

Robert L. McGee, Jr.
Regulatory & Pricing Manager

One Energy Place
Pensacola, Florida 32520-0780

Tel 850.444.6530
Fax 850.444.6026
RLMCGEE@southernco.com



September 19, 2013

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

RECEIVED-FPSC
13 SEP 20 AM 10:02
COMMISSION
CLERK

Dear Ms. Cole:

RE: Docket No. 130140-EI

Enclosed for filing in the above referenced docket is Gulf Power Company's Request for Confidential Classification pertaining to certain portions of Gulf's response to Citizen's Third Request to Produce Documents (Nos. 67-73). Enclosed is a copy of Gulf Power's Request for Confidential Classification and Exhibit "A" which is a justification for confidential treatment of the Confidential Information in Microsoft Word format as prepared on a Windows based system. Exhibit "B" which contains a public version of the documents with the Confidential Information redacted is included on a separate DVD. A copy of the confidential documents are provided on a separate DVD labeled "Confidential."

Sincerely,

Robert L. McGee, Jr.

md

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.
Gunster Law Firm
Charles A. Guyton, Esq.
Richard A. Melson, Esq.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for increase in rates
by Gulf Power Company

Docket No.: 130140-EI
Date: September 20, 2013

**GULF POWER COMPANY'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION
AND MOTION FOR TEMPORARY PROTECTIVE ORDER**

Gulf Power Company ("Gulf Power" or "the Company"), pursuant to Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code, hereby requests confidential classification of certain documents and information produced in Response to Citizens' Third Request to Produce Documents to Gulf Power (Nos. 67-73) ("OPC's Discovery"). Confidential information submitted in response to OPC's Discovery has been segregated and placed upon the enclosed DVD bearing the label "CONFIDENTIAL" ("Confidential Information"). This DVD should be treated as confidential in its entirety.

Description of the Document(s)

The Confidential Information consists of annual summaries of billings which were allocated to Gulf and each of its affiliates by Southern Company Services for years 2008 through 2012. These documents are being produced in response to Document Request No. 68. These documents are identified with specificity on Exhibit "A" to this Request. In support of this request, the Company states:

1. Subsection 366.093(1), Florida Statutes, provides that any records "found by the Commission to be propriety confidential business information shall be kept confidential and shall be exempt from s. 119.07(1), Florida Statutes [requiring disclosure under the Public Records Act]." Proprietary confidential business information includes, but is not limited to

“[i]nformation concerning . . . contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.”

Subsection 366.093(3)(d), Florida Statutes. Proprietary confidential business information also includes “[i]nformation relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.” Section 366.093(3)(e), Florida Statutes. The Confidential Information that is the subject of this request and motion falls within the statutory categories and, thus, constitutes proprietary confidential business information entitled to protection under Section 366.093, Florida Statutes, and Rule 25-22.006, Florida Administrative Code.

2. Attached hereto as Exhibit "A" is a justification for confidential treatment of the Confidential Information.

3. Attached hereto as Exhibit "B" are two public versions of the Document(s) with the Confidential Information redacted, unless previously filed as indicated.

4. The Confidential Information is intended to be and is treated by Gulf Power as private and, to this attorney's knowledge, has not been publicly disclosed.

5. For the same reasons set forth herein in support of its request for confidential classification, Gulf Power also moves the Commission for entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

Requested Duration of Confidential Classification

6. Gulf Power requests that the Confidential Information be treated by the Commission as confidential proprietary business information for at least the 18 month period prescribed in Rule 25-22.006(9)(a), Florida Administrative Code. If, and to the extent that the

Company is in need of confidential classification of the Confidential Information beyond the 18 month period set forth in the Commission rule, the justification and grounds for such extended confidential treatment are set forth in Exhibit "C" to this request and motion.

WHEREFORE, Gulf Power Company respectfully requests that the Confidential Information that is the subject of this request and motion be accorded confidential classification for the reasons set forth herein and for a minimum period of 18 months, subject to any request for a longer period of confidential classification as may be set forth in Exhibit "C" to this request and motion. The company further moves for the entry of a temporary protective order pursuant to Rule 25-22.006(6)(c), Florida Administrative Code, protecting the Confidential Information from public disclosure.

DATED this 19th day of September, 2013.

Respectfully submitted,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

Beggs & Lane

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

Attorneys for Gulf Power Company

EXHIBIT "A"

**JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF
HIGHLIGHTED PORTIONS OF GULF POWER'S RESPONSES
TO OPC'S THIRD REQUEST TO PRODUCE DOCUMENTS (NOS. 67-73)**

<u>POD Request No.</u>	<u>Bates Pages</u>	<u>Detailed Description</u>	<u>Rationale</u>
68	Bates Pages 130140-OPC-POD-68-4 through 130140-OPC-POD-68-6	All highlighted information	(1)
	Bates Pages 130140-OPC-POD-68-13 through 130140-OPC-POD-68-15	All highlighted information	(1)
	Bates Pages 130140-OPC-POD-68-22 through 130140-OPC-POD-68-24	All highlighted information	(1)
	Bates Pages 130140-OPC-POD-68-31 through 130140-OPC-POD-68-33	All highlighted information	(1)
	Bates Pages 130140-OPC-POD-68-39 through 130140-OPC-POD-68-41	All highlighted information	(1)

- (1) The information identified on the listed pages depicts allocated billings from Southern Company Services to Gulf Power's affiliates. This billing data could be used by competitors of Gulf and its affiliates to gain confidential details regarding the Company's internal cost allocation methodologies. These methodologies have been developed over time and through the expenditure of significant resources. Access to such methodologies would bestow on competitors of the Company and its affiliates an unfair advantage to the extent that such competitors would not similarly be required to expend such resources to develop similar methodologies. This would, in turn, confer an unfair advantage on such companies. In addition, access to the information would provide insight into the costs of the Company's affiliates, which could also undermine their competitive position. The Company's and affiliates' competitors are not similarly required to disclose such information and access to such cost information would harm the affiliates and could result in competitors manipulating the market by artificially setting prices based on such information. This information is confidential pursuant to section 366.093(3) (e), Florida Statutes.

EXHIBIT "B"

PUBLIC VERSION(S) OF THE DOCUMENT(S)

Attached hereto (unless previously filed as may be noted below) are two public versions of the Document(s) with the Confidential Information redacted.

