

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 29, 2020

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
The Southern Company	Series 2020A 4.95% Junior Subordinated Notes due 2080	SOJD	New York Stock Exchange
The Southern Company	Series 2020C 4.20% Junior Subordinated Notes due 2060	SOJE	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 29, 2020, The Southern Company (“Southern Company”) issued a press release regarding its earnings for the three-month and nine-month periods ended September 30, 2020. 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, 2020 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, 2020 and 2019. These exhibits also include earnings and earnings per share (1) for the three-month and nine-month periods ended September 30, 2020 and 2019, excluding (a) charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to plants under construction and (b) earnings from the Wholesale Gas Services business and (2) for the nine-month period ended September 30, 2020 and the three-month and nine-month periods ended September 30, 2019, excluding (a) acquisition and disposition impacts and (b) impairment charges. 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, 2020:

Exhibit 99.01	<u>Press Release.</u>
Exhibit 99.02	<u>Financial Highlights.</u>
Exhibit 99.03	<u>Significant Factors Impacting EPS.</u>
Exhibit 99.04	<u>EPS Earnings Analysis.</u>
Exhibit 99.05	<u>Consolidated Earnings.</u>
Exhibit 99.06	<u>Kilowatt-Hour Sales and Customers.</u>
Exhibit 99.07	<u>Financial Overview.</u>
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 29, 2020

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

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

October 29, 2020

Southern Company reports third-quarter 2020 earnings

ATLANTA – Southern Company today reported third-quarter 2020 earnings of \$1.25 billion, or \$1.18 per share, compared with \$1.32 billion, or \$1.26 per share, in the third quarter of 2019. For the nine months ended September 30, 2020, Southern Company reported earnings of \$2.73 billion, or \$2.58 per share, compared with earnings of \$4.30 billion, or \$4.12 per share, for the same period in 2019.

Excluding the items described in the “Net Income – Excluding Items” table below, Southern Company earned \$1.29 billion, or \$1.22 per share, during the third quarter of 2020, compared with \$1.40 billion, or \$1.34 per share, during the third quarter of 2019. For the nine months ended September 30, 2020, excluding these items, Southern Company earned \$2.94 billion, or \$2.78 per share, compared with \$2.97 billion, or \$2.84 per share, for the same period in 2019.

Non-GAAP Financial Measures	Three Months Ended September		Year-to-Date September	
	2020	2019	2020	2019
Net Income - Excluding Items (in millions)	2020	2019	2020	2019
Net Income - As Reported	\$ 1,251	\$ 1,316	\$ 2,732	\$ 4,298
Less:				
Acquisition and Disposition Impacts	—	(5)	38	2,477
Tax Impact	—	(7)	(16)	(1,130)
Estimated Loss on Plants Under Construction	3	(3)	(151)	(16)
Tax Impact	(1)	1	39	4
Wholesale Gas Services	(62)	(14)	(61)	79
Tax Impact	17	5	16	(18)
Asset Impairment	—	(92)	(154)	(92)
Tax Impact	—	27	80	27
Net Income - Excluding Items	\$ 1,294	\$ 1,404	\$ 2,941	\$ 2,967
Average Shares Outstanding - (in millions)	1,058	1,048	1,058	1,043
Basic Earnings Per Share - Excluding Items	\$ 1.22	\$ 1.34	\$ 2.78	\$ 2.84

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 2020 were negatively impacted by a decline in sales related to the COVID-19 pandemic and milder weather, largely offset by diligent cost control and constructive state regulatory actions completed in 2019 at the company's utilities.

"During the third quarter and much of this year, unprecedented circumstances, including the COVID-19 pandemic and an exceptionally active storm season, have confronted our customers and communities. Employees throughout the Southern Company system have responded by continuing to deliver industry-leading reliability and service to those customers we are privileged to serve," said Chairman, President and CEO Thomas A. Fanning. "Our priorities moving forward include maintaining best-in-class service levels and cost discipline at our utilities while continuing to work diligently to bring Vogtle Units 3 and 4 online by the November 2021 and November 2022 regulatory-approved in-service dates."

