

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) October 30, 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
The Southern Company	2019 Series A Corporate Units	SOLN	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 October 30, 2019, The Southern Company (“Southern Company”) issued a press release regarding its earnings for the three-month and nine-month periods ended September 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 nine-month periods ended September 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 nine-month periods ended September 30, 2019 and 2018. These exhibits also include earnings and earnings per share (1) for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2019, excluding an impairment charge associated with Southern Company Gas’ natural gas storage facility in Louisiana, 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, 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, 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 104	Cover Page Interactive Data File – The cover page iXBRL tags are embedded within the inline XBRL 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: October 30, 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



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

October 30, 2019

Southern Company reports third-quarter 2019 earnings

ATLANTA - Southern Company today reported third-quarter 2019 earnings of \$1.32 billion, or \$1.26 per share, compared with \$1.16 billion, or \$1.14 per share, in the third quarter of 2018. For the nine months ended September 30, 2019, Southern Company reported earnings of \$4.30 billion, or \$4.12 per share, compared with earnings of \$1.95 billion, or \$1.92 per share, for the same period in 2018.

Excluding the items described in the “Net Income - Excluding Items” table below, Southern Company earned \$1.40 billion, or \$1.34 per share, during the third quarter of 2019, compared with \$1.16 billion, or \$1.14 per share, during the third quarter of 2018. For the nine months ended September 30, 2019, excluding these items, Southern Company earned \$2.97 billion, or \$2.84 per share, compared with earnings of \$2.87 billion, or \$2.83 per share, for the same period in 2018.

Non-GAAP Financial Measures	Three Months Ended September		Year-to-Date September	
	2019	2018	2019	2018
Net Income - Excluding Items (in millions)				
Net Income - As Reported	\$1,316	\$1,164	\$4,298	\$1,948
Acquisition, Disposition, and Integration Impacts	5	(326)	(2,477)	(93)
Tax Impact	7	306	1,130	305
Estimated Loss on Plants Under Construction	3	2	16	1,108
Tax Impact	(1)	(1)	(4)	(282)
Wholesale Gas Services	14	24	(79)	(83)
Tax Impact	(5)	(6)	18	18
Asset Impairment	92	-	92	-
Tax Impact	(27)	-	(27)	-
Litigation Settlement	-	-	-	(24)
Tax Impact	-	-	-	6
Earnings Guidance Comparability Items:				
Adoption of Tax Reform	-	-	-	(31)
Net Income - Excluding Items	\$1,404	\$1,163	\$2,967	\$2,872
Average Shares Outstanding - (in millions)	1,048	1,023	1,043	1,016
Basic Earnings Per Share - Excluding Items	\$1.34	\$1.14	\$2.84	\$2.83

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 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 continue to be pleased with our operational performance through the first three quarters of 2019, as our premier, state-regulated electric and gas franchises provided reliable energy to customers despite the challenge of record-breaking temperatures in our service footprint" said Chairman, President and CEO Thomas A. Fanning. "Our electrical system demonstrated great resilience during these conditions with strong generation availability and record year-to-date transmission performance, resulting in exceptional reliability for customers. Even amid these peak loads, a diverse fuel mix enabled the Southern Company system to reduce carbon emissions by 35% compared to the strongest demand of 2007 - our benchmark year for carbon emissions."

Third quarter 2019 operating revenues were \$6.0 billion, compared with \$6.2 billion for the third quarter of 2018, a decrease of 2.7 percent. For the nine months ended September 30, 2019, operating revenues were \$16.5 billion, compared with \$18.2 billion for the corresponding period in 2018, a decrease of 9.1 percent. These decreases reflect the sales of Gulf Power and other assets that are no longer affiliated with Southern Company.

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 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.

