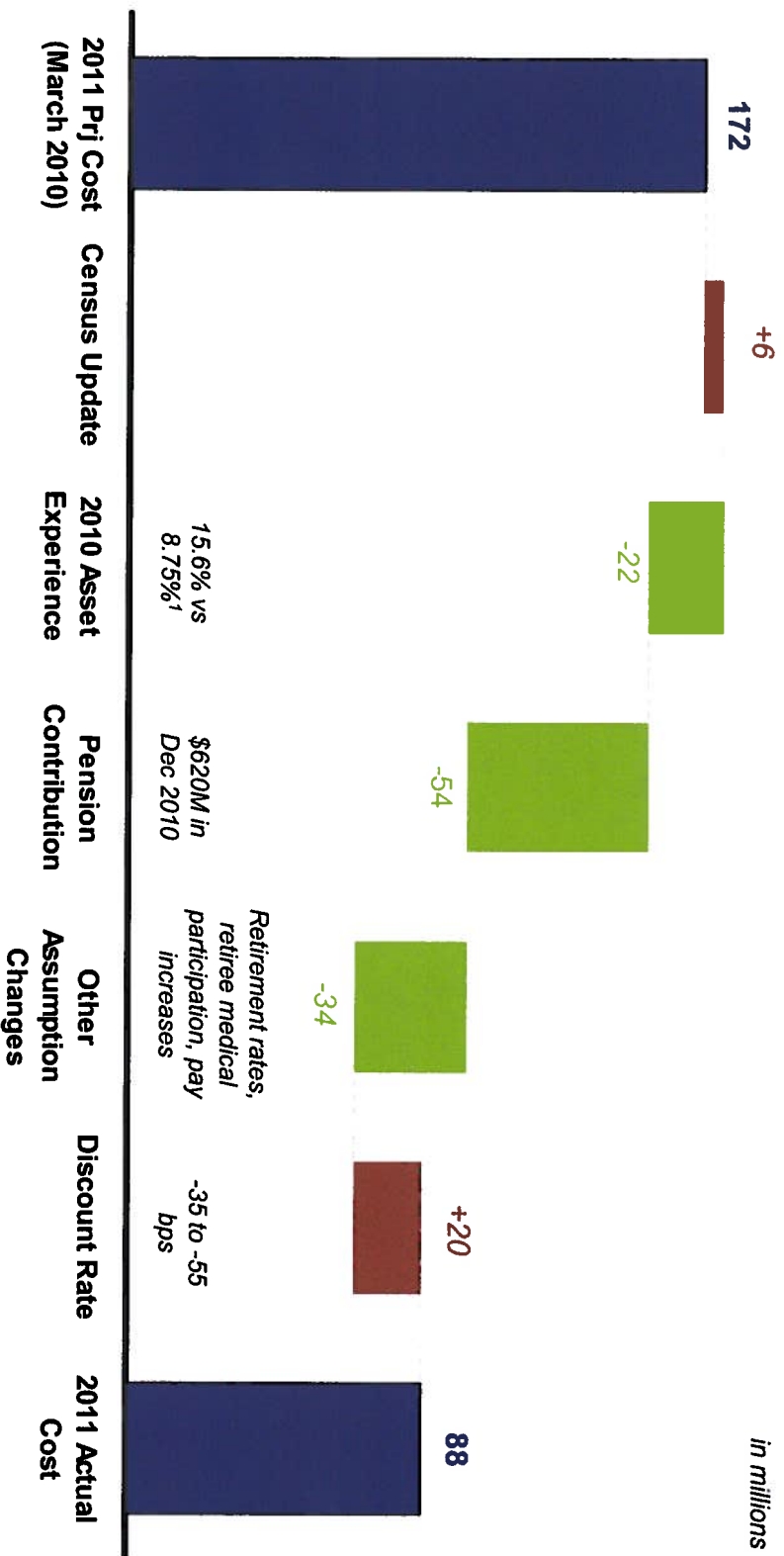


Southern Company Postretirement Benefit Plans in Total Reconciliation of Projected and Actual 2011 Costs

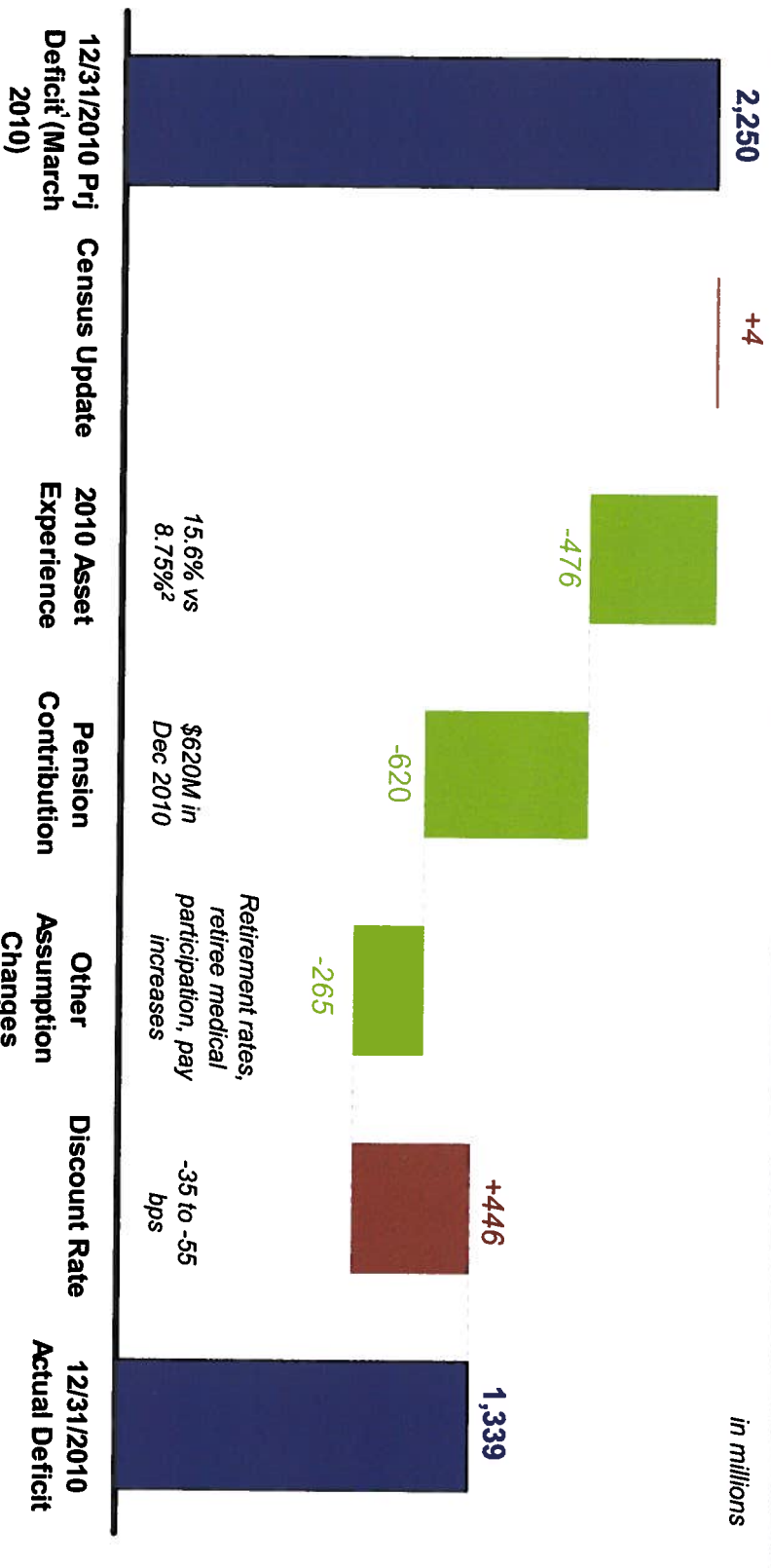


Refer to letters sent to L. Sitton on March 15, 2010 and B. Marsh on February 16, 2011 for supporting information.

¹ Qualified pension / 401k asset experience

Southern Company Postretirement Benefit Plans in Total

Reconciliation of Projected and Actual 12/31/2010 Funded Status



Refer to letters sent to L. Sitton on March 15, 2010 and B. Marsh on February 16, 2011 for supporting information.

¹ Obligation minus market value of assets

² Qualified pension / 401k asset experience

Item (Discussion/Document)

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Title/Subject Author 2010.11.17 - Accrued Prepaid Worksheets to Marsh ; Request Return by 12/17/2010
Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 12/02/2010 11:46:26 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/02/2010 11:46 AM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
11/17/2010 05:22 PM
Copy Sent To Client Records

To RJMARSH@southernco.com
cc Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates
NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt
Associates NA
Subject Southern: Accrued Prepaid Worksheets, Request Back by
December 17

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Attached are the accrued / prepaid reconciliation worksheets. We need all the responses by December 17 but please send the individual companies as you finalize them.

Here are a few comments about the worksheets:

1. The worksheets are "locked down" so that only the highlighted cells can be edited.
2. The 12/31/2009 accrued /prepaid costs and fiscal 2010 costs have been prepopulated. These values are "fixed" and should not change. However, if individual operating companies have minor differences, they can enter them in the adjustment line 4b.
3. The reimbursements from trusts (line 3c.) also have been prepopulated with the amounts communicated to Southern in August.
4. The nonqualified benefit true-ups will be communicated to Southern in December. The values in these worksheets have been left blank.

Let us know if you have any questions.



Worksheets Sent 11-17-2010.zip

Regards,

Colby Park
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Readers	*Public

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Database: SoCo Projects
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Title/Subject **2010.12.15 - Accrued/Prepaid Worksheets Returned by Southern**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 12/21/2010 01:19:43 PM

See responses

Posted by Cheryl Murray

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Item Response

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Title/Subject 2010.12.15 - Gulf Returned by Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 12/21/2010 01:23:04 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/21/2010 01:22 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/15/2010 02:50 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 12/15/2010 02:50 PM -----

"Marsh, Rebecca J."
<RJMARSH@southernco.com>
12/14/2010 09:05 PM

To "joy.ferguson@hewitt.com" <joy.ferguson@hewitt.com>, "Colby Park" <colby.park@hewitt.com>
cc
Subject Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls



Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls

Posted by Cheryl Murray

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Title/Subject 2010.12.23 - Updated Accrued Recon Worksheets to Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/28/2010 02:52:49 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/28/2010 02:52 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/23/2010 11:23 AM
Copy Sent To Client Records

To RJMARSH@southernco.com

cc John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Accrued Reconciliation Worksheets, Updated
 (Response Due by 1/5)

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Here are the updated accrued reconciliation worksheets. Please review our updates and questions.

Note, we need the "final" reconciliations *by January 5th* to include in the preliminary AOCI results due to Southern by January 11th.

Updates made by Aon Hewitt :



- Qualified Pension, Line 3(a)(i): 2010 contribution
- Nonqualified Pension, Line 4(a): 2010 true-ups
- Retiree Medical, Line 3(a)(iii): GPC VEBA contribution, final amount reported to us on 12/22/2010
- Rounded entries to nearest \$1

Questions/Outstanding Issues :

- APC/SNC: Nonqualified Pension, Line 4(b): Adjustments appear rather large relative to "normal"; please confirm
- APC Retiree Medical, Line 4(b): Confirm \$1.4 million adjustment is valid
- SCS Retiree Medical Tax Accounting, Line 4(b): See our comment in "red" in the comment box
- SNC: Retiree Medical, Line 3(d)(i): Should this amount be positive? (We generally don't expect "negative" RDS amounts being accrued.
- Retiree Life (all companies): Confirm premiums reported in line 3(c)(i) exclude amounts paid by Metlife Reserve
- VEBA contributions for APC, MPC and Gulf to be validated by Aon Hewitt.

I will be out of the office now from 12/29 returning 1/3. While I am out, please reach out to either John or Colby with any questions. Also, please include them on any updates related to these reconciliations.

Happy Holidays!
Joy

-  2010 12 31 Accrued_Prepaid Worksheet_SEI_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_APC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_COM_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_GPC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_Gulf_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_MPC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_SCS_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_SNC_sent to SO 12.23.2010.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
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Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject 2011.01.11 - JF Requests Updates to Accrued Recon Worksheets by 1/19 (Second Request)
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/12/2011 07:47:52 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/12/2011 07:47 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 01/11/2011 05:56 AM
Copy Sent To Client Records

To RJMARSH@southernco.com

cc john Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Accrued Reconciliation Worksheets, Updated (Response Due by 1/19)

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

We wanted to follow-up on the questions / comments in the email below.

Note, today we are issuing the preliminary AOCI based on the reconciliations attached.

However, we will have the opportunity to update based on your response to our questions for final disclosures.

We will need the final accrued / prepaid reconciliations no later than Wednesday, January 19th.

Note, most of us are working from home today. So, email is the best way to reach out.

Thanks!
Joy

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 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/11/2011 05:53 AM -----

Joy Ferguson NA RFM Atlanta-Riverwood-9-B Ext. 19147 Speed Dial: 100 12/23/2010 11:23 AM	To: RJMARSH@southernco.com cc: John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
---	--

(bcc: Client Records Distribution Mailbox)
Subject: Southern: Accrued Reconciliation Worksheets, Updated
(Response Due by 1/5)

Client: Southern Company (01909)Line of Business: RFM
Confidential: No Record Type:
Correspondence -- Client

Hi Becky,

Here are the updated accrued reconciliation worksheets. Please review our updates and questions.

Note, we need the "final" reconciliations *by January 5th* to include in the preliminary AOCI results due to Southern by January 11th.

Updates made by Aon Hewitt :

- Qualified Pension, Line 3(a)(i): 2010 contribution
- Nonqualified Pension, Line 4(a): 2010 true-ups
- Retiree Medical, Line 3(a)(iii): GPC VEBA contribution, final amount reported to us on 12/22/2010
- Rounded entries to nearest \$1

Questions/Outstanding Issues :

- APC/SNC: Nonqualified Pension, Line 4(b): Adjustments appear rather large relative to "normal"; please confirm
- APC Retiree Medical, Line 4(b): Confirm \$1.4 million adjustment is valid
- SCS Retiree Medical Tax Accounting, Line 4(b): See our comment in "red" in the comment box
- SNC: Retiree Medical, Line 3(d)(i): Should this amount be positive? (We generally don't expect "negative" RDS amounts being accrued.)
- Retiree Life (all companies): Confirm premiums reported in line 3(c)(i) exclude amounts paid by Metlife Reserve
- VEBA contributions for APC, MPC and Gulf to be validated by Aon Hewitt.

I will be out of the office now from 12/29 returning 1/3. While I am out, please reach out to either John or Colby with any questions. Also, please include them on any updates related to these reconciliations.

Happy Holidays!
Joy



2010 12 31 Accrued_Prepaid\Worksheet_SO-SEI_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_APC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_COM_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_GPC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_Gulf_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_MPC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid Worksheet_SCS_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid Worksheet_SNC_sent to SO 12.23.2010.xls

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Posted by Cheryl Murray

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Title/Subject **2011.01.20 - Updated Accrued_Prepaid Worksheets from Marsh**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/21/2011 03:33:50 PM

See responses

Posted by Cheryl Murray

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Title/Subject 2010.10.26 - JF Requests Confirmation of Target Asset Allocations for VEBA Trusts
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 10/26/2010 02:40:03 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 10/26/2010 02:39 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 10/26/2010 01:53 PM
Copy Sent To Client Records

To DMSCOTT@southernco.com

cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates
 NA

Subject Southern: Confirmation of Asset Allocations for VEBA Trusts
 (Response requested by November 3)

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Dekia,

For the year-end assumption setting, we need to have Southern confirm the target asset allocations for the VEBA trusts.

Attached below is a spreadsheet summarizing the allocations as reported for year-end 2009. Please review and update the VEBA allocations as needed.

Note, Bob Penter's group has already confirmed with you the qualified pension and 401(h) trust allocations.

If possible, we would like these allocations updated by Wednesday, November 3.

Please call with any questions.

Thanks!

Joy



2010 Asset Allocation (SO).xls

Joy L. Ferguson | Actuarial Consultant
Aon Hewitt | Retirement and Financial Management
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2010.10.28 - Twery Sends Documentation to Support 8.75% LTR Assump After \$620MM Contribution
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 11/01/2010 12:11:42 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 11/01/2010 12:09 PM -----

Scott Twery/Atlanta/Hewitt Associates

NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100

To "Steffens, Roger S." <rssteffe@southernco.com>

cc Bob Penter, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Re: Potential Contribution impact on Expected Return 

10/28/2010 10:54 AM
Copy Sent To Client Records

Client Southern Company (01909)
Confidential No

Line of Business Global Investment Practice, RFM
Record Type Correspondence -- Client, Correspondence -- Internal

Roger, hi. I am sending you a file with three pages to support the current 8.75% long-term expected return assumption after a \$620 million accelerated contribution. See attached. The three pages are:

- (1) Expected return analysis with current target allocation showing 9.66% expected return.
- (2) The computation of the asset allocation if a \$620 million contribution is invested in long duration fixed income.
- (3) Expected return analysis with allocation reflecting \$620 million in long duration fixed income (from #2) showing 9.33% expected return.

The expected return analyses were done using Aon Hewitt's "e-tool." The assumptions reflect Hewitt's standard Q3 capital market assumptions; the output documents these. The analyses used a current market value of assets of \$6.25 billion. The \$620 million contribution is what we reflected in the ultimate analysis done for Larry Sitton. It is roughly the projected 1/1/2011 funding basis deficit. Bob Penter did analyses that produced similar results.

Note that the capital market assumptions reflect a long term inflation assumption of 2.20%. Some other sources (e.g., TIP vs Treasury yields) seem to suggest lower inflation expectations by the market. The primary concern about being about to support the 8.75% assumption would be if Southern wanted to use an inflation assumption well below 2.20%. For example, if a 1.50% inflation expectation was used in the return analysis, the model would compute an expected return of just 8.58%. That doesn't mandate a change in the 8.75% assumption (the odds of achieving an average return of 8.75% over the next 10-30 years would still be about 47%); however, there would be much more to "think about" in that case.

I hope this helps. Please call if you have any questions about this or anything else.



- 2010.10 Analyses supporting 8.75 pct LTR after 620mm contrib to fixed income _SENT.pdf

Scott C. Twery
Aon Hewitt | Retirement Consulting

Atlanta, GA
t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040
scott.twery@hewitt.com | aonhewitt.com

"Steffens, Roger S." <rssteffe@southernco.com>

"Steffens, Roger S."
<rssteffe@southernco.com>

To Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
cc

10/27/2010 02:34 PM

Subject Potential Contribution

Scott, I recall your mentioning that you did some work that suggested if we put the entire contribution into fixed income it wouldn't bring our assumed return below the current 8.75% (?)

If you have backup to this can you send it to me ?

Roger

Posted by Cheryl Murray

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Title/Subject 2010.11.04 - Sitton Provides Guidance Related to Incentive Payout Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 11/05/2010 10:40:52 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 11/05/2010 10:39 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 11/04/2010 09:45 AM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
 Subject Fw: 2011 Budget STI Assumption for Retirement Benefits

"L. Sitton Provides Guidance Related to Incentive Payout Assumption"

*Post along with other year-end assumption setting

Joy L. Ferguson | Actuarial Consultant
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 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 11/04/2010 09:45 AM -----

"Sitton, Larry E."
<LESITTON@southernco.com>

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
 cc "Young, Brent" <CBYOUNG@southernco.com>

11/04/2010 09:16 AM
Copy Sent To Client Records

Subject 2011 Budget STI Assumption for Retirement Benefits

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Joy -

Got your call. My understanding is that you need the STI incentive multiple assumption for "2011 and beyond" for the retirement benefit assumption setting meeting next week.

At this point in the planning process, we really don't have meaningful financial projections for 2011 - much less goals established that ultimate deliver the incentives that we are trying to project. Accordingly - to a large degree, the numbers provided reflect our speculation on the level of stretch in the goal setting process as well as our speculation on the level of success SO will have in delivering on financial and operational success

factors. (Sounds a bit like a disclaimer on interest rates, doesn't it....)

With all of the above said, I believe you "bookend" the possibilities with a low of "target" or 100% and a high of 150% (ballpark average payout of recent years) - with the answer likely somewhere in the middle.

Brent Young is responsible for our incentive projections, and early estimates that I have seen on 2011 (and beyond) projects STI ranges of 125% to 133% for our affiliate companies with 128% effectively a system average - so if I were to provide an initial recommendation, it would likely be 128%.

As information/additional context, current projections for 2010 suggest a system average in the high 130's - with potential affiliate payouts ranging from 100% to 170%.....point being, there has been a good bit of volatility of historical payouts across affiliates, and it appears that volatility will carry over into 2010.

Please let us know if we need to discuss further prior to your meeting.

Larry

Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject 2010.12.01 - Acklin Estimates 10.53% Pension Trust Return for First 11 Months of 2010
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/03/2010 12:08:34 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:08 PM -----

Scott Twery/Atlanta/Hewitt Associates
 NA RFM
 MS - 9K
 Atlanta-Riverwood-9-G
 Ext. 19144 Speed Dial:
 100
 12/01/2010 10:54 AM
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To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: SCSMRT Estimated Pension Return - YTD through November

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Cheryl, please post ... "Acklin estimates 10.53% pension trust return for first 11 months of 2010"

Joy, for rough estimates , lets use 10.5% for year.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 12/01/2010 10:51 AM -----

"Acklin, Tim"
<TPACKLIN@southernco.com>

To "Joy Ferguson" <Joy.Ferguson@hewitt.com>
cc "Scott Twery" <scott.twery@hewitt.com>, "Steffens, Roger S." <rssteffe@southernco.com>
 12/01/2010 10:19 AM **Subject** SCSMRT Estimated Pension Return - YTD through November

Joy,

Good morning. The estimated pension year-to-date return through November is 10.53%, based on actual YTD through October and an estimated November return (+11.58% and -0.94%, respectively). Please let me know if you have any questions.

Regards.

Tim

Tim Acklin
SCS Trust Finance
404-506-0724

tpacklin@southernco.com

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Posted by Cheryl Murray

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Title/Subject 2010.12.16 - JF Sends Updated 12/31/2010 Assumption/Parameter Guide
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/22/2010 08:59:24 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/22/2010 08:59 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/16/2010 06:19 PM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, SSEIM@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Updated 12/31/2010 Assumption / Parameter Guide

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

We updated the year-end assumption / parameter guide reviewed in our meeting on November 12th to reflect the decisions made at the meeting and current market data. Please review and let us know if you have any questions or changes.

The most notable change in the market data relates to the yield curves supporting the discount rate selection. Since we last met, the market rates have increased roughly 30 - 35 basis points. As we discussed today, we reflected this change in the discount rates and most other related assumptions (base pay increases, statutory increase rates, installment parameters).

Note, the assumptions and parameters summarized in this document will be used for the preliminary AOCI assessment to be delivered by January 11th. *So, please let us know by tomorrow (December 17th) if you have any changes to the assumptions .*

We will continue to keep you and others informed about discount rates as we approach year-end. Our final disclosures will reflect any decisions made after tomorrow.

Have a good evening!
Joy



2010.12.16 SO 2010 Assumption Review_sent.pdf

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370

t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

Database: SoCo Projects
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Title/Subject 2010.12.27 - Home Confirms Procedure for MetLife Reserve
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/28/2010 03:00:16 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/28/2010 03:00 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
12/27/2010 09:03 AM

To "Joy Ferguson" <joy.ferguson@hewitt.com>
cc "Ellen Chow" <ellen.chow@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>, "Colby Park" <colby.park@hewitt.com>, "Scott Twery" <scott.twery@hewitt.com>, "Marsh, Rebecca J." <RJMARSH@southernco.com>
Subject RE: Southern: MetLife Reserve specifics for 12/31/2010 measurement

Joy,

Thanks for the email. I agree with the procedure that you've outlined, continuing to use the allocation methodology that we used last year.

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Wednesday, December 22, 2010 4:25 PM
To: Horne, Jeffery O.
Cc: Ellen Chow; Cheryl Murray; Colby Park; Scott Twery; Marsh, Rebecca J.
Subject: Southern: MetLife Reserve specifics for 12/31/2010 measurement

Hi Jeff,

Here is our game plan related to the MetLife reserves as of December 31, 2010. We wanted to send this to you as documentation of what we plan to do. This will ultimately be reflected in the assumption guide. However, this is different than what is in the draft assumption guide, you may want to share this with Deloitte when you give them the draft guide.

Phil Mask told us that the remaining MetLife balance for retiree life premiums is \$9,921,257 as of November 30, 2010. Unless you indicate otherwise, we will allocate this amount between the operating companies using the same methodology as used last year (i.e., based on expected premiums). The email below has details regarding the method. Note that this we will not add interest to the November 30th reserve balance since we don't assume any return on the reserve which is consistent with our assumptions.

Please let us know if you want us to do something different, have questions or need additional information.

Happy Holidays!
Joy

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joy.ferguson@hewitt.com | aonhewitt.com

Joy
Ferguson/Atlanta
/Hewitt
Associates

NA RFM
Atlanta-Riverwood
-9-B
Ext. 19147 Speed
Dial: 100

To: JOHORNE@southernco.com
cc: Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates
NA
Subject: Southern: Formal Documentation of Final Retiree Life Plan 2009 Remeasurement

02/08/2010 02:51

PM

Copy Sent To

Client Records

Client: Southern Company (01909)
Confidential: No

Line of Business: RFM
Record Type: Correspondence -- Client

Hi Jeff,

As discussed, here is the formal consolidated letter and exhibits documenting the 2009 retiree life plan interim remeasurement.

We will be including this information in our response to Deloitte's standard year-end audit request.

No action needed on your part...this is intended to be informational only.

Have a good day,
Joy



Joy L. Ferguson, ASA, EA

Actuarial Consultant | Retirement and Financial Management
Hewitt Associates | 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370

Tel 770-690-7064 | Fax 770-690-7040

joy.ferguson@hewitt.com | www.hewitt.com

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Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject 2011.01.04 - Steffens Says Pension Consultant Provided Exp Ret Calc That Supports 8.75% ROA Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
01/05/2011 04:55:27 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/05/2011 04:52 PM -----

"Steffens, Roger S."
<rssteffe@southernco.com>
m>
01/04/2011 12:41 PM

To "Horne, Jeffery O." <JOHORNE@southernco.com>, "Scott Twery" <scott.twery@hewitt.com>
cc "Cheryl Murray" <joy.ferguson@hewitt.com>, "Joy Ferguson" <cheryl.murray@hewitt.com>, "Sitton, Larry E." <LESITTON@southernco.com>, "Wilkinson, Steven W." <SWWILKIN@southernco.com>
Subject RE: FYI ... Goldman Sachs piece on pensions

Our retainer consultant for the pension plan, SIS, has just provided me an expected return calculation using their risk/return/correlation assumptions that further supports the 8.75% in case we need it

From: Horne, Jeffery O.
Sent: Monday, January 03, 2011 4:52 PM
To: Scott Twery
Cc: Cheryl Murray; Joy Ferguson; Sitton, Larry E.; Steffens, Roger S.; Wilkinson, Steven W.
Subject: RE: FYI ... Goldman Sachs piece on pensions

Scott,

Thanks for the link...interesting article.

As to your question about Deloitte, I made a brief comment to Tom E. today that we were still thinking that we'd be at 8.75% given that pre-funding models had us well over 9% and assuming that post-funding allocation of new assets matches the current allocation within a reasonable time period. He didn't tip his hand, one way or the other, as to whether the firm has some preconceived bright lines or not. I believe that we'll have more meaningful discussions in the weeks to come.

Talk to you soon,

Jeff

From: Scott Twery [mailto:scott.twery@hewitt.com]
Sent: Monday, January 03, 2011 1:45 PM
To: Horne, Jeffery O.; Sitton, Larry E.; Steffens, Roger S.; Wilkinson, Steven W.
Cc: Cheryl Murray; Joy Ferguson
Subject: FYI ... Goldman Sachs piece on pensions

LINK=>

<http://www2.goldmansachs.com/ideas/global-markets-institute/featured-research/pension-preview-doc.pdf>

Hi. The link above is to a item call the 20011 Pension Preview from a Goldman Sachs research group. I'm pretty sure we've discussed virtually everything thing in it to some degree. Even so, you might want to take a quick look if you haven't seen it (released 12/1/2010). I thought the following were most interesting from Southern's perspective:

(1) Pressure to lower asset return assumption (pages 6-12) ... The article notes that this in part will be due to changing asset allocations, but it also cites a number of reasons that amount to an "companies may have it wrong" argument. These reasons include a sense returns will be lower in the future, public pensions lowering return assumptions, and foreign plans having lower assumptions. To accentuate this angle the article notes SEC focus on this assumption (page 12). As an related aside ... Jeff any feed back from Deloitte on this assumption yet?

(2) Dynamic de-risking becoming "mainstream" (pages 12-15).

(3) Potential pension accounting changes impact (pages 17-22). This is basically a discussion about the proposed IASB accounting. Essentially, it notes the results would be a more stable, but likely higher, pension cost. On page 22 there is a table of pro forma impacts based on 2009 costs. Southern appears in the table. It shows a negative P/L impact of \$165 million. Note that a very quick review seems to suggest they did this correctly. (The only other electric utilities shown are Duke and Exelon; their negative impacts are coincidentally just over \$160 million too.)

Hope you find some of this of interest. Please call if you'd like to discuss any of this or if you have any questions.

Scott C. Twery

Aon Hewitt | Consulting | Retirement

3350 Riverwood Parkway Suite 80 | Atlanta, GA

t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040

scott.twery@aonhewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Title/Subject 2011.01.06 - Home Confirms Selection of Final Discount Rate and Related Assumptions
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/06/2011 12:14:11 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 12:13 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/06/2011 11:19 AM

To "Joy Ferguson" <joy.ferguson@hewitt.com>
cc "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
Subject RE: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Joy,

I have reviewed the suggested changes and I confirm my agreement with all of them. With respect to qualified pensions, I would go with 5.55% to be consistent with prior years and I confirm our conclusion to revise our other assumptions accordingly by 25 bp.

I'm available after 3:00 to discuss.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Thursday, January 06, 2011 9:59 AM
To: Horne, Jeffery O.
Cc: Scott Twery; Cheryl Murray
Subject: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com



2010 Yield Curve Results from 12.31_sent.xls

Posted by Cheryl Murray

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Recent Changes

Date	Name	Description of change(s) made

Doclink to parent:

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Posted by Cheryl Murray

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Title/Subject 2011.01.12 - Discussion re: Retirement Rate Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
01/13/2011 09:59:14 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/13/2011 09:58 AM -----

Scott Twery/Atlanta/Hewitt Associates

NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100

To lesitton@southernco.com

cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, JOHORNE@southernco.com

Subject SO - FYI, re: retirement rates

01/12/2011 01:43 PM

Copy Sent To Client Records

Client Southern Company
(01909)
Confidential No

Line of Business Health Management,
RFM
Record Type Correspondence --
Client

Larry, hi. FYI, I spoke with Jeff Horne about the new retirement rates. The conversation essentially went thru all the perspectives about them that we discussed. He pointed out that one of the best defenses for the new rates as they are is that the selection process focused on getting the best rates without he/Ron knowing the specific cost consequences. That alone seems to go a long way to overcoming any issues that might be raised about the rates.

Beyond that, the question comes down to whether the rates seem right to Southern. On this score, I think we can all agree the direction of change is correct based on data and expectations. Nonetheless, the specific rates will need adjustment as experience emerges. Those adjustments could lead to occasional up or down revisions in the estimate of benefit obligations via subsequent assumption changes; HOWEVER, those changes would in all likelihood be small incremental refinements over quite a few years. In other words, the magnitude of the changes would be nothing like that of the current change.

Even so, he understood the concerns and plans to discuss them with Ron first thing in the morning. If he does not loop me into that conversation; he plans to follow up with me right it just after it. I'll let you know as we hear more.

Jeff please add if I misstated anything. Please call if you have any questions. Use my mobile number below for today.

Scott C. Twery
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3350 Riverwood Parkway Suite 80 | Atlanta, GA
t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040
scott.twery@aonhewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2011.01.14 - Park Requests Asset Info for QP , 401(h) and VEBA Trusts
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/18/2011 02:27:53 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:25 PM -----

Colby Park/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19091 Speed Dial:
 100
 01/14/2011 10:59 AM
Copy Sent To Client Records

To DMSCOTT@southernco.com
 cc RJMARSH@southernco.com, JOHORNE@southernco.com, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 Subject Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Dekia,

Thank you for providing the preliminary asset information for the qualified pension and 401(h) trusts. This information was used to develop preliminary AOCI results delivered to Southern on January 11, 2011.

The next and final step is for your group to provide asset information for the qualified pension, 401(h) and VEBA trusts. This information includes final market values as reported by the trustee as of December 31, 2010 for all trusts by operating company and the market value adjustment for the qualified pension / 401(h) trust.

Please report this final information in the attached file, which summarizes the information Southern has provided on a preliminary basis. Refer to the "grey" highlighted cells for required inputs. The information reported in this file will be reported in the final year-end disclosures for the post-retirement benefit plans.

Note, please report qualified trust asset information for Southern Company Energy Solutions with the Southern Company Services information. Also, review the benefit payments and expenses you provided on a preliminary basis and make any corresponding changes needed for this adjustment.

We need to receive all the information requested no later than **January 27th** in order to meet Southern's deadline for final disclosures.

Thanks,

Colby Park
 Aon Hewitt | Consulting | Retirement
 3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
 t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com



Southern Asset Inputs for 2010 Year-end Disclosures_Preliminary AOCI_sent 01.14.2011.xls

Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.01.14 - D. Scott Alerts Her Team to Asset Info Deadline
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
01/18/2011 02:43:42 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:42 PM -----

"Scott, Dekia M."
<DMSCOTT@southernco.com>
01/14/2011 11:33 AM

To "Colby Park" <colby.park@hewitt.com>
cc "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Horne, Jeffery O." <JOHORNE@southernco.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>, "John Elliot" <john.elliott@hewitt.com>, "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
Subject RE: Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Thanks. I've alerted my group and the MRT trustee team.

From: Colby Park [colby.park@hewitt.com]
Sent: Friday, January 14, 2011 9:59 AM
To: Scott, Dekia M.
Cc: Marsh, Rebecca J.; Horne, Jeffery O.; Joy Ferguson; John Elliot; Scott Twery; Cheryl Murray
Subject: Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Hi Dekia,

Thank you for providing the preliminary asset information for the qualified pension and 401(h) trusts. This information was used to develop preliminary AOCI results delivered to Southern on January 11, 2011.

The next and final step is for your group to provide asset information for the qualified pension, 401(h) and VEBA trusts. This information includes final market values as reported by the trustee as of December 31, 2010 for all trusts by operating company and the market value adjustment for the qualified pension / 401(h) trust.

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Note, please report qualified trust asset information for Southern Company Energy Solutions with the Southern Company Services information. Also, review the benefit payments and expenses you provided on a preliminary basis and make

any corresponding changes needed for this adjustment.

We need to receive all the information requested no later than January 27th in order to meet Southern's deadline for final disclosures.

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
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t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com<mailto:colby.park@aonhewitt.com> | aonhewitt.com<
http://aonhewitt.com/>

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Posted by Cheryl Murray

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Title/Subject **2011.01.14 - Horne/Hinson Confirm New Retirement Rate Assumptions**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 02:52:32 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:52 PM -----

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
01/14/2011 02:14 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: SO - FYI, re: retirement rates ... note from Horne

Cheryl, please post with the assumptions ... "Horne/Hinson confirm new retirement rate assumptions "

Joy,

- Ron's response to Jeff's note below was ... Proceed as planned.
- I'll respond to the timing.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 01/14/2011 02:11 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/14/2011 01:39 PM

To "Scott Twery" <scott.twery@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>
cc
Subject FW: SO - FYI, re: retirement rates

Scott,

Got your voicemail. I thought seriously about sending you a "hold the presses" email, but that just wouldn't be 'right' so I'm sending to you what I sent to Ron and his crisp response. Additionally, given the emails that I'm getting to trim the SCS budget for the benefit of the operating companies, I'd have a hard time turning the expected benefit cost savings away.

Can you remind me of the delivery date for the financial reporting package?

Thanks

From: Hinson, W. Ron
Sent: Thursday, January 13, 2011 4:30 PM
To: Horne, Jeffery O.
Subject: Re: SO - FYI, re: retirement rates

Proceed as planned.

Ron Hinson - BlackBerry Message

From: Horne, Jeffery O.
To: Hinson, W. Ron
Sent: Thu Jan 13 15:44:38 2011
Subject: FW: SO - FYI, re: retirement rates

Ron,

I need to run something by you on the pensions and since you weren't able to make it in today, I'll try and capture it in an email. You can call me to discuss if you like.

Scott Twery called me yesterday and indicated that he had had a discussion with Larry Sitton and Larry was concerned about a change we had made in the assumptions, or rather, the financial impact of a change we made in the assumptions. The change we made was raising the expected retirement age based on our historical experience. Historically, we had been expecting more people to retire at or before age 65, but our experience has not born that out. So as we always do in setting our assumptions, we look to incorporate the most reasonable and realistic assumptions in our benefit costs. What I didn't know until yesterday was that this change in retirement age assumptions had a significant impact on our 2011 costs - favorable, by the way. Larry spoke with Scott because he was concerned that we were being too conservative in our retirement age assumption and that we should reconsider so that we don't get "bit" down the road if our conservative assumption proves wrong. Scott has assured me that even if our historical experience starts to move the other direction, i.e., people retiring earlier than we now expect, any additional costs will come in over time as we progressively adjust our retirement age assumption.

After my conversation with Scott, I feel very good about our process and the fact that we do it with little or no knowledge of the financial outcome. I still don't know the numbers that Scott and Larry were discussing and I don't want to know the magnitude because I think it taints the process.

110138-OPC-POD-17-39

All that to let you know that we plan on sticking with what we believe is the best estimate of our future retirement ages and letting the dollars fall where they may. There is a risk that Deloitte could push back on us by focusing on the amount of the reduced costs, but I would rather face them with a good assumption setting process that ignores the financial impact than make some concessions or modifications once the numbers are known. I don't know if this is a holdover from Dean's involvement in the process. But my recommendation is that we stay the course with our current assumptions.

If you disagree or would like to discuss, we can arrange a discussion with Scott (and Larry if needed). One issue to consider though is that Hewitt is running our numbers as I type this to meeting our financial reporting deadlines - not that that is a controlling factor, but it is a consideration.

Let me know how you would like us to proceed.

Thanks

Jeff

X3259

-----Original Message-----

From: Scott Twery [<mailto:scott.twery@hewitt.com>]

Sent: Wednesday, January 12, 2011 1:44 PM

To: Sitton, Larry E.

Cc: Joy Ferguson; Horne, Jeffery O.

Subject: SO - FYI, re: retirement rates

Larry, hi. FYI, I spoke with Jeff Horne about the new retirement rates. The

conversation essentially went thru all the perspectives about them that we

discussed. He pointed out that one of the best defenses for the new rates

as they are is that the selection process focused on getting the best rates

without he/Ron knowing the specific cost consequences. That alone seems to

go a long way to overcoming any issues that might be raised about the rates.

Beyond that, the question comes down to whether the rates seem right to

Southern. On this score, I think we can all agree the direction of change

is correct based on data and expectations. Nonetheless, the specific rates

will need adjustment as experience emerges. Those adjustments could lead to

occasional up or down revisions in the estimate of benefit obligations via

subsequent assumption changes; HOWEVER, those changes would in all

likelihood be small incremental refinements over quite a few years. In

other words, the magnitude of the changes would be nothing like that of the

current change.

Even so, he understood the concerns and plans to discuss them with Ron

first thing in the morning. If he does not loop me into that conversation;

he plans to follow up with me right it just after it. I'll let you know as

we hear more.

Jeff please add if I misstated anything. Please call if you have any questions. Use my mobile number below for today.

Scott C. Twery

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Posted by Cheryl Murray

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Project Editors	
Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.19 - FINAL Assumption/Parameter Guide and Cash Flows
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/21/2011 01:57:52 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 01:57 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/19/2011 08:53 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Alisa Smith/Toronto/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Jeff,

Attached below is the final assumption guide for December 31, 2010 measurement of postretirement benefit obligations and assets.

We updated the guide to include market data as of December 31, 2010 and all of Southern's final decisions related to assumptions for year-end.

Additionally, we included an excel version of the projected cashflows used in the yield curve analysis, anticipating that the auditors may request this information.

Unless you indicate otherwise, our understanding is that this document summarizes all parameters (assumptions, plan changes, etc..) to be used in the December 31, 2010 disclosure information for the all the postretirement benefit plans.

Please let us know if you or your auditors have questions or need additional information.

Have a good day,
Joy



2011.01.19 SO 2010 Assumption Review_final_sent.pdf Cash Flows 2010.12.31_Final_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370

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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.01.19 - Home Concurs with Final Assumptions ; SO to Provide Document to Auditors
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/21/2011 02:09:41 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 02:08 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/19/2011 11:05 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "John Elliot" <john.elliott@aonhewitt.com>, "Alisa Smith" <alisa.smith@aonhewitt.com>, "Ellen Chow" <ellen.chow@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Joy,

I have read through the document provided and I concur with all of the assumptions as indicated. I can also verify all of the information in the document labeled as "Southern to verify" with no changes needed.

I will provide this information to Deloitte for purposes of their audit. I will be meeting with Ron Hinson over the next week or so to go over our assumptions in order to complete our SOX controls in this area.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Wednesday, January 19, 2011 8:54 AM
To: Horne, Jeffery O.
Cc: Marsh, Rebecca J.; Cheryl Murray; Colby Park; John Elliot; Alisa Smith; Ellen Chow; Scott Twery
Subject: Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Hi Jeff,

Attached below is the final assumption guide for December 31, 2010 measurement of postretirement benefit obligations and assets.

We updated the guide to include market data as of December 31, 2010 and all of Southern's final

decisions related to assumptions for year-end.

Additionally, we included an excel version of the projected cashflows used in the yield curve analysis, anticipating that the auditors may request this information.

Unless you indicate otherwise, our understanding is that this document summarizes all parameters (assumptions, plan changes, etc..) to be used in the December 31, 2010 disclosure information for the all the postretirement benefit plans.

Please let us know if you or your auditors have questions or need additional information.

Have a good day,
Joy

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.20 - Steffens Supplies His Estimate of 2010 Returns
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 01/21/2011 03:37:04 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 04:33 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
01/20/2011 04:41 PM

To Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Re: Fw: Estimated Return for 2010 

Yes - 14.2% and agree likely difference in methods

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joy.ferguson@hewitt.com | aonhewitt.com
Scott Twery/Atlanta/Hewitt Associates

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
01/20/2011 03:34 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Estimated Return for 2010

Cheryl, please post ... "Steffens supplies his estimate of 2010 returns"

JOY, FYI ... We got 14% right? Difference like dollar vs. time weighted calcs ... again.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 01/20/2011 03:31 PM -----

"Steffens, Roger S."
<rssteffe@southernco.com>
01/20/2011 02:53 PM

To "Scott Twery" <scott.twery@hewitt.com>, "Bob Penter" <bob.penter.2@hewitt.com>
cc
Subject Estimated Return for 2010

FYI it looks like the pension return will be north of 15% for the year but we don't have final numbers yet

Roger

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item (Discussion/Document)

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Title/Subject 2010.10.19 - JF Sends Update on 9/30/2010 Yield Curves to Sitton/Horne
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 10/27/2010 07:42:50 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 10/27/2010 07:42 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 10/27/2010 11:50 AM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Southern: Update on September 30 yield curves



2010 Yield Curve Results from 09.30.xls



2010 Yield Curve Results from 08.31.xls

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 10/27/2010 11:50 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 10/19/2010 11:10 AM
Copy Sent To Client Records

To LESITTON@southernco.com
cc JOHORNE@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Update on September 30 yield curves

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Larry,

We tested whether the estimated discount rate that we used for the updated projections of 2011 cost sent October 4 would be supported by the actual September 30 yield curves. They are.