Third-quarter 2020 operating revenues were \$5.6 billion, compared with \$6.0 billion for the third quarter of 2019, a decrease of 6.3 percent. For the nine months ended September 30, 2020, operating revenues were \$15.3 billion, compared with \$16.5 billion for the corresponding period in 2019, a decrease of 7.6 percent. These decreases were primarily due to lower fuel costs and a sales decline resulting from milder weather and COVID-19.

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 1 p.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 September		Year-to-Date September	
	2020	2019	2020	2019
Net Income—As Reported (See Notes)				
Traditional Electric Operating Companies	\$ 1,284	\$ 1,373	\$ 2,571	\$ 2,719
Southern Power	74	86	212	316
Southern Company Gas	14	(29)	360	347
Total	1,372	1,430	3,143	3,382
Parent Company and Other	(121)	(114)	(411)	916
Net Income—As Reported	\$ 1,251	\$ 1,316	\$ 2,732	\$ 4,298
Basic Earnings Per Share ¹	\$ 1.18	\$ 1.26	\$ 2.58	\$ 4.12
Average Shares Outstanding <i>(in millions)</i>	1,058	1,048	1,058	1,043
End of Period Shares Outstanding <i>(in millions)</i>			1,056	1,049

Non-GAAP Financial Measures	Three Months Ended September		Year-to-Date September	
	2020	2019	2020	2019
Net Income—Excluding Items (See Notes)				
Net Income—As Reported	\$ 1,251	\$ 1,316	\$ 2,732	\$ 4,298
Less:				
Acquisition and Disposition Impacts ²	—	(5)	38	2,477
Tax Impact	—	(7)	(16)	(1,130)
Estimated Loss on Plants Under Construction ³	3	(3)	(151)	(16)
Tax Impact	(1)	1	39	4
Wholesale Gas Services ⁴	(62)	(14)	(61)	79
Tax Impact	17	5	16	(18)
Asset Impairment ⁵	—	(92)	(154)	(92)
Tax Impact	—	27	80	27
Net Income—Excluding Items	\$ 1,294	\$ 1,404	\$ 2,941	\$ 2,967
Basic Earnings Per Share—Excluding Items	\$ 1.22	\$ 1.34	\$ 2.78	\$ 2.84

-See Notes on the following page.

Southern Company

Financial Highlights

Notes

- (1) For the three and nine months ended September 30, 2020 and 2019, dilution does not change basic earnings per share by more than \$0.03 and is not material. Diluted earnings per share was \$1.18 and \$2.57 in the third quarter and year-to-date 2020, respectively, and \$1.25 and \$4.09 in the third quarter and year-to-date 2019, respectively.
- (2) Earnings for the nine months ended September 30, 2020 primarily include a \$39 million pre-tax (\$23 million after-tax) gain on the sale of Southern Power Company's Plant Mankato. 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 business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition and disposition impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax (\$1.3 billion after-tax) gain 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 and disposition 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.
- (3) Earnings for the three and nine months ended September 30, 2020 and 2019 include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Earnings for the nine months ended September 30, 2020 also include a \$149 million pre-tax (\$111 million after-tax) charge for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4, which significantly impacted earnings and earnings per share. Mississippi Power Company expects to substantially complete mine reclamation activities in 2020 and dismantlement of the abandoned gasifier-related assets and site restoration activities in 2025. The additional pre-tax period costs associated with these activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, are estimated to total \$3 million for the remainder of 2020 and \$10 million to \$15 million annually for 2021 through 2025. Further charges for Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges are uncertain.
- (4) Earnings for the three and nine months ended September 30, 2020 and 2019 include Wholesale Gas Services business results. Presenting earnings and earnings per share excluding Wholesale Gas Services provides 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, 2020 include a pre-tax impairment charge of \$154 million (\$74 million after tax) related to a leveraged lease. 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 which 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.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended September			Year-to-Date September		
	2020	2019	Change	2020	2019	Change
Earnings Per Share— As Reported¹ (See Notes)	\$ 1.18	\$ 1.26	\$ (0.08)	\$ 2.58	\$ 4.12	\$ (1.54)

