SOUTHERN CO
Form 10-Q/A
November 29, 2007

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2007
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

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
1-6468	**Georgia Power Company** (A Georgia Corporation) 241 Ralph McGill Boulevard, N.E. Atlanta, Georgia 30308 (404) 506-6526	58-0257110

Table of Contents

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes þ *No*o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Registrant	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer
The Southern Company	X		
Georgia Power Company			X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes o *No* þ (Response applicable to all registrants.)

Registrant	Description of Common Stock	Shares Outstanding at September 30, 2007
The Southern Company	**Par Value $5 Per Share**	**759,478,801**
Georgia Power Company	**Without Par Value**	**9,261,500**

This combined Form 10-Q/A is separately filed by two registrants: The Southern Company and Georgia Power Company. Information contained herein relating to each individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrant.

2

INDEX TO QUARTERLY REPORT ON FORM 10-Q/A
September 30, 2007

Table of Contents

EXPLANATORY NOTE

On November 6, 2007, The Southern Company (Southern Company) and Georgia Power Company (Georgia Power) filed combined Quarterly Reports on Form 10-Q for the quarter ended September 30, 2007 (Form 10-Q). Subsequent to the filing of the Form 10-Q, Southern Company and Georgia Power identified a misclassification in the condensed consolidated balance sheet of Southern Company and the condensed balance sheet of Georgia Power included in Item 1 of the Form 10-Q, in that $309,279 (in thousands) was incorrectly classified as Long-term Debt Payable to Affiliated Trusts rather than Long-term Debt. In particular:

- In the condensed consolidated balance sheet of Southern Company included on page 11 of the Form 10-Q, the line item Long-term Debt was shown as $13,095,389 (in thousands) and should have been shown as $13,404,668 (in thousands) and the line item Long-term Debt Payable to Affiliated Trusts was shown as $721,651 (in thousands) and should have been shown as $412,372 (in thousands). These amounts have been corrected in the condensed consolidated balance sheet of Southern Company included on page 9 of this amendment.

- In the condensed balance sheet of Georgia Power included on page 59 of the Form 10-Q, the line item Long-term Debt was shown as $5,207,764 (in thousands) and should have been shown as $5,517,043 (in thousands) and the line item Long-term Debt Payable to Affiliated Trusts was shown as $515,465 (in thousands) and should have been shown as $206,186 (in thousands). These amounts have been corrected in the condensed balance sheet of Georgia Power included on page 15 of this amendment.

Except as described in this Explanatory Note, no other changes have been made to the Form 10-Q as originally filed.

Table of Contents

THE SOUTHERN COMPANY
AND SUBSIDIARY COMPANIES

5

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	**2007**	2006
	(in thousands)		*(in thousands)*	
Operating Revenues:				
Retail revenues	**$ 4,085,704**	$ 3,853,423	**$ 9,934,571**	$ 9,295,223
Wholesale revenues	**563,233**	506,326	**1,530,809**	1,361,097
Other electric revenues	**130,590**	120,001	**381,467**	347,086
Other revenues	**52,516**	69,628	**165,793**	200,735
Total operating revenues	**4,832,043**	4,549,378	**12,012,640**	11,204,141
Operating Expenses:				
Fuel	**1,738,693**	1,625,046	**4,512,718**	3,981,241
Purchased power	**281,489**	239,891	**445,698**	483,145
Other operations	**651,127**	603,346	**1,802,876**	1,753,719
Maintenance	**260,449**	236,647	**831,483**	793,569
Depreciation and amortization	**311,939**	300,104	**928,569**	896,562
Taxes other than income taxes	**206,763**	186,631	**574,329**	540,834
Total operating expenses	**3,450,460**	3,191,665	**9,095,673**	8,449,070
Operating Income	**1,381,583**	1,357,713	**2,916,967**	2,755,071
Other Income and (Expense):				
Allowance for equity funds used during construction	**28,050**	11,847	**71,821**	33,772
Interest income	**11,638**	12,748	**31,853**	25,657
Equity in losses of unconsolidated subsidiaries	**(410)**	(133)	**(20,712)**	(44,985)
Leveraged lease income	**12,359**	16,787	**31,928**	52,489
Impairment loss on equity method investments		(695)		(15,969)
Interest expense, net of amounts capitalized	**(220,090)**	(185,189)	**(614,345)**	(542,259)
Interest expense to affiliate trusts	**(12,696)**	(30,550)	**(58,867)**	(91,819)
Preferred and preference dividends of subsidiaries	**(10,451)**	(9,120)	**(30,709)**	(26,141)
Other income (expense), net	**17,271**	(30,154)	**8,325**	(26,986)
Total other income and (expense)	**(174,329)**	(214,459)	**(580,706)**	(636,241)
Earnings Before Income Taxes	**1,207,254**	1,143,254	**2,336,261**	2,118,830
Income taxes	**445,259**	405,269	**806,424**	734,015
Consolidated Net Income	**$ 761,995**	$ 737,985	**$ 1,529,837**	$ 1,384,815
Common Stock Data:				
Earnings per share-				
Basic	**$ 1.00**	$ 0.99	**$ 2.03**	$ 1.86

Diluted	**$**	**1.00**	$	0.99	**$**	**2.02**	$	1.85
Average number of basic shares of common stock outstanding (in thousands)		**758,308**		742,884		**754,568**		742,532
Average number of diluted shares of common stock outstanding (in thousands)		**762,392**		747,560		**759,182**		746,983
Cash dividends paid per share of common stock	**$**	**0.4025**	$	0.3875	**$**	**1.1925**	$	1.1475

The accompanying notes as they relate to Southern Company are an integral part of these condensed financial statements.

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2007	2006
	(in thousands)	
Operating Activities:		
Consolidated net income	**$ 1,529,837**	$ 1,384,815
Adjustments to reconcile consolidated net income to net cash provided from operating activities		
Depreciation and amortization	**1,108,475**	1,059,567
Deferred income taxes and investment tax credits	**102,314**	344,062
Allowance for equity funds used during construction	**(71,821)**	(33,772)
Equity in losses of unconsolidated subsidiaries	**20,712**	44,985
Leveraged lease income	**(31,928)**	(52,489)
Pension, postretirement, and other employee benefits	**75,303**	74,033
Stock option expense	**26,011**	25,045
Hedge settlements	**15,151**	18,006
Hurricane Katrina grant proceeds-property reserve	**60,000**	
Other, net	**10,454**	47,060
Changes in certain current assets and liabilities		
Receivables	**(426,107)**	(460,092)
Fossil fuel stock	**(57,624)**	(136,720)
Materials and supplies	**(55,191)**	(56,559)
Other current assets	**(2,808)**	61,019
Hurricane Katrina grant proceeds	**14,345**	
Accounts payable	**(3,951)**	(319,564)
Accrued taxes	**303,781**	185,626
Accrued compensation	**(148,274)**	(162,455)
Other current liabilities	**(1,342)**	(42,382)
Net cash provided from operating activities	**2,467,337**	1,980,185
Investing Activities:		
Property additions	**(2,469,059)**	(2,112,780)
Investment in restricted cash from pollution control bonds	**(96,052)**	
Distribution of restricted cash from pollution control bonds	**44,550**	
Nuclear decommissioning trust fund purchases	**(538,049)**	(572,932)
Nuclear decommissioning trust fund sales	**531,169**	566,052
Proceeds from property sales	**31,333**	148,427
Investment in unconsolidated subsidiaries	**(34,550)**	(57,116)
Cost of removal, net of salvage	**(65,601)**	(53,605)
Hurricane Katrina capital grant proceeds	**10,869**	
Other	**25,908**	(66,517)
Net cash used for investing activities	**(2,559,482)**	(2,148,471)
Financing Activities:		

Increase (decrease) in notes payable, net	**(656,348)**	788,744
Proceeds		
Long-term debt	**3,081,500**	1,075,845
Common stock	**414,498**	30,804
Preferred and Preference Stock	**150,000**	
Redemptions		
Long-term debt	**(904,270)**	(550,176)
Long-term debt to affiliate trusts	**(695,376)**	(67,457)
Preferred stock		(14,569)
Common stock repurchased		(117)
Payment of common stock dividends	**(898,766)**	(851,991)
Other	**(31,432)**	(26,811)
Net cash provided from financing activities	**459,806**	384,272
Net Change in Cash and Cash Equivalents	**367,661**	215,986
Cash and Cash Equivalents at Beginning of Period	**166,846**	202,111
Cash and Cash Equivalents at End of Period	**$ 534,507**	$ 418,097
Supplemental Cash Flow Information:		
Cash paid during the period for		
Interest (net of $44,229 and $16,604 capitalized for 2007 and 2006, respectively)	**$ 600,634**	$ 638,380
Income taxes (net of refunds)	**$ 388,634**	$ 245,941

The accompanying notes as they relate to Southern Company are an integral part of these condensed financial statements.

