

**Gulf Power Company
Fin 48 Analysis
As of 06/30/2009**

FIN 48 Activity -03/31/2009

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 302,494	\$ -	\$ 302,494	\$ 17,797
State	25,554	-	25,554	1,980
Total - 03/31/2009	<u>328,048</u>	<u>-</u>	<u>328,048</u>	<u>19,777</u>

FIN 48 Activity -06/30/2009

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 608,899	\$ -	\$ 608,899	\$ 29,174
State	184,876	-	184,876	14,568
Total -06/30/2009	<u>793,775</u>	<u>-</u>	<u>793,775</u>	<u>43,742</u>
Difference - Federal	306,405	-	306,405	11,377
Difference - State	159,322	-	159,322	12,588
Total	<u>465,727</u>	<u>-</u>	<u>465,727</u>	<u>23,965</u>

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense – Federal	409-00481	306,405	
FIN 48 Current Income Tax Expense – State	409-00482	159,322	
FIN 48 Long-term Tax Liability - Federal	236-00483		306,405
FIN 48 Long-term Tax Liability - State	236-00484		159,322
Interest Expense- Federa	431-00481	11,377	
Interest Expense- State	431-00482	12,588	
FIN 48 Interest Payable - Federal	237-000483		11,377
FIN 48 Interest Payable - State	237-000484		12,588
To Record Current Period Fin 48			
Totals		489,692	489,692

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009

Last Disclosure: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

Entity: Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax		
Opening Balance						328,048		
<u>Additions for Current Year Tax Position</u>								
FED	58-0690070	2009/1	INC	199 Indirect	Tax	62,500	510,000	156,625
FED	58-0690070	2009/1	INC	R&D	Tax	9,039	18,078	9,039
FL	58-0690070	2009/1	INC	199 Indirect	Tax	62,500	510,000	24,613
Subtotal								190,277
<u>Additions for Prior Years' Tax Position</u>								
FED	58-0690070	2006/1	INC	199 Indirect	Tax	40,286	80,572	14,100
FED	58-0690070	2007/1	INC	199 Indirect	Tax	231,831	463,662	81,141
FED	58-0690070	2008/1	INC	199 Indirect	Tax	130,000	260,000	45,500
FL	58-0690070	2006/1	INC	199 Indirect	Tax	40,286	80,572	2,216
FL	58-0690070	2007/1	INC	199 Indirect	Tax	231,831	463,662	12,751
FL	58-0690070	2008/1	INC	199 Indirect	Tax	130,000	260,000	7,150
GA	58-0690070	2007/1	INC	Mfg ITC - GULF	Tax	-	47,129	47,129
GA	58-0690070	2008/1	INC	Mfg ITC - GULF	Tax	-	54,553	54,553
Subtotal								264,539
<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								782,864

Federal Permanent Adjustment	849,617
Federal Credit Adjustment	9,039
Federal Temporary Adjustment	-
State Permanent Adjustment	1,251,734
State Credit Adjustment	101,682
State Temporary Adjustment	-

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009

Last Disclosure: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						328,048
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2009/12	INC 199 Indirect	Tax	62,500	510,000	156,625
FED	58-0690070 2009/12	INC R&D	Tax	9,039	18,078	9,039
FL	58-0690070 2009/12	INC 199 Indirect	Tax	62,500	510,000	24,613
Subtotal						190,277
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070 2006/12	INC 199 Indirect	Tax	40,286	80,572	14,100
FED	58-0690070 2007/12	INC 199 Indirect	Tax	231,831	463,662	81,141
FED	58-0690070 2008/12	INC 199 Indirect	Tax	130,000	260,000	45,500
FL	58-0690070 2006/12	INC 199 Indirect	Tax	40,286	80,572	2,216
FL	58-0690070 2007/12	INC 199 Indirect	Tax	231,831	463,662	12,751
FL	58-0690070 2008/12	INC 199 Indirect	Tax	130,000	260,000	7,150
GA	58-0690070 2007/12	INC Mfg ITC - GULF	Tax	-	47,129	47,129
GA	58-0690070 2008/12	INC Mfg ITC - GULF	Tax	-	65,464	65,464
Subtotal						275,450
<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						793,775

Provision Tax & Penalty Audit Report by Entity (Gross) - The Southern Company
 Current Provision: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009
 Last Provision: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