Significant Factors:

Traditional Electric Operating Companies			\$ (0.09)			\$ (0.14)
Southern Power			(0.01)			(0.10)
Southern Company Gas			0.04			0.01
Parent Company and Other			(0.01)			(1.28)
Increase in Shares			(0.01)			(0.03)
Total—As Reported			<u>\$ (0.08)</u>			<u>\$ (1.54)</u>

	Three Months Ended September			Year-to-Date September		
	2020	2019	Change	2020	2019	Change
Non-GAAP Financial Measures						
Earnings Per Share— Excluding Items (See Notes)	\$ 1.22	\$ 1.34	\$ (0.12)	\$ 2.78	\$ 2.84	\$ (0.06)

Total—As Reported			\$ (0.08)			\$ (1.54)
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Less:

Acquisition and Disposition Impacts ²			0.01			(1.27)
Estimated Loss on Plants Under Construction ³			—			(0.10)
Wholesale Gas Services ⁴			(0.03)			(0.10)
Asset Impairment ⁵			0.06			(0.01)
Total—Excluding Items			<u>\$ (0.12)</u>			<u>\$ (0.06)</u>

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

- (1) For the three and nine months ended September 30, 2020 and 2019, dilution does not change basic earnings per share by more than \$0.03 and is not material. Diluted earnings per share was \$1.18 and \$2.57 in the third quarter and year-to-date 2020, respectively, and \$1.25 and \$4.09 in the third quarter and year-to-date 2019, respectively.
- (2) Earnings for the nine months ended September 30, 2020 primarily include a \$39 million pre-tax (\$23 million after-tax) gain on the sale of Southern Power Company's Plant Mankato. 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 business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition and disposition impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax (\$1.3 billion after-tax) gain 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 and disposition 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.
- (3) Earnings for the three and nine months ended September 30, 2020 and 2019 include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Earnings for the nine months ended September 30, 2020 also include a \$149 million pre-tax (\$111 million after-tax) charge for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4, which significantly impacted earnings and earnings per share. Mississippi Power Company expects to substantially complete mine reclamation activities in 2020 and dismantlement of the abandoned gasifier-related assets and site restoration activities in 2025. The additional pre-tax period costs associated with these activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, are estimated to total \$3 million for the remainder of 2020 and \$10 million to \$15 million annually for 2021 through 2025. Further charges for Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges are uncertain.
- (4) Earnings for the three and nine months ended September 30, 2020 and 2019 include Wholesale Gas Services business results. Presenting earnings and earnings per share excluding Wholesale Gas Services provides 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, 2020 include a pre-tax impairment charge of \$154 million (\$74 million after tax) related to a leveraged lease. 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 which 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.

Southern Company
EPS Earnings Analysis

Description	Three Months Ended September 2020 vs. 2019	Year-to-Date September 2020 vs. 2019
Retail Sales	\$(0.04)	\$(0.12)
Retail Revenue Impacts	0.04	0.24
Weather	(0.10)	(0.21)
Non-Fuel O&M	—	0.06
Depreciation and Amortization, Interest Expense, Other	(0.04)	(0.16)
Income Taxes	0.05	0.15
Total Traditional Electric Operating Companies	\$(0.09)	\$(0.04)
Southern Power	(0.01)	(0.02)
Southern Company Gas	0.01	0.05
Parent and Other	(0.02)	(0.01)
Increase in Shares	(0.01)	(0.04)
Total Change in EPS (Excluding Items)	\$(0.12)	\$(0.06)
Acquisition and Disposition Impacts ¹	0.01	(1.27)
Estimated Loss on Plants Under Construction ²	—	(0.10)
Wholesale Gas Services ³	(0.03)	(0.10)
Asset Impairment ⁴	0.06	(0.01)
Total Change in EPS (As Reported)	\$(0.08)	\$(1.54)

- See Notes on the following page.

