



# Fourth Quarter 2018 Earnings Conference Call

February 20, 2019



# Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning Plant Vogtle Units 3 and 4, including cost and schedule estimates, earnings per share guidance, financial objectives and expected financing plans. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company and its subsidiaries; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's and its subsidiaries' Annual Reports on Form 10-K for the year ended December 31, 2018, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including environmental laws and regulations, and also changes in tax (including the federal tax reform legislation) and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; the extent and timing of costs and liabilities to comply with federal and state laws, regulations, and legal requirements related to coal combustion residuals, including amounts for required closure of ash ponds and ground water monitoring; current and future litigation or regulatory investigations, proceedings, or inquiries, including litigation and other disputes related to the Kemper County energy facility; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels; the ability to complete necessary or desirable pipeline expansion or infrastructure projects, limits on pipeline capacity, and operational interruptions to natural gas distribution and transmission activities; transmission constraints; effects of inflation; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities, including Plant Vogtle Units 3 and 4 which includes components based on new technology that only recently began initial operation in the global nuclear industry at this scale, including changes in labor costs, availability and productivity; challenges with management of contractors, subcontractors or vendors; adverse weather conditions; shortages, increased costs or inconsistent quality of equipment, materials, and labor; contractor or supplier delay; nonperformance under construction, operating, or other agreements; operational readiness, including specialized operator training and required site safety programs; engineering or design problems; design and other licensing-based compliance matters, including the timely resolution of Inspections, Tests, Analyses, and Acceptance Criteria and the related approvals by the U.S. Nuclear Regulatory Commission (NRC); challenges with start-up activities, including major equipment failure and system integration; and/or operational performance; the ability to construct facilities in accordance with the requirements of permits and licenses (including satisfaction of NRC requirements), to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of the employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology; the ability to control operating and maintenance costs; ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to return on equity, equity ratios and fuel and other cost recovery mechanisms; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia Public Service Commission approvals and NRC actions; under certain specified circumstances, a decision by holders of more than 10% of the ownership interests of Plant Vogtle Units 3 and 4 not to proceed with construction, and the ability of other Vogtle owners to tender a portion of their ownership interests to Georgia Power following certain construction cost increases; in the event Georgia Power becomes obligated to provide funding to Municipal Electric Authority of Georgia ("MEAG") with respect to the portion of MEAG's ownership interest in Plant Vogtle Units 3 and 4 involving Jacksonville Electric Authority, any inability of Georgia Power to receive repayment of such funding; the inherent risks involved in operating and constructing nuclear generating facilities; the inherent risks involved in transporting and storing natural gas; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, including the proposed disposition of Plant Mankato, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or physical attack and the threat of physical attacks; interest rate fluctuations and financial market conditions and the results of financing efforts; access to capital markets and other financing sources; changes in Southern Company's and any of its subsidiaries' credit ratings; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources; impairments of goodwill or long-lived assets; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company and its subsidiaries expressly disclaim any obligation to update any forward-looking information.

# Non-GAAP Financial Measures

*In addition to including earnings in accordance with generally accepted accounting principles (GAAP), this presentation also includes historical adjusted earnings and earnings per share (EPS) excluding: (1) charges and credits related to Mississippi Power Company's integrated coal gasification combined cycle project in Kemper County, Mississippi (Kemper IGCC) and a charge related to Georgia Power Company's ownership interests in Plant Vogtle Units 3 and 4; (2) impacts related to (a) the acquisition and integration of Southern Company Gas, (b) the dispositions of Elizabethtown Gas, Elkton Gas, Pivotal Home Solutions, Florida City Gas, and Southern Power Company's ownership interest in Plants Oleander and Stanton, (c) the January 1, 2019 disposition of Gulf Power Company, and (d) the pending disposition of Southern Power Company's ownership interest in Plant Mankato; (3) earnings from the Wholesale Gas Services business of Southern Company Gas; (4) settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico; (5) net tax impacts as a result of implementing federal tax reform legislation; and (6) a charge for the 2017 write-down of Gulf Power Company's ownership of Plant Scherer Unit 3.*

*The charges and credits relating to the Kemper IGCC significantly impacted earnings and earnings per share for the three and twelve months ended December 31, 2018 and 2017. Additional pre-tax closure costs, including mine reclamation, of up to \$25 million for the Kemper IGCC may occur through 2020. Mississippi Power is also currently evaluating its options regarding the final disposition of the carbon dioxide pipeline and is in discussions with the Department of Energy regarding property closeout and disposition, for which the related costs could be material. Additionally, Southern Company's earnings for the twelve months ended December 31, 2017 also include AFUDC as a result of extending the schedule for the Kemper IGCC construction project beyond November 30, 2016, as assumed in Southern Company's 2017 earnings guidance. AFUDC ceased in connection with the project's suspension in June 2017.*

*The estimated loss relating to Plant Vogtle Units 3 and 4 significantly impacted earnings and earnings per share for the twelve months ended December 31, 2018. Further charges for Georgia Power's ownership interests in Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges are uncertain.*

*The impacts of acquisitions, dispositions, and integration also significantly impacted earnings and earnings per share for the three and twelve months ended December 31, 2018 and 2017. Further impacts are expected to be recorded in 2019 including a preliminary gain of \$2.5 billion pre-tax (\$1.3 billion after tax) in connection with the sale of Gulf Power, as well as impacts related to Southern Power Company's pending disposition of Plant Mankato. Further costs related to the Southern Company Gas acquisition are expected to occur in connection with integration activities; however, the amount and duration of such expenditures are uncertain.*

*Southern Company's earnings for the three and twelve months ended December 31, 2018 and 2017 include net tax impacts as a result of implementing federal tax reform legislation. Additional adjustments are not expected.*

*Southern Company's earnings for the twelve months ended December 31, 2018 include settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Further settlement proceeds are not expected.*

*Southern Company's earnings for the twelve months ended December 31, 2017 include a write-down of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement.*

*For all periods, presenting earnings and EPS excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments.*

*This presentation also includes projected adjusted EPS for future periods excluding: the preliminary gain on the sale of Gulf Power, any additional charges associated with the Kemper IGCC and Plant Vogtle Units 3 and 4, acquisition, integration and disposition impacts, and earnings of the Wholesale Gas Services business of Southern Company Gas.*

*Southern Company believes presentation of EPS excluding these items provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.*

# 2018 Highlights

- Adjusted EPS of \$3.07 per share was above updated guidance range and approximately 7% above the mid-point of original guidance range
- Successfully achieved our 2018 Vogtle 3 & 4 major construction milestones
- Customer benefits of approximately \$1.8 billion created as a result of tax reform, while constructive regulatory outcomes preserved strong credit profiles
- Executed value-accretive transactions, significantly reducing projected equity needs
- 285 consecutive quarters of dividend payments and a strong track record of growth

# Transaction Update

Transaction	Status	Closing Date	Proceeds
Minority Interest Sale in Southern Power Solar Portfolio	✓	May 22, 2018	\$1.18B
Pivotal Home Solutions Sale	✓	June 4, 2018	\$0.36B
Elizabethtown Gas and Elkton Gas Sale	✓	July 1, 2018	\$1.74B
Florida City Gas Sale	✓	July 29, 2018	\$0.59B
Southern Power Plants Stanton and Oleander Sale	✓	December 4, 2018	\$0.20B
Tax Equity Financing for Substantially All of Southern Power's Existing Wind Portfolio	✓	December 11, 2018	\$1.20B
Gulf Power Company Sale	✓	January 1, 2019	\$5.75B
Southern Power Mankato Energy Center	Agreements executed	Expected Summer 2019	\$0.65B