GUL : Gulf Power Company

Federal

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance					0	302,494	0	17,797	0	320,291
<i>Contingent Tax</i>										
ST LIB CON YES PER										
FED 58-0690070	2006/12 INC 199 Indirect	Change Value	40,286	80,572	-	14,100	-	2,379	-	16,479
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	593	-	593
LI LIB CON YES PER										
FED 58-0690070	2007/12 INC 199 Indirect	Change Value	231,831	463,662	-	81,141	-	6,565	-	87,706
FED 58-0690070	2008/12 INC 199 Indirect	Change Value	130,000	260,000	-	45,500	-	1,014	-	46,514
FED 58-0690070	2009/12 INC 199 Indirect	Change Value	62,500	510,000	-	156,625	-	-	-	156,625
FED 58-0690070	2009/12 INC R&D	Change Value	9,039	18,078	-	9,039	-	-	-	9,039
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	827	-	827
Sub Total										
					0	306,405	0	11,377	0	317,782
Closing Balance					0	608,899	0	29,174	0	638,073

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

Current Provision: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009

Last Provision: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

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
Opening Balance										
					0	25,554	0	1,980	0	27,533
<i>Contingent Tax</i>										
<u>SILIB_CON_YES_PER</u>										
FL 58-0690070	2006/12 INC	Change Value	40,286	80,572	-	2,216	-	615	-	2,831
<u>LI_LIB_CON_YES_PER</u>										
FL 58-0690070	2007/12 INC	Change Value	231,831	463,662	-	12,751	-	2,008	-	14,758
FL 58-0690070	2008/12 INC	Change Value	130,000	260,000	-	7,150	-	349	-	7,499
FL 58-0690070	2009/12 INC	Change Value	62,500	510,000	-	24,613	-	-	-	24,613
GA 58-0690070	2007/12 INC Mfg ITC - GULF	New Item	-	47,129	-	47,129	-	7,313	-	54,442
GA 58-0690070	2008/12 INC Mfg ITC - GULF	New Item	-	65,464	-	65,464	-	2,303	-	67,767
Sub Total					0	159,322	0	12,688	0	171,910
Closing Balance					0	184,876	0	14,568	0	199,444

Provision Report by Entity (Gross) - The Southern Company

Current Provision: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009

Last Provision: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

GUL : Gulf Power Company

Federal

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	302,494	0	17,797	0
<i>Contingent Tax</i>										
ST	LIB	CON	YES	PER		-	14,100	-	2,972	-
LT	LIB	CON	YES	PER		-	292,305	-	8,405	-
Sub Total						0	306,405	0	11,377	0
Closing Balance						0	608,899	0	29,174	0

US States

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	25,554	0	1,980	0
<i>Contingent Tax</i>										
ST	LIB	CON	YES	PER		-	2,216	-	615	-
LT	LIB	CON	YES	PER		-	157,106	-	11,973	-
Sub Total						0	159,322	0	12,588	0
Closing Balance						0	184,876	0	14,568	0

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009

Last Disclosure: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

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	2005/12	R&D	Tax	10,114	10,114	10,114
FED	58-0690070	2006/12	199 Indirect	Tax	40,286	80,572	28,200
FED	58-0690070	2006/12	R&D	Tax	40,696	40,696	40,696
FED	58-0690070	2007/12	199 Indirect	Tax	231,831	463,662	162,282
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	130,000	260,000	91,000
FED	58-0690070	2008/12	R&D	Tax	40,173	40,173	40,173
FED	58-0690070	2009/12	199 Indirect	Tax	62,500	510,000	178,500
FED	58-0690070	2009/12	R&D	Tax	9,039	18,078	18,078
FL	58-0690070	2006/12	199 Indirect	Tax	40,286	80,572	4,431
FL	58-0690070	2007/12	199 Indirect	Tax	231,831	463,662	25,501
FL	58-0690070	2008/12	199 Indirect	Tax	130,000	260,000	14,300
FL	58-0690070	2009/12	199 Indirect	Tax	62,500	510,000	28,050
GA	58-0690070	2007/12	Mfg ITC - GULF	Tax	-	47,129	47,129
GA	58-0690070	2008/12	Mfg ITC - GULF	Tax	-	65,464	65,464
Sub Total							793,775

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

No Activity

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2009 Fin 48 6-30-2009.F48 - Reserve Date: 06/30/2009
Last Disclosure: 2009 Fin 48 3-31-2009.F48 - Reserve Date: 03/31/2009

GUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	328,048
Additions for Current Year Tax Position	190,277
Additions for Prior Years' Tax Position	275,450
Reductions for Prior Years' Tax Position	-
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>793,775</u></u>

Part-II Impact on Effective Tax Rate

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	793,775
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u><u>793,775</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	19,776	-
Changes During Reporting Period	23,965	-
Closing Balance	<u><u>43,742</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	2007/12
Georgia	Income	2008/12

