

Gulf Power Company
Fin 48 Analysis
As of 12/31/2010

FIN 48 Activity -09/30/2010

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 1,296,215	\$ 1,264,100	\$ 2,560,315	\$ 127,874
State	475,541	198,644	674,185	51,192
Total -06/30/2010	1,771,756	1,462,744	3,234,500	179,066

FIN 48 Activity -12/31/2010

	Tax Impact			
	Permanent	Temporary	Total Tax	Interest
Federal	\$ 1,311,242	\$ 1,766,515	\$ 3,077,757	\$ 152,667
State	514,598	277,595	792,193	57,199
Total - 12/31/2010	1,825,840	2,044,110	3,869,950	209,866
Difference - Federal	15,027	502,415	517,442	24,793
Difference - State	39,057	78,951	118,008	6,007
Total	54,084	581,366	635,450	30,800

Entries at Statutory Rates

	Account Numbers	Dr	Cr
FIN 48 Current Income Tax Expense - Federal	409-10481	502,415	
FIN 48 Current Income Tax Expense - State	409-10482	78,951	
Deferred Income Tax Expense - Federal	410-10481		502,415
Deferred Income Tax Expense - State	410-10482		78,951
Deferred Income Tax Liability -Federal	282-00483	502,415	
Deferred Income Tax Liability - State	282-00484	78,951	
FIN 48 Long-term Tax Liability - Federal	236-00483		502,415
FIN 48 Long-term Tax Liability - State	236-00484		78,951
<i>To Record Current Period Fin 48 - Deferred Income Tax</i>			
FIN 48 Current Income Tax Expense - Federal	409-10481	15,027	-
FIN 48 Current Income Tax Expense - State	409-10482	39,057	-
FIN 48 Long-term Tax Liability - Federal	236-00483	-	15,027
FIN 48 Long-term Tax Liability - State	236-00484	-	39,057
Interest Expense- Federa	431-00481	24,793	-
Interest Expense- State	431-00482	6,007	-
FIN 48 Interest Payable - Federal	237-000483	-	24,793
FIN 48 Interest Payable - State	237-000484	-	6,007
<i>To Record Current Period Fin 48</i>			
Totals		1,247,616	1,247,616

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust
Opening Balance					
<u>Additions for Current Year Tax Position</u>					
FED	58-0690070 2010/1	INC R&D	Tax	30,257	45,284
FED	58-0690070 2010/1	INC Repairs - Curr	Tax	602,982	2,038,454
FL	58-0690070 2010/1	INC Repairs - Curr	Tax	602,982	2,038,454
GA	58-0690070 2010/1	INC Mfg ITC - GULF	Tax	117,168	156,225

Subtotal

Additions for Prior Years' Tax Position

No Activity

Reductions for Prior Years' Tax Position

No Activity

Settlements with Taxing Authority

No Activity

Reduction Due to Expired Statute of Limitations

No Activity

Closing Balance

Federal Permanent Adjustment	-
Federal Credit Adjustment	15,027
Federal Temporary Adjustment	1,435,472
State Permanent Adjustment	-
State Credit Adjustment	39,057
State Temporary Adjustment	1,435,472

Disclosure Tax Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax
Opening Balance						3,234,499
<u>Additions for Current Year Tax Position</u>						
FED	58-0690070 2010/12 INC	R&D	Tax	30,257	✓ 45,284	15,027
FED	58-0690070 2010/12 INC	Repairs - Curr	Tax	602,982	2,038,454	502,415
FL	58-0690070 2010/12 INC	Repairs - Curr	Tax	602,982	2,038,454 ✓	78,951
GA	58-0690070 2010/12 INC	Mfg ITC - GULF	Tax	117,168	156,225	39,057
Subtotal						635,460
<u>Additions for Prior Years' Tax Position</u>						
No Activity						
<u>Reductions for Prior Years' Tax Position</u>						
No Activity						
<u>Settlements with Taxing Authority</u>						
No Activity						
<u>Reduction Due to Expired Statute of Limitations</u>						
No Activity						
Ending Balance						3,869,949

