

**Gulf Power Company**  
**Fin 48 Analysis**  
**As of 12/31/2009**

**FIN 48 Activity -09/30/09**

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 688,920	\$ -	\$ 688,920	\$ 35,008
Total -09/30/09	<u>228,378</u>	<u>-</u>	<u>228,378</u>	<u>21,431</u>
	917,298	-	917,298	56,439

**FIN 48 Activity -12/31/2009**

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 1,279,908	\$ -	\$ 1,279,908	\$ 66,461
Total -12/31/09	<u>359,181</u>	<u>-</u>	<u>359,181</u>	<u>23,127</u>
	1,639,089	-	1,639,089	89,588
Difference - Federal				
Difference - State	590,988	-	590,988	31,453
Total	<u>130,803</u>	<u>-</u>	<u>130,803</u>	<u>1,696</u>
	721,791	-	721,791	33,149

**Entries at Statutory Rates**

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense – Federal	409-00481	590,988	
FIN 48 Current Income Tax Expense – State	409-00482	130,803	
FIN 48 Long-term Tax Liability - Federal	236-00483	-	590,988
FIN 48 Long-term Tax Liability - State	236-00484	-	130,803
Interest Expense- Federa	431-00481	31,453	
Interest Expense- State	431-00482	-	(1,696)
FIN 48 Interest Payable - Federal	237-000483	-	31,453
FIN 48 Interest Payable - State	237-000484	(1,696)	-
To Record Current Period Fin 48			
Totals		751,548	751,548

**Disclosure Tax Audit Report by Entity - The Southern Company**  
 Current Disclosure: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009  
 Last Disclosure: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

Revised

**GUL : Gulf Power Company**

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
<b>Opening Balance</b>						<b>917,288</b>
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2009/1	INC 199 Indirect	Tax	540,000	690,000	52,500
FED	58-0690070 2009/1	INC R&D	Tax	27,117	44,826	17,709
FL	58-0690070 2009/1	INC 199 Indirect	Tax	540,000	690,000	8,250
GA	58-0690070 2009/1	INC Mfg ITC - GULF	Tax	-	130,927	130,927
<b>Subtotal</b>						<b>209,386</b>
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070 2007/1	INC 199 Indirect	Tax	463,662	1,517,412	368,813
FED	58-0690070 2008/1	INC 199 Indirect	Tax	425,830	1,085,763	230,977
FL	58-0690070 2007/1	INC 199 Indirect	Tax	463,662	1,517,412	57,956
FL	58-0690070 2008/1	INC 199 Indirect	Tax	425,830	1,085,763	36,296
GA	58-0690070 2008/1	INC Mfg ITC - GULF	Tax	-	47,129	47,129
<b>Subtotal</b>						<b>741,171</b>
<u>Reductions for Prior Years' Tax Position</u>						
GA	58-0690070 2007/1	INC Mfg ITC - GULF	Tax	47,129	-	(47,129)
GA	58-0690070 2008/1	INC Mfg ITC - GULF	Tax	98,195	-	(98,195)
<b>Subtotal</b>						<b>(145,324)</b>
<u>Settlements with Taxing Authority</u>						
FED	58-0690070 2005/1	INC R&D	Tax	10,114	10,114	(10,114)
FED	58-0690070 2006/1	INC 199 Indirect	Tax	80,572	80,572	(28,200) ✓
FED	58-0690070 2006/1	INC R&D	Tax	40,696	40,696	(40,696)
FL	58-0690070 2006/1	INC 199 Indirect	Tax	80,572	80,572	(4,431) ✓
<b>Subtotal</b>						<b>(83,442)</b>
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
<b>Closing Balance</b>						<b>1,639,089</b>
<b>Federal Permanent Adjustment</b>				<b>1,783,111</b>	Fed	590,988
<b>Federal Credit Adjustment</b>				<b>(33,101)</b>	State	98,071
<b>Federal Temporary Adjustment</b>					Ga	32,732
<b>State Permanent Adjustment</b>				<b>1,783,111</b>	Total	721,791
<b>State Credit Adjustment</b>				<b>32,732</b>		
<b>State Temporary Adjustment</b>						

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# Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009