As a reminder, the October 4 updates were based on estimated September 30 discount rates. The estimates were 10 basis points higher than the discount rates anticipated as of August 31 and underlying the projections that we sent you September 15.

Also, here are a few other data points suggesting there is reason to hope year end results will be even better than our latest projections ...

- The Citigroup above median yield curve as of September 30 would have suggested discount rates even higher than what were used for the latest updates (10 or so basis points).

- October market rates (based on Moody's AA, Barclay's Capital Long-Government / Credit, etc...) have increased 15 - 25 basis point since September 30.

Please call if you have questions or would like to discuss further.

Have a good day,
Joy

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Posted by Cheryl Murray

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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2010.12.09 - JF Sends 11/30/2010 Yield Curve Results; Requests Confirmation of Updated Discount Rate Selections
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/21/2010 11:39:56 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/21/2010 11:39 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/09/2010 11:17 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: November 30, 2010 Yield Curve Results, Request Confirmation of Updated Discount Rate Selections

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The November 30, 2010 yield curves are out. For most plans, the yield curves resulted in a 5 - 10 basis point increase relative to the October 31 rates.

Since October 31, the shorter duration bond rates increased. However, there was a flattening of the curve for the longer-rates. This resulted in very modest increases in overall rates for Southern's longer duration plans. The nonqualified pension rate increased much more (@20 bps) due to the plan's significantly shorter duration.

The attachment below includes the results for each plan, with a comparison to both December 31, 2009 and October 31, 2010 results.

We included our recommendation for the updated discount rate selection.

Please review and let us know your choice for the new discount rates. These rates will be used for the preliminary AOCI results to be delivered in early January.

Also, we will be updating the assumption guide with these rates and will have a version for you to share with Deloitte sometime next week (@12/15-12/16). The updated guide will also include the decisions made at our meeting last month.

As always, please let us know if you have questions or would like to discuss.

Have a good day!
Joy



2010 Yield Curve Results from 11.30.pdf

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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray
Posted on 01/06/2011 08:11:52 AM

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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.01.06 - JF Sends Final Updates on Yield Curves for Disc Rate and Related Assumptions
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/06/2011 10:13:50 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 10:13 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/06/2011 09:59 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!
Joy



2010 Yield Curve Results from 12.31_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item Response

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Title/Subject Author	2011.01.06 - Home Confirms Selection of Final Discount Rate and Related Assumptions Cheryl Murray/Atlanta/Hewitt Associates NA RFM Georgia - Virtual Ext. 19073
Date	01/06/2011 12:14:59 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 12:13 PM -----

"Horne, Jeffery O." <JOHORNE@southernco.com>	To "Joy Ferguson" <joy.ferguson@hewitt.com>
01/06/2011 11:19 AM	cc "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
	Subject RE: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Joy,

I have reviewed the suggested changes and I confirm my agreement with all of them. With respect to qualified pensions, I would go with 5.55% to be consistent with prior years and I confirm our conclusion to revise our other assumptions accordingly by 25 bp.

I'm available after 3:00 to discuss.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Thursday, January 06, 2011 9:59 AM
To: Horne, Jeffery O.
Cc: Scott Twery; Cheryl Murray
Subject: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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Posted by Cheryl Murray

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Title/Subject 2010.12.01 - Park Sends Request for Asset Info to D . Scott
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:06:16 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:05 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/01/2010 10:41 AM
Copy Sent To Client Records

To DMSCOTT@southernco.com
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, JOHORNE@southernco.com, RJMARSH@southernco.com
Subject Southern: Asset Information Needed for Year-end Accounting
Client Southern Company (01909)
Confidential No
Line of Business RFM
Record Type Correspondence -- Client

Hi Dekia,

Provided below is the file we need your group to update with asset information for year-end accounting.

The file is similar to last year and includes documentation on how we will estimate December 31, 2010 values for preliminary disclosures due in early January. For a summary of the process including target deadlines, please refer to the first worksheet ("Summary of Process").

Please feel free to call us with any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com



Southern Asset Inputs for 2010 Year-end Disclosures_sent 12.01.2010.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

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Title/Subject 2010.12.01 - D. Scott Confirms SO to Input Prelim Mkt Values on Receipt from JPM
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:10:55 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:10 PM -----

"Scott, Dekia M."
<DMSCOTT@southernco.com>
12/01/2010 02:05 PM

To "Colby Park" <colby.park@hewitt.com>
cc "Cheryl Murray" <cheryl.murray@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>, "Horne, Jeffery O." <JOHORNE@southernco.com>, "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Hatley, John W." <JWHATLEY@southernco.com>, "Steffens, Roger S." <rssteffe@southernco.com>, "Namiko Link" <Namiko.Link@jpmorgan.com>, "Mike P Gallagher" <mike.p.gallagher@jpmorgan.com>
Subject RE: Southern: Asset Information Needed for Year-end Accounting

Colby - Thanks for sending. We'll input preliminary market values as soon as we receive them from JPM. Dekia

From: Colby Park [mailto:colby.park@hewitt.com]
Sent: Wednesday, December 01, 2010 10:42 AM
To: Scott, Dekia M.
Cc: Cheryl Murray; Joy Ferguson; Horne, Jeffery O.; Marsh, Rebecca J.
Subject: Southern: Asset Information Needed for Year-end Accounting

Hi Dekia,

Provided below is the file we need your group to update with asset information for year-end accounting.

The file is similar to last year and includes documentation on how we will estimate December 31, 2010 values for preliminary disclosures due in early January. For a summary of the process including target deadlines, please refer to the first worksheet ("Summary of Process").

Please feel free to call us with any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting

3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
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Southern Asset Inputs for 2010 Year-end Disclosures_sent 12.01.2010.xls

Posted by Cheryl Murray

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Readers	*Public

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Title/Subject 2010.12.01 - Park Requests Confirmation of Active Contracts from Stone
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:13:41 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:13 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/01/2010 03:36 PM
Copy Sent To Client Records

To dastone@southernco.com
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Active Contract Listing
Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Dennis,

Attached is a listing of Southern contract benefits for active participants. Can you confirm that the list is accurate and complete by December 8, 2010? Any new contracts as of December 31, 2010 should be reported here (employee statuses are as of January 1, 2010).



Active Contracts 12.01.2010.xls

Let us know should you have any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates

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Title/Subject 2011.01.17 - JF Explains Decrease in Ret Med AOCI Gain /Loss Item
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 03:39:59 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 03:35 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 01/17/2011 05:32 PM
Copy Sent To Client Records

To "Horne, Jeffery O." <JOHORNE@southernco.com>
 cc "Scott Twery" <scott.twery@hewitt.com>, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 Subject Re: Question from OpCos

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The significant decrease in the retiree medical "AOCI - gain / loss" item is attributable to these two factors:

- (1) Plan experience. While there are differences by company, overall Southern's retiree medical plan experience was favorable since the last measurement date.
- (2) Assumption changes. Overall assumption changes led to lower obligations. The most notable changes were the new retirement rates and retiree medical participation rates for non-grandfathered employees. These gains were partially offset by the net of effect of assumption changes related to lower discount rates. Note that the final disclosures will reflect a lower discount rate than was used for the preliminary calculations. This reduces the gains that are ultimately disclosed.

We have intentionally kept this explanation very general. If you need further clarification or detail, please let us know.

Have a good day,
 Joy
Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com
 "Horne, Jeffery O." <JOHORNE@southernco.com>

"Horne, Jeffery O." <JOHORNE@southernco.com>
 To "Scott Twery" <scott.twery@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>
 cc
 01/13/2011 02:55 PM
 Subject Question from OpCos

Scott and Joy,

As the OpCos are booking their YE entries, I have the question from one of them asking why the "AOCI - gain/loss" number has 'decreased' so significantly in the Retiree Medical plan. Last year, we had a consolidated loss of \$296MM and this year it has dropped to \$216MM.

I don't need an answer today, but make a note and see if you can provide some insight by the end of next week.

Thanks

Jeff Horne
Accounting Policy & Research
404-506-3259 office
404-580-0527 cell

Posted by Cheryl Murray

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Security

Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.17 - Final Confirmations/Questions to Home re: Year End Disclosures
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 03:41:12 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 03:41 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/17/2011 05:39 PM
Copy Sent To Client Records

To JOHORNE@southernco.com

cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA,
 John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Confirmations / question related to year-end disclosures

Client Southern Company **Line of Business** RFM
 (01909)

Confidential No **Record Type** Correspondence -- Client

Hi Jeff,

We have a few final confirmations / questions for you related to the year-end disclosures. Please review the items below and confirm or update, as needed.

Confirmations ... Here is how we're handling a few items; let us know ASAP if you want us to do anything different.

- Southern wants to anticipate only minimum required funding when disclosing 2011 through 2013 qualified pension contributions and desires any contributions to be shown in year cash must be contributed (similar to prior years).
- During 2010, Southern signed a new executive contract for B. Anderson who is not yet a participant in the qualified pension as of December 31, 2010. Similar to the treatment for Mr. Bowden last year, Southern wants to defer recognition of this contract to December 31, 2011.
- You want us to provide disclosure worksheets that are exactly the same as those we provided for year end 2009. In other words, no changes are required/desired.

Question: How do you want us to handle MetLife reserves when we compute the weighted average long-term expected return for the retiree life plans ? We'll provide you the both of the calculations described below for you to choose unless you specify one in advance .

- Southern's current method to calculate average weighted return is to weight the assumed returns for each account by the market values in those accounts as of the prior measurement date. As of December 31, 2009, the retiree life plan assets include the MetLife reserves (@\$16 million) which Southern expects a return of 0%.

- Including MetLife reserves in the calculation lowers the expected returns for the significantly -- about 75 bps off retiree life expected returns for APC/GPC and much more for Gulf/MPC. (Note, the impact on combined retiree medical and life expected returns is a decrease of about 20 bps for APC/GPC and 30 - 50 bps for Gulf/MPC)
- It seems the "technically correct" answer would be to reflect the MetLife reserves and show the reduction in expected return. This also seems to necessitate appropriately reflecting the investment of these assets. Will that be done?
- From a practical perspective, Southern may feel that having the return change considerably could be misleading, especially since these assets will be *gone* after this year. A practical approach may be to ignore the MetLife reserves in the development of the return. If you choose this approach, please consider if any special disclosure is appropriate.
- As stated, we'll compute the returns both ways. We just wanted to highlight the issue for you so that there are no surprises.

As always, please feel free to call us to discuss.

Thanks!
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject	2011.01.18 - Confirmations from Home About Met Life Impact on Return and Misc Other Topics
Author	Cheryl Murray/Atlanta/Hewitt Associates NA RFM
Date	Georgia - Virtual Ext. 19073 01/18/2011 04:01:57 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 04:01 PM -----

"Home, Jeffery O."
<JOHORNE@southernco.com>
01/18/2011 12:46 PM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Scott Twery" <scott.twery@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "Ellen Chow" <ellen.chow@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "John Elliot" <john.elliott@aonhewitt.com>
Subject RE: Southern: Confirmations / question related to year-end disclosures

Joy,

I confirm the "Confirmations" items below.

As to MetLife, go ahead and provide the numbers both ways, but my expectation is that we will use the return that excludes the impact of the MetLife assets. However, I think we should have both sets of numbers in case we have a change of heart at the last minute.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Monday, January 17, 2011 5:40 PM
To: Horne, Jeffery O.
Cc: Scott Twery; Colby Park; Ellen Chow; Cheryl Murray; John Elliot
Subject: Southern: Confirmations / question related to year-end disclosures

Hi Jeff,

We have a few final confirmations / questions for you related to the year-end disclosures. Please review the items below and confirm or update, as needed.

Confirmations ... Here is how we're handling a few items; let us know ASAP if you want us to do anything different.

- Southern wants to anticipate only minimum required funding when disclosing 2011 through 2013 qualified pension contributions and desires any contributions to be shown

in year cash must be contributed (similar to prior years).

- During 2010, Southern signed a new executive contract for B. Anderson who is not yet a participant in the qualified pension as of December 31, 2010. Similar to the treatment for Mr. Bowden last year, Southern wants to defer recognition of this contract to December 31, 2011.
- You want us to provide disclosure worksheets that are exactly the same as those we provided for year end 2009. In other words, no changes are required/desired.

Question: How do you want us to handle MetLife reserves when we compute the weighted average long-term expected return for the retiree life plans? We'll provide you the both of the calculations described below for you to choose unless you specify one in advance.

- Southern's current method to calculate average weighted return is to weight the assumed returns for each account by the market values in those accounts as of the prior measurement date. As of December 31, 2009, the retiree life plan assets include the MetLife reserves (@\$16 million) which Southern expects a return of 0%.
- Including MetLife reserves in the calculation lowers the expected returns for the significantly -- about 75 bps off retiree life expected returns for APC/GPC and much more for Gulf/MPC. (Note, the impact on combined retiree medical and life expected returns is a decrease of about 20 bps for APC/GPC and 30 - 50 bps for Gulf/MPC)
- It seems the "technically correct" answer would be to reflect the MetLife reserves and show the reduction in expected return. This also seems to necessitate appropriately reflecting the investment of these assets. Will that be done?
- From a practical perspective, Southern may feel that having the return change considerably could be misleading, especially since these assets will be *gone* after this year. A practical approach may be to ignore the MetLife reserves in the development of the return. If you choose this approach, please consider if any special disclosure is appropriate.
- As stated, we'll compute the returns both ways. We just wanted to highlight the issue for you so that there are no surprises.

As always, please feel free to call us to discuss.

Thanks!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
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joy.ferguson@hewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Readers	*Public

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Title/Subject 2011.01.26 - T. Acklin Confirms Market Adjustment as Expected
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/01/2011 03:59:52 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/01/2011 03:50 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/26/2011 06:41 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 cc
 Subject Fw: Southern: Final Asset Information for Year-end Accounting

Pls post ...with asset info for disclosures

T. Acklin confirms market adjustment as expected

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
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joy.ferguson@aonhewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/26/2011 06:32 PM -----

Colby Park/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9
 Ext. 19075 Speed Dial:
 100
 01/26/2011 06:30 PM
Copy Sent To Client Records

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates
 NA
 cc
 Subject Fw: Southern: Final Asset Information for Year-end Accounting

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 01/26/2011 06:30 PM -----

"Acklin, Tim"
<TPACKLIN@southernco.com>

To "Scott, Dekia M." <DMSCOTT@southernco.com>, "colby.park@aonhewitt.com" <colby.park@aonhewitt.com>
 cc "Steffens, Roger S." <rssteffe@southernco.com>, "Gates, Brad J." <BJGATES@southernco.com>, "Hatley, John W." <JWHATLEY@SOUTHERNCO.COM>
 01/26/2011 06:16 PM
 Subject Re: Southern: Final Asset Information for Year-end Accounting

Colby,

Most of the Q4 real estate value gains were reported to the Bank prior to the completion of the December accounting process, so the increases are in fact captured. I can discuss in more detail if you want.

Thanks.

Tim

From: Scott, Dekia M.
To: Acklin, Tim
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Sent: Wed Jan 26 18:11:40 2011
Subject: Fw: Southern: Final Asset Information for Year-end Accounting

See comments from Hewitt as FYI.

From: Colby Park <colby.park@aonhewitt.com>
To: Hatley, John W.
Cc: Scott, Dekia M.; Scott Twery <scott.twery@aonhewitt.com>; Joy Ferguson <joy.ferguson@aonhewitt.com>; John Elliot <john.elliott@aonhewitt.com>; Ellen Chow <ellen.chow@aonhewitt.com>
Sent: Wed Jan 26 17:54:33 2011
Subject: Southern: Final Asset Information for Year-end Accounting

Hi John,

Thanks for sending the asset information. The workbook attached below is a consolidation of all the asset information we have collected from Southern.

Based on your last update, the market adjustment for private equity and real estate investments is about 0.5% of total assets. We heard (through some informal comments) that the real estate market did very well in 4th quarter 2010. So, the 0.5% is perhaps lower than we might have guessed.

Just for due diligence, please confirm all other amounts in the workbook and that the market adjustment is in-line with your expectations.

Again, appreciate all the effort!

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com

110138-OPC-POD-17-71

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Posted by Cheryl Murray

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Title/Subject **2011.01.27 - Hatley Confirms Final Asset Information**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/02/2011 11:46:02 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/02/2011 11:44 AM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9
Ext. 19075 Speed Dial:
100
01/27/2011 10:56 AM

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates
NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates
NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: Southern: Final Asset Information for Year-end Accounting

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 01/27/2011 10:56 AM -----

"Hatley, John W."
<JWHATLEY@SOUTHERNCO.COM>
01/27/2011 10:52 AM

To "Acklin, Tim" <TPACKLIN@southernco.com>, "Scott, Dekia M." <DMSCOTT@southernco.com>, "colby.park@aonhewitt.com" <colby.park@aonhewitt.com>
cc "Steffens, Roger S." <rssteffe@southernco.com>, "Gates, Brad J." <BJGATES@southernco.com>
Subject RE: Southern: Final Asset Information for Year-end Accounting

Colby,

The estimates and all other amounts have been confirmed, please note the FASB 157 Market Value adjustment has been updated from \$38,795,839 to \$38,433,516.

Regards,
John

John Hatley
Southern Company
Trust Finance
30 Ivan Allen Jr. Blvd. NW
Atlanta, Ga. 30308
404-506-0734

From: Acklin, Tim
Sent: Wednesday, January 26, 2011 6:17 PM

To: Scott, Dekia M.; 'colby.park@aonhewitt.com'
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Subject: Re: Southern: Final Asset Information for Year-end Accounting

Colby,

Most of the Q4 real estate value gains were reported to the Bank prior to the completion of the December accounting process, so the increases are in fact captured. I can discuss in more detail if you want.

Thanks.

Tim

From: Scott, Dekia M.
To: Acklin, Tim
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Sent: Wed Jan 26 18:11:40 2011
Subject: Fw: Southern: Final Asset Information for Year-end Accounting
[See comments from Hewitt as FYI.](#)

From: Colby Park <colby.park@aonhewitt.com>
To: Hatley, John W.
Cc: Scott, Dekia M.; Scott Twery <scott.twery@aonhewitt.com>; Joy Ferguson <joy.ferguson@aonhewitt.com>; John Elliot <john.elliott@aonhewitt.com>; Ellen Chow <ellen.chow@aonhewitt.com>
Sent: Wed Jan 26 17:54:33 2011
Subject: Southern: Final Asset Information for Year-end Accounting

Hi John,

Thanks for sending the asset information. The workbook attached below is a consolidation of all the asset information we have collected from Southern.

Based on your last update, the market adjustment for private equity and real estate investments is about 0.5% of total assets. We heard (through some informal comments) that the real estate market did very well in 4th quarter 2010. So, the 0.5% is perhaps lower than we might have guessed.

Just for due diligence, please confirm all other amounts in the workbook and that the market adjustment is in-line with your expectations.

Again, appreciate all the effort!

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
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Southern Asset Inputs for 2010 Year-end Disclosures_Final_sent 01 27 2011.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.11 - PRELIMINARY AOCI Results to Horne , Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/12/2011 08:36:08 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/12/2011 08:33 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/11/2011 01:07 PM
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To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: PRELIMINARY AOCI Information as of December 31, 2010

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The file attached below has the "PRELIMINARY AOCI schedules" as of December 31, 2010. These schedules show initial versions of the retirement benefit plans' 12/31/2010 obligations, assets, funded statuses, accrued/prepaid costs, and unrecognized costs. The unrecognized costs are essentially the amounts that will be amortized in future periods and, pursuant to accounting guidance, should be considered when Southern develops its Accumulated Other Comprehensive Income.

As we have discussed, the final 12/31/2010 figures will be different from those in the attachments due to the following:

- Obligations in attached are based on preliminary assumptions selected December 16, 2010 which have subsequently been revised. (See assumptions you confirmed via email on January 6, 2011.) Note, this will also impact some of the prior service cost bases for the plan amendments being recognized as of December 31, 2010.
- Asset values in attached are based on preliminary values reported to us by Southern. The pension/401(h) amounts are preliminary 12/31/2010 trust values. The VEBA values are simple projections of November 30, 2010 trust values to December 31, 2010. Final figures will reflect updated values from the trustees and a market value adjustment provided by Southern.
- Accrued/prepaid costs are preliminary and subject to changes as the year end 2010 amounts are reconciled with prior year end amounts. (We have several pending questions outstanding with Becky that may very well result in changes.)

We will now revise obligations and finalize accrued/prepaid costs. All that should be done shortly. Then we'll need to await final information, including any market adjustments. We plan to deliver final disclosure within 3 business days of receiving that information.

Please let us know if you have questions.

Have a good day,
Joy



Preliminary AOCI_12.31.2010_sent 01.11.2011.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2011.01.31 - RESULTS: FINAL Disclosure Information for 2010 Year End
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/02/2011 02:44:58 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/02/2011 02:46 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/31/2011 02:58 PM
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To RJMARSH@southernco.com, JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Disclosure Information for 2010 Year-end (one more item)

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Jeff / Becky,

For completeness, here is the final Assumption Guide sent to Jeff on January 19, 2011.



2011.01.19 SO 2010 Assumption Review_final_sent.pdf

Regards,
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@aonhewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/31/2011 02:57 PM -----

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To RJMARSH@southernco.com, JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Disclosure Information for 2010 Year-end

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence --

Jeff/Becky,

Attached below is the information required for 2010 year-end disclosures.

Included are the following:

- #1: PDF of cover letter and all disclosure information
- #2: Excel: Disclosure information by plan/company (same format as last year)
- #3: Excel: AOCI reconciliations by plan/company (includes detail of asset values and market adjustments)

As requested, we have included two separate displays for weighted average assumptions. One includes the calculation of average return for retiree life plans reflecting the 0% anticipated return for MetLife reserves; the other ignores the anticipated return for MetLife reserves. We understand you will evaluate which is most appropriate to be disclosed. Please let us know which display is used. We will make a note to include that version next year.

Please let us know if you have any questions or need additional information.

Have a good day,
Joy



2011.01.31 rm 2010.12.31 Disclosure Results Ltr_final.pdf



2010.12.31 Disclosure_final_sent.xls



2010.12.31 AOCI_final_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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Posted by Cheryl Murray

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Title/Subject 2011.02.16 - JF Sends Final 2011 Postretirement Benefit Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/17/2011 09:49:07 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/17/2011 09:48 AM -----

**Joy
 Ferguson/Atlanta/Hewitt
 Associates**
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 02/16/2011 12:29 PM
**Copy Sent To Client
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To RJMARSH@southernco.com
cc WRHINSON@southernco.com, JOHORNE@southernco.com,
 GFMARSHA@southernco.com, LESITTON@southernco.com,
 swwilkin@southernco.com, Ellen Chow/Atlanta/Hewitt
 Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt
 Associates@Hewitt Associates NA, John Elliot, Colby
 Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl
 Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Formal Reporting of 2011 Postretirement Benefit
 Costs

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Attached below are the 2011 annual costs for the pension and post-retirement benefit plans.

The letter provides an overview of the results and highlights reasons for variances between projected and actual results.

The 2011 interim disclosure exhibits will be sent in the near future.

As always, please let us know if you or others have any questions or need additional information.

Have a good day,
Joy



2011 ASC 715 Costs_Send.xls E-02162011 rm-Final Cost Letter_final.pdf

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
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 t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.02.17 - JF Sends Reconciliation of Projected to Actual 2011 Cost and Funded Status
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/17/2011 05:45:43 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/17/2011 05:45 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 02/17/2011 04:38 PM
Copy Sent To Client Records

To LESITTON@southernco.com, WRHINSON@southernco.com, JOHORNE@southernco.com, GFMARSHA@southernco.com, swwilkin@southernco.com, RJMARSH@southernco.com
cc Scott Twery, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Reconciliation of Projected to Actual 2011 Cost and Funded Status

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hello all,

To supplement the information provided in the letter we sent on February 16th, we have prepared the attached reconciliation. It shows how the projected 12/31/2010 funded statuses and 2011 costs from our March 15, 2010 projection letter reconciles with actual results. The reconciliation effectively quantifies the changes described in the letter we just sent. Of particular note is that for some of the changes, the magnitude of the cost change and funded status changes seem out of line. This mostly results with how the various smoothing mechanisms (e.g., the 10% gain/loss corridor, 5 year asset smoothing, etc.) impacts each plan/company differently.

All of the factors identified in the reconciliation are fairly typical with the exception of the pension contribution and assumption changes. Both of these are effectively one-time items. Both had significant positive impacts, especially on costs. As discussed, the pension contribution is essentially an acceleration of anticipated required deficit funding. Similarly, the assumption changes can be thought of as an acceleration. By using new Aon Hewitt tools with the latest Southern data, we were able to identify trends that are expected to play out over a long period of time and support assumption changes that allow those gains to be recognized today.

The attached reconciliations present the totals for all of the retirement benefit plans for all of the companies. If you want/need comparable reconciliations by company and/or by plan, please let us know.

If you have any questions, or want to discuss any of these results, please reach out to me or Scott.

Have a great day,
Joy



02.17.2011 2011 Cost Prj Reconciliation_sent.pdf

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.03.29 - 2011 Annual Costs by Component and 2011 Interim Disclosures
Cheryl Murray/Atlanta/Hewitt Associates
NA RFM

Date Georgia - Virtual Ext. 19073
03/30/2011 08:47:22 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/30/2011 08:45 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100

03/29/2011 05:59 PM
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To RJMARSH@southernco.com

cc JOHORNE@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: 2011 Annual Costs by Component and 2011 Interim Disclosures

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Becky,

Attached are the following:

#1: Components of 2011 Annual Costs for the Postretirement Benefit Plans

#2: 2011 Interim Disclosures for the Postretirement Benefit Plans

For all, we have provided a pdf and excel version of the files.

All information is based on the 2011 costs delivered to Becky on February 16, 2011.

Please let us know if you or others have any questions or need additional information.

Have a good evening,
Joy



2011 Interim Disclosure - Qtrly for all of 2011_sent 03.29.2011.xls 2011 Annual Period Cost Detail_sent 03.29.2011.pdf



2011 Interim Disclosure - Qtrly for all of 2011_sent 03.29.2011.pdf 2011 Annual Period Cost Detail_sent 03.29.2011.xls

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.02.25 - JF Requests Confirmation of Cost Projection Paramters by 3/3/2011
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 03/02/2011 05:55:36 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:55 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 02/25/2011 02:58 PM
Copy Sent To Client Records

To LESITTON@southernco.com
cc Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Cost Projection Parameters; Need confirmations by March 3

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document"*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document"*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this

approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy



2011.02.25 Draft Projection Parameters_2012 - 2021.pdf

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

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Title/Subject 2011.02.25 - Sitton Questions Assumption re : Transfer of EEs to SCS from APC and GPC
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 05:58:57 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:58 PM -----

"Sitton, Larry E."
<LESITTON@southernco.com>
02/25/2011 03:29 PM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy – regarding this assumption.....

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information.

How were they handled for the 2011 costs recently provided?

My recollection of this particular assumption a year ago is that we were simply trying to make sure that all costs (not just pension/oprbs) were consistently reflected at one company or another, but at this point – my assumption is that the active employee count as of 1/1/2010 reflects that movement – and there would be no reason to provide any special treatment.

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts ("*Population Projection, #2 in document*")

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy

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t 770-690-7064 | f 770-690-7040
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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item Response

Database: SoCo Projects
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Title/Subject 2011.02.25 - JF's Response re: Not Reflecting Transfers in 12/31/2010 Meas and 2011 Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 06:00:00 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:59 PM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
02/25/2011 04:21 PM

To "Sitton, Larry E." <LESITTON@southernco.com>
cc "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3 

Hi Larry,

Since the transfer occurred during 2010, the transfers were not effective as of the 1/1/2010 census collection date. We discussed this with Jeff Horne and others in setting our year-end disclosure parameters. Southern decided to not reflect these transfers in the 12/31/2010 measurement and 2011 costs. Rather, allow the transfers to take place on "normal" timing, which would mean they would be first reflected in the 12/31/2011 measurement and 2012 costs.

Accounting for the transfers can be a bit involved, in particular for the qualified pension plan. As you may know, the both obligations and assets are transferred in the qualified pension plan for employee transfers. Typically in past projections, Souther has chosen to not make special adjustments for employee transfers not included in the most recent measurement.

In this case, the thinking may have been that since SCS costs are allocated back to the operating companies (with APC / GPC receiving some of the larger allocations), the effort involved in reflecting these transfers on an ad-hoc basis was not warranted. However, your perspective may be different..which is why we wanted to highlight this for you.

Please feel free to call if a discussion would be helpful.

Have a good weekend!

Joy

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t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

"Sitton, Larry E."
<LESITTON@southernco.com>

02/25/2011 03:29 PM

To ""Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery"
<scott.twery@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>
Subje RE: Southern: Cost Projection Parameters; Need confirmations by March 3
ct

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There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information.

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My recollection of this particular assumption a year ago is that we were simply trying to make sure that all costs (not just pension/oprbs) were consistently reflected at one company or another, but at this point – my assumption is that the active employee count as of 1/1/2010 reflects that movement – and there would be no reason to provide any special treatment.

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

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Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

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Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document*)

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3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy

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Item Response

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Title/Subject 2011.03.01 - JF Responds to B. Young re: Using 1/1/2011 Census Data in Projections
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 06:34:33 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 06:34 PM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100

03/01/2011 09:45 AM

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To "Young, Brent" <CBYOUNG@southernco.com>
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates
NA
Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3 
Client Southern Company **Line of Business** RFM
(01909)
Confidential No **Record Type** Correspondence --
Client

Hi Brent,

The census data as of 1/1/2011 is not yet available. Since we collect census including the March pay increases, the core data file has not even reached our processing center yet. So, the 1/1/2011 census will not be available until later this year (June timeframe).

Consistent with prior years projections, Southern has relied on the most recent measurement of obligations for projecting into the future. Each year, we ask for Southern's input for significant / unusual employment patterns. Based on that input, at times, manual adjustments have been made to the measurements and/ or projections.

For the 12/31/2010 measurement, Southern indicated that there were no such adjustments needed for 2010 experience. So, the census data as of 1/1/2010 projected to 1/1/2011 using standard assumptions (level active headcounts, etc..) would be reasonable (with exception for SNC new hires).

Please call if you would like to discuss further.

Regards,
Joy

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t 770-690-7064 | f 770-690-7040

joy.ferguson@aonhewitt.com | aonhewitt.com
"Young, Brent" <CBYOUNG@southernco.com>

"Young, Brent"
<CBYOUNG@southernco.com>

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc

03/01/2011 09:05 AM

Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy,

I'm working with Larry to review the assumptions for the 2012-2021 projections. My understanding is that the cost for each year is based on the plan populations from the prior year, so that the 2011 cost is based on the population as of 1/1/2010. Since we are discussing projections for 2012 and beyond, can we use the 1/1/2011 active population for the baseline, and then make any necessary adjustments from there? Could you provide the active participants for each company as of 1/1/2011?

Thank you,
Brent Young

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!
Joy

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Posted by Cheryl Murray

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Title/Subject 2011.03.07 - B. Young Provides Revised Assumption Information
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 03/08/2011 11:23:53 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:22 AM -----

"Young, Brent"
<CBYOUNG@southernco.com>
03/07/2011 11:55 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy,

The revised assumptions 10-year cost projections are provided below. The attachment includes the population projections, as well as the 277 Transmission employees that transferred from APC (154) and GPC (123) to SCS in January 2010. For the anticipated benefit plan changes, the recommendation is to reduce the amount to \$15 million for 2012 and 2017.

This afternoon, I may need to provide a revised population projection for SCS, but I wanted to go ahead and address the other assumptions this morning. Please call if you would like to discuss or if you have any questions.

Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

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joy.ferguson@aonhewitt.com | aonhewitt.com

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Emp Assumptions for 2012-2021 Retiree Benefit Costs.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

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Title/Subject	2011.03.07 - Population Projection Revised for Potential Growth at Southern Power
Author	Cheryl Murray/Atlanta/Hewitt Associates NA RFM Georgia - Virtual Ext. 19073
Date	03/08/2011 11:43:39 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:43 AM -----

"Young, Brent" <CBYOUNG@southernco.com>	To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
03/07/2011 04:53 PM	cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>
	Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

The population projection has been revised to reflect potential growth at Southern Power. The revised file is attached below. Please let me know if you have any questions.

Thank you,
Brent

From: Young, Brent
Sent: Monday, March 07, 2011 11:55 AM
To: 'Joy Ferguson'
Cc: Sitton, Larry E.; Scott Twery; 'cheryl.murray.2@aonhewitt.com'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy,

The revised assumptions 10-year cost projections are provided below. The attachment includes the population projections, as well as the 277 Transmission employees that transferred from APC (154) and GPC (123) to SCS in January 2010. For the anticipated benefit plan changes, the recommendation is to reduce the amount to \$15 million for 2012 and 2017.

This afternoon, I may need to provide a revised population projection for SCS, but I wanted to go ahead and address the other assumptions this morning. Please call if you would like to discuss or if you have any questions.

Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

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Please confirm the adjustments Southern would like us to make to the projected active headcounts.

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Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

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Emp Assumptions for 2012-2021 Retiree Benefit Costs.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public


Item Response

Database: SoCo Projects
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Title/Subject 2011.03.07 - JF Summarizes How Population Changes Impact Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/08/2011 11:44:25 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:44 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/07/2011 06:14 PM
**Copy Sent To Client
Records**

To "Young, Brent" <CBYOUNG@southernco.com>
cc "cheryl.murray.2@aonhewitt.com"
<cheryl.murray.2@aonhewitt.com>, "Sitton, Larry E."
<LESITTON@southernco.com>, "Scott Twery"
<scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3 
Client Southern Company **Line of Business** RFM
(01909)
Confidential No **Record Type** Correspondence --
Client

Hi Brent,

Thanks for the update.

For documentation, we wanted to summarize how the population changes you provided will impact costs with a focus on the timing of the impacts. This should be consistent with our discussion earlier today.

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If you have questions or need to discuss further, please let us know. Otherwise, we will use this information to finalize the cost projections.

Consistent with prior delivery estimates, we are still prepared to deliver the 2012 - 2021 cost projections by March 18th.

Have a good day,

110138-OPC-POD-17-105

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
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<CBYOUNG@southernco.com>
>

03/07/2011 04:53 PM

To ""Joy Ferguson"" <joy.ferguson@aonhewitt.com>
cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery"
<scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com"
<cheryl.murray.2@aonhewitt.com>
Subje RE: Southern: Cost Projection Parameters; Need confirmations by March 3
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From: Young, Brent
Sent: Monday, March 07, 2011 11:55 AM
To: 'Joy Ferguson'
Cc: Sitton, Larry E.; Scott Twery; 'cheryl.murray.2@aonhewitt.com'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]

Sent: Friday, February 25, 2011 2:58 PM

To: Sitton, Larry E.

Cc: Colby Park; Scott Twery; Cheryl Murray

Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

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Have a good weekend!

Joy

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Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.03.14 - Young Requests Revised Population Assump for Gulf
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
03/17/2011 08:55:50 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 08:54 AM -----

"Young, Brent"
<CBYOUNG@southernco.com>
03/14/2011 10:19 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy,

We agree with the timing of the population changes and the cost impact that you have described below.

Also, can we revise the population assumption for Gulf Power to ignore the 35 headcount reduction during 2010? Would this delay the file, or is this a relatively simple change? Provided below is a revised employee population worksheet, and the 2010 Gulf activity is the only revision.

Please call if you would like to discuss.

Thanks again,
Brent
404-506-0393

From: Joy Ferguson [<mailto:joy.ferguson@aonhewitt.com>]
Sent: Monday, March 07, 2011 6:14 PM
To: Young, Brent
Cc: 'cheryl.murray.2@aonhewitt.com'; Sitton, Larry E.; 'Scott Twery'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Brent,

Thanks for the update.

For documentation, we wanted to summarize how the population changes you provided will impact costs with a focus on the timing of the impacts. This should be consistent with our discussion earlier today.

Effectively, we will be reflecting the terminations / transfers / new hires in line with the ongoing practices of how data is collected and projected for cost purposes. The projections will not anticipate that any of the changes will be significant enough to merit special recognition to accelerate when their impact. See below for examples of how the timing works for each category of adjustment.

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If you have questions or need to discuss further, please let us know. Otherwise, we will use this information to finalize the cost projections.

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Have a good day,

Joy

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joy.ferguson@aonhewitt.com | aonhewitt.com

"Young, Brent"
<CBYOUNG@southernco.com>

03/07/2011 04:53 PM

To: "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc: "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3
ct

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Brent

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Cc: Sitton, Larry E.; Scott Twery; 'cheryl.murray.2@aonhewitt.com'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

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3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document"*)

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Have a good weekend!

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Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.03.14 - JF Confirms Change for Gulf and On -Time Delivery for Projections
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
03/17/2011 08:58:01 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 08:57 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/14/2011 10:28 AM

To "Young, Brent" <CBYOUNG@southernco.com>
cc "cheryl.murray.2@aonhewitt.com"
<cheryl.murray.2@aonhewitt.com>, "Scott Twery"
<scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3 

Thanks Brent.

We can make the change for Gulf without impacting the delivery of the file (still can delivery by Friday, March 18).

Have a good day!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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"Young, Brent"
<CBYOUNG@southernco.com>

03/14/2011 10:19 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>, "Scott
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Subje RE: Southern: Cost Projection Parameters; Need confirmations by March 3
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404-506-0393

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Cc: 'cheryl.murray.2@aonhewitt.com'; Sitton, Larry E.; 'Scott Twery'
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03/07/2011 04:53 PM

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110138-OPC-POD-17-116

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Cc: Colby Park; Scott Twery; Cheryl Murray

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t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

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if you communicate with us by e-mail. Emp Assumptions for 2012-2021 Retiree Benefit Costs.xls

Posted by Cheryl Murray

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Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
Document Editors	Cheryl Murray/Atlanta/Hewitt Associates

Readers

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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.03.16 - RESULTS: Final Projections to Sitton
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 03/17/2011 09:05:56 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 09:05 AM -----

**Joy
 Ferguson/Atlanta/Hewitt
 Associates**
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 03/16/2011 02:15 PM
**Copy Sent To Client
 Records**

To LESITTON@southernco.com
cc GFMARSHA@southernco.com, JOHORNE@southernco.com,
 mslantri@southernco.com, WRHINSON@southernco.com,
 Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
 John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Projections of Retirement Benefit Costs for 2012
 through 2021

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Larry,

Attached below are the updated projections of retirement benefit costs. There were no changes from the draft version we shared with you earlier this morning.

One attached file is a "PDF" with the results letter. The letter and attachments explain what was done and describes the results. The attached Excel file provides copies of the cost tables accompanying the PDF'd letter in a format that may be easier to pull numbers from.

As always, please let us know if you have questions or need additional information.

Have a good day!
Joy



2011.03.16 Projection Results 2012-2021_Final_Sent.pdf



2011.03.16 Projection Summary_Final_Sent.xls

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Posted by Cheryl Murray

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Readers	*Public

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Title/Subject 2010.11.17 - Accrued Prepaid Worksheets to Marsh ; Request Return by 12/17/2010
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/02/2010 11:46:26 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/02/2010 11:46 AM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
11/17/2010 05:22 PM
Copy Sent To Client Records

To RJMARSH@southernco.com
cc Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates
NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt
Associates NA
Subject Southern: Accrued Prepaid Worksheets, Request Back by
December 17

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Attached are the accrued / prepaid reconciliation worksheets. We need all the responses by December 17 but please send the individual companies as you finalize them.

Here are a few comments about the worksheets:

1. The worksheets are "locked down" so that only the highlighted cells can be edited.
2. The 12/31/2009 accrued /prepaid costs and fiscal 2010 costs have been prepopulated. These values are "fixed" and should not change. However, if individual operating companies have minor differences, they can enter them in the adjustment line 4b.
3. The reimbursements from trusts (line 3c.) also have been prepopulated with the amounts communicated to Southern in August.
4. The nonqualified benefit true-ups will be communicated to Southern in December. The values in these worksheets have been left blank.

Let us know if you have any questions.



Worksheets Sent 11-17-2010.zip

Regards,

Colby Park
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colby.park@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject **2010.12.15 - Accrued/Prepaid Worksheets Returned by Southern**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 12/21/2010 01:19:43 PM

See responses

Posted by Cheryl Murray

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Item Response

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Title/Subject 2010.12.15 - Gulf Returned by Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 12/21/2010 01:23:04 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/21/2010 01:22 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/15/2010 02:50 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 12/15/2010 02:50 PM -----

"Marsh, Rebecca J."
<RJMARSH@southernco.com>
12/14/2010 09:05 PM

To "joy.ferguson@hewitt.com" <joy.ferguson@hewitt.com>, "Colby Park" <colby.park@hewitt.com>
cc
Subject Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls



Accrued_Prepaid Worksheet_Gulf_12-31-2010sent to SO 11-17-2010 (2).xls

Posted by Cheryl Murray

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Title/Subject 2010.12.23 - Updated Accrued Recon Worksheets to Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/28/2010 02:52:49 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/28/2010 02:52 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/23/2010 11:23 AM
Copy Sent To Client Records

To RJMARSH@southernco.com

cc John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Accrued Reconciliation Worksheets, Updated
 (Response Due by 1/5)

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Here are the updated accrued reconciliation worksheets. Please review our updates and questions.

Note, we need the "final" reconciliations *by January 5th* to include in the preliminary AOCI results due to Southern by January 11th.

Updates made by Aon Hewitt :



- Qualified Pension, Line 3(a)(i): 2010 contribution
- Nonqualified Pension, Line 4(a): 2010 true-ups
- Retiree Medical, Line 3(a)(iii): GPC VEBA contribution, final amount reported to us on 12/22/2010
- Rounded entries to nearest \$1

Questions/Outstanding Issues :

- APC/SNC: Nonqualified Pension, Line 4(b): Adjustments appear rather large relative to "normal"; please confirm
- APC Retiree Medical, Line 4(b): Confirm \$1.4 million adjustment is valid
- SCS Retiree Medical Tax Accounting, Line 4(b): See our comment in "red" in the comment box
- SNC: Retiree Medical, Line 3(d)(i): Should this amount be positive? (We generally don't expect "negative" RDS amounts being accrued.
- Retiree Life (all companies): Confirm premiums reported in line 3(c)(i) exclude amounts paid by Metlife Reserve
- VEBA contributions for APC, MPC and Gulf to be validated by Aon Hewitt.

I will be out of the office now from 12/29 returning 1/3. While I am out, please reach out to either John or Colby with any questions. Also, please include them on any updates related to these reconciliations.

Happy Holidays!
Joy

-  2010 12 31 Accrued_Prepaid Worksheet_SEI_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_APC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_COM_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_GPC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_Gulf_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_MPC_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_SCS_sent to SO 12.23.2010.xls
-  2010 12 31 Accrued_Prepaid Worksheet_SNC_sent to SO 12.23.2010.xls

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Posted by Cheryl Murray

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Title/Subject 2011.01.11 - JF Requests Updates to Accrued Recon Worksheets by 1/19 (Second Request)
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/12/2011 07:47:52 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/12/2011 07:47 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 01/11/2011 05:56 AM
Copy Sent To Client Records

To RJMARSH@southernco.com

cc john Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Accrued Reconciliation Worksheets, Updated (Response Due by 1/19)

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

We wanted to follow-up on the questions / comments in the email below.

Note, today we are issuing the preliminary AOCI based on the reconciliations attached.

However, we will have the opportunity to update based on your response to our questions for final disclosures.

We will need the final accrued / prepaid reconciliations no later than Wednesday, January 19th.

Note, most of us are working from home today. So, email is the best way to reach out.

