PAYNE DAVID L
Form 4
February 04, 2008

FORM 4

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

OMB APPROVAL
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
PAYNE DAVID L

(Last) (First) (Middle)

(Street)

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WESTAMERICA BANCORPORATION [WABC]

3. Date of Earliest Transaction (Month/Day/Year)
01/31/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman, President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/31/2008		S		200	D	$ 48.62	6,422	D	
Common Stock	01/31/2008		M		900	A	$ 34.5625	7,322	D	
Common Stock	01/31/2008		S		900	D	$ 48.63	6,422	D	
Common Stock	01/31/2008		M		566	A	$ 34.5625	6,988	D	
Common Stock	01/31/2008		S		566	D	$ 48.64	6,422	D	

Common Stock	01/31/2008		M	200	A	$ 34.5625	6,622	D
Common Stock	01/31/2008		S	200	D	$ 48.65	6,422	D
Common Stock	01/31/2008		M	100	A	$ 34.5625	6,522	D
Common Stock	01/31/2008		S	100	D	$ 48.66	6,422	D
Common Stock	01/31/2008		M	200	A	$ 34.5625	6,622	D
Common Stock	01/31/2008		S	200	D	$ 48.67	6,422	D
Common Stock	01/31/2008		M	73	A	$ 34.5625	6,495	D
Common Stock	01/31/2008		S	73	D	$ 48.68	6,422	D
Common Stock	01/31/2008		M	800	A	$ 34.5625	7,222	D
Common Stock	01/31/2008		S	800	D	$ 48.69	6,422	D
Common Stock	01/31/2008		M	800	A	$ 34.5625	7,222	D
Common Stock	01/31/2008		S	800	D	$ 48.7	6,422	D
Common Stock	01/31/2008		M	2,100	A	$ 34.5625	8,522	D
Common Stock	01/31/2008		S	2,100	D	$ 48.71	6,422	D
Common Stock	01/31/2008		M	700	A	$ 34.5625	7,122	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene

Derivative Security			Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)				(Instr. 3 and 4)		Owne Follo Repo Trans (Instr
	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAYNE DAVID L	X		Chairman, President & CEO	

Signatures

By: /s/ David L. Payne	02/04/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:
This is filing #7 of 9 filings for this date for the reporting person.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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)

(4
)
Total change
(8
)

(4
)
Predecessor – Balance at June 30, 2016:
$
274

$
84

Successor – Balance at July 1, 2016:
$
—

$
368

Net (gain) loss
(43
)

(87
)
Reclassification adjustments:

Amortization of prior service costs
—

1

Amortization of net loss
—

(15
)
Total reclassification adjustments
—

(14
)
Total change
(43
)

(101
)
Successor – Balance at December 31, 2016:
$
(43
)

$
267

Components of net periodic pension costs for the periods presented were as follows:

	Successor	Predecessor		
	July 1, 2016 through December 31,	January 1, 2016 through June 30,	Years Ended December 31,	
	2016	2016	2015	2014
	(in millions)	(in millions)		
Service cost	$ 15	$13	$28	$24
Interest cost	20	21	45	47
Expected return on plan assets	(35)	(33)	(65)	(65)
Amortization of regulatory assets	13	—	—	—
Amortization:				
Prior service costs	—	(1)	(2)	(2)
Net (gain)/loss	—	13	31	22
Net periodic pension cost	$ 13	$13	$37	$26

Net periodic pension cost is the sum of service cost, interest cost, and other costs netted against the expected return on plan assets. The expected return on plan assets is determined by multiplying the expected rate of return on plan assets and the market-related value of plan assets.

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NOTES (continued)
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Future benefit payments reflect expected future service and are estimated based on assumptions used to measure the projected benefit obligation for the pension plans. At December 31, 2016, estimated benefit payments were as follows:

	Benefit Payments (in millions)
2017	$ 71
2018	72
2019	73
2020	74
2021	74
2022 to 2026	363

Other Postretirement Benefits

Changes in the APBO and the fair value of plan assets for the successor period ended December 31, 2016 and for the predecessor periods ended June 30, 2016 and December 31, 2015 were as follows:

	Successor	Predecessor	
	July 1, 2016 through December 31, 2016	January 1, 2016 through June 30, 2016	2015
	(in millions)	(in millions)	
Change in benefit obligation			
Benefit obligation at beginning of period	$ 338	$318	$334
Service cost	1	1	2
Interest cost	5	5	13
Benefits paid	(11)	(11)	(20)
Actuarial loss (gain)	(26)	24	(13)
Retiree drug subsidy	—	—	1
Employee contributions	1	1	1
Balance at end of period	308	338	318
Change in plan assets			
Fair value of plan assets at beginning of period	100	99	99
Actual return (loss) on plan assets	4	1	1
Employee contributions	1	1	1
Employer contributions	11	10	17
Benefits paid	(11)	(11)	(20)
Retiree drug subsidy	—	—	1
Fair value of plan assets at end of year	105	100	99
Accrued liability	$ 203	$238	$219

Amounts recognized in the consolidated balance sheets at December 31, 2016 and 2015 related to the Company's other postretirement benefit plans consist of the following:

	Successor 2016 (in millions)	Predecessor 2015 (in millions)
Other regulatory assets, deferred	$ 52	$ 30
Employee benefit obligations	(203)	(219)

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Presented below are the amounts included in accumulated OCI and regulatory assets at December 31, 2016 and 2015 related to the other postretirement benefit plans that had not yet been recognized in net periodic other postretirement benefit cost. The estimated amortization of such amounts for 2017 is immaterial.

	Prior Service Cost	Net (Gain) Loss
	(in millions)	
Successor – Balance at December 31, 2016:		
Accumulated OCI	$ —	$ (3)
Regulatory assets (liabilities)	(12)	64
Total	$ (12)	$ 61
Predecessor – Balance at December 31, 2015:		
Accumulated OCI	$ —	$ 36
Regulatory assets (liabilities)	(15)	45
Total	$ (15)	$ 81

The components of OCI, along with the changes in the balance of regulatory assets (liabilities), related to the other postretirement benefit plans for the successor period ended December 31, 2016 and for the predecessor periods ended June 30, 2016 and December 31, 2015 are presented in the following table:

	Accumulated OCI	Regulatory Assets
	(in millions)	
Predecessor – Balance at December 31, 2014:	$ 36	$ 39
Net (gain) loss	2	(8)
Reclassification adjustments:		
Amortization of prior service costs	—	2
Amortization of net loss	(2)	(3)
Total reclassification adjustments	(2)	(1)
Total change	—	(9)

Predecessor – Balance at December 31, 2015:	$ 36	$ 30
Reclassification adjustments:		
Amortization of prior service costs	—	1
Amortization of net loss	(1)	(1)
Total reclassification adjustments	(1)	—
Total change	(1)	—
Predecessor – Balance at June 30, 2016:	$ 35	$ 30
Successor – Balance at July 1, 2016:	$ —	$ 77
Net (gain) loss	(3)	(23)
Reclassification adjustments:		
Amortization of prior service costs	—	1
Amortization of net loss	—	(3)
Total reclassification adjustments	—	(2)
Total change	(3)	(25)
Successor – Balance at December 31, 2016:	$ (3)	$ 52