Last Disclosure: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

## GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
<b>Opening Balance</b>						<b>917,298</b>
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070	2009/12 INC	199 Indirect	Tax	540,000 ✓	690,000 ✓
FED	58-0690070	2009/12 INC	R&D	Tax	27,117 ✓	44,826 ✓
FL	58-0690070	2009/12 INC	199 Indirect	Tax	540,000 ✓	690,000 ✓
GA	58-0690070	2009/12 INC	Mfg ITC - GULF	Tax		130,927 ✓
<b>Subtotal</b>						<b>130,927</b>
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070	2007/12 INC	199 Indirect	Tax	463,662 ✓	1,517,412 ✓
FED	58-0690070	2008/12 INC	199 Indirect	Tax	425,830 ✓	1,085,763 ✓
FL	58-0690070	2007/12 INC	199 Indirect	Tax	463,662 ✓	1,517,412 ✓
FL	58-0690070	2008/12 INC	199 Indirect	Tax	425,830 ✓	1,085,763 ✓
GA	58-0690070	2008/12 INC	Mfg ITC - GULF	Tax		47,129 ✓
<b>Subtotal</b>						<b>47,129</b>
<u>Reductions for Prior Years' Tax Position</u>						
GA	58-0690070	2007/12 INC	Mfg ITC - GULF	Tax	47,129 ✓	
GA	58-0690070	2008/12 INC	Mfg ITC - GULF	Tax	98,195 ✓	(47,129)
<b>Subtotal</b>						<b>(98,195)</b>
<u>Settlements with Taxing Authority</u>						
FED	58-0690070	2005/12 INC	R&D	Tax	10,114 ✓	10,114 ✓
FED	58-0690070	2006/12 INC	199 Indirect	Tax	80,572 ✓	80,572 ✓
FED	58-0690070	2006/12 INC	R&D	Tax	40,696 ✓	40,696 ✓
FL	58-0690070	2006/12 INC	199 Indirect	Tax	80,572 ✓	80,572 ✓
<b>Subtotal</b>						<b>(4,431)</b>
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
<b>Closing Balance</b>						<b>1,639,089</b>

# Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009

Last Disclosure: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

**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	2007/12	199 Indirect	Tax	463,662	1,517,412	531,094 ✓
FED	58-0690070	2007/12	R&D	Tax	26	26	26
FED	58-0690070	2007/12	R&D	Tax	39,830	39,830	39,830
FED	58-0690070	2008/12	199 Indirect	Tax	425,830	1,085,763	380,017 ✓
FED	58-0690070	2008/12	R&D	Tax	42,615	42,615	42,615
FED	58-0690070	2009/12	199 Indirect	Tax	540,000	690,000	241,500 ✓
FED	58-0690070	2009/12	R&D	Tax	27,117	44,826	44,826
FL	58-0690070	2007/12	199 Indirect	Tax	463,662	1,517,412	83,458 ✓
FL	58-0690070	2008/12	199 Indirect	Tax	425,830	1,085,763	59,717 ✓
FL	58-0690070	2009/12	199 Indirect	Tax	540,000	690,000	37,950 ✓
GA	58-0690070	2008/12	Mfg ITC - GULF	Tax	-	47,129	47,129
GA	58-0690070	2009/12	Mfg ITC - GULF	Tax	-	130,927	130,927
<b>Sub Total</b>							<b>1,639,089</b>

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

No Activity

# Provision Report by Entity (Gross) - The Southern Company

Current Provision: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009

Last Provision: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

## GUL : Gulf Power Company

### Federal

Class	Bal Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
<b>Opening Balance</b>					0	688,920	0	35,008	0
<i>Contingent Tax</i>									
ST	LIB	CON	YES	PER	-	(79,010)	-	(14,297)	-
LT	LIB	CON	YES	PER	-	669,998	-	45,751	-
<b>Sub Total</b>					<b>0</b>	<b>590,988</b>	<b>0</b>	<b>31,453</b>	<b>0</b>
<b>Closing Balance</b>					<b>0</b>	<b>1,279,908</b>	<b>0</b>	<b>66,461</b>	<b>0</b>

### US States

Class	Bal Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
<b>Opening Balance</b>					0	228,378	0	21,431	0
<i>Contingent Tax</i>									
ST	LIB	CON	YES	PER	-	(4,431)	-	(1,221)	-
LT	LIB	CON	YES	PER	-	135,235	-	(1,014)	3,930
<b>Sub Total</b>					<b>0</b>	<b>130,803</b>	<b>0</b>	<b>(2,235)</b>	<b>3,930</b>
<b>Closing Balance</b>					<b>0</b>	<b>359,181</b>	<b>0</b>	<b>19,197</b>	<b>3,930</b>

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

Current Provision: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009  
 Last Provision: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