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

	Three Months Ended September		Year-to-Date September	
	2019	2018	2019	2018
Net Income—As Reported (See Notes)				
Traditional Electric Operating Companies	\$ 1,373	\$ 1,148	\$ 2,719	\$ 1,711
Southern Power	86	92	316	235
Southern Company Gas	(29)	46	347	294
Total	1,430	1,286	3,382	2,240
Parent Company and Other	(114)	(122)	916	(292)
Net Income—As Reported	\$ 1,316	\$ 1,164	\$ 4,298	\$ 1,948
Basic Earnings Per Share ¹	\$ 1.26	\$ 1.14	\$ 4.12	\$ 1.92
Average Shares Outstanding <i>(in millions)</i>	1,048	1,023	1,043	1,016
End of Period Shares Outstanding <i>(in millions)</i>			1,049	1,029
Non-GAAP Financial Measures	Three Months Ended September		Year-to-Date September	
	2019	2018	2019	2018
Net Income—Excluding Items (See Notes)				
Net Income—As Reported	\$ 1,316	\$ 1,164	\$ 4,298	\$ 1,948
Acquisition, Disposition, and Integration Impacts ²	5	(326)	(2,477)	(93)
Tax Impact	7	306	1,130	305
Estimated Loss on Plants Under Construction ³	3	2	16	1,108
Tax Impact	(1)	(1)	(4)	(282)
Wholesale Gas Services ⁴	14	24	(79)	(83)
Tax Impact	(5)	(6)	18	18
Asset Impairment ⁵	92	—	92	—
Tax Impact	(27)	—	(27)	—
Litigation Settlement ⁶	—	—	—	(24)
Tax Impact	—	—	—	6
Earnings Guidance Comparability Items:				
Adoption of Tax Reform ⁷	—	—	—	(31)
Net Income—Excluding Items	\$ 1,404	\$ 1,163	\$ 2,967	\$ 2,872
Basic Earnings Per Share—Excluding Items	\$ 1.34	\$ 1.14	\$ 2.84	\$ 2.83

-See Notes on the following page.

Southern Company

Financial Highlights

Notes

- (1) For the three and nine months ended September 30, 2019 and 2018, dilutive impacts are immaterial (\$0.03 or less per share). Diluted earnings per share was \$1.25 and \$4.09 in the third quarter and year-to-date 2019, respectively, and \$1.13 and \$1.91 in the third quarter and year-to-date 2018, respectively.
- (2) Earnings for the three months ended September 30, 2019 include an \$18 million pre-tax and after-tax impairment charge in contemplation of the sale of PowerSecure Inc.'s lighting services business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition, disposition, and integration impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company, a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches, and \$17 million pre tax (\$7 million after tax) of other acquisition, disposition, and integration impacts, partially offset by pre-tax and after-tax impairment charges totaling \$50 million related to the sale and contemplated sale of PowerSecure Inc.'s utility infrastructure services and lighting businesses, respectively. Earnings for the 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, disposition, and integration 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 Pivotal Home Solutions transaction; (iii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the sales of Plants Stanton and Oleander; and (iv) \$63 million pre tax (\$46 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sale of Gulf Power Company, 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 nine months ended September 30, 2019 and 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 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. Additional pre-tax closure costs, including mine reclamation, of up to \$20 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 nine months ended September 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 nine months ended September 30, 2019 include a pre-tax impairment charge of \$92 million (\$65 million after tax) associated with Southern Company Gas' natural gas storage facility in Louisiana. Further charges associated with this facility are not expected. Southern Company Gas has two other natural gas storage facilities with a combined net book value of \$328 million at September 30, 2019. These facilities could be impacted by ongoing U.S. natural gas storage market changes that may imply impacts to future rates and/or asset values, and, if sustained, could trigger impairment.
- (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 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 September			Year-to-Date September		
	2019	2018	Change	2019	2018	Change
Earnings Per Share— As Reported¹ (See Notes)	\$ 1.26	\$ 1.14	\$ 0.12	\$ 4.12	\$ 1.92	\$ 2.20
Significant Factors:						
Traditional Electric Operating Companies			\$ 0.22			\$ 0.99
Southern Power			(0.01)			0.08
Southern Company Gas			(0.07)			0.05
Parent Company and Other			0.01			1.19
Increase in Shares			(0.03)			(0.11)
Total—As Reported			\$ 0.12			\$ 2.20

