

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) November 7, 2018

<u>Commission File Number</u>	<u>Registrant, State of Incorporation, Address and Telephone Number</u>	<u>I.R.S. Employer Identification No.</u>
1-3526	The Southern Company (A Delaware Corporation) 30 Ivan Allen Jr. Blvd., N.W. Atlanta, Georgia 30308 (404) 506-5000	58-0690070
1-3164	Alabama Power Company (An Alabama Corporation) 600 North 18 th 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
001-31737	Gulf Power Company (A Florida Corporation) One Energy Place Pensacola, Florida 32520 (850) 444-6111	59-0276810
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. Blvd., 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 seven registrants: The Southern Company, Alabama Power Company, Georgia Power Company, Gulf 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))

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).

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 November 7, 2018, The Southern Company (“Southern Company”) issued a press release regarding its earnings for the three-month and nine-month periods ended September 30, 2018. 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 nine-month periods ended September 30, 2018 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 nine-month periods ended September 30, 2018 and 2017. These exhibits also include earnings and earnings per share (1) for the three-month and nine-month periods ended September 30, 2018 and 2017, excluding (a) charges related to plants under construction, (b) earnings from the Wholesale Gas Services business of Southern Company Gas, and (c) acquisition, disposition and integration impacts; (2) for the nine-month period ended September 30, 2017, excluding (a) a charge for the write-down of Gulf Power Company’s ownership of Plant Scherer Unit 3 and (b) earnings associated with equity return as a result of extending the construction schedule for Mississippi Power Company’s integrated coal gasification combined cycle project in Kemper County, Mississippi beyond November 30, 2016; and (3) for the nine-month period ended September 30, 2018, excluding (a) 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 (b) 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, Gulf 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 nine-month periods ended September 30, 2018:

<u>Exhibit 99.01</u>	<u>Press Release.</u>
<u>Exhibit 99.02</u>	<u>Financial Highlights.</u>
<u>Exhibit 99.03</u>	<u>Significant Factors Impacting EPS.</u>
<u>Exhibit 99.04</u>	<u>EPS Earnings Analysis.</u>
<u>Exhibit 99.05</u>	<u>Consolidated Earnings.</u>
<u>Exhibit 99.06</u>	<u>Kilowatt-Hour Sales and Customers.</u>
<u>Exhibit 99.07</u>	<u>Financial Overview.</u>

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: November 7, 2018

THE SOUTHERN COMPANY

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

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

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

News



Media Contact: Southern Company Media Relations
404-506-5333 or 1-866-506-5333
www.southerncompany.com

Investor Relations Contact:
Scott Gammill
404-506-0901
sagammil@southernco.com

November 7, 2018

Southern Company reports third-quarter 2018 earnings

ATLANTA - Southern Company today reported third-quarter 2018 earnings of \$1.16 billion, or \$1.14 per share, compared with earnings of \$1.07 billion, or \$1.07 per share, in the third quarter of 2017. For the nine months ended September 30, 2018, Southern Company reported earnings of \$1.95 billion, or \$1.92 per share, compared with earnings of \$347 million, or 35 cents per share, for the same period in 2017.

Excluding the items described in the “Net Income - Excluding Items” table below, Southern Company earned \$1.16 billion, or \$1.14 per share, during the third quarter of 2018, compared with \$1.13 billion, or \$1.12 per share, during the third quarter of 2017. For the nine months ended September 30, 2018, excluding these items, Southern Company earned \$2.87 billion, or \$2.83 per share, compared with earnings of \$2.51 billion, or \$2.51 per share, for the same period in 2017.

