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CERTIFICATE OF NOTIFICATION

filed by

THE SOUTHERN DEVELOPMENT AND INVESTMENT GROUP, INC.

Pursuant to order of the Securities and Exchange Commission dated January 25, 1995, in the matter of File No. 70-8173.

The Southern Development and Investment Group, Inc. (Southern Development) pursuant to Rule 24, hereby provides the following information as required by the above-mentioned order:

(a) Statement of Income

SOUTHERN DEVELOPMENT & INVESTMENT GROUP, INC.
INCOME STATEMENT (unaudited)

B

THREE MONTHS ENDED
MARCH 31, 1996

A

REVENUE

1	Associate Companies	\$ 40,819
2	Non Associate Companies	5,376,916
3	Interest Income	<u>4,024</u>
4	TOTAL SALES	5,421,759

EXPENSES

5	Salaries and Wages	1,006,016
6	Rent	111,274
7	Cost of Goods Sold	48,599
8	Depreciation/Amortization	96,949
9	Office Supplies and expenses	157,777
10	Outside Services Employed	1,922,594
11	Alabama Power Company	579,943
12	Georgia Power Company	143,182
13	Gulf Power Company	0
14	Mississippi Power Company	14,254
15	Southern Company Services	1,873,231
16	Maintenance	30,816
17	Miscellaneous General	130,659
18	Insurance	0
19	Taxes Other than Income	<u>21,982</u>
20	TOTAL EXPENSES	<u>6,137,276</u>
21	NET INCOME (LOSS) BEFORE TAX	(715,517)
22	Benefit for Income Taxes	<u>244,358</u>
23	NET INCOME (LOSS) AFTER TAXES	<u>\$ (471,159)</u>

DOCUMENT NO.
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(b) Balance Sheet

SOUTHERN DEVELOPMENT & INVESTMENT GROUP, INC.
BALANCE SHEET (unaudited)
March 31, 1996

<u>ASSETS</u>	<u>MARCH 1996</u>
1 Cash and temporary investments	\$ 2,382,856
2 Accounts Receivable:	
2 Associated companies	1,190,314
3 Customers and others, less allowance for doubtful accounts	2,247,120
4 Costs and estimated earnings in excess of billings on contracts	2,271,774
5 Prepaids and other	72,169
6 Materials and supplies	<u>117,104</u>
7 Total current assets	<u>8,281,337</u>
8 Investments-Envirotech	3,114,238
9 Investments-ICS	1
10 Investments-ITC	<u>6,195,000</u>
11 Total Investments	<u>9,309,239</u>
12 Office furniture, fixtures, equipment, and leasehold improvements	1,297,259
13 Less accumulated depreciation and amortization	<u>(602,445)</u>
14 Net Property and Equipment	<u>694,814</u>
15 Intangible and other assets, net	1,599,043
16 Noncurrent deferred income taxes	312,110
17 Restricted Deposit	<u>550,000</u>
18 Total Other Assets	<u>2,461,153</u>
19 TOTAL ASSETS	<u>\$20,746,543</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
Accounts Payable:	
20 Associated companies	\$ 698,097
21 Other	5,265,845
22 Billings in excess of costs and estimated earnings on contracts	623,258
23 Other accrued liabilities	<u>1,362,595</u>
24 Total Liabilities	<u>7,949,795</u>
25 Common Stock, par value \$1,500 shares authorized and outstanding	500
26 Additional paid-in capital	18,568,096
27 Retained earnings	<u>(5,771,848)</u>
28 Total stockholders' equity	<u>12,796,748</u>
29 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$20,746,543</u>

(c) Cash Flow Statement

SOUTHERN DEVELOPMENT & INVESTMENT GROUP, INC.
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1996

A

B

THREE MONTHS ENDED
MARCH 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
1	Net Loss <u>\$ (471,159)</u>
	Adjustments to reconcile net loss to net cash used in operating activities:
2	Depreciation/amortization 96,949
	Changes in operating assets and liabilities:
3	Accounts Receivable 2,301,933
4	Costs and estimated earnings in excess of billings on contracts (146,670)
5	Deferred income taxes (235,138)
6	Prepays and other assets 28
7	Accounts payable and other accrued liabilities (1,560,360)
8	Billings in excess of costs and estimated earnings on contracts <u>75,065</u>
9	Total adjustments <u>531,807</u>
10	Net cash used in operating activities <u>60,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
11	Project Investment (6,195,000)
12	Purchase of property and equipment, net (564,588)
13	Total cash flows from investing activities <u>(6,759,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
14	Additional capital contributions <u>8,908,999</u>
15	Total cash flows from financing activities <u>8,908,999</u>
16	INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS 2,210,059
17	CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR <u>172,797</u>
18	CASH AND TEMPORARY INVESTMENTS AT END OF PERIOD <u>\$2,382,856</u>