JV 2034

GULF POWER COMPANY
 FIN 48
 Income Tax Reserve
 SAJ 07/07/09

PERCSUB	FIN 48	Income Tax Reserve	Jun-09 End Bal	Jun 2009 JV 2034	May-09 End Bal	May 2009 JV 2034	Mar-09 End Bal	Mar 2009 JV 2034	Proforma Dec End Bal
23600481	19000481	FIN 48 TAXES ACCRUED - FEDERAL/CURRENT	(64,858.10)	(64,858.10)	(64,858.10)	(64,858.10)	(64,858.10)	(64,858.10)	(64,858.10)
23600482	19000482	FIN 48 TAXES ACCRUED - FEDERAL/CURRENT	132.17	132.17	132.17	132.17	132.17	132.17	132.17
23600483	19000483	FIN 48 TAXES ACCRUED - STATE/CURRENT ***	(2,216.00)	(2,216.00)	(2,216.00)	(2,216.00)	(2,216.00)	(2,216.00)	(2,216.00)
19000483	23600483	FIN 48 TAXES ACCRUED - FEDERAL/Long Term	(543,988.95)	(306,404.95)	(237,584.00)	(35,588.80)	(237,584.00)	(30,914.00)	(206,670.00)
19000484	23700484	FIN 48 TAXES ACCRUED - STATE/CURRENT OFFSET	40,610.64	3,818.72	36,791.92	6,100.51	1,203.12	1,203.12	(0.00)
23600484	19000484	FIN 48 DEF TAX STATE OFFSET-LT	6,755.10	654.59	6,100.51	6,100.51	6,100.51	6,100.51	6,100.51
Subtotal Income Tax Liability	23600484	FIN 48 TAXES ACCRUED - STATE/Long Term ****	(189,415.07)	(58,294.15)	(131,120.92)	(107,782.79)	(23,338.13)	(3,437.50)	(19,900.63)
*** (the entry to move state tax liab to current did not work. It is topsided and will be made in January 09.)	23700481	FIN 48 INTEREST ACCRUED - FEDERAL/CURRENT	(752,980.21)	(360,225.79)	(392,754.42)	(66,093.48)	(326,660.94)	(33,148.38)	(293,512.56)
23700482	23700482	FIN 48 INTEREST ACCRUED - STATE/CURRENT	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)	(9,467.00)
23700483	23700483	FIN 48 INTEREST ACCRUED - FEDERAL/Long Term	(19,707.00)	(11,377.00)	(8,330.00)	(8,330.00)	(8,330.00)	(2,682.00)	(467.00)
23700484	23700484	FIN 48 INTEREST ACCRUED - STATE/Long Term	(14,101.00)	(12,588.00)	(1,513.00)	(1,513.00)	(1,513.00)	(361.00)	(5,648.00)
Subtotal Interest	23700484	FIN 48 INTEREST ACCRUED - STATE/Long Term	(43,742.00)	(23,965.00)	(19,777.00)	(3,043.00)	(3,043.00)	(3,043.00)	(16,734.00)
Total Balance Sheet	40900481	FIN 48 INCOME TAX EXPENSE - FEDERAL	(796,722.21)	(384,190.79)	(412,531.42)	(66,093.48)	(346,437.94)	(36,191.38)	(310,246.56)
41010483	41110483	FIN 48 Federal Offset	337,318.95	306,404.95	30,914.00	30,914.00	30,914.00	30,914.00	(507,530.90)
41110484	40900482	FIN 48 State Offset	(40,610.64)	(3,818.72)	(36,791.92)	(35,588.80)	(1,203.12)	(1,203.12)	71,772.12
40900482	40900482	FIN 48 INCOME TAX EXPENSE - STATE	(6,755.10)	(654.59)	(6,100.51)	(6,100.51)	(6,100.51)	(6,100.51)	(41,649.83)
40900484	43100481	FIN 48 Federal Offset	169,514.44	58,294.15	111,220.29	107,782.79	3,437.50	3,437.50	(86,063.67)
43100481	43100482	FIN 48 INTEREST EXPENSE - FEDERAL	14,059.00	11,377.00	2,682.00	2,682.00	2,682.00	2,682.00	(33,194.00)
Total	43100482	FIN 48 INTEREST EXPENSE - STATE	12,949.00	12,588.00	361.00	361.00	361.00	361.00	(7,811.00)
Total Income Statement			486,475.65	384,190.79	102,284.86	66,093.48	36,191.38	36,191.38	(604,477.28)