<u>Reduction Due to Expired Statute of Limitations</u>							
No Activity							
Closing Balance						293,696	

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008

Last Disclosure: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

Entity: Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
Portion of Contingent Tax Position that Would Impact the Effective Tax Rate							
FED	58-0690070	2005/12	R&D	Tax	10,114	10,114	10,114
FED	58-0690070	2006/12	199 Indirect	Tax	38,156	40,286	14,100
FED	58-0690070	2006/12	R&D	Tax	40,696	40,696	40,696
FED	58-0690070	2007/12	199 Indirect	Tax	234,257	231,831	81,141
FED	58-0690070	2007/12	R&D	Tax	39,830	39,830	39,830
FED	58-0690070	2007/12	R&D	Tax	26	26	26
FED	58-0690070	2008/12	199 Indirect	Tax	215,500	130,000	45,500
FED	58-0690070	2008/12	R&D	Tax	-	40,173	40,173
FL	58-0690070	2006/12	199 Indirect	Tax	38,156	40,286	2,216
FL	58-0690070	2007/12	199 Indirect	Tax	234,257	231,831	12,751
FL	58-0690070	2008/12	199 Indirect	Tax	215,500	130,000	7,150
Sub Total							293,696

Portion of Contingent Tax Position that Would NOT Impact the Effective Tax Rate

No Activity

Provision Tax & Penalty Audit Report by Entity (Gross) - The Southern Company

Current Provision: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008

Last Provision: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

GUL : Gulf Power Company

Federal

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance										
					0	261,436	0	12,047	0	273,483
<i>Contingent Tax</i>										
<u>ST LIB CON YES PER</u>										
58-0690070	2006/12 INC	Change Value	38,156	40,286	-	746	-	324	-	1,070
58-0690070	2007/12 INC	Change Value	234,257	231,831	-	(849)	-	1,245	-	396
58-0690070	2008/12 INC	Change Value	215,500	130,000	-	(29,925)	-	-	-	(29,925)
<u>LI LIB CON YES PER</u>										
58-0690070	2008/12 INC	New Item	-	40,173	-	40,173	-	-	-	40,173
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	1,499	-	1,499
Sub Total					0	10,144	0	3,068	0	13,212
Closing Balance					0	271,580	0	15,115	0	286,695

Provision Tax & Penalty Audit Report by Entity (Gross) - The Southern Company

Current Provision: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008

Last Provision: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

GUL : Gulf Power Company

US States

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance										
					0	26,835	0	1,192	0	28,027
<i>Contingent Tax</i>										
ST LIB CON YES PER										
58-0690070 2006/12 INC	199 Indirect	Change Value	38,156	40,286	-	117	-	83	-	200
58-0690070 2007/12 INC	199 Indirect	Change Value	234,257	231,831	-	(133)	-	344	-	211
58-0690070 2008/12 INC	199 Indirect	Change Value	215,500	130,000	-	(4,703)	-	-	-	(4,703)
Sub Total										
					0	(4,719)	0	427	0	(4,292)
Closing Balance										
					0	22,116	0	1,619	0	23,736

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2008_Fin_48_12-31-2008.F48 - Reserve Date: 12/31/2008
Last Disclosure: 2008_Fin_48_9-30-2008.F48 - Reserve Date: 09/30/2008

GUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	288,271
Additions for Current Year Tax Position	5,546
Additions for Prior Years' Tax Position	863
Reductions for Prior Years' Tax Position	(983)
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>293,696</u></u>

Part-II Impact on Effective Tax Rate

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	293,696
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u><u>293,696</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	13,240	-
Changes During Reporting Period	3,495	-
Closing Balance	<u><u>16,735</u></u>	-

Part IV Currently Open for Examination

<u>Jurisdiction</u>	<u>Tax Type</u>	<u>Period</u>
Federal	Income	2005/12
Federal	Income	2006/12
Federal	Income	2007/12
Federal	Income	2008/12
Florida	Income	2005/12
Florida	Income	2006/12
Florida	Income	2007/12
Florida	Income	2008/12

GULF POWER COMPANY
 FN-48
 Income Tax Reserve
 PDS 00/1509

	December Entry to be made Jan. 30, 2009 (1/30/09)	2008		2008		2008		2008		2008		2007		
		Dec. 31, 2008	Dec. 31, 2008	Nov. 30, 2008	Sept. 30, 2008	Jan. 31, 2008	June 30, 2008	Mar. 31, 2008	March 31, 2007	Dec. 31, 2007	Dec. 31, 2007	Dec. 31, 2007		
FERCSUB														
23600481	FN-48 TAXES ACCRUED - FEDERAL/CURRENT	64,858.10	(271,238.10)	(271,238.10)										
23600482	FN-48 TAXES ACCRUED - STATE/CURRENT	132.17	132.17											
23600483	FN-48 TAXES ACCRUED - FEDERAL/Long Term	(2,216.00)	261,883.70	261,883.70										
23600484	FN-48 TAXES ACCRUED - STATE/Long Term	(206,670.00)	(1,764.49)	(1,764.49)										
	Subtotal Income Tax Liabilities	(19,900.63)	(2,216.63)	(2,216.63)										
	Subtotal Interest	(393,512.56)	(7,112.94)	(280,532.56)										
	*** (the entry to move state tax liability to current did not work. It is included and will be made in January 09.)													
23700481	FN-48 INTEREST ACCRUED - FEDERAL/CURRENT	19,467.00	(15,115.00)	(15,115.00)										
23700482	FN-48 INTEREST ACCRUED - STATE/CURRENT	1,352.00	(1,619.00)	(1,619.00)										
23700483	FN-48 INTEREST ACCRUED - FEDERAL/Long Term	(5,648.00)	12,546.00	12,546.00										
23700484	FN-48 INTEREST ACCRUED - STATE/Long Term	(1,152.00)	(1,152.00)											
	Subtotal Interest	(16,734.00)	(16,734.00)	(16,734.00)										
	Total Balance Sheet	(310,246.56)	(10,070.94)	(310,246.56)										
40900481	FN-48 INCOME TAX EXPENSE - FEDERAL	(507,530.90)	10,144.40	(517,675.30)										
41100483	FN-48 Federal Offset	71,772.12	1,632.32	70,139.80										
40900482	FN-48 INCOME TAX EXPENSE - STATE	(86,063.67)	(4,663.78)	(90,727.45)										
40900484	FN-48 Federal Offset													
43100481	FN-48 INTEREST EXPENSE - FEDERAL	(33,194.00)	(31,194.00)	(64,388.00)										
43100482	FN-48 INTEREST EXPENSE - STATE	(7,811.00)	(7,811.00)	(15,622.00)										
Total	Total Income Statement	(604,477.26)	(10,070.94)	(614,548.22)										