(a) A narrative of activities undertaken during the previous quarter (first quarter, 1996) in each of the following areas:

1 (i) **Prototype Energy Management System**

2 Southern Development has continued market research and product development with respect to
3 evaluation of interactive energy management technologies in a pilot project in suburban Atlanta. The
4 pilot project is currently being operated commercially and has approximately 70 residents.

5 (ii) **Energy Management and Efficiency Services**

6 Southern Development has continued product development and has engaged in market research
7 with respect to energy management and efficiency services and projects. Southern Development has
8 engaged in several lighting projects and a distribution retrofit project on a commercial basis. Southern
9 Development has engaged in a limited number of residential customer financing projects for energy
10 conservation and efficiency improvements.

11 (iii) **PowerCall™**

12 Southern Development has continued to work on the development of a business plan for the
13 commercialization of PowerCall™ power monitoring services. A pilot project in Birmingham, Alabama
14 is being conducted which provides power monitoring to approximately 200 Alabama Power customers.

15 The business plan for the commercialization of PowerCall™ home security is complete. A
16 home security monitoring service is being provided to approximately 600 Alabama Power customers. The
17 infrastructure is currently being developed to expand this business line within Southern's territory.

18 (iv) **Research and Development**

19 Southern Development continued to focus research and development on products and services
20 which can be offered to improve customer satisfaction with the core electric utility business, including the
21 following: prototype energy management, energy management and efficiency services, power monitoring
22 and home security, home monitoring automation, and energy storage.

23 Southern Development entered a product development project with United Technologies
24 Automotive for the development of flywheel energy (electric) storage devices for power quality,
25 uninterruptible power supply and load management applications. Southern Development received its first
26 prototype under that contract during the fourth quarter. Testing and design improvement continues.

27 (v) **Energy and Resource Recovery Facilities**

28 Southern Development is evaluating participation in a synthetic coal project.

29 (vi) **Technical Consulting Services**

30 Southern Development continued to provide the technical consulting services formerly provided
31 by Southern Electric International, Inc., including engineering services, transformer testing and repair,
32 environmental testing, and procurement inventory management and joint procurement services.

33 (vii) **Licensing of Intellectual Property**

34 Southern Development continued to provide support for the Good Cents program, including
35 activities related to the Good Cents Environmental Home Program and the Residential Building Energy

1 Program, including technical support and training with respect to Good Cents programs. Southern
 2 Development also continued on Enerlink product development and activities relating to the licensing of
 3 Enerlink and the servicing of such license contracts. The information systems group continues to
 4 implement Norms and and Nucleis software for Rochester Gas and Electric; implementation to be
 5 completed third quarter, 1996.

(b) A project-by-project table, covering both the previous quarter and the time period that has elapsed since the date of this order, for each of Southern Development's business activities comparing--

- (i) the amount of the Commission's authorization for such business activity;
- (ii) the amount of Southern Development's budget for such business activity;
- (iii) the actual investment expended on such business activity.

	A	B	C	D	E
	<u>BUSINESS LINES</u>	<u>COMMISSION'S AUTHORIZATION</u>	<u>1996 BUDGET</u>	<u>1ST QUARTER INVESTMENT #</u>	<u>INVESTMENT SINCE INCEPTION</u>
6	Prototype Energy Management System	\$175 million	\$8.07 million	\$1.44 million	\$2.61 million
7	Energy Management and Efficiency Services	\$40 million	\$0.20 million	\$0 million	\$0.24 million
8	PowerCall™	\$20 million	\$0.40 million	\$0.28 million	\$0.86 million
9	Research and Development Activities	\$20 million	\$2.68 million	\$0.41 million	\$1.92 million
10	Energy and Resource Recovery Facilities	\$10 million	\$0.00	\$0.00	\$0.00
11	Technical Consulting Services	\$5 million	\$0.06	\$0 million	\$0.18 million
12	Licensing of Intellectual Property	\$5 million	\$0.15 million	\$0.77 million	\$2.32 million

13 # - Reflects capital contributions to Development by The Southern Company, and does not include investments made from cash internally generated by Southern Development.