**GUL : Gulf Power Company**

**Federal**

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
<b>Contingent Tax</b>										
<u>SI LIB CON YES PER</u>										
FED 58-0690070 2005/12 INC	R&D	Settled 12/31/2009	10,114	10,114	-	(10,114)	-	(2,656)	-	(12,770)
FED 58-0690070 2006/12 INC	199 Indirect	Settled 12/31/2009	80,572	80,572	-	(28,200)	-	(4,765)	-	(32,965)
FED 58-0690070 2006/12 INC	R&D	Settled 12/31/2009	40,696	40,696	-	(40,696)	-	(6,876)	-	(47,572)
<u>LI LIB CON YES PER</u>										
FED 58-0690070 2007/12 INC	199 Indirect	Change Value	463,662	1,517,412	-	368,613	-	35,740	-	404,552
FED 58-0690070 2008/12 INC	199 Indirect	Change Value	425,830	1,085,763	-	230,977	-	9,133	-	240,109
FED 58-0690070 2009/12 INC	199 Indirect	Change Value	540,000	690,000	-	52,500	-	-	-	52,500
FED 58-0690070 2009/12 INC	R&D	Change Value	27,117	44,826	-	17,709	-	-	-	17,709
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	878	-	878
<b>Sub Total</b>										
					0	590,968	0	31,453	0	622,441
<b>Closing Balance</b>					0	1,278,908	0	66,461	0	1,346,369

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

Current Provision: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009  
 Last Provision: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009

**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
<b>Contingent Tax</b>										
<u>SI LIB CON YES PER</u>										
FL 58-0690070 2006/12 INC	198 Indirect	Settled 12/31/2009	80,572	80,572	0	228,378	0	21,431	0	249,809
<u>LI LIB CON YES PER</u>										
FL 58-0690070 2007/12 INC	198 Indirect	Change Value	463,662	1,517,412	-	57,956	-	6,747	3,930	68,633
FL 58-0690070 2008/12 INC	198 Indirect	Change Value	425,830	1,085,763	-	36,296	-	2,894	-	39,190
FL 58-0690070 2009/12 INC	199 Indirect	Change Value	540,000	690,000	-	8,250	-	-	-	8,250
GA 58-0690070 2007/12 INC	Mfg ITC - GULF	Removed	47,129	-	-	(47,129)	-	(6,739)	-	(55,868)
GA 58-0690070 2008/12 INC	Mfg ITC - GULF	New Item	-	47,129	-	47,129	-	4,509	-	51,638
GA 58-0690070 2008/12 INC	Mfg ITC - GULF	Removed	98,185	-	-	(98,185)	-	(6,424)	-	(104,619)
GA 58-0690070 2009/12 INC	Mfg ITC - GULF	New Item	-	130,927	-	130,927	-	-	-	130,927
<b>Sub Total</b>										
			0	130,803	0	(2,235)	0	3,930	132,498	
<b>Closing Balance</b>			0	399,181	0	19,197	0	3,930	382,307	

**Disclosure Report by Entity - The Southern Company**  
**Current Disclosure: 2009 Fin 48 12-31-2009.F48 - Reserve Date: 12/31/2009**  
**Last Disclosure: 2009 Fin 48 9-30-2009 (GPC Revised).F48 - Reserve Date: 09/30/2009**

**GUL : Gulf Power Company**

**Part-I Reconciliation of Unrecognized Tax Benefits**

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	917,298
Additions for Current Year Tax Position	209,386
Additions for Prior Years' Tax Position	741,171
Reductions for Prior Years' Tax Position	(145,324)
Settlements with Taxing Authority	(83,442)
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>1,639,089</u></u>

**Part-II Impact on Effective Tax Rate**

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	1,639,089
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u><u>1,639,089</u></u>

**Part-III Interest and Penalties**

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	56,439	-
Changes During Reporting Period	33,148	-
Closing Balance	<u><u>89,588</u></u>	-

**Part IV Currently Open for Examination**

<u>Jurisdiction</u>	<u>Tax Type</u>	<u>Period</u>
Federal	Income	2006/12
Federal	Income	2007/12
Federal	Income	2008/12
Federal	Income	2009/12
Florida	Income	2006/12
Florida	Income	2007/12
Florida	Income	2008/12
Florida	Income	2009/12
Georgia	Income	2008/12
Georgia	Income	2009/12