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Components of the other postretirement benefit plans' net periodic cost for the periods presented were as follows:

	Successor	Predecessor		
	July 1, 2016 through December 31, 2016	January 1, 2016 through June 30, 2016	Years Ended December 31, 2015	2014
	(in millions)	(in millions)		
Service cost	$ 1	$1	$2	$2
Interest cost	5	5	13	15
Expected return on plan assets	(3)	(3)	(7)	(7)
Amortization of regulatory assets	2	—	—	—
Amortization:				
Prior service costs	—	(1)	(3)	(3)
Net (gain)/loss	—	2	6	6
Net periodic postretirement benefit cost	$ 5	$4	$11	$13

Future benefit payments, including prescription drug benefits, reflect expected future service and are estimated based on assumptions used to measure the APBO for the other postretirement benefit plans. At December 31, 2016, estimated benefit payments were as follows:

	Benefit Payments (in millions)
2017	$ 20
2018	20
2019	21
2020	22
2021	22
2022 to 2026	111

Benefit Plan Assets

Pension plan and other postretirement benefit plan assets are managed and invested in accordance with all applicable requirements, including ERISA and the Internal Revenue Code of 1986, as amended. The Company's investment policies for both the pension plan and the other postretirement benefit plans cover a diversified mix of assets, including equity and fixed income securities, real estate, and private equity. The Company minimizes the risk of large losses primarily through diversification but also monitors and manages other aspects of risk.

The assets of the AGL Resources Inc. Retirement Plan (AGL plan) were allocated 69% equity, 20% fixed income, 1% cash, and 10% other at December 31, 2016 compared to the Company's targets of 53% equity, 15% fixed income, 2% cash, and 30% other. The investment policy provides for variation around the target asset allocation in the form of ranges.

The assets of the Company's other postretirement benefit plan were allocated 74% equity, 23% fixed income, 1% cash, and 2% other at December 31, 2016 compared to the Company's targets of 72% equity, 24% fixed income, 1% cash, and 3% other. The investment policy provides for variation around the target asset allocation in the form of ranges.

The assets of the AGL plan and the Company's other postretirement benefit plan were each allocated 72% equity and 28% fixed income at December 31, 2015 compared to the Company's targets of 70% to 95% equity, 5% to 20% fixed income, and up to 10% cash. The investment policies provided for some variation in these targets in the form of ranges around the target.

The investment strategy for plan assets related to the Company's qualified pension plan is to be broadly diversified across major asset classes. The asset allocation is established after consideration of various factors that affect the assets and liabilities of the pension plan including, but not limited to, historical and expected returns and interest rates, volatility, correlations of asset classes, the current level of assets and liabilities, and the assumed growth in assets and liabilities. Because a significant portion of the liability of the pension plan is long-term in nature, the assets are invested consistent with long-term investment expectations for

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return and risk. To manage the actual asset class exposures relative to the target asset allocation, the Company employs a formal rebalancing program for its pension plan assets. As additional risk management, external investment managers and service providers are subject to written guidelines to ensure appropriate and prudent investment practices.

Investment Strategies

Detailed below is a description of the investment strategies for the successor period for each major asset category for the pension and other postretirement benefit plans disclosed above:

- Domestic equity. A mix of large and small capitalization stocks with generally an equal distribution of value and growth attributes, managed both actively and through passive index approaches.
- International equity. A mix of growth stocks and value stocks with both developed and emerging market exposure, managed both actively and through passive index approaches.
- Fixed income. A mix of domestic and international bonds.
- Special situations. Investments in opportunistic strategies with the objective of diversifying and enhancing returns and exploiting short-term inefficiencies as well as investments in promising new strategies of a longer-term nature.
- Real estate investments. Investments in traditional private market, equity-oriented investments in real properties (indirectly through pooled funds or partnerships) and in publicly traded real estate securities.
- Private equity. Investments in private partnerships that invest in private or public securities typically through privately-negotiated and/or structured transactions, including leveraged buyouts, venture capital, and distressed debt.

The investment strategies for the predecessor periods followed a policy to preserve the plans' capital and maximize investment earnings in excess of inflation within acceptable levels of capital market volatility. To accomplish this goal, the plans' assets were managed to optimize long-term return while maintaining a high standard of portfolio quality and diversification. In developing the allocation policy for the assets of the pension and other postretirement benefit plans, the Company examined projections of asset returns and volatility over a long-term horizon. In connection with this analysis, the risk and return trade-offs of alternative asset classes and asset mixes were evaluated given long-term historical relationships as well as prospective capital market returns. The Company also conducted asset-liability studies to match projected asset growth with projected liability growth to determine whether there is sufficient liquidity for projected benefit payments. Asset mix guidelines were developed by incorporating the results of these analyses with an assessment of the Company's risk posture, and taking into account industry practices. The Company periodically evaluated its investment strategy to ensure that plan assets were sufficient to meet the benefit obligations of the plans. As part of the ongoing evaluation, the Company made changes to its targeted asset allocations and investment strategy.

Benefit Plan Asset Fair Values

Following are the fair value measurements for the pension plan and the other postretirement benefit plan assets as of December 31, 2016 and 2015. The fair values presented are prepared in accordance with GAAP. For purposes of determining the fair value of the pension plan and other postretirement benefit plan assets and the appropriate level designation for the successor period, management relies on information provided by the plan's trustee. This information is reviewed and evaluated by management with changes made to the trustee information as appropriate.

Valuation methods of the primary fair value measurements disclosed in the 2016 tables are as follows:

- Domestic and international equity. Investments in equity securities such as common stocks, American depositary receipts, and real estate investment trusts that trade on a public exchange are classified as Level 1 investments and are valued at the closing price in the active market. Equity investments with unpublished prices (i.e. pooled funds) are valued as Level 2, when the underlying holdings used to value the investment are comprised of Level 1 or Level 2 equity securities.
- Fixed income. Investments in fixed income securities are generally classified as Level 2 investments and are valued based on prices reported in the market place. Additionally, the value of fixed income securities takes into

consideration certain items such as broker quotes, spreads, yield curves, interest rates, and discount rates that apply to the term of a specific instrument.

- Real estate investments, private equity, and special situations investments. Investments in real estate, private equity, and special situations are generally classified as Net Asset Value as a Practical Expedient, since the underlying assets typically do not have publicly available observable inputs. The fund manager values the assets using various inputs and techniques depending on the nature of the underlying investments. Techniques may include purchase multiples for comparable transactions, comparable public company trading multiples, discounted cash flow analysis, prevailing market

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capitalization rates, recent sales of comparable investments, and independent third-party appraisals. The fair value of partnerships is determined by aggregating the value of the underlying assets less liabilities.

For purposes of determining the fair value of the pension plan and other postretirement benefit plan assets and the appropriate level designation for the predecessor periods, management relies on information provided by the plan's trustee. This information is reviewed and evaluated by management with changes made to the trustee information as appropriate.

The fair values of pension plan assets as of December 31, 2016 and 2015 are presented below. These fair value measurements exclude cash, receivables related to investment income, pending investments sales, and payables related to pending investment purchases. For 2016, special situations (absolute return and hedge funds) investment assets are presented in the table below based on the nature of the investment.

	Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Net Asset Value as a Practical Expedient	
Successor – As of December 31, 2016	(Level 1)	(Level 2)	(Level 3)	(NAV)	Total
	(in millions)				
Assets:					
Domestic equity(*)	$142	$ 343	$ —	$ —	$485
International equity(*)	—	185	—	—	185
Fixed income:					
U.S. Treasury, government, and agency bonds	—	85	—	—	85
Corporate bonds	—	41	—	—	41
Pooled funds	—	66	—	—	66
Cash equivalents and other	12	5	—	83	100
Real estate investments	4	—	—	15	19
Private equity	—	—	—	2	2
Total	$158	$ 725	$ —	$ 100	$983

(*) Level 1 securities consist of actively traded stocks while Level 2 securities consist of pooled funds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

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	Predecessor – As of December 31, 2015 Pension plans [(a)]				
In millions	Level 1	Level 2	Level 3	Total	% of total
Cash	$4	$—	$—	$4	— %
Equity securities:					
U.S. large cap[(b)]	$75	$199	$—	$274	32 %
U.S. small cap[(b)]	57	24	—	81	9 %
International companies[(c)]	—	125	—	125	15 %
Emerging markets[(d)]	—	28	—	28	3 %
Total equity securities	$132	$376	$—	$508	59 %
Fixed income securities:					
Corporate bonds[(e)]	$—	$91	$—	$91	11 %
Other (or gov't/muni bonds)	—	151	—	151	18 %
Total fixed income securities	$—	$242	$—	$242	29 %
Other types of investments:					
Global hedged equity[(f)]	$—	$—	$40	$40	5 %
Absolute return[(g)]	—	—	42	42	5 %
Private capital[(h)]	—	—	20	20	2 %
Total other investments	$—	$—	$102	$102	12 %
Total assets at fair value	$136	$618	$102	$856	100%
% of fair value hierarchy	16 %	72 %	12 %	100 %	

(a) Includes $9 million at December 31, 2015 of medical benefit (health and welfare) component for 401(h) accounts to fund a portion of the other retirement benefits.
(b) Includes funds that invest primarily in U.S. common stocks.
(c) Includes funds that invest primarily in foreign equity and equity-related securities.
(d) Includes funds that invest primarily in common stocks of emerging markets.
(e) Includes funds that invest primarily in investment grade debt and fixed income securities.
(f) Includes funds that invest in limited/general partnerships, managed accounts, and other investment entities issued by non-traditional firms or "hedge funds."
(g) Includes funds that invest primarily in investment vehicles and commodity pools as a "fund of funds."
(h) Includes funds that invest in private equity and small buyout funds, partnership investments, direct investments, secondary investments, directly/indirectly in real estate and may invest in equity securities of real estate related companies, real estate mortgage loans, and real estate mezzanine loans.

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The fair values of other postretirement benefit plan assets as of December 31, 2016 and 2015 are presented below. These fair value measurements exclude cash, receivables related to investment income, pending investments sales, and payables related to pending investment purchases. For 2016, special situations (absolute return and hedge funds) investment assets are presented in the table below based on the nature of the investment.

	Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Net Asset Value as a Practical Expedient	
Successor – As of December 31, 2016	(Level 1)	(Level 2)	(Level 3)	(NAV)	Total
	(in millions)				
Assets:					
Domestic equity(*)	$3	$ 58	$ —	$ —	$61
International equity(*)	—	18	—	—	18
Fixed income:					
Pooled funds	—	23	—	—	23
Cash equivalents and other	1	—	—	2	3
Total	$4	$ 99	$ —	$ 2	$105

(*) Level 1 securities consist of actively traded stocks while Level 2 securities consist of pooled funds. Management believes that the portfolio is well-diversified with no significant concentrations of risk.

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	Predecessor – As of December 31, 2015				
	Welfare plans				
In millions	Level 1	Level 2	Level 3	Total	% of total
Cash	$1	$—	$ —	$1	1 %
Equity securities:					
U.S. large cap(a)	$—	$52	$ —	$52	58 %
U.S. small cap(a)	—	—	—	—	— %
International companies(b)	—	15	—	15	17 %
Emerging markets(c)	—	—	—	—	— %
Total equity securities	$—	$67	$ —	$67	75 %
Fixed income securities:					
Corporate bonds(d)	$—	$22	$ —	$22	24 %
Other (or gov't/muni bonds)	—	—	—	—	— %
Total fixed income securities	$—	$22	$ —	$22	24 %
Other types of investments:					
Global hedged equity(e)	$—	$—	$ —	$—	— %
Absolute return(f)	—	—	—	—	— %
Private capital(g)	—	—	—	—	— %
Total other investments	$—	$—	$ —	$—	— %
Total assets at fair value	$1	$89	$ —	$90	100%
% of fair value hierarchy	1 %	99 %	—%	100 %	

(a) Includes funds that invest primarily in U.S. common stocks.
(b) Includes funds that invest primarily in foreign equity and equity-related securities.
(c) Includes funds that invest primarily in common stocks of emerging markets.
(d) Includes funds that invest primarily in investment grade debt and fixed income securities.
(e) Includes funds that invest in limited/general partnerships, managed accounts, and other investment entities issued by non-traditional firms or "hedge funds."
(f) Includes funds that invest primarily in investment vehicles and commodity pools as a "fund of funds."
(g) Includes funds that invest in private equity and small buyout funds, partnership investments, direct investments, secondary investments, directly/indirectly in real estate and may invest in equity securities of real estate related companies, real estate mortgage loans, and real estate mezzanine loans.

Employee Savings Plan

SCS sponsors 401(k) defined contribution plans covering certain eligible Southern Company Gas employees. The AGL Resources Inc. 401(k) plans provide matching contributions of either 65% on up to 8% of an employee's eligible compensation, or a 100% matching contribution on up to 3% of an employee's eligible compensation, followed by a 75% matching contribution on up to the next 3% of an employee's eligible compensation. Total matching contributions made to the AGL Resources Inc. 401(k) plans for the successor period ended December 31, 2016 were $8 million and for the predecessor periods ended June 30, 2016 and December 31, 2015 and 2014 were $10 million, $16 million, and $14 million, respectively.

For employees not accruing a benefit under the AGL Resources Inc. Retirement Plan, additional contributions made to the 401(k) plans for the successor period ended December 31, 2016 were not material and for the predecessor periods ended June 30, 2016 and December 31, 2015 and 2014 were $2 million, $2 million, and $1 million, respectively.

3. CONTINGENCIES AND REGULATORY MATTERS

General Litigation Matters
Nicor Gas and Nicor Energy Services Company, wholly-owned subsidiaries of the Company, and Nicor Inc. are defendants in a putative class action initially filed in 2011 in state court in Cook County, Illinois. The plaintiffs purport to represent a class of the customers who purchased the Gas Line Comfort Guard product from Nicor Energy Services Company and variously allege that the marketing, sale, and billing of the Gas Line Comfort Guard product violated the Illinois Consumer Fraud and Deceptive Business Practices Act, constituting common law fraud and resulting in unjust enrichment of these entities. The plaintiffs seek, on

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behalf of the classes they purport to represent, actual and punitive damages, interest, costs, attorney fees, and injunctive relief. On February 8, 2017, the judge denied the plaintiffs' motion for class certification and the Company's motion for summary judgment. The ultimate outcome of this matter cannot be determined at this time.

