

**Gulf Power Company
Fin 48 Analysis
As of 09/30/2010**

FIN 48 Activity -06/30/2010

Federal
State
Total -06/30/2010

Tax Impact				
	Permanent	Temporary	Total Tax	Interest
\$	1,357,830	\$ -	\$ 1,357,830	\$ 91,074
	<u>446,368</u>	-	<u>446,368</u>	<u>36,286</u>
	1,804,198	-	1,804,198	127,360

FIN 48 Activity -09/30/2010

Federal
State
Total - 09/30/2010

Difference - Federal
Difference - State
Total

Tax Impact				
	Permanent	Temporary	Total Tax	Interest
\$	1,296,215	\$ 1,264,100	\$ 2,560,315	\$ 127,874
	<u>475,541</u>	<u>198,644</u>	<u>674,185</u>	<u>51,192</u>
	1,771,756	1,462,744	3,234,500	179,066
	(61,615)	1,264,100	1,202,485	36,800
	<u>29,173</u>	<u>198,644</u>	<u>227,817</u>	<u>14,906</u>
	<u>(32,442)</u>	<u>1,462,744</u>	<u>1,430,302</u>	<u>51,706</u>

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense - Federal	409-10481	1,264,100	
FIN 48 Current Income Tax Expense - State	409-10482	198,644	
Deferred Income Tax Expense - Federal	410-10481		1,264,100
Deferred Income Tax Expense - State	410-10482		198,644
Deferred Income Tax Liability -Federal	282-00483	1,264,100	
Deferred Income Tax Liability - State	282-00484	198,644	
FIN 48 Long-term Tax Liability - Federal	236-00483		1,264,100
FIN 48 Long-term Tax Liability - State	236-00484		198,644
<i>To Record Current Period Fin 48 - Deferred Income Tax</i>			
FIN 48 Current Income Tax Expense - Federal	409-10481	-	61,615
FIN 48 Current Income Tax Expense - State	409-10482	29,173	
FIN 48 Long-term Tax Liability - Federal	236-00483	61,615	-
FIN 48 Long-term Tax Liability - State	236-00484	-	29,173
Interest Expense- Federa	431-00481	36,800	
Interest Expense- State	431-00482	14,906	-
FIN 48 Interest Payable - Federal	237-000483	-	36,800
FIN 48 Interest Payable - State	237-000484	-	14,906
<i>To Record Current Period Fin 48</i>			
Totals		3,067,982	3,067,982

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010
 Last Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

: Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						1,804,198
<u>Additions for Current Year Tax Position</u>						
FED	58-0890070	2010/1	INC	199 Indirect	Tax	165,000
FED	58-0890070	2010/1	INC	R&D	Tax	20,172
FED	58-0890070	2010/1	INC	Repairs - Curr	Tax	30,257
FL	58-0890070	2010/1	INC	199 Indirect	Tax	802,982
FL	58-0890070	2010/1	INC	Repairs - Curr	Tax	185,000
GA	58-0890070	2010/1	INC	Mfg ITC - GULF	Tax	-
Subtotal						117,168
						39,056
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0890070	2009/1	INC	R&D - ALT	Tax	-
FED	58-0890070	2009/1	INC	Repairs - Curr	Tax	865
FED	58-0890070	2009/1	INC	Repairs 481	Tax	803,978
FL	58-0890070	2009/1	INC	Repairs - Curr	Tax	2,204,765
FL	58-0890070	2009/1	INC	Repairs 481	Tax	803,978
GA	58-0890070	2009/1	INC	Mfg ITC - GULF	Tax	-
Subtotal						132,425
						1,498
<u>Reductions for Prior Years' Tax Position</u>						
FED	58-0890070	2009/1	INC	199 Indirect	Tax	690,000
FED	58-0890070	2009/1	INC	R&D	Tax	44,828
FL	58-0890070	2009/1	INC	199 Indirect	Tax	690,000
Subtotal						648,078
						(14,673)
						(143)
						(2,308)
						(17,121)
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						3,234,828
				Federal Permanent Adjustment	(208,922)	(72,423)
				Federal Credit Adjustment	10,807	10,807
				Federal Temporary Adjustment	3,811,713	1,264,100
				State Permanent Adjustment	(208,922)	(11,381)
				State Credit Adjustment	40,554	40,554
				State Temporary Adjustment	3,811,713	198,644