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

Current Provision: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

Federal

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance					1,264,100	1,296,216	0	127,874	0	2,688,188
<i>Contingent Tax</i>										
LLIB CON NO IMP										
FED 58-0690070	2010/12 INC Repairs - Curr	Change Value	602,982	2,038,454	502,415	-	-	-	-	502,415
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	10,905	-	10,905
LLIB CON YES PER										
FED 58-0690070	2010/12 INC R&D	Change Value	30,257	45,284	-	15,027	-	-	-	15,027
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	13,888	-	13,888
Sub Total										
					602,415	16,027	0	24,793	0	642,236
Closing Balance					1,766,515	1,311,242	0	162,667	0	3,230,424

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

Current Provision: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

US States

Tax Period	Issue	Change Information	Old Adjust	New Adjust	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest	Total
Opening Balance					198,644	475,541	0	46,089	5,103	725,377
<i>Contingent Tax</i>										
LILIB CON NO TMP										
FL 58-0690070 2010/12 INC	Repairs - Curr	Change Value	602,982	2,038,454	78,951	-	-	-	-	78,951
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	2,920	-	2,920
LILIB CON YES PER										
GA 58-0690070 2010/12 INC Mfg ITC - GULF		Change Value	117,168	156,225	-	39,057	-	-	-	39,057
Other Interest Charges	Various	Rollforward/Allocation	-	-	-	-	-	8,191	395	8,586
Sub Total										
					78,951	30,057	0	11,110	395	129,514
Closing Balance					277,595	514,598	0	57,199	5,499	854,891

Provision Report by Entity (Gross) - The Southern Company

Current Provision: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

Federal

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						1,264,100	1,296,215	0	127,874	0
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		502,415	-	-	10,905	-
LT	LIB	CON	YES	PER		-	15,027	-	13,888	-
Sub Total						502,415	15,027	0	24,793	0
Closing Balance						1,766,515	1,311,242	0	152,667	0

US States

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						198,644	475,541	0	46,088	5,103
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		78,951	-	-	2,920	-
LT	LIB	CON	YES	PER		-	39,057	-	8,191	395
Sub Total						78,951	39,057	0	11,110	395
Closing Balance						277,595	514,598	0	57,198	5,498

Disclosure ETR Audit Report by Entity - The Southern Company

Current Disclosure: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

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

GUL : Gulf Power Company

Juris	Tax Period	Issue	Type	Old Adjust	New Adjust	Tax	
<u>Portion of Contingent Tax Position that Would Impact the Effective Tax Rate</u>							
FED	58-0690070	2007/12	199 Indirect	Tax	1,517,412	1,517,412	531,094
FED	58-0690070	2007/12	R&D	Tax	26	26	26
FED	58-0690070	2007/12	R&D	Tax	39,830	39,830	39,830
FED	58-0690070	2008/12	199 Indirect	Tax	1,085,763	1,085,763	380,017
FED	58-0690070	2008/12	R&D	Tax	42,615	42,615	42,615
FED	58-0690070	2009/12	199 Indirect	Tax	648,078	648,078	226,827
FED	58-0690070	2009/12	R&D	Tax	44,683	44,683	44,683
FED	58-0690070	2009/12	R&D - ALT	Tax	865	865	865
FED	58-0690070	2010/12	R&D	Tax	30,257	45,284	45,284
FL	58-0690070	2007/12	199 Indirect	Tax	1,517,412	1,517,412	83,458
FL	58-0690070	2008/12	199 Indirect	Tax	1,085,763	1,085,763	59,717
FL	58-0690070	2009/12	199 Indirect	Tax	648,078	648,078	35,644
GA	58-0690070	2008/12	Mfg ITC - GULF	Tax	47,129	47,129	47,129
GA	58-0690070	2009/12	Mfg ITC - GULF	Tax	132,425	132,425	132,425
GA	58-0690070	2010/12	Mfg ITC - GULF	Tax	117,168	156,225	156,225
Sub Total							1,825,839