The Company is assessing its alleged involvement in an incident that occurred in one of its service territories that resulted in several deaths, injuries, and property damage. One of the Company's utilities has been named as one of the defendants in several lawsuits related to this incident. The Company has insurance that provides full coverage of any financial exposure in excess of $11 million that is related to this incident. During the successor period ended December 31, 2016 and the predecessor period ended December 31, 2015, the Company recorded reserves for substantially all of its potential exposure from these cases. The ultimate outcome of this matter cannot be determined at this time.

The Company is subject to certain claims and legal actions arising in the ordinary course of business. The ultimate outcome of these matters and such pending or potential litigation against the Company cannot be determined at this time; however, for current proceedings not specifically reported herein, management does not anticipate that the ultimate liabilities, if any, arising from such current proceedings would have a material effect on the Company's financial statements.

Environmental Matters

The Company's operations are subject to extensive regulation by state and federal environmental agencies under a variety of statutes and regulations governing environmental media, including the handling and disposal of waste and releases of hazardous substances. Compliance with these environmental requirements involves significant capital and operating costs to clean up affected sites. The Company conducts studies to determine the extent of any required clean up and has recognized in its financial statements the costs to clean up known impacted sites. The natural gas distribution utilities in Illinois, New Jersey, Georgia, and Florida have each received authority from their applicable state regulatory agencies to recover approved environmental compliance costs through regulatory mechanisms.

The Company is subject to environmental remediation liabilities associated with 46 former MGP sites in five different states. Accrued environmental remediation costs of $426 million have been recorded in the consolidated balance sheets as of December 31, 2016, $69 million of which is expected to be incurred over the next 12 months. These environmental remediation expenditures are recoverable from customers through rate mechanisms approved by the applicable state regulatory agencies, with the exception of one site representing $5 million of the total accrued remediation costs.

In September 2015, the EPA filed an administrative complaint and notice of opportunity for hearing against Nicor Gas. The complaint alleges violation of the regulatory requirements applicable to polychlorinated biphenyls in the Nicor Gas distribution system and the EPA seeks a total civil penalty of approximately $0.3 million. On January 26, 2017, the EPA notified Nicor Gas that it agreed to voluntarily dismiss its administrative complaint with prejudice and without payment of a civil penalty or other further obligation on the part of Nicor Gas.

The Company's ultimate environmental compliance strategy and future environmental capital expenditures will be affected by the final requirements of new or revised environmental regulations and the outcome of any legal challenges to the environmental rules. The ultimate outcome of these matters cannot be determined at this time.

In 2014, the Company reached a settlement with an insurance company for environmental claims relating to potential contamination at several MGP sites in New Jersey and North Carolina. The terms of the settlement required the insurance company to pay the Company a total of $77 million in two installments. The Company received a $45 million installment in 2014 and the remaining $32 million in July 2015. The New Jersey BPU approved the use of the insurance proceeds to reduce the regulatory assets associated with environmental remediation costs that otherwise would have been recovered from Elizabethtown Gas customers.

FERC Matters

At December 31, 2016, gas midstream operations was involved in three gas pipeline construction projects. These projects, along with the Company's existing pipelines, are intended to provide diverse sources of natural gas supplies to customers, resolve current and long-term supply planning for new capacity, enhance system reliability, and generate economic development in the areas served. One of these projects received FERC approval in August 2016. The remaining projects are pending FERC approval. The ultimate outcome of this matter cannot be determined at this time.

Regulatory Matters

Regulatory Infrastructure Programs

The Company has infrastructure improvement programs at several of its utilities. Descriptions of these programs are as follows:

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Nicor Gas
In 2013, Illinois enacted legislation that allows Nicor Gas to provide more widespread safety and reliability enhancements to its distribution system. The legislation stipulates that rate increases to customer bills as a result of any infrastructure investments shall not exceed an annual average of 4.0% of base rate revenues. In 2014, the Illinois Commission approved the nine-year regulatory infrastructure program, Investing in Illinois, under which Nicor Gas implemented rates that became effective in March 2015.
Atlanta Gas Light
Atlanta Gas Light's four-year STRIDE program, which was approved by the Georgia PSC in 2013, is comprised of the Integrated System Reinforcement Program (i-SRP), the Integrated Customer Growth Program (i-CGP), and the Integrated Vintage Plastic Replacement Program (i-VPR), and consists of infrastructure development, enhancement, and replacement programs that are used to update and expand distribution systems and LNG facilities, improve system reliability, and meet operational flexibility and growth. STRIDE includes a monthly surcharge on firm customers that was approved by the Georgia PSC to provide recovery of the revenue requirement for the ongoing programs and the PRP. This surcharge began in January 2015 and will continue through 2025.
The i-SRP program authorized $445 million of capital spending for projects to upgrade Atlanta Gas Light's distribution system and LNG facilities in Georgia, improve its peak-day system reliability and operational flexibility, and create a platform to meet long-term forecasted growth. Under i-SRP, Atlanta Gas Light must file an updated 10-year forecast of infrastructure requirements along with a new construction plan every three years for review and approval by the Georgia PSC. Atlanta Gas Light's most recent plan was approved in 2014. On August 1, 2016, Atlanta Gas Light filed a petition with the Georgia PSC for approval of a four-year extension of its i-SRP seeking approval to invest an additional $177 million to improve and upgrade its core gas distribution system in years 2017 through 2020. Capital investment associated with this filing for 2017 was included in the Georgia Ratemaking Adjustment Mechanism (GRAM) approved by the Georgia PSC on February 21, 2017. Capital investment in subsequent years under this filing will be included in future annual GRAM filings. See "Base Rate Cases" herein for additional information.
The i-CGP program authorized Atlanta Gas Light to spend $91 million on projects to extend its pipeline facilities to serve customers in areas without pipeline access and create new economic development opportunities in Georgia.
The i-VPR program, which was approved by the Georgia PSC in 2013, authorized Atlanta Gas Light to spend $275 million to replace 756 miles of aging plastic pipe that was installed primarily in the mid-1960s to the early 1980s. Atlanta Gas Light has identified approximately 3,300 miles of vintage plastic mains in its system that should be considered for potential replacement over the next 15 to 20 years under this program.
The orders for the STRIDE programs provide for recovery of all prudent costs incurred in the performance of the program. Atlanta Gas Light will recover from end-use customers, through billings to Marketers, the costs related to the programs net of any cost savings from the programs. All such amounts will be recovered through a combination of straight-fixed-variable rates and a STRIDE revenue rider surcharge. The regulatory asset represents recoverable incurred costs related to the programs that will be collected in future rates charged to customers through the rate riders. The future expected costs to be recovered through rates related to allowed, but not incurred costs, are recognized in an unrecognized ratemaking amount that is not reflected on the consolidated balance sheets. This allowed cost is primarily the equity return on the capital investment under the program. See "Unrecognized Ratemaking Amounts" herein for additional information.
Atlanta Gas Light capitalizes and depreciates the capital expenditure costs incurred from the STRIDE programs over the life of the assets. Operations and maintenance costs are expensed as incurred. Recoveries, which are recorded as revenue, are based on a formula that allows Atlanta Gas Light to recover operations and maintenance costs in excess of those included in its current base rates, depreciation, and an allowed rate of return on capital expenditures. However, Atlanta Gas Light is allowed the recovery of carrying costs on the under-recovered balance resulting from

the timing difference. All components of Atlanta Gas Light's STRIDE program were approved by the Georgia PSC in connection with the new rate adjustment mechanism for Atlanta Gas Light. See "Base Rate Cases" herein for additional information.