Thanks!
Joy

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----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/11/2011 05:53 AM -----

Joy Ferguson NA RFM Atlanta-Riverwood-9-B Ext. 19147 Speed Dial: 100 12/23/2010 11:23 AM	To: RJMARSH@southernco.com cc: John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
---	--

(bcc: Client Records Distribution Mailbox)
Subject: Southern: Accrued Reconciliation Worksheets, Updated
(Response Due by 1/5)

Client: Southern Company (01909)Line of Business: RFM
Confidential: No Record Type:
Correspondence -- Client

Hi Becky,

Here are the updated accrued reconciliation worksheets. Please review our updates and questions.

Note, we need the "final" reconciliations *by January 5th* to include in the preliminary AOCI results due to Southern by January 11th.

Updates made by Aon Hewitt :

- Qualified Pension, Line 3(a)(i): 2010 contribution
- Nonqualified Pension, Line 4(a): 2010 true-ups
- Retiree Medical, Line 3(a)(iii): GPC VEBA contribution, final amount reported to us on 12/22/2010
- Rounded entries to nearest \$1

Questions/Outstanding Issues :

- APC/SNC: Nonqualified Pension, Line 4(b): Adjustments appear rather large relative to "normal"; please confirm
- APC Retiree Medical, Line 4(b): Confirm \$1.4 million adjustment is valid
- SCS Retiree Medical Tax Accounting, Line 4(b): See our comment in "red" in the comment box
- SNC: Retiree Medical, Line 3(d)(i): Should this amount be positive? (We generally don't expect "negative" RDS amounts being accrued.)
- Retiree Life (all companies): Confirm premiums reported in line 3(c)(i) exclude amounts paid by Metlife Reserve
- VEBA contributions for APC, MPC and Gulf to be validated by Aon Hewitt.

I will be out of the office now from 12/29 returning 1/3. While I am out, please reach out to either John or Colby with any questions. Also, please include them on any updates related to these reconciliations.

Happy Holidays!
Joy



2010 12 31 Accrued_Prepaid\Worksheet_SO-SEI_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_APC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_COM_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_GPC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_Gulf_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid\Worksheet_MPC_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid Worksheet_SCS_sent to SO 12.23.2010.xls



2010 12 31 Accrued_Prepaid Worksheet_SNC_sent to SO 12.23.2010.xls

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Posted by Cheryl Murray

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Title/Subject **2011.01.20 - Updated Accrued_Prepaid Worksheets from Marsh**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/21/2011 03:33:50 PM

See responses

Posted by Cheryl Murray

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Title/Subject 2010.10.26 - JF Requests Confirmation of Target Asset Allocations for VEBA Trusts
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 10/26/2010 02:40:03 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 10/26/2010 02:39 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 10/26/2010 01:53 PM
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To DMSCOTT@southernco.com

cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates
 NA

Subject Southern: Confirmation of Asset Allocations for VEBA Trusts
 (Response requested by November 3)

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Dekia,

For the year-end assumption setting, we need to have Southern confirm the target asset allocations for the VEBA trusts.

Attached below is a spreadsheet summarizing the allocations as reported for year-end 2009. Please review and update the VEBA allocations as needed.

Note, Bob Penter's group has already confirmed with you the qualified pension and 401(h) trust allocations.

If possible, we would like these allocations updated by Wednesday, November 3.

Please call with any questions.

Thanks!

Joy



2010 Asset Allocation (SO).xls

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 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2010.10.28 - Twery Sends Documentation to Support 8.75% LTR Assump After \$620MM Contribution
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 11/01/2010 12:11:42 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 11/01/2010 12:09 PM -----

Scott Twery/Atlanta/Hewitt Associates

NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100

To "Steffens, Roger S." <rssteffe@southernco.com>

cc Bob Penter, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Re: Potential Contribution impact on Expected Return 

10/28/2010 10:54 AM
Copy Sent To Client Records

Client Southern Company (01909)
Confidential No

Line of Business Global Investment Practice, RFM
Record Type Correspondence -- Client, Correspondence -- Internal

Roger, hi. I am sending you a file with three pages to support the current 8.75% long-term expected return assumption after a \$620 million accelerated contribution. See attached. The three pages are:

- (1) Expected return analysis with current target allocation showing 9.66% expected return.
- (2) The computation of the asset allocation if a \$620 million contribution is invested in long duration fixed income.
- (3) Expected return analysis with allocation reflecting \$620 million in long duration fixed income (from #2) showing 9.33% expected return.

The expected return analyses were done using Aon Hewitt's "e-tool." The assumptions reflect Hewitt's standard Q3 capital market assumptions; the output documents these. The analyses used a current market value of assets of \$6.25 billion. The \$620 million contribution is what we reflected in the ultimate analysis done for Larry Sitton. It is roughly the projected 1/1/2011 funding basis deficit. Bob Penter did analyses that produced similar results.

Note that the capital market assumptions reflect a long term inflation assumption of 2.20%. Some other sources (e.g., TIP vs Treasury yields) seem to suggest lower inflation expectations by the market. The primary concern about being about to support the 8.75% assumption would be if Southern wanted to use an inflation assumption well below 2.20%. For example, if a 1.50% inflation expectation was used in the return analysis, the model would compute an expected return of just 8.58%. That doesn't mandate a change in the 8.75% assumption (the odds of achieving an average return of 8.75% over the next 10-30 years would still be about 47%); however, there would be much more to "think about" in that case.

I hope this helps. Please call if you have any questions about this or anything else.



- 2010.10 Analyses supporting 8.75 pct LTR after 620mm contrib to fixed income _SENT.pdf

Scott C. Twery
Aon Hewitt | Retirement Consulting

Atlanta, GA
t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040
scott.twery@hewitt.com | aonhewitt.com

"Steffens, Roger S." <rssteffe@southernco.com>

"Steffens, Roger S."
<rssteffe@southernco.com>

To Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
cc

10/27/2010 02:34 PM

Subject Potential Contribution

Scott, I recall your mentioning that you did some work that suggested if we put the entire contribution into fixed income it wouldn't bring our assumed return below the current 8.75% (?)

If you have backup to this can you send it to me ?

Roger

Posted by Cheryl Murray

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Title/Subject 2010.11.04 - Sitton Provides Guidance Related to Incentive Payout Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 11/05/2010 10:40:52 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 11/05/2010 10:39 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 11/04/2010 09:45 AM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: 2011 Budget STI Assumption for Retirement Benefits

"L. Sitton Provides Guidance Related to Incentive Payout Assumption"

*Post along with other year-end assumption setting

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----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 11/04/2010 09:45 AM -----

"Sitton, Larry E."
<LESITTON@southernco.com>
 11/04/2010 09:16 AM
Copy Sent To Client Records

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc "Young, Brent" <CBYOUNG@southernco.com>
Subject 2011 Budget STI Assumption for Retirement Benefits

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Joy -

Got your call. My understanding is that you need the STI incentive multiple assumption for "2011 and beyond" for the retirement benefit assumption setting meeting next week.

At this point in the planning process, we really don't have meaningful financial projections for 2011 - much less goals established that ultimate deliver the incentives that we are trying to project. Accordingly - to a large degree, the numbers provided reflect our speculation on the level of stretch in the goal setting process as well as our speculation on the level of success SO will have in delivering on financial and operational success

factors. (Sounds a bit like a disclaimer on interest rates, doesn't it....)

With all of the above said, I believe you "bookend" the possibilities with a low of "target" or 100% and a high of 150% (ballpark average payout of recent years) - with the answer likely somewhere in the middle.

Brent Young is responsible for our incentive projections, and early estimates that I have seen on 2011 (and beyond) projects STI ranges of 125% to 133% for our affiliate companies with 128% effectively a system average - so if I were to provide an initial recommendation, it would likely be 128%.

As information/additional context, current projections for 2010 suggest a system average in the high 130's - with potential affiliate payouts ranging from 100% to 170%.....point being, there has been a good bit of volatility of historical payouts across affiliates, and it appears that volatility will carry over into 2010.

Please let us know if we need to discuss further prior to your meeting.

Larry

Posted by Cheryl Murray

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Title/Subject 2010.12.01 - Acklin Estimates 10.53% Pension Trust Return for First 11 Months of 2010
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/03/2010 12:08:34 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:08 PM -----

Scott Twery/Atlanta/Hewitt Associates
 NA RFM
 MS - 9K
 Atlanta-Riverwood-9-G
 Ext. 19144 Speed Dial:
 100
 12/01/2010 10:54 AM
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To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: SCSMRT Estimated Pension Return - YTD through November

Client Southern Company (01909)
Line of Business RFM
Confidential No
Record Type Correspondence -- Client

Cheryl, please post ... "Acklin estimates 10.53% pension trust return for first 11 months of 2010"

Joy, for rough estimates , lets use 10.5% for year.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 12/01/2010 10:51 AM -----

"Acklin, Tim"
<TPACKLIN@southernco.com>
 12/01/2010 10:19 AM

To "Joy Ferguson" <Joy.Ferguson@hewitt.com>
cc "Scott Twery" <scott.twery@hewitt.com>, "Steffens, Roger S." <rssteffe@southernco.com>
Subject SCSMRT Estimated Pension Return - YTD through November

Joy,

Good morning. The estimated pension year-to-date return through November is 10.53%, based on actual YTD through October and an estimated November return (+11.58% and -0.94%, respectively). Please let me know if you have any questions.

Regards.

Tim

Tim Acklin
SCS Trust Finance
404-506-0724

tpacklin@southernco.com

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Posted by Cheryl Murray

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Readers	*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2010.12.16 - JF Sends Updated 12/31/2010 Assumption/Parameter Guide
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/22/2010 08:59:24 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/22/2010 08:59 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/16/2010 06:19 PM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, SSEIM@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Updated 12/31/2010 Assumption / Parameter Guide

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

We updated the year-end assumption / parameter guide reviewed in our meeting on November 12th to reflect the decisions made at the meeting and current market data. Please review and let us know if you have any questions or changes.

The most notable change in the market data relates to the yield curves supporting the discount rate selection. Since we last met, the market rates have increased roughly 30 - 35 basis points. As we discussed today, we reflected this change in the discount rates and most other related assumptions (base pay increases, statutory increase rates, installment parameters).

Note, the assumptions and parameters summarized in this document will be used for the preliminary AOCI assessment to be delivered by January 11th. *So, please let us know by tomorrow (December 17th) if you have any changes to the assumptions .*

We will continue to keep you and others informed about discount rates as we approach year-end. Our final disclosures will reflect any decisions made after tomorrow.

Have a good evening!
Joy



2010.12.16 SO 2010 Assumption Review_sent.pdf

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370

t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Readers	*Public

Item Response

Database: SoCo Projects
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Title/Subject 2010.12.27 - Horne Confirms Procedure for MetLife Reserve
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/28/2010 03:00:16 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/28/2010 03:00 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
12/27/2010 09:03 AM

To "Joy Ferguson" <joy.ferguson@hewitt.com>
cc "Ellen Chow" <ellen.chow@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>, "Colby Park" <colby.park@hewitt.com>, "Scott Twery" <scott.twery@hewitt.com>, "Marsh, Rebecca J." <RJMARSH@southernco.com>
Subject RE: Southern: MetLife Reserve specifics for 12/31/2010 measurement

Joy,

Thanks for the email. I agree with the procedure that you've outlined, continuing to use the allocation methodology that we used last year.

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Wednesday, December 22, 2010 4:25 PM
To: Horne, Jeffery O.
Cc: Ellen Chow; Cheryl Murray; Colby Park; Scott Twery; Marsh, Rebecca J.
Subject: Southern: MetLife Reserve specifics for 12/31/2010 measurement

Hi Jeff,

Here is our game plan related to the MetLife reserves as of December 31, 2010. We wanted to send this to you as documentation of what we plan to do. This will ultimately be reflected in the assumption guide. However, this is different than what is in the draft assumption guide, you may want to share this with Deloitte when you give them the draft guide.

Phil Mask told us that the remaining MetLife balance for retiree life premiums is \$9,921,257 as of November 30, 2010. Unless you indicate otherwise, we will allocate this amount between the operating companies using the same methodology as used last year (i.e., based on expected premiums). The email below has details regarding the method. Note that this we will not add interest to the November 30th reserve balance since we don't assume any return on the reserve which is consistent with our assumptions.

Please let us know if you want us to do something different, have questions or need additional information.

Happy Holidays!
Joy

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joy.ferguson@hewitt.com | aonhewitt.com

Joy Ferguson/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood -9-B
Ext. 19147 Speed
Dial: 100

To: JOHORNE@southernco.com
cc: Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject: Southern: Formal Documentation of Final Retiree Life Plan 2009 Remeasurement

02/08/2010 02:51 PM

Copy Sent To

Client Records Client: Southern Company (01909) Line of Business: RFM
Confidential: No Record Type: Correspondence -- Client

Hi Jeff,

As discussed, here is the formal consolidated letter and exhibits documenting the 2009 retiree life plan interim remeasurement.

We will be including this information in our response to Deloitte's standard year-end audit request.

No action needed on your part...this is intended to be informational only.

Have a good day,
Joy



Joy L. Ferguson, ASA, EA

Actuarial Consultant | Retirement and Financial Management
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Tel 770-690-7064 | Fax 770-690-7040
joy.ferguson@hewitt.com | www.hewitt.com

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Posted by Cheryl Murray

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Title/Subject 2011.01.04 - Steffens Says Pension Consultant Provided Exp Ret Calc That Supports 8.75% ROA Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
01/05/2011 04:55:27 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/05/2011 04:52 PM -----

"Steffens, Roger S."
<rssteffe@southernco.com>
01/04/2011 12:41 PM

To "Horne, Jeffery O." <JOHORNE@southernco.com>, "Scott Twery" <scott.twery@hewitt.com>
cc "Cheryl Murray" <joy.ferguson@hewitt.com>, "Joy Ferguson" <cheryl.murray@hewitt.com>, "Sitton, Larry E." <LESITTON@southernco.com>, "Wilkinson, Steven W." <SWWILKIN@southernco.com>
Subject RE: FYI ... Goldman Sachs piece on pensions

Our retainer consultant for the pension plan, SIS, has just provided me an expected return calculation using their risk/return/correlation assumptions that further supports the 8.75% in case we need it

From: Horne, Jeffery O.
Sent: Monday, January 03, 2011 4:52 PM
To: Scott Twery
Cc: Cheryl Murray; Joy Ferguson; Sitton, Larry E.; Steffens, Roger S.; Wilkinson, Steven W.
Subject: RE: FYI ... Goldman Sachs piece on pensions

Scott,

Thanks for the link...interesting article.

As to your question about Deloitte, I made a brief comment to Tom E. today that we were still thinking that we'd be at 8.75% given that pre-funding models had us well over 9% and assuming that post-funding allocation of new assets matches the current allocation within a reasonable time period. He didn't tip his hand, one way or the other, as to whether the firm has some preconceived bright lines or not. I believe that we'll have more meaningful discussions in the weeks to come.

Talk to you soon,

Jeff

From: Scott Twery [mailto:scott.twery@hewitt.com]
Sent: Monday, January 03, 2011 1:45 PM
To: Horne, Jeffery O.; Sitton, Larry E.; Steffens, Roger S.; Wilkinson, Steven W.
Cc: Cheryl Murray; Joy Ferguson
Subject: FYI ... Goldman Sachs piece on pensions

LINK=>

<http://www2.goldmansachs.com/ideas/global-markets-institute/featured-research/pension-preview-doc.pdf>

Hi. The link above is to a item call the 20011 Pension Preview from a Goldman Sachs research group. I'm pretty sure we've discussed virtually everything thing in it to some degree. Even so, you might want to take a quick look if you haven't seen it (released 12/1/2010). I thought the following were most interesting from Southern's perspective:

(1) Pressure to lower asset return assumption (pages 6-12) ... The article notes that this in part will be due to changing asset allocations, but it also cites a number of reasons that amount to an "companies may have it wrong" argument. These reasons include a sense returns will be lower in the future, public pensions lowering return assumptions, and foreign plans having lower assumptions. To accentuate this angle the article notes SEC focus on this assumption (page 12). As an related aside ... Jeff any feed back from Deloitte on this assumption yet?

(2) Dynamic de-risking becoming "mainstream" (pages 12-15).

(3) Potential pension accounting changes impact (pages 17-22). This is basically a discussion about the proposed IASB accounting. Essentially, it notes the results would be a more stable, but likely higher, pension cost. On page 22 there is a table of pro forma impacts based on 2009 costs. Southern appears in the table. It shows a negative P/L impact of \$165 million. Note that a very quick review seems to suggest they did this correctly. (The only other electric utilities shown are Duke and Exelon; their negative impacts are coincidentally just over \$160 million too.)

Hope you find some of this of interest. Please call if you'd like to discuss any of this or if you have any questions.

Scott C. Twery

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t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040

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Posted by Cheryl Murray

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Title/Subject 2011.01.06 - Home Confirms Selection of Final Discount Rate and Related Assumptions
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/06/2011 12:14:11 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 12:13 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/06/2011 11:19 AM

To "Joy Ferguson" <joy.ferguson@hewitt.com>
cc "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
Subject RE: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Joy,

I have reviewed the suggested changes and I confirm my agreement with all of them. With respect to qualified pensions, I would go with 5.55% to be consistent with prior years and I confirm our conclusion to revise our other assumptions accordingly by 25 bp.

I'm available after 3:00 to discuss.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Thursday, January 06, 2011 9:59 AM
To: Horne, Jeffery O.
Cc: Scott Twery; Cheryl Murray
Subject: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@hewitt.com | aonhewitt.com



2010 Yield Curve Results from 12.31_sent.xls

Posted by Cheryl Murray

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Recent Changes

Date	Name	Description of change(s) made

[Doclink to parent:](#)

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Posted by Cheryl Murray

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Title/Subject 2011.01.12 - Discussion re: Retirement Rate Assumption
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/13/2011 09:59:14 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/13/2011 09:58 AM -----

Scott Twery/Atlanta/Hewitt Associates
 NA RFM
 MS - 9K
 Atlanta-Riverwood-9-G
 Ext. 19144 Speed Dial:
 100

To lesitton@southernco.com
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
 NA, JOHORNE@southernco.com
Subject SO - FYI, re: retirement rates

01/12/2011 01:43 PM
Copy Sent To Client Records

Client	Southern Company (01909)	Line of Business	Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Larry, hi. FYI, I spoke with Jeff Horne about the new retirement rates. The conversation essentially went thru all the perspectives about them that we discussed. He pointed out that one of the best defenses for the new rates as they are is that the selection process focused on getting the best rates without he/Ron knowing the specific cost consequences. That alone seems to go a long way to overcoming any issues that might be raised about the rates.

Beyond that, the question comes down to whether the rates seem right to Southern. On this score, I think we can all agree the direction of change is correct based on data and expectations. Nonetheless, the specific rates will need adjustment as experience emerges. Those adjustments could lead to occasional up or down revisions in the estimate of benefit obligations via subsequent assumption changes; HOWEVER, those changes would in all likelihood be small incremental refinements over quite a few years. In other words, the magnitude of the changes would be nothing like that of the current change.

Even so, he understood the concerns and plans to discuss them with Ron first thing in the morning. If he does not loop me into that conversation; he plans to follow up with me right it just after it. I'll let you know as we hear more.

Jeff please add if I misstated anything. Please call if you have any questions. Use my mobile number below for today.

Scott C. Twery
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Posted by Cheryl Murray

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Title/Subject 2011.01.14 - Park Requests Asset Info for QP , 401(h) and VEBA Trusts
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/18/2011 02:27:53 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:25 PM -----

Colby Park/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19091 Speed Dial:
 100
 01/14/2011 10:59 AM
Copy Sent To Client Records

To DMSCOTT@southernco.com
 cc RJMARSH@southernco.com, JOHORNE@southernco.com, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 Subject Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Dekia,

Thank you for providing the preliminary asset information for the qualified pension and 401(h) trusts. This information was used to develop preliminary AOCI results delivered to Southern on January 11, 2011.

The next and final step is for your group to provide asset information for the qualified pension, 401(h) and VEBA trusts. This information includes final market values as reported by the trustee as of December 31, 2010 for all trusts by operating company and the market value adjustment for the qualified pension / 401(h) trust.

Please report this final information in the attached file, which summarizes the information Southern has provided on a preliminary basis. Refer to the "grey" highlighted cells for required inputs. The information reported in this file will be reported in the final year-end disclosures for the post-retirement benefit plans.

Note, please report qualified trust asset information for Southern Company Energy Solutions with the Southern Company Services information. Also, review the benefit payments and expenses you provided on a preliminary basis and make any corresponding changes needed for this adjustment.

We need to receive all the information requested no later than **January 27th** in order to meet Southern's deadline for final disclosures.

Thanks,

Colby Park
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 3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
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colby.park@aonhewitt.com | aonhewitt.com



Southern Asset Inputs for 2010 Year-end Disclosures_Preliminary AOCI_sent 01.14.2011.xls

Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.01.14 - D. Scott Alerts Her Team to Asset Info Deadline
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
01/18/2011 02:43:42 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:42 PM -----

"Scott, Dekia M."
<DMSCOTT@southernco.com>
01/14/2011 11:33 AM

To "Colby Park" <colby.park@hewitt.com>
cc "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Horne, Jeffery O." <JOHORNE@southernco.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>, "John Elliot" <john.elliott@hewitt.com>, "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
Subject RE: Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Thanks. I've alerted my group and the MRT trustee team.

From: Colby Park [colby.park@hewitt.com]
Sent: Friday, January 14, 2011 9:59 AM
To: Scott, Dekia M.
Cc: Marsh, Rebecca J.; Horne, Jeffery O.; Joy Ferguson; John Elliot; Scott Twery; Cheryl Murray
Subject: Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Hi Dekia,

Thank you for providing the preliminary asset information for the qualified pension and 401(h) trusts. This information was used to develop preliminary AOCI results delivered to Southern on January 11, 2011.

The next and final step is for your group to provide asset information for the qualified pension, 401(h) and VEBA trusts. This information includes final market values as reported by the trustee as of December 31, 2010 for all trusts by operating company and the market value adjustment for the qualified pension / 401(h) trust.

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Note, please report qualified trust asset information for Southern Company Energy Solutions with the Southern Company Services information. Also, review the benefit payments and expenses you provided on a preliminary basis and make

any corresponding changes needed for this adjustment.

We need to receive all the information requested no later than January 27th in order to meet Southern's deadline for final disclosures.

Thanks,

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Posted by Cheryl Murray

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Title/Subject **2011.01.14 - Horne/Hinson Confirm New Retirement Rate Assumptions**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 02:52:32 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 02:52 PM -----

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
01/14/2011 02:14 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: SO - FYI, re: retirement rates ... note from Horne

Cheryl, please post with the assumptions ... "Horne/Hinson confirm new retirement rate assumptions "

Joy,

- Ron's response to Jeff's note below was ... Proceed as planned.
- I'll respond to the timing.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 01/14/2011 02:11 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/14/2011 01:39 PM

To "Scott Twery" <scott.twery@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>
cc
Subject FW: SO - FYI, re: retirement rates

Scott,

Got your voicemail. I thought seriously about sending you a "hold the presses" email, but that just wouldn't be 'right' so I'm sending to you what I sent to Ron and his crisp response. Additionally, given the emails that I'm getting to trim the SCS budget for the benefit of the operating companies, I'd have a hard time turning the expected benefit cost savings away.

Can you remind me of the delivery date for the financial reporting package?

Thanks

From: Hinson, W. Ron
Sent: Thursday, January 13, 2011 4:30 PM
To: Horne, Jeffery O.
Subject: Re: SO - FYI, re: retirement rates

Proceed as planned.

Ron Hinson - BlackBerry Message

From: Horne, Jeffery O.
To: Hinson, W. Ron
Sent: Thu Jan 13 15:44:38 2011
Subject: FW: SO - FYI, re: retirement rates

Ron,

I need to run something by you on the pensions and since you weren't able to make it in today, I'll try and capture it in an email. You can call me to discuss if you like.

Scott Twery called me yesterday and indicated that he had had a discussion with Larry Sitton and Larry was concerned about a change we had made in the assumptions, or rather, the financial impact of a change we made in the assumptions. The change we made was raising the expected retirement age based on our historical experience. Historically, we had been expecting more people to retire at or before age 65, but our experience has not born that out. So as we always do in setting our assumptions, we look to incorporate the most reasonable and realistic assumptions in our benefit costs. What I didn't know until yesterday was that this change in retirement age assumptions had a significant impact on our 2011 costs - favorable, by the way. Larry spoke with Scott because he was concerned that we were being too conservative in our retirement age assumption and that we should reconsider so that we don't get "bit" down the road if our conservative assumption proves wrong. Scott has assured me that even if our historical experience starts to move the other direction, i.e., people retiring earlier than we now expect, any additional costs will come in over time as we progressively adjust our retirement age assumption.

After my conversation with Scott, I feel very good about our process and the fact that we do it with little or no knowledge of the financial outcome. I still don't know the numbers that Scott and Larry were discussing and I don't want to know the magnitude because I think it taints the process.

110138-OPC-POD-17-158

All that to let you know that we plan on sticking with what we believe is the best estimate of our future retirement ages and letting the dollars fall where they may. There is a risk that Deloitte could push back on us by focusing on the amount of the reduced costs, but I would rather face them with a good assumption setting process that ignores the financial impact than make some concessions or modifications once the numbers are known. I don't know if this is a holdover from Dean's involvement in the process. But my recommendation is that we stay the course with our current assumptions.

If you disagree or would like to discuss, we can arrange a discussion with Scott (and Larry if needed). One issue to consider though is that Hewitt is running our numbers as I type this to meeting our financial reporting deadlines - not that that is a controlling factor, but it is a consideration.

Let me know how you would like us to proceed.

Thanks

Jeff

X3259

-----Original Message-----

From: Scott Twery [<mailto:scott.twery@hewitt.com>]

Sent: Wednesday, January 12, 2011 1:44 PM

To: Sitton, Larry E.

Cc: Joy Ferguson; Horne, Jeffery O.

Subject: SO - FYI, re: retirement rates

Larry, hi. FYI, I spoke with Jeff Horne about the new retirement rates. The

conversation essentially went thru all the perspectives about them that we

discussed. He pointed out that one of the best defenses for the new rates

as they are is that the selection process focused on getting the best rates

without he/Ron knowing the specific cost consequences. That alone seems to

go a long way to overcoming any issues that might be raised about the rates.

Beyond that, the question comes down to whether the rates seem right to

Southern. On this score, I think we can all agree the direction of change

is correct based on data and expectations. Nonetheless, the specific rates

will need adjustment as experience emerges. Those adjustments could lead to

occasional up or down revisions in the estimate of benefit obligations via

subsequent assumption changes; HOWEVER, those changes would in all

likelihood be small incremental refinements over quite a few years. In

other words, the magnitude of the changes would be nothing like that of the

current change.

Even so, he understood the concerns and plans to discuss them with Ron

first thing in the morning. If he does not loop me into that conversation;

he plans to follow up with me right it just after it. I'll let you know as

we hear more.

Jeff please add if I misstated anything. Please call if you have any questions. Use my mobile number below for today.

Scott C. Twery

Aon Hewitt | Consulting | Retirement

3350 Riverwood Parkway Suite 80 | Atlanta, GA

t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040

scott.twery@aonhewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.01.19 - FINAL Assumption/Parameter Guide and Cash Flows
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 01/21/2011 01:57:52 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 01:57 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial: 100
01/19/2011 08:53 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Alisa Smith/Toronto/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

Attached below is the final assumption guide for December 31, 2010 measurement of postretirement benefit obligations and assets.

We updated the guide to include market data as of December 31, 2010 and all of Southern's final decisions related to assumptions for year-end.

Additionally, we included an excel version of the projected cashflows used in the yield curve analysis, anticipating that the auditors may request this information.

Unless you indicate otherwise, our understanding is that this document summarizes all parameters (assumptions, plan changes, etc..) to be used in the December 31, 2010 disclosure information for the all the postretirement benefit plans.

Please let us know if you or your auditors have questions or need additional information.

Have a good day,
Joy



2011.01.19 SO 2010 Assumption Review_final_sent.pdf Cash Flows 2010.12.31_Final_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370

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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.01.19 - Home Concurs with Final Assumptions ; SO to Provide Document to Auditors
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/21/2011 02:09:41 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 02:08 PM -----

"Home, Jeffery O."
<JOHORNE@southernco.com>
01/19/2011 11:05 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "John Elliot" <john.elliott@aonhewitt.com>, "Alisa Smith" <alisa.smith@aonhewitt.com>, "Ellen Chow" <ellen.chow@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Joy,

I have read through the document provided and I concur with all of the assumptions as indicated. I can also verify all of the information in the document labeled as "Southern to verify" with no changes needed.

I will provide this information to Deloitte for purposes of their audit. I will be meeting with Ron Hinson over the next week or so to go over our assumptions in order to complete our SOX controls in this area.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Wednesday, January 19, 2011 8:54 AM
To: Horne, Jeffery O.
Cc: Marsh, Rebecca J.; Cheryl Murray; Colby Park; John Elliot; Alisa Smith; Ellen Chow; Scott Twery
Subject: Southern: Final Assumption/Parameter Guide for December 31, 2010 Disclosures

Hi Jeff,

Attached below is the final assumption guide for December 31, 2010 measurement of postretirement benefit obligations and assets.

We updated the guide to include market data as of December 31, 2010 and all of Southern's final

decisions related to assumptions for year-end.

Additionally, we included an excel version of the projected cashflows used in the yield curve analysis, anticipating that the auditors may request this information.

Unless you indicate otherwise, our understanding is that this document summarizes all parameters (assumptions, plan changes, etc..) to be used in the December 31, 2010 disclosure information for the all the postretirement benefit plans.

Please let us know if you or your auditors have questions or need additional information.

Have a good day,
Joy

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.20 - Steffens Supplies His Estimate of 2010 Returns
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 01/21/2011 03:37:04 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/21/2011 04:33 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
01/20/2011 04:41 PM

To Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Re: Fw: Estimated Return for 2010 

Yes - 14.2% and agree likely difference in methods

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@hewitt.com | aonhewitt.com
Scott Twery/Atlanta/Hewitt Associates

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
01/20/2011 03:34 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Estimated Return for 2010

Cheryl, please post ... "Steffens supplies his estimate of 2010 returns"

JOY, FYI ... We got 14% right? Difference like dollar vs. time weighted calcs ... again.

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 01/20/2011 03:31 PM -----

"Steffens, Roger S."
<rssteffe@southernco.com>
01/20/2011 02:53 PM

To "Scott Twery" <scott.twery@hewitt.com>, "Bob Penter" <bob.penter.2@hewitt.com>
cc
Subject Estimated Return for 2010

FYI it looks like the pension return will be north of 15% for the year but we don't have final numbers yet

Roger

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item (Discussion/Document)

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Title/Subject 2010.10.19 - JF Sends Update on 9/30/2010 Yield Curves to Sitton/Horne
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 10/27/2010 07:42:50 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 10/27/2010 07:42 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 10/27/2010 11:50 AM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Southern: Update on September 30 yield curves



2010 Yield Curve Results from 09.30.xls



2010 Yield Curve Results from 08.31.xls

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 10/27/2010 11:50 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 10/19/2010 11:10 AM
Copy Sent To Client Records

To LESITTON@southernco.com
cc JOHORNE@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Update on September 30 yield curves

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Larry,

We tested whether the estimated discount rate that we used for the updated projections of 2011 cost sent October 4 would be supported by the actual September 30 yield curves. They are.

As a reminder, the October 4 updates were based on estimated September 30 discount rates. The estimates were 10 basis points higher than the discount rates anticipated as of August 31 and underlying the projections that we sent you September 15.

Also, here are a few other data points suggesting there is reason to hope year end results will be even better than our latest projections ...

- The Citigroup above median yield curve as of September 30 would have suggested discount rates even higher than what were used for the latest updates (10 or so basis points).

- October market rates (based on Moody's AA, Barclay's Capital Long-Government / Credit, etc...) have increased 15 - 25 basis point since September 30.

Please call if you have questions or would like to discuss further.

Have a good day,
Joy

Joy L. Ferguson | Actuarial Consultant
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 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
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Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject 2010.12.09 - JF Sends 11/30/2010 Yield Curve Results; Requests Confirmation of Updated Discount Rate Selections
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/21/2010 11:39:56 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/21/2010 11:39 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 12/09/2010 11:17 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: November 30, 2010 Yield Curve Results, Request Confirmation of Updated Discount Rate Selections

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The November 30, 2010 yield curves are out. For most plans, the yield curves resulted in a 5 - 10 basis point increase relative to the October 31 rates.

Since October 31, the shorter duration bond rates increased. However, there was a flattening of the curve for the longer-rates. This resulted in very modest increases in overall rates for Southern's longer duration plans. The nonqualified pension rate increased much more (@20 bps) due to the plan's significantly shorter duration.

The attachment below includes the results for each plan, with a comparison to both December 31, 2009 and October 31, 2010 results.

We included our recommendation for the updated discount rate selection.

Please review and let us know your choice for the new discount rates. These rates will be used for the preliminary AOCI results to be delivered in early January.

Also, we will be updating the assumption guide with these rates and will have a version for you to share with Deloitte sometime next week (@12/15-12/16). The updated guide will also include the decisions made at our meeting last month.

As always, please let us know if you have questions or would like to discuss.

Have a good day!
Joy



2010 Yield Curve Results from 11.30.pdf

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray
Posted on 01/06/2011 08:11:52 AM

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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.01.06 - JF Sends Final Updates on Yield Curves for Disc Rate and Related Assumptions
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/06/2011 10:13:50 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 10:13 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/06/2011 09:59 AM
Copy Sent To Client Records

To JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!
Joy



2010 Yield Curve Results from 12.31_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.01.06 - Home Confirms Selection of Final Discount Rate and Related Assumptions
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 01/06/2011 12:14:59 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/06/2011 12:13 PM -----

"Horne, Jeffery O."
<JOHORNE@southernco.com>
01/06/2011 11:19 AM

To "Joy Ferguson" <joy.ferguson@hewitt.com>
cc "Scott Twery" <scott.twery@hewitt.com>, "Cheryl Murray" <cheryl.murray@hewitt.com>
Subject RE: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Joy,

I have reviewed the suggested changes and I confirm my agreement with all of them. With respect to qualified pensions, I would go with 5.55% to be consistent with prior years and I confirm our conclusion to revise our other assumptions accordingly by 25 bp.

I'm available after 3:00 to discuss.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@hewitt.com]
Sent: Thursday, January 06, 2011 9:59 AM
To: Horne, Jeffery O.
Cc: Scott Twery; Cheryl Murray
Subject: Southern: Selection of Final Discount Rate and Related Assumptions (Response Requested by December 10)

Hi Jeff,

Attached below are the final updates on yield curves for discount rates and related assumptions as of December 31, 2010. Please confirm all suggestions in green cells or provide alternative rates to use.

Due to timing pressures from groups at Southern for delivering updates on 2011 costs, we need to finalize these assumptions as soon as possible.

I will give you a call sometime today to discuss (or feel free to call me as well).

Thanks!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
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t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

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Title/Subject 2010.12.01 - Park Sends Request for Asset Info to D . Scott
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:06:16 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:05 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/01/2010 10:41 AM
Copy Sent To Client Records

To DMSCOTT@southernco.com
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, JOHORNE@southernco.com, RJMARSH@southernco.com
Subject Southern: Asset Information Needed for Year-end Accounting

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Dekia,

Provided below is the file we need your group to update with asset information for year-end accounting.

The file is similar to last year and includes documentation on how we will estimate December 31, 2010 values for preliminary disclosures due in early January. For a summary of the process including target deadlines, please refer to the first worksheet ("Summary of Process").

Please feel free to call us with any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com



Southern Asset Inputs for 2010 Year-end Disclosures_sent 12.01.2010.xls

Posted by Cheryl Murray

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Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

Database: SoCo Projects
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Title/Subject 2010.12.01 - D. Scott Confirms SO to Input Prelim Mkt Values on Receipt from JPM
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:10:55 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:10 PM -----

"Scott, Dekia M."
<DMSCOTT@southernco.com>
12/01/2010 02:05 PM

To "Colby Park" <colby.park@hewitt.com>
cc "Cheryl Murray" <cheryl.murray@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>, "Horne, Jeffery O." <JOHORNE@southernco.com>, "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Hatley, John W." <JWHATLEY@southernco.com>, "Steffens, Roger S." <rssteffe@southernco.com>, "Namiko Link" <Namiko.Link@jpmorgan.com>, "Mike P Gallagher" <mike.p.gallagher@jpmorgan.com>
Subject RE: Southern: Asset Information Needed for Year-end Accounting

Colby - Thanks for sending. We'll input preliminary market values as soon as we receive them from JPM. Dekia

From: Colby Park [mailto:colby.park@hewitt.com]
Sent: Wednesday, December 01, 2010 10:42 AM
To: Scott, Dekia M.
Cc: Cheryl Murray; Joy Ferguson; Horne, Jeffery O.; Marsh, Rebecca J.
Subject: Southern: Asset Information Needed for Year-end Accounting

Hi Dekia,

Provided below is the file we need your group to update with asset information for year-end accounting.

The file is similar to last year and includes documentation on how we will estimate December 31, 2010 values for preliminary disclosures due in early January. For a summary of the process including target deadlines, please refer to the first worksheet ("Summary of Process").

Please feel free to call us with any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting

3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com

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Southern Asset Inputs for 2010 Year-end Disclosures_sent 12.01.2010.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item (Discussion/Document)

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Title/Subject 2010.12.01 - Park Requests Confirmation of Active Contracts from Stone
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
12/03/2010 12:13:41 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/03/2010 12:13 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
12/01/2010 03:36 PM
Copy Sent To Client Records

To dastone@southernco.com
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Active Contract Listing
Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Dennis,

Attached is a listing of Southern contract benefits for active participants. Can you confirm that the list is accurate and complete by December 8, 2010? Any new contracts as of December 31, 2010 should be reported here (employee statuses are as of January 1, 2010).



Active Contracts 12.01.2010.xls

Let us know should you have any questions.

Thanks,

Colby Park
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
Document Editors	Cheryl Murray/Atlanta/Hewitt Associates

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Title/Subject 2011.01.17 - JF Explains Decrease in Ret Med AOCI Gain /Loss Item
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 03:39:59 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 03:35 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 01/17/2011 05:32 PM
Copy Sent To Client Records

To "Horne, Jeffery O." <JOHORNE@southernco.com>
 cc "Scott Twery" <scott.twery@hewitt.com>, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
 Subject Re: Question from OpCos

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The significant decrease in the retiree medical "AOCI - gain / loss" item is attributable to these two factors:

- (1) Plan experience. While there are differences by company, overall Southern's retiree medical plan experience was favorable since the last measurement date.
- (2) Assumption changes. Overall assumption changes led to lower obligations. The most notable changes were the new retirement rates and retiree medical participation rates for non-grandfathered employees. These gains were partially offset by the net of effect of assumption changes related to lower discount rates. Note that the final disclosures will reflect a lower discount rate than was used for the preliminary calculations. This reduces the gains that are ultimately disclosed.

We have intentionally kept this explanation very general. If you need further clarification or detail, please let us know.

Have a good day,
 Joy
Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com
 "Horne, Jeffery O." <JOHORNE@southernco.com>

"Horne, Jeffery O." <JOHORNE@southernco.com>
 To "Scott Twery" <scott.twery@hewitt.com>, "Joy Ferguson" <joy.ferguson@hewitt.com>
 cc
 01/13/2011 02:55 PM
 Subject Question from OpCos

Scott and Joy,

As the OpCos are booking their YE entries, I have the question from one of them asking why the "AOCI - gain/loss" number has 'decreased' so significantly in the Retiree Medical plan. Last year, we had a consolidated loss of \$296MM and this year it has dropped to \$216MM.

I don't need an answer today, but make a note and see if you can provide some insight by the end of next week.

Thanks

Jeff Horne
Accounting Policy & Research
404-506-3259 office
404-580-0527 cell

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Title/Subject 2011.01.17 - Final Confirmations/Questions to Home re: Year End Disclosures
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/18/2011 03:41:12 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 03:41 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/17/2011 05:39 PM
Copy Sent To Client Records

To JOHORNE@southernco.com

cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Confirmations / question related to year-end disclosures

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Jeff,

We have a few final confirmations / questions for you related to the year-end disclosures. Please review the items below and confirm or update, as needed.

Confirmations ... Here is how we're handling a few items; let us know ASAP if you want us to do anything different.

- Southern wants to anticipate only minimum required funding when disclosing 2011 through 2013 qualified pension contributions and desires any contributions to be shown in year cash must be contributed (similar to prior years).
- During 2010, Southern signed a new executive contract for B. Anderson who is not yet a participant in the qualified pension as of December 31, 2010. Similar to the treatment for Mr. Bowden last year, Southern wants to defer recognition of this contract to December 31, 2011.
- You want us to provide disclosure worksheets that are exactly the same as those we provided for year end 2009. In other words, no changes are required/desired.

Question: How do you want us to handle MetLife reserves when we compute the weighted average long-term expected return for the retiree life plans ? We'll provide you the both of the calculations described below for you to choose unless you specify one in advance .

- Southern's current method to calculate average weighted return is to weight the assumed returns for each account by the market values in those accounts as of the prior measurement date. As of December 31, 2009, the retiree life plan assets include the MetLife reserves (@\$16 million) which Southern expects a return of 0%.

- Including MetLife reserves in the calculation lowers the expected returns for the significantly -- about 75 bps off retiree life expected returns for APC/GPC and much more for Gulf/MPC. (Note, the impact on combined retiree medical and life expected returns is a decrease of about 20 bps for APC/GPC and 30 - 50 bps for Gulf/MPC)
- It seems the "technically correct" answer would be to reflect the MetLife reserves and show the reduction in expected return. This also seems to necessitate appropriately reflecting the investment of these assets. Will that be done?
- From a practical perspective, Southern may feel that having the return change considerably could be misleading, especially since these assets will be *gone* after this year. A practical approach may be to ignore the MetLife reserves in the development of the return. If you choose this approach, please consider if any special disclosure is appropriate.
- As stated, we'll compute the returns both ways. We just wanted to highlight the issue for you so that there are no surprises.

As always, please feel free to call us to discuss.

Thanks!
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item (Discussion/Document)

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Title/Subject	2011.01.18 - Confirmations from Home About Met Life Impact on Return and Misc Other Topics
Author	Cheryl Murray/Atlanta/Hewitt Associates NA RFM
Date	Georgia - Virtual Ext. 19073 01/18/2011 04:01:57 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 04:01 PM -----

"Home, Jeffery O."
<JOHORNE@southernco.com>
01/18/2011 12:46 PM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Scott Twery" <scott.twery@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "Ellen Chow" <ellen.chow@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "John Elliot" <john.elliott@aonhewitt.com>
Subject RE: Southern: Confirmations / question related to year-end disclosures

Joy,

I confirm the "Confirmations" items below.

As to MetLife, go ahead and provide the numbers both ways, but my expectation is that we will use the return that excludes the impact of the MetLife assets. However, I think we should have both sets of numbers in case we have a change of heart at the last minute.

Thanks

Jeff

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Monday, January 17, 2011 5:40 PM
To: Horne, Jeffery O.
Cc: Scott Twery; Colby Park; Ellen Chow; Cheryl Murray; John Elliot
Subject: Southern: Confirmations / question related to year-end disclosures

Hi Jeff,

We have a few final confirmations / questions for you related to the year-end disclosures. Please review the items below and confirm or update, as needed.

Confirmations ... Here is how we're handling a few items; let us know ASAP if you want us to do anything different.

- Southern wants to anticipate only minimum required funding when disclosing 2011 through 2013 qualified pension contributions and desires any contributions to be shown

in year cash must be contributed (similar to prior years).

- During 2010, Southern signed a new executive contract for B. Anderson who is not yet a participant in the qualified pension as of December 31, 2010. Similar to the treatment for Mr. Bowden last year, Southern wants to defer recognition of this contract to December 31, 2011.
- You want us to provide disclosure worksheets that are exactly the same as those we provided for year end 2009. In other words, no changes are required/desired.

