

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 31, 2019

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-3526	The Southern Company (A Delaware Corporation) 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308 (404) 506-5000	58-0690070
1-3164	Alabama Power Company (An Alabama Corporation) 600 North 18th Street Birmingham, Alabama 35203 (205) 257-1000	63-0004250
1-6468	Georgia Power Company (A Georgia Corporation) 241 Ralph McGill Boulevard, N.E. Atlanta, Georgia 30308 (404) 506-6526	58-0257110
001-11229	Mississippi Power Company (A Mississippi Corporation) 2992 West Beach Boulevard Gulfport, Mississippi 39501 (228) 864-1211	64-0205820
001-37803	Southern Power Company (A Delaware Corporation) 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308 (404) 506-5000	58-2598670
1-14174	Southern Company Gas (A Georgia Corporation) Ten Peachtree Place, N.E. Atlanta, Georgia 30309 (404) 584-4000	58-2210952

The names and addresses of the registrants have not changed since the last report.

This combined Form 8-K is furnished separately by six registrants: The Southern Company, Alabama Power Company, Georgia Power Company, Mississippi Power Company, Southern Power Company and Southern Company Gas. Information contained herein relating to each registrant is furnished by each registrant solely on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
The Southern Company	Common Stock, par value \$5 per share	SO	New York Stock Exchange
The Southern Company	Series 2015A 6.25% Junior Subordinated Notes due 2075	SOJA	New York Stock Exchange
The Southern Company	Series 2016A 5.25% Junior Subordinated Notes due 2076	SOJB	New York Stock Exchange
The Southern Company	Series 2017B 5.25% Junior Subordinated Notes due 2077	SOJC	New York Stock Exchange
Alabama Power Company	5.00% Series Class A Preferred Stock	ALP PR Q	New York Stock Exchange
Georgia Power Company	Series 2017A 5.00% Junior Subordinated Notes due 2077	GPJA	New York Stock Exchange
Southern Power Company	Series 2016A 1.000% Senior Notes due 2022	SO/22B	New York Stock Exchange
Southern Power Company	Series 2016B 1.850% Senior Notes due 2026	SO/26A	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). (Response applicable to each registrant)

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

The information in this Current Report on Form 8-K, including the exhibits attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section. Furthermore, such information, including the exhibits attached hereto, shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On July 31, 2019, The Southern Company (“Southern Company”) issued a press release regarding its earnings for the three-month and six-month periods ended June 30, 2019. A copy of this release is being furnished as Exhibit 99.01 to this Current Report on Form 8-K. In addition, certain additional information regarding the financial results for the three-month and six-month periods ended June 30, 2019 is being furnished as Exhibits 99.02 through 99.07 to this Current Report on Form 8-K.

Use of Non-GAAP Financial Measures

Exhibits 99.01, 99.02, 99.03 and 99.04 to this Current Report on Form 8-K include earnings and earnings per share in accordance with generally accepted accounting principles (“GAAP”) for the three-month and six-month periods ended June 30, 2019 and 2018. These exhibits also include earnings and earnings per share (1) for the three-month and six-month periods ended June 30, 2019 and 2018, excluding (a) acquisition, disposition and integration impacts, (b) charges related to plants under construction, and (c) earnings from the Wholesale Gas Services business of Southern Company Gas, (2) for the three-month and six-month periods ended June 30, 2018, excluding settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico, and (3) for the six-month period ended June 30, 2018, excluding additional net tax benefits as a result of implementing federal tax reform legislation. The attached exhibits include additional information regarding these excluded items, as well as reconciliations of each non-GAAP financial measure to the most comparable financial measure under GAAP. Southern Company believes

the presentation of earnings and earnings per share, excluding these items, is useful to investors because it provides investors with additional information to evaluate the performance of Southern Company's ongoing business activities. Southern Company management also uses earnings and earnings per share, excluding the effect of these items, to evaluate the performance of Southern Company's ongoing business activities. The presentation of this additional information is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

Exhibits

The exhibits hereto contain business segment information for Alabama Power Company, Georgia Power Company, Mississippi Power Company, Southern Power Company and Southern Company Gas. Accordingly, this report is also being furnished on behalf of each such registrant.