7

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Assets	At September 30, 2007	At December 31, 2006
	(in thousands)	
Current Assets:		
Cash and cash equivalents	$ 534,507	$ 166,846
Restricted cash	51,502	
Receivables		
Customer accounts receivable	1,360,586	942,821
Unbilled revenues	370,541	283,275
Under recovered regulatory clause revenues	919,771	516,441
Other accounts and notes receivable	318,377	329,619
Accumulated provision for uncollectible accounts	(26,336)	(34,901)
Fossil fuel stock, at average cost	732,345	674,902
Materials and supplies, at average cost	701,243	648,127
Vacation pay	123,505	121,246
Prepaid expenses	167,974	127,908
Other	181,839	242,735
Total current assets	5,435,854	4,019,019
Property, Plant, and Equipment:		
In service	46,565,693	45,484,895
Less accumulated depreciation	17,213,524	16,581,886
	29,352,169	28,903,009
Nuclear fuel, at amortized cost	336,477	317,429
Construction work in progress	2,896,405	1,871,538
Total property, plant, and equipment	32,585,051	31,091,976
Other Property and Investments:		
Nuclear decommissioning trusts, at fair value	1,146,615	1,057,534
Leveraged leases	976,928	1,138,730
Other	259,147	296,484
Total other property and investments	2,382,690	2,492,748
Deferred Charges and Other Assets:		
Deferred charges related to income taxes	932,382	895,446
Prepaid pension costs	1,577,648	1,548,983
Unamortized debt issuance expense	183,947	171,758
Unamortized loss on reacquired debt	289,820	293,016
Deferred under recovered regulatory clause revenues	354,548	845,201
Other regulatory assets	912,102	935,804

Other	**654,172**		564,498
Total deferred charges and other assets	**4,904,619**		5,254,706
Total Assets	**$ 45,308,214**	$	42,858,449

The accompanying notes as they relate to Southern Company are an integral part of these condensed financial statements.

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Liabilities and Stockholders Equity	At September 30, 2007	At December 31, 2006
	(in thousands)	
Current Liabilities:		
Securities due within one year	**$ 1,721,312**	$ 1,416,898
Notes payable	**1,284,453**	1,940,801
Accounts payable	**1,102,793**	1,081,256
Customer deposits	**269,420**	248,781
Accrued taxes		
Income taxes	**363,065**	110,009
Other	**423,928**	390,716
Accrued interest	**199,325**	183,918
Accrued vacation pay	**154,857**	151,113
Accrued compensation	**299,306**	443,610
Other	**298,181**	385,858
Total current liabilities	**6,116,640**	6,352,960
Long-term Debt	**13,404,668**	10,942,025
Long-term Debt Payable to Affiliated Trusts	**412,372**	1,561,358
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	**5,853,662**	5,989,063
Deferred credits related to income taxes	**278,043**	291,474
Accumulated deferred investment tax credits	**485,259**	503,217
Employee benefit obligations	**1,682,419**	1,566,591
Asset retirement obligations	**1,184,590**	1,136,982
Other cost of removal obligations	**1,318,417**	1,300,461
Other regulatory liabilities	**893,507**	793,869
Other	**565,054**	305,255
Total deferred credits and other liabilities	**12,260,951**	11,886,912
Total Liabilities	**32,194,631**	30,743,255
Preferred and Preference Stock of Subsidiaries	**766,302**	744,065
Common Stockholders Equity:		
Common stock, par value $5 per share		
Authorized 1 billion shares		
Issued September 30, 2007: 759,863,967 Shares; December 31, 2006: 751,863,854 Shares		

Treasury September 30, 2007: 385,166 Shares; December 31, 2006: 5,593,691 Shares		
Par value	**3,799,320**	3,759,319
Paid-in capital	**1,340,344**	1,096,387
Treasury, at cost	**(10,571)**	(192,309)
Retained earnings	**7,256,378**	6,765,219
Accumulated other comprehensive loss	**(38,190)**	(57,487)
Total Common Stockholders Equity	**12,347,281**	11,371,129
Total Liabilities and Stockholders Equity	**$ 45,308,214**	$ 42,858,449

The accompanying notes as they relate to Southern Company are an integral part of these condensed financial statements.

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	**2007**	2006
	(in thousands)		*(in thousands)*	
Consolidated Net Income	**$ 761,995**	$ 737,985	**$ 1,529,837**	$ 1,384,815
Other comprehensive income (loss):				
Qualifying hedges:				
Changes in fair value, net of tax of $(7,342), $(18,019), $6,087, and $(3,634), respectively	**(11,667)**	(28,556)	**9,704**	(5,645)
Reclassification adjustment for amounts included in net income, net of tax of $1,548, $(646), $4,227, and $(340), respectively	**2,369**	1,059	**6,770**	1,347
Marketable securities:				
Change in fair value, net of tax of $1,094, $365, $2,998, and $4,772, respectively	**2,130**	866	**4,757**	7,721
Reclassification adjustment for amounts included in net income, net of tax of $(127), $-, $(488), and $-, respectively	**(201)**		**(774)**	
Pension and other post retirement benefit plans:				
Additional prior service costs from amendment to non-qualified pension plans, net of tax of $-, $-, $(1,510), and $-, respectively			**(2,424)**	
Reclassification adjustment for amounts included in net income, net of tax of $263, $-, $790, and $-, respectively	**422**		**1,264**	
Total other comprehensive income (loss)	**(6,947)**	(26,631)	**19,297**	3,423
COMPREHENSIVE INCOME	**$ 755,048**	$ 711,354	**$ 1,549,134**	$ 1,388,238

The accompanying notes as they relate to Southern Company are an integral part of these condensed financial statements.

Table of Contents

GEORGIA POWER COMPANY

11

Table of Contents

GEORGIA POWER COMPANY
CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	**2007**	2006
	(in thousands)		*(in thousands)*	
Operating Revenues:				
Retail revenues	**$ 2,143,511**	$ 2,001,938	**$ 5,141,403**	$ 4,885,404
Wholesale revenues				
Non-affiliates	**127,810**	135,647	**406,632**	404,014
Affiliates	**107,451**	78,249	**208,065**	203,791
Other revenues	**64,965**	59,471	**188,956**	173,746
Total operating revenues	**2,443,737**	2,275,305	**5,945,056**	5,666,955
Operating Expenses:				
Fuel	**786,021**	698,703	**2,030,745**	1,750,638
Purchased power				
Non-affiliates	**168,358**	145,495	**282,121**	288,459
Affiliates	**196,700**	186,669	**560,897**	572,642
Other operations	**258,865**	258,055	**739,151**	744,858
Maintenance	**129,812**	116,320	**391,070**	374,203
Depreciation and amortization	**128,268**	125,352	**381,679**	372,850
Taxes other than income taxes	**87,708**	82,701	**231,659**	227,431
Total operating expenses	**1,755,732**	1,613,295	**4,617,322**	4,331,081
Operating Income	**688,005**	662,010	**1,327,734**	1,335,874
Other Income and (Expense):				
Allowance for equity funds used during construction	**17,846**	7,802	**45,712**	20,324
Interest income	**1,436**	1,039	**2,543**	1,613
Interest expense, net of amounts capitalized	**(81,796)**	(65,770)	**(225,457)**	(193,442)
Interest expense to affiliate trusts	**(6,798)**	(14,878)	**(35,682)**	(44,633)
Other income (expense), net	**11,291**	7,772	**7,376**	9,666
Total other income and (expense)	**(58,021)**	(64,035)	**(205,508)**	(206,472)
Earnings Before Income Taxes	**629,984**	597,975	**1,122,226**	1,129,402
Income taxes	**229,862**	214,102	**401,046**	413,832
Net Income	**400,122**	383,873	**721,180**	715,570
Dividends on Preferred Stock	**689**	1,790	**2,067**	4,150
Net Income After Dividends on Preferred Stock	**$ 399,433**	$ 382,083	**$ 719,113**	$ 711,420

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	**2007**	2006
	(in thousands)		*(in thousands)*	
Net Income After Dividends on Preferred Stock	**$ 399,433**	$ 382,083	**$ 719,113**	$ 711,420
Other comprehensive income (loss):				
Qualifying hedges:				
Changes in fair value, net of tax of $(4,686), $(10,765), $5,044, and $254, respectively	**(7,430)**	(17,066)	**7,996**	398
Reclassification adjustment for amounts included in net income, net of tax of $73, $(236), $75, and $(194), respectively	**116**	(373)	**120**	(308)
Marketable securities:				
Change in fair value, net of tax of $71, $(296), $107, and $(459), respectively	**112**	(471)	**170**	(729)
Total other comprehensive income (loss)	**(7,202)**	(17,910)	**8,286**	(639)
COMPREHENSIVE INCOME	**$ 392,231**	$ 364,173	**$ 727,399**	$ 710,781

The accompanying notes as they relate to Georgia Power are an integral part of these condensed financial statements.