Non-GAAP Financial Measures	Three Months Ended September		Year-to-Date September	
	2018	2017	2018	2017
Net Income - Excluding Items (in millions)				
Net Income - As Reported	\$1,164	\$1,069	\$1,948	\$347
Estimated Loss on Plants Under Construction	2	34	1,108	3,155
Tax Impact	(1)	(13)	(282)	(951)
Loss on Plant Scherer Unit 3	-	-	-	33
Tax Impact	-	-	-	(13)
Acquisition, Disposition, and Integration Impacts	(326)	6	(93)	19
Tax Impact	306	7	305	2
Wholesale Gas Services	24	38	(83)	(48)
Tax Impact	(6)	(15)	18	20
Litigation Settlement	-	-	(24)	-
Tax Impact	-	-	6	-
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC				
Schedule Extension	-	-	-	(47)
Tax Impact	-	-	-	(9)
Adoption of Tax Reform	-	-	(31)	-
Net Income - Excluding Items	\$1,163	\$1,126	\$2,872	\$2,508
Average Shares Outstanding - (in millions)	1,023	1,003	1,016	998
Basic Earnings Per Share - Excluding Items	\$1.14	\$1.12	\$2.83	\$2.51

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 third quarter of 2018 were positively influenced by effects of constructive regulatory outcomes and weather at our state-regulated utilities. These impacts were partially offset by increases in depreciation and amortization, as well as interest expense.

In addition to its solid performance in the third quarter, the company has also delivered significant benefits to customers as a result of tax reform, while continuing to improve the financial profile of its state-regulated businesses.

“Southern Company executed exceptionally well in the third quarter,” said Chairman, President and CEO Thomas A. Fanning. “This was demonstrated not only in the performance of our premier, state-regulated electric franchise operations, but also in the remarkable work of our people to restore power in northwest Florida and in parts of Georgia and Alabama following Hurricane Michael in early October,” added Fanning. “While we are always pleased to report solid financial performance, our primary mission is bigger than our bottom line, and I believe this has never been more evident than during our response to this catastrophic weather event. The restoration of power to these areas was achieved in what we believe to be record time for an undertaking of such scope.”

Third quarter 2018 operating revenues were \$6.16 billion, compared with \$6.20 billion for the third quarter of 2017, a decrease of 0.7 percent. For the nine months ended September 30, 2018, operating revenues were \$18.16 billion, compared with \$17.40 billion for the corresponding period in 2017, an increase of 4.3 percent.

Southern Company’s third 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 America’s premier energy company, with 46,000 megawatts of generating capacity and 1,500 billion cubic feet of combined natural gas consumption and throughput volume serving 9 million customers through its subsidiaries, as of December 31, 2017. We operate nearly 200,000 miles of electric transmission and distribution lines and more than 80,000 miles of natural gas pipeline, as of December 31, 2017. The company provides clean, safe, reliable and affordable energy through electric operating companies in four states, natural gas distribution companies in four states, a competitive generation company serving wholesale customers in 11 states across America and a nationally recognized provider of customized energy solutions, as well as fiber optics and wireless communications. Southern Company brands are known for excellent customer service, high reliability and affordable prices that are below the national average. Through an industry-leading commitment to innovation, Southern Company and its subsidiaries are creating new products and services for the benefit of customers. We are building the future of energy by developing the full portfolio of energy resources, including carbon-free nuclear, advanced carbon capture technologies, natural gas, renewables, energy efficiency and storage technology. Southern Company has been named by the U.S. Department of Defense and G.I. Jobs magazine as a top military employer, recognized among the Top 50 Companies for Diversity and the number one Company for Progress by DiversityInc, and designated as one of America’s Best Employers by Forbes magazine. Visit our website at www.southerncompany.com.