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						1,804,198
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2010/12 INC	199 Indirect	Tax	185,000	-	(57,750)
FED	58-0690070 2010/12 INC	R&D	Tax	20,172	30,257	10,085
FED	58-0690070 2010/12 INC	Repairs - Curr	Tax	-	602,982	211,044
FL	58-0690070 2010/12 INC	199 Indirect	Tax	165,000	-	(9,075)
FL	58-0690070 2010/12 INC	Repairs - Curr	Tax	-	602,982	33,164
GA	58-0690070 2010/12 INC	Mfg ITC - GULF	Tax	78,112	117,168	39,056
Subtotal						226,524
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070 2009/12 INC	R&D - ALT	Tax	-	865	865
FED	58-0690070 2009/12 INC	Repairs - Curr	Tax	-	803,976	281,392
FED	58-0690070 2009/12 INC	Repairs 481	Tax	-	2,204,755	771,664
FL	58-0690070 2009/12 INC	Repairs - Curr	Tax	-	803,976	44,219
FL	58-0690070 2009/12 INC	Repairs 481	Tax	-	2,204,755	121,262
GA	58-0690070 2009/12 INC	Mfg ITC - GULF	Tax	130,927	132,425	1,498
Subtotal						1,220,899
<u>Reductions for Prior Years' Tax Position</u>						
FED	58-0690070 2009/12 INC	199 Indirect	Tax	690,000	648,078	(14,673)
FED	58-0690070 2009/12 INC	R&D	Tax	44,826	44,683	(143)
FL	58-0690070 2009/12 INC	199 Indirect	Tax	690,000	648,078	(2,306)
Subtotal						(17,121)
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						3,234,499

Provision Report by Entity (Gross) - The Southern Company

Current Provision: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010

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

GUL : Gulf Power Company

Federal

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	1,357,830	0	91,074	0
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		1,264,100	-	-	23,216	-
LT	LIB	CON	YES	PER		-	(61,616)	-	13,584	-
Sub Total						1,264,100	(61,616)	0	36,800	0
Closing Balance						1,264,100	1,296,215	0	127,874	0

US States

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	446,368	0	31,578	4,708
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		198,644	-	-	6,315	-
LT	LIB	CON	YES	PER		-	29,173	-	8,196	395
Sub Total						198,644	29,173	0	14,511	395
Closing Balance						198,644	475,541	0	46,089	5,103

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

Current Provision: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010
 Last Provision: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

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					0	1,357,830	0	91,074	0	1,448,904
<i>Contingent Tax</i>										
<u>LI LIB CON NO TMP</u>										
FED 58-0690070 2009/12 INC	Repairs - Curr	New Item	-	803,976	281,392	-	-	6,204	-	287,595
FED 58-0690070 2009/12 INC	Repairs 481	New Item	-	2,204,755	771,664	-	-	17,013	-	788,677
FED 58-0690070 2010/12 INC	Repairs - Curr	New Item	-	602,982	211,044	-	-	-	-	211,044
<u>LI LIB CON YES PER</u>										
FED 58-0690070 2009/12 INC	199 Indirect	Change Value	690,000	648,078	-	(14,673)	-	2,152	-	(12,520)
FED 58-0690070 2009/12 INC	R&D	Change Value	44,626	44,683	-	(143)	-	456	-	313
FED 58-0690070 2009/12 INC	R&D - ALT	New Item	-	865	-	865	-	19	-	884
FED 58-0690070 2010/12 INC	199 Indirect	Change Value	165,000	-	-	(57,750)	-	-	-	(57,750)
FED 58-0690070 2010/12 INC	R&D	Change Value	20,172	30,257	-	10,085	-	-	-	10,085
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	10,956	-	10,956
Sub Total										
					1,264,100	(61,616)	0	36,800	0	1,239,284
Closing Balance										
					1,264,100	1,296,215	0	127,874	0	2,688,188