Question: How do you want us to handle MetLife reserves when we compute the weighted average long-term expected return for the retiree life plans? We'll provide you the both of the calculations described below for you to choose unless you specify one in advance.

- Southern's current method to calculate average weighted return is to weight the assumed returns for each account by the market values in those accounts as of the prior measurement date. As of December 31, 2009, the retiree life plan assets include the MetLife reserves (@\$16 million) which Southern expects a return of 0%.
- Including MetLife reserves in the calculation lowers the expected returns for the significantly -- about 75 bps off retiree life expected returns for APC/GPC and much more for Gulf/MPC. (Note, the impact on combined retiree medical and life expected returns is a decrease of about 20 bps for APC/GPC and 30 - 50 bps for Gulf/MPC)
- It seems the "technically correct" answer would be to reflect the MetLife reserves and show the reduction in expected return. This also seems to necessitate appropriately reflecting the investment of these assets. Will that be done?
- From a practical perspective, Southern may feel that having the return change considerably could be misleading, especially since these assets will be *gone* after this year. A practical approach may be to ignore the MetLife reserves in the development of the return. If you choose this approach, please consider if any special disclosure is appropriate.
- As stated, we'll compute the returns both ways. We just wanted to highlight the issue for you so that there are no surprises.

As always, please feel free to call us to discuss.

Thanks!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Title/Subject 2011.01.26 - T. Acklin Confirms Market Adjustment as Expected
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 02/01/2011 03:59:52 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/01/2011 03:50 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial: 100
01/26/2011 06:41 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Southern: Final Asset Information for Year-end Accounting

Pls post ...with asset info for disclosures

T. Acklin confirms market adjustment as expected

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/26/2011 06:32 PM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9
Ext. 19075 Speed Dial: 100
01/26/2011 06:30 PM
Copy Sent To Client Records

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: Southern: Final Asset Information for Year-end Accounting

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 01/26/2011 06:30 PM -----

"Acklin, Tim"
<TPACKLIN@southernco.com>
01/26/2011 06:16 PM

To "Scott, Dekia M." <DMSCOTT@southernco.com>, "colby.park@aonhewitt.com" <colby.park@aonhewitt.com>
cc "Steffens, Roger S." <rssteffe@southernco.com>, "Gates, Brad J." <BJGATES@southernco.com>, "Hatley, John W." <JWHATLEY@SOUTHERNCO.COM>
Subject Re: Southern: Final Asset Information for Year-end Accounting

Colby,

Most of the Q4 real estate value gains were reported to the Bank prior to the completion of the December accounting process, so the increases are in fact captured. I can discuss in more detail if you want.

Thanks.

Tim

From: Scott, Dekia M.
To: Acklin, Tim
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Sent: Wed Jan 26 18:11:40 2011
Subject: Fw: Southern: Final Asset Information for Year-end Accounting

See comments from Hewitt as FYI.

From: Colby Park <colby.park@aonhewitt.com>
To: Hatley, John W.
Cc: Scott, Dekia M.; Scott Twery <scott.twery@aonhewitt.com>; Joy Ferguson <joy.ferguson@aonhewitt.com>; John Elliot <john.elliott@aonhewitt.com>; Ellen Chow <ellen.chow@aonhewitt.com>
Sent: Wed Jan 26 17:54:33 2011
Subject: Southern: Final Asset Information for Year-end Accounting

Hi John,

Thanks for sending the asset information. The workbook attached below is a consolidation of all the asset information we have collected from Southern.

Based on your last update, the market adjustment for private equity and real estate investments is about 0.5% of total assets. We heard (through some informal comments) that the real estate market did very well in 4th quarter 2010. So, the 0.5% is perhaps lower than we might have guessed.

Just for due diligence, please confirm all other amounts in the workbook and that the market adjustment is in-line with your expectations.

Again, appreciate all the effort!

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com

110138-OPC-POD-17-190

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Posted by Cheryl Murray

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Title/Subject **2011.01.27 - Hatley Confirms Final Asset Information**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/02/2011 11:46:02 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/02/2011 11:44 AM -----

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9
Ext. 19075 Speed Dial:
100
01/27/2011 10:56 AM

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates
NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates
NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: Southern: Final Asset Information for Year-end Accounting

----- Forwarded by Colby Park/Atlanta/Hewitt Associates on 01/27/2011 10:56 AM -----

"Hatley, John W."
<JWHATLEY@SOUTHERNCO.COM>
01/27/2011 10:52 AM

To "Acklin, Tim" <TPACKLIN@southernco.com>, "Scott, Dekia M." <DMSCOTT@southernco.com>, "colby.park@aonhewitt.com" <colby.park@aonhewitt.com>
cc "Steffens, Roger S." <rssteffe@southernco.com>, "Gates, Brad J." <BJGATES@southernco.com>
Subject RE: Southern: Final Asset Information for Year-end Accounting

Colby,

The estimates and all other amounts have been confirmed, please note the FASB 157 Market Value adjustment has been updated from \$38,795,839 to \$38,433,516.

Regards,
John

John Hatley
Southern Company
Trust Finance
30 Ivan Allen Jr. Blvd. NW
Atlanta, Ga. 30308
404-506-0734

From: Acklin, Tim
Sent: Wednesday, January 26, 2011 6:17 PM

To: Scott, Dekia M.; 'colby.park@aonhewitt.com'
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Subject: Re: Southern: Final Asset Information for Year-end Accounting

Colby,

Most of the Q4 real estate value gains were reported to the Bank prior to the completion of the December accounting process, so the increases are in fact captured. I can discuss in more detail if you want.

Thanks.

Tim

From: Scott, Dekia M.
To: Acklin, Tim
Cc: Steffens, Roger S.; Gates, Brad J.; Hatley, John W.
Sent: Wed Jan 26 18:11:40 2011
Subject: Fw: Southern: Final Asset Information for Year-end Accounting
[See comments from Hewitt as FYI.](#)

From: Colby Park <colby.park@aonhewitt.com>
To: Hatley, John W.
Cc: Scott, Dekia M.; Scott Twery <scott.twery@aonhewitt.com>; Joy Ferguson <joy.ferguson@aonhewitt.com>; John Elliot <john.elliott@aonhewitt.com>; Ellen Chow <ellen.chow@aonhewitt.com>
Sent: Wed Jan 26 17:54:33 2011
Subject: Southern: Final Asset Information for Year-end Accounting

Hi John,

Thanks for sending the asset information. The workbook attached below is a consolidation of all the asset information we have collected from Southern.

Based on your last update, the market adjustment for private equity and real estate investments is about 0.5% of total assets. We heard (through some informal comments) that the real estate market did very well in 4th quarter 2010. So, the 0.5% is perhaps lower than we might have guessed.

Just for due diligence, please confirm all other amounts in the workbook and that the market adjustment is in-line with your expectations.

Again, appreciate all the effort!

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com

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Southern Asset Inputs for 2010 Year-end Disclosures_Final_sent 01 27 2011.xls

Posted by Cheryl Murray

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Title/Subject 2011.01.11 - PRELIMINARY AOCI Results to Horne , Marsh
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/12/2011 08:36:08 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/12/2011 08:33 AM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/11/2011 01:07 PM
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To JOHORNE@southernco.com
cc RJMARSH@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: PRELIMINARY AOCI Information as of December 31, 2010

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Jeff,

The file attached below has the "PRELIMINARY AOCI schedules" as of December 31, 2010. These schedules show initial versions of the retirement benefit plans' 12/31/2010 obligations, assets, funded statuses, accrued/prepaid costs, and unrecognized costs. The unrecognized costs are essentially the amounts that will be amortized in future periods and, pursuant to accounting guidance, should be considered when Southern develops its Accumulated Other Comprehensive Income.

As we have discussed, the final 12/31/2010 figures will be different from those in the attachments due to the following:

- Obligations in attached are based on preliminary assumptions selected December 16, 2010 which have subsequently been revised. (See assumptions you confirmed via email on January 6, 2011.) Note, this will also impact some of the prior service cost bases for the plan amendments being recognized as of December 31, 2010.
- Asset values in attached are based on preliminary values reported to us by Southern. The pension/401(h) amounts are preliminary 12/31/2010 trust values. The VEBA values are simple projections of November 30, 2010 trust values to December 31, 2010. Final figures will reflect updated values from the trustees and a market value adjustment provided by Southern.
- Accrued/prepaid costs are preliminary and subject to changes as the year end 2010 amounts are reconciled with prior year end amounts. (We have several pending questions outstanding with Becky that may very well result in changes.)

We will now revise obligations and finalize accrued/prepaid costs. All that should be done shortly. Then we'll need to await final information, including any market adjustments. We plan to deliver final disclosure within 3 business days of receiving that information.

Please let us know if you have questions.

Have a good day,
Joy



Preliminary AOCI_12.31.2010_sent 01.11.2011.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2011.01.31 - RESULTS: FINAL Disclosure Information for 2010 Year End
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/02/2011 02:44:58 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/02/2011 02:46 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 01/31/2011 02:58 PM
Copy Sent To Client Records

To RJMARSH@southernco.com, JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Disclosure Information for 2010 Year-end (one more item)

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Jeff / Becky,

For completeness, here is the final Assumption Guide sent to Jeff on January 19, 2011.



2011.01.19 SO 2010 Assumption Review_final_sent.pdf

Regards,
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 01/31/2011 02:57 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
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To RJMARSH@southernco.com, JOHORNE@southernco.com
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Final Disclosure Information for 2010 Year-end

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence --

Jeff/Becky,

Attached below is the information required for 2010 year-end disclosures.

Included are the following:

- #1: PDF of cover letter and all disclosure information
- #2: Excel: Disclosure information by plan/company (same format as last year)
- #3: Excel: AOCI reconciliations by plan/company (includes detail of asset values and market adjustments)

As requested, we have included two separate displays for weighted average assumptions. One includes the calculation of average return for retiree life plans reflecting the 0% anticipated return for MetLife reserves; the other ignores the anticipated return for MetLife reserves. We understand you will evaluate which is most appropriate to be disclosed. Please let us know which display is used. We will make a note to include that version next year.

Please let us know if you have any questions or need additional information.

Have a good day,
Joy



2011.01.31 rm 2010.12.31 Disclosure Results Ltr_final.pdf



2010.12.31 Disclosure_final_sent.xls



2010.12.31 AOCI_final_sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
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Posted by Cheryl Murray

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Project Editors	Cheryl Murray/Atlanta/Hewitt Associates Scott Twery
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Readers	*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.02.16 - JF Sends Final 2011 Postretirement Benefit Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
02/17/2011 09:49:07 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/17/2011 09:48 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
02/16/2011 12:29 PM
**Copy Sent To Client
Records**

To RJMARSH@southernco.com
cc WRHINSON@southernco.com, JOHORNE@southernco.com,
GFMARSHA@southernco.com, LESITTON@southernco.com,
swwilkin@southernco.com, Ellen Chow/Atlanta/Hewitt
Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt
Associates@Hewitt Associates NA, John Elliot, Colby
Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl
Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Formal Reporting of 2011 Postretirement Benefit
Costs

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Becky,

Attached below are the 2011 annual costs for the pension and post-retirement benefit plans.

The letter provides an overview of the results and highlights reasons for variances between projected and actual results.

The 2011 interim disclosure exhibits will be sent in the near future.

As always, please let us know if you or others have any questions or need additional information.

Have a good day,
Joy



2011 ASC 715 Costs_Send.xls E-02162011 rm-Final Cost Letter_final.pdf

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Posted by Cheryl Murray

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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.02.17 - JF Sends Reconciliation of Projected to Actual 2011 Cost and Funded Status
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 02/17/2011 05:45:43 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/17/2011 05:45 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 02/17/2011 04:38 PM
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To LESITTON@southernco.com, WRHINSON@southernco.com, JOHORNE@southernco.com, GFMARSHA@southernco.com, swwilkin@southernco.com, RJMARSH@southernco.com
cc Scott Twery, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Reconciliation of Projected to Actual 2011 Cost and Funded Status

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hello all,

To supplement the information provided in the letter we sent on February 16th, we have prepared the attached reconciliation. It shows how the projected 12/31/2010 funded statuses and 2011 costs from our March 15, 2010 projection letter reconciles with actual results. The reconciliation effectively quantifies the changes described in the letter we just sent. Of particular note is that for some of the changes, the magnitude of the cost change and funded status changes seem out of line. This mostly results with how the various smoothing mechanisms (e.g., the 10% gain/loss corridor, 5 year asset smoothing, etc.) impacts each plan/company differently.

All of the factors identified in the reconciliation are fairly typical with the exception of the pension contribution and assumption changes. Both of these are effectively one-time items. Both had significant positive impacts, especially on costs. As discussed, the pension contribution is essentially an acceleration of anticipated required deficit funding. Similarly, the assumption changes can be thought of as an acceleration. By using new Aon Hewitt tools with the latest Southern data, we were able to identify trends that are expected to play out over a long period of time and support assumption changes that allow those gains to be recognized today.

The attached reconciliations present the totals for all of the retirement benefit plans for all of the companies. If you want/need comparable reconciliations by company and/or by plan, please let us know.

If you have any questions, or want to discuss any of these results, please reach out to me or Scott.

Have a great day,
Joy



02.17.2011 2011 Cost Prj Reconciliation_sent.pdf

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Posted by Cheryl Murray

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Item (Discussion/Document)

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Title/Subject 2011.03.29 - 2011 Annual Costs by Component and 2011 Interim Disclosures
Cheryl Murray/Atlanta/Hewitt Associates
NA RFM

Date Georgia - Virtual Ext. 19073
03/30/2011 08:47:22 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/30/2011 08:45 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/29/2011 05:59 PM
**Copy Sent To Client
Records**

To RJMARSH@southernco.com

cc JOHORNE@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: 2011 Annual Costs by Component and 2011 Interim Disclosures

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Becky,

Attached are the following:

#1: Components of 2011 Annual Costs for the Postretirement Benefit Plans

#2: 2011 Interim Disclosures for the Postretirement Benefit Plans

For all, we have provided a pdf and excel version of the files.

All information is based on the 2011 costs delivered to Becky on February 16, 2011.

Please let us know if you or others have any questions or need additional information.

Have a good evening,
Joy



2011 Interim Disclosure - Qtrly for all of 2011_sent 03.29.2011.xls 2011 Annual Period Cost Detail_sent 03.29.2011.pdf



2011 Interim Disclosure - Qtrly for all of 2011_sent 03.29.2011.pdf 2011 Annual Period Cost Detail_sent 03.29.2011.xls

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Posted by Cheryl Murray

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Title/Subject 2011.02.25 - JF Requests Confirmation of Cost Projection Paramters by 3/3/2011
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 03/02/2011 05:55:36 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:55 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial: 100
 02/25/2011 02:58 PM
Copy Sent To Client Records

To LESITTON@southernco.com
cc Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Cost Projection Parameters; Need confirmations by March 3

Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence -- Client

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document"*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document"*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this

approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy



2011.02.25 Draft Projection Parameters_2012 - 2021.pdf

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Posted by Cheryl Murray

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Readers	*Public

Item Response

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Title/Subject 2011.02.25 - Sitton Questions Assumption re : Transfer of EEs to SCS from APC and GPC
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 05:58:57 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:58 PM -----

"Sitton, Larry E."
<LESITTON@southernco.com>
02/25/2011 03:29 PM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy – regarding this assumption.....

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information.

How were they handled for the 2011 costs recently provided?

My recollection of this particular assumption a year ago is that we were simply trying to make sure that all costs (not just pension/oprbs) were consistently reflected at one company or another, but at this point – my assumption is that the active employee count as of 1/1/2010 reflects that movement – and there would be no reason to provide any special treatment.

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts ("*Population Projection, #2 in document*")

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy

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Item Response

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Title/Subject 2011.02.25 - JF's Response re: Not Reflecting Transfers in 12/31/2010 Meas and 2011 Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 06:00:00 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 05:59 PM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
02/25/2011 04:21 PM

To "Sitton, Larry E." <LESITTON@southernco.com>
cc "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>, "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3 

Hi Larry,

Since the transfer occurred during 2010, the transfers were not effective as of the 1/1/2010 census collection date. We discussed this with Jeff Horne and others in setting our year-end disclosure parameters. Southern decided to not reflect these transfers in the 12/31/2010 measurement and 2011 costs. Rather, allow the transfers to take place on "normal" timing, which would mean they would be first reflected in the 12/31/2011 measurement and 2012 costs.

Accounting for the transfers can be a bit involved, in particular for the qualified pension plan. As you may know, the both obligations and assets are transferred in the qualified pension plan for employee transfers. Typically in past projections, Souther has chosen to not make special adjustments for employee transfers not included in the most recent measurement.

In this case, the thinking may have been that since SCS costs are allocated back to the operating companies (with APC / GPC receiving some of the larger allocations), the effort involved in reflecting these transfers on an ad-hoc basis was not warranted. However, your perspective may be different..which is why we wanted to highlight this for you.

Please feel free to call if a discussion would be helpful.

Have a good weekend!

Joy

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110138-OPC-POD-17-211

"Sitton, Larry E."
<LESITTON@southernco.com>

02/25/2011 03:29 PM

To: "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc: "Colby Park" <colby.park@aonhewitt.com>, "Scott Twery"
<scott.twery@aonhewitt.com>, "Cheryl Murray" <cheryl.murray.2@aonhewitt.com>
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3
ct

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From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

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1) Projected active headcounts (*"Population Projection, #2 in document"*)

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Please confirm the adjustments Southern would like us to make to the projected active headcounts.

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There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy

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Posted by Cheryl Murray

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Item Response

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Title/Subject 2011.03.01 - JF Responds to B. Young re: Using 1/1/2011 Census Data in Projections
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/02/2011 06:34:33 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/02/2011 06:34 PM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/01/2011 09:45 AM
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Records**

To "Young, Brent" <CBYOUNG@southernco.com>
cc Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates
NA
Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3 
Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence --
Client

Hi Brent,

The census data as of 1/1/2011 is not yet available. Since we collect census including the March pay increases, the core data file has not even reached our processing center yet. So, the 1/1/2011 census will not be available until later this year (June timeframe).

Consistent with prior years projections, Southern has relied on the most recent measurement of obligations for projecting into the future. Each year, we ask for Southern's input for significant / unusual employment patterns. Based on that input, at times, manual adjustments have been made to the measurements and/ or projections.

For the 12/31/2010 measurement, Southern indicated that there were no such adjustments needed for 2010 experience. So, the census data as of 1/1/2010 projected to 1/1/2011 using standard assumptions (level active headcounts, etc..) would be reasonable (with exception for SNC new hires).

Please call if you would like to discuss further.

Regards,
Joy

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joy.ferguson@aonhewitt.com | aonhewitt.com
"Young, Brent" <CBYOUNG@southernco.com>

"Young, Brent"
<CBYOUNG@southernco.com>

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc

03/01/2011 09:05 AM

Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3

Joy,

I'm working with Larry to review the assumptions for the 2012-2021 projections. My understanding is that the cost for each year is based on the plan populations from the prior year, so that the 2011 cost is based on the population as of 1/1/2010. Since we are discussing projections for 2012 and beyond, can we use the 1/1/2011 active population for the baseline, and then make any necessary adjustments from there? Could you provide the active participants for each company as of 1/1/2011?

Thank you,
Brent Young

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

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Please confirm the adjustments Southern would like us to make to the projected active headcounts.

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There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!
Joy

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Posted by Cheryl Murray

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Title/Subject 2011.03.07 - B. Young Provides Revised Assumption Information
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 03/08/2011 11:23:53 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:22 AM -----

"Young, Brent"
<CBYOUNG@southernco.com>
03/07/2011 11:55 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

Joy,

The revised assumptions 10-year cost projections are provided below. The attachment includes the population projections, as well as the 277 Transmission employees that transferred from APC (154) and GPC (123) to SCS in January 2010. For the anticipated benefit plan changes, the recommendation is to reduce the amount to \$15 million for 2012 and 2017.

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Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]
Sent: Friday, February 25, 2011 2:58 PM
To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

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Please confirm the adjustments Southern would like us to make to the projected active headcounts.

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Have a good weekend!
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Joy L. Ferguson | Actuarial Consultant, ASA, EA
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t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public

Item Response

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Title/Subject	2011.03.07 - Population Projection Revised for Potential Growth at Southern Power
Author	Cheryl Murray/Atlanta/Hewitt Associates NA RFM Georgia - Virtual Ext. 19073
Date	03/08/2011 11:43:39 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:43 AM -----

"Young, Brent" <CBYOUNG@southernco.com>	To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
03/07/2011 04:53 PM	cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>
	Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

The population projection has been revised to reflect potential growth at Southern Power. The revised file is attached below. Please let me know if you have any questions.

Thank you,
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Sent: Monday, March 07, 2011 11:55 AM
To: 'Joy Ferguson'
Cc: Sitton, Larry E.; Scott Twery; 'cheryl.murray.2@aonhewitt.com'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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To: Sitton, Larry E.
Cc: Colby Park; Scott Twery; Cheryl Murray
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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
Readers	*Public


Item Response

Database: SoCo Projects
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Title/Subject 2011.03.07 - JF Summarizes How Population Changes Impact Costs
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 03/08/2011 11:44:25 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:44 AM -----

**Joy
 Ferguson/Atlanta/Hewitt
 Associates**
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 03/07/2011 06:14 PM
**Copy Sent To Client
 Records**

To "Young, Brent" <CBYOUNG@southernco.com>
cc "cheryl.murray.2@aonhewitt.com"
 <cheryl.murray.2@aonhewitt.com>, "Sitton, Larry E."
 <LESITTON@southernco.com>, "Scott Twery"
 <scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations
 by March 3 
Client Southern Company (01909) **Line of Business** RFM
Confidential No **Record Type** Correspondence --
 Client

Hi Brent,

Thanks for the update.

For documentation, we wanted to summarize how the population changes you provided will impact costs with a focus on the timing of the impacts. This should be consistent with our discussion earlier today.

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If you have questions or need to discuss further, please let us know. Otherwise, we will use this information to finalize the cost projections.

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>

03/07/2011 04:53 PM

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cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery"
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Subje RE: Southern: Cost Projection Parameters; Need confirmations by March 3
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Cc: Sitton, Larry E.; Scott Twery; 'cheryl.murray.2@aonhewitt.com'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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To: Sitton, Larry E.

Cc: Colby Park; Scott Twery; Cheryl Murray

Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

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Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item Response

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Title/Subject 2011.03.14 - Young Requests Revised Population Assump for Gulf
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
03/17/2011 08:55:50 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 08:54 AM -----

"Young, Brent"
<CBYOUNG@southernco.com>
03/14/2011 10:19 AM

To "Joy Ferguson" <joy.ferguson@aonhewitt.com>
cc "cheryl.murray.2@aonhewitt.com" <cheryl.murray.2@aonhewitt.com>, "Scott Twery" <scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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We agree with the timing of the population changes and the cost impact that you have described below.

Also, can we revise the population assumption for Gulf Power to ignore the 35 headcount reduction during 2010? Would this delay the file, or is this a relatively simple change? Provided below is a revised employee population worksheet, and the 2010 Gulf activity is the only revision.

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Sent: Monday, March 07, 2011 6:14 PM
To: Young, Brent
Cc: 'cheryl.murray.2@aonhewitt.com'; Sitton, Larry E.; 'Scott Twery'
Subject: RE: Southern: Cost Projection Parameters; Need confirmations by March 3

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"Young, Brent"
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03/07/2011 04:53 PM

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Subject: Southern: Cost Projection Parameters; Need confirmations by March 3
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Posted by Cheryl Murray

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Item Response

Database: SoCo Projects
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Title/Subject 2011.03.14 - JF Confirms Change for Gulf and On -Time Delivery for Projections
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
03/17/2011 08:58:01 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 08:57 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/14/2011 10:28 AM

To "Young, Brent" <CBYOUNG@southernco.com>
cc "cheryl.murray.2@aonhewitt.com"
<cheryl.murray.2@aonhewitt.com>, "Scott Twery"
<scott.twery@aonhewitt.com>
Subject RE: Southern: Cost Projection Parameters; Need confirmations
by March 3 

Thanks Brent.

We can make the change for Gulf without impacting the delivery of the file (still can delivery by Friday, March 18).

Have a good day!

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03/14/2011 10:19 AM

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110138-OPC-POD-17-235

Joy,

The revised assumptions 10-year cost projections are provided below. The attachment includes the population projections, as well as the 277 Transmission employees that transferred from APC (154) and GPC (123) to SCS in January 2010. For the anticipated benefit plan changes, the recommendation is to reduce the amount to \$15 million for 2012 and 2017.

This afternoon, I may need to provide a revised population projection for SCS, but I wanted to go ahead and address the other assumptions this morning. Please call if you would like to discuss or if you have any questions.

Thank you,
Brent Young
404-506-0393

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]

Sent: Friday, February 25, 2011 2:58 PM

To: Sitton, Larry E.

Cc: Colby Park; Scott Twery; Cheryl Murray

Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document"*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in*

document)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!

Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

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if you communicate with us by e-mail. Emp Assumptions for 2012-2021 Retiree Benefit Costs.xls

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates

Readers

*Public

Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject 2011.03.16 - RESULTS: Final Projections to Sitton
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
03/17/2011 09:05:56 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/17/2011 09:05 AM -----

**Joy
Ferguson/Atlanta/Hewitt
Associates**
NA RFM
Atlanta-Riverwood-9-B
Ext. 19147 Speed Dial:
100
03/16/2011 02:15 PM
**Copy Sent To Client
Records**

To LESITTON@southernco.com
cc GFMARSHA@southernco.com, JOHORNE@southernco.com,
mslantri@southernco.com, WRHINSON@southernco.com,
Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA,
Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA,
Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA,
Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Projections of Retirement Benefit Costs for 2012
through 2021

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Larry,

Attached below are the updated projections of retirement benefit costs. There were no changes from the draft version we shared with you earlier this morning.

One attached file is a "PDF" with the results letter. The letter and attachments explain what was done and describes the results. The attached Excel file provides copies of the cost tables accompanying the PDF'd letter in a format that may be easier to pull numbers from.

As always, please let us know if you have questions or need additional information.

Have a good day!
Joy



2011.03.16 Projection Results 2012-2021_Final_Sent.pdf



2011.03.16 Projection Summary_Final_Sent.xls

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040

joy.ferguson@aonhewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Title/Subject 2010.11.24 - Elliot Sends QP Asset Transfer Info to Acklin - Money to Move by 11/30/2010
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/02/2010 02:11:04 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/02/2010 02:09 PM -----

John Elliot/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-F
 Ext. 19092 Speed Dial:
 100
 11/24/2010 05:08 PM
Copy Sent To Client Records

To TPACKLIN@southernco.com
cc "Wells, Greta" <GVWELLS@southernco.com>, "Marsh, Rebecca J." <RJMARSH@southernco.com>, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject SO - Pension asset transfers for employees who moved between companies in 2009 ... money should move on or before 11/30/2010

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Client

Tim -

The attached letter reports the asset transfer amounts that should be made between the pension (and not 401(h)) sub-accounts of the Southern Company Master Retirement Trust *on or before November 30, 2010*.

These asset transfers are for individuals who transferred between operating companies in 2009.

The attached letter file describes the procedure for determining the transfer amounts and contains a numerical table detailing the transfers between the operating companies' sub-accounts. This procedure is the same as what was done in prior years.

A hard copy of the attached will be mailed to you.

Please call or email us if you have any questions.

Thanks,

John

John Elliot
Aon Hewitt | Consulting | Retirement Consulting
 3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339-3370
 t 770-690-7770 | f 770-690-7040
John.Elliot@Hewitt.com | aonhewitt.com



E-11242010 to 2010 Asset Transfer Amounts.pdf

Posted by Cheryl Murray

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Title/Subject 2010.12.20 - Confirmation of \$620MM of Pension Funding on 12/20/2010
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 12/22/2010 09:20:00 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/22/2010 09:18 AM -----

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
12/20/2010 01:11 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
NA, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt
Associates NA
cc
Subject Fw: Pension Contribution

**Please post in contributions and assets for valuation :
... "Confirmation of \$620 million of pension funding on 12/20/2010"**

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 12/20/2010 01:10 PM -----

"Gilbert, Sandra L."
<sgilber@southernco.com>
m>
12/20/2010 12:27 PM

To "Scott.Twery@hewitt.com" <Scott.Twery@hewitt.com>, "Bob
Penter" <bob.penter.2@hewitt.com>, "Paul Harte"
<PHarte@SIS-SF.COM>, "Mike Beasley"
<Bagley@SIS-SF.COM>
cc
Subject Pension Contribution

From: Gilbert, Sandra L.
Sent: Monday, December 20, 2010 12:27 PM
To: 'Elder, Craig'; Feagin, Moses H.; Labrato, Ronnie R.; Lantrip, Mark
S.; Raymond, Phil C.; Teel, Scott
Cc: Beattie, Arthur P.; Hinson, W. Ron; Fanning, Thomas A.; Hackett,
Stanley H. (TS); Trust Finance; Long, Earl C.; Baker, Anita S.; Kerr, Belinda;
Laning, Sandy K.; Miller, Joyce Ann; Patterson, Alice; Perniciaro, Candace L.
Subject: Pension Contribution

-- Sent on Behalf of Roger Steffens --

Members of the PFIRC:

As planned, contributions from the various subsidiaries totaling \$620 million were received into the pension trust this morning and will be invested according to the strategy approved by the PFIRC at its November 18th meeting.

Roger

Posted by Cheryl Murray

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Readers	*Public

Title/Subject 2011.01.26 - Park Requests Confirmation of VEBA Asset Values
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 01/31/2011 10:43:50 AM

Cheryl Murray

Aon Hewitt | Consulting | NA RFM
t (770) 690-7949 | f (770) 690-7040

cheryl.murray.2@aonhewitt.com | aonhewitt.com

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/31/2011 10:42 AM -----

Colby Park/Atlanta/Hewitt Associates

NA RFM
Atlanta-Riverwood-9
Ext. 19075 Speed Dial:
100

01/26/2011 09:38 AM

To DMSCOTT@southernco.com

cc RJMARSH@southernco.com, JOHORNE@southernco.com, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA, JWHATLEY@southernco.com, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates NA

Subject Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th (UPDATED with VEBA asset values)

Hi Dekia,

We have collected the VEBA trust market values as of December 31, 2010. Attached below is the file sent to you on January 14th (see email below) updated with the VEBA asset values. For documentation, we have also attached the trustee statements we received from the operating companies. Unless we hear otherwise from you, we will assume you agree with these asset values, as reported by the operating companies.

We understand that you will be providing us with the final qualified pension / 401(h) trust information on January 27th. Please note that this is the last day we can receive this information and reasonably meet Southern's year-end disclosure deadline. So, if you have any questions about updating the file, please do not hesitate to call. You can reach out to me, John or Joy at any time for assistance.

Thanks,

Colby Park

Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040

colby.park@aonhewitt.com | aonhewitt.com



Southern Asset Inputs for 2010 Year-end Disclosures_VEBA final_sent 01.26.2011.xls



VEBA 12.31.2010.zip

Colby Park/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-B
Ext. 19091 Speed Dial:
100
01/14/2011 10:59 AM
Copy Sent To Client Records

To DMSCOTT@southernco.com
cc RJMARSH@southernco.com, JOHORNE@southernco.com, Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Southern: Request Final Asset Information for Year-end Accounting - Deadline January 27th

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Dekia,

Thank you for providing the preliminary asset information for the qualified pension and 401(h) trusts. This information was used to develop preliminary AOCI results delivered to Southern on January 11, 2011.

The next and final step is for your group to provide asset information for the qualified pension, 401(h) and VEBA trusts. This information includes final market values as reported by the trustee as of December 31, 2010 for all trusts by operating company and the market value adjustment for the qualified pension / 401(h) trust.

Please report this final information in the attached file, which summarizes the information Southern has provided on a preliminary basis. Refer to the "grey" highlighted cells for required inputs. The information reported in this file will be reported in the final year-end disclosures for the post-retirement benefit plans.

Note, please report qualified trust asset information for Southern Company Energy Solutions with the Southern Company Services information. Also, review the benefit payments and expenses you provided on a preliminary basis and make any corresponding changes needed for this adjustment.

We need to receive all the information requested no later than **January 27th** in order to meet Southern's deadline for final disclosures.

Thanks,

Colby Park
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com

[attachment "Southern Asset Inputs for 2010 Year-end Disclosures_Preliminary AOCI_sent 01.14.2011.xls" deleted by Joy Ferguson/Atlanta/Hewitt Associates]

Posted by Cheryl Murray

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Readers	*Public

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Title/Subject **2011.01.14 - MetLife Reserves - 12/31/2010 Ending Balances**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
Date Georgia - Virtual Ext. 19073
 01/18/2011 03:04:13 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/18/2011 03:00 PM -----

Ellen Chow/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-K
 Ext. 19090 Speed Dial:
 100
 01/14/2011 04:16 PM

To Colby Park/Atlanta/Hewitt Associates@Hewitt Associates NA,
 Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt
 Associates NA
 cc
 Subject Fw: MetLife Reserve

----- Forwarded by Ellen Chow/Atlanta/Hewitt Associates on 01/14/2011 04:16 PM -----

"Mask, Philip W."
<PVMASK@southerncom>
 01/14/2011 04:14 PM

To "Ellen Chow" <ellen.chow@hewitt.com>
 cc
 Subject FW: MetLife Reserve

Ellen,

Below are the ending balances

	Bal. as of 12/31/11	Premium Payments 2010
Retiree Life (variable interest)	\$4,020,201.22	\$8,611,209
Retiree Life (fixed interest)	\$5,039,882.61	\$ 0

Let me know if you have any questions.

Philip W. Mask
Benefits Manager
Southern Company

30 Ivan Allen Jr. Blvd., NW
Bin SC1002
Atlanta, GA 30308

(404) 506-0624 (w)
(404) 579-7644 (c)
(404) 506-0847 fax

From: Pat Monti [mailto:PMonti@McGriff.com]
Sent: Friday, January 14, 2011 4:02 PM
To: Mask, Philip W.
Subject: RE: MetLife Reserve

You are correct. The spreadsheet I sent earlier today was produced on 12/22/2010. The December withdrawal occurred on 12/29/2010. Sorry about that. I have attached a revised spreadsheet that includes the December debit.

Thanks,

Pat

From: Mask, Philip W. [mailto:PWMASK@southernco.com]
Sent: Friday, January 14, 2011 2:50 PM
To: Pat Monti
Subject: RE: MetLife Reserve

Pat,

Why does the spreadsheet not list a payment in December? The ending balance in November for the fund with variable interest was \$4,886,815.44 so I would expect another premium deduction in

110138-OPC-POD-17-249

December to get to the current balance of \$4,020,201.22.

Phil

From: Pat Monti [mailto:PMonti@McGriff.com]
Sent: Friday, January 14, 2011 2:08 PM
To: Mask, Philip W.
Subject: RE: MetLife Reserve

Phil,

You are correct. The MetLife statement reflects data since inception. Below are the ending balances for the retiree portion of the reserve (both variable rate and fixed rate):

As of 12/31/2010:

Retiree Life (variable interest)	\$4,020,201.22
Retiree Life (fixed interest)	\$5,039,882.61

I have also attached a spreadsheet provided by MetLife that list each monthly debit from the reserve to fund the premium holidays during 2010. It also lists the May 2010 \$5,000,000 transaction, which relates to the fixed interest arrangement.

Thanks,

Pat Monti
McGriff, Seibels & Williams, Inc.
(205) 583-9511

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From: Mask, Philip W. [mailto:PWMASK@southernco.com]
Sent: Friday, January 14, 2011 12:00 PM
To: Pat Monti
Subject: RE: MetLife Reserve

Pat,

The way I'm reading this, it includes all inflows and outflows since inception of the fund. Is that correct? I think we're looking for inflows and outflows that happened during 2010 and the ending balance.

Phil

From: Pat Monti [mailto:PMonti@McGriff.com]
Sent: Friday, January 14, 2011 12:21 PM
To: Mask, Philip W.
Subject: RE: MetLife Reserve

Phil,

Attached is the reserve report I received from Met on Tuesday of this week. It covers through 12/31/2010. It also separates the \$5,000,000 at the fixed rate from the funds applicable to the liquid fluctuating rate of return.

It looks like this report will provide what she needs. Let me know if you or she needs more information.

Thanks,

Pat Monti
McGriff, Seibels & Williams, Inc.
(205) 583-9511

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From: Mask, Philip W. [mailto:PWMASK@southernco.com]
Sent: Friday, January 14, 2011 8:42 AM
To: Pat Monti
Subject: MetLife Reserve

Pat,

The Actuary at Hewitt is asking for us to report the MetLife Retiree Life reserve balances as of 12/31/2010. Note she wants the fixed interest separate from the variable interest reserves. See her spreadsheet attached for a template.

Below are what I provided as of 11/31/2010:

Retiree Life (variable interest) \$4,886,815.44

Retiree Life (fixed interest) \$5,034,441.34

Thanks.

Phil

From: Ellen Chow [mailto:ellen.chow@hewitt.com]
Sent: Friday, January 14, 2011 9:21 AM

To: Mask, Philip W.
Subject: Re: FW: FW: MetLife Reserve

Phil,

That is correct, we need the balance as of 12/31/2010 and the total premiums paid out from the reserves for each company.
If the allocation by company has not been done, just let me know the total premium paid and total reserve balance, that would be sufficient.

Thank you for your assistance!

Ellen Chow
Aon Hewitt | Consulting | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339
t 770-6907378 | f 770-6907040
ellen.chow@hewitt.com | aonhewitt.com

"Mask, Philip W." <PW MASK@southernco.com>

01/14/2011 07:48 AM

To: "Ellen Chow" <ellen.chow@hewitt.com>
cc
Subject: FW: FW: MetLife Reserve

Ellen,

Please confirm you would like the attached template completed as of 12/31/2010. Also confirm you are looking for premiums paid out of the reserves – not claims – on the first line. I believe that's what we discussed last month.

Thanks.

Philip W. Mask
Benefits Manager
Southern Company
30 Ivan Allen Jr. Blvd., NW
Bin SC1002
Atlanta, GA 30308

(404) 506-0624 (w)
(404) 579-7644 (c)
(404) 506-0847 fax

From: Ellen Chow [mailto:ellen.chow@hewitt.com]
Sent: Wednesday, December 22, 2010 2:03 PM
To: Mask, Philip W.
Cc: Anderson, Katrina; Colby Park; Joy Ferguson
Subject: RE: FW: MetLife Reserve

Phil,

Please ask MetLife to fill in the two yellow highlighted rows on the attached.
Row 11 for actual paid out and row 13 for ending balance by company.

When you send it back please "reply all".

Thanks!

Ellen Chow
Aon Hewitt | Consulting | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339
t 770-6907378 | f 770-6907040
ellen.chow@hewitt.com | aonhewitt.com

"Mask, Philip W." <PW MASK@southernco.com>

12/22/2010 01:19 PM

To: "Ellen Chow" <ellen.chow@hewitt.com>
cc: "Anderson, Katrina"
<KAANDERS@southernco.com>
Subject: RE: FW: MetLife Reserve
t

Can you give me a template of what you need? I will need to go back to Met for this additional information.

Philip W. Mask
Benefits Manager
Southern Company
30 Ivan Allen Jr. Blvd., NW
Bin SC1002
Atlanta, GA 30308

(404) 506-0624 (w)
(404) 579-7644 (c)
(404) 506-0847 fax

From: Ellen Chow [mailto:ellen.chow@hewitt.com]
Sent: Wednesday, December 22, 2010 1:18 PM
To: Mask, Philip W.
Cc: Anderson, Katrina
Subject: Re: FW: MetLife Reserve

Thanks Phil for the quick response!

Do you have the split by company: the amount of paid out to retirees and dependents and reserve balance?

Thanks!

Ellen

"Mask, Philip W." <PW MASK@southernco.com>

12/22/2010 01:07 PM

To: "Ellen Chow" <ellen.chow@hewitt.com>
cc: "Anderson, Katrina"
<KAANDERS@southernco.com>
Subject: FW: MetLife Reserve
t

Ellen,

The amounts paid out of the reserve related to the premium holiday are as follows:

Actives	\$6,692,472.83
Retirees reserve)	\$7,742,803.34 (net of \$5m transfer to separate investment reserve)

Dependents \$1,255,709.10

Here are the ending reserve balances:

Active Life	\$0.00
Retiree Life (variable interest)	\$4,886,815.44
Retiree Life (fixed interest)	\$5,034,441.34
Dependent Life	\$390,189.72
Accident & Sickness	\$766,582.62
LTD	\$401,584.67

See attached for details.

Philip W. Mask
Benefits Manager
Southern Company
30 Ivan Allen Jr. Blvd., NW
Bin SC1002
Atlanta, GA 30308

(404) 506-0624 (w)
(404) 579-7644 (c)
(404) 506-0847 fax

From: Pat Monti [mailto:PMonti@McGriff.com]

Sent: Wednesday, December 22, 2010 11:34 AM
To: Mask, Philip W.
Subject: RE: MetLife Reserve

Phil,

MetLife has provided the attached spreadsheet which includes an accounting of the reserve use during 2010 by plan. As noted, the \$5,000,000 transaction in May was the movement from the liquid rate of return to the 12 fixed rate of return. \$5,000,000 was not used to pay May premium. Also, October was the last month in October in which the reserve was used to support Active premium payment.

I have also attached the Reserve balance statement as of 12/1/2010 for estimation of future reserve availability.

I hope this helps. Let me know if you have any questions or need additional information.

Thanks,

Pat Monti
McGriff, Seibels & Williams, Inc.
(205) 583-9511

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From: Mask, Philip W. [mailto:PWMASK@southernco.com]
Sent: Monday, December 20, 2010 3:07 PM
To: Pat Monti
Subject: FW: MetLife Reserve

I guess it's your day today. Charles is out until January. Can you get Met to provide the requested information?

Thanks.

Phil

From: Anderson, Katrina
Sent: Monday, December 20, 2010 3:49 PM
To: Mask, Philip W.
Subject: FW: MetLife Reserve

Kaye Anderson

SCS Benefit Accountant

Tel (404) 506-0282

Fax (404) 506-0837

From: Ellen Chow [mailto:ellen.chow@hewitt.com]
Sent: Monday, December 20, 2010 3:18 PM
To: Anderson, Katrina; Marsh, Rebecca J.
Cc: Dunn, Joseph S.
Subject: RE: MetLife Reserve

Hi Becky and Kaye,

Do you know the most current MetLife Reserve balance that was used to pay some of the 2010 post retirement life premium?

And how much was paid towards the 2010 premium for each plan?

Thanks!

Ellen

"Dunn, Joseph S."
<JSDUNN@southernco.com
>

12/17/2010 05:49 PM

To "Ellen Chow" <ellen.chow@hewitt.com>
cc "Marsh, Rebecca J." <RJMARSH@southernco.com>, "Anderson,
Katrina" <KAANDERS@southernco.com>
Subject RE: MetLife Reserve

You may want to check with Becky Marsh (404-506-4161). She was involved with that during the audit. Alternatively, Kaye Anderson (404-506-0282) in HR does the accounting for the plans.

Joe

From: Ellen Chow [mailto:ellen.chow@hewitt.com]
Sent: Friday, December 17, 2010 4:01 PM
To: Dunn, Joseph S.
Subject: MetLife Reserve

Joe,

Do you know anything about the MetLife Reserve balance that was used to pay some of the 2010 post retirement life premium?

Who may I ask how much was paid towards the 2010 premium and what the balance is?

Thanks!