	Three Months Ended September			Year-to-Date September		
	2019	2018	Change	2019	2018	Change
Non-GAAP Financial Measures						
Earnings Per Share— Excluding Items (See Notes)	\$ 1.34	\$ 1.14	\$ 0.20	\$ 2.84	\$ 2.83	\$ 0.01
Total—As Reported			\$ 0.12			\$ 2.20
Acquisition, Disposition, and Integration Impacts ²			0.03			(1.50)
Estimated Loss on Plants Under Construction ³			—			(0.80)
Wholesale Gas Services ⁴			(0.01)			—
Asset Impairment ⁵			0.06			0.06
Litigation Settlement ⁶			—			0.02
Adoption of Tax Reform ⁷			—			0.03
Total—Excluding Items			\$ 0.20			\$ 0.01

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

- (1) For the three and nine months ended September 30, 2019 and 2018, dilutive impacts are immaterial (\$0.03 or less per share). Diluted earnings per share was \$1.25 and \$4.09 in the third quarter and year-to-date 2019, respectively, and \$1.13 and \$1.91 in the third quarter and year-to-date 2018, respectively.
- (2) Earnings for the three months ended September 30, 2019 include an \$18 million pre-tax and after-tax impairment charge in contemplation of the sale of PowerSecure Inc.'s lighting services business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition, disposition, and integration impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company, a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches, and \$17 million pre tax (\$7 million after tax) of other acquisition, disposition, and integration impacts, partially offset by pre-tax and after-tax impairment charges totaling \$50 million related to the sale and contemplated sale of PowerSecure Inc.'s utility infrastructure services and lighting businesses, respectively. Earnings for the 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, disposition, and integration 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 Pivotal Home Solutions transaction; (iii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the sales of Plants Stanton and Oleander; and (iv) \$63 million pre tax (\$46 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sale of Gulf Power Company, 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 nine months ended September 30, 2019 and 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 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. Additional pre-tax closure costs, including mine reclamation, of up to \$20 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 nine months ended September 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 nine months ended September 30, 2019 include a pre-tax impairment charge of \$92 million (\$65 million after tax) associated with Southern Company Gas' natural gas storage facility in Louisiana. Further charges associated with this facility are not expected. Southern Company Gas has two other natural gas storage facilities with a combined net book value of \$328 million at September 30, 2019. These facilities could be impacted by ongoing U.S. natural gas storage market changes that may imply impacts to future rates and/or asset values, and, if sustained, could trigger impairment.
- (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 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 September 2019 vs. 2018	Year-to-Date September 2019 vs. 2018
Retail Sales	\$(0.05)	\$(0.10)
Retail Revenue Impacts	0.18	0.33
Weather	0.09	0.05
Wholesale and Other Operating Revenues	0.02	0.05
Non-Fuel O&M	—	(0.03)
Interest Expense, Depreciation and Amortization, Other	(0.02)	(0.02)
Income Taxes	0.06	0.09
Gulf Power Earnings	(0.06)	(0.14)
Total Traditional Electric Operating Companies	\$0.22	\$0.23
Southern Power	(0.01)	(0.10)
Southern Company Gas	0.01	0.01
Parent and Other	0.01	(0.05)
Increase in Shares	(0.03)	(0.08)
Total Change in EPS (Excluding Items)	\$0.20	\$0.01
Acquisition, Disposition, and Integration Impacts ¹	(0.03)	1.50
Estimated Loss on Plants Under Construction ²	—	0.80
Wholesale Gas Services ³	0.01	—
Asset Impairment ⁴	(0.06)	(0.06)
Litigation Settlement ⁵	—	(0.02)
Adoption of Tax Reform ⁶	—	(0.03)
Total Change in EPS (As Reported)	\$0.12	\$2.20

- See Notes on the following page.