Elizabethtown Gas

Elizabethtown Gas' extension of the Aging Infrastructure Replacement (AIR) enhanced infrastructure program effective in 2013 allowed for infrastructure investment of $115 million over four years, and is focused on the replacement of aging cast iron in its pipeline system. Carrying charges on the additional capital spend are being accrued and deferred for regulatory purposes at a WACC of 6.65%. In conjunction with the general base rate case filed with the New Jersey BPU on September 1, 2016, Elizabethtown Gas requested recovery of the AIR program. See "Base Rate Cases" herein for additional information.

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In 2014, the New Jersey BPU approved Natural Gas Distribution Utility Reinforcement Effort (ENDURE), a program that improved Elizabethtown Gas' distribution system's resiliency against coastal storms and floods. Under the plan, Elizabethtown Gas invested $15 million in infrastructure and related facilities and communication planning over a one-year period from August 2014 through September 2015. Effective November 2015, Elizabethtown Gas increased its base rates for investments made under the program.

In September 2015, Elizabethtown Gas filed the Safety, Modernization and Reliability Tariff (SMART) plan with the New Jersey BPU seeking approval to invest more than $1.1 billion to replace 630 miles of vintage cast iron, steel, and copper pipeline, as well as 240 regulator stations. If approved, the program is expected to be completed by 2027. As currently proposed, costs incurred under the program would be recovered through a rider surcharge over a period of 10 years.

The ultimate outcome of these matters cannot be determined at this time.

Virginia Natural Gas

In 2012, the Virginia Commission approved the Steps to Advance Virginia's Energy (SAVE) program, an accelerated infrastructure replacement program, to be completed over a five-year period. This program includes a maximum allowance for capital expenditures of $25 million per year, not to exceed $105 million in total. SAVE is subject to annual review by the Virginia Commission. Virginia Natural Gas is recovering these program costs through a rate rider that became effective in 2012.

On March 9, 2016, the Virginia Commission approved an extension to the SAVE program to replace more than 200 miles of aging pipeline infrastructure. In accordance with the order approving the program, Virginia Natural Gas may invest up to $30 million in 2016 and up to $35 million annually through 2021. Additionally, Virginia Natural Gas may exceed the allowed program expenditures by up to a total of $5 million, of which $2 million was used in 2016.

Florida City Gas

In September 2015, the Florida PSC approved Florida City Gas' Safety, Access, and Facility Enhancement program, under which costs incurred for replacing aging pipes will be recovered through a rate rider with annual adjustments and true-ups. Under the program, Florida City Gas is authorized to spend $105 million over a 10-year period on infrastructure relocation and enhancement projects.

Customer Refunds

In the third quarter 2016, Elizabethtown Gas provided direct per-customer rate credits totaling $17.5 million to its customers in accordance with the Merger approval from the New Jersey BPU. These rate credits were allocated among Elizabethtown Gas' customer classes based on the base rate revenues reflected in the rates that resulted from its most recent base rate proceeding.

In the fourth quarter 2016, Elkton Gas provided direct per-customer rate credits totaling $0.4 million to its customers in accordance with the Merger approval from the Maryland PSC. These rate credits were funded from an increase in the amount paid through Elkton Gas' asset management agreement.

PRP Settlement

In October 2015, Atlanta Gas Light received a final order from the Georgia PSC, which represented a resolution of all matters previously outstanding before the Georgia PSC, including a final determination of the true-up of allowed unrecovered revenue through December 2014. This order allows Atlanta Gas Light to recover $144 million of the $178 million unrecovered program revenue that was requested in its February 2015 filing. The remaining unrecovered amount related primarily to the previously unrecognized ratemaking amount, and did not have a material impact on the Company's consolidated financial statements. The Company also recognized $1 million of interest expense and $5 million in operations and maintenance expense related to the PRP on the Company's consolidated statements of income for the predecessor year ended December 31, 2015. See "Unrecognized Ratemaking Amounts" herein for additional information.

Atlanta Gas Light began recovering $144 million in October 2015 through the monthly PRP surcharge of $0.82, or approximately $15 million annually, which increased by $0.81 on October 1, 2016. The monthly PRP surcharge is scheduled to increase by another $0.81 on October 1, 2017. As part of the Georgia PSC's approval, this increase will commence earlier with its implementation under GRAM. The PRP surcharge will remain effective until the earlier of the full recovery of the under-recovered amount or December 31, 2025.
One of the capital projects under the PRP experienced construction issues and Atlanta Gas Light was required to complete mitigation work prior to placing it in service. These mitigation costs will be included in future base rates in 2018. See "Base Rate Cases" herein for additional information on GRAM.

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Provisions in the order resulted in the recognition of $5 million in operations and maintenance expense for the year ended December 31, 2015 on the Company's consolidated statements of income. Atlanta Gas Light continues to pursue contractual and legal claims against certain third-party contractors and will retain any amounts recorded. The ultimate outcome of this matter cannot be determined at this time.

Base Rate Cases

On December 5, 2016, Atlanta Gas Light filed a joint stipulation with the staff of the Georgia PSC seeking an annual rate review/adjustment mechanism, GRAM. This new mechanism will adjust rates up or down annually and will not collect revenue through special riders and surcharges for the STRIDE infrastructure programs. Also in this filing, Atlanta Gas Light requested an adjustment in base rates designed to collect an additional $20 million in annual revenues effective March 2017. On February 21, 2017, the Georgia PSC approved the joint stipulation and requested base rate adjustment.

On September 1, 2016, Elizabethtown Gas filed a general base rate case with the New Jersey BPU as required under its AIR program, requesting an increase in annual revenues of $19 million, based on an allowed ROE of 10.25%. The Company expects the New Jersey BPU to issue an order on the filing in the third quarter 2017.

On December 13, 2016, Virginia Natural Gas filed a notice of intent with the Virginia Commission as required at least 60 days prior to filing a general base rate case.

The ultimate outcome of these matters cannot be determined at this time.

Gas Cost Prudence Review

In 2014, the Illinois Commission staff and the CUB filed testimony in the Nicor Gas 2003 gas cost prudence review disputing certain gas loan transactions offered by Nicor Gas under its Chicago Hub services and requesting refunds of $18 million and $22 million, respectively. On February 10, 2016, the administrative law judge issued a proposed order affirming an original order by the Illinois Commission, which was approved by the Illinois Commission on March 23, 2016 and concluded this matter. The Illinois Commission approved the purchase gas adjustments for the years 2004 through 2007 on August 9, 2016 and for the years 2008 and 2009 on August 24, 2016. As a condition of these approvals, Nicor Gas agreed to revise the way in which interest is reflected in the calculations beginning in 2013. The Company does not expect this revision to have a material impact on its consolidated financial statements. The gas cost prudence reviews for years 2010 through 2015 are underway. The ultimate outcome of these matters cannot be determined at this time.

energySMART

In 2014, the Illinois Commission approved Nicor Gas' energySMART program, which outlines energy efficiency offerings and therm reduction goals with spending of $93 million over a three-year period that began in 2014. On December 7, 2016, new energy legislation was signed in Illinois that extended the current program through December 31, 2017.