# Vogle 3 & 4 Project Milestones Completed in 2018

Overall Project is 74% Complete

## ▶ 1<sup>st</sup> Quarter

- ✓ Set Unit 4 Reactor Vessel Inside Containment
- ✓ Achieve 90 percent pass rate on the 3<sup>rd</sup> NRC Initial License exam
- ✓ Integrated System Validation retest completed on Main Control Room Simulator

## ▶ 2<sup>nd</sup> Quarter

- ✓ INPO renewed the accreditation of Operations training program
- ✓ Unit 3 Shield Building reinforced concrete completed to allow set of full panel-rings

## ▶ 3<sup>rd</sup> Quarter

- ✓ Set Unit 4 Steam Generator B inside Containment
- ✓ Delivery of Unit 3 Cyber Security Monitoring System hardware and software to support Initial Energization
- ✓ Established Southern-controlled IT technology platform for site

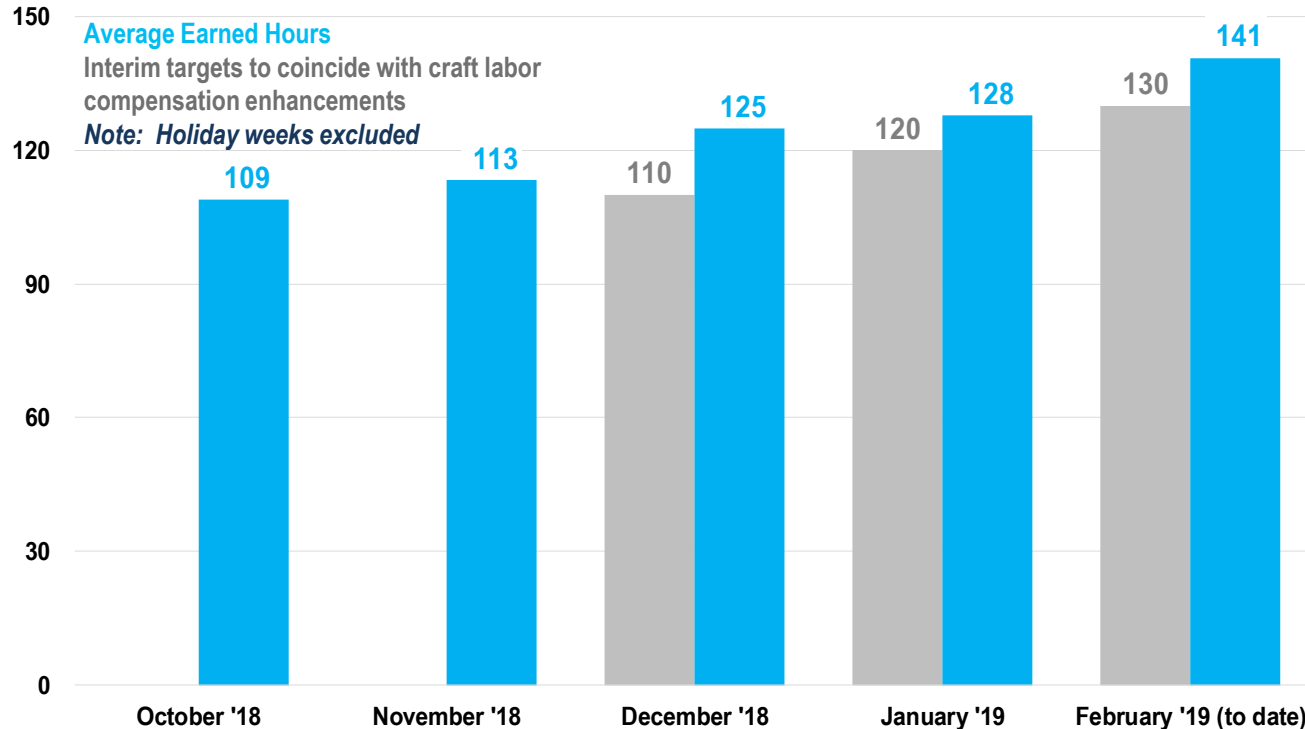
## ▶ 4<sup>th</sup> Quarter

- ✓ Design completed for site-specific engineering and Nuclear Island electrical raceway design optimization
- ✓ Set Unit 4 Generator Stator for Turbine Assembly
- ✓ Unit 3 Main Control Room roof set at elevation 135'
- ✓ 34 ITAAC Closure Notifications (ICNs) and 154 Uncompleted ITAAC Notifications (UINs) submitted to NRC for review
- ✓ Completed Initial Test Program component test procedures

# Vogle 3 & 4 Average Weekly Direct Construction Earned Hours

Success in improving site productivity and attracting and retaining skilled craft resources

Direct Construction Hours  
(in thousands)



- Averaged 141,000 weekly earned hours in February to date, including peak of 146,000
- Estimate average sustained weekly earned hours of 110,000 to meet regulatory-approved in-service dates of November 2021 and 2022
- Approximately 700 skilled craft resources added since November
- Continue to manage site on aggressive schedule to preserve margin

# 2018 Earnings Results

	Q4		Full Year	
	2018	2017	2018	2017
<b>Earnings Per Share As Reported</b>	<b>\$0.27</b>	<b>\$0.49</b>	<b>\$2.18</b>	<b>\$0.84</b>
Estimated Loss on Plants Under Construction <sup>1</sup>	\$0.10	(\$0.19)	(\$0.71)	(\$2.33)
Loss on Plant Scherer Unit 3	-	-	-	(\$0.02)
Acquisition, Disposition, and Integration Impacts <sup>2</sup>	(\$0.05)	(\$0.03)	(\$0.26)	(\$0.05)
Wholesale Gas Services	(\$0.03)	(\$0.08)	\$0.03	(\$0.06)
Litigation Settlement <sup>3</sup>	-	-	\$0.02	-
Adoption of Tax Reform	-	\$0.28	\$0.03	\$0.28
<b>Earnings Per Share Excluding Items</b>	<b>\$0.25</b>	<b>\$0.51</b>	<b>\$3.07</b>	<b>\$3.02</b>