Public Version(s) of the Document(s) attached X

Public Version(s) of the Document(s) previously filed on _____

EXHIBIT "C"

REQUESTED DURATION OF CONFIDENTIAL CLASSIFICATION

Gulf Power requests that the Confidential Information that is the subject of this request be treated as proprietary confidential business information exempt from the Public Records Law for a minimum of 18 months from the date of the order granting such classification. To the extent the company needs confidential protection of the Confidential Information for a period longer than 18 months, the company's justification therefor is set forth below:

n/a

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates)
By Gulf Power Company)
)

Docket No.: 130140-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by overnight mail this 19th day of September, 2013:

J. R. Kelly/Joseph A. McGlothlin
Charles J. Rehwinkel
Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
mcglothlin.joseph@leg.state.fl.us

Jon C. Moyle, Jr.
Karen Putnal
c/o Moyle Law Firm
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com

Federal Executive Agencies
c/o Lt. Col. Gregory J. Fike
Christopher Thompson
Thomas A. Jernigan
AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Afb, FL 32403
gregory.fike@us.af.mil
Christopher.Thompson.5@us.af.mil
Thomas.jernigan@us.af.mil

Suzanne Brownless
Martha Barrera/Martha Brown
Office of the General Counsel
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us
mbarrera@psc.state.fl.us
mbrown@psc.state.fl.us

Robert Scheffel Wright
John T. La Via, III
c/o Gardner Law Firm
1300 Thomaswood Drive
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

BEGGS & LANE

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

Attorneys for Gulf Power

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Management of
Southern Company Services, Inc.
Southern Company
30 Ivan Allen Boulevard
Atlanta, GA 30308-3374

We have performed the procedures enumerated below, which were agreed to by Southern Company Services Inc. ("SCS" or the "Company"), solely to assist you in determining whether selected contract service billings for the year ended December 31, 2008 for the affiliated companies comprising the Southern Company System, which includes the Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Communications Services, Inc., Southern Electric Generating Company, Southern Management Development, Southern Nuclear Operating Company, Inc., Southern Power Company, and Southern Company Holdings, Inc. (collectively, the "System Companies," individually, the "System Company"), and for non-affiliated companies, as shown in Attachment A, were billed in accordance with the Company's 60-day letters to the Securities and Exchange Commission (SEC), and billings were based on methodologies that have been approved by the SEC or Southern Company's Comptroller and the impacted System Companies' Comptrollers and costs were allocated on a causative basis (the "Company's Cost Allocation Methodology"). This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows, we:

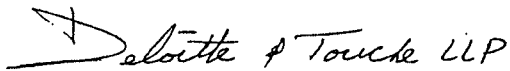
1. Obtained the summaries of the Contract Service Billings for the year ended December 31, 2008, by allocation basis and company, by company and organization, and by allocation basis and organization (the "Summaries"), included as Attachment A. We proved the mathematical accuracy of the total billings included in the Summaries and agreed the total billings to the monthly billing summary reports, finding them to be in agreement.
2. Obtained the description of allocation basis in use for the year ended December 31, 2008, included as Attachment B. For each basis identified in the Summaries, we agreed the methodology to that included in the Company's Cost Allocation Methodology, finding them to be in agreement.

3. Read the contracts between SCS and the System Companies (with the exception of Southern Company Holdings, Inc. for which a separate contract does not exist), which establish the methodologies for distributing SCS costs to the System Companies and compared the methodologies to the Company's Cost Allocation Methodology, finding them to be in agreement. Additionally, we obtained and read the Company's Methodologies Used to Distribute Costs to System Companies, prepared by SCS and included as Attachment C. Compared Attachment C to the contracts between SCS and the System Companies and the Company's Cost Allocation Methodology, and found the methodologies to be consistent.
4. Statistically selected 100 transactions from the total pool of SCS expenses for the year ended December 31, 2008.
 - a. For the transactions selected which were billed directly to the System Companies by SCS (included in the "Direct Basis" column of the Summary of Contract Service Billings by Allocation Basis and Organization — see Attachment A), we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices and/or other accounting records, as applicable, and found them to be in agreement.
 - b. For the transactions selected which were allocated to the System Companies by SCS (included in the columns other than the "Direct Basis" column of the Summary on Contract Billing by Allocation Basis and Organization — See Attachment A), we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices and/or other accounting records, as applicable, and found them to be in agreement.
 - c. For each transaction identified in 4.b. above, we recalculated the allocation factors for the allocation methods and traced the variables used in the Company's computations to the appropriate System Company support, finding them to be in agreement. Additionally, we read the work order request for each transaction selected that was charged to a work order. We compared the allocations for each transaction selected in 4.b. above with the Company's Cost Allocation Methodology, finding them to be in agreement.
 - d. For the transactions selected which were collected in cost center or resource pool work orders, we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices and/or other accounting records, as applicable, and found them to be in agreement. We confirmed that the work orders were billed out to other work orders, whether they were direct, allocated, or other cost centers, by reviewing the year-end over/under overhead allocation report for each cost center or resource pool work order type. We then agreed the over/under allocation by type into the year-end eliminating entry, and found them to be in agreement.
 - e. For each selection, we compared the transaction to the supporting documentation and verified that:
 - Each transaction was assigned a work order
 - Services performed were billed to the System Companies at cost
 - Transactions associated with one System Company were classified as direct work orders and were billed to that System Company

- Transactions associated with multiple work orders were classified as direct accumulative and were charged to the work orders based on an SCS or System Company analysis of work performed; and
- Transactions associated with multiple System Companies were classified as allocated work orders and were billed to the System Companies using the Company's Cost Allocation Methodology.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the System Companies and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 14, 2009

SOUTHERN COMPANY SERVICES, INC.

SUMMARY OF CONTRACT SERVICE BILLINGS (By Allocation Basis and Company)
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands)

	Total	Direct Basis	Load Basis	Financial Basis	Insurance Premium Basis	Customer Care	Employee Basis	Competition Basis	Market Based Equity Basis	System Abrupt Basis	Salary Basis	Salary-Labor Billed (Overhead)	Personal Computer Basis	IT Divisional Salary Basis	Fixed/Wire Capacity Basis	Fixed Capacity Basis	Coal Capacity Basis	Fixed Fuel Generation Basis	Coal Generation Basis	Gas Billed Basis	Transmission Costs (Line)	Sales For Retail Basis
AFFILIATED COMPANIES																						
Southern Company																						
Alabama Power Company																						
Georgia Power Company																						
Gulf Power Company																						
Florida Power Company																						
Southern Communications Services, Inc.																						
Southern Electric Generation Company																						
Southern & Louisiana Development Company																						
Southern Nuclear Operating Co.-Corporate																						
Southern Power Company																						
Southern Telecom																						
Southern Co Energy Solutions, LLC																						
Southern Company Holdings Inc.																						
Southern Electric National																						
Subtotal for affiliated companies																						
NONAFFILIATED COMPANIES																						
TOTAL	86,348	42,644,340.34	3,881,317.42	4,576,966.99	88,903.58	3,727,892.27	1,867,672.99	718,397.66	1,846,344.29	157,640.99	17,841,554.66	2,248,441.68	221,159.25	2,435,207.67	782,152.24	1,190,908.91	318,364.57	292,113.32	2,697,589.19	241,257.28	2,697,589.19	241,257.28

SOUTHERN COMPANY SERVICES, INC.