Unrecognized Ratemaking Amounts

The following table illustrates the Company's authorized ratemaking amounts that are not recognized on its balance sheets. These amounts are primarily composed of an allowed equity rate of return on assets associated with certain of the Company's regulatory infrastructure programs. These amounts will be recognized as revenues in the Company's financial statements in the periods they are billable to customers.

	Successor December 31, 2016 (in millions)	Predecessor December 31, 2015 (in millions)
Atlanta Gas Light	$ 110	$ 103
Virginia Natural Gas	11	12
Elizabethtown Gas	6	4

Nicor Gas	2	3
Total	$ 129	$ 122

4. JOINT OWNERSHIP AGREEMENTS

In 2014, the Company entered into two arrangements associated with the Dalton Pipeline. The first was a construction and ownership agreement through which the Company has a 50% undivided ownership interest jointly with The Williams Companies,

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Inc. in the 115-mile Dalton Pipeline that is being constructed to serve as an extension of the Transco natural gas pipeline system into northwest Georgia. The Company also entered into an agreement to lease its 50% undivided ownership in the Dalton Pipeline once it is placed in service. Under the lease, the Company will receive approximately $26 million annually for an initial term of 25 years. The lessee will be responsible for maintaining the pipeline during the lease term and for providing service to transportation customers under its FERC-regulated tariff. Engineering design work is complete and construction began in September 2016. At December 31, 2016 and December 31, 2015, the Company's 50% share of construction costs was $124 million and $33 million, respectively, and is reflected in construction work in progress in the consolidated balance sheets.

Variable Interest Entities

SouthStar, previously a joint venture owned 85% by the Company and 15% by Piedmont, was the only VIE for which the Company was the primary beneficiary, prior to October 3, 2016 when the Company completed its purchase of Piedmont's remaining interest in SouthStar.

In December 2015, Georgia Natural Gas Company (GNG), a 100%-owned, direct subsidiary of the Company, notified Piedmont of its election, pursuant to a change in control of SouthStar, to purchase Piedmont's 15% interest in SouthStar at fair market value. This purchase was contingent upon the closing of the merger between Piedmont and Duke Energy Corporation (Duke Energy). On February 12, 2016, GNG and Piedmont entered into a letter agreement pursuant to which GNG agreed to pay Piedmont $160 million as the fair value for Piedmont's entire ownership interest in SouthStar. After Piedmont and Duke Energy completed their merger in October 2016, GNG completed its purchase of Piedmont's interest in SouthStar on October 3, 2016 and paid a purchase price of $160 million and $15 million for Piedmont's share of SouthStar's 2016 earnings through the date of acquisition.

At December 31, 2015, the Company presented the noncontrolling interest related to Piedmont's interest in SouthStar as a component in equity. During the first quarter 2016, the Company reclassified its noncontrolling interest, whose redemption was beyond the Company's control, as a contingently redeemable noncontrolling interest. Upon Piedmont and Duke Energy obtaining the necessary merger approval, the Company deemed this noncontrolling interest to be mandatorily redeemable and reclassified it to a current liability during the third quarter 2016. The roll-forwards of the redeemable noncontrolling interest for the successor period of July 1, 2016 through December 31, 2016 and the predecessor period of January 1, 2016 through June 30, 2016 are detailed below:

Predecessor –	(in millions)
Balance at December 31, 2015	$ —
Reclassification of noncontrolling interest to contingently redeemable noncontrolling interest	46
Net income attributable to noncontrolling interest	14
Distribution to noncontrolling interest	(19)
Balance at June 30, 2016	$ 41

Successor –	(in millions)
Balance at July 1, 2016	$ 174
Reclassification of contingently redeemable noncontrolling interest to mandatorily redeemable noncontrolling interest	(174)
Balance at December 31, 2016	$ —

The Company's cash flows used for financing activities include SouthStar's distribution to Piedmont for its portion of SouthStar's annual earnings from the previous year, which generally occurred in the first quarter of each year. For the successor period of July 1, 2016 through December 31, 2016, SouthStar made a distribution of $15 million upon completion of the purchase of Piedmont's interest in SouthStar. For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, SouthStar distributed to Piedmont $19 million, $18 million, and $17 million, respectively.

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Equity Method Investments

The carrying amounts of the Company's equity method investments as of December 31, 2016 and 2015 and related income from those investments for the successor period ended December 31, 2016 and predecessor periods ended June 30, 2016 and December 31, 2015 and 2014 were as follows:

Balance Sheet Information	Successor December 31, 2016 (in millions)	Predecessor December 31, 2015 (in millions)
SNG	$ 1,394	$ —
Triton	44	49
Horizon Pipeline	30	14
PennEast Pipeline	22	9
Atlantic Coast Pipeline	33	7
Pivotal JAX LNG, LLC	16	—
Other	2	1
Total	$ 1,541	$ 80

Income Statement Information	Successor	Predecessor		
	July 1, 2016 through December 31, 2016	January 1, 2016 through June 30, 2016	2015	2014
	(in millions)	(in millions)		
SNG	$ 56	$ —	$ —	$ —
Triton	2	1	4	6
Horizon Pipeline	1	1	2	2
Atlantic Coast Pipeline	1	—	—	—
Total	$ 60	$ 2	$ 6	$ 8

SNG

On September 1, 2016, the Company, through a wholly-owned, indirect subsidiary, acquired a 50% equity interest in SNG, which is accounted for as an equity method investment. See Note 11 under "Investment in SNG" for additional information on this investment. Selected financial information of SNG since the Company's September 1, 2016 acquisition of a 50% equity interest is as follows:

Balance Sheet Information	As of December 31, 2016 (in millions)
Current assets	$ 95
Property, plant, and equipment	2,451
Deferred charges and other assets	129
Total Assets	$ 2,675

Current liabilities	$ 588
Long-term debt	706
Other deferred charges and other liabilities	22
Total Liabilities	$ 1,316
Total Stockholders' Equity	1,359
Total Liabilities and Stockholders' Equity	$ 2,675

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Income Statement Information	September 1, 2016 through December 31, 2016 (in millions)
Revenues	$ 230
Operating income	$ 138
Net income	$ 115

Other Investments

Triton

The Company has an investment in Triton, a cargo container leasing company, which is aggregated into its all other segment. Container equipment that is acquired by Triton is accounted for in tranches as defined in Triton's operating agreement and investors make capital contributions to Triton to invest in each of the tranches. As of December 31, 2016, the Company had invested in seven tranches established by Triton.

Horizon Pipeline

The Company owns an interest in a joint venture with Natural Gas Pipeline Company of America that is regulated by the FERC. Horizon Pipeline operates a 70-mile natural gas pipeline from Joliet, Illinois to near the Wisconsin/Illinois border. Nicor Gas typically contracts for 70% to 80% of the total annual capacity.