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

	Three Months Ended September		Year-to-Date September	
	2018	2017	2018	2017
Net Income—As Reported (See Notes)				
Traditional Electric Operating Companies	\$ 1,148	\$ 1,008	\$ 1,711	\$ —
Southern Power	92	124	235	276
Southern Company Gas	46	15	294	303
Total	1,286	1,147	2,240	579
Parent Company and Other	(122)	(78)	(292)	(232)
Net Income—As Reported	\$ 1,164	\$ 1,069	\$ 1,948	\$ 347
Basic Earnings Per Share ¹	\$ 1.14	\$ 1.07	\$ 1.92	\$ 0.35
Average Shares Outstanding <i>(in millions)</i>	1,023	1,003	1,016	998
End of Period Shares Outstanding <i>(in millions)</i>			1,029	1,004
Non-GAAP Financial Measures				
Net Income—Excluding Items (See Notes)				
Net Income—As Reported	\$ 1,164	\$ 1,069	\$ 1,948	\$ 347
Estimated Loss on Plants Under Construction ²	2	34	1,108	3,155
Tax Impact	(1)	(13)	(282)	(951)
Loss on Plant Scherer Unit 3 ³	—	—	—	33
Tax Impact	—	—	—	(13)
Acquisition, Disposition, and Integration Impacts ⁴	(326)	6	(93)	19
Tax Impact	306	7	305	2
Wholesale Gas Services ⁵	24	38	(83)	(48)
Tax Impact	(6)	(15)	18	20
Litigation Settlement ⁶	—	—	(24)	—
Tax Impact	—	—	6	—
Earnings Guidance Comparability Items:				
Equity Return Related to Kemper IGCC Schedule Extension ⁷	—	—	—	(47)
Tax Impact	—	—	—	(9)
Adoption of Tax Reform ⁸	—	—	(31)	—
Net Income—Excluding Items	\$ 1,163	\$ 1,126	\$ 2,872	\$ 2,508
Basic Earnings Per Share—Excluding Items	\$ 1.14	\$ 1.12	\$ 2.83	\$ 2.51

-See Notes on the following page.

Southern Company

Financial Highlights

Notes

(1) For the three and nine months ended September 30, 2018 and 2017, dilution does not change basic earnings per share by more than 1 cent and is not material.

(2) Earnings for the three and nine months ended September 30, 2018 and 2017 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 nine months ended September 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. These charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$30 million for Mississippi Power Company's Kemper IGCC may occur through the first half of 2020. 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 nine months ended September 30, 2017 include a \$32.5 million write-down (\$20 million after tax) of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected.

(4) Earnings for three months ended September 30, 2018 primarily include: (i) a combined \$351 million pre-tax (\$38 million after-tax) gain on the sales of Elizabethtown Gas, Elkton Gas and Florida City Gas; and (ii) \$25 million pre-tax (\$18 million after-tax) of other acquisition, integration and disposition costs. Earnings for the nine months ended September 30, 2018 primarily include: (i) a net combined \$317 million pre-tax gain (\$35 million after-tax loss) on the sales of Elizabethtown Gas, Elkton Gas, Florida City Gas and Pivotal Home Solutions; (ii) a \$42 million (pre-tax and after-tax) goodwill impairment charge associated with the sale of Pivotal Home Solutions; (iii) a \$119 million pre-tax (\$89 million after-tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iv) \$63 million pre-tax (\$46 million after-tax) of other acquisition, integration and disposition costs. The gain/loss calculations for the four Southern Company Gas dispositions are expected to be finalized in the fourth quarter 2018. Further costs are expected to continue to occur prior to the expected closings of pending dispositions in the first quarter of 2019; however, the amount of such expenditures is uncertain. 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.

(5) Earnings for the three and nine months ended September 30, 2018 and 2017 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.

(6) Earnings for the nine months ended September 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.

(7) Earnings for the nine months ended September 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.

(8) Earnings for the nine months ended September 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law on December 22, 2017. During this period, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended September			Year-to-Date September		
	2018	2017	Change	2018	2017	Change
Earnings Per Share– As Reported¹ (See Notes)	\$ 1.14	\$ 1.07	\$ 0.07	\$ 1.92	\$ 0.35	\$ 1.57
Significant Factors:						
Traditional Electric Operating Companies			\$ 0.14			\$ 1.71
Southern Power			(0.03)			(0.04)
Southern Company Gas			0.03			(0.01)
Parent Company and Other			(0.05)			(0.06)
Increase in Shares			(0.02)			(0.03)
Total–As Reported			\$ 0.07			\$ 1.57

	Three Months Ended September			Year-to-Date September		
	2018	2017	Change	2018	2017	Change
Non-GAAP Financial Measures						
Earnings Per Share– Excluding Items (See Notes)	\$ 1.14	\$ 1.12	\$ 0.02	\$ 2.83	\$ 2.51	\$ 0.32
Total–As Reported			\$ 0.07			\$ 1.57
Estimated Loss on Plants Under Construction ²			(0.02)			(1.34)
Loss on Plant Scherer Unit 3 ³			—			(0.02)
Acquisition, Disposition, and Integration Impacts ⁴			(0.03)			0.19
Wholesale Gas Services ⁵			—			(0.03)
Litigation Settlement ⁶			—			(0.02)
Adoption of Tax Reform ⁷			—			(0.03)
Total–Excluding Items			\$ 0.02			\$ 0.32

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

(1) For the three and nine months ended September 30, 2018 and 2017, dilution does not change basic earnings per share by more than 1 cent and is not material.