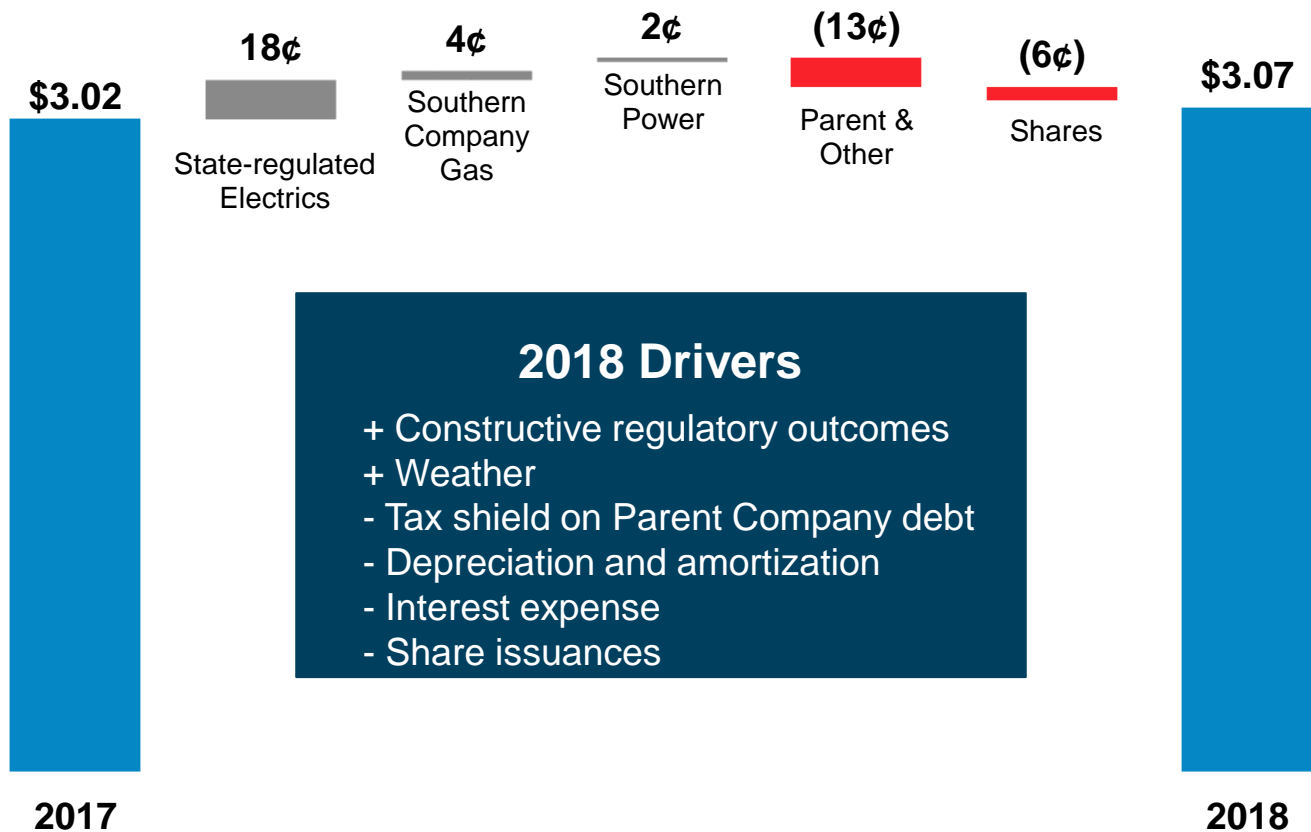
1. Estimated Loss for Plants Under Construction for the twelve months ended December 31, 2018 includes (\$0.07) for net charges and an income tax credit related to Mississippi Power Company's integrated coal gasification combined cycle in Kemper County, Mississippi (Kemper IGCC) and \$0.78 for a charge related to Georgia Power Company's construction of Plant Vogtle Units 3 and 4. The three months ended December 31, 2018 includes (\$0.10) for net charges and an income tax credit related to the Kemper IGCC. The three and twelve months ended December 31, 2017 includes \$0.19 and \$2.39, respectively, for charges related to the Kemper IGCC. The twelve months ended December 31, 2017 was partially offset by \$0.06 for additional AFUDC equity as a result of extending the Kemper IGCC schedule prior to suspension of construction.

2. Represents costs related to the acquisition and integration of Southern Company Gas; gains and losses related to the dispositions of Pivotal Home Solutions, Elizabethtown Gas, Elkton Gas, Florida City Gas, and Southern Power Company's ownership interests in Plants Oleander and Stanton; and other impacts related to completed and pending dispositions.

3. Represents settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.



# 2018 Year-Over-Year Adjusted EPS Drivers



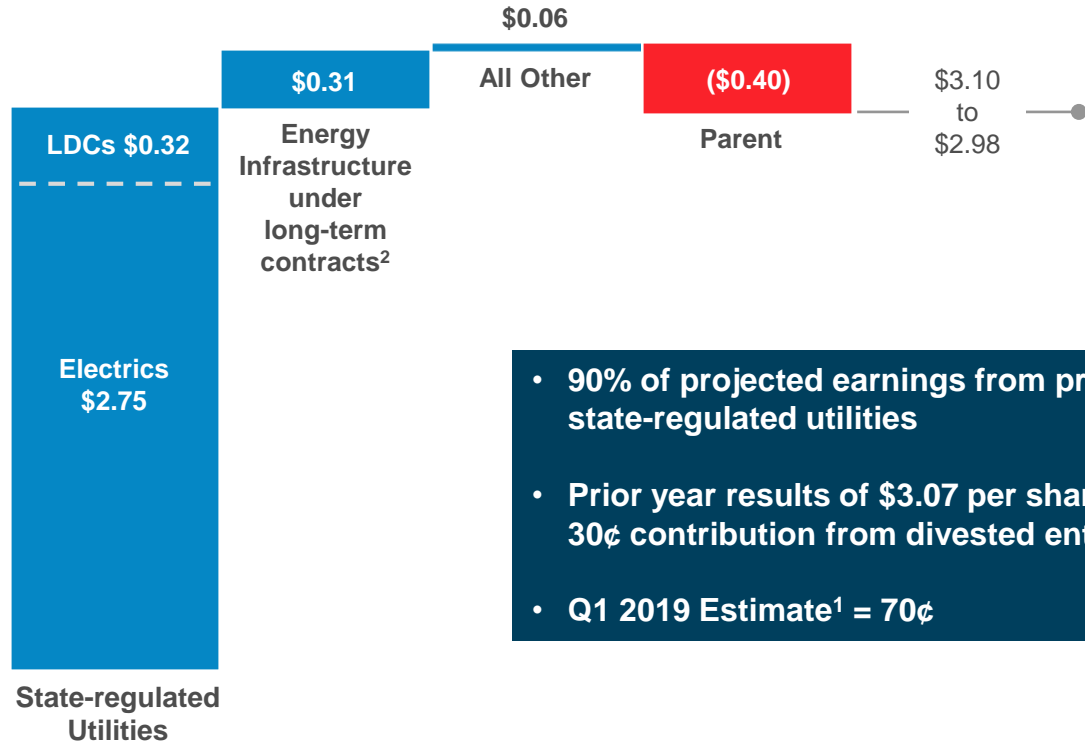
Notes:

Excludes charges related to Plant Vogtle Units 3 and 4 and Plant Scherer Unit 3; charges and credits related to the Kemper IGCC; acquisition, integration and disposition impacts; impacts related to the adoption of tax reform; earnings from Wholesale Gas Services; and the settlement of Mississippi Power Company's Deepwater Horizon claim

# Service Territory Economic Update

- Robust population growth in our service territories
- 1% weather-normalized electricity retail sales growth in 2018
- Retail electricity sales forecast flat to 1% growth
  - Guidance assumes lower end in 2019
- Industrial electricity sales were strong in 2018 with signs of slowing momentum in Q4
- Employment growth remains strong, led by Alabama and Georgia which outpaced the national average
- Multiple sites selected for large scale economic development projects