Southern Company

EPS Earnings Analysis

Notes

- (1) Earnings for the nine months ended September 30, 2020 primarily include a \$39 million pre-tax (\$23 million after-tax) gain on the sale of Southern Power Company's Plant Mankato. 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 business, partially offset by \$13 million pre tax (\$6 million after tax) of other acquisition and disposition impacts. Earnings for the nine months ended September 30, 2019 include a \$2.5 billion pre-tax (\$1.3 billion after-tax) gain 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 and disposition 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.
- (2) Earnings for the three and nine months ended September 30, 2020 and 2019 include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Earnings for the nine months ended September 30, 2020 also include a \$149 million pre-tax (\$111 million after-tax) charge for an estimated probable loss on Georgia Power Company's construction of Plant Vogtle Units 3 and 4, which significantly impacted earnings and earnings per share. Mississippi Power Company expects to substantially complete mine reclamation activities in 2020 and dismantlement of the abandoned gasifier-related assets and site restoration activities in 2025. The additional pre-tax period costs associated with these activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, are estimated to total \$3 million for the remainder of 2020 and \$10 million to \$15 million annually for 2021 through 2025. Further charges for Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges are uncertain.
- (3) Earnings for the three and nine months ended September 30, 2020 and 2019 include Wholesale Gas Services business results. Presenting earnings and earnings per share excluding Wholesale Gas Services provides 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 nine months ended September 30, 2020 include a pre-tax impairment charge of \$154 million (\$74 million after tax) related to a leveraged lease. 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 which 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.

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

	Three Months Ended September			Year-to-Date September		
	2020	2019	Change	2020	2019	Change
Income Account-						
Retail Electric Revenues-						
Fuel	\$ 949	\$ 1,083	\$ (134)	\$ 2,301	\$ 2,807	\$ (506)
Non-Fuel	3,294	3,429	(135)	8,202	8,329	(127)
Wholesale Electric Revenues	584	625	(41)	1,473	1,667	(194)
Other Electric Revenues	164	163	1	484	492	(8)
Natural Gas Revenues	477	498	(21)	2,362	2,661	(299)
Other Revenues	152	197	(45)	436	549	(113)
Total Revenues	5,620	5,995	(375)	15,258	16,505	(1,247)
Fuel and Purchased Power	1,163	1,326	(163)	2,801	3,461	(660)
Cost of Natural Gas	71	79	(8)	654	956	(302)
Cost of Other Sales	72	114	(42)	201	316	(115)
Non-Fuel O&M	1,286	1,296	(10)	3,785	3,898	(113)
Depreciation and Amortization	889	760	129	2,619	2,267	352
Taxes Other Than Income Taxes	304	303	1	932	931	1
Estimated Loss on Plant Vogtle Units 3 and 4	—	—	—	149	—	149
Impairment Charges	—	110	(110)	—	142	(142)
(Gain) Loss on Dispositions, net	—	(6)	6	(39)	(2,512)	2,473
Total Operating Expenses	3,785	3,982	(197)	11,102	9,459	1,643
Operating Income	1,835	2,013	(178)	4,156	7,046	(2,890)
Allowance for Equity Funds Used During Construction	38	33	5	106	96	10
Earnings from Equity Method Investments	33	39	(6)	105	120	(15)
Interest Expense, Net of Amounts Capitalized	443	434	9	1,343	1,294	49
Impairment of Leveraged Lease	—	—	—	154	—	154
Other Income (Expense), net	113	61	52	319	239	80
Income Taxes	293	367	(74)	443	1,872	(1,429)
Net Income	1,283	1,345	(62)	2,746	4,335	(1,589)
Less:						
Dividends on Preferred Stock of Subsidiaries	4	4	—	11	11	—
Net Income (Loss) Attributable to Noncontrolling Interests	28	25	3	3	26	(23)
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	\$ 1,251	\$ 1,316	\$ (65)	\$ 2,732	\$ 4,298	\$(1,566)