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

Current Provision: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010
 Last Provision: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

GUL : Gulf Power Company

US States

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance					0	446,368	0	31,578	4,708	482,653
<i>Contingent Tax</i>										
<u>LIB CON NO TMP</u>										
FL 58-0690070	2009/12 INC	Repairs - Curr		803,976	44,219	-	-	1,688	-	45,906
FL 58-0690070	2009/12 INC	Repairs 481		2,204,755	121,262	-	-	4,628	-	125,889
FL 58-0690070	2010/12 INC	Repairs - Curr		602,982	33,164	-	-	-	-	33,164
<u>LIB CON YES PER</u>										
FL 58-0690070	2009/12 INC	199 Indirect	690,000	648,078	-	(2,306)	-	582	-	(1,724)
FL 58-0690070	2010/12 INC	199 Indirect	165,000	-	-	(9,075)	-	-	-	(9,075)
GA 58-0690070	2009/12 INC	Mfg ITC - GULF	130,927	132,425	-	1,498	-	4,058	-	5,556
GA 58-0690070	2010/12 INC	Mfg ITC - GULF	78,112	117,168	-	39,056	-	-	-	39,056
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	-	-	-
Sub Total										
					198,644	29,173	0	14,511	395	242,724
Closing Balance					198,644	475,541	0	46,089	5,103	725,377

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
Portion of Contingent Tax Position that Would Impact the Effective Tax Rate							
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	648,078	226,827
FED	58-0690070	2009/12	R&D	Tax	44,826	44,683	44,683
FED	58-0690070	2009/12	R&D - ALT	Tax	-	865	865
FED	58-0690070	2010/12	199 Indirect	Tax	165,000	-	-
FED	58-0690070	2010/12	R&D	Tax	20,172	30,257	30,257
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	648,078	35,644
FL	58-0690070	2010/12	199 Indirect	Tax	165,000	-	-
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	132,425	132,425
GA	58-0690070	2010/12	Mfg ITC - GULF	Tax	78,112	117,168	117,168
Sub Total							1,771,755
Portion of Contingent Tax Position that Would NOT Impact the Effective Tax Rate							
FED	58-0690070	2009/12	Repairs - Curr	Tax	-	803,976	281,392
FED	58-0690070	2009/12	Repairs 481	Tax	-	2,204,755	771,664
FED	58-0690070	2010/12	Repairs - Curr	Tax	-	602,982	211,044
FL	58-0690070	2009/12	Repairs - Curr	Tax	-	803,976	44,219
FL	58-0690070	2009/12	Repairs 481	Tax	-	2,204,755	121,262
FL	58-0690070	2010/12	Repairs - Curr	Tax	-	602,982	33,164
Sub Total							1,462,744

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010
Last Disclosure: 2010 Fin 48 06-30-2010.F48 - Reserve Date: 06/30/2010

GUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	1,804,198
Additions for Current Year Tax Position	226,524
Additions for Prior Years' Tax Position	1,220,899
Reductions for Prior Years' Tax Position	(17,121)
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>3,234,499</u></u>

Part-II Impact on Effective Tax Rate

Portion of Contingent Tax Position That:	<u>Tax</u>
Would Impact the Effective Tax Rate	1,771,755
Would NOT Impact the Effective Tax Rate	1,462,744
Contingent Tax Position in Financial Statements	<u><u>3,234,499</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	127,359	-
Changes During Reporting Period	51,707	-
Closing Balance	<u><u>179,066</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
as of 10/18/2010