PennEast Pipeline

In 2014, the Company entered into a partnership in which it holds a 20% ownership interest in an interstate pipeline company formed to develop and operate a 118-mile natural gas pipeline between New Jersey and Pennsylvania. The initial transportation capacity of 1.0 billion cubic feet (Bcf) per day, is under long-term contracts, mainly by public utilities and other market-serving entities, such as electric generation companies, in New Jersey, Pennsylvania, and New York.

Atlantic Coast Pipeline

In 2014, the Company entered into a project in which it holds a 5% ownership interest in an interstate pipeline company formed to develop and operate a 594-mile natural gas pipeline in North Carolina, Virginia, and West Virginia with initial transportation capacity of 1.5 Bcf per day.

Pivotal JAX LNG, LLC

The Company owns a 50% interest in a planned LNG liquefaction and storage facility in Jacksonville, Florida. Once construction is complete and the facility is operational, it will be outfitted with a 2.0 million gallon storage tank with the capacity to produce in excess of 120,000 gallons of LNG per day.

5. INCOME TAXES

Subsequent to the Merger, Southern Company will file a consolidated federal income tax return and various combined and separate state income tax returns on behalf of the Company. Under a joint consolidated income tax allocation agreement, each Southern Company subsidiary's current and deferred tax expense is computed on a stand-alone basis and no subsidiary is allocated more current expense than would be paid if it filed a separate income tax return. In accordance with IRS regulations, each company is jointly and severally liable for the federal tax liability. Prior to the Merger, the Company filed a U.S. federal consolidated income tax return and various state income tax returns.

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Current and Deferred Income Taxes

Details of income tax provisions for the successor period of July 1, 2016 through December 31, 2016 and the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014 are as follows:

	Successor	Predecessor		
	July 1, 2016 through December 31,	January 1, 2016 through June 30,	Years Ended December 31,	
	2016	2016	2015	2014
	(in millions)	(in millions)		
Federal —				
Current	$ —	$67	$(13)	$111
Deferred	65	8	198	184
	65	75	185	295
State —				
Current	(16)	12	10	38
Deferred	27	—	18	17
	11	12	28	55
Total	$ 76	$87	$213	$350

Net cash payments (refunds) for income taxes for the successor period of July 1, 2016 through December 31, 2016 and the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014 were $23 million, $(100) million, $(26) million, and $422 million, respectively.

The tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases, which give rise to deferred tax assets and liabilities, are as follows:

	Successor	Predecessor
	2016	2015
	(in millions)	(in millions)
Deferred tax liabilities —		
Accelerated depreciation	$ 1,954	$ 1,820
Property basis differences	311	283
Regulatory assets associated with employee benefit obligations	125	44
Other	164	215
Total	2,554	2,362
Deferred tax assets —		
Federal net operating loss	59	—
Federal effect of state deferred taxes	42	62
Employee benefit obligations	165	164
Other	332	212
Total	598	438
Less valuation allowances	(19)	(19)

Total, net of valuation allowances	579	419
Accumulated deferred income taxes, net	$ 1,975	$ 1,943

In November 2015, the FASB issued ASU 2015-17, which simplifies the presentation of deferred income taxes. See Note 1 under "Recently Issued Accounting Standards" for additional information.

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At December 31, 2016, the tax-related regulatory liabilities to be credited to customers were $22 million. These liabilities are primarily attributable to unamortized ITCs.

Deferred federal and state ITCs are amortized over the average life of the related property with such amortization normally applied as a credit to reduce depreciation in the statements of income. Credits amortized in this manner amounted to $1 million for the successor period of July 1, 2016 through December 31, 2016 and, for the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, were $1 million, $2 million, and $2 million, respectively. At December 31, 2016, all ITCs available to reduce federal income taxes payable had been utilized.

Effective Tax Rate

A reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	Successor	Predecessor		
	July 1, 2016 through December 31,	January 1, 2016 through June 30,	Years Ended December 31,	
	2016	2016	2015	2014
Federal statutory rate	35.0%	35.0%	35.0%	35.0%
State income tax, net of federal deduction	4.0	3.5	3.4	3.8
Other	1.0	(0.9)	(2.0)	(1.2)
Effective income tax rate	40.0%	37.6%	36.4%	37.6%

The Company's effective tax rates for the successor period of July 1, 2016 through December 31, 2016 and the predecessor period of January 1, 2016 through June 30, 2016 were impacted by certain nondeductible Merger-related expenses. The effective tax rate for the successor period of July 1, 2016 through December 31, 2016 was also impacted by certain nondeductible expenses associated with change-in-control compensation charges.

On March 30, 2016, the FASB issued ASU 2016-09, which changes the accounting for income taxes for share-based payment award transactions. Entities are required to recognize all excess tax benefits and deficiencies related to the exercise or vesting of stock compensation as income tax expense or benefit in the income statement. The adoption of ASU 2016-09 did not have a material impact on the Company's overall effective tax rates. See Note 1 under "Recently Issued Accounting Standards" for additional information.

Unrecognized Tax Benefits

The Company has no unrecognized tax benefits for any period presented. The Company classifies interest on tax uncertainties as interest expense; however, the Company had no accrued interest or penalties for unrecognized tax benefits for any period presented.

It is reasonably possible that the amount of the unrecognized tax benefits could change within 12 months. The settlement of federal and state audits could impact the balances. At this time, an estimate of the range of reasonably possible outcomes cannot be determined.

On July 1, 2016, the Company became a wholly-owned subsidiary of Southern Company, which is a participant in the Compliance Assurance Process of the IRS. The audits for the Company by the IRS or any state have either concluded, or the statute of limitations has expired with respect to income tax examinations, for years prior to 2012.

6. FINANCING

Southern Company Gas' 100%-owned subsidiary, Southern Company Gas Capital, was established to provide for certain of Southern Company Gas' ongoing financing needs through a commercial paper program, the issuance of various debt, hybrid securities, and other financing arrangements. Southern Company Gas fully and unconditionally guarantees all debt issued by Southern Company Gas Capital and the gas facility revenue bonds issued by Pivotal Utility Holdings. Nicor Gas is not permitted by regulation to make loans to affiliates or utilize Southern Company Gas Capital for its financing needs.

Securities Due Within One Year
The current portion of long-term debt at December 31, 2016 is composed of the portion of its long-term debt due within the next 12 months. At December 31, 2016, the Company had $22 million of medium-term notes due within one year, consisting of

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medium-term notes of Atlanta Gas Light. At December 31, 2015, the Company had $545 million of first mortgage bonds and senior notes due within one year.

Certain of the Company's senior notes with a principal amount of $275 million were subject to change-in-control provisions that were triggered by the Merger. Under the applicable note purchase agreement, Southern Company Gas Capital was required to provide notice to the holders of these notes of the change in control and offer to prepay these notes in August 2016. None of the holders of these notes accepted the offer for prepayment. These senior notes remained on their original payment schedules and included $120 million aggregate principal amount of Series A Floating Rate notes that were repaid at maturity on October 27, 2016 and $155 million aggregate principal amount of 3.50% Senior Notes due October 27, 2018.