# 2019 Guidance<sup>1</sup> = \$2.98 to \$3.10



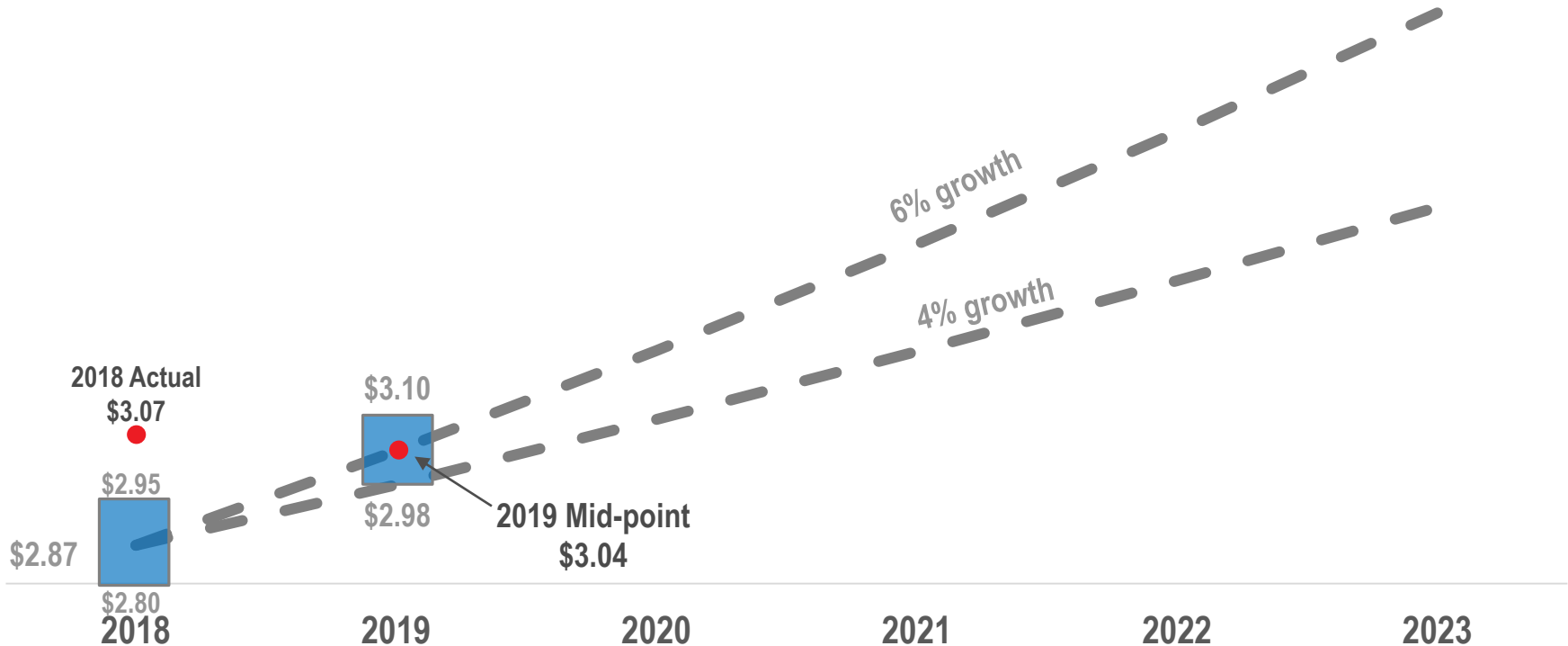
- 90% of projected earnings from premier state-regulated utilities
- Prior year results of \$3.07 per share include 30¢ contribution from divested entities
- Q1 2019 Estimate<sup>1</sup> = 70¢

Notes:

1. Excludes any further charges associated with construction projects, and acquisition, disposition and integration impacts, including the preliminary gain of approximately \$1.28 per share for the sale of Gulf Power  
 2. Includes Southern Power, interstate natural gas pipelines and Southern Company-owned distributed energy resources

# Long-term Adjusted EPS Growth Estimate of 4% to 6%

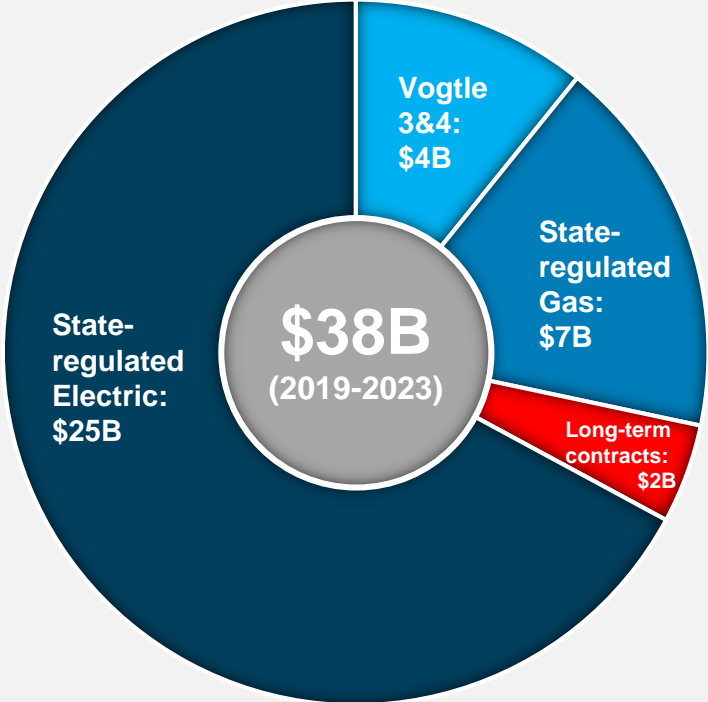
2019 guidance mid-point is at the high end of our long-term growth trajectory



# Capital investment is concentrated in state-regulated electric and gas utilities

## State-regulated Electric

- 48% wires, including resilience and smart grid investments
- 19% environmental, including ash pond closure costs



## State-regulated Gas

- 60% gas pipeline replacement and improvement programs
- Additional investment to serve 1% annual customer growth

## Energy Infrastructure Under Long-term Contracts

- Southern Power renewables investments
- Interstate natural gas pipelines
- Bloom and other contracted distributed infrastructure

Totals may not sum due to rounding

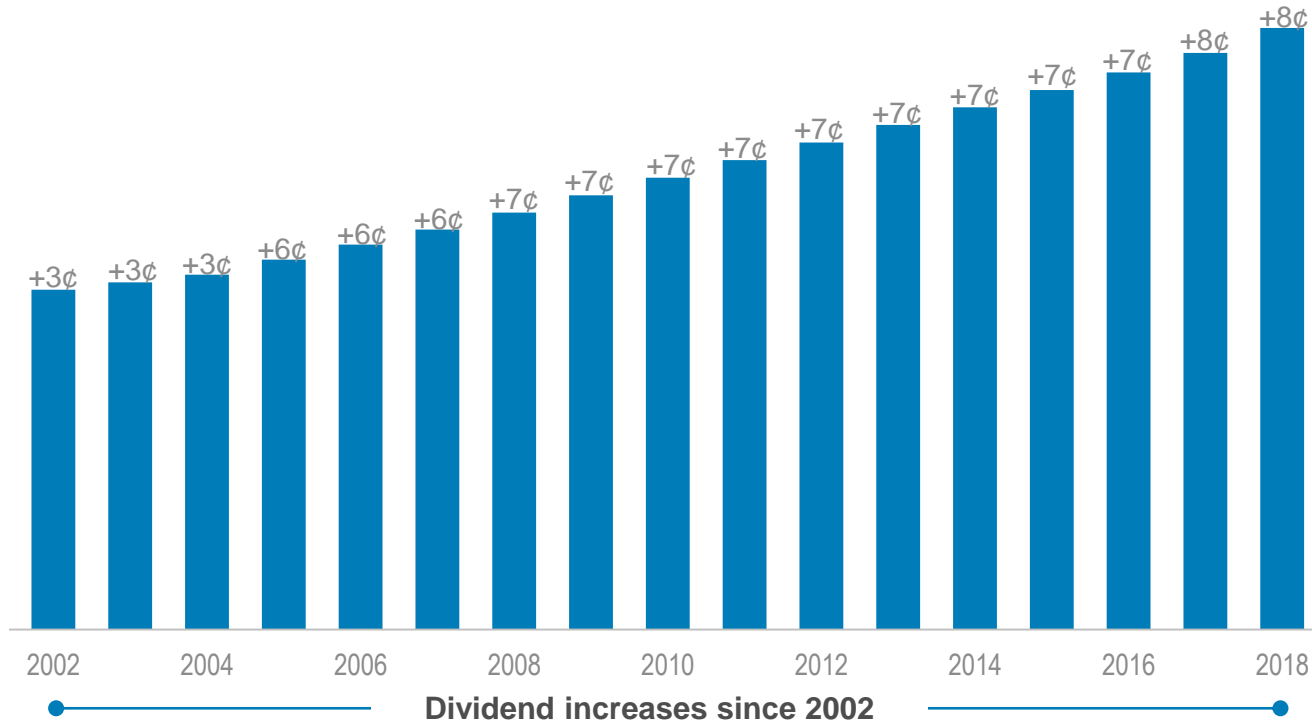
# Strengthened Balance Sheet

- Projected 5-year equity need of \$2.5 billion to \$3 billion
  - Capacity to fulfill most or all of need through our internal programs
  - Continue to preserve all options and evaluate other potential equity alternatives
- Improved credit metrics and significant reductions in leverage from recent transaction proceeds
  - Targeting consolidated FFO to Debt of approximately 16.5%
- No incremental debt on a consolidated level through 2021
  - New issuances primarily to fund maturities