Table of Contents

GEORGIA POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended September 30,	
	2007	2006
	(in thousands)	
Operating Activities:		
Net income	**$ 721,180**	$ 715,570
Adjustments to reconcile net income to net cash provided from operating activities		
Depreciation and amortization	**458,522**	439,197
Deferred income taxes and investment tax credits	**34,267**	35,865
Deferred expenses affiliates	**(19,460)**	(19,721)
Allowance for equity funds used during construction	**(45,712)**	(20,324)
Pension, postretirement, and other employee benefits	**35,337**	32,140
Other, net	**14,382**	4,989
Changes in certain current assets and liabilities		
Receivables	**(211,971)**	(213,235)
Fossil fuel stock	**1,827**	(76,805)
Materials and supplies	**(22,605)**	(43,252)
Prepaid income taxes	**42,047**	62,164
Other current assets	**7,450**	(786)
Accounts payable	**(1,122)**	(162,226)
Accrued taxes	**25,779**	151,042
Accrued compensation	**(62,643)**	(56,274)
Other current liabilities	**31,179**	8,272
Net cash provided from operating activities	**1,008,457**	856,616
Investing Activities:		
Property additions	**(1,214,093)**	(781,134)
Nuclear decommissioning trust fund purchases	**(336,526)**	(366,452)
Nuclear decommissioning trust fund sales	**329,646**	359,572
Cost of removal, net of salvage	**(28,811)**	(18,363)
Change in construction payables, net of joint owner portion	**48,074**	(13,133)
Other	**(11,553)**	(7,328)
Net cash used for investing activities	**(1,213,263)**	(826,838)
Financing Activities:		
Increase (decrease) in notes payable, net	**(166,951)**	371,480
Proceeds		
Senior notes	**1,400,000**	
Capital contributions from parent company	**270,250**	265,777
Pollution control bonds		125,845
Redemptions		
Senior notes	**(300,000)**	(150,000)
First mortgage bonds		(20,000)

Pollution control bonds		(125,845)
Capital leases	**(2,073)**	(270)
Long-term debt to affiliate trusts	**(453,608)**	
Preferred stock		(14,569)
Payment of preferred stock dividends	**(2,255)**	(2,126)
Payment of common stock dividends	**(517,425)**	(472,500)
Other	**(24,662)**	(1,621)
Net cash provided from (used for) financing activities	**203,276**	(23,829)
Net Change in Cash and Cash Equivalents	**(1,530)**	5,949
Cash and Cash Equivalents at Beginning of Period	**16,850**	11,138
Cash and Cash Equivalents at End of Period	**$ 15,320**	$ 17,087
Supplemental Cash Flow Information:		
Cash paid during the period for		
Interest (net of $19,181 and $8,177 capitalized for 2007 and 2006, respectively)	**$ 229,282**	$ 226,368
Income taxes (net of refunds)	**$ 254,742**	$ 177,486

The accompanying notes as they relate to Georgia Power are an integral part of these condensed financial statements.

GEORGIA POWER COMPANY
CONDENSED BALANCE SHEETS (UNAUDITED)

Assets	At September 30, 2007	At December 31, 2006
	(in thousands)	
Current Assets:		
Cash and cash equivalents	**$ 15,320**	$ 16,850
Receivables		
Customer accounts receivable	**670,600**	474,046
Unbilled revenues	**188,036**	130,585
Under recovered regulatory clause revenues	**526,227**	353,976
Other accounts and notes receivable	**95,370**	93,656
Affiliated companies	**49,521**	21,941
Accumulated provision for uncollectible accounts	**(10,273)**	(10,030)
Fossil fuel stock, at average cost	**390,183**	392,011
Materials and supplies, at average cost	**326,938**	304,514
Vacation pay	**62,306**	61,907
Prepaid income taxes	**19,057**	61,104
Other	**42,300**	85,725
Total current assets	**2,375,585**	1,986,285
Property, Plant, and Equipment:		
In service	**21,745,564**	21,279,792
Less accumulated provision for depreciation	**8,614,032**	8,343,309
	13,131,532	12,936,483
Nuclear fuel, at amortized cost	**191,186**	180,129
Construction work in progress	**1,559,280**	923,948
Total property, plant, and equipment	**14,881,998**	14,040,560
Other Property and Investments:		
Equity investments in unconsolidated subsidiaries	**61,706**	70,879
Nuclear decommissioning trusts, at fair value	**597,089**	544,013
Other	**36,883**	58,848
Total other property and investments	**695,678**	673,740
Deferred Charges and Other Assets:		
Deferred charges related to income taxes	**523,012**	510,531
Prepaid pension costs	**709,115**	688,671
Deferred under recovered regulatory clause revenues	**285,381**	544,152
Other regulatory assets	**601,613**	629,003
Other	**296,054**	235,788

Total deferred charges and other assets	**2,415,175**	2,608,145
Total Assets	**$ 20,368,436**	$ 19,308,730

The accompanying notes as they relate to Georgia Power are an integral part of these condensed financial statements.

14

Table of Contents

GEORGIA POWER COMPANY
CONDENSED BALANCE SHEETS (UNAUDITED)

Liabilities and Stockholder's Equity	At September 30, 2007	At December 31, 2006
	(in thousands)	
Current Liabilities:		
Securities due within one year	**$ 432,400**	$ 303,906
Notes payable	**566,330**	733,281
Accounts payable		
Affiliated	**239,813**	238,093
Other	**439,132**	402,222
Customer deposits	**169,317**	155,763
Accrued taxes		
Income taxes	**183,303**	217,603
Other	**236,235**	275,098
Accrued interest	**87,135**	74,643
Accrued vacation pay	**49,485**	49,704
Accrued compensation	**82,897**	141,356
Other	**98,974**	125,494
Total current liabilities	**2,585,021**	2,717,163
Long-term Debt	**5,517,043**	4,242,839
Long-term Debt Payable to Affiliated Trusts	**206,186**	969,073
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	**2,891,790**	2,815,724
Deferred credits related to income taxes	**149,349**	157,297
Accumulated deferred investment tax credits	**272,361**	282,070
Employee benefit obligations	**764,125**	698,274
Asset retirement obligations	**654,295**	626,681
Other cost of removal obligations	**428,084**	436,137
Other regulatory liabilities	**268,606**	281,391
Other	**139,556**	80,839
Total deferred credits and other liabilities	**5,568,166**	5,378,413
Total Liabilities	**13,876,416**	13,307,488
Preferred Stock	**44,990**	44,991
Common Stockholder s Equity:		
Common stock, without par value		
Authorized - 20,000,000 shares		
Outstanding - 9,261,500 shares	**398,473**	398,473

Paid-in capital	**3,320,650**	3,039,845
Retained earnings	**2,731,514**	2,529,826
Accumulated other comprehensive loss	**(3,607)**	(11,893)
Total common stockholder s equity	**6,447,030**	5,956,251
Total Liabilities and Stockholder s Equity	**$ 20,368,436**	$ 19,308,730

The accompanying notes as they relate to Georgia Power are an integral part of these condensed financial statements.

15

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR
THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
GEORGIA POWER COMPANY
INDEX TO APPLICABLE NOTES TO
FINANCIAL STATEMENTS BY REGISTRANT

Registrant	Applicable Notes
Southern Company	A, B, C, E, F, G, H, I, J, K, L
Georgia Power	A, B, F, G, H, I, K, L

Table of Contents

THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
ALABAMA POWER COMPANY
GEORGIA POWER COMPANY
GULF POWER COMPANY
MISSISSIPPI POWER COMPANY
SOUTHERN POWER COMPANY AND SUBSIDIARY COMPANIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS:

(A) INTRODUCTION

The condensed quarterly financial statements of the registrants included herein have been prepared by each registrant, without audit, pursuant to the rules and regulations of the SEC. The Condensed Balance Sheets as of December 31, 2006 have been derived from the audited financial statements of each registrant. In the opinion of each registrant s management, the information regarding such registrant furnished herein reflects all adjustments necessary to present fairly the results of operations for the periods ended September 30, 2007 and 2006. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although each registrant believes that the disclosures regarding such registrant are adequate to make the information presented not misleading. Disclosure which would substantially duplicate the disclosure in the latest Form 10-K and details which have not changed significantly in amount or composition since the filing of the Form 10-K are omitted from this Quarterly Report on Form 10-Q. Therefore, these Condensed Financial Statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K. Certain prior period amounts have been reclassified to conform to current period presentation. Due to seasonal variations in the demand for energy, operating results for the periods presented do not necessarily indicate operating results for the entire year.

SOUTHERN COMPANY AND GEORGIA POWER BALANCE SHEET MISCLASSIFICATION

Subsequent to the filing of the Form 10-Q, Southern Company and Georgia Power identified a misclassification in the condensed consolidated balance sheet of Southern Company and the condensed balance sheet of Georgia Power included in Item 1 of the Form 10-Q, in that $309,279 (in thousands) was incorrectly classified as Long-term Debt Payable to Affiliated Trusts rather than Long-term Debt. In particular:

In the condensed consolidated balance sheet of Southern Company included on page 11 of the Form 10-Q, the line item Long-term Debt was shown as $13,095,389 (in thousands) and should have been shown as $13,404,668 (in thousands) and the line item Long-term Debt Payable to Affiliated Trusts was shown as $721,651 (in thousands) and should have been shown as $412,372 (in thousands). These amounts have been corrected in the condensed consolidated balance sheet of Southern Company included on page 9 of this amendment.