The following exhibits relate to the three-month and six-month periods ended June 30, 2019:

Exhibit 99.01	Press Release.
Exhibit 99.02	Financial Highlights.
Exhibit 99.03	Significant Factors Impacting EPS.
Exhibit 99.04	EPS Earnings Analysis.
Exhibit 99.05	Consolidated Earnings.
Exhibit 99.06	Kilowatt-Hour Sales and Customers.
Exhibit 99.07	Financial Overview.
Exhibit 101.INS	XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Calculation Linkbase Document
Exhibit 101.DEF	XBRL Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 31, 2019

THE SOUTHERN COMPANY

By /s/Ann P. Daiss
Ann P. Daiss
Comptroller

ALABAMA POWER COMPANY
GEORGIA POWER COMPANY
MISSISSIPPI POWER COMPANY
SOUTHERN POWER COMPANY
SOUTHERN COMPANY GAS

By /s/Melissa K. Caen
Melissa K. Caen
Assistant Secretary

News



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404-506-5333 or 1-866-506-5333
www.southerncompany.com

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July 31, 2019

Southern Company reports second-quarter 2019 earnings

ATLANTA - Southern Company today reported second-quarter 2019 earnings of \$899 million, or 86 cents per share, compared with a loss of \$154 million, or 15 cents per share, in the second quarter of 2018. For the six months ended June 30, 2019, Southern Company reported earnings of \$2.98 billion, or \$2.86 per share, compared with earnings of \$784 million, or 77 cents per share, for the same period in 2018.

Excluding the items described in the “Net Income - Excluding Items” table below, Southern Company earned \$833 million, or 80 cents per share, during the second quarter of 2019, compared with \$815 million, or 80 cents per share, during the second quarter of 2018. For the six months ended June 30, 2019, excluding these items, Southern Company earned \$1.56 billion, or \$1.50 per share, compared with earnings of \$1.71 billion, or \$1.69 per share, for the same period in 2018.

Non-GAAP Financial Measures	Three Months Ended June		Year-to-Date June	
	2019	2018	2019	2018
Net Income - Excluding Items (in millions)	\$899	\$(154)	\$2,982	\$784
Net Income (Loss) - As Reported	\$899	\$(154)	\$2,982	\$784
Acquisition, Disposition, and Integration Impacts	18	172	(2,481)	233
Tax Impact	(67)	4	1,122	(1)
Estimated Loss on Plants Under Construction	8	1,060	13	1,105
Tax Impact	(2)	(270)	(3)	(281)
Wholesale Gas Services	(29)	32	(93)	(108)
Tax Impact	6	(11)	23	25
Litigation Settlement	-	(24)	-	(24)
Tax Impact	-	6	-	6
Earnings Guidance Comparability Items:				
Adoption of Tax Reform	-	-	-	(31)
Net Income - Excluding Items	\$833	\$815	\$1,563	\$1,708
Average Shares Outstanding - (in millions)	1,044	1,014	1,041	1,012
Basic Earnings Per Share - Excluding Items	\$0.80	\$0.80	\$1.50	\$1.69

NOTE: For more information regarding these non-GAAP adjustments, see the footnotes accompanying the Financial Highlights page of the earnings package.

Earnings drivers year-over-year for the second quarter 2019 were positively influenced by higher revenues associated with changes in rates and pricing, net of usage changes, as well as warmer than normal weather at Southern Company's regulated utilities. These impacts were partially offset by the impact of divested entities on earnings.

"We are very pleased with our financial and operational performance in the first half of 2019, as our premier, state-regulated electric and gas franchise operations continued to perform well in the second quarter," said Chairman, President and CEO Thomas A. Fanning. "In particular, our electrical system has proved to be very resilient in what has so far been a hot summer in the Southeast."

Second quarter 2019 operating revenues were \$5.10 billion, compared with \$5.63 billion for the second quarter of 2018, a decrease of 9.4 percent. For the six months ended June 30, 2019, operating revenues were \$10.51 billion, compared with \$12.00 billion for the corresponding period in 2018, a decrease of 12.4 percent. These decreases were primarily related to a reduction in revenue resulting from the sale of Gulf Power and other assets that are no longer affiliated with Southern Company.