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)

	Three Months Ended September				Year-to-Date September			
	2020	2019	Change	Change	2020	2019	Change	Change
Kilowatt-Hour Sales-								
Total Sales	53,099	56,703	(6.4)%		140,910	150,303	(6.2)%	
Total Retail Sales-	40,218	43,090	(6.7)%	(3.0)%	106,724	114,207	(6.6)%	(3.4)%
Residential	14,740	15,368	(4.1)%	3.5 %	36,485	37,790	(3.5)%	3.7 %
Commercial	13,140	14,404	(8.8)%	(5.1)%	34,611	37,776	(8.4)%	(5.9)%
Industrial	12,177	13,133	(7.3)%	(7.3)%	35,129	38,084	(7.8)%	(7.8)%
Other	161	185	(12.6)%	(12.3)%	499	557	(10.5)%	(10.3)%
Total Wholesale Sales	12,881	13,613	(5.4)%	N/A	34,186	36,096	(5.3)%	N/A

(In Thousands of Customers)

	Period Ended September		
	2020	2019	Change
Regulated Utility Customers-			
Total Utility Customers-	8,580	8,462	1.4%
Total Traditional Electric	4,322	4,254	1.6%
Southern Company Gas	4,258	4,208	1.2%

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

	Three Months Ended September			Year-to-Date September		
	2020	2019	Change	2020	2019	Change
Southern Company^{1,2} –						
Operating Revenues	\$ 5,620	\$ 5,995	(6.3)%	\$ 15,258	\$ 16,505	(7.6)%
Earnings Before Income Taxes	1,576	1,712	(7.9)%	3,189	6,207	(48.6)%
Net Income Available to Common	1,251	1,316	(4.9)%	2,732	4,298	(36.4)%
Alabama Power –						
Operating Revenues	\$ 1,729	\$ 1,841	(6.1)%	\$ 4,445	\$ 4,762	(6.7)%
Earnings Before Income Taxes	578	617	(6.3)%	1,340	1,288	4.0 %
Net Income Available to Common	444	469	(5.3)%	1,022	982	4.1 %
Georgia Power –						
Operating Revenues	\$ 2,617	\$ 2,755	(5.0)%	\$ 6,371	\$ 6,706	(5.0)%
Earnings Before Income Taxes	945	1,094	(13.6)%	1,609	2,064	(22.0)%
Net Income Available to Common	773	839	(7.9)%	1,411	1,598	(11.7)%
Mississippi Power –						
Operating Revenues	\$ 336	\$ 370	(9.2)%	\$ 895	\$ 970	(7.7)%
Earnings Before Income Taxes	79	80	(1.3)%	158	166	(4.8)%
Net Income Available to Common	67	65	3.1 %	138	139	(0.7)%
Southern Power² –						
Operating Revenues	\$ 523	\$ 574	(8.9)%	\$ 1,337	\$ 1,527	(12.4)%
Earnings Before Income Taxes	116	130	(10.8)%	242	301	(19.6)%
Net Income Available to Common	74	86	(14.0)%	212	316	(32.9)%
Southern Company Gas –						
Operating Revenues	\$ 477	\$ 498	(4.2)%	\$ 2,362	\$ 2,661	(11.2)%
Earnings (Loss) Before Income Taxes	17	(51)	N/M	458	408	12.3 %
Net Income (Loss) Available to Common	14	(29)	N/M	360	347	3.7 %

N/M - Not meaningful

Notes

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

- (1) Year-to-date earnings comparisons to the prior year were significantly impacted by the preliminary gain associated with the sale of Gulf Power Company on January 1, 2019.
- (2) Earnings and revenue comparisons to the prior year were significantly impacted by Southern Power Company's dispositions of Plant Nacogdoches on June 13, 2019 and Plant Mankato on January 17, 2020.