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(c) A description of any services received by Southern Development from Southern Company Services, Inc. and from each of the Southern Operating Companies. This description should contain the dollar value of the services by company and the number and type of personnel used to render the services.

<u>OPERATING COMPANY</u>	<u>DOLLAR VALUE OF SERVICE</u>	<u>NUMBER OF PERSONNEL</u>	<u>TYPE OF PERSONNEL</u>
Alabama Power Company -Technical Consulting for Environmental Matters Vehicle Repair & Svc	579,943	32*	Chemists Instructors Mechanics Admin.
Georgia Power Company -Technical Consulting and Repair of Equipment	143,182	64 **	Skilled Technicians, Market Specialists, Customer Service Representatives, Administrative
Gulf Power Company -Market Research re. Interactive Energy Management	0	0	Marketing
Mississippi Power Company -Repair of Equipment	14,253	14***	Mechanics, Administrative
Southern Company Services, Inc. -Professional & Technical Services including: Finance, Market Research, Information Resource, Telecommunications, Accounting, and Engineering Services	1,873,231	242 ****	Engineering, Procurement, Accounting, Marketing, Information Resource

* Total number of hours not available. Estimated full time employees to be 32.

** These employees recorded a total of 1,362 hours for the quarter which is equivalent of 3 full time employees.

*** Total number of hours not available. Estimated full time employees to be 1.

**** These employees recorded a total of 19,167 hours for the quarter which is the equivalent of 37 full time employees.

(d) A description of any services rendered by Southern Development to any associate company within the Southern System. Southern Development will include a statement as to whether the services were at cost.

- 1 1. Support of Operating Companies Good Cents Program.
- 2 2. Technical support and training for Residential Building Energy Program (RBEP) software
- 3 package.
- 4 3. Services associated with developing, deploying and maintaining information based products that
- 5 facilitate the delivery of competitive pricing options to large accounts. These software products include
- 6 customer energy use analysis systems, enhanced energy use analysis products for account executives to
- 7 augment their customer service role, billing system systems for billing large accounts and rate analysis
- 8 products for use by rate departments for designing, developing and administering new rates. The services
- 9 include design, development of new software solutions as well as adaptation of existing software programs
- 10 related to the above applications.

11 All services were at cost, except that intellectual property licensed to affiliate companies was for no
12 charge except for the cost of making the property or a copy thereof available, and except for the cost of
13 making required modifications.

(e) A description of customer financing provided by or through Southern Development, including--

- (i) the amount of such financing by type of energy conservation and efficiency equipment;
- (ii) the accumulative amount of financing outstanding by customer classification;
- (iii) bad debt write-off incurred during the quarter;
- (iv) disclosure of the material terms and conditions applying to such financing.

1 Southern Development originated loans on behalf of Fannie Mae and potentially other lenders for
 2 energy conservation and efficiency equipment. The amount of such financing during the first quarter was
 3 \$183,325. The accumulative amount of outstanding financing was \$0. Southern Development made no
 4 bad debt write-off during the quarter. As originator of the loans, Southern Development accepted no
 5 liability to either borrower or lender.

(f) Amounts and forms of currently effective guarantees of, and similar provisions and arrangements concerning, performance and undertaking of other obligations by Southern Development.

6 None.

(g) Amounts and forms of currently effective indemnifications of, and sureties on, bonds or other obligations issued on behalf of Southern Development.

7 None.

(h) Amounts and forms of guarantees of, and similar provisions and arrangements concerning, performance and undertaking of other obligations by Southern Development.

8 None.

(i) Amounts and forms of indemnification's of, and sureties on, bonds or other obligations issued on behalf of Southern Development.

9 Southern Development is principal on a bid bond obtained from Johnson and Higgins of GA, Inc. and
 10 payable to MAX Control Systems, Inc. in an amount equal to \$86,080.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this certificate to be signed on its behalf by the undersigned thereunto duly authorized.

Dated May 15, 1996

THE SOUTHERN DEVELOPMENT AND INVESTMENT GROUP, INC.

BY



Allen L. Sweet