

Gulf Power Company
Fin 48 Analysis
As of 03/31/2008

<i>FIN 48 Activity -12/31/2007</i>	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 779,059	\$ -	\$ 779,059	\$ 48,309
State	<u>108,180</u>	<u>-</u>	<u>108,180</u>	<u>9,430</u>
Total - 09/30/2007	887,239	-	887,239	57,739

<i>FIN 48 Activity -03/31/2008</i>	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 1,448,829	\$ -	\$ 1,448,829	\$ 75,578
State	<u>213,430</u>	<u>-</u>	<u>213,430</u>	<u>15,621</u>
Total - 12/31/2007	1,662,259	-	1,662,259	91,199
Difference - Federal	669,770	-	669,770	27,269
Difference - State	<u>105,250</u>	<u>-</u>	<u>105,250</u>	<u>6,191</u>
Total	<u>775,020</u>	<u>-</u>	<u>775,020</u>	<u>33,460</u>

Entries:	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense - Fec 409-00481		669770	
FIN 48 Current Income Tax Expense - Sta 409-00482		105250	
FIN 48 Long-term Tax Liability - Federal 236-00483			669770
FIN 48 Long-term Tax Liability - State 236-00484			105250
Interest Expense- Federal 431-00481		27,269	
Interest Expense- State 431-00482		6,191	
FIN 48 Interest Payable - Federal 237-000483			27,269
FIN 48 Interest Payable - State 237-000484		<u>-</u>	<u>6,191</u>
Totals		808,480	808,480

Offset entries:
The federal and state offset entries that are normally recorded for the permanent items should be booked to the following acco

Federal Offset ETR ADIT (FIN 48) (DEFE	190-00483
State Offset ETR ADIT (FIN 48) (DEFERR	190-00484
FIN 48 Current Income Tax Expense - Fec	409-00481
FIN 48 Current Income Tax Expense - Sta	409-00482

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Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

Last Disclosure: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

JL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						887,239
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070	2008/1 INC	199 Ded.	Tax	-	375,000
FL	58-0690070	2008/1 INC	199 Ded.	Tax	-	375,000
Subtotal						151,875
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070	2006/1 INC	199 Ded.	Tax	-	597,628
FED	58-0690070	2007/1 INC	199 Ded.	Tax	-	941,000
FL	58-0690070	2006/1 INC	199 Ded.	Tax	-	597,628
FL	58-0690070	2007/1 INC	199 Ded.	Tax	-	941,000
Subtotal						623,144
<u>Reductions for Prior Years' Tax Position</u>						
No Activity						
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						1,662,258

Federal Permanent Adjustment
 Federal Credit Adjustment
 Federal Temporary Adjustment

1,913,628
-
-

State Permanent Adjustment
 State Credit Adjustment
 State Temporary Adjustment

1,913,628
-
-

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

Current Provision: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

Last Provision: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

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	779,069	0	48,309	0	827,368
<i>Contingent Tax</i>										
LILIB CON YES PER										
58-0690070 2006/12 INC	199 Ded.	New Item	-	597,628	-	209,170	-	15,660	1,357	226,187
58-0690070 2007/12 INC	199 Ded.	New Item	-	941,000	-	329,350	-	1,009	-	330,359
58-0690070 2008/12 INC	199 Ded.	New Item	-	375,000	-	131,250	-	-	-	131,250
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	10,599	(1,357)	9,242
Sub Total										
					0	669,770	0	27,269	0	697,038
Closing Balance										
					0	1,448,829	0	75,578	0	1,524,407

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

Current Provision: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

Last Provision: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

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	108,180	0	9,430	0	117,610
<i>Contingent Tax</i>										
<u>LIB CON YES PER</u>										
58-0690070 2006/12 INC	199 Ded.	New Item	-	597,628	-	32,870	-	3,587	539	36,995
58-0690070 2007/12 INC	199 Ded.	New Item	-	941,000	-	51,755	-	272	-	52,027
58-0690070 2008/12 INC	199 Ded.	New Item	-	375,000	-	20,625	-	-	-	20,625
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	2,333	(539)	1,794
Sub Total										
					0	105,250	0	6,191	0	111,440
Closing Balance										
					0	213,430	0	15,621	0	229,050