In the condensed balance sheet of Georgia Power included on page 59 of the Form 10-Q, the line item Long-term Debt was shown as $5,207,764 (in thousands) and should have been shown as $5,517,043 (in thousands) and the line item Long-term Debt Payable to Affiliated Trusts was shown as $515,465 (in thousands) and should have been shown as $206,186 (in thousands). These amounts have been corrected in the condensed balance sheet of Georgia Power included on page 15 of this amendment.

(B) CONTINGENCIES AND REGULATORY MATTERS

See Note 3 to the financial statements of Southern Company, the traditional operating companies, and Southern Power in Item 8 of the Form 10-K for information relating to various lawsuits and other contingencies.

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

ENVIRONMENTAL MATTERS

New Source Review Litigation

See Note 3 to the financial statements of Southern Company and Alabama Power under Environmental Matters New Source Review Actions in Item 8 of the Form 10-K for additional information regarding civil actions brought by the EPA alleging that Alabama Power had violated the NSR provisions of the Clean Air Act and related state laws with respect to certain of its coal-fired generating facilities. The plaintiffs appeal against Alabama Power was stayed by the U.S. Court of Appeals for the Eleventh Circuit pending the U.S. Supreme Court s decision in a similar case against Duke Energy. On April 2, 2007, the U.S. Supreme Court issued an opinion in the Duke Energy case. The U.S. District Court for the Northern District of Alabama has issued an order indicating a willingness to re-evaluate its previous decision in light of the Supreme Court s Duke Energy opinion. The Eleventh Circuit is now considering whether to proceed with the appeal or remand the case to the District Court for further proceedings, and if so, whether to vacate the District Court s original judgment in favor of Alabama Power. The final resolution of these claims cannot be determined at this time.

Plant Wansley Environmental Litigation

See Note 3 to the financial statements of Southern Company and Georgia Power under Environmental Matters Plant Wansley Environmental Litigation in Item 8 of the Form 10-K for additional information on litigation involving alleged violations of the Clean Air Act at four of the units at Plant Wansley. On June 18, 2007, the U.S. District Court for the Northern District of Georgia approved a settlement between the parties resolving all remaining issues and dismissed the case. There was no material impact on the financial statements of Southern Company or Georgia Power.

Environmental Remediation

During the second quarter 2007, Gulf Power increased its estimated liability for environmental remediation projects by $12.8 million as a result of changes in the cost estimates to remediate substation sites. These projects have been approved by the Florida PSC for recovery through the environmental cost recovery clause; therefore, there was no impact on Gulf Power s net income as a result of these revised estimates. See Note 3 to the financial statements of Gulf Power under Environmental Matters Environmental Remediation in Item 8 of the Form 10-K for additional information.

MIRANT MATTERS

Mirant was an energy company with businesses that included independent power projects and energy trading and risk management companies in the U.S. and selected other countries. It was a wholly-owned subsidiary of Southern Company until its initial public offering in October 2000. In April 2001, Southern Company completed a spin-off to its shareholders of its remaining ownership, and Mirant became an independent corporate entity. In July 2003, Mirant filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. See Note 3 to the financial statements of Southern Company under Mirant Matters Mirant Bankruptcy in Item 8 of the Form 10-K for information regarding Southern Company s contingent liabilities associated with Mirant, including guarantees of contractual commitments, litigation, and joint and several liabilities in connection with the consolidated federal income tax return.

MC Asset Recovery Litigation

See Note 3 to the financial statements of Southern Company under Mirant Matters MC Asset Recovery Litigation in Item 8 of the Form 10-K for information regarding a suit between MC Asset

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

Recovery, a special purpose subsidiary of the post-bankruptcy corporation that adopted the name Mirant Corporation, and Southern Company. On March 28, 2007, MC Asset Recovery filed a Fourth Amended Complaint. Among other things, the Fourth Amended Complaint adds a claim under the Federal Debt Collection Procedure Act (FDCPA) to avoid certain transfers from Mirant to Southern Company and withdraws the breach of fiduciary duty claim the court struck as a result of Southern Company s motion for summary judgment. MC Asset Recovery claims to have standing to assert violations of the FDCPA and to recover property on behalf of the Mirant debtors estates. The ultimate outcome of this matter cannot be determined at this time.

Mirant Securities Litigation

See Note 3 to the financial statements of Southern Company under Mirant Matters Mirant Securities Litigation in Item 8 of the Form 10-K for information regarding a class action lawsuit that several Mirant shareholders (plaintiffs) originally filed against Mirant and certain Mirant officers in May 2002. In November 2002, Southern Company, certain former and current senior officers of Southern Company, and 12 underwriters of Mirant s initial public offering were added as defendants. On March 24, 2006, the plaintiffs filed a motion for reconsideration requesting that the court vacate that portion of its July 14, 2003 order dismissing the plaintiffs claims based upon Mirant s alleged improper energy trading and marketing activities involving the California energy market. On March 6, 2007, the court granted plaintiffs motion for reconsideration, reinstated the California energy market claims, and granted in part and denied in part defendants motion to compel certain class certification discovery. On March 21, 2007, defendants filed renewed motions to dismiss the California energy claims on grounds originally set forth in their 2003 motions to dismiss, but which were not addressed by the court. On July 27, 2007, certain defendants, including Southern Company, filed motions for reconsideration of the court s denial of a motion seeking dismissal of certain federal securities laws claims based upon, among other things, certain alleged errors included in financial statements issued by Mirant. The ultimate outcome of this matter cannot be determined at this time.

Southern Company Employee Savings Plan Litigation

See Note 3 to the financial statements of Southern Company under Mirant Matters Southern Company Employee Savings Plan Litigation in Item 8 of the Form 10-K for information related to the pending settlement of a class action complaint filed under ERISA in June 2004, and amended in December 2004 and November 2005, on behalf of a purported class of participants in or beneficiaries of The Southern Company Employee Savings Plan at any time since April 2, 2001 and whose plan accounts included investments in Mirant common stock. On August 14, 2007, the U.S. District Court for the Northern District of Georgia issued a final order and judgment approving the December 2006 settlement agreement. The deadline for appeal expired with no appeal filed. There was no material impact on the financial statements of Southern Company. This matter is now concluded.

FERC MATTERS

Market-Based Rate Authority

See Note 3 to the financial statements of Southern Company, the traditional operating companies and Southern Power under FERC Matters Market-Based Rate Authority in Item 8 of the Form 10-K for information regarding the proceedings initiated by the FERC in December 2004 to assess Southern Company s generation dominance within its retail service territory and in May 2005 to determine whether Southern Company satisfies the other three parts of the FERC s market-based rate analysis: transmission market power, barriers to entry, and affiliate abuse or reciprocal dealing.

In late June and July 2007, hearings were held in the December 2004 proceeding and briefs to the presiding ALJ were filed in August and September. Southern Company anticipates an initial decision

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

from the ALJ in November 2007 on the issues that were set for hearing. The ultimate outcome of this generation dominance proceeding cannot now be determined, but an adverse decision by the FERC in a final order could result in total refunds of approximately $19.7 million, plus interest. The potential refunds include $3.9 million for Alabama Power, $5.8 million for Georgia Power, $0.8 million for Gulf Power, $8.4 million for Mississippi Power, and $0.7 million for Southern Power, in each case plus interest.

On June 21, 2007, the FERC issued an order terminating the May 2005 proceeding pertaining to the other three parts of the market-based rate analysis. In addition, on June 21, 2007, the FERC issued its final rule regarding market-based rate authority. The FERC generally retained its current market-based rate standards. The impact of this order and its effect on the generation dominance proceeding cannot now be determined.

Intercompany Interchange Contract

See Note 3 to the financial statements of Southern Company, the traditional operating companies and Southern Power under FERC Matters Intercompany Interchange Contract in Item 8 of the Form 10-K for information regarding the proceeding initiated by the FERC in May 2005 to examine (1) the provisions of the IIC among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Savannah Electric, Southern Power, and SCS, as agent, under the terms of which the Power Pool is operated, and, in particular, the propriety of the continued inclusion of Southern Power as a party to the IIC, (2) whether any parties to the IIC have violated the FERC s standards of conduct applicable to utility companies that are transmission providers, and (3) whether Southern Company s code of conduct defining Southern Power as a system company rather than a marketing affiliate is just and reasonable.

On April 19, 2007, the FERC approved, with certain modifications, the compliance filing submitted by Southern Company on November 6, 2006. The compliance plan largely involves functional separation and information restrictions related to marketing activities conducted on behalf of Southern Power. Implementation of the plan is not expected to have a material impact on the financial statements of Southern Company or the traditional operating companies. Southern Power s cost of implementing the compliance plan, including the modifications, is expected to average approximately $8 million annually.