SUMMARY OF CONTRACT SERVICE BILLINGS (By Company and Organization)
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (In thousands)

Organization	Grand Total	Southern Company	Alabama Power Company	Georgia Power Company	Gulf Power Company	Mississippi Power Company	Southern Communications Services, Inc.	Southern Nuclear Oper. Co.-Corporate	Southern Nuclear Oper. Co.-Pulaski	Southern Nuclear Oper. Co.-Stech	Southern Nuclear Oper. Co.-Wright	Southern Power Company	Southern Telecom	Southern Co Energy Solutions, LLC	Southern Company Holdings Inc.	Southern Electric Railroad	Alabama System Energy	Department of Energy	Energy Related Activities	Other Companies	SA Finance Capital Corp II	Southern Electric Technologies	Southern Co Capital Funding	Southern Electric Generating Company	Southern Financial Services Development	Southern System Services
SOUTHERN COMPANY GENERATION																										
Chief production officer					\$ 3,072,520																					
Engineering					20,577,400																					
Environmental and records					2,574,636																					
Other - information planning					1,858,353																					
SCG client and corporate support					6,944,643																					
Sub-total					42,948,552																					
OTHER SCS ORGANIZATIONS																										
Accounting, finance and treasury					5,287,724																					
And long					1,015,944																					
Corporate Affairs					1,014,220																					
Enterprise solutions					3,341,240																					
Executive and corporate					7,535,111																					
Human resources					2,730,630																					
Information technology					14,400,686																					
Legal and general counsel					3,854,568																					
Marketing services					2,211,211																					
Supply chain management					167,216																					
Systems and					1,644,264																					
Transmission					3,020,519																					
Sub-total					64,227,211																					
SOUTHERN POWER COMPANY																										
Generation development					-																					
Operations					-																					
Production and corporate support					-																					
SPC transmission					-																					
Sub-total					-																					
TOTAL	51,299,151,107				587,171,522																					

SOUTHERN COMPANY SERVICES, INC.

**SUMMARY OF CONTRACT SERVICE BILLINGS (By Allocation Basis and Organization)
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands)**

	Grand Total	Direct Basis	Lead Basis	Financial Basis	Insurance Premium Basis	Customer Basis	Employee Basis	Capitalization Basis	System Aircraft Basis	Salary Basis	Salary Labor Billed (Overheads)	Personal Computer Basis	IT Divisional Salary Basis	Fossil Hydro Capacity Basis	Fossil Capacity Basis	Coal Capacity Basis	Coal Generation Basis	Gas Burned Basis	Transmission Usage Basis	Sales For Resale Basis		
SOUTHERN COMPANY GENERATION:																						
Chief production officer																						
Engineering																						
Environmental and research																						
Other — swc system planning																						
SCG exec and corporate support																						
Sub-total																						
OTHER SCS ORGANIZATIONS																						
Accounting, finance and treasury																						
Auditing																						
Corporate affairs																						
Enterprise solutions																						
Executive and corporate																						
Human resources																						
Information technology																						
Legal and general counsel																						
Marketing services																						
Supply chain management																						
System air																						
Transmission																						
Sub-total																						
SOUTHERN POWER COMPANY:																						
Generation development																						
Operations																						
President and corporate support																						
SPC transmission																						
Sub-total																						
TOTAL	\$1,399,151,107																					

**DESCRIPTION OF ALLOCATION BASES IN USE — AS PREPARED
BY SCS****Southern Company Services, Inc.
For The Year Ended December 31, 2008**

SCS allocation bases used in 2008 are as follows (reference to Client Operating Company below refers to the total of the companies within the Southern Company system which generate power, and Client Company refers to each of the companies within the Southern Company system including the Client Operating Companies):

Load Basis — Annual operating area territorial load (defined as kilowatt-hours of total energy generated plus energy received minus energy delivered) plus other firm wholesale commitments of each Client Operating Company other than Southern Electric Generating Company (“SEGCO”).

Sales for Resale Basis — Megawatts of wholesale generation as reported in annual Form 10-K as Sales for Resale.

Transmission Usage Basis — Total megawatt-hour deliveries to territorial customers plus deliveries to Open Access Transmission Tariff (OATT) customers (include Network Services and Point-to-Point service) plus other transmission deliveries under contracts predating OATT.

Customer Basis — Number of year-end customers of each Client Operating Company (other than SEGCO and Southern Power).

Employee Basis — Number of year-end employees of each Client Company. Employee groups not benefiting from certain services are not included in every allocation.

Financial Basis — Average of the percentages of net fixed assets, operating expenses, and operating revenues of each Client Company.

Coal Generation Basis — Generation (kilowatt-hours) from coal fuel sources of each Client Operating Company. Generation from plants operated by the Southern system but jointly owned by external parties is included. Generation jointly owned by Southern Company affiliates is assigned on an ownership basis.

Gas Burned Basis — Volume of Gas Consumed (BTUs) by each Client Operating Company.

Fossil and Hydro Capacity Basis — Fossil and hydro nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Fossil Capacity Basis — Fossil nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Coal Capacity Basis — Coal nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Insurance Premium Basis — Insurance premiums of each Client Company.

Salary Basis — Service Company labor billed to each Client Company.

In addition, overhead charges are allocated to the applicable companies based on standard rates applied to actual labor charges in the current period.

Information Technology Division Salary Basis — Service Company Information Technology labor billed to each Client Company.

Capitalization Basis — Book capitalization (defined as long-term debt, preferred stock, cumulative preferred stock, and common shareholder equity) of each Client Company.

Personal Computer Basis — Number of personal computers of each Client Company. Organizations not benefiting from certain types of computers are not included in every allocation.

System Aircraft Availability Basis — Number of executives authorized to call out flights at each Client Company. Utilization of system aircraft is billed based on a comparable undiscounted commercial fare for the itinerary flown. An “availability fee,” which represents the remaining costs of system aircraft operations, is allocated to the Client Companies.

**METHODOLOGIES USED TO DISTRIBUTE COSTS TO SYSTEM
COMPANIES — AS PREPARED BY SCS**
Southern Company Services, Inc.
For The Year Ended December 31, 2008

SCS accumulates costs incurred on behalf of the System Companies based on activities performed. Each activity is assigned a work order number, and costs are charged to the work order as they are incurred by SCS. The work order accumulates costs incurred, and on a monthly basis, the services performed are billed to the appropriate System Companies at cost. Billing takes place in accordance with the methodology described in the service contracts between SCS and the individual System Companies.

The billing represents the total services delivered whether the service was performed at the request of the particular company or a project was performed on behalf of multiple System Companies. At the time a work order is initiated, it is classified as direct, direct accumulative, allocated, resource pool, or administrative and general.

Activities which can be associated with one System Company are classified as direct work orders. These types of activities are primarily related to specific operating plants or projects and studies performed for a certain System Company. Direct work orders, therefore, accumulate the costs incurred in performing the specific activity and are billed only to the associated System Company.

Activities associated with multiple work orders are classified as direct accumulative work orders. These work orders distribute charges to recipient work orders based on an SCS analysis of work performed.

Activities associated with multiple System Companies are classified as allocated work orders. The total charges are billed to the appropriate System Companies using allocation methods that have been approved by the Securities and Exchange Commission ("SEC") and company management. Each organization that provides allocated services is responsible for the selection of an appropriate allocation technique based on the nature of the service being provided. As approved by the SEC, allocation factors for distributing costs incurred in 2008 were computed in 2006 and are based on 2005 actual statistics.

In February 2006, the 1935 Public Utility Holding Company Act (PUHCA) was repealed, and as a result, new allocation methods will be reported to the Federal Energy Regulatory Commission (FERC) but are not subject to regulatory approval. No new methods were introduced subsequent to the repeal.

Costs incurred by SCS to maintain and deliver its shared services are charged to resource pool work orders and are subsequently billed to the System Companies at a standard rate based on the number of units of actual usage.