Southern Company's second quarter earnings slides with supplemental financial information are available at <http://investor.southerncompany.com>.

Southern Company's financial analyst call will begin at 8 a.m. Eastern Time today, during which Fanning and Chief Financial Officer Andrew W. Evans will discuss earnings and provide a general business update. Investors, media and the public may listen to a live webcast of the call and view associated slides at <http://investor.southerncompany.com/webcasts>. A replay of the webcast will be available on the site for 12 months.

About Southern Company

Southern Company (NYSE: SO) is a leading energy company serving 9 million customers through its subsidiaries. The company provides clean, safe, reliable and affordable energy through electric operating companies in three states, natural gas distribution companies in four states, a competitive generation company serving wholesale customers across America, a leading distributed energy infrastructure company, a fiber optics network and telecommunications services. Southern Company brands are known for excellent customer service, high reliability and affordable prices below the national average. For more than a century, we have been building the future of energy and developing the full portfolio of energy resources, including carbon-free nuclear, advanced carbon capture technologies, natural gas, renewables, energy efficiency and storage technology. Through an industry-leading commitment to innovation and a low-carbon future, Southern Company and its subsidiaries develop the customized energy solutions our customers and communities require to drive growth and prosperity. Our uncompromising values ensure we put the needs of those we serve at the center of everything we do and govern our business to the benefit of our world. Our corporate culture and hiring practices have been recognized nationally by the U.S. Department of Defense, G.I. Jobs magazine, DiversityInc, Black Enterprise, Forbes and the Women's Choice Award. To learn more, visit www.southerncompany.com.

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Southern Company
Financial Highlights
(In Millions of Dollars Except Earnings Per Share)

	Three Months Ended June		Year-to-Date June	
	2019	2018	2019	2018
Net Income—As Reported (See Notes)				
Traditional Electric Operating Companies	\$ 782	\$ (48)	\$ 1,346	\$ 563
Southern Power	174	22	230	143
Southern Company Gas	106	(31)	376	248
Total	1,062	(57)	1,952	954
Parent Company and Other	(163)	(97)	1,030	(170)
Net Income (Loss)—As Reported	\$ 899	\$ (154)	\$ 2,982	\$ 784
Basic Earnings (Loss) Per Share ¹	\$ 0.86	\$ (0.15)	\$ 2.86	\$ 0.77
Average Shares Outstanding <i>(in millions)</i>	1,044	1,014	1,041	1,012
End of Period Shares Outstanding <i>(in millions)</i>			1,045	1,014

	Three Months Ended June		Year-to-Date June	
	2019	2018	2019	2018
Non-GAAP Financial Measures				
Net Income—Excluding Items (See Notes)				
Net Income (Loss)—As Reported	\$ 899	\$ (154)	\$ 2,982	\$ 784
Acquisition, Disposition, and Integration Impacts ²	18	172	(2,481)	233
Tax Impact	(67)	4	1,122	(1)
Estimated Loss on Plants Under Construction ³	8	1,060	13	1,105
Tax Impact	(2)	(270)	(3)	(281)
Wholesale Gas Services ⁴	(29)	32	(93)	(108)
Tax Impact	6	(11)	23	25
Litigation Settlement ⁵	—	(24)	—	(24)
Tax Impact	—	6	—	6
Earnings Guidance Comparability Items:				
Adoption of Tax Reform ⁶	—	—	—	(31)
Net Income—Excluding Items	\$ 833	\$ 815	\$ 1,563	\$ 1,708
Basic Earnings Per Share—Excluding Items	\$ 0.80	\$ 0.80	\$ 1.50	\$ 1.69

-See Notes on the following page.