INCOME TAX MATTERS

Leveraged Lease Transactions

See Note 3 to the financial statements of Southern Company under Income Tax Matters in Item 8 of the Form 10-K. The IRS challenged Southern Company s deductions related to three international lease transactions (so-called SILO or sale-in-lease-out transactions), in connection with its audits of Southern Company s 2000 through 2003 tax returns. In the third quarter 2006, Southern Company paid the full amount of the disputed tax and the applicable interest on the SILO issue for tax years 2000 2001 and filed a claim for refund which has now been denied by the IRS. The disputed tax amount is $79 million and the related interest is approximately $24 million for these tax years. This payment, and the subsequent IRS disallowance of the refund claim, closed the issue with the IRS and Southern Company has initiated litigation in the U.S. District Court for the Northern District of Georgia for a complete refund of tax and interest paid for the 2000 and 2001 tax years. The estimated amount of disputed tax and interest for tax years 2002 and 2003 is approximately $83 million and $15 million, respectively. The tax and interest for these tax years was paid to the IRS in the fourth quarter 2006. Southern Company has accounted for both payments in 2006 as deposits. For tax years 2000 through 2006, Southern Company has claimed $284 million in tax benefits related to these SILO transactions challenged by the IRS. The ultimate impact on Southern Company s net income will be dependent on the outcome of pending litigation, but could be significant, and potentially material. Southern Company believes these transactions are valid leases for U.S. tax purposes and the related deductions are allowable. Southern

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

Company is continuing to pursue resolution of these matters through litigation; however, the ultimate outcome of these matters cannot now be determined.

Effective January 1, 2007, Southern Company adopted both FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes and FASB Staff Position No. FAS 13-2 (FSP 13-2), Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction. FIN 48 requires companies to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest and penalties. FSP 13-2 amends FASB Statement No. 13, Accounting for Leases requiring recalculation of the rate of return and the allocation of income whenever the projected timing of the income tax cash flows generated by a leveraged lease is revised with recognition of the resulting gain or loss in the year of the revision. FSP 13-2 also requires that all recognized tax positions in a leveraged lease must be measured in accordance with the criteria in FIN 48 and any changes resulting from FIN 48 must be reflected as a change in an important lease assumption as of the date of adoption. In adopting these standards, Southern Company concluded that a portion of the SILO tax benefits were uncertain tax positions, as defined in FIN 48. Accordingly, Southern Company also concluded that there was a change in the timing of projected income tax cash flows and, as required by FSP 13-2, recalculated the rate of return and allocation of income under the lease-in-lease-out (LILO) and SILO transactions. The cumulative effect of the initial adoption of FIN 48 and FSP 13-2 was recorded as an adjustment to beginning retained earnings. For the LILO transaction settled with the IRS in February 2005, the cumulative effect of adopting FSP 13-2 was a $17 million reduction in beginning retained earnings. With respect to Southern Company s SILO transactions, the adoption of FSP 13-2 reduced beginning retained earnings by $108 million and the adoption of FIN 48 reduced beginning retained earnings by an additional $15 million. The adjustments to retained earnings are non-cash charges and those related to

FSP 13-2 will be recognized as income over the remaining terms of the affected leases. Any future changes in the projected or actual income tax cash flows will result in an additional recalculation of the net investment in the leases and will be recorded currently in income.

Synthetic Fuel Tax Credits

Southern Company has an investment in an entity that produces synthetic fuel and receives tax credits under Section 45K (formerly Section 29) of the IRC. In accordance with Section 45K of the IRC, these tax credits are subject to limitation as the annual average price of oil (as determined by the DOE) increases over a specified, inflation-adjusted dollar amount published in the spring of the subsequent year. Southern Company, along with its partners in this investment, has continued to monitor oil prices. Reserves against tax credits earned in 2007 of $37.6 million have been recorded in the first nine months of 2007 due to projected phase-outs of the credits in 2007 as a result of current and projected future oil prices. Additionally, the credits discussed above are not allowed under IRC Section 45K for any production after December 31, 2007.

Georgia State Income Tax Credits

In September 2007, 2006, and 2005, Georgia Power filed its 2006, 2005, and 2004 income tax returns, respectively, which included state income tax credits for activity through Georgia ports. Georgia Power has also filed additional similar claims for the years 2002 through 2004. The Georgia Department of Revenue has not responded to these claims. On July 24, 2007, Georgia Power filed a complaint in the Superior Court of Fulton County to recover the credits claimed for the years 2002 through 2004. If Georgia Power prevails, these claims could have a significant, and possibly material, positive effect on Southern Company s and Georgia Power s net income. If Georgia Power is not successful, payment of the related state tax could have a significant, and possibly material, negative effect on Southern

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

Company s and Georgia Power s cash flow. The ultimate outcome of this matter cannot now be determined.

INTEGRATED GASIFICATION COMBINED CYCLE (IGCC) PROJECT

See Note 4 to the financial statements of Southern Power under IGCC in Item 8 of the Form 10-K for additional information regarding the development by Southern Power and the Orlando Utilities Commission (OUC) of an IGCC project in Orlando, Florida at OUC s Stanton Energy site. On March 29, 2007, Southern Power s Board of Directors approved the continuation and the completion of the design, engineering, and construction of the gasifier portion of the IGCC project. In April 2007, OUC approved its portion of the cost increase, subject to the DOE s approval of the additional funding. On May 8, 2007, SCS, as agent for Southern Power, and the DOE entered into an amendment to the February 2006 cooperative agreement to increase the DOE s funding for the gasifier portion of the IGCC project by $58.75 million. Southern Power is evaluating the potential impacts of proposed federal and state legislation and regulations on the IGCC project. Specifically, there is an ongoing assessment of the State of Florida s governor s executive orders concerning future emissions restrictions and the rules and regulations necessary for implementation of such orders. As of October 31, 2007, Southern Power s share of actual and committed costs related to the gasifier portion of the IGCC project was approximately $45 million. These costs will increase as the project continues. The ultimate impact on Southern Company s and Southern Power s financial statements will be dependent on the evaluation and application of the State of Florida s governor s executive orders and any other legislation or regulations, but could be significant and possibly material. The ultimate outcome of this matter cannot now be determined.

PROPERTY TAX DISPUTE

See Note 3 to the financial statements of Georgia Power and Gulf Power under Property Tax Dispute in Item 8 of the Form 10-K for information on the property tax dispute with Monroe County, Georgia. The administrative appeals and notices of arbitration have been expanded to include tax year 2006. The appeals remain stayed pending the outcome of the related litigation. On March 30, 2007, the Georgia Court of Appeals reversed the trial court and ruled that the Monroe County Board of Tax Assessors (Monroe Board) had exceeded its legal authority and remanded the case for entry of an injunction prohibiting the Monroe Board from collecting taxes based on its independent valuation of Plant Scherer. In April 2007, the Monroe Board filed a petition with the Georgia Supreme Court requesting review of the decision of the Georgia Court of Appeals. On July 16, 2007, the Georgia Supreme Court agreed to hear the Monroe Board s requested review of this decision. The Georgia Supreme Court heard oral arguments regarding the matter on October 15, 2007. The suit could impact all co-owners. Georgia Power and Gulf Power could be subject to total taxes through September 30, 2007 of up to $21.7 million and $3.9 million, respectively, plus penalties and interest. In accordance with Gulf Power s unit power sales contract for Plant Scherer, such property taxes would be recoverable from the customer. The ultimate outcome of this matter cannot currently be determined.

GULF POWER RIGHT OF WAY LITIGATION

See Note 3 to the financial statements of Gulf Power under Right of Way Litigation in Item 8 of the Form 10-K for information on the lawsuits related to the telecommunication use of rights of way. In September 2007, Gulf Power and its co-defendant in the Gadsden County litigation reached a proposed settlement agreement with the plaintiffs that, if approved by the trial court, will resolve all outstanding claims against Gulf Power in both the Gadsden County litigation and the 2001 telecommunications company litigation. If so approved, the settlement will have no material impact on Gulf Power s financial statements. Pending final settlement approval, the ultimate outcome of this matter cannot now be determined.