# Southern Company Dividend History

## 71 Years of Dividends Equal to or Greater Than Previous Year

Supported by premier state-regulated utilities and energy infrastructure under long-term contracts



Dividend increases since 2002

# 2019 Outlook

- 2019 EPS Guidance Range: \$2.98 to \$3.10
- Maintain 4% to 6% long-term EPS growth trajectory
- Critical year for Vogtle 3&4 execution
- Increased investment plan concentrated at state-regulated utilities
- Outlook supports \$0.08 per share annual dividend increases<sup>1</sup>

<sup>1</sup>Future dividends are subject to approval of the Southern Company Board of Directors and dependent upon earnings, financial condition and other factors.



# Appendix



# Capital Markets / Financing



# Projected Long-term Debt Financings<sup>1</sup>

**2018-2021 actual and forecasted issuances total ~\$14 billion**

<u>Long-term Debt (in millions)</u>	<u>2018 A</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019-2021</u>
Alabama Power	\$500	\$-	\$500	\$450	\$950
Georgia Power <sup>2</sup>	-	1,800	2,750	1,350	5,900
Mississippi Power	600	-	-	400	400
<b>State-regulated Electrics</b>	<b>\$1,100</b>	<b>\$1,800</b>	<b>\$3,250</b>	<b>\$2,200</b>	<b>\$7,250</b>
Southern Power	-	-	-	-	-
Southern Company Gas Capital	-	-	400	550	950
Nicor	300	300	250	50	600
Parent Company	750	-	1,000	2,500	3,500
<b>Total Long-term Debt Issuance</b>	<b>\$2,150</b>	<b>\$2,100</b>	<b>\$4,900</b>	<b>\$5,300</b>	<b>\$12,300</b>

1. Amounts and timing are subject to material change based upon numerous factors, including market conditions, regulatory approvals, the Southern Company system's capital requirements and available investment opportunities. Does not include remarketing of tax-exempt securities currently held by subsidiaries of the Company.

2. Could consist of senior notes, DOE draws, or a combination thereof.

# Long-term Debt Maturity Schedule<sup>1</sup>

2018-2021 maturities total ~\$14 billion<sup>2</sup>

<u>Long-term Debt (in millions)</u>	<u>2018 A</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019-2021</u>
Alabama Power	\$0	\$200	\$250	\$310	\$760
Georgia Power <sup>2</sup>	850	500	994	369	1,863
Mississippi Power	900	0	307	270	577
<b>State-regulated Electrics</b>	<b>\$1,750</b>	<b>\$700</b>	<b>\$1,551</b>	<b>\$949</b>	<b>\$3,200</b>
Southern Power	770	600	825	300	1,725
Southern Company Gas	155	350	0	330	680
Parent Company	1,000	1,350 <sup>3</sup>	1,650 <sup>4</sup>	1,500	4,500
<b>Total Long-term Debt Maturities</b>	<b>\$3,775</b>	<b>\$3,025</b>	<b>\$4,025</b>	<b>\$3,179</b>	<b>\$10,229</b>

1. Excludes capital leases and fixed rate pollution control bonds subject to remarketing; Southern Consolidated also includes SEGCO maturities

2. Does not include \$1.1 billion of debt redemptions and repurchases in 2018; comprised of \$750 million tender offer at Georgia Power, \$200 million Pivotal Utility Holdings first mortgage bond retirements, \$125 million Mississippi Power senior note make-whole and \$30 million Mississippi senior note par call

3. Repurchased or called for redemption in January 2019

4. \$750 million repurchased or redeemed in January and February 2019

# Liquidity and Credit

Over \$7.8 billion in committed credit facilities and available liquidity of \$6.7 billion

<i>(in millions)</i>	2019	2020	2022	Total
<b>Credit Facility Expirations</b>	\$163	\$500	\$7,200	\$7,863

<i>(in millions)</i>	Alabama Power	Georgia Power	Mississippi Power	Southern Company Gas	Southern Power	Parent	Other <sup>1</sup>	Consolidated
Unused Credit Lines	\$1,333	\$1,736	\$100	\$1,895	\$727	\$1,999	\$30	\$7,820
Cash	313	4	293	64	181	246	295	1,396
<b>Total</b>	<b>\$1,646</b>	<b>\$1,740</b>	<b>\$393</b>	<b>\$1,959</b>	<b>\$907</b>	<b>\$2,245</b>	<b>\$325</b>	<b>\$9,216</b>
Less: Outstanding CP	-	294	-	650	-	-	5	949
Less: PCB Floaters <sup>2</sup>	854	659	40	-	-	-	-	1,553
<b>Net Available Liquidity</b>	<b>\$792</b>	<b>\$787</b>	<b>\$353</b>	<b>\$1,309</b>	<b>\$907</b>	<b>\$2,245</b>	<b>\$320</b>	<b>\$6,714</b>

1. Other includes amounts from non-SEC reporting subsidiaries including SEGCO, Power Secure, Southern Nuclear, Southern LINC and others

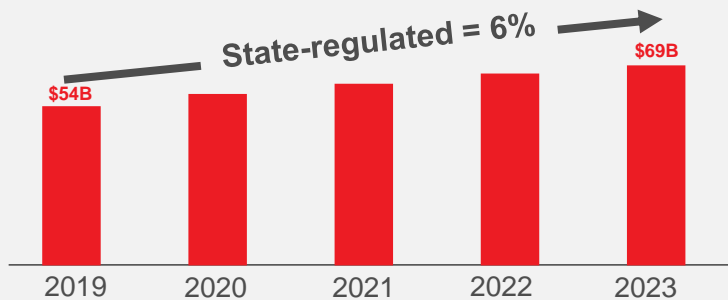
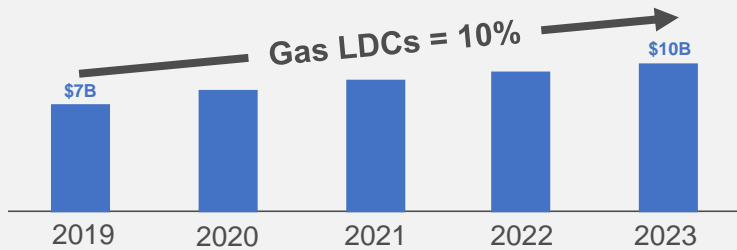
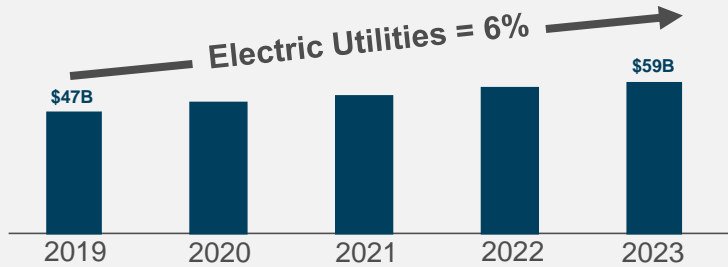
2. PCB Floaters include all variable rate demand note pollution control revenue bonds outstanding