Ellen

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Southern Company FA Balance(s) 1 1 2011.pdf

Posted by Cheryl Murray

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Document Editors	Cheryl Murray/Atlanta/Hewitt Associates
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Item (Discussion/Document)

Database: SoCo Projects
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Title/Subject **2010.12.08 - Provident Reserve Balance @ 9/30/2010**
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 12/20/2010 01:49:02 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 12/20/2010 01:49 PM -----

Ellen Chow/Atlanta/Hewitt Associates
NA RFM
Atlanta-Riverwood-9-K
Ext. 19090 Speed Dial:
100
12/08/2010 10:05 AM

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
NA, Colby Park/Atlanta/Hewitt Associates@Hewitt Associates
NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt
Associates NA
cc
Subject Fw: Provident Reserve Balance as of 9/30/2010

----- Forwarded by Ellen Chow/Atlanta/Hewitt Associates on 12/08/2010 10:05 AM -----

"Greene, Charles"
<CAGREENE@southernco.com>
12/08/2010 10:01 AM

To "Ellen Chow" <ellen.chow@hewitt.com>
cc "Scott, Dekia M." <DMSCOTT@southernco.com>
Subject Provident Reserve Balance as of 9/30/2010

Attached is the estimated Insurance Continuance Reserve Report for the period ending 9/30/2010.

Please let me know should you have need any additional information.

Thanks.

Charles A. Greene
Compensation and Benefits
Southern Company
Tel (404) 506-0842
Fax (404) 506-0847

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copies to me at Southern Company Services, Inc., 30 Ivan Allen Jr. Blvd., NW, BIN SC1002, Atlanta GA 30308 via the U.S. Postal Service. Thank you.



0910 HewittRpt .xls

Posted by Cheryl Murray

Posted on 12/21/2010 10:52:38 AM

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Database: SoCo Projects
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Title/Subject 2011.01.26 - Final Accrued Reconciliation Worksheets to Marsh for Confirmation
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 01/31/2011 09:31:04 AM

Cheryl Murray
Aon Hewitt | Consulting | NA RFM
 t (770) 690-7949 | f (770) 690-7040
cheryl.murray.2@aonhewitt.com | aonhewitt.com
 ----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 01/31/2011 09:30 AM -----

Colby Park/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9
 Ext. 19075 Speed Dial:
 100
 01/26/2011 09:17 AM
Copy Sent To Client Records

To RJMARSH@southernco.com
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates
 NA, John Elliot/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Ellen Chow/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates
 NA, Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates
 NA, JOHORNE@southernco.com
Subject Southern: Final Accrued Reconciliation Worksheets

Client	Southern Company (01909)	Line of Business	RFM
Confidential	No	Record Type	Correspondence -- Client

Hi Becky,

Here are the final accrued reconciliation worksheets that will be used to produce year-end disclosures. Please review our updates/comments below and let us know if you have questions or changes.

- Retiree Medical Tax Accounting, Line 4(b): SCS adjustment removed as directed
- Nonqualified Pension, Line 4(b): APC / SNC amounts confirmed by you
- Retiree Life, Line 3(b): SCS adjusted to 2/12 of the reported amount
- Rounded entries to nearest \$1

Regards,

Colby Park
Aon Hewitt | Consulting | Retirement
 3350 Riverwood Parkway, Suite 80 | Atlanta, GA 30339
 t (770) 690-7337 | f (770) 690-7040
colby.park@aonhewitt.com | aonhewitt.com



2010 12 31 Accrued_Prepaid Worksheet_APC_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_CDM_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_GPC_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_Gulf_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_MPC_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_SCS_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_SNC_FINAL.xls



2010 12 31 Accrued_Prepaid Worksheet_SO-SEI_FINAL.xls

Posted by Cheryl Murray

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Title/Subject 2010.10.26 - SO Confirms Pension/401h Asset Allocations
Author Cheryl Murray/Atlanta/Hewitt Associates
 NA RFM
 Georgia - Virtual Ext. 19073
Date 10/26/2010 02:39:21 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 10/26/2010 02:39 PM -----

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100
 10/26/2010 01:49 PM


To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Fw: SO: Update e-tool allocations for pension trust (response requested by Friday, October 29)

Pls post in 2010 disclosures (assumptions...)

"SO confirms pension/401h asset allocations"

----- Forwarded by Joy Ferguson/Atlanta/Hewitt Associates on 10/26/2010 01:48 PM -----

Bob Penter/2/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-1-A
 Ext. 11066 Speed Dial:
 100
 10/26/2010 01:48 PM
Copy Sent To Client Records

To Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject Re: SO: Update e-tool allocations for pension trust (response requested by Friday, October 29) 

Client	Southern Company (01909)	Line of Business	Communication Practice, Health Management, RFM
Confidential	No	Record Type	Correspondence -- Internal

I got confirmation that these allocations should be used again as the targets.

Robert L. Penter, CFA, Principal
Hewitt EnnisKnupp | Consulting
 3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339
 t 770-690-7674 | f 770-956-8780
bob.penter@hewitt.com | www.hewittennisknupp.com
 Joy Ferguson/Atlanta/Hewitt Associates

Joy Ferguson/Atlanta/Hewitt Associates
 NA RFM
 Atlanta-Riverwood-9-B
 Ext. 19147 Speed Dial:
 100

To Bob Penter/2/Atlanta/Hewitt Associates@Hewitt Associates NA
cc Scott Twery/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject SO: Update e-tool allocations for pension trust (response requested by Friday, October 29)

10/26/2010 11:16 AM
Copy Sent To Client
Records

Client Southern Company
(01909)
Confidential No

Line of Business Communication
Practice, Health
Management, RFM
Record Type Correspondence --
Internal

Hi Bob,

For year-end accounting, we need to confirm the current target allocations for Southern's qualified pension trust.

Below are the allocations used for year-end 2009 (refer to column E). Can you update this for us?

We need the information this week.

Thanks!
Joy



2010 Asset Allocation (SQ).xls

Joy L. Ferguson | Actuarial Consultant
Aon Hewitt | Retirement and Financial Management
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@hewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2011.02.09 - Twery Requests 2009 System Hiring Data
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Date Georgia - Virtual Ext. 19073
02/16/2011 03:47:55 PM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 02/16/2011 03:47 PM -----

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
02/09/2011 11:01 AM

To gfmarsa@southernco.com, swwilkin@southernco.com
cc Joy Ferguson/Atlanta/Hewitt Associates@Hewitt Associates NA,
Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
Subject SO - Question ... system hiring during 2009

Greg/Steve, hi. We have finished the year-end 2010 accounting measurements based on projections of 1/1/2010 census data. We are working on finalizing 2011 costs based on that same information. In an effort to review/refine our methodologies, we are reviewing how the calculations incorporate employees who would have become pension participants after the 1/1/2010 data collection and before the 12/31/2010 measurement date. These would have been hires during calendar 2009. We're reluctant to rely on historical data to tell us how many new pension participants is reasonable due to the hiring freeze/frost that had been place.

You can help us by answering these questions:

- (1) Was the hiring freeze/frost was in place for most of 2009?
- (2) Do you have a feel for how many 2009 hires there were? If so, please let us know roughly how many?

THANKS for your help! Please call if you have any questions (or prefer responding that way vs. email).
THANKS again! ... Scott

Scott's email is now scott.twery@aonhewitt.com

Scott C. Twery
Aon Hewitt | Consulting | Retirement
3350 Riverwood Parkway Suite 80 | Atlanta, GA
t 770-690-7380 | m (work) 404-291-2939 | f 770-690-7040
scott.twery@aonhewitt.com | aonhewitt.com

Posted by Cheryl Murray

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Title/Subject 2011.03.07 - Hinson/Kilcoyne/Wilkinson Favor Budgeting for Pension Improvement of ~\$15 million
Author Cheryl Murray/Atlanta/Hewitt Associates
NA RFM
Georgia - Virtual Ext. 19073
Date 03/08/2011 11:42:03 AM

----- Forwarded by Cheryl Murray/Atlanta/Hewitt Associates on 03/08/2011 11:41 AM -----

Scott Twery/Atlanta/Hewitt Associates
NA RFM
MS - 9K
Atlanta-Riverwood-9-G
Ext. 19144 Speed Dial:
100
03/07/2011 04:01 PM

To Cheryl Murray/Atlanta/Hewitt Associates@Hewitt Associates NA
cc
Subject Fw: 2012 - 2021 Cost Projections for Pension/OPRBs

Pls post with projections ... "Hinson/Kilcoyne/Wilkinsin favor budgeting for pension improvement of about \$15 million"

----- Forwarded by Scott Twery/Atlanta/Hewitt Associates on 03/07/2011 04:00 PM -----

"Wilkinson, Steven W."
<SWWILKIN@southernco.com>
03/01/2011 05:12 PM

To "Young, Brent" <CBYOUNG@southernco.com>
cc "Sitton, Larry E." <LESITTON@southernco.com>, "Scott Twery" <scott.twery@aonhewitt.com>, "Kilcoyne, Stacy R." <srkilcoy@southernco.com>, "Hinson, W. Ron" <WRHINSON@southernco.com>
Subject RE: 2012 - 2021 Cost Projections for Pension/OPRBs

Brent,

As we discussed today on our telephone conversation, Scott, Ron, Stacy and I met today on another issue and I brought up this pension change issue for discussion as well. The consensus was to keep about \$15 million in the budgets for 2012 and 2017. The group thought it would be prudent to maintain a modest increase in the budget to cover any possible regulatory/compliance changes or benefit improvements that may be negotiated. Regarding this last point, we will be negotiating with the IBEW by the end of this year over pensions.

Please let me know what your thoughts are on this and if this will be acceptable with the operating companies.

Let me know if you have any questions.

From: Young, Brent
Sent: Monday, February 28, 2011 3:17 PM
To: Wilkinson, Steven W.

Cc: Sitton, Larry E.

Subject: 2012 - 2021 Cost Projections for Pension/OPRBs

Steven,

Aon Hewitt is working to update the 10-year cost projections for pensions and OPRBs, and we would appreciate your feedback on a few of the key assumptions. Specifically, the projections currently assume ad hoc pension improvements occur in 2012 and 2017. Could you review the attached description of the benefit plan changes (#3 in the document), and let us know if these assumptions are still appropriate, or if revised assumptions should be considered?

The assumptions used for the projection are intended to provide the most accurate estimate for potential costs, based on current expectations. Of course, the assumptions do not lock the company into any future decisions, and the assumptions can be revised if conditions warrant.

Larry is planning to provide the assumptions to Aon Hewitt on Thursday. Could you provide your feedback on the benefit changes on or before Wednesday?

Please let us know if you have any questions or if you would like to discuss.

Thank you,
Brent

From: Joy Ferguson [mailto:joy.ferguson@aonhewitt.com]

Sent: Friday, February 25, 2011 2:58 PM

To: Sitton, Larry E.

Cc: Colby Park; Scott Twery; Cheryl Murray

Subject: Southern: Cost Projection Parameters; Need confirmations by March 3

Hi Larry,

Attached below are the draft parameters for the next round of 10-year cost projections. We need for you to review and confirm / update by March 3rd.

Overall, the parameters in the document are the same as used in the March 2010 projections. In your review, we would like to point out three items in particular.

1) Projected active headcounts (*"Population Projection, #2 in document"*)

In the past, Southern has chosen to reflect a stable active headcount in the cost projections, with special ad-hoc adjustments as needed. There are two potential adjustments we know about.

One, SNC is projected to have roughly 4,000 active employees by the end of 2012. This was reflected in the 2010 projections.

Two, Gulf is expected to add 111 new hires during 2011. We did some rough impact analysis for Brent Young related to this earlier this month.

Please confirm the adjustments Southern would like us to make to the projected active headcounts.

2) Anticipated plan changes (*"Benefit Plan Changes, #3 in document*)

In prior projections, Southern anticipated a modest plan change in the qualified and nonqualified pension plans effective in 2012 and 2017 (anticipates roughly a 5% increase in active obligation). Please confirm if the projected plan change is still desired, and, if so, confirm the size and timing.

3) Treatment of special group of 2010 transfers (*"Employee Transfers Between Companies", #8 in document*)

There is a transfer of about 300 employees to SCS from APC and GPC in 2010. Southern elected to not reflect these transfers in the 2010 projections and the 2010 year-end disclosure information. Please confirm if this approach is still appropriate for these projections.

Please reach out if you have questions or would rather just talk through these items.

Have a good weekend!
Joy

Joy L. Ferguson | Actuarial Consultant, ASA, EA
Aon Hewitt | Retirement Consulting
3350 Riverwood Parkway | Suite 80 | Atlanta, GA 30339-3370
t 770-690-7064 | f 770-690-7040
joy.ferguson@aonhewitt.com | aonhewitt.com

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Posted by Cheryl Murray

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Provident Life and Accident Insurance Company
 Postretirement Life Valuation
 As of September 30, 2010

<u>Company</u>	<u>Retirees with Supplemental Life</u>	<u>Estimated % Of Reserve *</u>	<u>Estimated \$ Amount of Reserve</u>
APC	13	32%	\$ 390,293.72
GPC	22	54%	\$ 660,497.07
Gulf	2	5%	\$ 60,045.19
MPC	0	0%	\$ -
SCS	<u>4</u>	<u>10%</u>	<u>\$ 120,090.38</u>
Total @ 9/30/2010	41	100%	\$ 1,230,926.36

* Percentage based on participant counts for supplemental life.

Supplemental Life
As of September 30, 2010
Death Claims

<u>NAME</u>	<u>COMPANY</u>	<u>AMOUNT</u>	<u>DATE OF DEATH</u>
[REDACTED]	APC	22,000	4/27/2010
[REDACTED]	GPC	13,000	4/17/2010
[REDACTED]	MPC	14,800	9/22/2010
[REDACTED]	MPC	10,000	11/13/2009

1260	2/1/1977
34122	2/1/1982
1980	10/1/1978
7869	2/1/1981

Southern Company Retirement Benefits — Discount Rate Selection for ASC 715

Yield Curve Analysis Results ¹ Qualified Pension

Yield Curve	12/31/2009	For measurement date, 12/31/2010		Change	Comments
		10/31/2010	11/30/2010		
Hewitt-sponsored					
• Top Quartile	5.99%	5.47%	5.55%	0.08%	Reflects AA/AAA bonds with top quartile yields
• Above Median	5.80%	5.22%	5.26%	0.04%	Reflects AA/AAA bonds with above median yields
• Bond Universe	5.59%	4.94%	5.00%	0.06%	Reflects all AA/AAA bonds
Citigroup-sponsored					
• Above Median	6.03%	5.50%	5.42%	-0.08%	Represents bonds appropriate for ASC 715 discount rate selection with above median yields
• Pension Discount	5.85%	5.33%	5.26%	-0.07%	Represents bonds appropriate for ASC 715 discount rate selection
Southern's Selected:					
• Discount Rate	5.95%	5.45%	5.50% - 5.55%		

Discount Rate Sensitivity on PBO for Qualified Pension

Discount Rate Change = 25 basis points

\$ Change \$200 - \$225 million

% Change 3.4%

¹ Reflects cash flows from 12/31/2009 measurement date.

² Assumes no other assumptions change other than discount rate.

Southern Company Retirement Benefits — Discount Rate Selection for ASC 715

Yield Curve Analysis Results ¹ Nonqualified Pension

Yield Curve	12/31/2009	For measurement date, 12/31/2010			Comments
		10/31/2010	11/30/2010	Change	
Hewitt-sponsored					
• Top Quartile	5.57%	4.72%	4.90%	0.18%	Reflects AA/AAA bonds with top quartile yields
• Above Median	5.40%	4.49%	4.61%	0.12%	Reflects AA/AAA bonds with above median yields
• Bond Universe	5.15%	4.20%	4.33%	0.13%	Reflects all AA/AAA bonds
Citigroup-sponsored					
• Above Median	5.73%	4.89%	5.01%	0.12%	Represents bonds appropriate for ASC 715 discount rate selection with above median yields
• Pension Discount	5.50%	4.64%	4.73%	0.09%	Represents bonds appropriate for ASC 715 discount rate selection
Southern's Selected:					
• Discount Rate	5.60%	4.70%	4.90%		
• Installment Parameters					
30-Yr Treasury Yield	4.25%	4.25%	4.25%		
Prime Rate	5.25%	5.00%	5.00%		

Discount Rate Sensitivity on PBO for Nonqualified Pension ²

Discount Rate Change = 25 basis points

\$ Change \$9 - \$11 million

% Change 2.3%

¹ Reflects cash flows from 12/31/2009 measurement date.

² Assumes no other assumptions change other than discount rate (including nonqualified pension installment parameter assumptions).

Southern Company Retirement Benefits — Discount Rate Selection for ASC 715

Yield Curve Analysis Results ¹ Retiree Medical

Yield Curve	12/31/2009	For measurement date, 12/31/2010		Change	Comments
		10/31/2010	11/30/2010		
Hewitt-sponsored					
• Top Quartile	5.84%	5.24%	5.34%	0.10%	Reflects AA/AAA bonds with top quartile yields
• Above Median	5.66%	4.99%	5.06%	0.07%	Reflects AA/AAA bonds with above median yields
• Bond Universe	5.44%	4.71%	4.79%	0.08%	Reflects all AA/AAA bonds
Citigroup-sponsored					
• Above Median	5.91%	5.30%	5.27%	-0.03%	Represents bonds appropriate for ASC 715 discount rate selection with above median yields
• Pension Discount	5.72%	5.10%	5.08%	-0.02%	Represents bonds appropriate for ASC 715 discount rate selection
Southern's Selected:					
• Discount Rate	5.80%	5.25%	5.30%		

Discount Rate Sensitivity on ABPO for Retiree Medical ²

Discount Rate Change = 25 basis points

\$ Change \$40 - \$45 million

% Change 2.8%

¹ Reflects cash flows from 12/31/2009 measurement date.

² Assumes no other assumptions change other than discount rate.

Southern Company Retirement Benefits — Discount Rate Selection for ASC 715

Yield Curve Analysis Results ¹ Retiree Life

Yield Curve	12/31/2009	For measurement date, 12/31/2010			Comments
		10/31/2010	11/30/2010	Change	
Hewitt-sponsored					
• Top Quartile	6.05%	5.60%	5.66%	0.06%	Reflects AA/AAA bonds with top quartile yields
• Above Median	5.85%	5.34%	5.37%	0.03%	Reflects AA/AAA bonds with above median yields
• Bond Universe	5.66%	5.05%	5.11%	0.06%	Reflects all AA/AAA bonds
Citigroup-sponsored					
• Above Median	6.05%	5.59%	5.46%	-0.13%	Represents bonds appropriate for ASC 715 discount rate selection with above median yields
• Pension Discount	5.88%	5.43%	5.33%	-0.10%	Represents bonds appropriate for ASC 715 discount rate selection
Southern's Selected:					
• Discount Rate	6.00%	5.60%	5.60% - 5.65%		

Discount Rate Sensitivity on ABPO for Retiree Life ²

Discount Rate Change = 25 basis points

\$ Change \$10 - \$12 million

% Change 3.6%

¹ Reflects cash flows from 12/31/2009 measurement date.

² Assumes no other assumptions change other than discount rate.

Southern Company Retirement Benefits — Discount Rate Selection for ASC 715

Yield Curve Analysis Results ¹ All Postretirement Benefits

Yield Curve	12/31/2009	For measurement date, 12/31/2010			Comments
		10/31/2010	11/30/2010	Change	
Hewitt-sponsored					
• Top Quartile	5.95%	5.42%	5.50%	0.08%	Reflects AA/AAA bonds with top quartile yields
• Above Median	5.77%	5.17%	5.21%	0.04%	Reflects AA/AAA bonds with above median yields
• Bond Universe	5.56%	4.88%	4.95%	0.07%	Reflects all AA/AAA bonds
Citigroup-sponsored					
• Above Median	6.00%	5.46%	5.38%	-0.08%	Represents bonds appropriate for ASC 715 discount rate selection with above median yields
• Pension Discount	5.82%	5.27%	5.22%	-0.05%	Represents bonds appropriate for ASC 715 discount rate selection

Discount Rate Sensitivity on PBO/ABPO for all postretirement benefits ²

Discount Rate Change = 25 basis points

\$ Change \$250 - \$300 million

% Change 3.2%

¹ Reflects cash flows from 12/31/2009 measurement date.

² Assumes no other assumptions change other than discount rate (including nonqualified pension installment parameter assumptions).

Hewitt Expected Return Tool (U.S.)

Southern Company Pension Plan -- Current Target Allocation

✚ Asset Allocation		
	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	23.00%	6.10%
U.S. Small Cap	9.00%	6.50%
Developed International	19.00%	6.40%
Emerging Markets	9.00%	7.80%
Fixed Income		
Cash	0.00%	1.80%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.10%
Long Duration - Gov't/Credit	15.00%	2.75%
Long Duration - Credit	0.00%	3.20%
Long Duration - Gov't	0.00%	2.30%
High Yield Bonds	0.00%	3.60%
Developed International Bonds	0.00%	1.50%
Emerging Market Bonds	0.00%	3.60%
Alternative Investments		
Hedge Funds	0.00%	4.50%
Real Estate	15.00%	5.70%
Commodities	0.00%	3.90%
Private Equity	10.00%	7.40%
Total	100.00%	
Inflation Rate	2.20%	

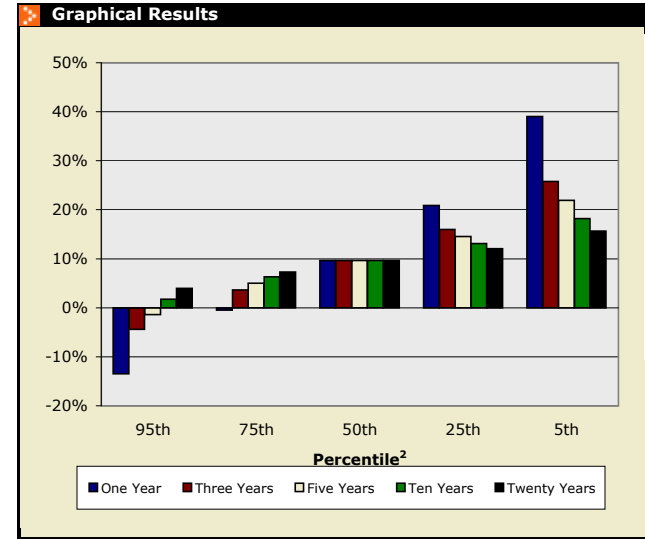
✚ Nominal Returns	
	Nominal Returns
Weighted Average Return	8.24%
Rebalancing/Diversification Effect	1.42%
Passive Expected Return	9.66%
Active Management Effect	0.00%
Total Expected Return	9.66%
Expected Nominal Volatility	16.07%

✚ For 2010 Q3

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q3.

These assumptions will be reviewed quarterly to ensure continued reasonability.

✚ Range of Returns					
Year(s)	95th	75th	50th	25th	5th
1	-13.50%	-0.51%	9.66%	20.86%	39.02%
3	-4.38%	3.67%	9.66%	15.99%	25.76%
5	-1.38%	4.99%	9.66%	14.53%	21.93%
10	1.73%	6.34%	9.66%	13.08%	18.20%
20	3.99%	7.30%	9.66%	12.07%	15.63%
13	2.68%	6.74%	9.66%	12.66%	17.12%



✚ Horizon Analysis			
Time Horizon (yrs)	10		
Return Percentile ²	60%	→ Expected Return for Percentile	8.40%
Desired Return ³	8.75%	→ Expected Percentile for Return	57%

¹ Nominal Return = (1 + Real Return) x (1 + Inflation) - 1

² 1 = highest, 99 = lowest. For example, if the Return Percentile is entered as 75% and the Expected Return for Percentile is shown as 5.61%, then one may say that they are 75% confident that the plan will generate a return of at least 5.61% during a given ten-year period.

³ For example, if the Desired Return is entered as 9.00%, and the Expected Percentile for Return is shown as 44%, then the probability of achieving a return of 9% or greater is 44%.

Southern Company Pension Plan
Determination of Asset Allocation After Accelerated Contribution

	Target Allocation	Market Value of Assets	Target Allocation of Assets	Accelerated Contribution and Allocation	Resulting Allocation of Assets	Resulting Allocation
Equity						
U.S. Large Cap	23%	1,437,500,000		0%	1,437,500,000	21%
U.S. Small Cap	9%	562,500,000		0%	562,500,000	8%
Developed International	19%	1,187,500,000		0%	1,187,500,000	17%
Emerging Markets	9%	562,500,000		0%	562,500,000	8%
Fixed Income						
Cash	0%		0	0%	0	0%
TIPS	0%		0	0%	0	0%
Core Fixed Income (Mkt Duration)	0%		0	0%	0	0%
Long Duration - Gov't/Credit	15%	937,500,000		100%	1,557,500,000	23%
Long Duration - Credit	0%		0	0%	0	0%
Long Duration - Gov't	0%		0	0%	0	0%
High Yield Bonds	0%		0	0%	0	0%
Developed International Bonds	0%		0	0%	0	0%
Emerging Market Bonds	0%		0	0%	0	0%
Alternative Investments						
Hedge Funds	0%		0	0%	0	0%
Real Estate	15%	937,500,000		0%	937,500,000	14%
Commodities	0%		0	0%	0	0%
Private Equity	10%	625,000,000		0%	625,000,000	9%
Total	100%	6,250,000,000	6,250,000,000	620,000,000	6,870,000,000	100%



Expected Return Tool (U.S.)

Southern Company Pension Plan -- Allocation After \$620 Million Contribution to Fixed

Asset Allocation		
	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	21.00%	6.10%
U.S. Small Cap	8.00%	6.50%
Developed International	17.00%	6.40%
Emerging Markets	8.00%	7.80%
Fixed Income		
Cash	0.00%	1.80%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.10%
Long Duration - Gov't/Credit	23.00%	2.75%
Long Duration - Credit	0.00%	3.20%
Long Duration - Gov't	0.00%	2.30%
High Yield Bonds	0.00%	3.60%
Developed International Bonds	0.00%	1.50%
Emerging Market Bonds	0.00%	3.60%
Alternative Investments		
Hedge Funds	0.00%	4.50%
Real Estate	14.00%	5.70%
Commodities	0.00%	3.90%
Private Equity	9.00%	7.40%
Total	100.00%	
Inflation Rate	2.20%	

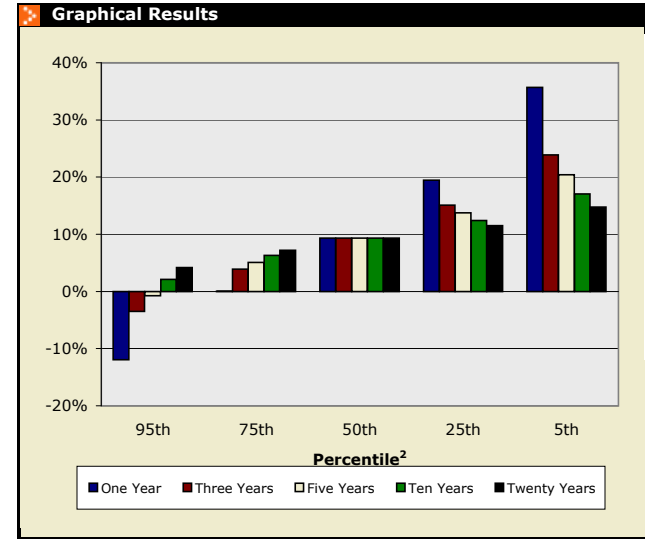
Nominal Returns	
	Nominal Returns
Weighted Average Return	7.93%
Rebalancing/Diversification Effect	1.39%
Passive Expected Return	9.33%
Active Management Effect	0.00%
Total Expected Return	9.33%
Expected Nominal Volatility	14.55%

For 2010 Q3

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q3.

These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns					
Year(s)	95th	75th	50th	25th	5th
1	-11.92%	0.06%	9.33%	19.46%	35.70%
3	-3.50%	3.87%	9.33%	15.07%	23.86%
5	-0.74%	5.08%	9.33%	13.75%	20.42%
10	2.11%	6.31%	9.33%	12.43%	17.06%
20	4.17%	7.18%	9.33%	11.52%	14.74%
13	2.97%	6.67%	9.33%	12.05%	16.08%



Horizon Analysis			
Time Horizon (yrs)	10		
Return Percentile ²	60%	→ Expected Return for Percentile	8.18%
Desired Return ³	8.75%	→ Expected Percentile for Return	55%

¹ Nominal Return = (1 + Real Return) x (1 + Inflation) - 1

² 1 = highest, 99 = lowest. For example, if the Return Percentile is entered as 75% and the Expected Return for Percentile is shown as 5.61%, then one may say that they are 75% confident that the plan will generate a return of at least 5.61% during a given ten-year period.

³ For example, if the Desired Return is entered as 9.00%, and the Expected Percentile for Return is shown as 44%, then the probability of achieving a return of 9% or greater is 44%.

Southern Company's Retirement Plans *Measuring Obligations and Costs*

Objective

Specify assumptions and other parameters to use when measuring retirement plans' obligations and costs as of December 31, 2010 and during 2011

Decisions primarily impact company's accounting

- December 31, 2010 measurement of retirement obligations and costs
 - 2010 funded status to reflect in year-end balance sheet
 - Financial statement footnote disclosures
- 2011 ongoing costs for accounting purposes
- 2012 – 2021 cost projections

Other calculations impacted

- 2011 pension and VEBA funding requirements
- Pension values reported as executive pay in proxy filed 2011
- VEBA tax deduction calculations
- 2011 calculation of PBGC variable rate premiums
- 2011 participant funding notices due April 30, 2012
- Benefit obligations for various government filings

This version of document updated using information available as of 12/16/2010.

This report documents Southern Company's decisions about how it will measure its retirement benefit obligations and costs for various purposes. It should not be used for other purposes. To protect the confidential and proprietary of this information, it may not be disclosed or provided to any third parties without the approval of Aon Hewitt.

Assumption Setting Background

- Retirement benefits
 - Tax-qualified pension
 - Nonqualified pensions (SUPP, SERP, COSB, individual contracts)
 - Retiree medical and life
- Obligations remeasured at least annually for many purposes:
 - Company's GAAP accounting
 - Plan funding and related deductions
 - Plans' financial statements
 - Miscellaneous (e.g., proxy and PBGC premium purposes)
- Accounting and funding measurements use discount based on high quality corporate bond yields
 - Accounting requires selection using market spot rates at **each** measurement date
 - Funding requires consistent use of IRS published yield curves reflecting either:
 - Average spot rates for the month prior to valuation; or
 - 24-month average of spot rate curves for period ending in January of valuation year
- Each other assumption must be "best estimate"¹ and reasonable in the aggregate
 - Most economic assumptions should be consistent with discount rates
 - Otherwise selections based on:
 - Recent and recurring past experience
 - Expectations about the future
 - Actuarial and accounting guidance
 - Aon Hewitt guidelines defining "relatively safe" areas of practice

¹ However, some assumptions (e.g., mortality rates) now legally prescribed for minimum pension funding and some other compliance purposes.

Discussion Topics

Assumptions Directly Related to Discount Rate

- Discount Rate*
- Asset Returns*
- Base Pay Increases
- Healthcare Trend Rates
- Rate of Increase in Statutory Items
- Installment Payment Parameters

Assumptions *Not* Directly Related to Discount Rate

- Other Elements of Pay
- Retiree Healthcare Participation
- Per Capita Healthcare Costs
- Retirement Rates—Actives
- Retirement Rates—Vesteds
- Withdrawal Rates
- Disability Incidence Rates
- Mortality Rates—Non-disabled
- Mortality Rates—Disabled
- Forms of Payment—Monthly Pensions
- Percent Married
- Spouse Age Differences
- Expense Allowance (pension plan)
- Expense Allowance (life insurance)

Miscellaneous Items Related to 12/31/2010 Measurements

- Census data adjustments
- Asset values
- Plan changes

Items to Reflect in Projections of Costs Beyond 2011

- Contributions
- Future plan changes
- Future census adjustments
- Future assumption changes

Compliance Related Items

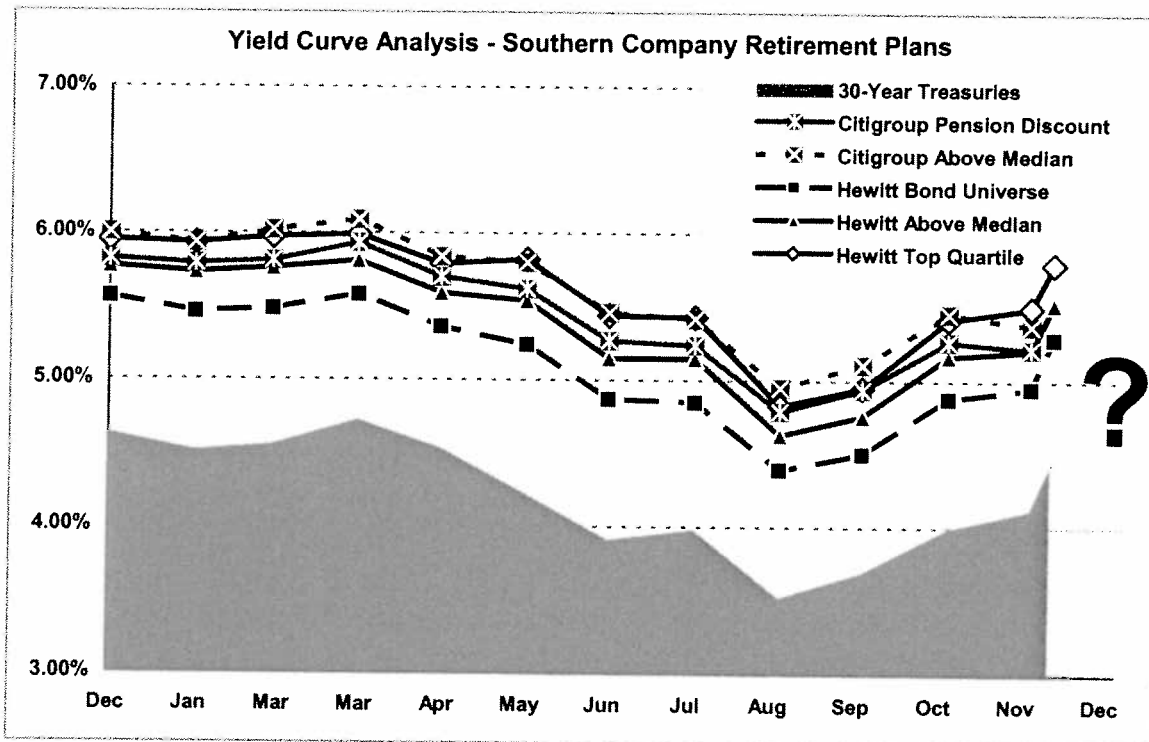
- PBGC premiums
- Asset values
- Pension funding calculation verification

* Only impacts accounting results.

Discount Rate

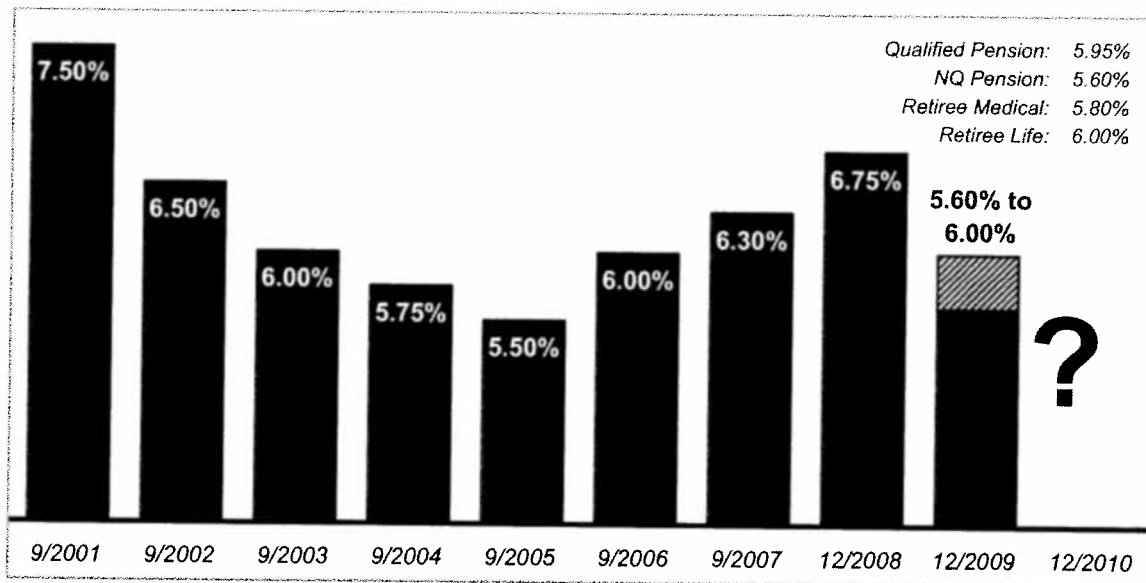
Data and Discussion

- Assumed time value of money used to compute the present value of anticipated future benefits
- ASC 715 says to set rate by reference to high-quality, fixed-income investments available on the measurement date whose cash outflows match the timing and amount of expected benefit payments
 - Process similar to a third party insurer pricing contract to provide for future benefits
 - High-quality determined to mean “Aa” rating or better in this context
- “Yield curve analysis” now universal basis for selection
 - Present value of benefits derived by discounting anticipated future benefit payments by yields on actual bonds that could be bought as of the measurement date
 - Suggested discount rate is a single rate that produces the same present value of benefits
- Rates dropped substantially during 2010 but are beginning to return to 12/31/2009 levels



- Discount rates often selected by plan
 - Impetus is FAS 158 requirement to reflect funded status of each plan in balance sheet
 - Materiality of selecting rates by plan should be considered

■ Southern's discount rate selections



- Southern selected discount rates as of 12/31/2009 through reference to discount rates suggested by several different yield curve analyses done as of the measurement date
- Yield curve analysis as of 12/8/2010 (based on cash flows from 12/31/2009 measurement; see Appendix A for additional details; to be updated as of 12/31/2010 before final selection)

	Aon Hewitt Developed			Citigroup Developed	
	Bond Universe	Above Median	Top Quartile	Pension Discount	Above Median
Description	All high quality bonds	High quality bonds with top two quartile yields	High quality bonds with top quartile yields	Reflects full universe of bonds	High quality bonds with top two quartile yields
Plan					
■ Qualified pension	5.34%	5.58%	5.85%	----- ¹	----- ¹
■ Nonqualified pension	4.71%	4.97%	5.23%	----- ¹	----- ¹
■ Retiree medical	5.14%	5.38%	5.65%	----- ¹	----- ¹
■ Retiree life	5.44%	5.68%	5.95%	----- ¹	----- ¹
■ Total	5.29%	5.53%	5.80%	----- ¹	----- ¹

¹ Citigroup yield curves still valid data points; however, the yield curves are only published at month-end. These rates will be updated as of 12/31/2010, along with the Aon Hewitt yield curves.

Discount rate "building blocks"

— Components

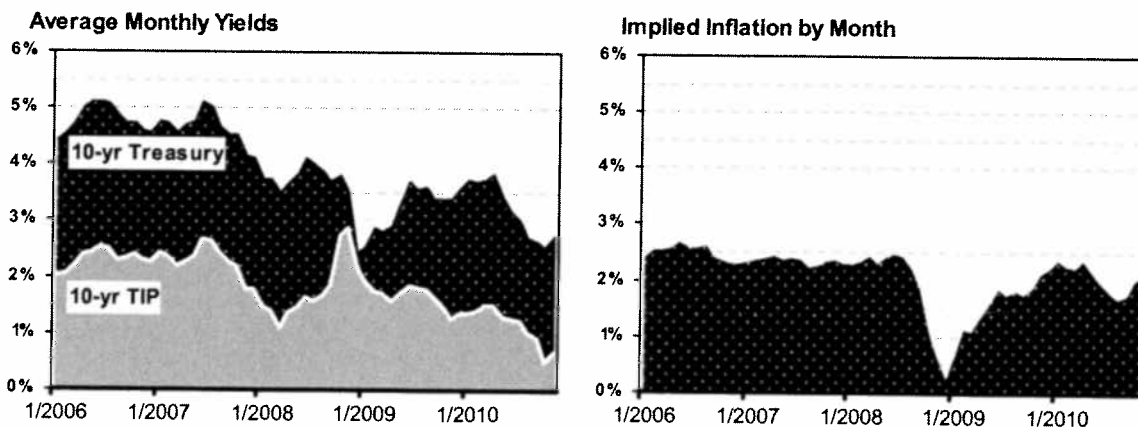
- Inflation;
- Real return;
- Risk premium;
- Duration adjustment; and
- Market factors

— Important to assess components

- Other assumptions reflect inflation
- Need to keep assumptions consistent

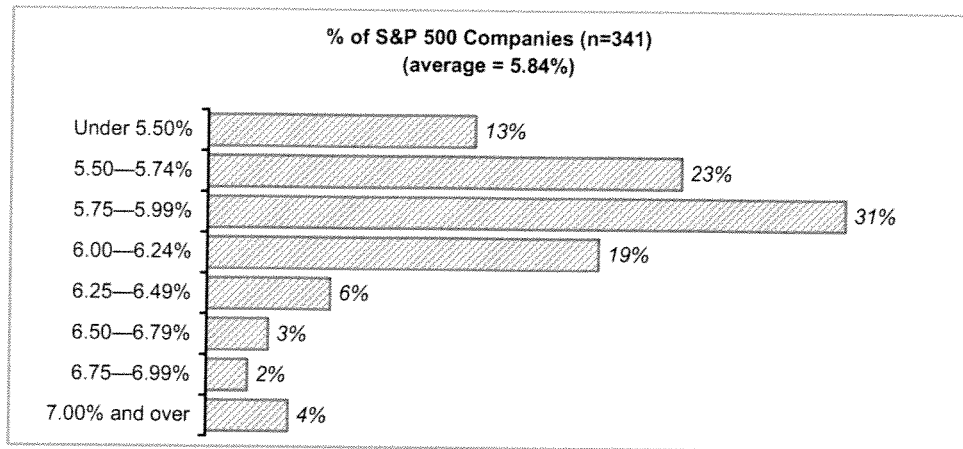
— Key question: "How much of discount rate change attributable to long-term inflation expectations?"

- Monthly inflation expectations since 2005 inferred from the yields on 10-year Treasury and TIP bond¹



¹ Source: <http://www.ustreas.gov/offices/domestic-finance/debt-management/interest-rate/>

■ 2009 ASC 715-30 discount rates disclosed by S&P 500 (from Aon Hewitt Survey)¹



Decision

Discount Rate	12/31/2009	12/31/2010
■ Qualified	5.95%	5.80%
■ Nonqualified	5.60%	5.20%
■ Retiree medical	5.80%	5.60%
■ Retiree life	6.00%	5.90%

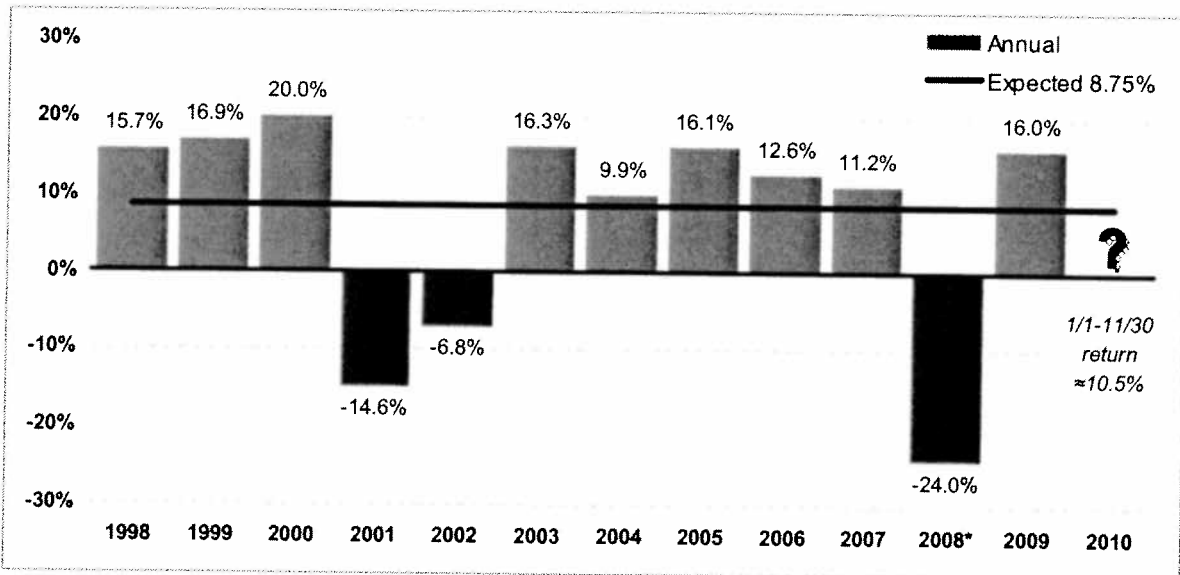
- Discount rates above are based on yield curves developed from bonds available on 12/8/2010
 - Selections preliminary until verified by analysis using yield curves based on 12/31/2010 bonds
- Discount rates selected based on a review of several relevant yield curves
 - Allows for adaptation for short-term irregularities
 - Consistent with prior practice
- Overall, long-term average inflation component of rates believed to be towards the lower end of the same range of reasonable expectations (2.00% – 2.50%) developed last year
 - Near-term expectations likely lower
 - Longer-term expectations likely higher

¹ For general interest purposes only, discount rate should be based on plan specific yield curve analyses. Note that due to benefit plan closures/freezes, average discount rates may become relatively lower over time.