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

(C) SEGMENT AND RELATED INFORMATION

Southern Company s reportable business segment is the sale of electricity in the Southeast by the traditional operating companies and Southern Power. The All Other column includes parent Southern Company, which does not allocate operating expenses to business segments. Also, this category includes segments below the quantitative threshold for separate disclosure. These segments include investments in synthetic fuels and leveraged lease projects, telecommunications, and energy-related services. Southern Power s revenues from sales to the traditional operating companies were $185 million and $439 million for the three months and nine months ended September 30, 2007, respectively, and $164 million and $381 million for the three months and nine months ended September 30, 2006, respectively. All other intersegment revenues are not material. Financial data for business segments and products and services are as follows:

	Electric Utilities						
	Traditional Operating Companies	Southern Power	Eliminations	Total	All Other	Eliminations	Consolidated
				(*in millions*)			
Three Months Ended September 30, 2007:							
Operating revenues	$ 4,660	$ 347	$ (227)	$ 4,780	$ 95	$ (43)	$ 4,832
Segment net income (loss)	714	51		765	(4)	1	762
Nine Months Ended September 30, 2007:							
Operating revenues	$11,612	$ 784	$ (549)	$11,847	$ 294	$ (128)	$12,013
Segment net income (loss)	1,381	123		1,504	26		1,530
Total assets at September 30, 2007	$41,210	$ 2,840	$ (196)	$43,854	$1,889	$ (435)	$45,308

	Electric Utilities						
	Traditional Operating Companies	Southern Power	Eliminations	Total	All Other	Eliminations	Consolidated
				(*in millions*)			
Three Months Ended September 30, 2006:							
Operating revenues	$ 4,422	$ 270	$ (213)	$ 4,479	$ 106	$ (36)	$ 4,549
Segment net income (loss)	691	46		737	1		738
Nine Months Ended September 30, 2006:							
Operating revenues	$10,875	$ 603	$ (475)	$11,003	$ 313	$ (112)	$11,204
	1,292	98		1,390	(5)		1,385

Segment net income (loss)							
Total assets at December 31, 2006	$38,825	$ 2,691	$ (110)	$41,406	$1,933	$ (481)	$42,858

Products and Services

	Electric Utilities Revenues			
	Retail	Wholesale	Other	Total
Period		(*in millions*)		
Three Months Ended September 30, 2007	$4,086	$ 563	$ 131	$ 4,780
Three Months Ended September 30, 2006	3,853	506	120	4,479
Nine Months Ended September 30, 2007	$9,935	$1,531	$ 381	$11,847
Nine Months Ended September 30, 2006	9,295	1,361	347	11,003

(D) MISSISSIPPI POWER RETAIL REGULATORY MATTERS

See Note 3 to the financial statements of Mississippi Power under Retail Regulatory Matters Environmental Compliance Overview Plan in Item 8 of the Form 10-K for information on Mississippi Power s annual environmental filing with the Mississippi PSC. In February 2007, Mississippi Power filed with the Mississippi PSC its annual ECO Plan evaluation for 2007. Mississippi Power requested an average increase for retail customers of 86 cents per 1,000 KWH. This increase represents approximately $7.5 million in annual revenues for Mississippi Power. On April 13, 2007, the Mississippi PSC approved Mississippi Power s ECO Plan as filed. The new rates became effective in May 2007.

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

In April 2007, the Mississippi PSC issued an order allowing Mississippi Power to defer approximately $10.4 million of certain reliability related maintenance costs beginning January 1, 2007, and recover them over a four-year period beginning January 1, 2008. These costs relate to system upgrades and improvements that are now being made as a follow-up to the emergency repairs that were made subsequent to Hurricane Katrina. As of September 30, 2007, Mississippi Power had incurred and deferred approximately $7.4 million of such costs, of which $1.4 million is included in current assets as other regulatory assets and $6.0 million is included in long-term other regulatory assets on the Condensed Balance Sheets herein.

See Note 3 to the financial statements of Mississippi Power under Retail Regulatory Matters Storm Damage Cost Recovery in Item 8 of the Form 10-K for information regarding storm restoration costs in connection with Hurricane Katrina and a financing order issued by the Mississippi PSC that authorized the issuance of $121.2 million of storm restoration bonds under a state bond program. The storm restoration bonds were issued by the Mississippi Development Bank on June 1, 2007, on behalf of the State of Mississippi. On June 1, 2007, Mississippi Power received a grant payment of $85.2 million from the State of Mississippi representing recovery of $25.2 million in retail storm restoration costs incurred or to be incurred and $60.0 million to increase Mississippi Power s property damage reserve. On October 9, 2007, Mississippi Power received an additional grant payment of $17.6 million for expenditures incurred to date for construction of a new storm operations center. The funds received related to previously incurred storm restoration expenditures have been accounted for as a government grant and have been recorded as a reduction to the regulatory asset that was recorded as the storm restoration expenditures were incurred, in accordance with FASB Statement No. 71, Accounting for the Effects of Certain Types of Regulation. The funds received for storm restoration expenditures to be incurred were recorded as a regulatory liability. Mississippi Power will receive further grant payments of up to $18.4 million as expenditures are incurred to construct a new storm operations center.

The funds received with respect to certain of the grants were funded through the Mississippi Development Bank s issuance of tax-exempt bonds. Due to the tax-exempt status to the holders of bonds for federal income tax purposes, the use of the proceeds is limited to expenditures that qualify under the IRC. Prior to the receipt of the proceeds from the tax-exempt bonds in June and October 2007, management of Mississippi Power represented to the Mississippi Development Bank that all expenditures to date qualify under the IRC. Should Mississippi Power use the proceeds for non-qualifying expenditures, it could be required to return that portion of the proceeds received from the tax-exempt bond issuance that was applied to non-qualifying expenditures. Management expects that all future expenditures will also qualify and that no proceeds will be required to be returned.

In order for the State of Mississippi to repay the bonds issued by the Mississippi Development Bank, the State of Mississippi has established a system restoration charge that will be charged to all retail electric utility customers within Mississippi Power s service area. This charge will be collected by Mississippi Power through the retail customers monthly statement and remitted to the State of Mississippi on a monthly basis. The system restoration charge is the property of the State of Mississippi. Mississippi Power s only obligation is to collect and remit the proceeds of the charge. Mississippi Power began collecting the system restoration charge on June 20, 2007 and remitted the first payment to the State of Mississippi on July 17, 2007.

See Note 3 to the financial statements of Mississippi Power under Retail Regulatory Matters Performance Evaluation Plan in Item 8 of the Form 10-K for information regarding Mississippi Power s PEP. In September 2007, the Mississippi PSC staff and Mississippi Power entered into a stipulation that includes adjustments to expenses which, if approved by the Mississippi PSC, would result in a one time credit to retail customers of approximately $1.1 million. In anticipation of that approval, Mississippi Power recognized a regulatory liability and decreased retail revenues as of September 30, 2007. The final outcome of this matter cannot now be determined.

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

See Note 3 to the financial statements of Mississippi Power under Retail Regulatory Matters System Restoration Rider in Item 8 of the Form 10-K for information regarding Mississippi Power s recovery of costs associated with property damage. As of September 30, 2007, Mississippi Power has estimated retail rate refunds or credits of approximately $4.2 million related to the System Restoration Rider (SRR). Of this amount, $2.4 million was recorded as a regulatory liability in the fourth quarter 2006 and $1.8 million was recorded as an increase in the regulatory liability in the first nine months of 2007. Mississippi Power is awaiting guidance from the Mississippi PSC regarding the disposition of these items. The final outcome of this matter cannot now be determined.

Mississippi Power is undergoing a feasibility assessment of a proposed IGCC project in Kemper County, Mississippi. In December 2006, the Mississippi PSC approved Mississippi Power s request for accounting treatment of the costs associated with Mississippi Power s generation resource planning, evaluation, and screening activities. The Mississippi PSC gave Mississippi Power the authority to create and recognize a regulatory asset for such costs. As of September 30, 2007, Mississippi Power has incurred $7.3 million in costs related to these activities. Of this amount, $1.7 million has been expensed in 2007 in other operations and maintenance expenses. This represents the wholesale portion of such costs that would not qualify as capital expenditures. The remaining balance of $5.6 million is included in regulatory assets on the Condensed Balance Sheets herein. The final outcome of this matter cannot now be determined.

(E) COMMON STOCK

For Southern Company, the only difference in computing basic and diluted earnings per share is attributable to exercised options and outstanding options under the stock option plan. See Note 8 to the financial statements of Southern Company in Item 8 of the Form 10-K for further information on the stock option plan. The effect of the stock options was determined using the treasury stock method.

Shares used to compute diluted earnings per share are as follows (in thousands):

	Average Common Stock Shares			
	Three Months Ended September 30, 2007	**Three Months Ended September 30, 2006**	**Nine Months Ended September 30, 2007**	**Nine Months Ended September 30, 2006**
As reported shares	758,308	742,884	754,568	742,532
Effect of options	4,084	4,676	4,614	4,451
Diluted shares	762,392	747,560	759,182	746,983

For the nine months ended September 30, 2007, 13.2 million common stock shares were issued (of which 5.2 million shares pertain to treasury shares that were re-issued) resulting in net proceeds of $414 million. The increase in common shares during this period consisted of 6.0 million shares issued upon the exercise of stock options while the remaining portion of the increase was for issuances to meet requirements associated with Southern Company s various other stock plans.