Southern Company

Financial Highlights

Notes

- (1) For the three and six months ended June 30, 2019 and 2018, dilution does not change basic earnings per share by more than 2 cents and is not material.
- (2) Earnings for the three months ended June 30, 2019 primarily include a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches and a \$32 million pre-tax and after-tax goodwill impairment charge in contemplation of the sale of the utility infrastructure services business unit at PowerSecure, Inc. Earnings for the six months ended June 30, 2019 also include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company. Earnings for the three months ended June 30, 2018 include: (i) a pre-tax loss of \$36 million (\$76 million after tax) associated with the sale of Pivotal Home Solutions; (ii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iii) \$17 million pre-tax (\$11 million after tax) of other acquisition, disposition, and integration costs. Earnings for the six months ended June 30, 2018 also include a \$42 million (pre tax and after tax) goodwill impairment charge associated with the Pivotal Home Solutions transaction and (ii) an additional \$19 million pre tax (\$14 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sales of Gulf Power Company and Plant Nacogdoches, as well as the pending sale of Plant Mankato. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.
- (3) Earnings for the three and six months ended June 30, 2019 and for the six months ended June 30, 2018 include charges and associated legal expenses related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three and six months ended June 30, 2018 also include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax closure costs, including mine reclamation, of up to \$25 million for Mississippi Power Company's Kemper IGCC may occur through 2020. Mississippi Power Company is also currently evaluating its options regarding the final disposition of the carbon dioxide pipeline and is in discussions with the Department of Energy regarding property closeout and disposition, for which the related costs could be material. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.
- (4) Earnings for the three and six months ended June 30, 2019 and 2018 include the Wholesale Gas Services business of Southern Company Gas. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.
- (5) Earnings for the three and six months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.
- (6) Earnings for the six months ended June 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law in December 2017. During 2018, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are not expected.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended June			Year-to-Date June		
	2019	2018	Change	2019	2018	Change
Earnings (Loss) Per Share— As Reported¹ (See Notes)	\$ 0.86	\$ (0.15)	\$ 1.01	\$ 2.86	\$ 0.77	\$ 2.09
Significant Factors:						
Traditional Electric Operating Companies			\$ 0.82			\$ 0.77
Southern Power			0.15			0.09
Southern Company Gas			0.13			0.13
Parent Company and Other			(0.06)			1.18
Increase in Shares			(0.03)			(0.08)
Total—As Reported			\$ 1.01			\$ 2.09

	Three Months Ended June			Year-to-Date June		
	2019	2018	Change	2019	2018	Change
Non-GAAP Financial Measures						
Earnings Per Share— Excluding Items (See Notes)	\$ 0.80	\$ 0.80	\$ —	\$ 1.50	\$ 1.69	\$ (0.19)
Total—As Reported			\$ 1.01			\$ 2.09
Acquisition, Disposition, and Integration Impacts ²			(0.22)			(1.53)
Estimated Loss on Plants Under Construction ³			(0.77)			(0.81)
Wholesale Gas Services ⁴			(0.04)			0.01
Litigation Settlement ⁵			0.02			0.02
Adoption of Tax Reform ⁶			—			0.03
Total—Excluding Items			\$ —			\$ (0.19)

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

- (1) For the three and six months ended June 30, 2019 and 2018, dilution does not change basic earnings per share by more than 2 cents and is not material.
- (2) Earnings for the three months ended June 30, 2019 primarily include a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches and a \$32 million pre-tax and after-tax goodwill impairment charge in contemplation of the sale of the utility infrastructure services business unit at PowerSecure, Inc. Earnings for the six months ended June 30, 2019 also include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company. Earnings for the three months ended June 30, 2018 include: (i) a pre-tax loss of \$36 million (\$76 million after tax) associated with the sale of Pivotal Home Solutions; (ii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iii) \$17 million pre-tax (\$11 million after tax) of other acquisition, disposition, and integration costs. Earnings for the six months ended June 30, 2018 also include a \$42 million (pre tax and after tax) goodwill impairment charge associated with the Pivotal Home Solutions transaction and (ii) an additional \$19 million pre tax (\$14 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sales of Gulf Power Company and Plant Nacogdoches, as well as the pending sale of Plant Mankato. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.
- (3) Earnings for the three and six months ended June 30, 2019 and for the six months ended June 30, 2018 include charges and associated legal expenses related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three and six months ended June 30, 2018 also include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax closure costs, including mine reclamation, of up to \$25 million for Mississippi Power Company's Kemper IGCC may occur through 2020. Mississippi Power Company is also currently evaluating its options regarding the final disposition of the carbon dioxide pipeline and is in discussions with the Department of Energy regarding property closeout and disposition, for which the related costs could be material. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.
- (4) Earnings for the three and six months ended June 30, 2019 and 2018 include the Wholesale Gas Services business of Southern Company Gas. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.
- (5) Earnings for the three and six months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.
- (6) Earnings for the six months ended June 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law in December 2017. During 2018, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are not expected.