Long Term Asset Return

Data and Discussion

- Anticipates return on plan assets reflected in accounting cost determinations
- Base selection on expected, future, after-tax returns of investments
- Taxation of trusts
 - Qualified pension trust earnings not subject to taxation (includes section 401(h) account assets)
 - VEBA returns generally subject to UBIT (unrelated business income tax) except for:
 - Nontaxable earnings (e.g., insurance contracts' inside build up)
 - Assets less than qualified asset account limit ("QAAL"; ignoring limits for retiree medical)
- UBIT on VEBAs
 - Generally at highest individual tax rates
 - Lower capital gain rates apply to
- Historical returns for Southern's pension/401(h) trust by measurement year *(based on asset values as reported in year-end footnote disclosures)*



* Annualized return for the 15-month period 10/1/2007 - 12/31/2008

Southern engaged in detailed asset-liability project during 2009 to refine pension trust asset allocation

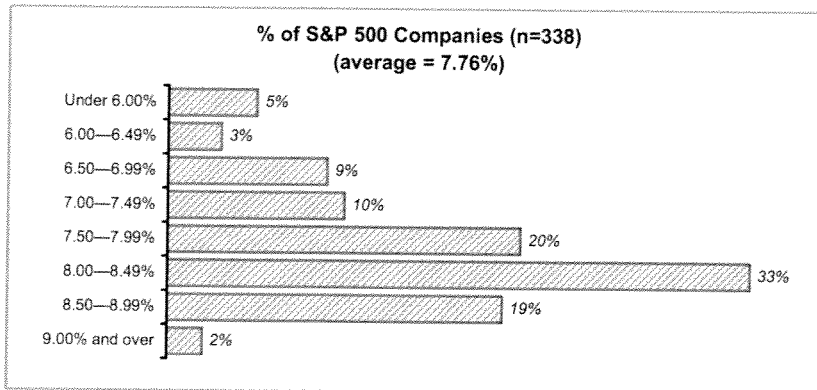
- Modest changes in target allocations
- Simulations produced expected returns well above 8.75%
- UBIT expected to be limited on
 - APC and GPC—Medical VEBAs partially invested in TOLI (trust owned life insurance)
 - Shelters return from UBIT
 - Some inefficiencies related to these accounts (i.e., insurance costs)
 - Other VEBAs not currently anticipated to be exposed to UBIT
- MetLife reserves for retiree life benefits invested in very short-term, low interest bearing accounts
- Southern's trusts' expected returns (*see asset allocations and return model output in Appendix B*)
 - Expected returns ignore trust paid expenses
 - Pension and 401(h) latest target allocations; all others based on 2008 target allocations

Trust/Account	Expected Return*		
	Before-Tax	Assumed Tax Rate	After-Tax
Pension & 401(h)	9.31%	0%	9.31%
VEBAs			
■ APC			
— TOLI (83%)	7.53%	0%	7.53%
— Other (17%)	8.33%	30%	5.83%
— Total	7.67%		7.24%
■ GPC—Medical			
— TOLI (60%)	7.06%	0%	7.06%
— Other (40%)	8.33%	30%	5.83%
— Total	7.57%		6.57% ¹
■ GPC—Life	7.89%	0%	7.89%
■ Gulf	4.45%	0%	4.45% ²
■ MPC	4.83%	0%	4.83% ³

* Based on Aon Hewitt Investment Group's standard modeling assumptions for 4th quarter 2010 reflecting 2.10% inflation assuming regular rebalancing.

¹ Less than the 7% expected return, but model indicates 47% chance of achieving 7%
² Less than the 5% expected return, but model indicates 34% chance of achieving 5%
³ Less than the 5% expected return, but model indicates 47% chance of achieving 5%

■ 2009 asset return assumption disclosed by S&P 500¹



Decisions

	12/31/2009	12/31/2010
Pension/401(h)	8.75%	8.75%
VEBAs*		
• Medical		
– APC	7.00%	7.00%
– GPC	7.00%	7.00%
– Gulf	5.00%	4.50%
– MPC	5.00%	4.50%
• Life		
– APC	7.00%	7.00%
– GPC	7.00%	7.00%
– Gulf	5.00%	4.50%
– MPC	5.00%	4.50%
– MetLife	0.00%	0.00%

* After reflecting anticipated UBIT

■ Existing assumptions still deemed to be reasonable based on:

- Southern's general expectations based on qualitative and quantitative factors
- Expected return assessments done using Aon Hewitt's fourth quarter capital market assumptions based on range of anticipated inflation rates
- The decision related to the assumed return on pension assets was based on the current target asset allocation. While no decisions have been made to change that allocation, an analysis was performed (similar to that shown in the appendix) to test whether the 8.75% assumption would remain appropriate even if the entire contribution were invested in long duration bonds. The analysis produced an expected return that was still in excess of 8.75%.

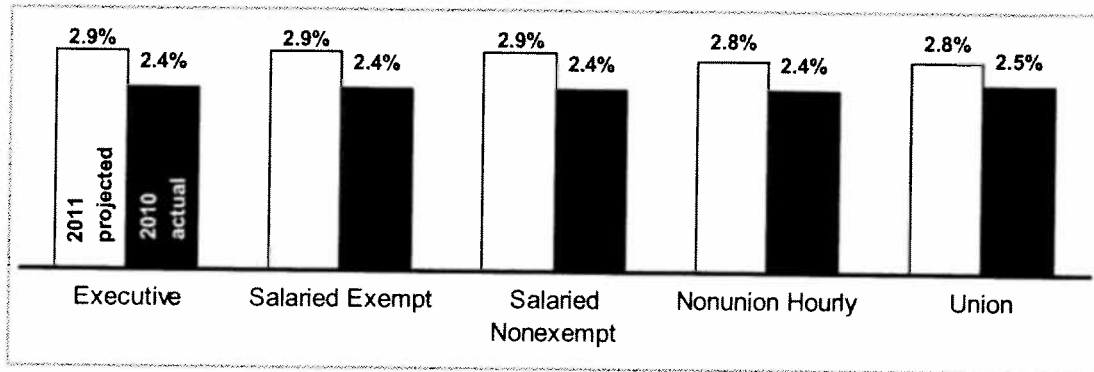
¹ Primarily for reference purposes; not a primary basis for assumption.

Base Pay Increases *(including promotion/merit)*

Data and Discussion

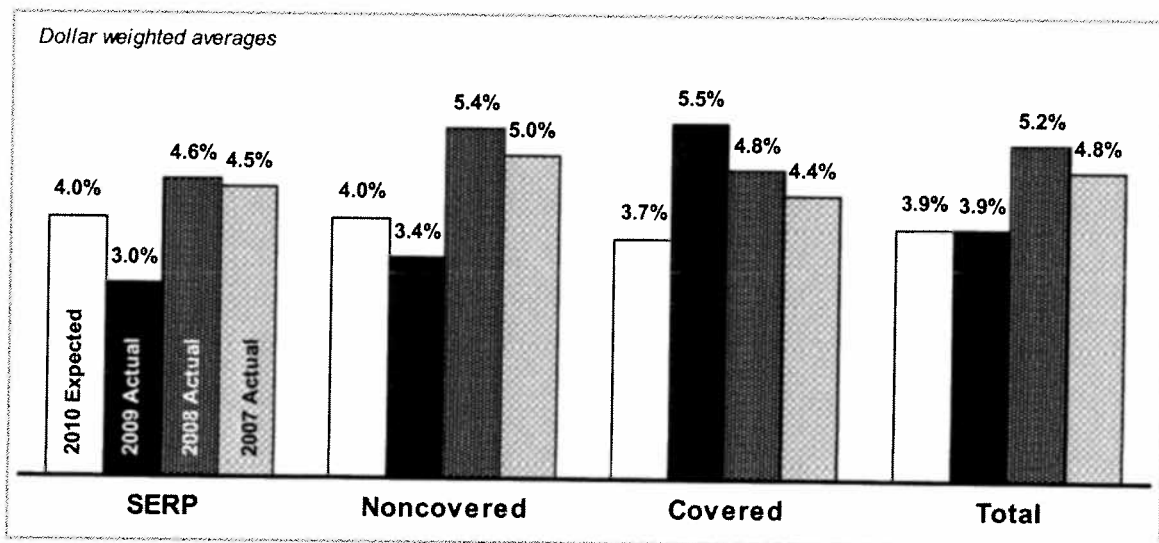
- Anticipates increases in individuals' base pay from measurement date to retirement dates
- Basic "building blocks"
 - Inflation
 - Generally deemed a minimum increase absent other factors
 - Credit market's inflation expectations imbedded in discount rate
 - Longer-term expectations have been 2.00% to 2.50% in recent years
 - Merit
 - Normally declines with age/service
 - Promotions early in career and reduced responsibilities leading up to retirement
- Many companies change assumed rate of pay increases when discount rate changes
 - Reflect consistent inflation components in both
 - However, inflation expectations just one driver of discount rate changes
- Company-specifics to reflect when data available:
 - Historical increases and practices
 - Future expectations
 - Pay policies and practices
 - Compensation distributions by age and/or service

- Aon Hewitt's Salary Increase Survey of 1,465 large employers' 2010 actual and 2011 projected increases in overall salaries (reflects expectations as of August 2010)



- Data on overall salary increases for reference purposes only because:
 - Assumption applied by individual vs. total pool is only a reference
 - Projected 2011 salary structure increase just 1.5% for union and 2.0% for executives
 - Variable pay increasing much faster than other components of pay (11.8% projected for 2011)

- Southern's average base pay increases for the period 2007 through 2010



- Experience generally supports varying increases by age and service

- Southern specifics may influence future base pay increases

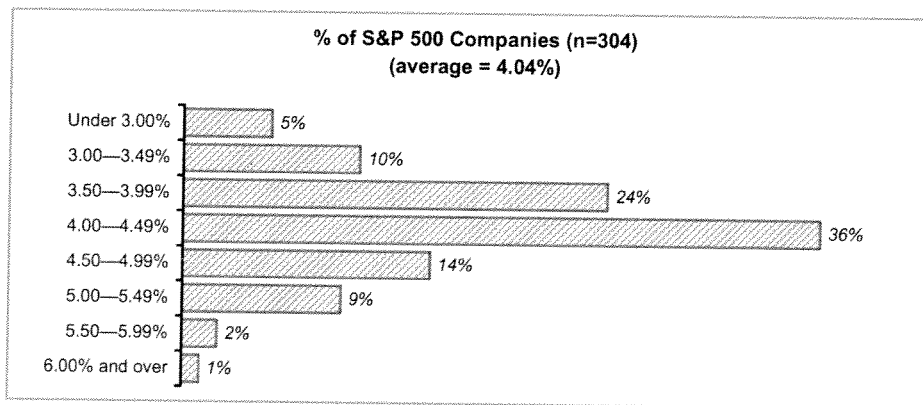
- Modest projected revenue growth
- Population maturing (fewer promotions and more at top of salary ranges)
- Negotiated increases for covered employees

■ Southern's assumption of expected 2010 increases used for 12/31/2009 accounting measurement¹

Age	Years of Service							
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 or more
Noncovered Employees								
Under 20	10.00%							
20 to 24	8.00%	7.50%						
25 to 29	7.50%	7.00%	6.50%					
30 to 34	7.00%	6.50%	6.00%	5.50%				
35 to 39	6.50%	6.00%	5.50%	5.00%	5.00%			
40 to 44	6.00%	5.50%	5.00%	4.50%	4.00%	3.00%		
45 to 49	5.50%	5.00%	4.50%	4.00%	3.00%	2.50%	2.25%	
50 to 54	5.00%	4.50%	4.00%	3.50%	2.25%	2.25%	2.25%	2.25%
Over 55	5.00%	4.00%	3.50%	3.00%	2.25%	2.25%	2.25%	2.25%
Covered Employees								
All Ages	6.00%	5.00%	4.00%	3.00%	2.50%	2.25%	2.25%	2.25%

— SERP Participants: 4.00%

■ Salary increase rates reported by S&P 500 in 2009 (from Aon Hewitt Survey)²



¹ Assumption for 1/1/2010 funding is the same

² Primarily for reference purposes; not a primary basis for assumption.

Decisions

	12/31/2009	12/31/2010 ¹
■ SERP Participants	4.00%	4.00%
■ Noncovered employees	See above	10 bps lower
■ Covered employees	See above	10 bps lower

- Slight decrease in rates of base pay increases seen as consistent with slightly lower long term inflation expectations that seem to be embedded in current market interest rates

- Revised rates for noncovered and covered employees other than SERP participants

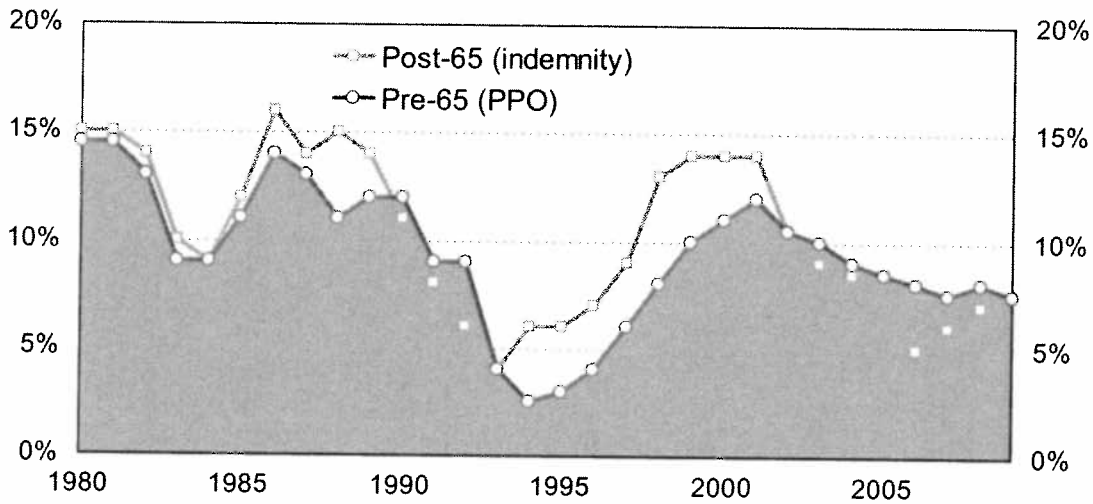
Age	Years of Service							
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 or more
Noncovered Employees								
Under 20	9.90%							
20 to 24	7.90%	7.40%						
25 to 29	7.40%	6.90%	6.40%					
30 to 34	6.90%	6.40%	5.90%	5.40%				
35 to 39	6.40%	5.90%	5.40%	4.90%	4.90%			
40 to 44	5.90%	5.40%	4.90%	4.40%	3.90%	2.90%		
45 to 49	5.40%	4.90%	4.40%	3.90%	2.90%	2.40%	2.15%	
50 to 54	4.90%	4.40%	3.90%	3.40%	2.15%	2.15%	2.15%	2.15%
Over 55	4.90%	3.90%	3.40%	2.90%	2.15%	2.15%	2.15%	2.15%
Covered Employees								
All Ages	5.90%	4.90%	3.90%	2.90%	2.40%	2.15%	2.15%	2.15%

¹ Assumption for 1/1/2011 funding is the same

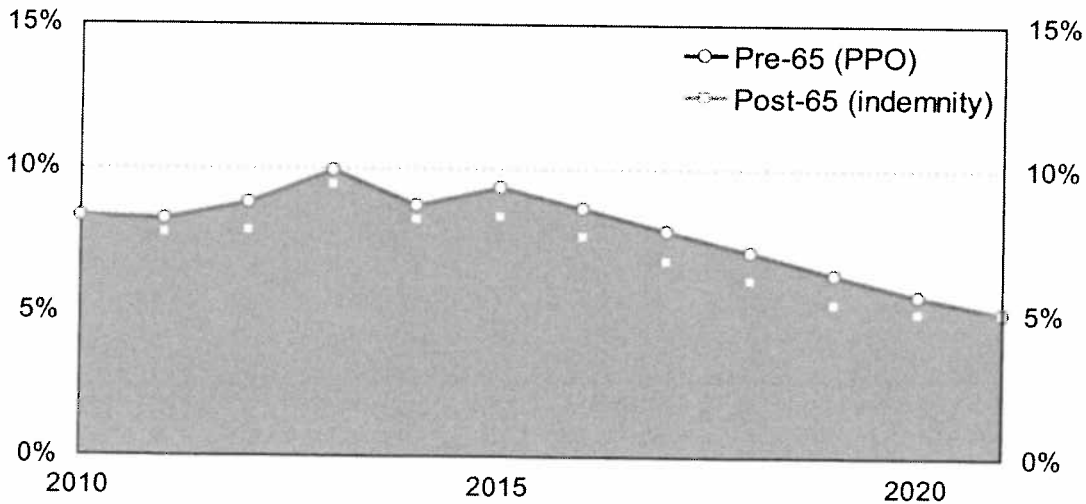
Healthcare Trend Rates

Data and Discussion

- Anticipates rate of increase in per capita healthcare costs and Medicare Rx subsidy
- Base on general trends/expectations tailored to plan specifics
- Historical trend rates for indemnity plans from Aon Hewitt's healthcare actuaries¹

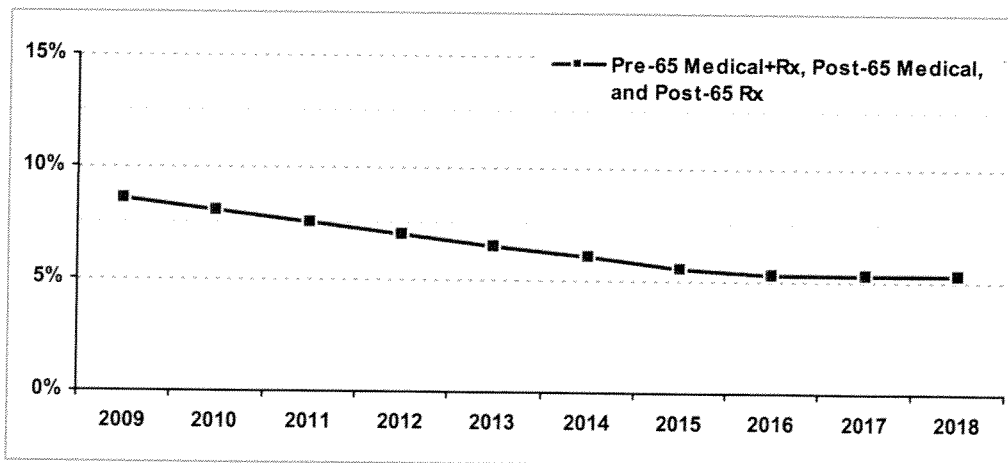


- Short-term projected trend rates from Aon Hewitt's healthcare actuaries
 - Based on national trends, adjusted for Southern specific plan designs
 - Projections under continual revision



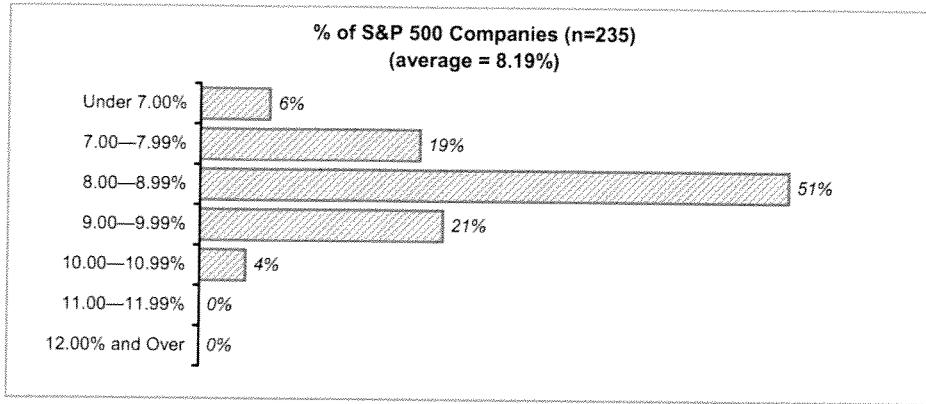
¹ Estimate for indemnity plans with prescription drugs based on several different surveys and government statistics. Trend for "Year" represents increase from "Year" to "Year+1" (e.g. 2005 trend is increase from 2005 to 2006).

- Costs anticipated to continue trending faster than general inflation
- Near-term expect trend to remain fairly constant to slightly increasing
 - Health Care Reform likely to add up to 100 basis points to trend prior to 2014
 - Health Care Reform impact primarily on pre-Medicare costs
- Long-term expect trend to moderate
 - Anticipate national health expenditures (“NHE”) to stabilize as a percentage of GDP
 - Suggests declining trend rates over time
- Trends can be impacted by leverage caused by plan design (e.g., fixed deductible)
 - 0.5% – 2.0% pre-Medicare
 - 2.0% – 4.0% post-Medicare
- Potential trend assumption issues
 - Under 7% average trend rate for next five years
 - Initial medical trend rates below 7.0%
 - Ultimate trend rates below 5.0%
 - However, assumption should be consistent with inflation reflected in discount rate
 - Rates dropping faster than 1.0% per year
- Southern currently uses 8% to project annual claim costs for budget purposes (before adjustments for estimated impact of health care reform)
- Southern’s 12/31/2009 assumption anticipated rates grading down over time

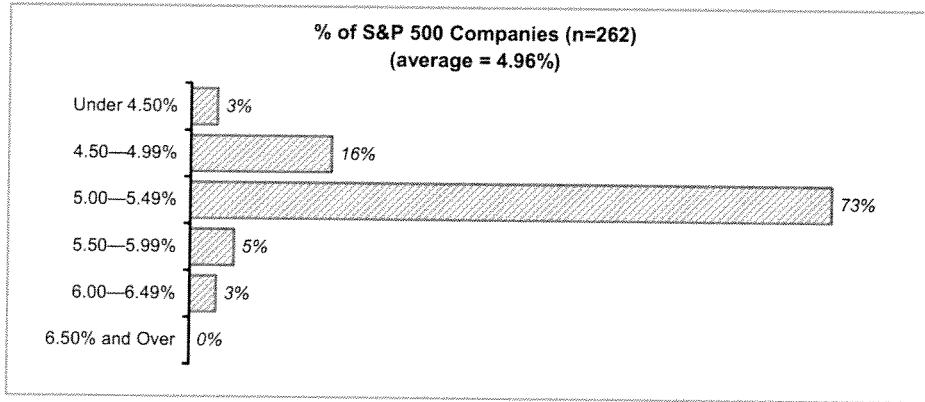


* Before reflecting impact of plan caps; applied to RDS also.

■ Initial medical trend rates reported by S&P 500 in 2009 (from Aon Hewitt survey)



■ Ultimate medical trend rates reported by S&P 500 in 2009 (from Aon Hewitt survey)



Decisions

	12/31/2009	12/31/2010
Medicare Ineligible (Medical+Rx)		
■ Initial Trend (2009)		
— 2009→2010	8.50% ¹	n/a
— 2010→2011	8.00%	8.25% ²
■ Ultimate Trend	5.25%	5.00%
■ Year Ultimate Reached	2016	2019
Medicare Eligible (Medical/Rx)		
■ Initial Trend (2009)		
— 2009→2010	8.50% ¹ / 8.50% ¹	n/a
— 2010→2011	8.00% ¹ / 8.00% ¹	8.25% ³ / 8.25% ²
■ Ultimate Trend	5.25% / 5.25%	5.00% / 5.00%
■ Year Ultimate Reached	2016 / 2016	2016 / 2019

- Near-term rates adjusted up from what would have been anticipated from prior year's assumptions and grading-period has been extended
 - Changes intended to reflect general consequences of Healthcare Reform on cost levels, primarily pre-Medicare eligible costs and post-Medicare eligible cost levels
- Ultimate trend rates slightly lower to reflect belief that market interest rates reflect a move to long-term average inflation at lower end of reasonable range of expectations

¹ Drops 0.50% each year but not below ultimate rate.

² Drops 0.40% each year but not below ultimate rate.

³ Drops 0.60% each year but not below ultimate rate.

Rate of Increase in Statutory Items

Data and Discussion

- Anticipates future increases in:
 - Statutory pay and benefit limits cap amounts payable from tax-qualified pensions
 - National average wage base factors into Covered Compensation used in Social Security calculations
- Pay and benefit limits increase with general inflation
- National average wages
 - Increases reflect inflation and productivity
 - Spread versus CPI inconsistent
- Assumptions often changed when discount rates change due to inflation
- Southern's assumptions have varied over the years, primarily with inflation expectations

Decision

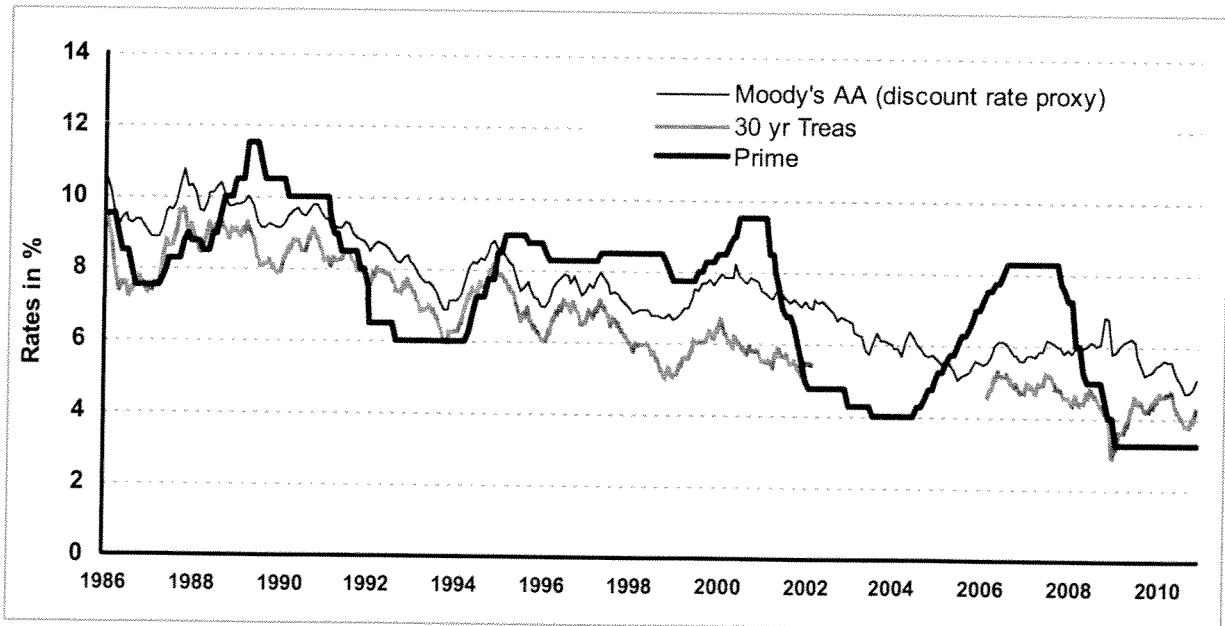
	12/31/2009	12/31/2010
■ National Average Wages	2.75%	2.65%
■ Pay/Benefit Limits	2.25%	2.15%

- Slight decrease in rates consistent with revised expectation that interest rates reflect longer term average inflation rates at the lower end of anticipated range of average inflation
 - Consistent with other assumption changes

Installment Payment Parameters

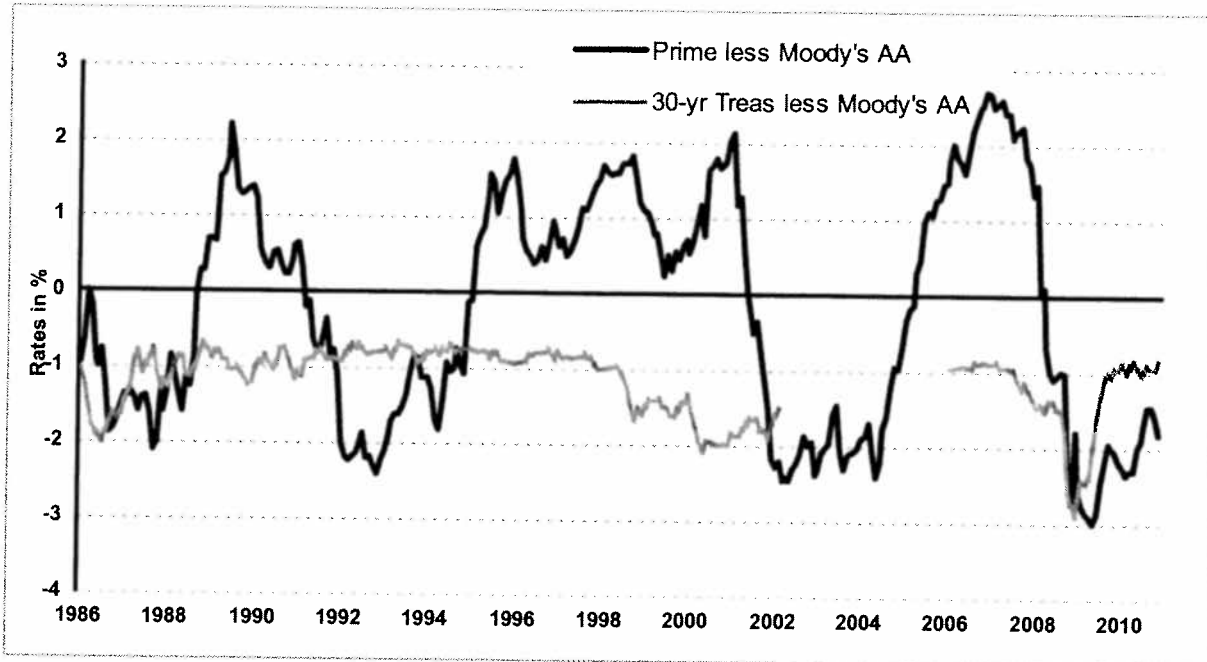
Data and Discussion

- Anticipates future level of parameters impacting size of non-qualified pension installments
 - 30-year Treasury yields
 - Prime rates
- Non-qualified pensions converted into single sum value of life annuity paid out in ten annual installments
 - Single sum based on:
 - Life expectancy of retiree; and
 - Discount rate linked to 30-year Treasury bond yield¹ (but no higher than 6.00%)
 - Unpaid single sum credited with interest at prime rate during installment payment period
- Prime rate varies greatly based on a number of non-economic factors
- Assumptions play significant role in pension values disclosed in proxy
- Historical monthly rates



¹ Technically, average yields during the September of the calendar year preceding the year in which separation from service occurs

■ Historical monthly spread in rates



■ Recent rates

- Prime = 3.25% (November 2010)
- 30-year Treasury yields
 - September 2010: 3.77% (average to be used for 2011 single sums)
 - December 14, 2010: 4.54% (spot rate)

■ Aon Hewitt's 4th quarter capital market assumptions anticipate long government Treasury bond yields to exceed inflation by about 220 basis points over the long term

■ Southern's assumptions have given significant weight to long-term trends

Decision

	12/31/2009	12/31/2010
■ 30-year Treasury yield	4.25%	4.50%
■ Prime rate	5.25%	5.25%

- 30-year Treasury yield increased slightly to reflect recent market data
- Prime rate continues to be in-line with long-term expectations
- Balancing recent levels and historical/anticipated spreads between prime rate and yields on high-quality corporate bonds and 30-year Treasuries

Incentive Payments

Data and Discussion

- Anticipates what future incentive levels will be as a percent of target which dictates projected pensions
- Assumption should reflect current expectations
- Emphasis should generally be on longer-term expectations
 - Significantly different near-term expectations should be considered
 - Benefit levels somewhat more sensitive to high payouts
- Assumption about incentives earned for year containing measurement date could impact pension amounts disclosed in proxy
- Southern's experience
 - Recent years' incentives have averaged well over target
 - Future incentives anticipated to be lower than in past
- Incentive assumptions for budget purposes provide by L. Sitton
 - 2010: High 130's% x target (100% - 170%, range across operating companies)
 - 2011 and beyond: 128% x target (125% - 133%, range across operating companies)

Decisions

	12/31/2009	12/31/2010
■ Noncovered	130% x target levels for each salary grade	130% x target levels for each salary grade
■ Covered	■ Target = 5% x base pay	■ Target = 5% x base pay
	■ Multiple of target = 130%	■ Multiple of target = 130%

- Existing assumption still seen as in line with long term average expectations

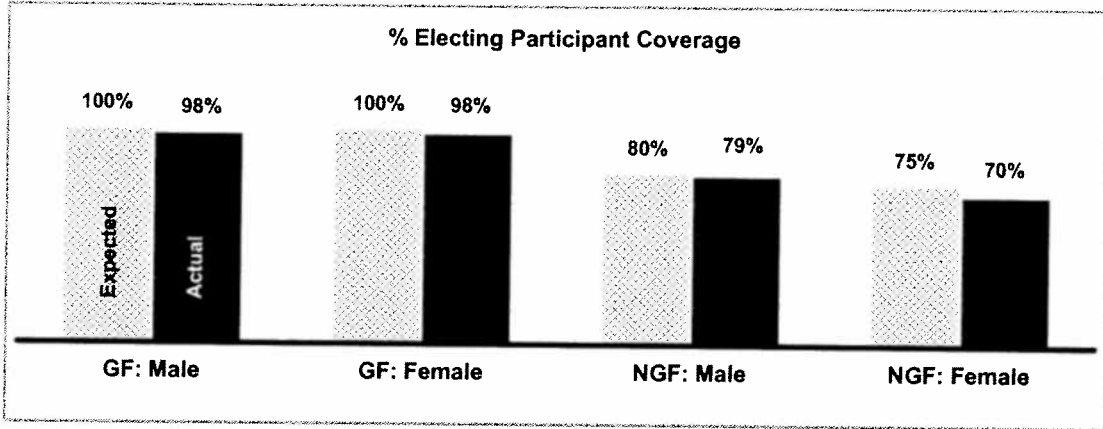
Retiree Healthcare Participation Rates

Data and Discussion

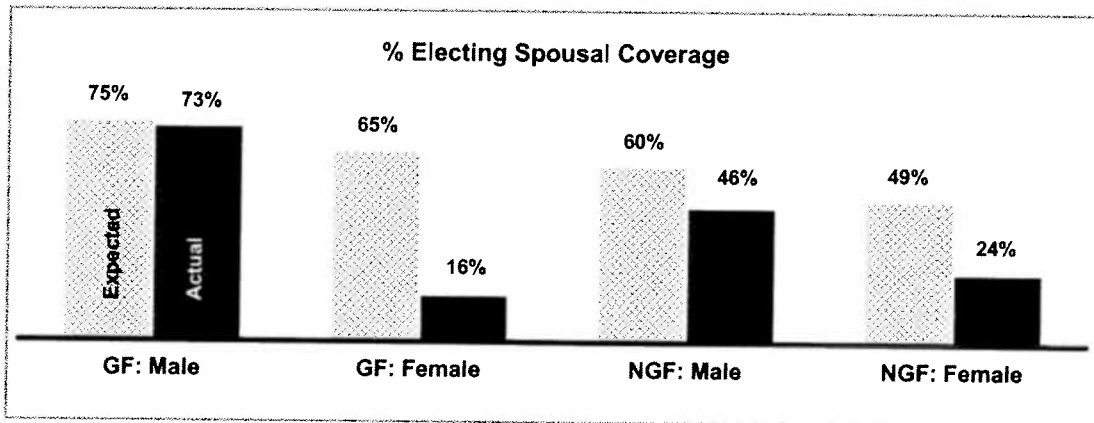
- Anticipates how many retiring employees will elect medical coverage for themselves and their spouses
- Base assumptions on plan designs, expectations, and actual experience
- Typically assume participation rates drop as cost of coverage increases
 - Willingness to go without coverage
 - Other coverage sought or available (e.g., spousal plans, new employer coverage, etc.)
 - Dropping participation easiest after Medicare available at age 65
 - Pre-65 individual coverage difficult to obtain and expensive
 - Post-65 retirees have many options – Medicare and reasonably priced Medicare supplements
 - Compelling reasons required to assume participation below 70% pre-65 and 50% post-65
- Southern's assumption tailored to reflect
 - Grandfathered retirees contribute only modest fraction of actual cost of coverage
 - Subsidy caps force other retirees' annual contributions to increase faster than medical trend rates
 - Southern generally pursues options to make its coverage appealing for capped retirees
 - Offer low cost healthcare options
 - Reduce post-65 costs for Medicare Rx subsidy
 - Allow retirees to opt in and out of coverage
- Southern first dropped assumed participation for capped retirees below 100% starting with 9/30/2005 measurement

- Participation assumptions modified starting with 12/31/2009 measurement to reflect analysis of actual retirements during 2006, 2007, and 2008

— Grandfathered election rates near 100% as expected, but participation for capped retirees below rates assumed



— Generally, fewer participants had elected spousal coverage than anticipated, especially female retirees. Percentages reflect marriage (75% male / 65% female) and coverage election rates.



Note: Expected percentages reflect married percentage and coverage election assumptions.

— Anticipate comparing revised assumptions to actual elections again by 2012 measurement date with special attention to spousal participation

Decision

	12/31/2009	12/31/2010
Retirees	100% of those reported as participating	100% of those reported as participating
Grandfathered employees		
■ Participant	100%	100%
■ Spouse of married participants	100%	100%
Capped employees		
■ Participant	80%	75% ¹
■ Spouse of married participants	75%	70% ¹

- Experience continues to show that capped employees are participating at a lower levels than had been anticipated. As a result, the participation rates for capped employees and spouses were lowered 5 basis points.
- Additionally, participation rates for those retiring prior to 55 anticipated to be much lower due to combination of factors
 - High health care costs prior to Medicare eligibility at age 65
 - Plan design features fixed-dollar company subsidy² (limited by service adjustment and early retirement reductions) that leads to leveraged increases in the cost retirees must pay
 - Expectations that many of the pre-55 retirees will have an opportunity for coverage via employment

¹ For employees projected to retire prior to age 55, participation rates prior to Medicare eligibility 50% of levels shown.
² Note that only capped benefit apply to employees retiring prior to attaining age 55.

Per Capita Retiree Healthcare Costs

Data and Discussion

- Anticipates average annual cost of healthcare per individual after retirement
 - Includes expected level of retiree drug subsidy (“RDS”) company expects to recoup from Medicare
- Assumptions must be based on costs for only retirees and their dependents
- Base per capitas for populations of significant size on the following:
 - Actual claims;
 - Plan designs; and
 - Election patterns
- For Southern, assumptions have been based primarily on actual claims experience
 - Consistent with the long-term nature of these benefits, assumptions balance:
 - Anticipated claim levels developed specifically for year containing measurement date (in part to set retiree contribution levels); and
 - Prior expectations adjusted for trend and plan changes
 - Per capita assumptions also reflect anticipated administrative expenses
- Southern’s per capita assumptions age-graded for measurement purposes
 - Grading based on distribution of company’s actual retiree populations
 - Increase in healthcare costs for each year of age:
 - 4% per year of age prior to Medicare eligibility
 - 3% per year of age after becoming Medicare eligible, declining 1% every five years
- The expected per-capita claims shown on next page reflect all known plan changes.
 - Refer to the section “Plan Changes to Reflect in 12/31/2010 measurement”

Decision

	12/31/2009 ¹			12/31/2010 ¹		
	Medicare Ineligible ²	Medicare Eligible		Medicare Ineligible ²	Medicare Eligible	
		Medical	Rx		Medical	Rx
APC	\$8,305	\$1,167	\$2,089	\$8,531	\$1,214	\$2,148
GPC	8,218			8,531		
• COB		1,618	2,089		1,628	2,148
• CO		1,087	2,089		1,109	2,148
Gulf	8,305	1,167	2,089	8,531	1,214	2,148
MPC	7,698	3,351 ²		7,940	760	2,778
SNC						
• East	8,218			8,531		
- COB		1,618	2,089		1,628	2,148
- CO		1,087	2,089		1,109	2,148
• West	8,305	1,167	2,089	8,531	1,214	2,148
SCS						
• East	8,398			8,531		
- COB		1,615	2,089		1,628	2,148
- CO		1,015	2,089		1,109	2,148
• West	8,305	1,167	2,089	8,531	1,214	2,148
RDS ³						
• MPC	n/a	n/a	(770)	n/a	n/a	(666)
• All Others	n/a	n/a	(610)	n/a	n/a	(556)
• Part D Carveout ⁴	n/a	n/a	(1,228)	n/a	n/a	(1,178)

- Assumptions developed for 12/31/2010 measurement and reflect 2010 cost levels
 - Reflect latest claims data and cost sharing
 - Eliminate differences in assumptions where terms of coverage the same
 - Reflect certain plan changes (see separate discussion of accounting for changes)

¹ Amounts are nearly final as of date document printed. Amounts within 10% of the per-capita claims developed by the health insurance actuaries.

² Medical and Rx are combined.

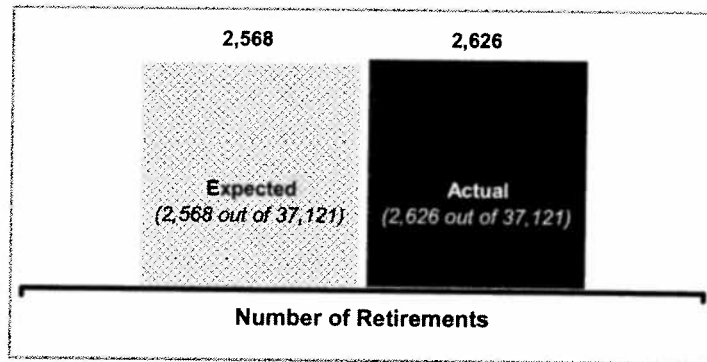
³ Grandfathered retirees anticipated to be RDS-eligible forever; this reflects an assumption that the \$5,000 reimbursement limit on Rx claims will be raised as needed to keep the plan actuarially equivalent to Medicare Part D. Nongrandfathered retirees expected to be RDS-eligible through 2016.

⁴ 5% of grandfathered retirees expected to opt into Medicare Part D, preventing the company from obtaining RDS. For this 5%, obligations anticipate the company carves out of what it pays benefits paid by Medicare Part D.