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Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

Last Disclosure: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						887,239
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2008/12	INC 199 Ded.	Tax	-	375,000	131,250
FL	58-0690070 2008/12	INC 199 Ded.	Tax	-	375,000	20,625
Subtotal						151,875
<u>Additions for Prior Years' Tax Position</u>						
FED	58-0690070 2006/12	INC 199 Ded.	Tax	-	597,628	209,170
FED	58-0690070 2007/12	INC 199 Ded.	Tax	-	941,000	329,350
FL	58-0690070 2006/12	INC 199 Ded.	Tax	-	597,628	32,870
FL	58-0690070 2007/12	INC 199 Ded.	Tax	-	941,000	51,755
Subtotal						623,144
<u>Reductions for Prior Years' Tax Position</u>						
No Activity						
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Closing Balance						1,862,258

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008

Last Disclosure: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
<u>Portion of Contingent Tax Position that Would Impact the Effective Tax Rate</u>						
FED	2005/12	199 Ded.	Tax	621,003	621,003	217,351
FED	2005/12	199 Ded.	Tax	155,251	155,251	54,338
FED	2005/12	R&D	Tax	10,114	10,114	10,114
FED	2006/12	199 Ded.	Tax	(109,343)	(109,343)	(38,270)
FED	2006/12	199 Ded.	Tax	240,000	240,000	84,000
FED	2006/12	199 Ded.	Tax	-	597,628	209,170
FED	2006/12	R&D	Tax	40,696	40,696	40,696
FED	2007/12	199 Ded.	Tax	120,000	120,000	42,000
FED	2007/12	199 Ded.	Tax	120,000	120,000	42,000
FED	2007/12	199 Ded.	Tax	555,000	555,000	194,250
FED	2007/12	199 Ded.	Tax	265,000	265,000	92,750
FED	2007/12	199 Ded.	Tax	-	941,000	329,350
FED	2007/12	R&D	Tax	39,830	39,830	39,830
FED	2008/12	199 Ded.	Tax	-	375,000	131,250
FL	2005/12	199 Ded.	Tax	621,003	621,003	34,155
FL	2005/12	199 Ded.	Tax	155,251	155,251	8,539
FL	2006/12	199 Ded.	Tax	(109,343)	(109,343)	(6,014)
FL	2006/12	199 Ded.	Tax	240,000	240,000	13,200
FL	2006/12	199 Ded.	Tax	-	597,628	32,870
FL	2007/12	199 Ded.	Tax	120,000	120,000	6,600
FL	2007/12	199 Ded.	Tax	120,000	120,000	6,600
FL	2007/12	199 Ded.	Tax	555,000	555,000	30,525
FL	2007/12	199 Ded.	Tax	265,000	265,000	14,575
FL	2007/12	199 Ded.	Tax	-	941,000	51,755
FL	2008/12	199 Ded.	Tax	-	375,000	20,625
Sub Total						1,662,258

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

No Activity

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2008 Fin 48 3-31-2008.F48 - Reserve Date: 03/31/2008
Last Disclosure: 2007 Fin 48 12-31-07.F48 - Reserve Date: 12/31/2007

GUL : Gulf Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	887,239
Additions for Current Year Tax Position	151,875
Additions for Prior Years' Tax Position	623,144
Reductions for Prior Years' Tax Position	-
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>1,662,258</u></u>

Part-II Impact on Effective Tax Rate

Portion of Contingent Tax Position That:	<u>Tax</u>
Would Impact the Effective Tax Rate	1,662,258
Would NOT Impact the Effective Tax Rate	-
Contingent Tax Position in Financial Statements	<u><u>1,662,258</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	57,739	-
Changes During Reporting Period	33,459	-
Closing Balance	<u><u>91,199</u></u>	-

Part IV Currently Open for Examination

<u>Jurisdiction</u>	<u>Tax Type</u>	<u>Period</u>
Federal	Income	2005/12
Federal	Income	2006/12
Federal	Income	2007/12
Federal	Income	2008/12
Florida	Income	2005/12
Florida	Income	2006/12
Florida	Income	2007/12
Florida	Income	2008/12