# Capital Investment Plan



# Expect strong state-regulated utility rate base growth

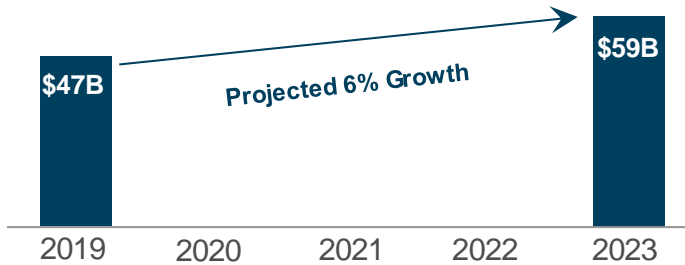
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- Business modernization and resilience initiatives have improved the growth profile of our electric utilities
- Safety-related pipeline replacements programs continue to provide strong projected growth for the Gas LDCs
- Updated capital investment plan reflects \$3.7 billion increase over last year's plan excluding the previously-disclosed Vogtle cost increase

# State-regulated Electric Utilities Overview

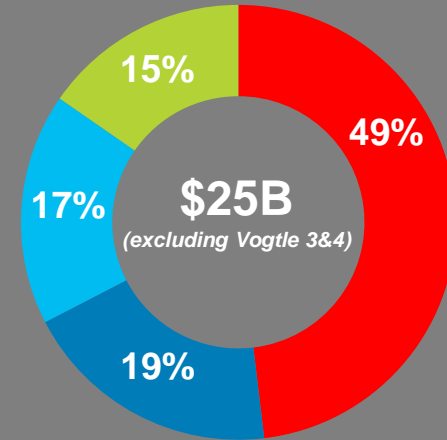
Strong projected growth driven by infrastructure and environmental investment



## Other Assumptions

- Projected retail electric sales growth flat to slightly positive with strong customer growth of approximately 1%
- Focused on mitigating inflation of O&M over time as part of overall business modernization initiatives

## Projected Capital Investment Composition 2019 - 2023

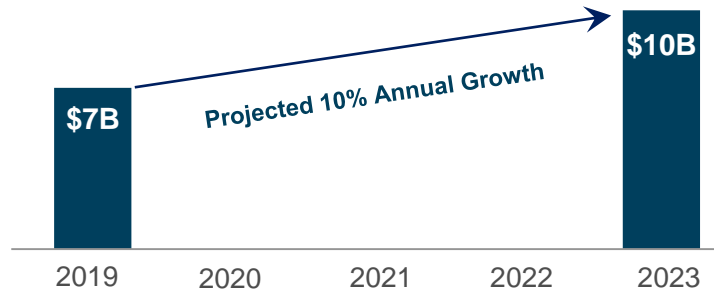


- Transmission & Distribution
- Environmental / Pond Closures
- Generation Maintenance
- Nuclear Fuel & Other



# State-regulated Gas LDCs Overview

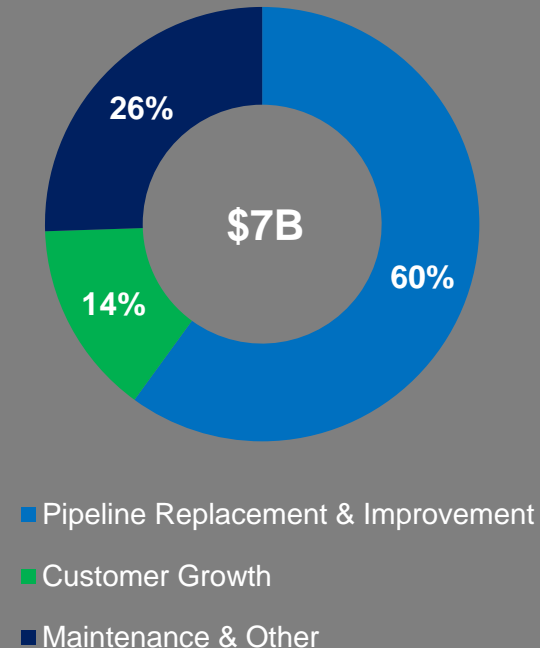
Driven by substantial pipeline replacement



	2018 Customers	Allowed ROE	2018 Rate Base (millions)
Nicor Gas (IL)	2.2M	9.8%	\$2,625
Atlanta Gas Light (GA)	1.6M	10.75%	\$2,743
Virginia Natural Gas (VA)	301K	9.5%	\$793
Chattanooga Gas (TN)	67K	9.8%	\$137

- Continue to seek to minimize lag of capital expenditure recovery
- Expect to average \$1.3 billion capital investment annually
- Expected customer growth of ~1% per year

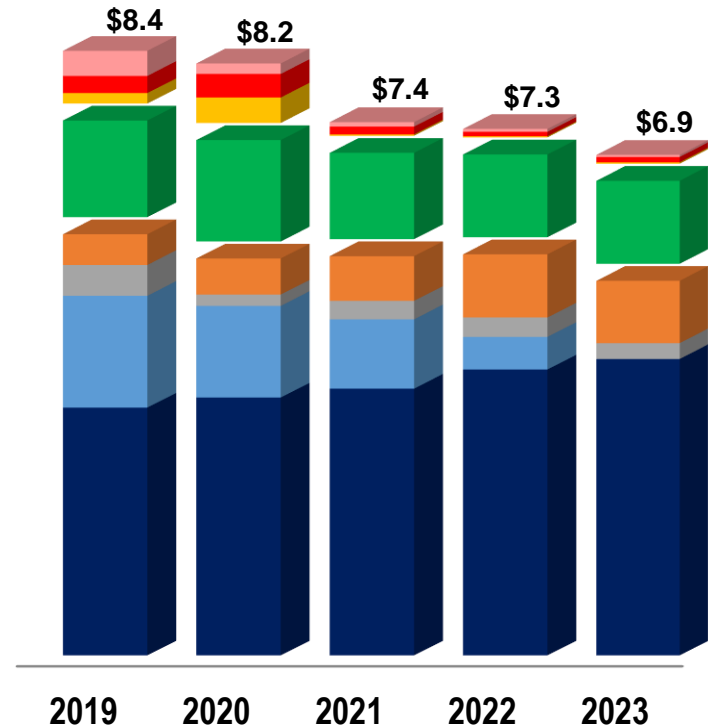
Projected Capital Investment Composition 2019 - 2023



# Projected Capital Investment of \$38 billion through 2023

(in billions)

	'19-'23
POWR / Other	\$0.7
Southern Power	0.9
Pipelines	0.6
LDCs	6.6
Ash Ponds	3.5
Environmental	1.4
New Generation <sup>1</sup>	4.5
Base Electric	20.0
State Reg Capital Investment	36.0
<b>Total Capital Investment</b>	<b>\$38.1</b>