Administrative and general (overhead) expenses are accumulated by cost center work orders which are organizational units established for billing and cost management. These expenses are subsequently billed to the System Companies at a standard rate based on salary charges.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Management of Southern Company Services, Inc.
Southern Company
30 Ivan Allen Boulevard
Atlanta, GA 30308-3374

We have performed the procedures enumerated below, which were agreed to by Southern Company Services Inc. (SCS or the "Company"), solely to assist you in determining whether selected contract service billings for the year ended December 31, 2009, for the affiliated companies comprising the Southern Company System, which includes the Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Communications Services, Inc., Southern Electric Generating Company, Southern Management Development, Southern Nuclear Operating Company, Inc., Southern Power Company, and Southern Company Holdings, Inc. (collectively, the "System Companies," individually, the "System Company"), and for nonaffiliated companies, as shown in Attachment A, were billed in accordance with the methodologies that have been previously approved by the SEC or approved by Southern Company's Comptroller and the impacted System Companies' Comptrollers and costs were allocated on a causative basis (the "Company's Cost Allocation Methodology"). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. Obtained the summaries of the Contract Service Billings for the year ended December 31, 2009, by allocation basis and company, by company and organization, and by allocation basis and organization (the "Summaries"), included as Attachment A. We proved the mathematical accuracy of the total billings included in the Summaries and agreed the total billings to the monthly billing summary reports, finding them to be in agreement.
2. Obtained the description of allocation basis in use for the year ended December 31, 2009, included as Attachment B. For each basis identified in the Summaries, we agreed the methodology to that included in the Company's Cost Allocation Methodology, finding them to be in agreement.

3. Read the contracts between SCS and the System Companies (with the exception of Southern Company Holdings, Inc. for which a separate contract does not exist), which establish the methodologies for distributing SCS costs to the System Companies and compared the methodologies to the Company's Cost Allocation Methodology, finding them to be in agreement. Additionally, we obtained and read the Company's Methodologies Used to Distribute Costs to System Companies, prepared by SCS and included as Attachment C. Compared Attachment C to the contracts between SCS and the System Companies and the Company's Cost Allocation Methodology, and found the methodologies to be in agreement.
4. Statistically selected 100 transactions from the total pool of SCS expenses for the year ended December 31, 2009.
 - a. For the transactions selected that were billed directly to the System Companies by SCS (included in the "Direct Basis" column of the Summary of Contract Service Billings by Allocation Basis and Organization — see Attachment A), we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable, and found them to be in agreement.
 - b. For the transactions selected that were allocated to the System Companies by SCS (included in the columns other than the "Direct Basis" column of the Summary on Contract Billing by Allocation Basis and Organization – See Attachment A), we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable, and found them to be in agreement.
 - c. For each transaction identified in 4.b. above, we recalculated the allocation factors for the allocation methods and traced the variables used in the Company's computations to the appropriate System Company support, finding them to be in agreement. Additionally, we read the work order request for each transaction selected that was charged to a work order. We compared the allocations for each transaction selected in 4.b. above with the Company's Cost Allocation Methodology, finding them to be in agreement.
 - d. For the transactions selected that were collected in cost center or resource pool work orders, we compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable, and found them to be in agreement. We confirmed that the work orders were billed out to other work orders, whether they were direct, allocated, or other cost centers, by reviewing the year-end over/under overhead allocation report for each cost center or resource pool work order type. We then agreed the over/under allocation by type into the year-end eliminating entry, and found them to be in agreement.
 - e. For each selection, we compared the transaction to the supporting documentation and verified that:
 - Each transaction was assigned a work order
 - Services performed were billed to the System Companies at cost
 - Transactions associated with one System Company were classified as direct work orders and were billed to that System Company

- Transactions associated with multiple work orders were classified as direct accumulative and were charged to the work orders based on an SCS or System Company analysis of work performed
- Transactions associated with multiple System Companies were classified as allocated work orders and were billed to the System Companies using the Company's Cost Allocation Methodology.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the System Companies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

May 28, 2010

SOUTHERN COMPANY SERVICES, INC.

SUMMARY OF CONTRACT SERVICE BILLINGS (BY ALLOCATION BASIS AND COMPANY)
FOR THE YEAR ENDED DECEMBER 31, 2008

Grand Total	Capitalization Basis	Contract Election Basis	Cost Capacity Basis	Cost Generation Basis	Contract Basis	Direct Basis	Employee Basis	Financial Basis	Facility Capacity	Fixed Rate Capacity Basis	Gas Demand Basis	Insurance Basis	IT Division Salary Basis	Lease Basis	Personnel Contract Basis	Salary Basis	Salary/Labor (Overhead) Basis	Sales for Assets Basis	Utilities (Fuel) Basis	Transmission Usage Basis
27,514,187.96	6,766,815.70	488,865.65	13,782,372.61	773,316.55	4,333,378.83	41,281,038.89	2,345,343.33	6,752,456.32	23,193,346.89	2,474,864.83	324,189.37	18,833.37	376,819.90	6,346,311.43	2,716,131.24	151,451.82	18,793,495.24	347,559.30	1,442,156.43	3,316,633.93
27,514,187.96																				
53,118,199,853.97																				

SOUTHERN COMPANY SERVICES, INC.

**SUMMARY OF CONTRACT SERVICE BILLINGS BY COMPANY AND ORGANIZATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

Organization	Grand Total	Alabama Power Company	Georgia Power Company	Gulf Power Company	Missis Ppl Power Company	Non-Affiliated Companies	Southern Company	Southern Co Energy Solutions, LLC	Southern Company Holdings, Inc.	Southern Electric Generating Company	Southern Electric Railroad	Southern LINC Wireless	Southern Management Development	Southern Nuclear Operating Company	Southern Power Company	Southern Telecom
SOUTHERN COMPANY GENERATION																
Chief production officer				\$ 2,430,710.44												
Engineering				29,496,432.75												
Environmental and research				3,951,221.58												
Other — SWS, system planning				1,154,034.91												
SCG Exec and corporate support				5,921,835.29												
Sub-total				<u>42,954,334.97</u>												
SCS:																
Accounting, finance, and treasury				5,379,657.98												
Accounting				919,932.32												
Corporate affairs				988,383.81												
Enterprise solutions				4,134,544.43												
Executive and corporate				8,327,794.51												
Human resources				1,820,449.76												
Information technology				12,555,643.52												
Legal and general counsel				2,066,411.14												
Marketing services				1,122,485.95												
Supply chain management				142,112.17												
System ops				1,512,488.83												
Transmission				5,393,874.17												
Sub-total				<u>44,363,768.59</u>												
SOUTHERN POWER COMPANY:																
Generation development																
Operations																
President and corporate support																
Sub-total																
GRAND TOTAL	<u>\$1,318,919,015.37</u>			<u>\$87,318,103.56</u>												

SOUTHERN COMPANY SERVICES, INC.