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

(F) FINANCIAL INSTRUMENTS

See Note 6 to the financial statements of Southern Company, the traditional operating companies, and Southern Power under Financial Instruments in Item 8 of the Form 10-K. At September 30, 2007, the fair value gain/(loss) of derivative energy contracts was reflected in the financial statements as follows (in millions):

	Southern Company	Alabama Power	Georgia Power	Gulf Power	Mississippi Power	Southern Power
Regulatory (assets)/ liabilities, net	$(21.7)	$(8.0)	$(11.1)	$(2.0)	$(0.6)	$
Accumulated other comprehensive income (loss)	0.5				0.6	(0.1)
Net income (loss)	(0.4)				0.1	(0.5)
Total fair value	$(21.6)	$(8.0)	$(11.1)	$(2.0)	$ 0.1	$(0.6)

For the three months and nine months ended September 30, 2007, the unrealized loss recognized in income for derivative energy contracts that are not hedges was $2.2 million and $0.7 million, respectively, for Southern Company, was $2.1 million and $1.0 million, respectively, for Southern Power, and was immaterial for the traditional operating companies. For the three months and nine months ended September 30, 2006, the unrealized amounts recognized in income was a loss of $3.5 million and a gain of $0.2 million, respectively, for Southern Company, was a loss of $2.8 million and a gain of $0.1 million, respectively, for Southern Power, and was immaterial for the traditional operating companies.

The amounts reclassified from other comprehensive income to fuel expense and revenues for the three- and nine-month periods ending September 30, 2007 and 2006 were immaterial for each registrant. Additionally, no material ineffectiveness has been recorded in net income for the three and nine months ended September 30, 2007 and 2006. The amounts expected to be reclassified from other comprehensive income to fuel expense and revenue for the next twelve-month period ending September 30, 2008 is also immaterial for each registrant.

During 2006 and 2007, Southern Company entered into derivative transactions to reduce its exposure to a potential phase-out of certain income tax credits related to synthetic fuel production in 2007. In accordance with Section 45K of the IRC, these tax credits are subject to limitation as the annual average price of oil increases. At September 30, 2007, the fair value of all derivative transactions related to synthetic fuel production was a $39.3 million net asset. For the three and nine months ended September 30, 2007, the fair value gain recognized in income to mark the transactions to market was $23.6 million and $23.4 million, respectively. For the three and nine months ended September 30, 2006, the fair value loss recognized in income for similar derivative transactions was $23.3 million and $19.4 million, respectively.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

At September 30, 2007, Southern Company had $1.1 billion notional amount of interest rate derivatives outstanding with net fair value loss of $1.0 million as follows:

Cash Flow Hedges

	Notional Amount	Variable Rate Received	Weighted Average Fixed Rate Paid	Hedge Maturity Date	Fair Value Gain (Loss) September 30, 2007 (in millions)
Alabama Power*	$100 million	3-month LIBOR	6.15%	November 2017	$ (1.1)
Alabama Power**	$100 million	3-month LIBOR	6.15%	December 2017	(1.3)
Georgia Power***	$400 million	Floating	3.85%	December 2007	(0.0)
Georgia Power	$225 million	3-month LIBOR	5.26%	March 2018	(0.6)
Georgia Power	$100 million	3-month LIBOR	5.12%	June 2018	1.0
Georgia Power	$14 million	BMA Index	2.50%	December 2007	0.1
Georgia Power	$50 million	3-month LIBOR	5.37%	February 2019	(0.1)
Gulf Power	$80 million	3-month LIBOR	5.10%	July 2018	1.0

* Interest rate collar showing rate cap

** Interest rate collar showing rate cap. Subsequent to September 30, 2007, this hedge was terminated.

*** Interest rate collar with variable rate based on one-month LIBOR (showing rate cap)

The amount reclassified from other comprehensive income to interest expense for the three and nine-month periods ending September 30, 2007 was a loss of $3.9 million and $11.2 million, respectively, for Southern Company, was a loss of $3.4 million and $9.9 million, respectively, for Southern Power, and was immaterial for the traditional operating companies. For the comparative three and nine-month periods in 2006, the amount was a gain of $2.3 million and $7.6 million, respectively, for Alabama Power, was a loss of $3.0 million and $8.9 million, respectively, for Southern Power, and was immaterial for all other registrants. No material ineffectiveness has been recorded in net income for any of the periods reported.

For the next twelve-month period ending September 30, 2008, the following table reflects the estimated pre-tax losses that will be reclassified from other comprehensive income to interest expense (in millions):

Southern Company	$(15.4)
Alabama Power	(0.2)
Georgia Power	(1.7)
Gulf Power	(0.5)
Southern Power	(13.0)

27

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)
(G) RETIREMENT BENEFITS

See Note 2 to the financial statements of Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power in Item 8 of the Form 10-K. Components of the pension plans and postretirement plans net periodic costs for the three- and nine-month periods ended September 30, 2007 and 2006 are as follows (in millions):

PENSION PLANS	Southern Company	Alabama Power	Georgia Power	Gulf Power	Mississippi Power
Three Months Ended September 30, 2007					
Service cost	$ 37	$ 9	$ 13	$ 2	$ 2
Interest cost	81	20	31	4	4
Expected return on plan assets	(120)	(36)	(49)	(5)	(5)
Net amortization	12	3	5		
Net cost (income)	$ 10	$ (4)	$	$ 1	$ 1
Nine Months Ended September 30, 2007					
Service cost	$ 110	$ 26	$ 38	$ 5	$ 5
Interest cost	242	61	94	11	11
Expected return on plan assets	(361)	(109)	(146)	(16)	(14)
Net amortization	34	9	13	1	1
Net cost (income)	$ 25	$ (13)	$ (1)	$ 1	$ 3
Three Months Ended September 30, 2006					
Service cost	$ 38	$ 9	$ 13	$ 2	$ 2
Interest cost	75	19	29	3	3
Expected return on plan assets	(113)	(34)	(46)	(5)	(4)
Net amortization	10	3	4		
Net cost (income)	$ 10	$ (3)	$	$	$ 1
Nine Months Ended September 30, 2006					
Service cost	$ 114	$ 28	$ 40	$ 5	$ 5
Interest cost	225	57	88	10	10

Expected return on plan assets	(341)	(104)	(138)	(15)	(14)
Net amortization	32	9	10	1	2
Net cost (income)	$ 30	$ (10)	$	$ 1	$ 3

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

POSTRETIREMENT PLANS	Southern Company	Alabama Power	Georgia Power	Gulf Power	Mississippi Power
Three Months Ended September 30, 2007					
Service cost	$ 6	$ 1	$ 3	$	$
Interest cost	27	7	12	1	2
Expected return on plan assets	(13)	(4)	(7)		
Net amortization	9	2	4		
Net cost (income)	$ 29	$ 6	$ 12	$ 1	$ 2
Nine Months Ended September 30, 2007					
Service cost	$ 20	$ 5	$ 8	$ 1	$ 1
Interest cost	80	21	35	3	4
Expected return on plan assets	(39)	(14)	(20)	(1)	(1)
Net amortization	29	8	14	1	1
Net cost (income)	$ 90	$ 20	$ 37	$ 4	$ 5
Three Months Ended September 30, 2006					
Service cost	$ 7	$ 2	$ 3	$	$
Interest cost	24	6	11	1	1
Expected return on plan assets	(12)	(4)	(6)		
Net amortization	11	3	5		
Net cost (income)	$ 30	$ 7	$ 13	$ 1	$ 1
Nine Months Ended September 30, 2006					
Service cost	$ 22	$ 6	$ 8	$ 1	$ 1
Interest cost	74	20	33	3	4
Expected return on plan assets	(36)	(13)	(19)	(1)	(1)
Net amortization	32	8	17	1	1
Net cost (income)	$ 92	$ 21	$ 39	$ 4	$ 5

(H) EFFECTIVE TAX RATES

Southern Company s effective tax rate was 34.1% for the nine months ended September 30, 2007, as compared to 34.2% for the same period in 2006. The effective tax rate decreased due to additional AFUDC equity recorded by Georgia Power and Gulf Power and by the increase in the IRC Section 199 domestic production deduction. These decreases were offset by a reduction in synthetic fuel tax credits net of reserves. See Note 5 to the financial statements of Southern Company, Georgia Power, and Gulf Power in Item 8 of the Form 10-K for information on each company s effective income tax rate.

In connection with its construction program, Georgia Power recorded an increase of approximately $25.4 million in AFUDC equity, which is not taxable, during the nine months ended September 30, 2007, as compared to the prior year. Georgia Power also recorded certain federal deductions and state income tax credits, which together with the increased AFUDC equity, resulted in a lower effective income tax rate of 35.7% for the nine months ended September 30, 2007 when compared to 36.6% in the same period in 2006. See Note (B) herein for additional information regarding the pending litigation associated with the state tax credits.

In connection with its construction program, Gulf Power recorded an increase of approximately $1.3 million in AFUDC equity, which is not taxable, during the nine months ended September 30, 2007, as compared to the prior year. Gulf Power also had an increase in the deduction created by the American Jobs Creation Act of 2004 as discussed below, which together with the increased AFUDC equity,

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

resulted in a lower effective income tax rate of 36.6% for the nine months ended September 30, 2007 when compared to 37.5% in the same period in 2006.