<sup>1</sup>Includes Vogtle 3 & 4 capital of \$4.1B

# \$38 billion in Capital Investment through 2023: Functional View

<i>(in \$ billions)</i>	2019	2020	2021	2022	2023	Total '19-'21	Total '19-'23
New Generation	0.2	0.2	0.0	0.0	0.0	0.4	0.4
Generation Maintenance	0.9	0.9	0.9	0.8	0.9	2.7	4.4
Environmental Compliance	0.5	0.2	0.3	0.3	0.2	0.9	1.4
Pond Closures	0.5	0.5	0.7	0.9	0.9	1.6	3.5
Transmission	1.0	1.0	1.1	1.3	1.3	3.0	5.7
Distribution	1.1	1.2	1.3	1.4	1.4	3.6	6.5
Nuclear Fuel	0.2	0.3	0.3	0.3	0.3	0.8	1.3
General	0.5	0.5	0.4	0.4	0.4	1.4	2.2
<b>State-regulated Electrics (excluding Vogtle 3 &amp; 4)</b>	<b>4.7</b>	<b>4.7</b>	<b>4.9</b>	<b>5.4</b>	<b>5.5</b>	<b>14.3</b>	<b>25.3</b>
Vogtle 3 & 4	1.5	1.2	1.0	0.5	-	3.6	4.1
State-regulated Gas LDCs	1.4	1.5	1.3	1.2	1.2	4.2	6.6
<b>Total State-regulated Utilities</b>	<b>7.6</b>	<b>7.3</b>	<b>7.2</b>	<b>7.1</b>	<b>6.7</b>	<b>22.1</b>	<b>36.0</b>
Southern Power	0.3	0.3	0.1	0.1	0.1	0.7	0.9
GAS Pipelines & Other	0.2	0.4	0.0	0.0	0.0	0.6	0.7
PowerSecure	0.3	0.1	0.0	0.0	-	0.4	0.4
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.2
<b>Total Consolidated</b>	<b>8.4</b>	<b>8.2</b>	<b>7.4</b>	<b>7.3</b>	<b>6.9</b>	<b>24.0</b>	<b>38.1</b>
<b>Total Consolidated (excluding Pond Closures)</b>	<b>8.0</b>	<b>7.7</b>	<b>6.7</b>	<b>6.3</b>	<b>6.0</b>	<b>22.3</b>	<b>34.6</b>

# Changes in Capital Investment through 2022: Functional View

*changes since 4Q17 Earnings Call*

(in \$ billions)	2019	2020	2021	2022	Total '19-'22
New Generation	(0.1)	0.1	0.0	(0.0)	0.0
Generation Maintenance	0.1	0.0	0.2	0.3	0.5
Environmental Compliance	0.1	(0.3)	(0.3)	(0.3)	(0.6)
Pond Closures	0.1	0.2	0.2	0.5	1.0
Transmission	(0.0)	0.1	0.2	0.5	0.9
Distribution	(0.1)	0.0	0.1	0.4	0.4
Nuclear Fuel	0.0	(0.0)	(0.0)	(0.1)	(0.1)
General	0.1	0.1	0.1	0.1	0.3
<b>State-regulated Electrics (excluding Vogtle 3 &amp; 4)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.6</b>	<b>1.5</b>	<b>2.5</b>
Vogtle 3 & 4	0.4	0.3	0.3	0.1	1.1
State-regulated Gas LDCs	0.2	0.3	0.2	(0.1)	0.7
<b>Total State-regulated Utilities</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>1.5</b>	<b>4.3</b>
Southern Power	0.1	0.2	(0.0)	(0.1)	0.2
GAS Pipelines & Other	(0.1)	0.3	(0.0)	0.0	0.3
PowerSecure	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Other	0.0	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total Consolidated</b>	<b>0.9</b>	<b>1.4</b>	<b>1.1</b>	<b>1.4</b>	<b>4.8</b>
<b>Total Consolidated (excluding Pond Closures)</b>	<b>0.7</b>	<b>1.2</b>	<b>0.9</b>	<b>0.9</b>	<b>3.7</b>

# \$38 billion in Capital Investment through 2023: Company View

<i>(in \$ billions)</i>	2019	2020	2021	2022	2023	Total '19-'21	Total '19-'23
Alabama Power	2.1	1.9	1.9	1.6	1.8	5.8	9.2
Georgia Power	3.9	3.8	3.8	4.1	3.6	11.4	19.1
Mississippi Power	0.2	0.2	0.2	0.2	0.2	0.7	1.1
<b>State-regulated Electrics</b>	<b>6.2</b>	<b>5.9</b>	<b>5.9</b>	<b>5.9</b>	<b>5.5</b>	<b>18.0</b>	<b>29.4</b>
State-regulated Gas LDCs	1.4	1.5	1.3	1.2	1.2	4.2	6.6
Pipelines/Other	0.2	0.4	0.0	0.0	0.0	0.6	0.7
<b>Southern Company Gas</b>	<b>1.6</b>	<b>1.9</b>	<b>1.3</b>	<b>1.2</b>	<b>1.3</b>	<b>4.8</b>	<b>7.3</b>
Southern Power	0.3	0.3	0.1	0.1	0.1	0.7	0.9
PowerSecure	0.3	0.1	0.0	0.0	-	0.4	0.4
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.2
<b>Total Consolidated</b>	<b>8.4</b>	<b>8.2</b>	<b>7.4</b>	<b>7.3</b>	<b>6.9</b>	<b>24.0</b>	<b>38.1</b>

# Changes in Capital Investment through 2022: Company View

*changes since 4Q17 Earnings Call*

<i>(in \$ billions)</i>	2019	2020	2021	2022	Total '19-'22
Alabama Power	0.4	0.1	0.1	0.1	0.7
Georgia Power	0.5	0.8	1.0	1.6	3.9
Gulf Power	(0.3)	(0.4)	(0.3)	(0.2)	(1.2)
Mississippi Power	0.0	0.0	0.1	0.1	0.2
<b>State-regulated Electrics</b>	<b>0.6</b>	<b>0.6</b>	<b>0.9</b>	<b>1.6</b>	<b>3.7</b>
State-regulated Gas LDCs	0.2	0.3	0.2	(0.1)	0.7
Pipelines/Other	(0.1)	0.3	(0.0)	0.0	0.3
<b>Southern Company Gas</b>	<b>0.1</b>	<b>0.7</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.9</b>
Southern Power	0.1	0.2	(0.0)	(0.1)	0.2
PowerSecure	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Other	0.0	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total Consolidated</b>	<b>0.9</b>	<b>1.4</b>	<b>1.1</b>	<b>1.4</b>	<b>4.8</b>

## Vogle 3 & 4



# Vogle 3 & 4 Schedule Performance Index (SPI) & Cost Performance Index (CPI)

## What They Are

- There are a fixed number of direct construction hours assumed to complete the entire project in the current schedule
- The project schedule is broken down into planned activities which are designed to earn the direct construction hours needed to complete the project
- Each week, we measure:
  1. how many direct construction hours were **planned versus** how many were **earned** (SPI)
  2. how many actual direct construction hours are **spent** to complete work **versus** the hours for the same work in the **schedule** (CPI)

## Why They Are Important

- The productivity and efficiency (SPI and CPI) of direct construction labor are the key indicators of performance versus current projections
- Indirect costs (e.g. oversight, cranes, scaffolding, etc.) have a significant correlation to direct construction

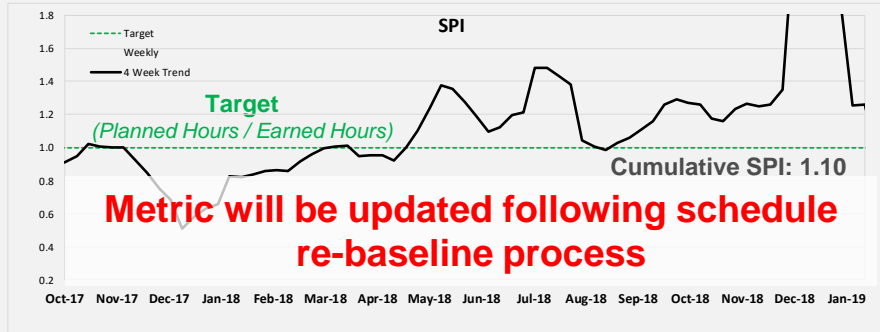


# Vogle 3 & 4 Direct Construction Schedule and Cost Performance

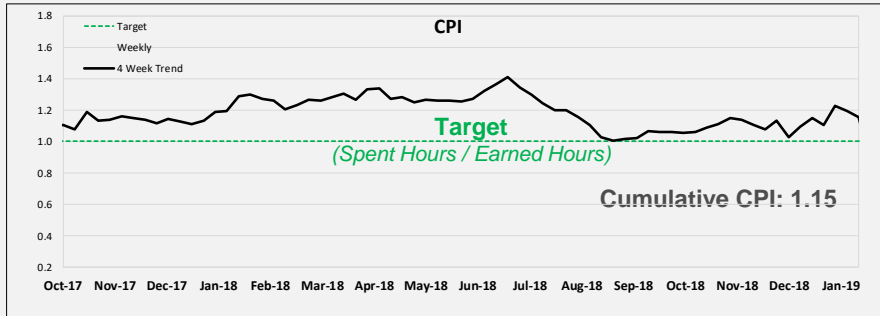
(Bechtel Scope of Work)