(2) Earnings for the three and nine months ended September 30, 2018 and 2017 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 nine months ended September 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. These charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$30 million for Mississippi Power Company's Kemper IGCC may occur through the first half of 2020. 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.

Earnings for the nine months ended September 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.

(3) Earnings for the nine months ended September 30, 2017 include a \$32.5 million write-down (\$20 million after tax) of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected.

(4) Earnings for three months ended September 30, 2018 primarily include: (i) a combined \$351 million pre-tax (\$38 million after-tax) gain on the sales of Elizabethtown Gas, Elkton Gas and Florida City Gas; and (ii) \$25 million pre-tax (\$18 million after-tax) of other acquisition, integration and disposition costs. Earnings for the nine months ended September 30, 2018 primarily include: (i) a net combined \$317 million pre-tax gain (\$35 million after-tax loss) on the sales of Elizabethtown Gas, Elkton Gas, Florida City Gas and Pivotal Home Solutions; (ii) a \$42 million (pre-tax and after-tax) goodwill impairment charge associated with the sale of Pivotal Home Solutions; (iii) a \$119 million pre-tax (\$89 million after-tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iv) \$63 million pre-tax (\$46 million after-tax) of other acquisition, integration and disposition costs. The gain/loss calculations for the four Southern Company Gas dispositions are expected to be finalized in the fourth quarter 2018. Further costs are expected to continue to occur prior to the expected closings of pending dispositions in the first quarter of 2019; however, the amount of such expenditures is uncertain. 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.

(5) Earnings for the three and nine months ended September 30, 2018 and 2017 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.

(6) Earnings for the nine months ended September 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.

(7) Earnings for the nine months ended September 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law on December 22, 2017. During this period, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.

Southern Company
EPS Earnings Analysis

Description	Three Months Ended September 2018 vs. 2017	Year-to-Date September 2018 vs. 2017
Retail Sales	\$0.02	\$0.04
Retail Revenue Impacts, Excluding Tax Reform Changes	0.01	0.02
Weather	0.05	0.18
Other Operating Revenues	0.01	—
Purchased Power Capacity Expense	—	0.01
Depreciation and Amortization	(0.02)	(0.06)
Taxes Other Than Income Taxes	(0.01)	(0.02)
Gain on Dispositions, Net	—	(0.01)
Interest Expense	(0.02)	(0.03)
Other Income and Deductions	0.01	0.01
Impacts of Tax Reform (Ongoing Basis), Net of Amounts to be Returned to Customers	0.10	0.19
Income Taxes, Excluding Tax Reform	(0.03)	(0.03)
Dividends on Preferred and Preference Stock	—	0.02
Total Traditional Electric Operating Companies	\$0.12	\$0.32
Southern Power	(0.03)	0.04
Southern Company Gas	(0.01)	0.06
Parent and Other	(0.04)	(0.05)
Increase in Shares	(0.02)	(0.05)
Total Change in EPS (Excluding Items)	\$0.02	\$0.32
Estimated Loss on Plants Under Construction ¹	0.02	1.34
Loss on Plant Scherer Unit 3 ²	—	0.02
Acquisition, Disposition, and Integration Impacts ³	0.03	(0.19)
Wholesale Gas Services ⁴	—	0.03
Litigation Settlement ⁵	—	0.02
Adoption of Tax Reform ⁶	—	0.03
Total Change in EPS (As Reported)	\$0.07	\$1.57

- See Notes on the following page.