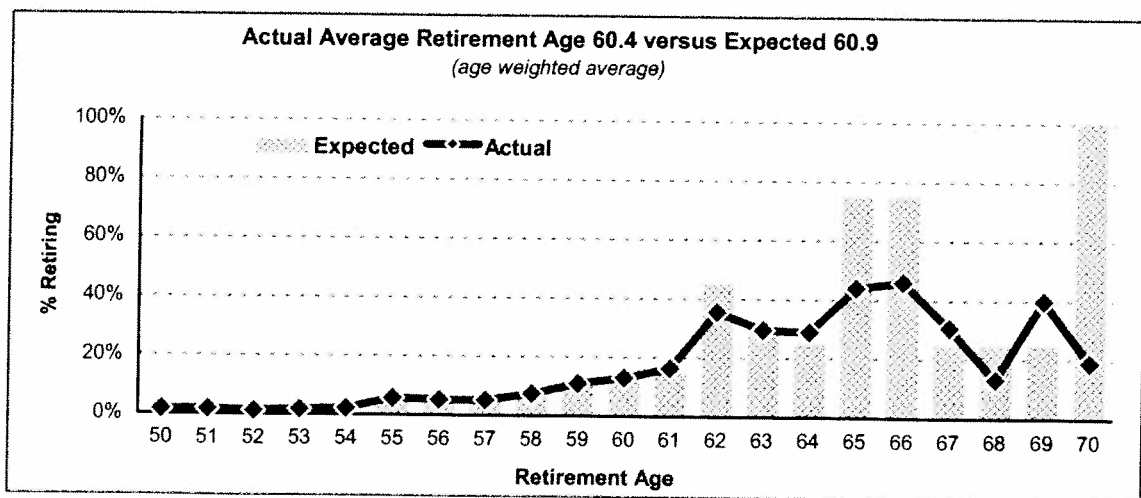
Retirement Rates—Actives

Data and Discussion

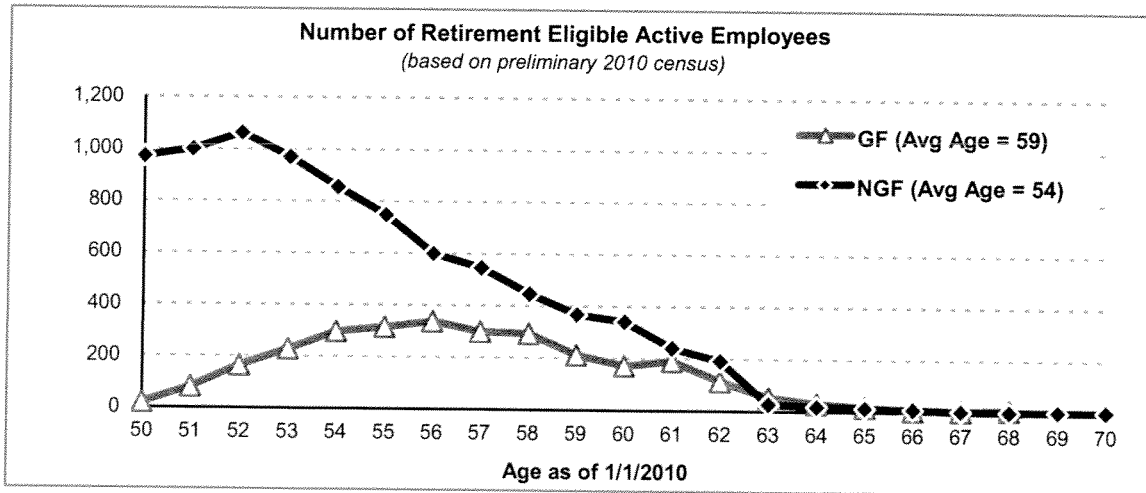
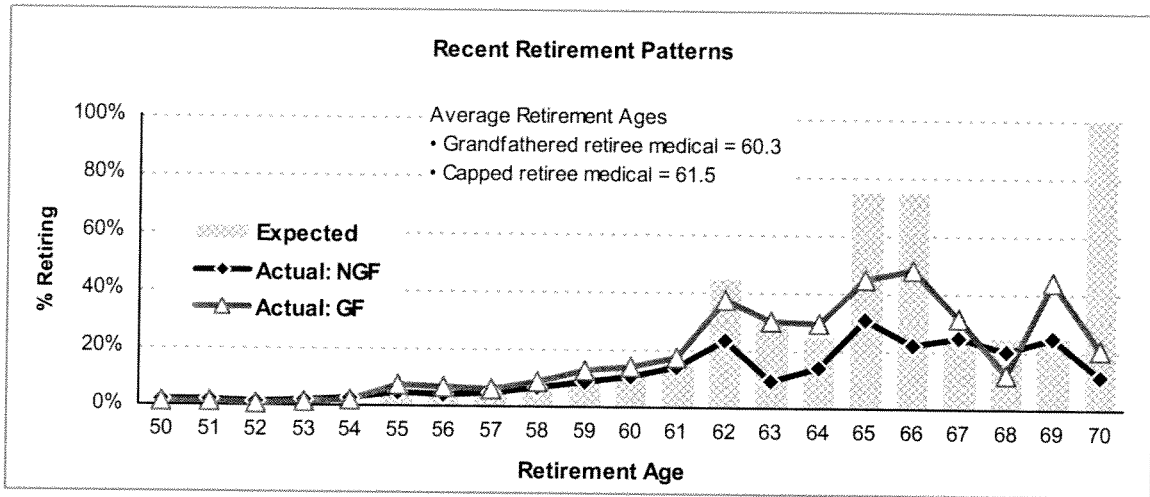
- Anticipates when retirement benefit payments commence
- Particularly important for measuring retiree medical obligations due to relatively high cost of benefits prior to Medicare eligibility
- Generally, rates of retirement vary by age and reflect
 - Company-provided retirement benefits (pension, DC, and retiree welfare)
 - Government benefits (Medicare and Social Security)
 - Actual experience
- Results of in-depth analysis of actual retirements during 2006, 2007, 2008 and 2009
 - Expected versus actual number of retirements slightly higher than anticipated



- Existing retirement rates statistically valid in total (refer to Appendix C)



- Detailed analysis shows experience starting to diverge based on non-grandfathered / grandfathered retiree medical status
 - Non-grandfathered employees retiring about one year later than grandfathered employees
 - Trend likely to continue due to increases in medical costs above fixed dollar employer subsidies
 - Could be appropriate to develop separate retirement rates on this basis
 - Should consider if analysis of past experience is accurate predictor of future events, taking into account any past non-recurring events and changing outlook of future retirement patterns



Decision

Age	Percent Retiring at Age		
	12/31/2009	12/31/2010	
		Grandfathered Retiree Medical	Capped Retiree Medical
50 – 54	0.5	n/a ¹	1.0
55	5.0	5.0	5.0
56	5.0	5.0	4.0
57	5.0	5.0	4.0
58	7.5	7.5	5.0
59	10.0	10.0	7.5
60	12.5	12.5	10.0
61	15.0	15.0	10.0
62	45.0	45.0	20.0
63	30.0	30.0	12.5
64	25.0	25.0	12.5
65	75.0	75.0	35.0
66	75.0	75.0	20.0
67	25.0	25.0	25.0
68	25.0	25.0	20.0
69	25.0	25.0	20.0
70	100.0	100.0	100.0
Average	60.9	60.9	62.2

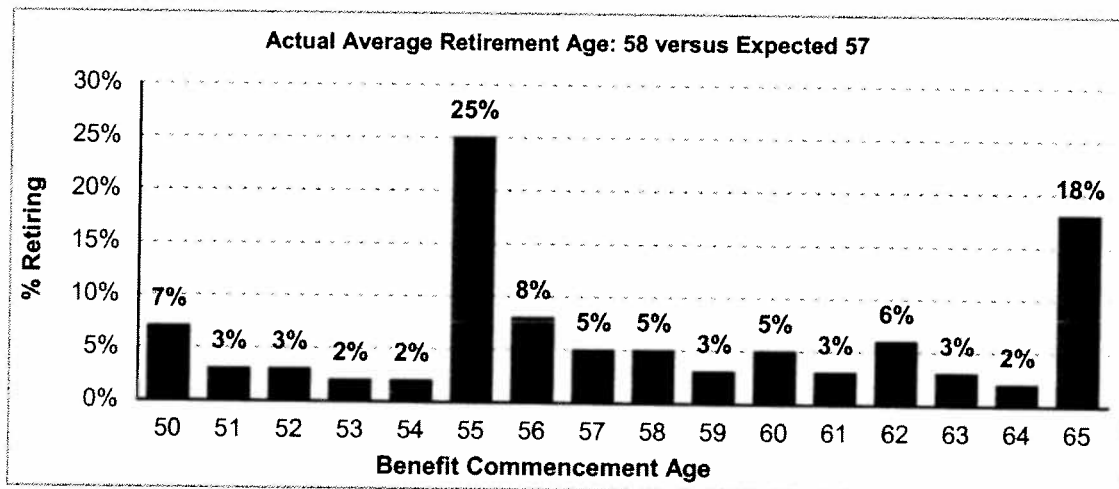
- Existing rates unchanged for employees who will receive grandfathered retiree medical
 - In line with past experience
 - Consistent with expectations for future
- Rates for employees who will receive capped retiree medical adjusted to reflect later retirements overall
 - Rates adjusted down after age 55 to reflect:
 - Emerging experience showing employees with capped benefits already retiring later than those with grandfathered benefits
 - Expectations that high retiree medical costs will limit the ability of these employees to retire as early as those with grandfathered benefits
 - Increased pre-55 rates to reflect actual experience

¹ Note that only capped benefits apply to employees retiring prior to attaining age 55.

Retirement Rates—Terminated Vesteds

Data and Discussion

- Anticipates when former employees start drawing vested pension benefits
- Traditionally a single point retirement used (e.g., age 65)
 - Significant early retirement reductions (a.k.a., penalties)
 - Small numbers of participants
 - Small benefits
- Consider that early retirement reductions are only barrier to drawing benefits as early as possible
- In-depth experience analysis of retirements during 2006, 2007, and 2008
 - Average retirement age increased slightly versus prior review



- Even so, decided to make no changes pending confirmation of trend in later analysis

Decision

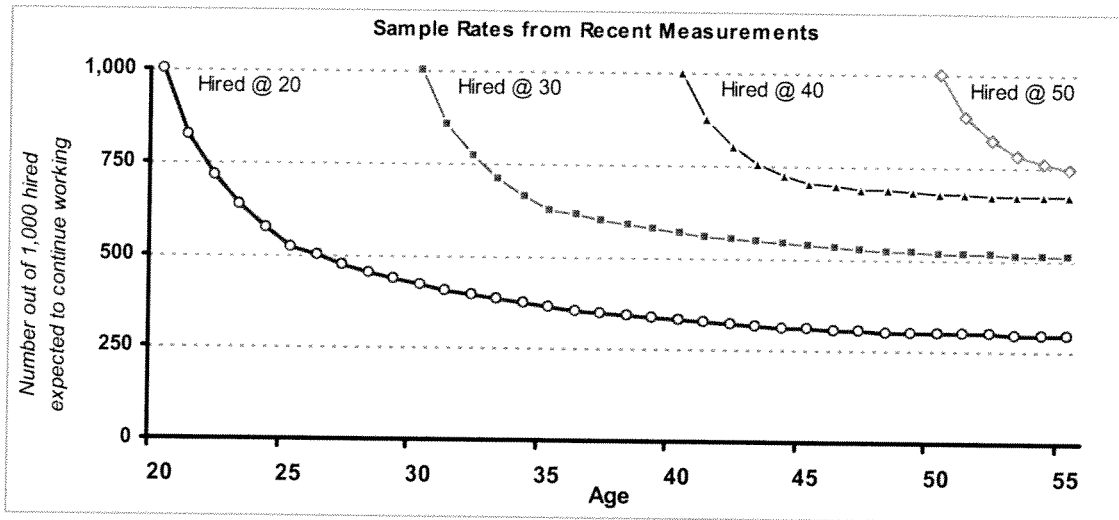
Retirement age for	12/31/2009	12/31/2010
Current vested terms	Age 57	Age 57
Anticipated future vested terms	Age 57	Age 57

- Existing assumptions still in line with future expectations

Withdrawal Rates

Data and Discussion

- Anticipates how many employees leave company for reason other than retirement, death, and disability
- Rates typically vary by age and service
- Southern's assumed withdrawal rates
 - High for first five years of service
 - Decline gradually with age thereafter



- In-depth analysis of actual terminations during 2006, 2007, and 2008 done in 2009
 - Actual experience in first five years of service consistent with expectations in total
 - Expected 695 to terminate over three years (7,400 exposures)
 - Actually 692 terminated
 - Actual experience after five years indicated slightly higher turnover
 - Expected 499 to terminate over three years (35,800 exposures)
 - Actually 862 terminated
 - Actual experience differed from expectations most for noncovered
- Assumptions adjusted starting 12/31/2009
- Anticipate doing another detailed analysis by 2012 measurement

■ 12/31/2009 Assumption (withdrawals per 1,000 participants)

Age	Years of Service					Ultimate
	0	1	2	3	4	
20 & Under	180.0	130.5	115.0	99.0	84.5	70.0
21	176.0	130.5	115.0	99.0	82.5	66.0
22	171.0	126.9	115.0	99.0	80.0	61.0
23	166.0	122.4	111.0	99.0	77.5	56.0
24	163.0	117.9	106.0	94.6	73.8	53.0
25	159.0	115.2	101.0	89.1	69.1	49.0
26	156.0	111.6	98.0	83.6	64.8	46.0
27	152.0	108.9	94.0	80.3	61.2	42.0
28	149.0	105.3	91.0	75.9	57.5	39.0
29	146.0	102.6	87.0	72.6	54.3	36.0
30	144.0	99.9	84.0	68.2	51.1	34.0
31	141.0	98.1	81.0	64.9	48.0	31.0
32	139.0	95.4	79.0	61.6	45.3	29.0
33	137.0	93.6	76.0	59.4	43.2	27.0
34	135.0	91.8	74.0	56.1	40.6	25.0
35	133.0	90.0	72.0	53.9	38.5	23.0
36	131.0	88.2	70.0	51.7	36.4	21.0
37	129.0	86.4	68.0	49.5	34.3	19.0
38	128.0	84.6	66.0	47.3	32.7	18.0
39	126.0	83.7	64.0	45.1	30.6	16.0
40	125.0	81.9	63.0	42.9	29.0	15.0
41	123.0	81.0	61.0	41.8	27.4	14.5
42	122.0	79.2	60.0	39.6	25.8	14.0
43	121.0	78.3	58.0	38.5	24.8	13.5
44	119.5	77.4	57.0	36.3	22.9	13.0
45	118.5	76.1	56.0	35.2	21.9	12.5
46	117.5	75.2	54.5	34.1	20.8	12.0
47	116.5	74.3	53.5	32.5	19.5	11.5
48	115.5	73.4	52.5	31.4	18.5	11.0
49	115.0	72.5	51.5	30.3	17.7	10.5
50	114.0	72.0	50.5	29.2	16.6	10.5
51	113.0	71.1	50.0	28.1	15.6	10.5
52	112.5	70.2	49.0	27.5	15.0	10.5
53	111.5	69.8	48.0	26.4	14.0	10.5
54	110.0	68.9	47.5	25.3	13.2	10.5
55	110.0	67.5	46.5	24.8	12.4	10.5
56	110.0	67.5	45.0	23.7	11.9	10.5
57 & Over	110.0	67.5	45.0	22.0	11.0	10.5

Decision

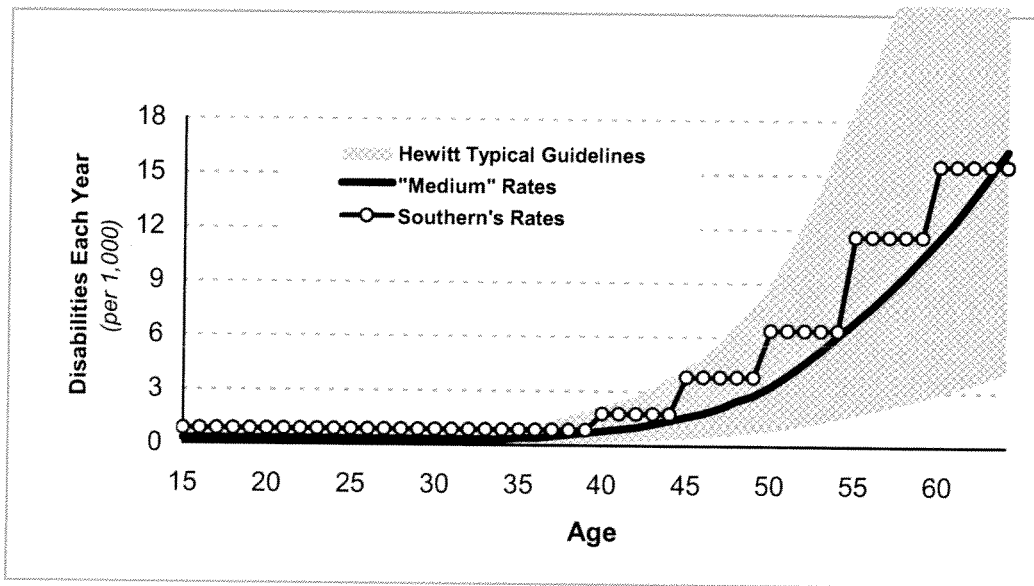
	12/31/2009	12/31/2010
Withdrawal rates	See table above	See table above

■ Existing assumptions still in line with future expectations

Disability Incidence Rates

Data and Discussion

- Used to anticipate how many employees will qualify for LTD benefits
- Disability rates usually vary by
 - Age
 - Industry/job
 - Plan provisions (definition of disability, waiting periods, benefit provided, etc.)
 - Economic conditions
- Few companies have sufficient experience to create company specific rates
- Last general study done in 1987 by Society of Actuaries
- Generally acceptable rates compared to Southern's assumption in chart below



- Southern's assumptions slightly higher than typical and Aon Hewitt guidelines at younger ages
 - Liberal definition of "own occupation" probably genesis

Decision

Age	Disabilities per 1,000 Participants	
	12/31/2009	12/31/2010
Under 40	0.85	0.85
40 to 44	1.76	1.76
45 to 49	3.80	3.80
50 to 54	6.39	6.39
55 to 59	11.60	11.60
60 to 64	15.52	15.52

- Existing assumptions still in line with future expectations

“Non-disabled” Mortality Rates

Data and Discussion

- Anticipates how many employees survive to retirement and how long post-retirement lifetimes will be
- Standard tables commonly used
- Concern about understating life expectancies persists due to increasing longevity
 - Focused on by funding rules, IRS, SEC, auditors, and actuarial organizations
 - New mortality tables under development (*release possible in next year or so*)
- RP-2000 Combined Healthy table (“RP-2000CH”) most used for retirement benefits
 - Created by Society of Actuaries explicitly for pension populations
 - Generally, male life expectancies longer and females slightly shorter vs. earlier tables
 - No contingency loads (like those embedded in group annuity tables used in prior years)
 - Rates for several target populations (healthy/disabled, blue/white collar, and benefit status/size)
 - Increasingly expected/required to project mortality rates to reflect ongoing mortality improvement
 - Factors provided by Society of Actuaries
 - Projections either static (projected to a year) or generational (continuously declining mortality rates)
- For funding calculations, IRS mandates RP-2000CH rates with projections
 - Annually updated static projection (linked to “duration of liabilities” for actives and annuitants); or
 - Generational projections assuming ongoing declines in mortality rates
- For Fiscal 2009 accounting cost measurements, survey of roughly 170 Aon Hewitt clients showed:
 - 98% used some version of RP-2000 table
 - 99% projected mortality rate improvements (48% projected beyond measurement date)
- Southern adopted generational versions of RP-2000CH as of 12/31/2008 for ASC 715 purposes and annually updated static projection as of 1/1/2008 for funding purposes

Decision

	12/31/2008	12/31/2010
Mortality Rates	RP-2000 CH (generational projection)	RP-2000 CH (generational projection)

- Existing assumptions still in line with future expectations

“Disabled” Mortality Rates

Data and Discussion

- Anticipates whether disableds survive to retirement and how long annuity benefits paid
- Standard tables usually used
 - Data for one employer not credible
 - RP-2000 Disabled Retiree Mortality Table has latest rates from Society of Actuaries
- For pension funding calculations, IRS requires Southern to use “non-disabled” mortality rates for disabled lives
 - Can use disabled rates only if benefits based on Social Security Administration’s definition of disability
- For 2009 accounting cost measurements, Southern last changed assumptions
 - Adopted RP-2000 Combined Healthy with no projection
 - Previously used RP-2000 Disabled Retiree Mortality Table
 - Due to relatively liberal disability definition

Decision

	12/31/2009	12/31/2010
Accounting	RP-2000 CH (no projection)	RP-2000 CH (no projection)
Funding	Same as non-disabled	Same as non-disabled

- Existing assumptions still in line with future expectations

Optional Pension Form of Payment Elections at Retirement

Data and Discussion

- Anticipates what pension annuity payment option retiring employees will select
- Pension benefits¹ payable in a normal form and optional alternative forms
 - Form of payment factors adjust benefits to roughly equate benefit liability to that for normal form
 - Even so, liabilities for various forms not always the same leading to more or less obligations
 - Subsidized form of payment factors sometimes used
 - Differences between measurement assumptions and basis for form factors
- Base assumption on experience and expectations
 - Implicit assumptions (e.g., all pick normal form) viable if potential differences in liabilities small
 - However, explicit assumptions much preferred and now common
- Southern's pensions pay full monthly benefit as a single life annuity and reduced amounts in other forms
 - Level income life annuity option
 - 50%, 75%, or 100% joint and survivor with or without pop-up features
- Southern changed assumptions for 12/31/2009 measurement to reflect in-depth analysis of form of payment elections by actual retirements during 2006, 2007, and 2008
 - Experience for participants who terminated after becoming retirement eligible (*see below*)

	Single Life	Level Income	50% / 75% Survivor	100% Survivor
Male	22%	30%	26%	22%
Female	50%	35%	9%	6%
Total	28%	31%	22%	19%

- Data on elections by participants terminating before retirement eligibility not seen as credible
- Assumptions to be compared to data again by 2012 measurement

¹ Relevant to all qualified pension and any SRP/SERP/contract participants who elected lifetime payments.

Decision

	12/31/2009	12/31/2010
Retirement Eligibles		
■ Males		
— Single life annuity	25%	25%
— Level income	25%	25%
— Survivor annuities		
– 50%	25%	25%
– 100%	25%	25%
■ Females		
— Single life annuity	40%	40%
— Level income	40%	40%
— Survivor annuities		
– 50%	10%	10%
– 100%	10%	10%
Non-retirement Eligibles	100% single life annuity	100% single life annuity

- Existing assumptions still believed to be in line with available experience and future expectations

Percent Married

Data and Discussion

- Anticipates percentage of active employee with a spouse which impacts liabilities for preretirement pension death benefits; pension benefits, and retiree medical benefits
- Typically assume 60%-80% married absent actual data to the contrary
 - Common to assume smaller percentage of female participants married
 - Complete data on whether active employees have spouses generally not available
- Southern lowered married percent assumption starting with 12/31/2009 measurement to reflect 1/1/2009 active pension participant census data
 - 76% of males and 41% of females reported with a spousal birth date
 - Suspect underreporting of spousal data by female participants
 - Anticipate reviewing actual age differences again by 2012 measurement date

Decision

	12/31/2009	12/31/2010
Male	75%	75%
Female	65%	65%

- Existing assumptions still believed to be in line with experience and future expectations

Spouse Age Differences

Data and Discussion

- Anticipates age of active employees' spouses for pension death benefits and retiree healthcare benefits
- Typically assume wives two to four years younger than husbands
- Base assumption on typical expectations or actual experience if available and credible
- Southern retained existing assumptions after experience analysis done for 12/31/2009 measurement

— Results of analysis reflecting 1/1/2009 active participants with spousal birthdates reported

	Males	Females
All active participants	2.0 years younger	2.1 years younger
Age 50 and over only	2.6 years younger	1.6 years younger

— Anticipate reviewing actual age differences again by 2012 measurement date

Decision

	12/31/2009	12/31/2010
Wives' ages relative to husbands'	2 years younger	2 years younger

- Existing assumptions still believed to be in line with available experience and future expectations

Expense Allowance—*Pension Trust*

Data and Discussion

- Anticipates expenses that will be paid directly from pension trust
- Explicit assumptions increasingly common instead of implicitly reducing assumed rate of return on assets
- Funding calculations required to anticipate expenses
- Accounting calculations now *expected* to reflect expenses explicitly
- Southern reflects expenses explicitly
 - Funding reflects expenses as an addition to the cost of benefit accruals estimated based on the prior year's non-investment management administrative expenses paid from the Trust
 - Accounting reflects expenses estimated as follows as a reduction in expected return cost component
 1. Compute expense ratios for three calendar years preceding measurement date (*expense ratio equals total expenses paid during calendar year divided by market value at end of year*)
 2. Average these expense ratios
 3. Assumed expenses equal the average ratio times actual asset value on measurement date

Decision

	12/31/2009	12/31/2010
Pension Trust Expenses	Use methodologies above	Use methodologies above

- Existing assumptions still in line with experience and future expectations

Expense Allowance—*Life Insurance Charges*

Data and Discussion

- Anticipates costs of group term insurance beyond anticipated death proceeds
- Base assumptions on expectations and/or experience when available and viable
- Aon Hewitt guideline for retiree life expenses now 10% on annual claims absent company-specific data
- C. Greene supplied MetLife data for policy year ending 12/31/2007 suggesting total retention charges of nearly 9%
- Southern adopted explicit assumptions starting with 9/30/2007 measurement in line with Aon Hewitt guidelines

Decision

	12/31/2009	12/31/2010
Retiree Life Expenses	10% of current year's expected retiree life benefits	10% of current year's expected retiree life benefits

- Existing assumptions still in line with future expectations

Census Data Adjustments for Events During 2010

- 12/31/2010 measurements will be based on 1/1/2010 data projected using assumptions selected
 - Seek to reasonably reflect actual 12/31/2010 population
 - Base pay increases applied as following
 - Noncovered employees: No base pay increases assumed, because base pays utilized already reflect current year general increases granted in March
 - Covered employees: Base pay increases assumed for current year prior to measurement date, because pays utilized in census data do not reflect current year increases¹
 - Use ad hoc adjustments to reflect significant events during 2010 not anticipated by assumptions
- Possible adjustments for:
 - Transfer of several hundred transmission employees to SCS early in 2010?
 - Decision: No adjustment required.
 - Executive transitions (would primarily impact nonqualified pensions)?
 - Decision: No adjustment required.
- Any other unusual changes in population during 2010 that should be reflected (e.g., severances) in projection?
 - Decision: No unusual changes during 2010
- Any unusual experience during 2010 (e.g., pay freezes) that should be reflected when population projected?
 - Decision: No unusual experience during 2010

¹ Note: MPC covered employees approved a contract near the end of November which included a 2.0% general pay increase retroactive back to 8/16/2010. No special adjustment was made for this since normal adjustments already assumed there would be an increase during 2010.

12/31/2010 Asset Values

- 12/31/2010 accounting measurements to be based on fair value of benefit plan assets
 - Pension and 401(h) assets may require a "fair value adjustment"
 - Adjustment required if amount reported by trustee deemed by Southern to not adequately represent fair value
- Southern to provide values in table below (MetLife and Provident assets from Southern's Compensation and Benefits group and all others from Trust Finance group)

Trust/Account	Trust Value	Fair Value Adjustment	Fair Value
■ Pension	_____	_____	_____
■ 401(h)	_____	_____	_____
■ VEBAs			
— APC	_____	n/a	_____
— GPC— <i>Medical</i>	_____	n/a	_____
— GPC— <i>Life</i>	_____	n/a	_____
— Gulf	_____	n/a	_____
— MPC	_____	n/a	_____
■ Provident	_____	n/a	_____
■ MetLife	_____	n/a	_____

- Required 2010 cash flows to be obtained from:
 - Accrued/prepaid reconciliations
 - Asset reconciliation worksheets from Southern's Trust Finance group
- Pension funding calculations have been based on "reported fair value of assets;" however, these values roughly \$4 million higher than values reported in plan audit
 - No substantive impact up to now due to funded position
 - Could impact future contributions (≈\$1 million per year) and PBGC premiums (≈\$36,000 per year)
 - Can plan audited asset values be available by mid-August to use in funding calculations?
 - Decision: To be determined by Southern

Plan Changes to Reflect in 12/31/2010 Measurement

- 12/31/2010 measurement should reflect any retirement benefit plan changes communicated to employees/retirees since the last measurement date
 - Changes will be treated as prior service costs in accounting (absent directions to the contrary)
 - Note that pension funding and VEBA deduction calculations will recognize changes when effective
- Tax-qualified pension
 - Normal changes in pay/benefit limits will be reflected (recognized gain/loss for accounting purposes)
 - Others?
 - Decision: No other changes to reflect
- Nonqualified pension (SBP/SERP/contracts)
 - No SBP/SERP plan changes have been communicated
 - New executive pension service contracts
 - W. Ball; B. Terry; P. Raymond; M. Bowden; K. King¹
 - Others changes?
 - Decisions:
 - No plan changes other than new executive contracts noted above
 - Dennis Stone confirmed contracts for active employees
- Retiree life
 - Limits on post-65 death benefits apply to covered MPC employees who retire after 2011 per the union negotiations completed during 2010. The limits match those implemented for noncovered employees retiring after 2010 which were reflected in the 12/31/2009 measurement.
 - No other plan changes have been communicated
 - Decision: Reflect the change noted above as of 12/31/2010

¹ Obligations for K. King's pension service contract were previously recognized in SNC's benefit obligations; however, the contract now indicates that SNC will share these obligations with SCS. Based on Southern's input, the benefit obligations that SCS will take on will be reflected as a prior service cost, and the reduction in SNC's benefit obligation will be reflected as a negative plan amendment..

■ Retiree medical

— Design changes for 2011 include benefit changes related to preventive care, mental healthcare parity, and drug design (adjustments to generic and specialty drug management). See below for impact on expected per-capita costs.

	2010 Expected Per Capita Retiree Healthcare Costs		
	Before Change	After Change	Difference
APC, Gulf, SCS-W, SNC-W			
■ Medicare Ineligible	\$8,446	\$8,531	\$85
■ Medicare Eligible			
– Medical	1,207	1,214	7
– Rx	2,170	2,148	-22
GPC, SCS-E, SNC-E			
■ Medicare Ineligible	8,446	8,531	85
■ Medicare Eligible			
– Medical: COB	1,622	1,628	6
– Medical: CO	1,101	1,109	8
– Rx	2,170	2,148	-22
MPC			
■ Medicare Ineligible	7,860	7,940	80
■ Medicare Eligible			
– Medical	747	760	13
– Rx	2,806	2,778	-28

— Should these changes be treated as (gain)/loss for accounting purposes?

- Cost sharing features already anticipated in assumptions
- Small changes may not merit the expense of separately capturing as a prior service cost

— Decision: These changes should be accounted for as (gains)/losses

Healthcare Reform related¹

Changes	Decisions
Preventive care and mental health care parity provisions	<ul style="list-style-type: none"> ■ Reflected in changes identified in table just above
RDS tax change	<ul style="list-style-type: none"> ■ Accounting <ul style="list-style-type: none"> — No ASC 715-60 impact — ASC 740 impact for remaining tax-advantaged RDS described in 9/30/10 email to J. Horne from J. Ferguson ■ Funding—VEBA deductions to be based on claims net of expected RDS versus current approach where gross claims are reflected
Early Retirement Reimbursement Program (ERRP)	<ul style="list-style-type: none"> ■ Reflect as gains when amounts received <ul style="list-style-type: none"> — ERRP receipts indefinite² — Roughly anticipate \$13-26 million in total ERRP receipts for 2010 and 2011 — Expect only about 60% (\$8-16 million) may be used to reduce employer costs
"Cadillac" plan excise tax effective 2018	<ul style="list-style-type: none"> ■ Reflect any impact as losses when incurred <ul style="list-style-type: none"> — No Company obligation for capped participants <ul style="list-style-type: none"> – Company subsidy limited to a fixed dollar amount — "Small" Company obligation for grandfathered participants <ul style="list-style-type: none"> – Company pays fraction of costs, presumably including tax impact absent plan change — Reasons for minor impact related to grandfathered participants <ul style="list-style-type: none"> – Limited exposure for retiree + spouse coverage because applicable tax thresholds 2.6× level for single coverage – Pre-65 exposure limited since only closed group of 4,400 participants under 65 – Post-65 tax limited due to post-Medicare cost levels leading to tax not expected to apply until after 2040 — Rough assessment suggests total PV of additional company obligations less than \$5 million using measurement data and assumptions with following key simplifying assumptions <ul style="list-style-type: none"> – Triggering of tax assessed separately for pre/post-65 – Third party administrators pass cost equal to 64.5% (40% tax with gross up) of excess of plan costs over tax threshold, if any – All grandfathered participants live to age 100 – Spouses live only as long as retirees
Other?	<ul style="list-style-type: none"> ■ None anticipated

¹ Modest impact on trend to be reflected via normal, ongoing experience.

² \$5 billion set aside for all employers and reimbursements cease when money runs out

Items to Reflect in Projections of Funding and Accounting Costs Beyond 12/31/2010

Contributions to Pension Trust and VEBAs

- Cost projections will reflect contributions made to pension trust and VEBAs
 - Projected contributions must also be displayed in the footnotes to the 2010 financial statements
 - Some auditors will **only** allow contributions shown in the 2010 financial statements to be reflected in the actual 2011 accounting cost calculations
- Prior projections anticipated
 - Pension — Amounts required by funding rules with no 401(h) account contributions
 - VEBA contributions based on rate requirements¹
- Expectations to reflect in 2011 costs and cost projections through 2021?
- Decisions ◀to be verified by Southern
 - 2011 costs to reflect only contributions disclosed in footnotes to 2010 financial statements
 - Projections of 2012+ costs to anticipate contributions consistent with prior projections

Future plan changes

- Prior cost projections anticipated only pension changes (qualified and nonqualified)
 - Meant to be "allowance" for periodic minor improvements and/or compliance related changes
 - Anticipate a 5% increase in active employees' benefit obligations
 - Reflected changes in 2012 and 2017 for projections delivered in 2010
- Upcoming cost projections
 - Should same pension changes be anticipated?
 - Any other changes to reflect?
- Decision — Reflect pension changes in 2012 and 2017 as done previously ◀to be verified by Southern

¹ See discussion in cost projection letter sent to Larry Sitton dated 3/15/2010 via email

Future adjustments to census for events after measurement

- Projections normally done assuming level active head counts
- SNC requested projections to reflect new hires for all but non-qualified pension costs
 - New hires will not be reflected in actual costs until after they become pension participants

Hire Year	Additional Hires			Year Cost First Impacted
	East	West	Total	
2008	84	29	113	2011
2009	65	12	77	2012
2010	155	5	160	2013
2011	118	6	124	2014
2012	177	5	182	2015

— Are these counts still accurate?

- Other adjustments to reflect?
- Decision — Make projections consistent with those done previously ◀to be verified by Southern

Future assumption changes

- Historically, no change to assumptions have been anticipated during the projection period
- Reasons to anticipate a change
 - Anticipate a future event
 - Strongly believe current conditions will not persist (e.g., interest rate levels)
- Should any changes in assumptions after 12/31/2010 be anticipated?
 - Discount rates increasing?
 - Others?
- Should assumptions be assumed to accurately portray experience throughout the projection period (i.e., should any gains or losses be anticipated)?
- Decision — Anticipate current assumptions accurately portray experience throughout the projection period ◀to be verified by Southern

Compliance-Related Items

PBGC premiums for pension plan

■ Premium structure

- \$35 per participant flat rate
- \$9 per \$1,000 of "under funding" variable rate

■ PBGC-specific calculation

- Count only vested benefits
- Obligations based on 24-month average of IRS promulgated 3-tier yield curves as of 1/2011
 - 5-year election to use 24-month average made in 2010 to avoid variable rate premium for 2010
 - Averaged value must be used through the 2014 plan year
 - After 5 years can base calculation on IRS yield curve, reflected in 3-tier spot yield curves

■ Anticipate 2011 variable rate premium of about \$2 - \$2.5 million (*first ever for Southern*)

- Estimate
 - Based on projecting assets and obligations to 12/31/2010
 - Assumes no pension contributions made in 2010 or 2011
- Must be paid by 10/15/2011
- Trust payable

Pension compliance / funding verifications

- Tax-qualified pension funding calculations after PPA require plan sponsors to provide ongoing direction about certain aspects of the calculations
- “One-time” formal elections required by plan sponsor for 2010 PPA method confirmations (R. Hinson)
 - Interest rate basis
 - Asset valuation method
- Annual confirmations typically provided by plan sponsor (R. Hinson)
 - Credit balance elections (reductions and/or additions, if any)
 - Contribution confirmations (amount, date, plan year, tax year)
- Annual confirmations typically provided by plan administrator (G. Marshall / T. Fallaw)
 - Single employer plan
 - Controlled group information (list of other employers/plans)
 - Notification of any plan spin-off, merger, or termination
 - Notification of any other plan amendments
 - List of benefits provided by the qualified pension which are covered by insurance contracts, if any
 - Notification of any layoffs or other material changes in participant headcounts
- Nondiscrimination testing
 - Annual assessment of testing requirements (e.g., “do we test?”)
 - Additional information collected if test required
- DB funding participant notice
 - Sent to all plan participants every April
 - Various items required for confirmation (funding policy, investment policy, etc.)

Appendix A

Discount Rate
Tool Analyses

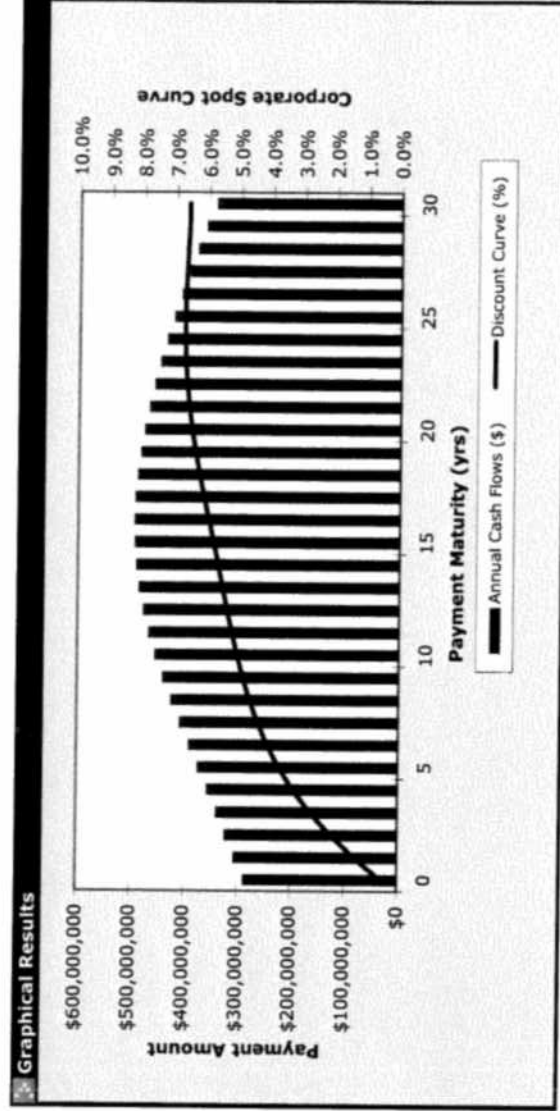
*Analyses and
related cash flows
as of 12/31/2010
to be provided
when available*

Qualified Pension

Hewitt Discount Rate Tool (U.S.)

Southern Company - Qualified Pension

Selected Yield Curve and Details	
Hewitt Top Quartile (12/8/2010)	
Date	12/8/2010
Weighted Avg Discount Rate	5.85%
Duration	12.3 Yrs
Discounted Cash Flows	\$6,367,149,071
Moody's Aa Corporate Bond Index ¹	
Date	12/8/2010
As Published (Nominal Rate)	5.30%
Annualized (Effective Rate)	5.37%
Duration	13.9 Yrs
Discounted Cash Flows	\$6,788,165,301
¹ Only includes long-term (maturity > 20 yrs) corporate bonds	
User Selected Rate	
Date (for documentation)	12/8/2010
Discount Rate	5.95%
Duration	13.3 Yrs
Discounted Cash Flows	\$6,288,516,594



NOTE: To be updated to reflect 12/31/2010 cash flows and yield curves.

Nonqualified Pension

Hewitt

Discount Rate Tool (U.S.)

Southern Company - Nonqualified Pension

Selected Yield Curve and Details

Howitt Top Quartile (12/8/2010)

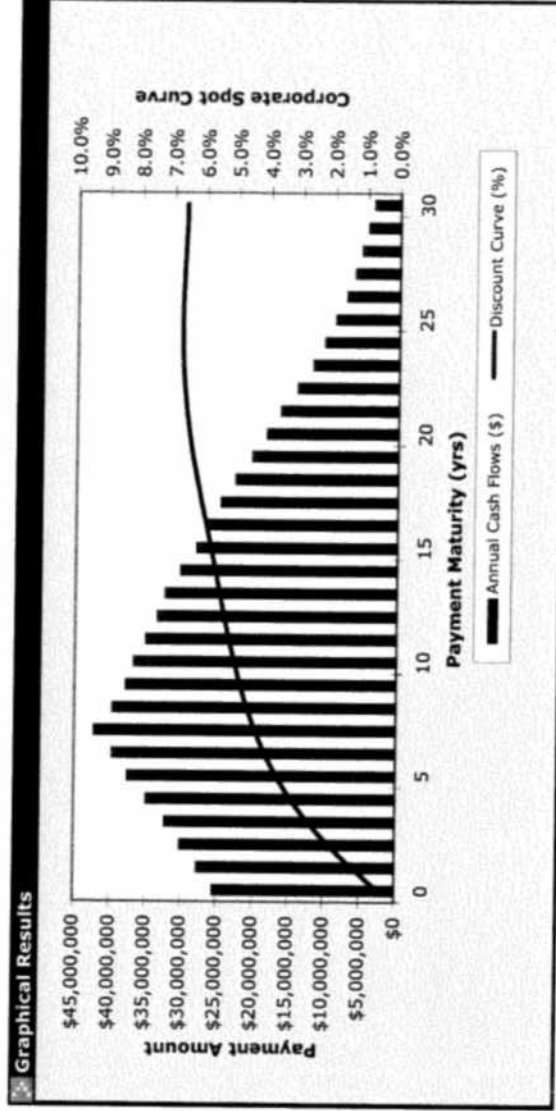
Date: 12/8/2010
 Weighted Avg Discount Rate: 5.23%
 Duration: 08.5 Yrs
 Discounted Cash Flows: \$443,117,602

Moody's Aa Corporate Bond Index¹

Date: 12/8/2010
 As Published (Nominal Rate): 5.30%
 Annualized (Effective Rate): 5.37%
 Duration: 09.1 Yrs
 Discounted Cash Flows: \$437,857,538
¹Only includes long-term (maturity > 20 yrs) corporate bonds

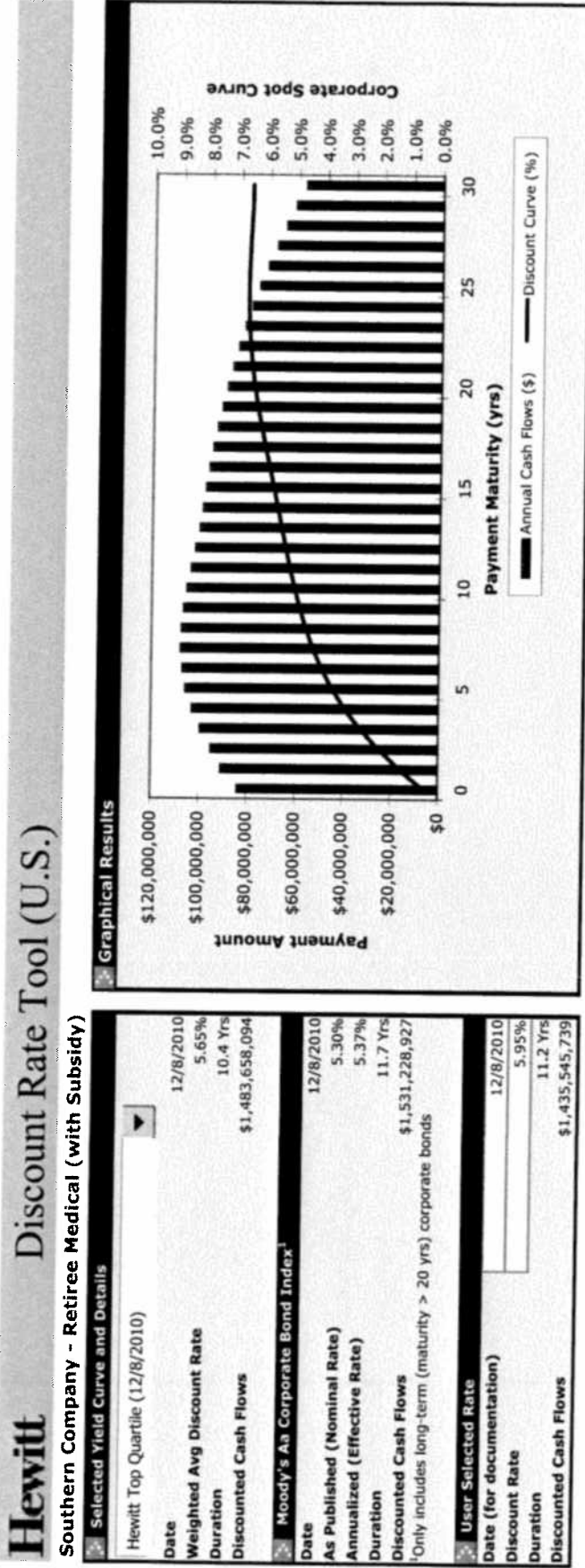
User Selected Rate

Date (for documentation):
 Discount Rate:
 Duration: 08.9 Yrs
 Discounted Cash Flows: \$416,200,650



NOTE: To be updated to reflect 12/31/2010 cash flows and yield curves.