<u>Portion of Contingent Tax Position that Would NOT Impact the Effective Tax Rate</u>							
FED	58-0690070	2009/12	Repairs - Curr	Tax	803,976	803,976	281,392
FED	58-0690070	2009/12	Repairs 481	Tax	2,204,755	2,204,755	771,664
FED	58-0690070	2010/12	Repairs - Curr	Tax	602,982	2,038,454	713,459
FL	58-0690070	2009/12	Repairs - Curr	Tax	803,976	803,976	44,219
FL	58-0690070	2009/12	Repairs 481	Tax	2,204,755	2,204,755	121,262
FL	58-0690070	2010/12	Repairs - Curr	Tax	602,982	2,038,454	112,115
Sub Total							2,044,110

Disclosure Report by Entity - The Southern Company
Current Disclosure: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010
Last Disclosure: 2010 Fin 48 09-30-2010.F48 - Reserve Date: 09/30/2010

MPC : Mississippi Power Company

Part-I Reconciliation of Unrecognized Tax Benefits

	<u>Tax</u>
Opening Balance of Contingent Tax Reserves	3,698,648
Additions for Current Year Tax Position	606,173
Additions for Prior Years' Tax Position	-
Reductions for Prior Years' Tax Position	-
Settlements with Taxing Authority	-
Reduction Due to Expired Statute of Limitations	-
Closing Balance	<u><u>4,302,821</u></u>

Part-II Impact on Effective Tax Rate

Portion of Contingent Tax Position That:	<u>Tax</u>
Would Impact the Effective Tax Rate	3,072,808
Would NOT Impact the Effective Tax Rate	1,230,013
Contingent Tax Position in Financial Statements	<u><u>4,302,821</u></u>

Part-III Interest and Penalties

	<u>Interest</u>	<u>Penalty</u>
Opening Balance	339,958	-
Changes During Reporting Period	73,095	-
Closing Balance	<u><u>413,053</u></u>	-

Part IV Currently Open for Examination

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

Provision Report by Entity (Gross) - The Southern Company

Current Provision: 2010 Fin 48 12-31-2010.F48 - Reserve Date: 12/31/2010

Last Provision: [none selected]

GUL : Gulf Power Company

Federal

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	0	0	0	0
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		1,768,515	-	-	34,122	-
LT	LIB	CON	YES	PER		-	1,311,242	-	118,548	-
Sub Total						1,768,515	1,311,242	0	152,667	0
Closing Balance						1,768,515	1,311,242	0	152,667	0

*a = \$3,079,757
236-00483*

*c = \$152,667
237-00483*

US States

Class	Bal	Sht	Oper	In ETR	Def	Tax Temporary	Tax Permanent	Penalty	Deficiency Interest	Overpayment Interest
Opening Balance						0	0	0	0	0
<i>Contingent Tax</i>										
LT	LIB	CON	NO	TMP		277,595	-	-	9,235	-
LT	LIB	CON	YES	PER		-	514,598	-	47,964	5,499
Sub Total						277,595	514,598	0	57,199	5,499
Closing Balance						277,595	514,598	0	57,199	5,499

