

Gulf Power Company
Fin 48 Analysis
As of 06/30/2008

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
FIN 48 Activity -03/31/2008				
Federal	\$ 1,448,829	\$ -	\$ 1,448,829	\$ 75,578
State	213,430	-	213,430	15,621
Total -03/31/2008	1,662,259	-	1,662,259	91,199

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
FIN 48 Activity -06/30/2008				
Federal	\$ 1,536,329	\$ -	\$ 1,536,329	\$ 96,515
State	227,180	-	227,180	21,373
Total - 06/30/2008	1,763,509	-	1,763,509	117,888
Difference - Federal	87,500	-	87,500	20,937
Difference - State	13,750	-	13,750	5,752
Total	101,250	-	101,250	26,689

Entries:	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense - Fec	409-00481	87,500	
FIN 48 Current Income Tax Expense - Sta	409-00482	13,750	
FIN 48 Long-term Tax Liability - Federal	236-00483		87,500
FIN 48 Long-term Tax Liability - State	236-00484		13,750
Interest Expense- Federal	431-00481	20,937	
Interest Expense- State	431-00482	5,752	
FIN 48 Interest Payable - Federal	237-000483		20,937
FIN 48 Interest Payable - State	237-000484	-	5,752
Totals		127,939	127,939

Offset entries:

The federal and state offset entries that are normally recorded for the permanent items should be booked to the following acc

Federal Offset ETR ADIT (FIN 48) (DEFE	190-00483
State Offset ETR ADIT (FIN 48) (DEFERR	190-00484
FIN 48 Current Income Tax Expense - Fec	409-00481
FIN 48 Current Income Tax Expense - Sta	409-00482

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 6-30-2008.F48 - Reserve Date: 06/30/2008

Last Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

UL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax		
Opening Balance						1,662,258		
<u>Additions for Current Year Tax Position</u>								
FED	58-0690070	2008/1	INC	199 Ded.	Tax	375,000	625,000 ✓	87,500 ✓
FL	58-0690070	2008/1	INC	199 Ded.	Tax	375,000	625,000	13,750 ✓
Subtotal						101,250		
<u>Additions for Prior Years' Tax Position</u>								
No Activity								
<u>Reductions for Prior Years' Tax Position</u>								
No Activity								
<u>Settlements with Taxing Authority</u>								
No Activity								
<u>Reduction Due to Expired Statute of Limitations</u>								
No Activity								
Closing Balance						1,763,508		

Federal Permanent Adjustment	250,000
Federal Credit Adjustment	-
Federal Temporary Adjustment	-
State Permanent Adjustment	250,000
State Credit Adjustment	-
State Temporary Adjustment	-

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 6-30-2008.F48 - Reserve Date: 06/30/2008

Last Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
Opening Balance						1,662,258	
<u>Additions for Current Year Tax Position</u>							
FED	58-0690070	2008/12 INC	199 Ded.	Tax	375,000	625,000	87,500
FL	58-0690070	2008/12 INC	199 Ded.	Tax	375,000	625,000	13,750
Subtotal						101,250	
<u>Additions for Prior Years' Tax Position</u>							
No Activity							
<u>Reductions for Prior Years' Tax Position</u>							
No Activity							
<u>Settlements with Taxing Authority</u>							
No Activity							
<u>Reduction Due to Expired Statute of Limitations</u>							
No Activity							
Closing Balance						1,763,508	

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

Current Provision: 2008 Fin 48 6-30-2008.F48 - Reserve Date: 06/30/2008

Last Provision: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

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	1,448,829	0	75,578	0	1,524,407
<i>Contingent Tax</i>										
LILIB CON YES PER										
58-0690070 2008/12 INC	199 Dec.	Change Value	375,000	625,000	-	87,500	-	-	-	87,500
Other Interest Charges	Various	Rollforward/Allocation			-	-	-	20,937	-	20,937
Sub Total										
Closing Balance					0	87,500	0	20,937	0	108,437
					0	1,536,329	0	96,515	0	1,632,844

US States

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance					0	213,430	0	15,621	0	229,050
<i>Contingent Tax</i>										
LILIB CON YES PER										
58-0690070 2008/12 INC	199 Dec.	Change Value	375,000	625,000	-	13,750	-	-	-	13,750
Other Interest Charges	Various	Rollforward/Allocation			-	-	-	5,753	-	5,753
Sub Total										
Closing Balance					0	13,750	0	5,753	0	19,503
					0	227,180	0	21,373	0	248,553

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 6-30-2008.F48 - Reserve Date: 06/30/2008

Last Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
<u>Portion of Contingent Tax Position that Would Impact the Effective Tax Rate</u>							
FED	58-0690070	2005/12	199 Ded.	Tax	621,003	621,003	217,351
FED	58-0690070	2005/12	199 Ded.	Tax	155,251	155,251	54,338
FED	58-0690070	2005/12	R&D	Tax	10,114	10,114	10,114
FED	58-0690070	2006/12	199 Ded.	Tax	(109,343)	(109,343)	(38,270)
FED	58-0690070	2006/12	199 Ded.	Tax	240,000	240,000	84,000
FED	58-0690070	2006/12	199 Ded.	Tax	597,628	597,628	209,170
FED	58-0690070	2006/12	R&D	Tax	40,696	40,696	40,696
FED	58-0690070	2007/12	199 Ded.	Tax	120,000	120,000	42,000
FED	58-0690070	2007/12	199 Ded.	Tax	120,000	120,000	42,000
FED	58-0690070	2007/12	199 Ded.	Tax	555,000	555,000	194,250
FED	58-0690070	2007/12	199 Ded.	Tax	265,000	265,000	92,750
FED	58-0690070	2007/12	199 Ded.	Tax	941,000	941,000	329,350
FED	58-0690070	2007/12	R&D	Tax	39,830	39,830	39,830
FED	58-0690070	2008/12	199 Ded.	Tax	375,000	625,000	218,750
FL	58-0690070	2005/12	199 Ded.	Tax	621,003	621,003	34,155
FL	58-0690070	2005/12	199 Ded.	Tax	155,251	155,251	8,539
FL	58-0690070	2006/12	199 Ded.	Tax	(109,343)	(109,343)	(6,014)
FL	58-0690070	2006/12	199 Ded.	Tax	240,000	240,000	13,200
FL	58-0690070	2006/12	199 Ded.	Tax	597,628	597,628	32,870
FL	58-0690070	2007/12	199 Ded.	Tax	120,000	120,000	6,600
FL	58-0690070	2007/12	199 Ded.	Tax	120,000	120,000	6,600
FL	58-0690070	2007/12	199 Ded.	Tax	555,000	555,000	30,525
FL	58-0690070	2007/12	199 Ded.	Tax	265,000	265,000	14,575
FL	58-0690070	2007/12	199 Ded.	Tax	941,000	941,000	51,755
FL	58-0690070	2008/12	199 Ded.	Tax	375,000	625,000	34,375
Sub Total							1,763,508

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

No Activity

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2008 Fin 48 6-30-2008.F48 - Reserve Date: 06/30/2008
Last Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

JUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	1,662,258
Additions for Current Year Tax Position	101,250
Additions for Prior Years' Tax Position	-
Reductions for Prior Years' Tax Position	-
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u>1,763,508</u>

Part-II Impact on Effective Tax Rate

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	1,763,508
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u>1,763,508</u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	91,199	-
Changes During Reporting Period	26,690	-
Closing Balance	<u>117,888</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