Results and projections are based on accelerated schedule ahead of November 2021/2022 approved dates

Direct Schedule Performance Index (SPI - 4 week rolling average)



Direct Cost Performance Index (CPI - 4 week rolling average)



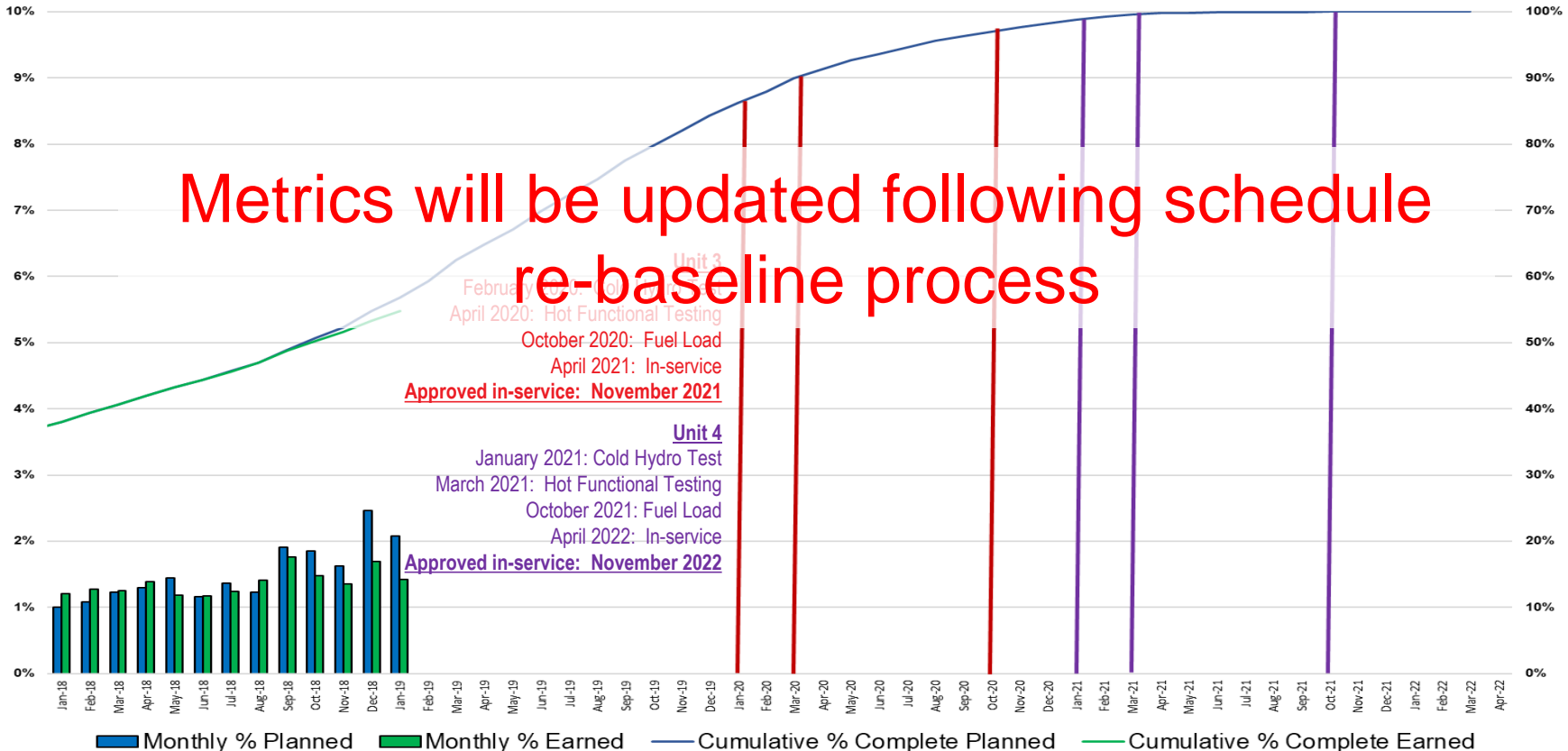
- Recent SPI results impacted by the Q4 holidays
- SPI expected to improve leading into and following completion of the schedule re-baselining effort
- Recent CPI results impacted by increased level of craft labor

Note: Graphs depict site-wide aggregate index for schedule and cost performance that sets 1.0 as the goal. Above 1.0 is not meeting the goal, and below 1.0 is exceeding the goal.

# Vogtle 3 & 4 Direct Construction Percent Complete

(Bechtel Scope of Work)

Results and projections are based on accelerated schedule ahead of November 2021/2022 approved dates



# Vogle 3 & 4 Vogle Milestones

## Unit 3



Unit 3 Final Containment Vessel Ring Set

### Completed Progress

- ✓ Main Control Room roof module (CA51) set at elevation 135 feet
- ✓ Final Reactor Coolant Pump set inside Containment
- ✓ Final Containment Vessel Ring set
- ✓ Install polar crane inside Containment
- ✓ Turnover ECS-1 (Main AC Power) system to testing

### Upcoming Milestones

- Set Containment Vessel top head
- Concrete placement at 135 feet operating deck in Containment
- Partial system turnovers to support Initial Energization and Integrated Flush
- Set Shield Building course 13 & 14

## Unit 4



Unit 4 Steam Generator (A)

### Completed Progress

- ✓ Auxiliary Building concrete slabs at elevation 100 feet
- ✓ Place the first of three concrete placements to elevation 107 feet for the maintenance deck inside of Containment
- ✓ Second Steam Generator (A) set inside Containment
- ✓ Pressurizer set inside Containment

### Upcoming Milestones

- Final testing and turnover for Unit 4 gantry crane
- Shield building concrete placement that contains multiple electric penetrations into Containment
- First of three Containment maintenance deck placements
- Place concrete foundation for Diesel Generator building

**Other**



# 2019 Expected Regulatory Activity

Company	Filing Type	Filing/Submitted Date	Expected Outcome Date
Georgia Power	Integrated Resource Plan	January 2019	Mid 2019
Georgia Power	Base Rate Case	By July 1, 2019	By Year-end 2019
Mississippi Power	Base Rate Case	Q4 2019	1 <sup>st</sup> Half 2020
Atlanta Gas Light	Base Rate Case	By June 1, 2019	By Year-end 2019
Nicor Gas	Base Rate Case	November 2018	Q4 2019

# FFO to Debt Supporting Current Credit Ratings

## Numerator

(using 10-K Statements of Cash Flow)

- Net cash provided from operating activities
- Less: Changes in certain current assets and liabilities
- Plus: Retail fuel cost over/under recovery
- Less: Settlement of asset retirement obligations
- Less: Distributions to non-controlling interests

## Denominator

(using 10-K Statements of Capitalization, unless noted otherwise)

- Notes payable (from Balance Sheets)
- Plus: Long-term senior notes and debt
- Plus: Other long-term debt
- Less: Junior subordinated notes x 50%
- Plus: Capitalized lease obligations
- Plus: Unamortized debt premium
- Plus: Unamortized debt discount
- Plus: Long-term debt payable to affiliated trusts x 50%
- Plus: Redeemable preferred stock of subsidiaries x 50%
- Less: Cash and cash equivalents (from Balance Sheets)