

**Gulf Power Company
Fin 48 Analysis
As of 03/31/2010**

FIN 48 Activity -12/31/2009

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 1,279,908	\$ -	\$ 1,279,908	\$ 66,461
Total -12/31/09	<u>359,181</u>	<u>-</u>	<u>359,181</u>	<u>23,127</u>
	1,639,089	-	1,639,089	89,588

FIN 48 Activity -03/31/2010

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal				
State	\$ 1,328,057	\$ -	\$ 1,328,057	\$ 77,470
Total -03/31/10	<u>404,218</u>	<u>-</u>	<u>404,218</u>	<u>27,798</u>
	1,732,275	-	1,732,275	105,268
Difference - Federal				
Difference - State	48,149	-	48,149	11,009
Total	<u>45,037</u>	<u>-</u>	<u>45,037</u>	<u>4,671</u>
	93,186	-	93,186	15,680

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense – Federal	409-00481	48,149	
FIN 48 Current Income Tax Expense – State	409-00482	45,037	
FIN 48 Long-term Tax Liability - Federal	236-00483	-	48,149
FIN 48 Long-term Tax Liability - State	236-00484	-	45,037
Interest Expense- Federa	431-00481	11,009	
Interest Expense- State	431-00482	4,671	-
FIN 48 Interest Payable - Federal	237-000483	-	11,009
FIN 48 Interest Payable - State	237-000484	-	4,671
To Record Current Period Fin 48			
Totals		108,866	108,866

Disclosure Tax Audit Report by Entity - The Southern Company

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

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

Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						1,639,089
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070	2010/1	INC	199 Indirect	Tax	-
FED	58-0690070	2010/1	INC	R&D	Tax	108,750
FL	58-0690070	2010/1	INC	199 Indirect	Tax	10,086
GA	58-0690070	2010/1	INC	Mfg ITC - GULF	Tax	108,750
Subtotal						39,056
<u>Additions for Prior Years' Tax Position</u>						93,186
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						1,732,275

Federal Permanent Adjustment	c	108,750
Federal Credit Adjustment	c	10,086
Federal Temporary Adjustment		-
State Permanent Adjustment	d	108,750
State Credit Adjustment	b	39,056
State Temporary Adjustment		-

Disclosure Tax Audit Report by Entity - The Southern Company

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

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						1,639,089
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2010/12 INC	199 Indirect	Tax	-	108,750	38,063
FED	58-0690070 2010/12 INC	R&D	Tax	-	10,086	10,086
FL	58-0690070 2010/12 INC	199 Indirect	Tax	-	108,750	5,981
GA	58-0690070 2010/12 INC	Mfg ITC - GULF	Tax	-	39,056	39,056
Subtotal						93,186
<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						1,732,275

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

Current Provision: 2010 Fin 48 03-31-2010.F48 - Reserve Date: 03/31/2010
 Last Provision: 2009 Fin 48 12-31-2009 Settled.F48 - Reserve Date: 12/31/2009

GUL : Gulf Power Company

Federal

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance										
	Contingent Tax				0	1,279,908	0	66,461	0	1,346,369
Contingent Tax										
	LIB CON YES PER									
FED 58-0690070	2010/12 INC 199 Indirect	New Item	-	108,750	-	38,063	-	-	-	38,063
FED 58-0690070	2010/12 INC R&D	New Item	-	10,086	-	10,086	-	-	-	10,086
Other Interest Charges										
	Various	Rollforward/Allocation	-	-	-	-	-	11,009	-	11,009
Sub Total										
			0	48,149	0	11,009	0	0	0	59,157
Closing Balance										
			0	1,328,067	0	77,470	0	0	0	1,405,527

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	359,181	0	19,197	3,930	382,307
Contingent Tax										
	LIB CON YES PER									
FL 58-0690070	2010/12 INC 199 Indirect	New Item	-	108,750	-	5,981	-	-	-	5,981
GA 58-0690070	2010/12 INC Mfg ITC - GULF	New Item	-	39,056	-	39,056	-	-	-	39,056
Other Interest Charges										
	Various	Rollforward/Allocation	-	-	-	-	-	4,284	387	4,671
Sub Total										
			0	45,037	0	4,284	0	387	387	49,708
Closing Balance										
			0	404,218	0	23,481	0	4,317	4,317	432,015

Disclosure ETR Audit Report by Entity - The Southern Company

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

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

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	38,063
FED	58-0690070	2010/12	R&D	Tax	-	10,086	10,086
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	5,981
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	39,056
Sub Total							1,732,275

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 03-31-2010.F48 - Reserve Date: 03/31/2010
Last Disclosure: 2009 Fin 48 12-31-2009 Settled.F48 - Reserve Date: 12/31/2009

GUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	1,639,089
Additions for Current Year Tax Position	93,186
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><u>1,732,275</u></u>

Part-II Impact on Effective Tax Rate

	<u>Tax</u>
Portion of Contingent Tax Position That:	
Would Impact the Effective Tax Rate	1,732,275
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u><u>1,732,275</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance		
Changes During Reporting Period	89,588	-
Closing Balance	15,680	-
	<u><u>105,267</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