**SUMMARY OF CONTRACT SERVICE BILLINGS BY ALLOCATION BASIS AND ORGANIZATION
FOR THE YEAR ENDED DECEMBER 31, 2009**

Organization	Grand Total	Capitalization Basis	Carbon Emissions Basis	Coal Capacity Basis	Coal Reservation Basis	Contract Basis	Direct Basis	Employee Basis	Financial Basis	Fuel Capacity	Fixed Costs Capacity Basis	Gas Burned Basis	Insurance Basis	IT Dispatched Salary Basis	Lease Basis	Personal Computer Basis	Salary Basis	Salary Labor (Overhead) Basis	Share for Public Basis	System Shutdown Basis	Transmission Usage Basis
SOUTHERN COMPANY GENERATION:																					
4 full production reactor Engineering																					
Environmental and research O&M - SWR, system planning SWR line and corporate support																					
Subtotal																					
SCS																					
Accounting, finance, and treasury marketing																					
Corporate affairs Employee relations Finance and support Human resources Information technology Legal and general counsel Marketing services Supply chain management System air Transmission																					
Subtotal																					
SOUTHERN POWER COMPANY:																					
Construction development Operations Provident and corporate support																					
Subtotal																					
GRAND TOTAL	514,897,011.37																				

**DESCRIPTION OF ALLOCATION BASES IN USE — AS PREPARED
BY SCS**

**Southern Company Services, Inc.
For the Year Ended December 31, 2009**

SCS allocation bases used in 2009 are as follows (reference to “Client Operating Company” below refers to total of the companies within the Southern Company system which generate power, and “Client Companies” refers to each of the companies within the Southern Company system including the Client Operating Companies):

Load Basis — Annual operating area territorial load (defined as kilowatt-hours of total energy generated plus energy received minus energy delivered) plus other firm wholesale commitments of each Client Operating Company other than Southern Electric Generating Company (SEGCO).

Sales for Resale Basis — Megawatts of wholesale generation as reported in annual Form 10-K as Sales for Resale.

Transmission Usage Basis — Total megawatt-hour deliveries to territorial customers plus deliveries to Open Access Transmission Tariff (OATT) customers (include Network Services and Point-to-Point service) plus other transmission deliveries under contracts predating OATT.

Customer Basis — Number of year-end customers of each Client Operating Company (other than SEGCO and Southern Power).

Employee Basis — Number of year-end employees of each Client Company. Employee groups not benefiting from certain services are not included in every allocation.

Financial Basis — Average of the percentages of net fixed assets, operating expenses, and operating revenues of each Client Company.

Coal Generation Basis — Generation (kilowatt-hours) from coal fuel sources of each Client Operating Company. Generation from plants operated by the Southern system but jointly owned by external parties is included. Generation jointly owned by Southern Company affiliates is assigned on an ownership basis.

Gas Burned Basis — Volume of gas consumed (BTUs) by each Client Operating Company.

Fossil and Hydro Capacity Basis — Fossil and hydro nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Fossil Capacity Basis — Fossil nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Coal Capacity Basis — Coal nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Insurance Premium Basis — Insurance premiums of each Client Company.

Salary Basis — Service Company labor billed to each Client Company.

Salary Labor Billed (Overhead) Basis — Overhead charges are allocated to the applicable companies based on standard rates applied to actual labor charges in the current period.

Information Technology Division Salary Basis — Service Company Information Technology labor billed to each Client Company.

Capitalization Basis — Book capitalization (defined as long-term debt, preferred stock, cumulative preferred stock, and common shareholder equity) of each Client Company.

Personal Computer Basis — Number of personal computers of each Client Company. Organizations not benefiting from certain types of computers are not included in every allocation.

System Aircraft Availability Basis — Number of executives authorized to call out flights at each Client Company. Utilization of system aircraft is billed based on a comparable undiscounted commercial fare for the itinerary flown. An “availability fee,” which represents the remaining costs of system aircraft operations, is allocated to the Client Companies.

Carbon Emissions Basis — Carbon emissions from fossil burning generating plants for each Client Operating Company (measured in short tons). Emissions from generation operated by the Southern system but jointly owned by external parties is included.

**METHODOLOGIES USED TO DISTRIBUTE COSTS TO SYSTEM
COMPANIES — AS PREPARED BY SCS
Southern Company Services, Inc.
For the Year Ended December 31, 2009**

SCS accumulates costs incurred on behalf of the System Companies based on activities performed. Each activity is assigned a work order number, and costs are charged to the work order as they are incurred by SCS. The work order accumulates costs incurred, and on a monthly basis, the services performed are billed to the appropriate System Companies at cost. Billing takes place in accordance with the methodology described in the service contracts between SCS and the individual System Companies.

The billing represents the total services delivered whether the service was performed at the request of the particular company or a project was performed on behalf of multiple System Companies. At the time a work order is initiated, it is classified as direct, direct accumulative, allocated, resource pool, or administrative and general.

Activities which can be associated with one System Company are classified as direct work orders. These types of activities are primarily related to specific operating plants or projects and studies performed for a certain System Company. Direct work orders, therefore, accumulate the costs incurred in performing the specific activity and are billed only to the associated System Company.

Activities associated with multiple work orders are classified as direct accumulative work orders. These work orders distribute charges to recipient work orders based on an SCS analysis of work performed.

Activities associated with multiple System Companies are classified as allocated work orders. The total charges are billed to the appropriate System Companies using allocation methods that have been previously approved by the Securities and Exchange Commission (SEC) or approved by company management. Each organization that provides allocated services is responsible for the selection of an appropriate allocation technique based on the nature of the service being provided. Allocation factors for distributing costs incurred in 2009 were computed in 2008 and are based on 2007 actual statistics.

In February 2006, the 1935 Public Utility Holding Company Act was repealed, and as a result, new allocation methods will be reported to the Federal Energy Regulatory Commission but are not subject to regulatory approval. Only one new method (Carbon Emission Basis) has been introduced subsequent to the repeal. This method has been approved by Southern Company's Comptroller and the impacted System Companies' Comptrollers.

Costs incurred by SCS to maintain and deliver its shared services are charged to resource pool work orders and are subsequently billed to the System Companies at a standard rate based on the number of units of actual usage.

Administrative and general (overhead) expenses are accumulated by cost center work orders which are organizational units established for billing and cost management. These expenses are subsequently billed to the System Companies at a standard rate based on salary charges.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Southern Company Services, Inc.

We have performed the procedures enumerated below, which were agreed to by Southern Company Services Inc. ("SCS" or the "Company"), solely to assist you in determining whether contract service billings for the year ended December 31, 2010, for the affiliated companies comprising the Southern Company System, which includes The Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Communications Services, Inc., Southern Electric Generating Company, Southern Management Development, Southern Nuclear Operating Company, Inc., Southern Power Company, Southern Renewable Energy, Inc., and Southern Company Holdings, Inc. (collectively, the "System Companies," individually, the "System Company"), were billed in accordance with the methodologies accepted by the Federal Energy Regulatory Commission (FERC) upon transfer of jurisdiction from the Securities and Exchange Commission, and by Southern Company's Comptroller and the impacted System Companies' Comptrollers and costs were allocated on a causative basis (the "Company's Cost Allocation Methodology").

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. Obtained the summaries of the Contract Service Billings for the year ended December 31, 2010 by allocation basis and company, by company and organization, and by allocation basis and organization (the "Summaries"), included as Appendix A. Proved the mathematical accuracy of the Summaries by comparing the total billings per the Summaries to the monthly billing summary reports, finding them to be in agreement.
2. Obtained the descriptions of allocation basis in use for the year ended December 31, 2010, included as Appendix B. For each basis identified in the Summaries, agreed the methodology to that included in the Company's Cost Allocation Methodology, finding them to be in agreement.
3. Read the contracts between SCS and the System Companies (with the exception of Southern Company Holdings, Inc. for which a separate contract does not exist), which establish the methodologies for distributing SCS costs to the System Companies and compared the methodologies to the Company's Cost Allocation Methodology, finding them to be in agreement. Additionally, obtained and read the Company's Methodologies Used to Distribute Costs to System Companies, which is prepared by SCS and included as Appendix C. Compared Appendix C to the contracts between SCS and the System Companies and the Company's Cost Allocation Methodology, and found the methodologies to be in agreement.