Southern Company
EPS Earnings Analysis

Description	Three Months Ended June 2019 vs. 2018	Year-to-Date June 2019 vs. 2018
Retail Sales	\$(0.03)	\$(0.04)
Retail Revenue Impacts	0.10	0.14
Weather	0.03	(0.04)
Wholesale and Other Operating Revenues	0.01	0.03
Non-Fuel O&M	(0.02)	(0.03)
Interest Expense, Depreciation and Amortization, Other	—	—
Income Taxes	0.01	0.03
Gulf Power Earnings	(0.04)	(0.08)
Total Traditional Electric Operating Companies	\$0.06	\$0.01
Southern Power	(0.03)	(0.10)
Southern Company Gas	0.01	—
Parent and Other	(0.02)	(0.06)
Increase in Shares	(0.02)	(0.04)
Total Change in EPS (Excluding Items)	\$—	\$(0.19)
Acquisition, Disposition, and Integration Impacts ¹	0.22	1.53
Estimated Loss on Plants Under Construction ²	0.77	0.81
Wholesale Gas Services ³	0.04	(0.01)
Litigation Settlement ⁴	(0.02)	(0.02)
Adoption of Tax Reform ⁵	—	(0.03)
Total Change in EPS (As Reported)	\$1.01	\$2.09

- See Notes on the following page.

Southern Company
EPS Earnings Analysis
Three and Six Months Ended June 2019 vs. June 2018

Notes

- (1) Earnings for the three months ended June 30, 2019 primarily include a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches and a \$32 million pre-tax and after-tax goodwill impairment charge in contemplation of the sale of the utility infrastructure services business unit at PowerSecure, Inc. Earnings for the six months ended June 30, 2019 also include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company. Earnings for the three months ended June 30, 2018 include: (i) a pre-tax loss of \$36 million (\$76 million after tax) associated with the sale of Pivotal Home Solutions; (ii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iii) \$17 million pre-tax (\$11 million after tax) of other acquisition, disposition, and integration costs. Earnings for the six months ended June 30, 2018 also include a \$42 million (pre tax and after tax) goodwill impairment charge associated with the Pivotal Home Solutions transaction and (ii) an additional \$19 million pre tax (\$14 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sales of Gulf Power Company and Plant Nacogdoches, as well as the pending sale of Plant Mankato. Further costs are also expected to continue to occur in connection with the integration of Southern Company Gas; however, the amount and duration of such expenditures is uncertain.
- (2) Earnings for the three and six months ended June 30, 2019 and for the six months ended June 30, 2018 include charges and associated legal expenses related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi (Kemper IGCC). Earnings for the three and six months ended June 30, 2018 also include a \$1.1 billion charge (\$0.8 billion after tax) for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. All of these charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax closure costs, including mine reclamation, of up to \$25 million for Mississippi Power Company's Kemper IGCC may occur through 2020. Mississippi Power Company is also currently evaluating its options regarding the final disposition of the carbon dioxide pipeline and is in discussions with the Department of Energy regarding property closeout and disposition, for which the related costs could be material. Further charges for Georgia Power Company's Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges is uncertain.
- (3) Earnings for the three and six months ended June 30, 2019 and 2018 include the Wholesale Gas Services business of Southern Company Gas. Presenting earnings and earnings per share excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.
- (4) Earnings for the three and six months ended June 30, 2018 include the settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further proceeds are not expected.
- (5) Earnings for the six months ended June 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law in December 2017. During 2018, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are not expected.