GULF POWER COMPANY  
 FIN 48  
 SAJ 01/06/2010  
 Income Tax Reserve

	Current Activity input from PowerPlan Rpt 51040												Prdema Dec End Bal (10,000)	
	Dec-09 End Bal	Dec-2009 JV2034	Jan-09 End Bal	Jan-2009 JV2034	Feb-09 End Bal	Feb-2009 JV2034	Mar-09 End Bal	Mar-2009 JV2034	Apr-09 End Bal	Apr-2009 JV2034	May-09 End Bal	May-2009 JV2034		
PERCSUB	10,079,443	10,079,443	8,577,011	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
FIN 48 TAXES ACCRUED - STATE/CURRENT OFFSET	10,079,443	1,852,633	8,225,34	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
FIN 48 TAXES ACCRUED - FEDERAL/ACCRUED - STATE/CURRENT OFFSET	10,079,443	1,852,633	8,225,34	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
FIN 48 TAXES ACCRUED - FEDERAL/ACCRUED - STATE/CURRENT ***	10,079,443	1,852,633	8,225,34	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
FIN 48 TAXES ACCRUED - FEDERAL/Long Term ***	10,079,443	1,852,633	8,225,34	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
FIN 48 TAXES ACCRUED - STATE/Long Term ****	10,079,443	1,852,633	8,225,34	40,610,644	6,755,101	131,177	6,100,511	36,791,192	35,388,800	1,203,112	1,203,112	1,203,112	1,203,112	(10,000)
Subtotal Income Tax Liability	(1,568,431.70)	(789,130.59)	(809,201.11)	(106,720.90)	(752,980.21)	(1,860,225.79)	(86,093.48)	(380,354.42)	(58,093.48)	(326,600.94)	(33,148.38)	(33,148.38)	(33,148.38)	(293,312.56)
*** (doc entry to move state liability to current did not work. It is updated and will be made in January 09)														
23700481 FIN 48 INTEREST ACCRUED - FEDERAL/ACCRUED	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)
23700482 FIN 48 INTEREST ACCRUED - STATE/ACCRUED	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)	(467.00)
23700483 FIN 48 INTEREST ACCRUED - STATE/Long Term	(56,994.00)	(1,453.00)	(5,834.00)	(5,834.00)	(5,834.00)	(11,377.00)	(8,330.00)	(8,330.00)	(8,330.00)	(8,330.00)	(8,330.00)	(8,330.00)	(8,330.00)	(8,330.00)
23700484 FIN 48 INTEREST ACCRUED - STATE/Long Term	(22,660.00)	(1,696.00)	(20,964.00)	(20,964.00)	(20,964.00)	(14,101.00)	(1,513.00)	(1,513.00)	(1,513.00)	(1,513.00)	(1,513.00)	(1,513.00)	(1,513.00)	(1,513.00)
Subtotal Interest	(89,588.00)	(33,149.00)	(56,430.00)	(56,430.00)	(56,430.00)	(33,722.00)	(19,771.00)	(19,771.00)	(19,771.00)	(19,771.00)	(19,771.00)	(19,771.00)	(19,771.00)	(19,771.00)
Total Balance Sheet	(1,658,419.70)	(742,279.59)	(916,140.11)	(119,417.90)	(796,722.21)	(384,190.79)	(412,331.42)	(346,431.94)	(66,093.48)	(346,431.94)	(33,148.38)	(33,148.38)	(33,148.38)	(310,346.56)
40900481 FIN 48 INCOME TAX EXPENSE - FEDERAL	1,008,328.45	590,988.00	417,340.45	80,021.50	337,318.95	306,404.95	30,914.00	30,914.00	30,914.00	30,914.00	30,914.00	30,914.00	30,914.00	(507,530.90)
41100483 FIN 48 Federal Offset	(59,965.43)	(10,807.78)	(49,187.65)	(8,777.01)	(40,610.64)	(3,818.72)	(3,818.72)	(3,818.72)	(3,818.72)	(3,818.72)	(3,818.72)	(3,818.72)	(3,818.72)	71,772.12
41100484 FIN 48 State Offset	(10,079,443)	(1,852,633)	(8,225,34)	(1,470,24)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(6,755,10)	(41,649.83)
40900482 FIN 48 INCOME TAX EXPENSE - STATE	337,084.09	130,803.00	206,261.09	36,746.65	169,514.44	169,514.44	107,782.79	107,782.79	107,782.79	107,782.79	107,782.79	107,782.79	107,782.79	(86,063.67)
41100481 FIN 48 INTEREST EXPENSE - FEDERAL	51,346.00	31,453.00	19,893.00	5,834.00	14,059.00	11,377.00	2,682.00	2,682.00	2,682.00	2,682.00	2,682.00	2,682.00	2,682.00	(33,044.00)
41100482 FIN 48 INTEREST EXPENSE - STATE	21,508.00	1,696.00	19,812.00	6,863.00	12,949.00	12,949.00	801.00	801.00	801.00	801.00	801.00	801.00	801.00	(2,811.00)
Total Income Statement	1,448,131.14	742,279.59	605,893.53	119,417.90	486,473.65	384,190.79	107,284.86	107,284.86	66,093.48	36,191.38	36,191.38	36,191.38	36,191.38	(644,477.26)