4. Statistically selected 25 transactions of SCS allocated expenses to Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Power Company, and Southern Nuclear Operating Company, Inc. (the "Subsidiary Companies") for the year ended December 31, 2010 and ensured that at least one selection was made from each of the Subsidiary Companies.
 - a. For the transactions selected that were billed directly by SCS to the Subsidiary Companies (included in the "Direct Basis" column of the Summary of Contract Service Billings by Allocation Basis and Organization – see Appendix A), compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable, and found them to be in agreement.
 - b. For the transactions selected that were allocated by SCS to the Subsidiary Companies (included in the columns other than the "Direct Basis" column of the Summary on Contract Billing by Allocation Basis and Organization – See Appendix A), compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable.
 - c. For each transaction identified in 4.b. above, recalculated the allocation factors for the allocation methods and traced the variables used in the computations to the appropriate support for the Subsidiary Companies, finding them to be in agreement. Additionally, read the work order request for each transaction selected that was charged to a work order. Compared the allocations for each transaction selected in 4.b. above with SCS's Cost Allocation Methodology, finding them to be in agreement.
 - d. For the transactions selected that were collected in cost center or resource pool work orders, compared each selection to its related supporting documents such as payroll records, inventory records, third-party invoices, and/or other accounting records, as applicable, and found them to be in agreement. Confirmed that the work orders were billed out to other work orders, whether they were direct, allocated, or other cost centers, by reviewing the year-end over/under overhead allocation report for each cost center or resource pool work order type. We then traced the over/under allocation by type into the year-end eliminating entry, and found them to be in agreement.
 - e. For each selection, compared the transaction to the supporting documentation and noted that:
 - Each transaction was assigned a work order;
 - Services performed were billed to the Subsidiary Companies at cost;
 - Transactions associated with only one Subsidiary Company were classified as direct work orders and were billed to that Subsidiary Company;
 - Transactions associated with multiple work orders were classified as direct accumulative and were charged to the work orders based on an SCS or specific Subsidiary Company analysis of work performed; and

- Transactions associated with multiple companies were classified as allocated work orders and were billed to the Subsidiary Companies using SCS's Cost Allocation Methodology.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of SCS and the System Companies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

May 23, 2011

**DESCRIPTION OF ALLOCATION BASES IN USE – AS PREPARED
BY SCS**

**Southern Company Services, Inc.
For the Year Ended December 31, 2010**

SCS allocation bases used in 2010 are as follows (reference to Client Operating Company below refers to the total of the companies within the Southern Company system which generate power, and Client Companies refers to each of the companies within the Southern Company system including the Client Operating Companies):

Load Basis - Annual operating area territorial load (defined as kilowatt-hours of total energy generated plus energy received minus energy delivered) plus other firm wholesale commitments of each Client Operating Company other than Southern Electric Generating Company (SEGCO).

Sales for Resale Basis - Megawatts of wholesale generation as reported in annual Form 10-K as Sales for Resale.

Transmission Usage Basis - Total megawatt-hour deliveries to territorial customers plus deliveries to Open Access Transmission Tariff (OATT) customers (include Network Services and Point-to-Point service) plus other transmission deliveries under contracts predating OATT.

Customer Basis - Number of year-end customers of each Client Operating Company (other than SEGCO and Southern Power).

Employee Basis - Number of year-end employees of each Client Company. Employee groups not benefiting from certain services are not included in every allocation.

Financial Basis - Average of the percentages of net fixed assets, operating expenses, and operating revenues of each Client Company.

Coal Generation Basis - Generation (kilowatt-hours) from coal fuel sources of each Client Operating Company. Generation from plants operated by the Southern system but jointly owned by external parties is included. Generation jointly owned by Southern Company affiliates is assigned on an ownership basis.

Gas Burned Basis - Volume of gas consumed (BTUs) by each Client Operating Company.

Fossil and Hydro Capacity Basis - Fossil and hydro nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Fossil Capacity Basis - Fossil nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Coal Capacity Basis - Coal nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Insurance Premium Basis - Insurance premiums of each Client Company.

Salary Basis - Service Company labor billed to each Client Company.

Salary Labor Billed (Overhead) Basis - Overhead charges are allocated to the applicable companies based on standard rates applied to actual labor charges in the current period.

Information Technology Division Salary Basis - Service Company Information Technology labor billed to each Client Company.

Capitalization Basis - Book capitalization (defined as long-term debt, preferred stock, cumulative preferred stock, and common shareholder equity) of each Client Company.

Personal Computer Basis - Number of personal computers of each Client Company. Organizations not benefiting from certain types of computers are not included in every allocation.

System Aircraft Availability Basis - Number of executives authorized to call out flights at each Client Company. Utilization of system aircraft is billed based on a comparable undiscounted commercial fare for the itinerary flown. An "availability fee," which represents the remaining costs of system aircraft operations, is allocated to the Client Companies.

Carbon Emissions Basis - Carbon emissions from fossil burning generating plants for each Client Operating Company (measured in short tons). Emissions from generation operated by the Southern system but jointly owned by external parties is included.

**METHODOLOGIES USED TO DISTRIBUTE COSTS TO SYSTEM
COMPANIES - AS PREPARED BY SCS
Southern Company Services, Inc.
For the Year Ended December 31, 2010**

APPENDIX C

SCS accumulates costs incurred on behalf of the System Companies based on activities performed. Each activity is assigned a work order number, and costs are charged to the work order as they are incurred by SCS. The work order accumulates costs incurred, and on a monthly basis, the services performed are billed to the appropriate System Companies at cost. Billing takes place in accordance with the methodology described in the service contracts between SCS and the individual System Companies.

The billing represents the total services delivered whether the service was performed at the request of the particular company or a project was performed on behalf of multiple System Companies. At the time a work order is initiated, it is classified as direct, direct accumulative, allocated, resource pool, or administrative and general.

Activities which can be associated with one System Company are classified as direct work orders. These types of activities are primarily related to specific operating plants or projects and studies performed for a certain System Company. Direct work orders, therefore, accumulate the costs incurred in performing the specific activity and are billed only to the associated System Company.

Activities associated with multiple work orders are classified as direct accumulative work orders. These work orders distribute charges to recipient work orders based on an SCS analysis of work performed.

Activities associated with multiple System Companies are classified as allocated work orders. The total charges are billed to the appropriate System Companies using allocation methods that have been approved by the Federal Energy Regulatory Commission (FERC) and by Southern Company's Comptroller and the impacted System Companies' Comptrollers, and costs were allocated on a causative basis. Each organization that provides allocated services is responsible for the selection of an appropriate allocation technique based on the nature of the service being provided. Allocation factors for distributing costs incurred in 2010 were computed in 2008 and are based on 2007 actual statistics.

Costs incurred by SCS to maintain and deliver its shared services are charged to resource pool work orders and are subsequently billed to the System Companies at a standard rate based on the number of units of actual usage.