Southern Company
Consolidated Earnings
As Reported
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	2019	2018	Change	2019	2018	Change
Income Account-						
Retail Electric Revenues-						
Fuel	\$ 919	\$ 1,022	\$ (103)	\$ 1,723	\$ 2,049	\$ (326)
Non-Fuel	2,621	2,718	(97)	4,900	5,259	(359)
Wholesale Electric Revenues	542	616	(74)	1,041	1,239	(198)
Other Electric Revenues	161	170	(9)	331	330	1
Natural Gas Revenues	689	706	(17)	2,163	2,314	(151)
Other Revenues	166	395	(229)	352	808	(456)
Total Revenues	5,098	5,627	(529)	10,510	11,999	(1,489)
Fuel and Purchased Power	1,115	1,339	(224)	2,135	2,707	(572)
Cost of Natural Gas	191	228	(37)	877	949	(72)
Cost of Other Sales	84	279	(195)	203	568	(365)
Non-Fuel O & M	1,316	1,523	(207)	2,628	2,972	(344)
Depreciation and Amortization	755	783	(28)	1,506	1,552	(46)
Taxes Other Than Income Taxes	299	316	(17)	628	671	(43)
Estimated Loss on Plants Under Construction	4	1,060	(1,056)	6	1,105	(1,099)
(Gain) Loss on Dispositions, net	(8)	36	(44)	(2,506)	36	(2,542)
Total Operating Expenses	3,756	5,564	(1,808)	5,477	10,560	(5,083)
Operating Income	1,342	63	1,279	5,033	1,439	3,594
Allowance for Equity Funds Used During Construction	31	32	(1)	63	63	—
Earnings from Equity Method Investments	33	31	2	81	72	9
Interest Expense, Net of Amounts Capitalized	429	470	(41)	859	928	(69)
Other Income (Expense), net	99	78	21	176	138	38
Income Taxes (Benefit)	145	(139)	284	1,505	(25)	1,530
Net Income (Loss)	931	(127)	1,058	2,989	809	2,180
Less:						
Dividends on Preferred Stock of Subsidiaries	3	4	(1)	7	8	(1)
Net Income Attributable to Noncontrolling Interests	29	23	6	—	17	(17)
NET INCOME (LOSS) ATTRIBUTABLE TO SOUTHERN COMPANY	\$ 899	\$ (154)	\$ 1,053	\$ 2,982	\$ 784	\$ 2,198

Notes

- Certain prior year data may have been reclassified to conform with current year presentation.

Southern Company
Kilowatt-Hour Sales
(In Millions of KWHs)

Three Months Ended June

	As Reported				Adjusted ¹		
	2019	2018	Change	Weather Adjusted Change	2018	Change	Weather Adjusted Change
Kilowatt-Hour Sales-							
Total Sales	48,434	52,260	(7.3)%		49,289	(1.7)%	
Total Retail Sales-	36,752	39,624	(7.2)%	(8.5)%	36,809	(0.2)%	(1.5)%
Residential	11,520	12,691	(9.2)%	(11.9)%	11,321	1.8 %	(1.0)%
Commercial	12,386	13,373	(7.4)%	(8.6)%	12,373	0.1 %	(1.3)%
Industrial	12,662	13,363	(5.2)%	(5.2)%	12,925	(2.0)%	(2.0)%
Other	184	197	(6.2)%	(6.2)%	190	(3.0)%	(3.0)%
Total Wholesale Sales	11,682	12,636	(7.6)%	N/A	12,480	(6.4)%	N/A

Year-to-Date June

	As Reported				Adjusted ¹		
	2019	2018	Change	Weather Adjusted Change	2018	Change	Weather Adjusted Change
Kilowatt-Hour Sales-							
Total Sales	93,601	103,104	(9.2)%		97,511	(4.0)%	
Total Retail Sales-	71,117	78,014	(8.8)%	(7.9)%	72,731	(2.2)%	(1.3)%
Residential	22,421	25,657	(12.6)%	(10.1)%	23,072	(2.8)%	(0.3)%
Commercial	23,372	25,660	(8.9)%	(8.5)%	23,814	(1.9)%	(1.6)%
Industrial	24,951	26,295	(5.1)%	(5.1)%	25,458	(2.0)%	(2.0)%
Other	373	402	(7.3)%	(7.1)%	387	(3.8)%	(3.6)%
Total Wholesale Sales	22,484	25,090	(10.4)%	N/A	24,780	(9.3)%	N/A

Notes

(1) Kilowatt-hour sales comparisons to the prior year were significantly impacted by the disposition of Gulf Power Company on January 1, 2019. These 2018 kilowatt-hour sales and changes exclude Gulf Power Company.