Current Activity input from
PowerPlan Rpt 51040

PERCSUB	PERCSUB Descr	Current Activity input from PowerPlan Rpt 51040				REVISED		REVISED
		Sep-2010 End Bal	Sep-2010 JV2034	Jun-2010 End Bal	Jun-2010 JV2034	Mar-2010 End Bal	Mar-2010 JV2034	Dec-09 End Bal
19000483	FIN 48 TAXES ACCRUED - STATE/CURRENT OFFSET	29,632.28	(56,134.95)	85,787.23	12,895.90	72,891.33	12,895.90	59,995.43
19000484	FIN 48 DEF TAX STATE OFFSET-LT	16,794.47	2,295.36	14,499.11	2,210.57	12,288.54	2,210.57	10,077.97
28200483	FIN 48 TAXES ACCRUED - FEDERAL/CURRENT - OFF	132.17		132.17		132.17		132.17
28200484	FIN 48 DEF TAX STATE OFFSET-LT							
28300483	FIN 48 DEF TAX FED OFFSET-LT	198,644.22	198,644.22					
23600481	FIN 48 TAXES ACCRUED - FEDERAL/CURRENT	1,333,625.03	1,333,625.03					
23600482	FIN 48 TAXES ACCRUED - STATE/CURRENT							
23600483	FIN 48 TAXES ACCRUED - FEDERAL/Long Term							
23600484	FIN 48 TAXES ACCRUED - STATE/Long Term	(2,560,262.25)	(1,202,483.85)	(1,357,778.40)	(29,773.50)	(1,328,004.90)	(48,148.50)	(1,279,856.40)
	Subtotal Income Tax Liability	(674,185.33)	(227,817.51)	(446,367.82)	(42,149.75)	(404,218.07)	(45,037.25)	(359,180.82)
		(1,655,599.41)	48,128.30	(1,703,727.71)	(56,816.78)	(1,646,910.93)	(78,079.28)	(1,568,831.65)
23700481	FIN 48 INTEREST ACCRUED - FEDERAL/CURRENT							
23700482	FIN 48 INTEREST ACCRUED - STATE/CURRENT							
23700483	FIN 48 INTEREST ACCRUED - FEDERAL/Long Term							
23700484	FIN 48 INTEREST ACCRUED - STATE/Long Term	(127,874.00)	(36,800.00)	(91,074.00)	(13,604.00)	(77,470.00)	(11,009.00)	(66,461.00)
	Subtotal Interest	(51,192.00)	(14,906.00)	(36,286.00)	(8,488.00)	(27,798.00)	(4,671.00)	(23,127.00)
		(179,066.00)	(51,706.00)	(127,360.00)	(22,092.00)	(105,268.00)	(15,680.00)	(89,588.00)
	Total Balance Sheet	(1,834,665.41)	(3,577.70)	(1,831,087.71)	(78,908.78)	(1,752,178.93)	(93,759.28)	(1,658,419.65)
40910481	FIN 48 INCOME TAX EXPENSE - FEDERAL	1,280,405.85	1,202,483.85	77,922.00	29,773.50	48,148.50	48,148.50	1,008,328.30
41010481								
41010482								
41010483	FIN 48 Federal Offset							
41110481	FIN 48 DEF TAX FED-UTIL-CR	69,525.48	69,525.48					
41110482	FIN 48 DEF TAX ST-UTIL-CR	(1,264,099.55)	(1,264,099.55)					
41110483	FIN 48 Federal Offset	(198,644.22)	(198,644.22)					
41110484	FIN 48 State Offset	(108,707.81)	(82,916.01)	(25,791.80)	(12,895.90)	(12,895.90)	(12,895.90)	(59,995.43)
40910482	FIN 48 INCOME TAX EXPENSE - STATE	(6,716.50)	(2,295.36)	(4,421.14)	(2,210.57)	(2,210.57)	(2,210.57)	(10,077.97)