Southern Company
EPS Earnings Analysis
Three and Nine Months Ended September 2018 vs. September 2017

Notes

(1) Earnings for the three and nine months ended September 30, 2018 and 2017 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 nine months ended September 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. These charges significantly impacted the presentation of earnings and earnings per share. Additional pre-tax cancellation costs of up to \$30 million for Mississippi Power Company's Kemper IGCC may occur through the first half of 2020. 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.

Earnings for the nine months ended September 30, 2017 include allowance for funds used during construction (AFUDC) equity as a result of extending the Kemper IGCC construction schedule beyond November 30, 2016, as assumed when Southern Company issued its 2017 guidance. As a result, Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also used such measures to evaluate Southern Company's 2017 performance. AFUDC equity ceased in connection with the project's suspension in June 2017.

(2) Earnings for the nine months ended September 30, 2017 include a \$32.5 million write-down (\$20 million after tax) of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected.

(3) Earnings for three months ended September 30, 2018 primarily include: (i) a combined \$351 million pre-tax (\$38 million after-tax) gain on the sales of Elizabethtown Gas, Elkton Gas and Florida City Gas; and (ii) \$25 million pre-tax (\$18 million after-tax) of other acquisition, integration and disposition costs. Earnings for the nine months ended September 30, 2018 primarily include: (i) a net combined \$317 million pre-tax gain (\$35 million after-tax loss) on the sales of Elizabethtown Gas, Elkton Gas, Florida City Gas and Pivotal Home Solutions; (ii) a \$42 million (pre-tax and after-tax) goodwill impairment charge associated with the sale of Pivotal Home Solutions; (iii) a \$119 million pre-tax (\$89 million after-tax) impairment charge associated with the disposition of Plants Stanton and Oleander; and (iv) \$63 million pre-tax (\$46 million after-tax) of other acquisition, integration and disposition costs. The gain/loss calculations for the four Southern Company Gas dispositions are expected to be finalized in the fourth quarter 2018. Further costs are expected to continue to occur prior to the expected closings of pending dispositions in the first quarter of 2019; however, the amount of such expenditures is uncertain. 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.

(4) Earnings for the three and nine months ended September 30, 2018 and 2017 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 nine months ended September 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 nine months ended September 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation, which was signed into law on December 22, 2017. During this period, Southern Company obtained and analyzed additional information that was not initially available or reported as provisional amounts at December 31, 2017. Additional adjustments are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Southern Company believes presentation of earnings per share excluding these amounts provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.

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

	Three Months Ended September			Year-to-Date September		
	2018	2017	Change	2018	2017	Change
Income Account-						
Retail Electric Revenues-						
Fuel	\$ 1,222	\$ 1,185	\$ 37	\$ 3,271	\$ 3,130	\$ 141
Non-Fuel	3,383	3,430	(47)	8,642	8,656	(14)
Wholesale Electric Revenues	693	718	(25)	1,923	1,867	56
Other Electric Revenues	170	168	2	509	510	(1)
Natural Gas Revenues	492	532	(40)	2,806	2,746	60
Other Revenues	199	168	31	1,007	494	513
Total Revenues	6,159	6,201	(42)	18,158	17,403	755
Fuel and Purchased Power	1,567	1,541	26	4,274	4,018	256
Cost of Natural Gas	104	134	(30)	1,053	1,085	(32)
Cost of Other Sales	120	90	30	688	293	395
Non-Fuel O & M	1,404	1,341	63	4,217	4,100	117
Depreciation and Amortization	787	767	20	2,338	2,236	102
Taxes Other Than Income Taxes	319	303	16	990	941	49
Estimated Loss on Plants Under Construction	1	34	(33)	1,105	3,155	(2,050)
Gain on Dispositions, net	(353)	—	(353)	(317)	(19)	(298)
Impairment Charges	36	—	36	197	—	197
Total Operating Expenses	3,985	4,210	(225)	14,545	15,809	(1,264)
Operating Income	2,174	1,991	183	3,613	1,594	2,019
Allowance for Equity Funds Used During Construction	36	18	18	99	133	(34)
Earnings from Equity Method Investments	36	32	4	108	100	8
Interest Expense, Net of Amounts Capitalized	458	407	51	1,386	1,248	138
Other Income (Expense), net	57	65	(8)	195	165	30
Income Taxes	623	590	33	598	317	281
Net Income	1,222	1,109	113	2,031	427	1,604
Less:						
Dividends on Preferred and Preference Stock of Subsidiaries	4	10	(6)	12	32	(20)
Net Income Attributable to Noncontrolling Interests	54	30	24	71	48	23
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	\$ 1,164	\$ 1,069	\$ 95	\$ 1,948	\$ 347	\$ 1,601