*b = \$792,193
236-00484*

*d = \$57,199
237-00484*

GULF POWER COMPANY
 FIN 48 Income Tax Reserve
 saj 01/07/2011

FERCUSUB Descr	Current Activity input from PowerPlan Rpt 51040				Current Activity input from PowerPlan Rpt 51040				REVISED	
	Dec-2010 End Bal	Dec-2010 JV2034	Sep-2010 End Bal	Sep-2010 JV2034	Jun-2010 End Bal	Jun-2010 JV2034	Mar-2010 End Bal	Mar-2010 JV2034	Dec-09 End Bal	REVISED
19000483 FIN 48 TAXES ACCRUED - S	14,915.68	(14,736.60)	29,652.28	(56,134.95)	85,787.23	12,895.90	72,891.33	12,895.90	59,995.43	
19000484 FIN48 DEF TAX STATE OFFS	19,005.09	2,210.62	16,794.47	2,295.36	14,499.11	2,210.57	12,288.54	2,210.57	10,077.97	
19000481 FIN 48 TAXES ACCRUED - FI	132.17		132.17				132.17		132.17	
28200483 FIN48 DEF TAX FED OFFSET	502,415.00		198,644.22	198,644.22						
28200484 FIN48 DEF TAX STATE OFFS	277,595.22		198,644.22	198,644.22						
28300483 FIN48 DEF TAX FED OFFSET	1,361,257.86		1,333,625.03	1,333,625.03						
23600481 FIN 48 TAXES ACCRUED - FI										
23600482 FIN 48 TAXES ACCRUED - S										
23600483 FIN 48 TAXES ACCRUED - FI	(3,077,704.25)	(517,442.00)	(2,560,262.25)	(1,202,483.85)	(1,357,778.40)	(29,773.50)	(1,328,004.90)	(48,148.50)	(1,279,856.40)	
23600484 FIN 48 TAXES ACCRUED - S	(792,193.33)	(118,008.00)	(674,185.33)	(227,817.51)	(446,367.82)	(42,149.75)	(404,218.07)	(45,037.25)	(359,180.82)	
Subtotal Income Tax Liability	(1,694,576.56)	(38,977.15)	(1,655,599.41)	48,128.30	(1,703,727.71)	(56,816.78)	(1,646,910.93)	(78,079.28)	(1,568,831.65)	
23700481 FIN 48 INTEREST ACCRUED										
23700482 FIN 48 INTEREST ACCRUED										
23700483 FIN 48 INTEREST ACCRUED	(152,667.00)	(24,793.00)	(127,874.00)	(36,800.00)	(91,074.00)	(13,604.00)	(77,470.00)	(11,009.00)	(66,461.00)	
23700484 FIN 48 INTEREST ACCRUED	(57,199.00)	(6,007.00)	(51,192.00)	(14,906.00)	(36,286.00)	(8,488.00)	(27,798.00)	(4,671.00)	(23,127.00)	
Subtotal Interest	(209,866.00)	(30,800.00)	(179,066.00)	(51,706.00)	(127,360.00)	(22,092.00)	(105,268.00)	(15,680.00)	(89,588.00)	
Total Balance Sheet	(1,904,442.56)	(69,777.15)	(1,834,665.41)	(3,577.70)	(1,831,087.71)	(78,908.78)	(1,752,178.93)	(93,759.28)	(1,658,419.65)	
40910481 FIN 48 INCOME TAX EXPEN	1,797,847.85	517,442.00	1,280,405.85	1,202,483.85	77,922.00	29,773.50	48,148.50	48,148.50	1,008,328.30	
41010481	(502,415.00)	(502,415.00)								
41010482	(78,951.00)	(78,951.00)								
4110483 FIN 48 Federal Offset	97,158.31	27,632.83	69,525.48	69,525.48						
41110481 FIN48 DEF TAX FED-UTIL-CI	(1,264,099.55)		(1,264,099.55)	(1,264,099.55)						
41110482 FIN48 DEF TAX ST-UTIL-CR	(198,644.22)		(198,644.22)	(198,644.22)						
41110483 FIN 48 Federal Offset	(149,236.87)	(40,529.06)	(108,707.81)	(82,916.01)	(25,791.80)	(12,895.90)	(12,895.90)	(12,895.90)	(59,995.43)	
41110484 FIN 48 State Offset	(8,927.12)	(2,210.62)	(6,716.50)	(2,295.36)	(4,421.14)	(2,210.57)	(2,210.57)	(2,210.57)	(10,077.97)	
40910482 FIN 48 INCOME TAX EXPEN	433,012.51	118,008.00	315,004.51	227,817.51	87,187.00	42,149.75	45,037.25	45,037.25	337,064.19	
40910483 FIN 48 Federal Offset										
43100481 FIN 48 INTEREST EXPENSE	86,206.00	24,793.00	61,413.00	36,800.00	24,613.00	13,604.00	11,009.00	11,009.00	51,346.00	
43100482 FIN 48 INTEREST EXPENSE	34,072.00	6,007.00	28,065.00	14,906.00	13,159.00	8,488.00	4,671.00	4,671.00	21,508.00	
Total Income Statement	246,022.91	69,777.15	176,245.76	3,577.70	172,668.06	78,908.78	93,759.28	93,759.28	1,348,173.09	
								0.00		