Retiree Medical (reflecting anticipated RDS receipts)



NOTE: To be updated to reflect 12/31/2010 cash flows and yield curves.

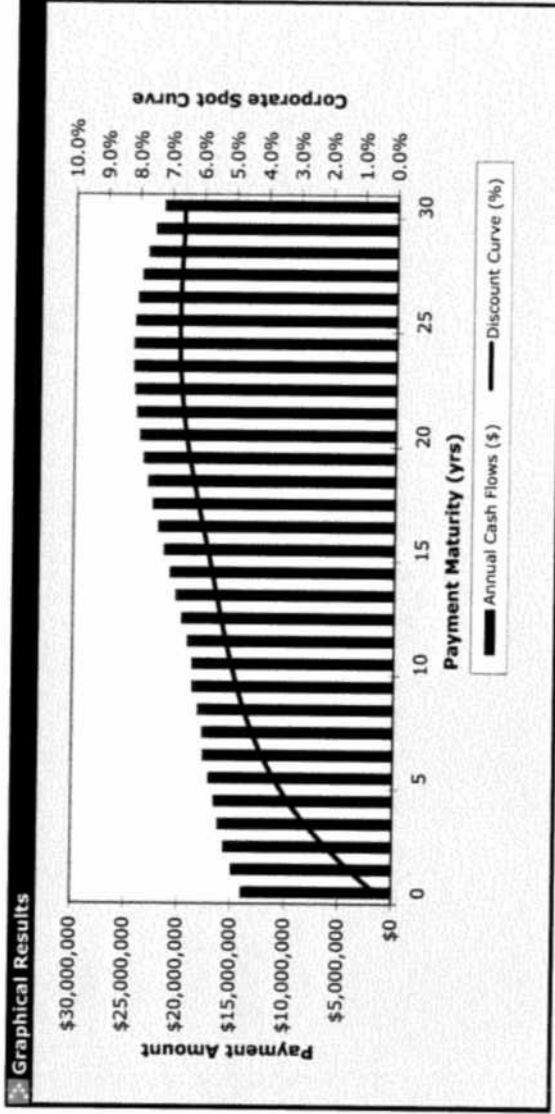
Retiree Life

Hewitt

Discount Rate Tool (U.S.)

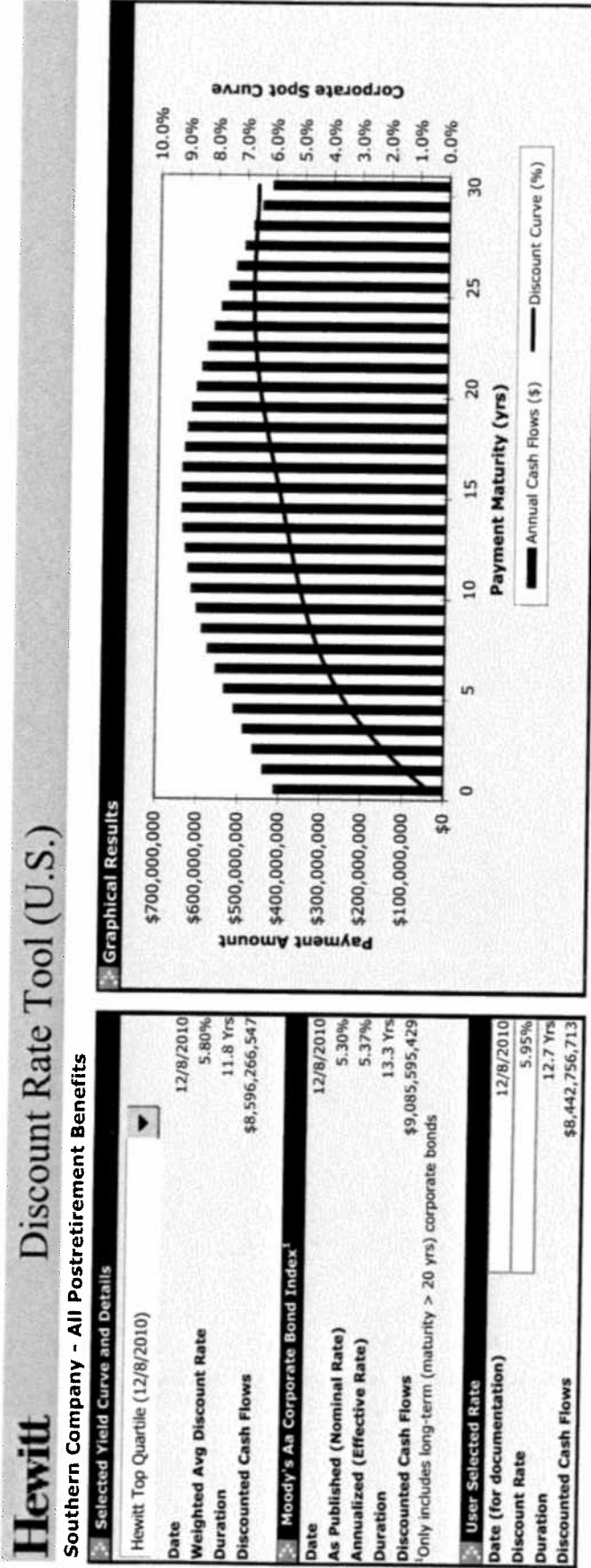
Southern Company - Retiree Life

Selected Yield Curve and Details	
Hewitt Top Quartile (12/8/2010)	
Date	12/8/2010
Weighted Avg Discount Rate	5.95%
Duration	13.0 Yrs
Discounted Cash Flows	\$302,341,782
Moody's Aa Corporate Bond Index ¹	
Date	12/8/2010
As Published (Nominal Rate)	5.30%
Annualized (Effective Rate)	5.37%
Duration	14.9 Yrs
Discounted Cash Flows	\$328,343,663
¹ Only includes long-term (maturity > 20 yrs) corporate bonds	
User Selected Rate	
Date (for documentation)	12/8/2010
Discount Rate	5.95%
Duration	14.2 Yrs
Discounted Cash Flows	\$302,491,731



NOTE: To be updated to reflect 12/31/2010 cash flows and yield curves.

Total Retirement Benefits (reflecting anticipated RDS receipts)



NOTE: To be updated to reflect 12/31/2010 cash flows and yield curves.

Total Retirement Benefit Cash Flows (reflecting anticipated RDS receipts)

Data, assumptions, methods and plan changes since prior measurement are summarized in this Assumption Guide.

Projected Cashflows underlying the Benefit Obligations as of December 31, 2009

Year	Qualified Pension	Nonqualified Pension	Retiree Medical with Subsidy	Retiree Life	Total
2010	288,702,787	25,574,320	84,240,872	14,043,200	412,561,179
2011	306,666,272	27,827,965	91,192,205	14,964,629	440,651,071
2012	323,667,454	30,238,487	95,420,597	15,709,654	465,036,192
2013	340,805,673	32,397,972	99,870,435	16,305,503	489,379,583
2014	358,070,760	34,997,558	103,334,907	16,715,332	513,118,557
2015	375,558,728	37,644,866	106,316,116	17,212,195	536,731,905
2016	392,592,717	39,851,221	107,519,692	17,732,779	557,696,409
2017	409,930,519	42,352,350	108,197,734	17,832,520	578,313,123
2018	426,323,164	39,830,134	108,045,932	18,293,212	592,492,442
2019	441,572,992	37,954,589	107,140,064	18,803,114	605,470,759
2020	456,286,421	36,877,557	105,863,508	18,834,196	617,861,682
2021	468,709,833	35,234,252	104,033,898	19,301,888	627,279,871
2022	478,628,145	33,642,521	102,358,351	19,848,575	634,477,592
2023	486,629,416	32,559,165	100,589,970	20,413,067	640,191,618
2024	492,204,007	30,403,469	99,430,880	20,989,193	643,027,549
2025	495,313,033	28,250,641	98,229,187	21,562,424	643,355,285
2026	495,973,622	26,867,675	96,854,870	22,115,190	641,811,357
2027	494,388,366	24,897,151	95,365,568	22,636,506	637,287,591
2028	490,847,349	22,844,743	93,618,879	23,108,485	630,419,456
2029	485,446,307	20,556,178	91,681,073	23,545,523	621,229,081
2030	478,517,973	18,467,674	89,629,440	23,907,264	610,522,351
2031	470,099,837	16,574,879	87,502,954	24,213,052	598,390,722
2032	460,581,101	14,263,372	85,139,896	24,420,486	584,404,855
2033	449,995,098	12,117,560	82,506,103	24,523,927	569,142,688
2034	438,372,162	10,536,527	79,663,716	24,523,593	553,095,998
2035	425,484,662	9,000,989	76,552,387	24,417,922	535,455,960
2036	411,631,762	7,523,522	73,045,587	24,159,949	516,360,820
2037	396,984,958	6,392,980	69,364,462	23,776,224	496,518,624
2038	381,499,564	5,405,555	65,583,503	23,249,327	475,737,949
2039	365,175,136	4,564,956	61,675,911	22,600,605	454,016,608
2040	348,159,628	3,766,755	57,549,806	21,816,209	431,292,398
2041	330,546,203	3,131,128	53,325,366	20,914,784	407,917,481
2042	312,485,269	2,537,007	49,053,363	19,934,632	384,010,271
2043	294,089,231	2,034,438	44,843,914	18,869,615	359,837,198
2044	275,471,284	1,640,527	40,707,325	17,750,898	335,570,034
2045	256,837,197	1,273,403	36,618,769	16,606,789	311,336,158
2046	238,355,277	1,012,769	32,757,367	15,439,923	287,565,336
2047	220,164,398	824,981	29,132,986	14,270,734	264,393,099
2048	202,469,106	672,538	25,678,575	13,117,320	241,937,539
2049	185,386,233	535,595	22,561,225	11,995,248	220,478,301
2050	169,042,053	433,673	19,710,323	10,907,908	200,093,957

NOTE: To be updated to reflect 12/31/2010 cash flows.

Total Retirement Benefit Cash Flows (reflecting anticipated RDS receipts)

Data, assumptions, methods and plan changes since prior measurement are summarized in this Assumption Guide.

Projected Cashflows underlying the Benefit Obligations as of December 31, 2009

Year	Qualified Pension	Nonqualified Pension	Retiree Medical with Subsidy	Retiree Life	Total
2051	153,548,545	354,549	17,126,342	9,866,557	180,895,993
2052	138,971,954	286,767	14,768,097	8,882,877	162,909,695
2053	125,361,510	228,095	12,717,928	7,960,691	146,268,224
2054	112,741,538	183,352	10,911,530	7,096,699	130,933,119
2055	101,110,651	147,333	9,332,956	6,306,450	116,897,390
2056	90,448,309	117,798	7,962,230	5,579,040	104,107,377
2057	80,721,778	93,648	6,779,446	4,923,401	92,518,273
2058	71,881,855	74,083	5,763,181	4,331,624	82,050,743
2059	63,869,503	58,463	4,893,255	3,809,835	72,631,056
2060	56,623,524	46,016	4,151,487	3,343,824	64,164,851
2061	50,082,521	36,140	3,520,501	2,935,412	56,574,574
2062	44,181,662	28,241	2,984,944	2,576,523	49,771,370
2063	38,859,383	21,989	2,530,911	2,264,290	43,676,573
2064	34,059,994	17,055	2,145,918	1,988,162	38,211,129
2065	29,734,364	13,151	1,819,404	1,747,832	33,314,751
2066	25,838,581	10,096	1,542,294	1,533,847	28,924,818
2067	22,334,531	7,654	1,306,757	1,345,101	24,994,043
2068	19,189,850	5,759	1,105,841	1,175,652	21,477,102
2069	16,377,580	4,299	934,118	1,022,880	18,338,877
2070	13,874,107	3,137	787,067	885,133	15,549,444
2071	11,658,623	2,263	661,220	760,076	13,082,182
2072	9,712,120	1,614	553,422	647,333	10,914,489
2073	8,015,423	1,113	460,936	546,471	9,023,943
2074	6,550,226	757	381,944	455,704	7,388,631
2075	5,298,122	508	314,834	375,776	5,989,240
2076	4,239,551	328	257,889	306,180	4,803,948
2077	3,355,155	209	209,774	245,706	3,810,844
2078	2,625,471	131	169,532	194,922	2,990,056
2079	2,030,604	81	136,213	152,136	2,319,034
2080	1,552,248	50	108,667	116,767	1,777,732
2081	1,172,712	30	85,909	88,462	1,347,113
2082	875,497	19	67,445	65,929	1,008,890
2083	645,831	12	52,674	48,241	746,758
2084	470,740	7	40,760	34,857	546,364
2085	338,965	4	31,178	24,708	394,855
2086	241,200	3	23,686	17,219	282,108
2087	169,585	2	17,870	11,840	199,297
2088	117,799	1	13,333	8,000	139,133
2089	80,847	1	9,805	5,308	95,961
2090	54,821	0	7,131	3,479	65,431

NOTE: To be updated to reflect 12/31/2010 cash flows.

Total Retirement Benefit Cash Flows (reflecting anticipated RDS receipts)

Data, assumptions, methods and plan changes since prior measurement are summarized in this Assumption Guide.

Projected Cashflows underlying the Benefit Obligations as of December 31, 2009

Year	Qualified Pension	Nonqualified Pension	Retiree Medical with Subsidy	Retiree Life	Total
2091	36,721	0	5,122	2,246	44,089
2092	24,301	0	3,629	1,432	29,362
2093	15,887	0	2,535	904	19,326
2094	10,258	0	1,744	567	12,569
2095	6,539	0	1,181	353	8,073
2096	4,114	0	788	218	5,120
2097	2,551	0	517	133	3,201
2098	1,560	0	335	80	1,975
2099	941	0	214	48	1,203
2100	557	0	133	29	719
2101	323	0	82	17	422
2102	182	0	51	9	242
2103	100	0	30	5	135
2104	54	0	16	5	75
2105	28	0	10	2	40
2106	13	0	6	1	20
2107	6	0	2	1	9
2108	2	0	0	0	2
2109	0	0	0	0	0

NOTE: To be updated to reflect 12/31/2010 cash flows.

Appendix B

Expected Return Tool Analyses

To be updated

*Output reflecting 4th quarter
capital market assumptions
to be provided when available*

Expected Return Tool (U.S.)

Asset Allocation

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	23.00%	6.10%
U.S. Small Cap	9.00%	6.50%
Developed International	19.00%	6.20%
Emerging Markets	9.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.30%
Long Duration - Gov't/Credit	15.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	15.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	10.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	7.94%
Rebalancing/Diversification Effect	1.37%
Passive Expected Return	9.31%
Active Management Effect	0.00%
Total Expected Return	9.31%
Expected Nominal Volatility	15.87%

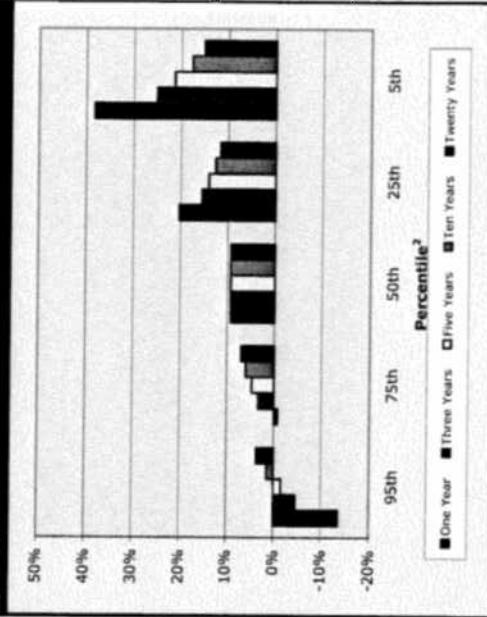
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4. These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-13.59%	-0.74%	9.31%	20.38%	38.29%
3	-4.56%	3.39%	9.31%	15.57%	25.21%
5	-1.60%	4.70%	9.31%	14.13%	21.43%
10	1.48%	6.03%	9.31%	12.70%	17.75%
20	3.71%	6.98%	9.31%	11.70%	15.21%
33	2.41%	6.43%	9.31%	12.28%	16.68%

Graphical Results



Expected Return Tool (U.S.)

Southern Company - APC VEBA - TOLI
Asset Allocation

Allocation	Expected Real Return ¹
Equity	
U.S. Large Cap	6.10%
U.S. Small Cap	6.50%
Developed International	6.20%
Emerging Markets	7.80%
Fixed Income	
Cash	1.70%
TIPS	1.80%
Core Fixed Income (Mkt Duration)	2.30%
Long Duration - Gov't/Credit	2.70%
Long Duration - Credit	3.30%
Long Duration - Gov't	2.20%
High Yield Bonds	3.80%
Developed International Bonds	2.00%
Emerging Market Bonds	3.00%
Alternative Investments	
Hedge Funds	4.60%
Real Estate	4.80%
Commodities	3.70%
Private Equity	7.25%
Total	100.00%
Inflation Rate	2.10%

Nominal Returns

Weighted Average Return	6.70%
Rebalancing/Diversification Effect	0.83%
Passive Expected Return	7.53%
Active Management Effect	0.00%
Total Expected Return	7.53%
Expected Nominal Volatility	12.22%

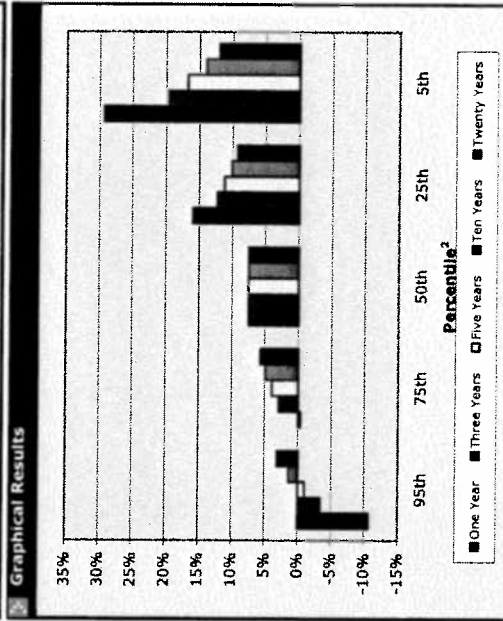
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4.

These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-10.65%	-0.33%	7.53%	16.01%	29.40%
3	-3.37%	2.92%	7.53%	12.34%	19.66%
5	-1.02%	3.94%	7.53%	11.24%	16.81%
10	1.41%	4.98%	7.53%	10.14%	14.01%
20	3.17%	5.72%	7.53%	9.37%	12.07%
13	2.14%	5.29%	7.53%	9.81%	13.19%



Asset Allocation

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	100.00%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	0.00%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.30%
Long Duration - Gov't/Credit	0.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	8.33%
Rebalancing/Diversification Effect	0.00%
Passive Expected Return	8.33%
Active Management Effect	0.00%
Total Expected Return	8.33%
Expected Nominal Volatility	23.01%

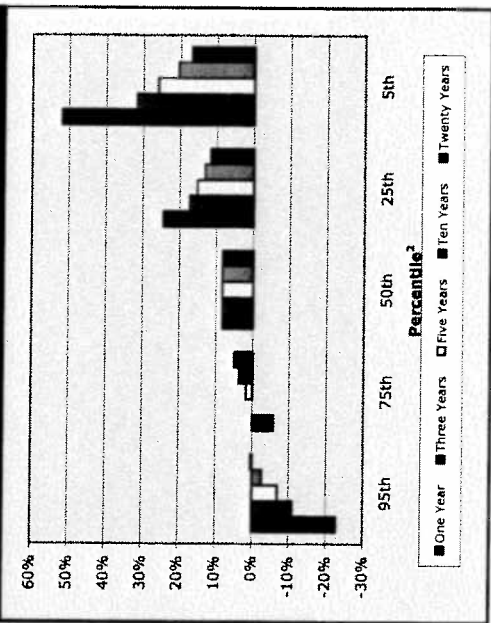
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4. These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-22.77%	-5.71%	8.33%	24.45%	51.96%
3	-10.90%	-0.01%	8.33%	17.36%	31.70%
5	-6.89%	1.81%	8.33%	15.26%	26.03%
10	-2.67%	3.68%	8.33%	13.19%	20.56%
20	0.43%	5.02%	8.33%	11.74%	16.84%
33	-1.38%	4.24%	8.33%	12.58%	18.99%

Graphical Results



Asset Allocation

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	8.33%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	33.33%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.30%
Long Duration - Gov't/Credit	58.33%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	6.34%
Rebalancing/Diversification Effect	0.72%
Passive Expected Return	7.06%
Active Management Effect	0.00%
Total Expected Return	7.06%
Expected Nominal Volatility	10.28%

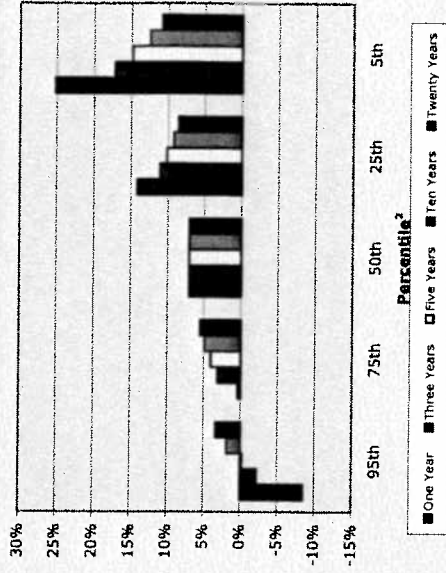
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4. These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-8.48%	0.39%	7.06%	14.17%	25.24%
3	-2.21%	3.16%	7.06%	11.11%	17.21%
5	-0.19%	4.03%	7.06%	10.19%	14.84%
10	1.88%	4.91%	7.06%	9.26%	12.51%
20	3.37%	5.53%	7.06%	8.61%	10.88%
33	2.50%	5.17%	7.06%	8.99%	11.82%

Graphical Results



Expected Return Tool (U.S.)

Southern Company - GPC VEBA - Retiree Medical - non-TOLI

Asset Allocation

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	100.00%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	0.00%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.30%
Long Duration - Gov't/Credit	0.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	8.33%
Rebalancing/Diversification Effect	0.00%
Passive Expected Return	8.33%
Active Management Effect	0.00%
Total Expected Return	8.33%
Expected Nominal Volatility	23.01%

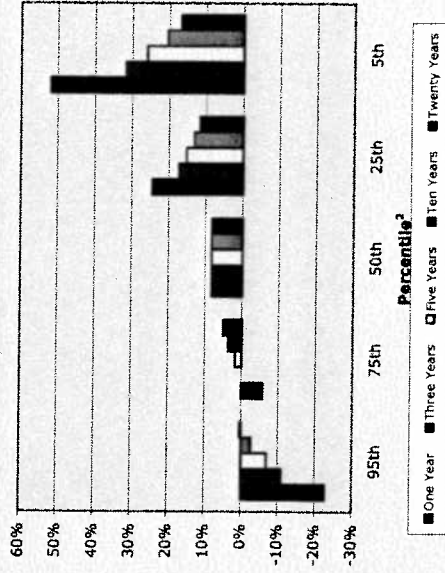
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4. These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-22.77%	-5.71%	8.33%	24.45%	51.96%
3	-10.90%	-0.01%	8.33%	17.36%	31.70%
5	-6.89%	1.81%	8.33%	15.26%	26.03%
10	-2.67%	3.68%	8.33%	13.19%	20.56%
20	0.43%	5.02%	8.33%	11.74%	16.84%
13	-1.38%	4.24%	8.33%	12.58%	18.99%

Graphical Results



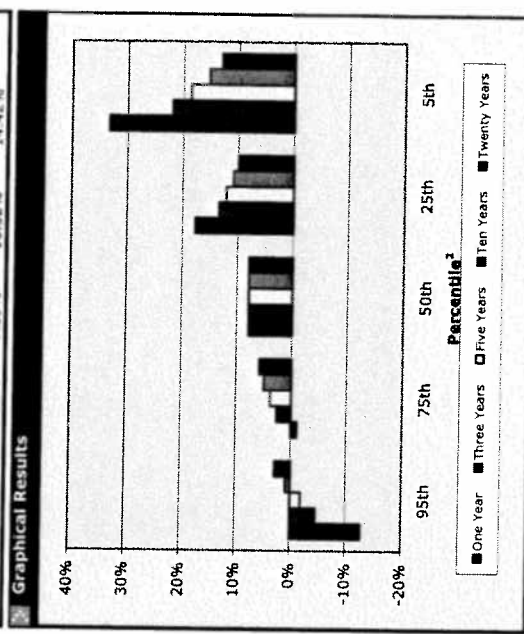
Southern Company - GPC VEBA - Retiree Life

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	45.00%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	20.00%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	0.00%	2.30%
Long Duration - Gov't/Credit	35.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns	
Weighted Average Return	7.13%
Rebalancing/Diversification Effect	0.76%
Passive Expected Return	7.89%
Active Management Effect	0.00%
Total Expected Return	7.89%
Expected Nominal Volatility	14.07%

For 2010 Q4
 The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4.
 These assumptions will be reviewed quarterly to ensure continued reasonability.

Year(s)	95th	75th	50th	25th	5th
1	-12.71%	-1.09%	7.89%	17.68%	33.34%
3	-4.53%	2.61%	7.89%	13.44%	21.92%
5	-1.86%	3.78%	7.89%	12.16%	18.61%
10	0.90%	4.97%	7.89%	10.89%	15.36%
20	2.90%	5.81%	7.89%	10.01%	13.12%
13	1.73%	5.32%	7.89%	10.52%	14.42%



Asset Allocation

Asset Allocation	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	0.00%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	0.00%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	9.00%	2.30%
Long Duration - Gov't/Credit	91.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	4.82%
Rebalancing/Diversification Effect	0.01%
Passive Expected Return	4.83%
Active Management Effect	0.00%
Total Expected Return	4.83%
Expected Nominal Volatility	8.23%

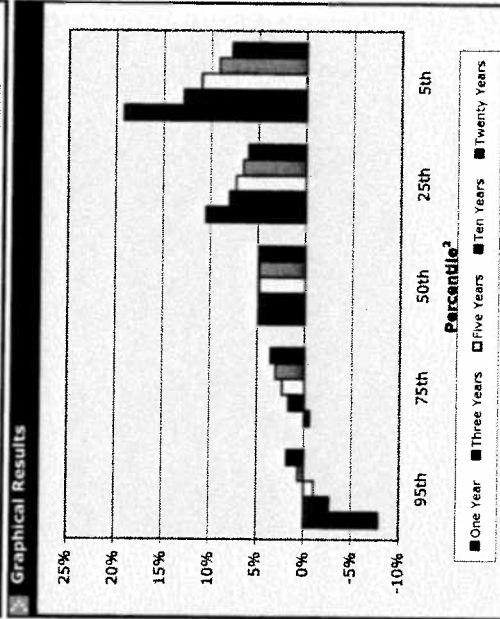
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4.

These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-7.82%	-0.55%	4.83%	10.51%	19.21%
3	-2.67%	1.69%	4.83%	8.07%	12.91%
5	-1.03%	2.39%	4.83%	7.33%	11.04%
10	0.65%	3.10%	4.83%	6.59%	9.18%
20	1.86%	3.60%	4.83%	6.07%	7.89%
13	1.16%	3.31%	4.83%	6.38%	8.64%



Expected Return Tool (U.S.)

Asset Allocation

Asset Class	Allocation	Expected Real Return ¹
Equity		
U.S. Large Cap	0.00%	6.10%
U.S. Small Cap	0.00%	6.50%
Developed International	0.00%	6.20%
Emerging Markets	0.00%	7.80%
Fixed Income		
Cash	0.00%	1.70%
TIPS	0.00%	1.80%
Core Fixed Income (Mkt Duration)	100.00%	2.30%
Long Duration - Gov't/Credit	0.00%	2.70%
Long Duration - Credit	0.00%	3.30%
Long Duration - Gov't	0.00%	2.20%
High Yield Bonds	0.00%	3.80%
Developed International Bonds	0.00%	2.00%
Emerging Market Bonds	0.00%	3.00%
Alternative Investments		
Hedge Funds	0.00%	4.60%
Real Estate	0.00%	4.80%
Commodities	0.00%	3.70%
Private Equity	0.00%	7.25%
Total	100.00%	
Inflation Rate	2.10%	

Nominal Returns

Weighted Average Return	4.45%
Rebalancing/Diversification Effect	0.00%
Passive Expected Return	4.45%
Active Management Effect	0.00%
Total Expected Return	4.45%
Expected Nominal Volatility	4.26%

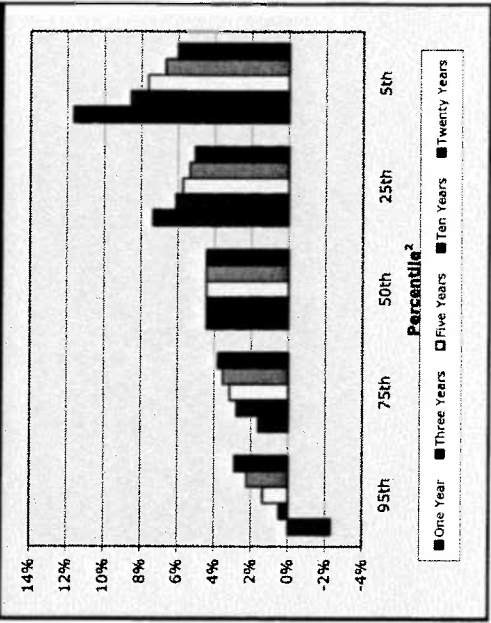
For 2010 Q4

The expected real returns shown at left are based on the long-term capital market assumptions set by Hewitt Investment Group for 2010 Q4. These assumptions will be reviewed quarterly to ensure continued reasonability.

Range of Returns

Year(s)	95th	75th	50th	25th	5th
1	-2.32%	1.62%	4.45%	7.36%	11.69%
3	0.49%	2.80%	4.45%	6.12%	8.57%
5	1.37%	3.17%	4.45%	5.74%	7.62%
10	2.26%	3.54%	4.45%	5.36%	6.68%
20	2.90%	3.81%	4.45%	5.09%	6.02%
33	2.53%	3.66%	4.45%	5.25%	6.41%

Graphical Results

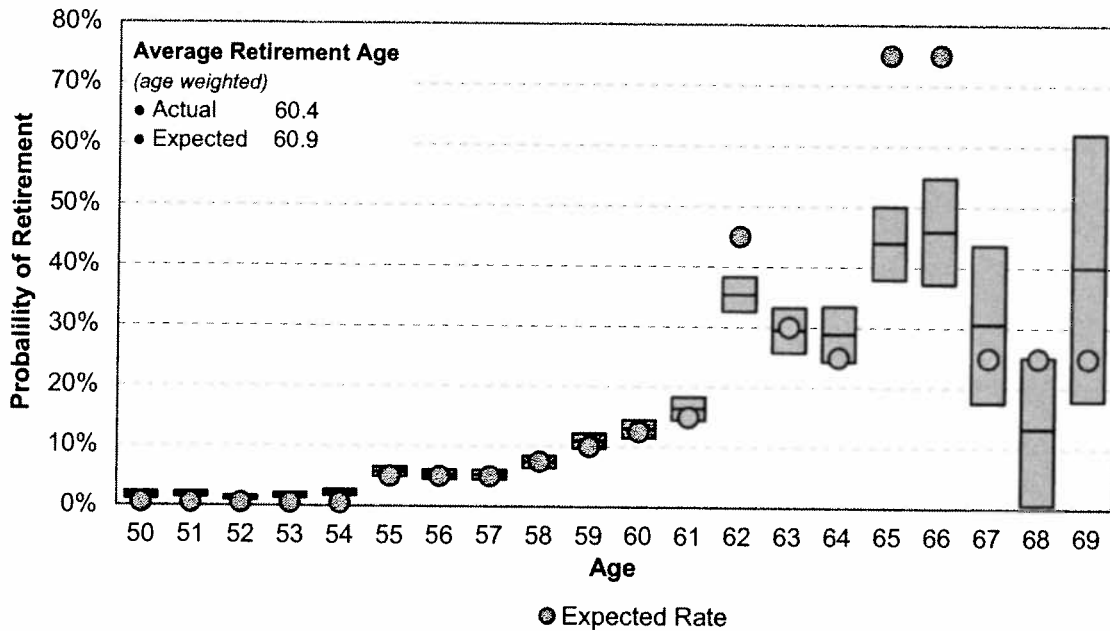


Appendix C

Statistical Analyses of Retirement Rates

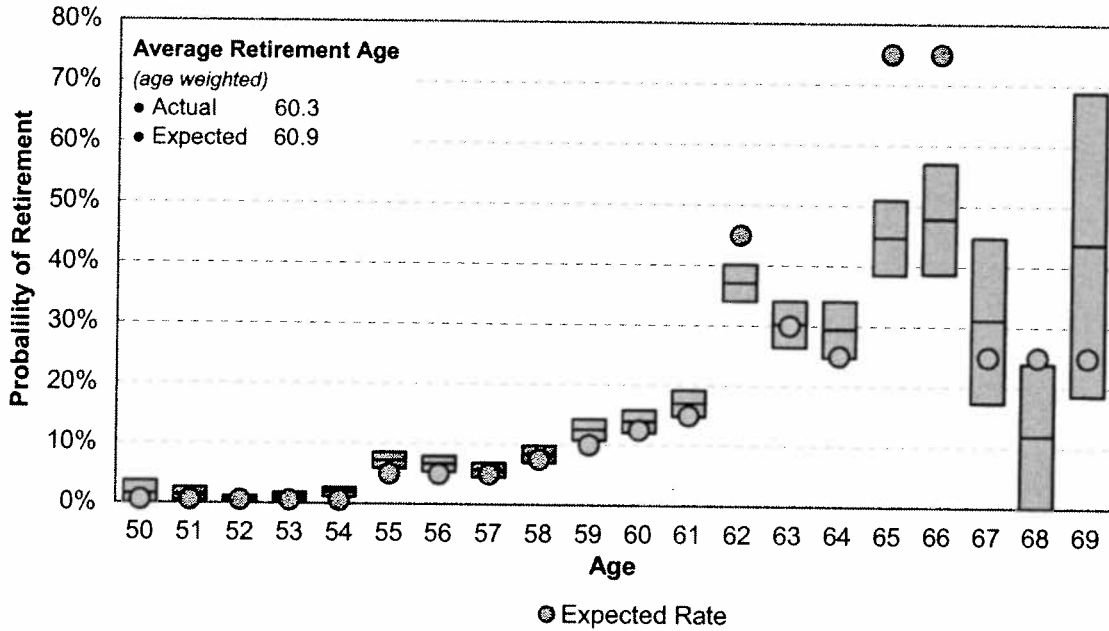
Based on 12/31/2009 Assumptions

Retirement Rates vs. Experience Confidence Intervals All Participants



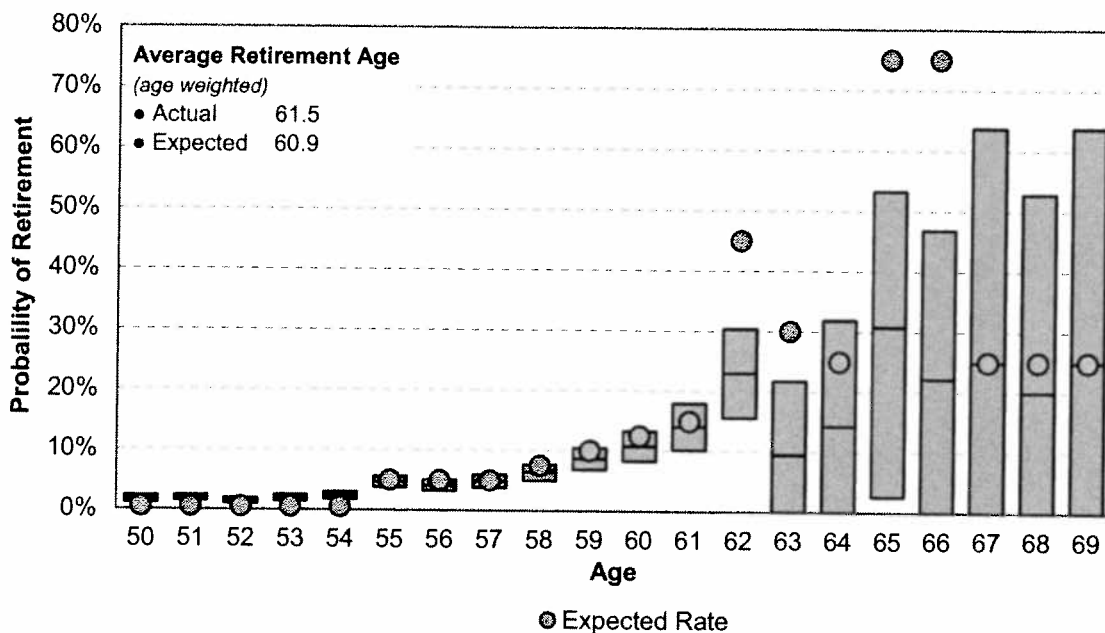
Ages	Exposures	Number of Retirements		Retirement Rates		Confidence Interval	
		Actual	Expected	Actual	Expected	Lower	Upper
50	1,980	34	9.9	1.7%	0.5%	1.1%	2.3%
51	3,811	72	19.1	1.9%	0.5%	1.5%	2.3%
52	3,691	48	18.5	1.3%	0.5%	0.9%	1.7%
53	3,656	64	18.3	1.8%	0.5%	1.3%	2.2%
54	3,565	79	17.8	2.2%	0.5%	1.7%	2.7%
55	3,437	198	171.9	5.8%	5.0%	5.0%	6.5%
56	3,166	168	158.3	5.3%	5.0%	4.5%	6.1%
57	2,930	155	146.5	5.3%	5.0%	4.5%	6.1%
58	2,629	196	197.2	7.5%	7.5%	6.5%	8.5%
59	2,354	259	235.4	11.0%	10.0%	9.7%	12.3%
60	1,885	245	235.6	13.0%	12.5%	11.5%	14.5%
61	1,448	238	217.2	16.4%	15.0%	14.5%	18.3%
62	1,083	384	487.4	35.5%	45.0%	32.6%	38.3%
63	569	168	170.7	29.5%	30.0%	25.8%	33.3%
64	377	109	94.3	28.9%	25.0%	24.3%	33.5%
65	259	114	194.3	44.0%	75.0%	38.0%	50.1%
66	124	57	93.0	46.0%	75.0%	37.2%	54.8%
67	49	15	12.3	30.6%	25.0%	17.6%	43.7%
68	30	4	7.5	13.3%	25.0%	0.6%	25.2%
69	20	8	5.0	40.0%	25.0%	18.0%	62.0%

Retirement Rates vs. Experience Confidence Intervals Grandfathered Retiree Medical Participants



Ages	Exposures	Number of Retirements		Retirement Rates		Confidence Interval	
		Actual	Expected	Actual	Expected	Lower	Upper
50	131	2	0.7	1.5%	0.5%	0.0%	3.6%
51	412	6	2.1	1.5%	0.5%	0.3%	2.6%
52	678	4	3.4	0.6%	0.5%	0.0%	1.2%
53	972	11	4.9	1.1%	0.5%	0.5%	1.8%
54	1,219	23	6.1	1.9%	0.5%	1.1%	2.7%
55	1,419	103	71.0	7.3%	5.0%	5.9%	8.6%
56	1,432	96	71.6	6.7%	5.0%	5.4%	8.0%
57	1,434	82	71.7	5.7%	5.0%	4.5%	6.9%
58	1,414	119	106.1	8.4%	7.5%	7.0%	9.9%
59	1,410	177	141.0	12.6%	10.0%	10.8%	14.3%
60	1,294	181	161.8	14.0%	12.5%	12.1%	15.9%
61	1,143	195	171.5	17.1%	15.0%	14.9%	19.2%
62	957	355	430.7	37.1%	45.0%	34.0%	40.2%
63	548	166	164.4	30.3%	30.0%	26.4%	34.1%
64	363	107	90.8	29.5%	25.0%	24.8%	34.2%
65	246	110	184.5	44.7%	75.0%	38.5%	50.9%
66	115	55	86.3	47.8%	75.0%	38.7%	57.0%
67	45	14	11.3	31.1%	25.0%	17.4%	44.8%
68	25	3	6.3	12.0%	25.0%	0.0%	23.9%
69	16	7	4.0	43.8%	25.0%	18.6%	68.9%

Retirement Rates vs. Experience Confidence Intervals Non-grandfathered Retiree Medical Participants



Ages	Exposures	Number of Retirements		Retirement Rates		Confidence Interval	
		Actual	Expected	Actual	Expected	Lower	Upper
50	1,849	32	9.2	1.7%	0.5%	1.1%	2.3%
51	3,399	66	17.0	1.9%	0.5%	1.5%	2.4%
52	3,013	44	15.1	1.5%	0.5%	1.0%	1.9%
53	2,684	53	13.4	2.0%	0.5%	1.4%	2.5%
54	2,346	56	11.7	2.4%	0.5%	1.8%	3.0%
55	2,018	95	100.9	4.7%	5.0%	3.8%	5.6%
56	1,734	72	86.7	4.2%	5.0%	3.2%	5.1%
57	1,496	73	74.8	4.9%	5.0%	3.8%	6.0%
58	1,215	77	91.1	6.3%	7.5%	5.0%	7.7%
59	944	82	94.4	8.7%	10.0%	6.9%	10.5%
60	591	64	73.9	10.8%	12.5%	8.3%	13.3%
61	305	43	45.8	14.1%	15.0%	10.2%	18.0%
62	126	29	56.7	23.0%	45.0%	15.6%	30.4%
63	21	2	6.3	9.5%	30.0%	0.0%	21.8%
64	14	2	3.5	14.3%	25.0%	0.0%	31.9%
65	13	4	9.8	30.8%	75.0%	2.6%	53.3%
66	9	2	6.8	22.2%	75.0%	0.0%	46.8%
67	4	1	1.0	25.0%	25.0%	0.0%	63.7%
68	5	1	1.3	20.0%	25.0%	0.0%	52.9%
69	4	1	1.0	25.0%	25.0%	0.0%	63.7%