The American Jobs Creation Act of 2004 created a tax deduction for the portion of income attributable to United States production activities as defined in IRC Section 199. The deduction is equal to a stated percentage of the taxpayer s qualified production activities. The percentage is phased in over the years 2005 through 2010 with a 3% rate applicable to the years 2005 and 2006, a 6% rate applicable for years 2007 through 2009, and a 9% rate applicable for all years after 2009. This increase from 3% in 2006 to 6% in 2007 resulted in an additional $13 million in tax deductions in 2007 compared to 2006.

Southern Company recorded net synthetic fuel tax credits as of the nine months ended September 30, 2007 that are $16.2 million less than the net synthetic fuel tax credits recorded for the same period in 2006. See Note (B) herein for additional information regarding the production of synthetic fuel tax credits in 2007. The impact of the reduction in net synthetic fuel tax credits is an increase in Southern Company s effective tax rate for the nine months ended September 30, 2007 as compared to the same period in 2006.

(I) ADOPTION OF FIN 48

On January 1, 2007, Southern Company, the traditional operating companies, and Southern Power adopted FIN 48, which requires companies to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest and penalties. Prior to adoption of FIN 48, Southern Company had unrecognized tax benefits of approximately $65 million, which included approximately $62 million for Georgia Power. As of adoption, an additional $146 million of unrecognized tax benefits were recorded, which resulted in a total balance of $211 million. The $146 million is associated with a tax timing difference which was recorded by reclassifying a deferred tax liability to an unrecognized tax benefit. Of the total $211 million unrecognized tax benefits, $65 million would impact Southern Company s effective tax rate if recognized, which includes $62 million for Georgia Power. For the first nine months of 2007, the total amount of unrecognized tax benefits increased by $39.7 million, resulting in a balance of $250.7 million as of September 30, 2007. Of the $39.7 million increase in unrecognized tax benefits, $23.1 million would impact Southern Company s effective tax rate if recognized.

Southern Company classifies interest on tax uncertainties as interest expense. The net amount of interest accrued as of adoption was $24 million, which resulted in a reduction to beginning 2007 retained earnings of approximately $15 million, net of tax. The other registrants retained earnings balances were not impacted by the adoption of FIN 48. Net interest accrued for the FIN 48 liability as of September 30, 2007 was $30.3 million.

Southern Company files a consolidated federal income tax return. The IRS has audited and closed all tax returns prior to 2004. Southern Company also files income tax returns in various states. The audits for these returns have either been concluded, or the statute of limitations has expired, for years prior to 2002.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of Southern Company s unrecognized tax positions will significantly increase or decrease within the next twelve months. The possible settlement of the SILO litigation or the Georgia state tax credits litigation or the conclusion or settlement of federal or state audits could impact the balances significantly. At this time, an estimate of the range of reasonably possible outcomes cannot be determined. See Note (B) herein for additional information regarding the implementation of FIN 48 and current litigation concerning deductions related to the SILO transactions and the Georgia state tax credits.

30

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

(J) ALABAMA POWER RETAIL REGULATORY MATTERS

Alabama Power has established fuel cost recovery rates approved by the Alabama PSC. Alabama Power s under recovered fuel costs as of September 30, 2007 totaled $307 million as compared to $301 million at December 31, 2006. As a result of the increasing level of under recovered fuel costs, on June 18, 2007, the Alabama PSC ordered Alabama Power to increase its Rate ECR factor to 3.1 cents per KWH from 2.4 cents per KWH, effective with billings beginning July 2007 for the 30-month period ending December 2009. This change represents on average an increase of approximately $7.37 per month for a customer billing of 1,000 KWH. This increase is intended to permit the recovery of energy costs based on an estimate of future energy costs, as well as the collection of the existing under recovered energy costs by the end of 2009. During the 30-month period, Alabama Power will be allowed to include a carrying charge associated with the under recovered fuel costs in the fuel expense calculation. In the event the application of this increased Rate ECR factor results in an over recovered position during this period, Alabama Power will pay interest on any such over recovered balance at the same rate used to derive the carrying costs. As a result of the order, Alabama Power classified $69 million of the under recovered regulatory clause receivable as deferred charges and other assets in the Condensed Balance Sheet as of September 30, 2007 herein.

As of December 31, 2006, Alabama Power had a deficit balance in the deferred natural disaster reserve account of approximately $16.8 million. In June 2007, Alabama Power fully recovered its prior storm costs related to Hurricanes Dennis and Katrina. As a result customer rates decreased by $1.73 per month per residential customer account and $4.29 per month per non-residential customer account beginning with July 2007 billings. Alabama Power continues to collect a monthly Rate NDR charge to establish and maintain a target reserve balance of $75 million for future storms. At September 30, 2007, Alabama Power had accumulated a balance of $23.1 million in the target reserve for future storms, which is included in the balance sheets under Other Regulatory Liabilities. See Note 3 to the financial statements of Alabama Power under Retail Regulatory Matters Natural Disaster Cost Recovery in Item 8 of the Form 10-K for additional information.

(K) GEORGIA POWER RETAIL REGULATORY MATTERS

Georgia Power is currently operating under a three-year retail rate order that expires December 31, 2007. Under the terms of the existing order, earnings are evaluated annually against a retail return on common equity range of 10.25% to 12.25%. Two-thirds of any earnings above the 12.25% return are applied to rate refunds, with the remaining one-third retained by Georgia Power. The order required Georgia Power to file a general rate case by July 1, 2007.

On June 29, 2007, Georgia Power filed a request to increase retail base rates with the Georgia PSC. The request includes an increase effective January 1, 2008 of approximately $406 million, or 5.98%, in retail revenues, based on a future test year ending July 31, 2008 and a proposed retail return on common equity of 12.5%. The majority of the increase in retail revenues is being requested to cover the costs of environmental compliance and continued investment in new generation, transmission, and distribution facilities to support growth and ensure reliability. The remainder of the increase would include recovery of higher operations, maintenance, and other investment costs to meet the rising demand for electricity. Hearings on Georgia Power s direct testimony were held in early October. In direct testimony filed on October 22, 2007, the Georgia PSC staff proposed certain adjustments to Georgia Power s general rate case that indicates a $21 million revenue surplus. Georgia Power disagrees with the majority of the staff s proposed adjustments. Hearings on Georgia PSC staff s and intervenors direct testimony will be held in early November. Georgia Power s rebuttal hearings will occur later the same month. Georgia Power expects the Georgia PSC to issue a final order in this matter on December 20, 2007. In addition to the traditional test period request, Georgia Power filed information for a three-year rate plan option that includes additional increases of approximately $189 million, or 2.62%, and $41 million, or 0.56%, in retail revenues effective

January 1, 2009 and 2010, respectively, to cover the costs of additional environmental controls and certified PPAs. The final outcome of this matter cannot now be determined. See Note 3 to the financial statements of Southern Company and Georgia Power under Georgia Power

Table of Contents

NOTES TO THE CONDENSED FINANCIAL STATEMENTS: (Continued)

Retail Regulatory Matters and Retail Regulatory Matters Rate Plans, respectively, in Item 8 of the Form 10-K for additional information.

(L) NUCLEAR FUEL DISPOSAL COST LITIGATION

See Note 1 to the financial statements of Southern Company, Alabama Power, and Georgia Power under Nuclear Fuel Disposal Costs in Item 8 of the Form 10-K for information regarding the litigation brought by Alabama Power and Georgia Power against the government for breach of contracts related to the disposal of spent nuclear fuel. On July 9, 2007, the U.S. Court of Federal Claims awarded Georgia Power a total of $30 million, based on its ownership interests, and awarded Alabama Power $17.3 million, representing all of the direct costs of the expansion of spent nuclear fuel storage facilities from 1998 through 2004. In August 2007, the government filed a motion for reconsideration, which was denied on November 1, 2007. The government has 60 days in which to file an appeal. The final outcome of this matter cannot be determined at this time, but no material impact on net income is expected. No amounts have been recognized in the financial statements as of September 30, 2007.

Table of Contents

EXHIBIT INDEX

(31) Section 302 Certifications

Southern Company

(a)1 - Certificate of Southern Company s Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.

(a)2 - Certificate of Southern Company s Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.

Georgia Power

(c)1 - Certificate of Georgia Power s Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.

(c)2 - Certificate of Georgia Power s Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.

(32) Section 906 Certifications

Southern Company

(a) - Certificate of Southern Company s Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

Georgia Power

(c) - Certificate of Georgia Power s Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

THE SOUTHERN COMPANY
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

THE SOUTHERN COMPANY

By *David M. Ratcliffe*

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

By *Thomas A. Fanning*

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

By */s/ Wayne Boston*

(Wayne Boston, Attorney-in-fact)

Date: November 29, 2007

Table of Contents

GEORGIA POWER COMPANY
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature of the undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

GEORGIA POWER COMPANY

By *Michael D. Garrett*
President and Chief Executive Officer
(Principal Executive Officer)

By *Cliff S. Thrasher*
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By */s/ Wayne Boston*

(Wayne Boston, Attorney-in-fact)

Date: November 29, 2007