Southern Company
EPS Earnings Analysis
Three and Nine Months Ended September 2019 vs. September 2018

Notes

- (1) Earnings for the three months ended September 30, 2019 include an \$18 million pre-tax and after-tax impairment charge in contemplation of the sale of PowerSecure Inc.'s lighting services business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition, disposition, and integration impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax gain (\$1.3 billion after tax) on the sale of Gulf Power Company, a \$23 million pre-tax (\$88 million after tax) gain on the sale of Southern Power Company's Plant Nacogdoches, and \$17 million pre tax (\$7 million after tax) of other acquisition, disposition, and integration impacts, partially offset by pre-tax and after-tax impairment charges totaling \$50 million related to the sale and contemplated sale of PowerSecure Inc.'s utility infrastructure services and lighting businesses, respectively. Earnings for the 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, disposition, and integration 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 Pivotal Home Solutions transaction; (iii) a \$119 million pre-tax (\$89 million after tax) impairment charge associated with the sales of Plants Stanton and Oleander; and (iv) \$63 million pre tax (\$46 million after tax) of other acquisition, disposition, and integration costs. Further impacts are expected to be recorded in 2019 in connection with the sale of Gulf Power Company, 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 nine months ended September 30, 2019 and 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 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. Additional pre-tax closure costs, including mine reclamation, of up to \$20 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 nine months ended September 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 nine months ended September 30, 2019 include a pre-tax impairment charge of \$92 million (\$65 million after tax) associated with Southern Company Gas' natural gas storage facility in Louisiana. Further charges associated with this facility are not expected. Southern Company Gas has two other natural gas storage facilities with a combined net book value of \$328 million at September 30, 2019. These facilities could be impacted by ongoing U.S. natural gas storage market changes that may imply impacts to future rates and/or asset values, and, if sustained, could trigger impairment.
- (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 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 September			Year-to-Date September		
	2019	2018	Change	2019	2018	Change
Income Account-						
Retail Electric Revenues-						
Fuel	\$ 1,083	\$ 1,222	\$ (139)	\$ 2,807	\$ 3,271	\$ (464)
Non-Fuel	3,429	3,383	46	8,329	8,642	(313)
Wholesale Electric Revenues	625	698	(73)	1,667	1,937	(270)
Other Electric Revenues	163	165	(2)	492	495	(3)
Natural Gas Revenues	498	492	6	2,661	2,806	(145)
Other Revenues	197	199	(2)	549	1,007	(458)
Total Revenues	5,995	6,159	(164)	16,505	18,158	(1,653)
Fuel and Purchased Power	1,326	1,567	(241)	3,461	4,274	(813)
Cost of Natural Gas	79	104	(25)	956	1,053	(97)
Cost of Other Sales	114	120	(6)	316	688	(372)
Non-Fuel O & M	1,292	1,404	(112)	3,888	4,217	(329)
Depreciation and Amortization	760	787	(27)	2,267	2,338	(71)
Taxes Other Than Income Taxes	303	319	(16)	931	990	(59)
Estimated Loss on Plants Under Construction	4	1	3	10	1,105	(1,095)
Impairment Charges	110	36	74	142	197	(55)
(Gain) Loss on Dispositions, net	(6)	(353)	347	(2,512)	(317)	(2,195)
Total Operating Expenses	3,982	3,985	(3)	9,459	14,545	(5,086)
Operating Income	2,013	2,174	(161)	7,046	3,613	3,433
Allowance for Equity Funds Used During Construction	33	36	(3)	96	99	(3)
Earnings from Equity Method Investments	39	36	3	120	108	12
Interest Expense, Net of Amounts Capitalized	434	458	(24)	1,294	1,386	(92)
Other Income (Expense), net	61	57	4	239	195	44
Income Taxes	367	623	(256)	1,872	598	1,274
Net Income	1,345	1,222	123	4,335	2,031	2,304
Less:						
Dividends on Preferred Stock of Subsidiaries	4	4	—	11	12	(1)
Net Income Attributable to Noncontrolling Interests	25	54	(29)	26	71	(45)
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	\$ 1,316	\$ 1,164	\$ 152	\$ 4,298	\$ 1,948	\$ 2,350