40910483	FIN 48 Federal Offset	315,004.51	227,817.51	87,187.00	42,149.75	45,037.25	45,037.25	337,064.19
43100481	FIN 48 INTEREST EXPENSE - FEDERAL	61,413.00	36,800.00	24,613.00	13,604.00	11,009.00	11,009.00	51,346.00
43100482	FIN 48 INTEREST EXPENSE - STATE	28,065.00	14,906.00	13,159.00	8,488.00	4,671.00	4,671.00	21,508.00
	Total	176,245.76	3,577.70	172,668.06	78,908.78	93,759.28	93,759.28	1,348,173.09
			0.00					
Reconciliation to GL								
GL 3rd Close								
19000481	FIN 48 DEF TAX FED OFFSET-CUR							
19000483	FIN 48 DEF TAX FED OFFSET-LT	132.17		132.17		132.17		132.17
19000484	FIN 48 DEF TAX STATE OFFSET-LT	29,632.28		85,787.23		72,891.33		59,995.43
23600481	FIN 48 INC TAX ACCR-FED-CUR	16,794.47		14,499.11		12,288.54		10,077.97
28200483	FIN 48 DEF TAX FED OFFSET-LT							
28200484	FIN 48 DEF TAX STATE OFFSET-LT	1,264,099.55						
28300483	FIN 48 DEF TAX FED OFFSET-LT	198,644.22						
23600482	FIN 48 INC TAX ACCR-ST-CUR	69,525.48						
23600483	FIN 48 INC TAX ACCR-FED-LT							
23600484	FIN 48 INC TAX ACCR-ST-LT	(2,560,262.25)		(1,357,778.40)		(1,328,004.90)		(1,279,856.40)
		(674,185.33)		(446,367.82)		(404,218.07)		(359,180.82)
		(1,655,599.41)		(1,703,727.71)		(1,646,910.93)		(1,568,831.65)
		(0.00)		(0.00)		(0.00)		(0.00)
23700481	FIN 48 INT ACCR-FED-CURR							
23700482	FIN 48 INT ACCR-ST-CURR							
23700483	FIN 48 INT ACCR-FED-LT							
23700484	FIN 48 INT ACCR-ST-LT	(127,874.00)		(91,074.00)		(77,470.00)		(66,461.00)
		(51,192.00)		(36,286.00)		(27,798.00)		(23,127.00)
		(179,066.00)		(127,360.00)		(105,268.00)		(89,588.00)
	Total Balance Sheet	(1,834,665.41)		(1,831,087.71)		(1,752,178.93)		(1,658,419.65)
40910481	FIN 48 INC TAX EXP-FED-UTIL	1,280,405.85		77,922.00		48,148.50		1,008,328.30
40910482	FIN 48 INC TAX EXP-ST-UTIL	315,004.51		87,187.00		45,037.25		337,064.19
41010483	FIN 48 DEF TAX FED OFF-UTIL-DR	69,525.48						
41110481	FIN 48 DEF TAX FED-UTIL-CR	(1,264,099.55)						
41010482	FIN 48 DEF TAX ST-UTIL-CR	(198,644.22)						
41010483	FIN 48 DEF TAX FED OFF-UTIL-DR							
41110483	FIN 48 DEF TAX FED OFFSET - UTIL	0		0				
41110484	FIN 48 DEF TAX ST OFF-UTIL-CR	(108,707.81)		(25,791.80)		(12,895.90)		(59,995.43)
43100481	OTH INT EXP-FIN 48-FED	(6,716.50)		(4,421.14)		(2,210.57)		(10,077.97)
43100482	OTH INT EXP-FIN 48-ST	61,413.00		24,613.00		11,009.00		51,346.00
	Total	28,065.00		13,159.00		4,671.00		21,508.00
		176,245.76		172,668.06		93,759.28		1,348,173.09
	Total	(1,658,419.65)		(1,658,419.65)		(1,658,419.65)		(310,246.56)
	Difference in GL and FIN 48	0.00		0.00		0.00		0.00