GULF POWER COMPANY
 FIN 48 Income Tax Reserve
 saj 04/09/2010

Current Activity input from
 PowerPlan Rpt 51040

FERCSUB	FERCSUB Descr	REVISED		REVISED		Pro Forma 2009	Dec-09 End Bal
		Mar-2010 End Bal	Mar-2010 JV2034	Dec-09 End Bal			
19000483	FIN 48 TAXES ACCRUED - STATE/CURRENT OFFSET	72,891 33	12,895 90	59,995 43			59,995 43
19000484	FIN48 DEF TAX STATE OFFSET-LT	12,288 54	2,210 57	10,077 97			10,077 97
23600481	FIN 48 TAXES ACCRUED - FEDERAL/CURRENT -OFF	132 17		132 17			132 17
23600482	FIN 48 TAXES ACCRUED - STATE/CURRENT	-		-		64,858 10	(64,858 10)
23600483	FIN 48 TAXES ACCRUED - FEDERAL/Long Term	(1,328,004 90)	(48,148 50)	(1,279,856 40)		2,216 00	(2,216 00)
23600484	FIN 48 TAXES ACCRUED - STATE/Long Term	(404,218 07)	(45,037 25)	(359,180 82)		(64,858 10)	(1,214,998 30)
	Subtotal Income Tax Liability	(1,646,910 93)	(78,079 28)	(1,568,831 65)		(2,216 00)	(356,964 82)
23700481	FIN 48 INTEREST ACCRUED - FEDERAL/CURRENT	-		-		0 00	(1,568,831 65)
23700482	FIN 48 INTEREST ACCRUED - STATE/CURRENT	-		-		9,467 00	(9,467 00)
23700483	FIN 48 INTEREST ACCRUED - FEDERAL/Long Term	(77,470 00)	(11,009 00)	(66,461 00)		467 00	(467 00)
23700484	FIN 48 INTEREST ACCRUED - STATE/Long Term	(27,798 00)	(4,671 00)	(23,127 00)		(9,467 00)	(56,994 00)
	Subtotal Interest	(105,268 00)	(15,680 00)	(89,588 00)		(467 00)	(22,660 00)
	Total Balance Sheet	(1,752,178 93)	(93,759 28)	(1,658,419 65)		0 00	(1,658,419 65)
40910481	FIN 48 INCOME TAX EXPENSE - FEDERAL						
41010483	FIN 48 Federal Offset	48,148 50	48,148 50	1,008,328 30			
41110483	FIN 48 Federal Offset	-		-			1,008,328 30
41110484	FIN 48 State Offset	(12,895 90)	(12,895 90)	(59,995 43)			(59,995 43)
40910482	FIN 48 INCOME TAX EXPENSE - STATE	(2,210 57)	(2,210 57)	(10,077 97)			(10,077 97)
40910483	FIN 48 Federal Offset	45,037 25	45,037 25	337,064 19			337,064 19
43100481	FIN 48 INTEREST EXPENSE - FEDERAL						
43100482	FIN 48 INTEREST EXPENSE - STATE	11,009 00	11,009 00	51,346 00			51,346 00
	Total	4,671 00	4,671 00	21,508 00			21,508 00
	Total Income Statement	93,759 28	93,759 28	1,348,173 09			1,348,173 09
						0 00	
Reconciliation to GL							
GL 3rd Close							
19000481	FIN48 DEF TAX FED OFFSET-CUR						
19000483	FIN48 DEF TAX FED OFFSET-LT	132 17		132 17			132 17
19000484	FIN48 DEF TAX STATE OFFSET-LT	72,891 33		59,995 43			59,995 43
23600481	FIN 48 INC TAX ACCR-FED-CUR	12,288 54		10,077 97			10,077 97
23600482	FIN 48 INC TAX ACCR-ST-CUR	-		-			(64,858 10)
23600483	FIN 48 INC TAX ACCR-FED-LT	(1,328,004 90)		(1,279,856 40)			(2,216 00)
23600484	FIN 48 INC TAX ACCR-ST-LT	(404,218 07)		(359,180 82)			(1,214,998 30)
		(1,646,910 93)		(1,568,831 65)			(356,964 82)
		(0 00)		(0 00)			(1,568,831 65)
23700481	FIN 48 INT ACCR-FED-CURR	-		-			(0 00)
23700482	FIN 48 INT ACCR-ST-CURR	-		-			(9,467 00)
23700483	FIN 48 INT ACCR-FED-LT	(77,470 00)		(66,461 00)			(467 00)
23700484	FIN 48 INT ACCR-ST-LT	(27,798 00)		(23,127 00)			(56,994 00)
		(105,268 00)		(89,588 00)			(22,660 00)
	Total Balance Sheet	(1,752,178 93)		(1,658,419 65)			(89,588 00)
40910481	FIN48 INC TAX EXP-FED-UTIL						(1,658,419 65)
40910482	FIN48 INC TAX EXP-ST-UTIL	48,148 50		1,008,328 30			
41010483	FIN48 DEF TAX FED OFF-UTIL-DR	45,037 25		337,064 19			1,008,328 30
41110483	FIN48 DEF TAX FED OFFSET - UTIL	-		-			337,064 19
41110484	FIN48 DEF TAX ST OFF-UTIL-CR	(12,895 90)		(59,995 43)			(59,995 43)
43100481	OTH INT EXP-FIN 48-FED	(2,210 57)		(10,077 97)			(10,077 97)
43100482	OTH INT EXP-FIN 48-ST	11,009 00		51,346 00			51,346 00
	Total	4,671 00		21,508 00			21,508 00
	Total Income Statement	93,759 28		1,348,173 09			1,348,173 09
	Total	(1,658,419 65)		(310,246 56)			(310,246 56)
	Difference in GL and FIN48	0 00		0 00			0 00