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 September

	As Reported				Adjusted ¹		
	2019	2018	Change	Weather Adjusted Change	2018	Change	Weather Adjusted Change
Kilowatt-Hour Sales-							
Total Sales	56,703	59,501	(4.7)%		55,898	1.4 %	
Total Retail Sales-	43,090	46,195	(6.7)%	(9.6)%	42,789	0.7 %	(2.4)%
Residential	15,368	16,458	(6.6)%	(12.4)%	14,717	4.4 %	(1.9)%
Commercial	14,404	15,445	(6.7)%	(9.4)%	14,298	0.7 %	(2.1)%
Industrial	13,133	14,097	(6.8)%	(6.8)%	13,585	(3.3)%	(3.3)%
Other	185	195	(5.4)%	(5.7)%	189	(2.2)%	(2.4)%
Total Wholesale Sales	13,613	13,306	2.3 %	N/A	13,109	3.8 %	N/A

Year-to-Date September

	As Reported				Adjusted ¹		
	2019	2018	Change	Weather Adjusted Change	2018	Change	Weather Adjusted Change
Kilowatt-Hour Sales-							
Total Sales	150,303	162,605	(7.6)%		153,409	(2.0)%	
Total Retail Sales-	114,207	124,209	(8.1)%	(8.5)%	115,520	(1.1)%	(1.7)%
Residential	37,790	42,115	(10.3)%	(11.0)%	37,789	— %	(0.9)%
Commercial	37,776	41,105	(8.1)%	(8.8)%	38,112	(0.9)%	(1.7)%
Industrial	38,084	40,392	(5.7)%	(5.7)%	39,043	(2.5)%	(2.5)%
Other	557	597	(6.7)%	(6.6)%	576	(3.3)%	(3.2)%
Total Wholesale Sales	36,096	38,396	(6.0)%	N/A	37,889	(4.7)%	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 September		
	2019	2018	Change
Regulated Utility Customers-			
Total Utility Customers-	8,462	8,856	(4.4)%
Total Traditional Electric ¹	4,254	4,679	(9.1)%
Southern Company Gas	4,208	4,177	0.7%

Notes

(1) Includes approximately 467,000 customers at September 30, 2018 related to Gulf Power Company, which was sold on January 1, 2019.

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

	Three Months Ended September			Year-to-Date September		
	2019	2018	% Change	2019	2018	% Change
Southern Company¹ –						
Operating Revenues	\$ 5,995	\$ 6,159	(2.7)%	\$16,505	\$18,158	(9.1)%
Earnings Before Income Taxes	1,712	1,845	(7.2)%	6,207	2,629	136.1 %
Net Income Available to Common	1,316	1,164	13.1 %	4,298	1,948	120.6 %
Alabama Power –						
Operating Revenues	\$ 1,841	\$ 1,740	5.8 %	\$ 4,762	\$ 4,716	1.0 %
Earnings Before Income Taxes	617	504	22.4 %	1,288	1,140	13.0 %
Net Income Available to Common	469	373	25.7 %	982	857	14.6 %
Georgia Power –						
Operating Revenues	\$ 2,755	\$ 2,593	6.2 %	\$ 6,706	\$ 6,601	1.6 %
Earnings Before Income Taxes	1,094	926	18.1 %	2,064	833	147.8 %
Net Income Available to Common	839	664	26.4 %	1,598	621	157.3 %
Mississippi Power –						
Operating Revenues	\$ 370	\$ 358	3.4 %	\$ 970	\$ 956	1.5 %
Earnings Before Income Taxes	80	61	31.1 %	166	110	50.9 %
Net Income Available to Common	65	47	38.3 %	139	86	61.6 %
Southern Power¹ –						
Operating Revenues	\$ 574	\$ 635	(9.6)%	\$ 1,527	\$ 1,699	(10.1)%
Earnings Before Income Taxes	130	108	20.4 %	301	96	213.5 %
Net Income Available to Common	86	92	(6.5)%	316	235	34.5 %
Southern Company Gas¹ –						
Operating Revenues	\$ 498	\$ 492	1.2 %	\$ 2,661	\$ 2,861	(7.0)%
Earnings (Loss) Before Income Taxes	(51)	362	(114.1)%	408	769	(46.9)%
Net Income (Loss) Available to Common	(29)	46	(163.0)%	347	294	18.0 %

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 (a) Plants Oleander and Stanton on December 4, 2018 and (b) Plant Nacogdoches on June 13, 2019; (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) Southern Company's disposition of Gulf Power Company on January 1, 2019.