Administrative and general (overhead) expenses are accumulated by cost center work orders which are organizational units established for billing and cost management. These expenses are subsequently billed to the System Companies at a standard rate based on salary charges.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Southern Company Services, Inc.:

We have performed the procedures enumerated below, which were agreed to by Southern Company Services, Inc. (the "Company" or SCS), solely to assist you in determining whether contract service billings for the year ended December 31, 2011, for the affiliated companies comprising the Southern Company System, which includes The Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Communications Services, Inc., Southern Electric Generating Company, Southern Management Development, Southern Nuclear Operating Company, Inc., Southern Power Company, Southern Renewable Energy, Inc., and Southern Company Holdings, Inc. (collectively, the "System Companies" and individually, the "System Company"), were billed in accordance with the methodologies accepted by the Federal Energy Regulatory Commission (FERC) upon transfer of jurisdiction from the Securities and Exchange Commission, and by Southern Company's Comptroller and the affected System Companies' Comptrollers and costs were allocated on a causative basis (the "Company's Cost Allocation Methodology").

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. Obtained the summaries of Contract Service Billings for the year ended December 31, 2011, by allocation basis and company, by company and organization, and by allocation basis and organization (the "Summaries"), included as Appendix A. Proved the mathematical accuracy of the Summaries by comparing the total billings per the Summaries to the monthly billing summary reports, finding them to be in agreement.
2. Obtained the descriptions of allocation bases in use for the year ended December 31, 2011, included as Appendix B. For each basis identified in the Summaries, compared to the basis description in the Company's Cost Allocation Methodology, finding them to be in agreement.
3. Randomly selected 25 transactions of SCS allocated expenses for the year ended December 31, 2011, and continued selecting transactions to ensure that at least one selection was made from Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company, respectively.
 - a. For the transactions selected that were billed directly to the System Companies by SCS (included in the "Direct Basis" column of the Summary of Contract Service Billings by

Allocation Basis and Organization – see Appendix A), agreed each selection to its related supporting documents, such as payroll records, inventory records, third-party invoices, company schedules, and/or other accounting records, as applicable.

- b. For the transactions selected that were allocated to the System Companies by SCS (included in the columns other than the “Direct Basis” column of the Summary on Contract Billing by Allocation Basis and Organization – See Appendix A), agreed each selection to its related supporting documents, such as payroll records, inventory records, third-party invoices, company schedules, and/or other accounting records, as applicable.
- c. For the allocation methods for each transaction identified in 3.b. above, compared the allocation basis for each transaction with the Company’s Cost Allocation Methodology, traced the variables used in the computations to the appropriate System Company support, including prior-year audited financial information, transmission usage reports, employee headcount, and total customer count, and recalculated the allocation factors, finding them to be in agreement. Additionally, obtained the work order request for each transaction selected that was charged to a work order and noted evidence of approval, except for the work order listed below.
 - We did not obtain or note evidence of approval for Southern Power Company work order P7EA01.
- d. For the transactions selected that were collected in cost center work orders, agreed each selection to its related supporting documents, such as payroll records, inventory records, third-party invoices, company schedules and/or other accounting records, as applicable. Observed that all such costs were billed out to other work orders by obtaining the year-end over/under allocation report for each selected cost center or resource pool work order type and agreeing it in total to the year-end true up entry that eliminated such variances.
- e. For each selection, compared the transaction to the supporting documentation to ascertain that:
 - Each transaction was assigned a work order
 - Services performed were billed to the System Companies at cost
 - Transactions associated with only one System Company and classified as direct work orders were billed to that System Company
 - Transactions associated with multiple work orders and classified as direct accumulative work orders were charged to the work orders based on an SCS or System Company analysis of work performed and
 - Transactions associated with multiple System Companies and classified as allocated work orders were billed to the System Companies using one of the Company’s cost allocation bases per the Company’s Cost Allocation Methodology as included in Appendix B

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we

performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of SCS and the System Companies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

June 11, 2012

SOUTHERN COMPANY SERVICES, INC.

SUMMARY OF CONTRACT SERVICE BILLINGS BY ALLOCATION BASIS AND COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2011

	Grand Total	Assets	Capitalization	Carbon Emissions	Coal Capacity	Coal Generation	Customer	Direct	Employee	Financial	Fossil Capacity	Fossil Hydro Capacity	Gas Burned	Insurance Premium	IT Divisional Salary	Lead	Network PC	Salary Labor Billed (Overhead)	Salary	Sales for Resale	System Air Availability	Transmission Usage	
Associated Companies																							
Alabama Power																							
Georgia Power																							
Gulf Power	97,614,773		1,011,671	1,708,055	1,673,244	1,217,095	3,708,125	31,655,215	1,836,149	8,496,633	374,901	2,274,176	452,322	91,873	167,763	4,686,078	1,417,893	5,606,176	210,703	245,837	1,379,769	4,181,106	
Mississippi Power																							
SECOO																							
Southern Company																							
Southern Nuclear																							
Southern Power																							
Southern Holdings																							
Southern LINC																							
Southern Telecom																							
En. Mgmt Development																							
Subtotal																							
Nonaffiliates																							
Grand Total	1,785,437,430																						

130140-OPC-POD-68-31

SOUTHERN COMPANY SERVICES, INC.

SUMMARY OF CONTRACT SERVICE BILLINGS BY ALLOCATION BASIS AND ORGANIZATION FOR THE YEAR ENDED DECEMBER 31, 2011

Organization	Grand Total	A/Elife	Capitalization	Carbon Emissions	Coal Capacity	Coal Generation	Customer	Direct	Employee	Financial	Fossil Capacity	Wind Hydro Capacity	Nuclear	Insurance Premium	IT Divisions Salary	Land	Network PC	Salary Labor Billal (Overhead)	Salary	Value for Trade	System Air Availability	Transmission Usage
Southern Company Generation																						
Office of the Chief Production Officer																						
Engineering																						
Environmental and Research																						
Other - SWE, System Planning																						
SCS Executive and Corporate Support																						
Subtotal																						
SCS																						
Accounting, Finance, and Treasury																						
Auditing																						
Business Performance Services																						
Corporate Affairs																						
Enterprise Solutions																						
Executive and Corporate																						
Human Resources																						
Information Technology																						
Legal and General Counsel																						
Marketing Services																						
Smart Grid																						
Supply Chain Management																						
System Air																						
Transmission																						
Subtotal																						
Southern Power Company																						
Operations																						
President and Corporate Support																						
Subtotal																						
Grand Total	176,427,419																					

130140-OPC-POD-68-33

**DESCRIPTION OF ALLOCATION BASES IN USE – AS PREPARED
BY SCS****Southern Company Services, Inc.
For the Year Ended December 31, 2011**

SCS allocation bases used in 2011 are as follows (reference to Client Operating Company below refers to the total of the companies within the Southern Company system which generate power, and Client Companies refers to each of the companies within the Southern Company system including the Client Operating Companies):

Load Basis - Annual operating area territorial load (defined as kilowatt-hours of total energy generated, plus energy received minus energy delivered), plus other firm wholesale commitments of each Client Operating Company other than Southern Electric Generating Company (SEGCO).

Sales for Resale Basis - Megawatts of wholesale generation as reported in annual Form 10-k as Sales for Resale.

Transmission Usage Basis - Total megawatt-hour deliveries to territorial customers, plus deliveries to Open Access Transmission Tariff (OATT) customers (include Network Services and Point-to-Point service), plus other transmission deliveries under contracts predating OATT.