Notes

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

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

As Reported Kilowatt-Hour Sales-	Three Months Ended September				Year-to-Date September			
	2018	2017	Change	Weather Adjusted Change	2018	2017	Change	Weather Adjusted Change
Total Sales	59,501	58,276	2.1 %		162,605	155,626	4.5 %	
Total Retail Sales-	46,195	44,449	3.9 %	1.4 %	124,209	118,802	4.6 %	1.1 %
Residential	16,458	15,499	6.2 %	1.2 %	42,115	38,502	9.4 %	0.8 %
Commercial	15,445	14,969	3.2 %	0.8 %	41,105	40,007	2.7 %	0.6 %
Industrial	14,097	13,770	2.4 %	2.4 %	40,392	39,656	1.9 %	1.9 %
Other	195	211	(7.7)%	(7.9)%	597	637	(6.3)%	(6.5)%
Total Wholesale Sales	13,306	13,827	(3.8)%	N/A	38,396	36,824	4.3 %	N/A

(In Thousands of Customers)

Regulated Utility Customers-	Period Ended September		
	2018	2017	Change
Total Utility Customers-	8,856	9,187	(3.6)%
Total Traditional Electric	4,679	4,632	1.0 %
Southern Company Gas ¹	4,177	4,555	(8.3)%

Notes

(1) Includes total customers of approximately 404,000 at September 30, 2017 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 September			Year-to-Date September		
	2018	2017	% Change	2018	2017	% Change
Southern Company –						
Operating Revenues	\$ 6,159	\$ 6,201	(0.7)%	\$ 18,158	\$ 17,403	4.3 %
Earnings Before Income Taxes	1,845	1,699	8.6 %	2,629	744	N/M
Net Income Available to Common	1,164	1,069	8.9 %	1,948	347	N/M
Alabama Power –						
Operating Revenues	\$ 1,740	\$ 1,740	— %	\$ 4,716	\$ 4,606	2.4 %
Earnings Before Income Taxes	504	546	(7.7)%	1,140	1,236	(7.8)%
Net Income Available to Common	373	325	14.8 %	857	729	17.6 %
Georgia Power –						
Operating Revenues	\$ 2,593	\$ 2,546	1.8 %	\$ 6,601	\$ 6,426	2.7 %
Earnings Before Income Taxes	926	934	(0.9)%	833	1,906	(56.3)%
Net Income Available to Common	664	580	14.5 %	621	1,188	(47.7)%
Gulf Power –						
Operating Revenues	\$ 414	\$ 437	(5.3)%	\$ 1,106	\$ 1,144	(3.3)%
Earnings Before Income Taxes	59	103	(42.7)%	146	199	(26.6)%
Net Income Available to Common	63	63	— %	147	117	25.6 %
Mississippi Power –						
Operating Revenues	\$ 358	\$ 341	5.0 %	\$ 956	\$ 915	4.5 %
Earnings (Loss) Before Income Taxes	61	64	(4.7)%	110	(2,918)	N/M
Net Income (Loss) Available to Common	47	40	17.5 %	86	(2,034)	N/M
Southern Power –						
Operating Revenues	\$ 635	\$ 618	2.8 %	\$ 1,699	\$ 1,597	6.4 %
Earnings Before Income Taxes	108	115	(6.1)%	96	195	(50.8)%
Net Income Available to Common	92	124	(25.8)%	235	276	(14.9)%
Southern Company Gas –						
Operating Revenues	\$ 492	\$ 565	(12.9)%	\$ 2,861	\$ 2,841	0.7 %
Earnings Before Income Taxes	362	67	N/M	769	536	43.5 %
Net Income Available to Common	46	15	N/M	294	303	(3.0)%

N/M - not meaningful

Notes

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