Southern Company
Customers
(In Thousands of Customers)

	Period Ended June		
	2019	2018	Change
Regulated Utility Customers-			
Total Utility Customers-	8,477	9,276	(8.6)%
Total Traditional Electric ¹	4,246	4,667	(9.0)%
Southern Company Gas ²	4,231	4,609	(8.2)%

Notes

(1) Includes approximately 466,000 customers at June 30, 2018 related to Gulf Power Company, which was sold on January 1, 2019.

(2) Includes approximately 407,000 total customers at June 30, 2018 related to Elizabethtown Gas, Elkton Gas, and Florida City Gas, which were sold in July 2018.

Southern Company
Financial Overview
As Reported
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	2019	2018	% Change	2019	2018	% Change
Southern Company¹ –						
Operating Revenues	\$ 5,098	\$ 5,627	(9.4)%	\$10,510	\$11,999	(12.4)%
Earnings (Loss) Before Income Taxes	1,076	(266)	N/M	4,494	784	N/M
Net Income (Loss) Available to Common	899	(154)	N/M	2,982	784	N/M
Alabama Power –						
Operating Revenues	\$ 1,513	\$ 1,503	0.7 %	\$ 2,921	\$ 2,976	(1.8)%
Earnings Before Income Taxes	388	326	19.0 %	671	636	5.5 %
Net Income Available to Common	296	259	14.3 %	513	484	6.0 %
Georgia Power –						
Operating Revenues	\$ 2,117	\$ 2,048	3.4 %	\$ 3,951	\$ 4,008	(1.4)%
Earnings (Loss) Before Income Taxes	577	(539)	N/M	970	(94)	N/M
Net Income (Loss) Available to Common	448	(396)	N/M	759	(44)	N/M
Mississippi Power –						
Operating Revenues	\$ 313	\$ 297	5.4 %	\$ 600	\$ 598	0.3 %
Earnings Before Income Taxes	42	60	(30.0)%	86	49	75.5 %
Net Income Available to Common	37	46	(19.6)%	74	39	89.7 %
Southern Power¹ –						
Operating Revenues	\$ 510	\$ 555	(8.1)%	\$ 953	\$ 1,064	(10.4)%
Earnings (Loss) Before Income Taxes	152	(28)	N/M	170	(12)	N/M
Net Income Available to Common	174	22	N/M	230	143	60.8 %
Southern Company Gas¹ –						
Operating Revenues	\$ 689	\$ 730	(5.6)%	\$ 2,163	\$ 2,369	(8.7)%
Earnings Before Income Taxes	112	24	N/M	459	407	12.8 %
Net Income (Loss) Available to Common	106	(31)	N/M	376	248	51.6 %

N/M - not meaningful

Notes

- See Financial Highlights pages for discussion of certain significant items occurring during the periods presented.

- (1) Financial comparisons to the prior year were impacted by (i) Southern Company Gas' disposition of: (a) Pivotal Home Solutions on June 4, 2018, (b) Elizabethtown Gas and Elkton Gas on July 1, 2018, and (c) Florida City Gas on July 29, 2018; (ii) the disposition of Southern Power Company's ownership interest in Plants Oleander and Stanton on December 4, 2018; (iii) Southern Power Company's sale of (a) a 33% equity interest in a limited partnership indirectly owning substantially all of its solar facilities on May 22, 2018 and (b) a noncontrolling interest in its subsidiary owning eight operating wind facilities on December 11, 2018; and (iv) the disposition of Gulf Power Company on January 1, 2019.