Customer Basis - Number of year-end customers of each Client Operating Company (other than SEGCO and Southern Power).

Employee Basis - Number of year-end employees of each Client Company. Employee groups not benefiting from certain services are not included in every allocation.

Financial Basis - Average of the percentages of net fixed assets, operating expenses, and operating revenues of each Client Company.

Coal Generation Basis - Generation (kilowatt-hours) from coal fuel sources of each Client Operating Company. Generation from plants operated by the Southern system but jointly owned by external parties is included. Generation jointly owned by Southern Company affiliates is assigned on an ownership basis.

Gas Burned Basis - Volume of gas consumed (BTUs) by each Client Operating Company.

Fossil and Hydro Capacity Basis - Fossil and hydro nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Fossil Capacity Basis - Fossil nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Coal Capacity Basis - Coal nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

Insurance Premium Basis - Insurance premiums of each Client Company.

Salary Basis - Service Company labor billed to each Client Company.

Salary Labor Billed (Overhead) Basis - Overhead charges are allocated to the applicable companies based on standard rates applied to actual labor charges in the current period.

Information Technology Division Salary Basis - Service Company Information Technology labor billed to each Client Company.

Capitalization Basis - Book capitalization (defined as long-term debt, preferred stock, cumulative preferred stock, and common shareholder equity) of each Client Company.

Personal Computer Basis - Number of personal computers of each Client Company. Organizations not benefiting from certain types of computers are not included in every allocation.

System Aircraft Availability Basis - Number of executives authorized to call out flights at each Client Company. Utilization of system aircraft is billed based on a comparable undiscounted commercial fare for the itinerary flown. An "availability fee," which represents the remaining costs of system aircraft operations, is allocated to the Client Companies.

Carbon Emissions Basis - Carbon emissions from fossil burning generating plants for each Client Operating Company (measured in short tons). Emissions from generation operated by the Southern system but jointly owned by external parties is included.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Southern Company Services, Inc.:

We have performed the procedures enumerated below, which were agreed to by Southern Company Services, Inc. (the "Company" or SCS), solely to assist you in determining whether contract service billings for the year ended December 31, 2012, for the affiliated companies comprising the Southern Company System, which includes The Southern Company, Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Southern Communications Services, Inc., Southern Electric Generating Company, Southern Management Development, Southern Nuclear Operating Company, Inc., Southern Power Company, and Southern Company Holdings, Inc. (collectively, the "System Companies" and individually, the "System Company"), were billed in accordance with the methodologies accepted by the Federal Energy Regulatory Commission (FERC) upon transfer of jurisdiction from the Securities and Exchange Commission, and by Southern Company's Comptroller and the impacted System Companies' Comptrollers and costs were allocated on a causative basis (the "Company's Cost Allocation Methodology").

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. Obtained the summaries of Contract Service Billings for the year ended December 31, 2012, by allocation basis and company, by company and organization, and by allocation basis and organization (the "Summaries"), included as Appendix A. Proved the mathematical accuracy of the Summaries by comparing the total billings per the Summaries to the monthly billing summary reports, finding them to be in agreement.
2. Obtained the descriptions of allocation bases in use for the year ended December 31, 2012, included as Appendix B. For each basis identified in the Summaries, compared to the basis description in the Company's Cost Allocation Methodology, finding them to be in agreement.
3. Randomly selected 25 transactions of SCS allocated expenses for the year ended December 31, 2012, and continued selecting transactions to ensure that at least one selection was made from Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company, respectively.
 - a. For the transactions selected that were billed directly to the System Companies by SCS (included in the "Direct Basis" column of the Summary of Contract Service Billings by Allocation Basis and Organization – see Appendix A), agreed each selection to its related

supporting documents, such as payroll records, inventory records, third-party invoices, company schedules, and/or other accounting records, as applicable.

- b. For the transactions selected that were allocated to the System Companies by SCS (included in the columns other than the "Direct Basis" column of the Summary on Contract Billing by Allocation Basis and Organization – See Appendix A), agreed each selection to its related supporting documents, such as payroll records, inventory records, third-party invoices, company schedules, and/or other accounting records, as applicable.
- c. For the allocation methods for each transaction identified in 3.b. above, compared the allocation basis for each transaction to the Company's Cost Allocation Methodology, traced the variables used in the computations to the appropriate System Company support, including prior-year audited financial information, transmission usage reports, employee headcount, and total customer count, and recalculated the allocation factors, finding them to be in agreement. Additionally, obtained the work order request for each transaction selected that was charged to a work order and noted evidence of approval.
- d. For the transactions selected that were collected in cost center work orders, agreed each selection to its related supporting documents, such as payroll records, inventory records, third-party invoices, company schedules and/or other accounting records, as applicable. Observed that all such costs were billed out to other work orders by obtaining the year-end over/under allocation report for each selected cost center or resource pool work order type and agreeing it in total to the year-end true up entry that eliminated such variances.
- e. For each selection, compared the transaction to the supporting documentation to ascertain that:
 - Each transaction was assigned a work order;
 - Services performed were billed to the System Companies at cost;
 - Transactions associated with only one System Company and classified as direct work orders were billed to that System Company;
 - Transactions associated with multiple work orders and classified as direct accumulative work orders were charged to the work orders based on an SCS or System Company analysis of work performed; and
 - Transactions associated with multiple System Companies and classified as allocated work orders were billed to the System Companies using one of the Company's cost allocation bases per the Company's Cost Allocation Methodology as included in Appendix B.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of SCS and the System Companies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

July 2, 2013

**DESCRIPTION OF ALLOCATION BASES IN USE – AS PREPARED
BY SCS****Southern Company Services, Inc.
For the Year Ended December 31, 2012**

SCS allocation bases used in 2012 are as follows (reference to Client Operating Company below refers to the total of the companies within the Southern Company system which generate power, and Client Companies refers to each of the companies within the Southern Company system including the Client Operating Companies):

Load Basis - Annual operating area territorial load (defined as kilowatt-hours of total energy generated, plus energy received minus energy delivered), plus other firm wholesale commitments of each Client Operating Company other than Southern Electric Generating Company (SEGCO).

Sales for Resale Basis - Megawatts of wholesale generation as reported in annual Form 10-k as Sales for Resale.

Transmission Usage Basis - Total megawatt-hour deliveries to territorial customers, plus deliveries to Open Access Transmission Tariff (OATT) customers (include Network Services and Point-to-Point service), plus other transmission deliveries under contracts predating OATT.

Customer Basis - Number of year-end customers of each Client Operating Company (other than SEGCO and Southern Power).

Employee Basis - Number of year-end employees of each Client Company. Employee groups not benefiting from certain services are not included in every allocation.

Financial Basis - Average of the percentages of net fixed assets, operating expenses, and operating revenues of each Client Company.

Coal Generation Basis - Generation (kilowatt-hours) from coal fuel sources of each Client Operating Company. Generation from plants operated by the Southern system but jointly owned by external parties is included. Generation jointly owned by Southern Company affiliates is assigned on an ownership basis.

Gas Burned Basis - Volume of gas consumed (BTUs) by each Client Operating Company.

Fossil and Hydro Capacity Basis - Fossil and hydro nameplate generating capacity (kilowatts) for each Client Operating Company. Capacity operated by the Southern system but jointly owned by external parties is included. Capacity jointly owned by Southern Company affiliates is assigned on an ownership basis.

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