

Gulf Power Company
Fin 48 Analysis
As of 06/30/2010

FIN 48 Activity -03/31/2010

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 1,328,057	\$ -	\$ 1,328,057	\$ 77,470
	<u>404,218</u>	<u>-</u>	<u>404,218</u>	<u>27,798</u>
Total -03/31/2010	1,732,275	-	1,732,275	105,268

FIN 48 Activity -06/30/2010

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 1,357,830	\$ -	\$ 1,357,830	\$ 91,074
	<u>446,368</u>	<u>-</u>	<u>446,368</u>	<u>36,286</u>
Total -06/30/2010	1,804,198	-	1,804,198	127,360
Difference - Federal				
Difference - State	29,773	-	29,773	13,604
	<u>42,150</u>	<u>-</u>	<u>42,150</u>	<u>8,488</u>
Total	71,923	-	71,923	22,092

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense – Federal	409-00481	29,773	
FIN 48 Current Income Tax Expense – State	409-00482	42,150	
FIN 48 Long-term Tax Liability - Federal	236-00483	-	29,773
FIN 48 Long-term Tax Liability - State	236-00484	-	42,150
Interest Expense- Federa	431-00481	-	-
Interest Expense- State	431-00482	13,604	-
FIN 48 Interest Payable - Federal	237-000483	8,488	-
FIN 48 Interest Payable - State	237-000484	-	13,604
To Record Current Period Fin 48		-	8,488
Totals		94,015	94,015

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

Last Disclosure: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						
<u>Additions for Current Year Tax Position</u>						1,732,275
FED	58-0690070 2010/1	INC 199 Indirect	Tax	108,750	165,000 ✓	19,688
FED	58-0690070 2010/1	INC R&D	Tax	10,086	20,172 ✓	10,086
FL	58-0690070 2010/1	INC 199 Indirect	Tax	108,750	165,000 ✓	3,094
GA	58-0690070 2010/1	INC Mfg ITC - GULF	Tax	39,056	78,112 ✓	39,056
Subtotal						
<u>Additions for Prior Years' Tax Position</u>						71,923
No Activity						
<u>Reductions for Prior Years' Tax Position</u>						
No Activity						
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						1,804,198

Federal Permanent Adjustment	56,250 ✓
Federal Credit Adjustment	10,086 ✓
Federal Temporary Adjustment	-
State Permanent Adjustment	56,250 ✓
State Credit Adjustment	39,056 ✓
State Temporary Adjustment	-

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

Last Disclosure: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						1,732,275
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070	2010/12 INC	199 Indirect	Tax	108,750	165,000 ✓
FED	58-0690070	2010/12 INC	R&D	Tax	10,086	20,172 ✓
FL	58-0690070	2010/12 INC	199 Indirect	Tax	108,750	165,000 ✓
GA	58-0690070	2010/12 INC	Mfg ITC - GULF	Tax	39,056	78,112 ✓
Subtotal						71,923
<u>Additions for Prior Years' Tax Position</u>						
No Activity						
<u>Reductions for Prior Years' Tax Position</u>						
No Activity						
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						1,804,198

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

Current Provision: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

Last Provision: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010

GUL : Gulf Power Company

Federal

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance										
	Contingent Tax				0	1,328,057	0	77,470	0	1,405,527
LLIB CON YES PER										
FED 58-0690070 2010/12 INC	199 Indirect	Change Value	108,750	165,000	-	19,688	-	-	-	19,688
FED 58-0690070 2010/12 INC	R&D	Change Value	10,086	20,172	-	10,086	-	-	-	10,086
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	13,604	-	13,604
Sub Total										
					0	29,774	0	13,604	0	43,377
Closing Balance										
					0	1,357,830	0	91,074	0	1,448,904

US States

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance										
	Contingent Tax				0	404,218	0	23,481	4,317	432,015
LLIB CON YES PER										
FL 58-0690070 2010/12 INC	199 Indirect	Change Value	108,750	165,000	-	3,094	-	-	-	3,094
GA 58-0690070 2010/12 INC Mfg ITC - GULF	Various	Change Value	39,056	78,112	-	39,056	-	-	-	39,056
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	8,097	391	8,488
Sub Total										
					0	42,150	0	8,097	391	50,638
Closing Balance										
					0	446,368	0	31,578	4,708	482,653

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

Last Disclosure: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010

Entity: Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
<u>Portion of Contingent Tax Position that Would Impact the Effective Tax Rate</u>							
FED	58-0690070	2007/12	199 Indirect	Tax	1,517,412	1,517,412	531,094
FED	58-0690070	2007/12	R&D	Tax	26	26	26
FED	58-0690070	2007/12	R&D	Tax	39,830	39,830	39,830
FED	58-0690070	2008/12	199 Indirect	Tax	1,085,763	1,085,763	380,017
FED	58-0690070	2008/12	R&D	Tax	42,615	42,615	42,615
FED	58-0690070	2009/12	199 Indirect	Tax	690,000	690,000	241,500
FED	58-0690070	2009/12	R&D	Tax	44,826	44,826	44,826
FED	58-0690070	2010/12	199 Indirect	Tax	108,750	165,000	57,750
FED	58-0690070	2010/12	R&D	Tax	10,086	20,172	20,172
FL	58-0690070	2007/12	199 Indirect	Tax	1,517,412	1,517,412	83,458
FL	58-0690070	2008/12	199 Indirect	Tax	1,085,763	1,085,763	59,717
FL	58-0690070	2009/12	199 Indirect	Tax	690,000	690,000	37,950
FL	58-0690070	2010/12	199 Indirect	Tax	108,750	165,000	9,075
GA	58-0690070	2008/12	Mfg ITC - GULF	Tax	47,129	47,129	47,129
GA	58-0690070	2009/12	Mfg ITC - GULF	Tax	130,927	130,927	130,927
GA	58-0690070	2010/12	Mfg ITC - GULF	Tax	39,056	78,112	78,112
Sub Total							1,804,198

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

No Activity

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010
Last Disclosure: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010

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Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	1,732,275
Additions for Current Year Tax Position	71,923
Additions for Prior Years' Tax Position	-
Reductions for Prior Years' Tax Position	-
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u>1,804,198</u>

Part-II Impact on Effective Tax Rate

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	1,804,198
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u>1,804,198</u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	105,267	-
Changes During Reporting Period	22,092	-
Closing Balance	<u>127,359</u>	<u>-</u>

Part IV Currently Open for Examination

<u>Jurisdiction</u>	<u>Tax Type</u>	<u>Period</u>
Federal	Income	2007/12
Federal	Income	2008/12
Federal	Income	2009/12
Federal	Income	2010/12
Florida	Income	2007/12
Florida	Income	2008/12
Florida	Income	2009/12
Florida	Income	2010/12
Georgia	Income	2008/12
Georgia	Income	2009/12
Georgia	Income	2010/12