Long-Term Debt

Long-term debt of the Company at December 31, 2016 and 2015 consisted of Series A, Series B, and Series C medium-term notes of Atlanta Gas Light; senior notes of Southern Company Gas Capital; first mortgage bonds of Nicor Gas; and gas facility revenue bonds of Pivotal Utility Holdings. Southern Company Gas fully and unconditionally guarantees all of Southern Company Gas Capital's senior notes and Pivotal Utility Holdings' gas facility revenue bonds. Additionally, substantially all of Nicor Gas' properties are subject to the lien of the indenture securing its first mortgage bonds. The majority of the long-term debt matures after fiscal year 2021.

The amount of medium-term notes outstanding at December 31, 2016 and December 31, 2015 was $159 million and $181 million, respectively.

Maturities through 2021 applicable to total long-term debt are as follows: $22 million in 2017; $155 million in 2018; $350 million in 2019; $330 million in 2021; and thereafter $3.9 billion. There are no material scheduled maturities in 2020.

First Mortgage Bonds

The first mortgage bonds of Nicor Gas have been issued with maturities ranging from 2019 to 2038.

In February and May 2016, $75 million and $50 million, respectively, of Nicor Gas' first mortgage bonds matured and were repaid using the proceeds from commercial paper borrowings.

In June 2016, Nicor Gas issued $250 million aggregate principal amount of first mortgage bonds with the following terms: $100 million at 2.66% due June 20, 2026, $100 million at 2.91% due June 20, 2031, and $50 million at 3.27% due June 20, 2036. The proceeds were used to repay short-term indebtedness incurred under the Nicor Gas commercial paper program and for other working capital needs. The amount of first mortgage bonds outstanding at December 31, 2016 and December 31, 2015 was $625 million and $375 million, respectively.

Gas Facility Revenue Bonds

Pivotal Utility Holdings is party to a series of loan agreements with the New Jersey Economic Development Authority and Brevard County, Florida under which five series of gas facility revenue bonds have been issued with maturities ranging from 2022 to 2033. These revenue bonds are issued by state agencies or counties to investors, and proceeds from each issuance then are loaned to Pivotal Utility Holdings. The amount of gas facility revenue bonds outstanding at December 31, 2016 and December 31, 2015 was $200 million.

Senior Notes

In May 2016, Southern Company Gas Capital issued $350 million aggregate principal amount of 3.25% Senior Notes due June 15, 2026, which are guaranteed by Southern Company Gas. The proceeds were used to repay at maturity $300 million aggregate principal amount of 6.375% Senior Notes due July 15, 2016 and for general corporate purposes.

In September 2016, Southern Company Gas Capital issued $350 million aggregate principal amount of 2.45% Senior Notes due October 1, 2023 and $550 million aggregate principal amount of 3.95% Senior Notes due October 1, 2046, both of which are guaranteed by Southern Company Gas. The proceeds were used to repay a $360 million promissory note issued to Southern Company for the purpose of funding a portion of the purchase price for a 50% equity interest in SNG, to fund the purchase of Piedmont's interest in SouthStar, to make a voluntary contribution to the pension plan, to repay at maturity $120 million aggregate principal amount of Series A Floating Rate Senior Notes due October 27, 2016, and for general corporate purposes. The amount of senior notes outstanding at December 31, 2016 and December 31, 2015 was $3.7 billion and $2.5 billion, respectively.

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Dividend Restrictions

By regulation, Nicor Gas is restricted, to the extent of its retained earnings balance, in the amount it can dividend or loan to affiliates and is not permitted to make money pool loans to affiliates. Elizabethtown Gas is restricted by its dividend policy as established by the New Jersey BPU in the amount it can dividend to its parent company to the extent of 70% of its quarterly net income. Additionally, as stipulated in the New Jersey BPU's order approving the Merger, Southern Company Gas is prohibited from paying dividends to its parent company, Southern Company, if Southern Company Gas' senior unsecured debt rating falls below investment grade. As of December 31, 2016, the amount of subsidiary retained earnings restricted for dividend payment totaled $688 million.

Bank Credit Arrangements

Credit Facilities

Bank credit arrangements under the Southern Company Gas Credit Facility and the Nicor Gas Credit Facility provide liquidity support to Southern Company Gas Capital's and Nicor Gas' commercial paper borrowings. The Nicor Gas Credit Facility is restricted for working capital needs of Nicor Gas. In October 2015, the Company entered into agreements to amend and extend the Southern Company Gas Credit Facility and the Nicor Gas Credit Facility. Under the terms of these agreements, the Company extended the maturity dates of the Southern Company Gas Credit Facility and the Nicor Gas Credit Facility to November 9, 2018 and December 14, 2018, respectively. One of the banks elected not to participate in this extension and its total commitment of $75 million will continue through the fourth quarter 2017. The Company also modified the credit facilities to provide for the limited consent by the lenders to the Merger with Southern Company. Additionally, the Company made similar changes to its Bank Rate Mode Covenants Agreement relating to the Pivotal Utility Holdings gas facility revenue bonds.

At December 31, 2016, committed credit arrangements with banks were as follows:

Successor

	Expires				Expires Within One Year	
Company	2017	2018	Total	Unused	Term Out	No Term Out
	(in millions)		(in millions)		(in millions)	
Southern Company Gas Capital	$49	$1,251	$1,300	$1,249	$ —	$ 49
Nicor Gas	26	674	700	700	—	26
Total	$75	$1,925	$2,000	$1,949	$ —	$ 75

The Southern Company Gas Credit Facility and the Nicor Gas Credit Facility included in the table above each contain a covenant that limits the ratio of debt to capitalization (as defined in each Facility) to a maximum of 70% and contain cross acceleration provisions to other indebtedness (including guarantee obligations) of the applicable company. At December 31, 2016, the Company and Nicor Gas were in compliance with their respective debt limit covenants.

Commercial Paper Programs

The Company maintains commercial paper programs at Southern Company Gas Capital and at Nicor Gas that consist of short-term, unsecured promissory notes. Nicor Gas' commercial paper program supports working capital needs at Nicor Gas as Nicor Gas is not permitted to make money pool loans to affiliates. All of the Company's other subsidiaries benefit from Southern Company Gas Capital's commercial paper program. Commercial paper is included in notes payable in the consolidated balance sheets.

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Explanation of Responses:

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Details of commercial paper borrowings outstanding were as follows:

	Commercial Paper at the End of the Period		
	Amount Outstanding (in millions)	Weighted Average Interest Rate	
Successor – December 31, 2016:			
Southern Company Gas Capital	$733	1.09	%
Nicor Gas	524	0.95	%
Total	$1,257	1.03	%
Predecessor – December 31, 2015:			
Southern Company Gas Capital	$471	0.71	%
Nicor Gas	539	0.52	%
Total	$1,010	0.60	%

7. COMMITMENTS
Pipeline Charges, Storage Capacity, and Gas Supply
Pipeline charges, storage capacity, and gas supply include charges recoverable through a natural gas cost recovery mechanism, or alternatively, billed to Marketers and demand charges associated with Sequent. The gas supply balance includes amounts for Nicor Gas' and SouthStar's gas commodity purchase commitments of 33 million mmBtu at floating gas prices calculated using forward natural gas prices at December 31, 2016 and valued at $106 million. The Company provides guarantees to certain gas suppliers for certain of its subsidiaries in support of payment obligations.
Expected future contractual obligations for pipeline charges, storage capacity, and gas supply that are not recognized on the balance sheets as of December 31, 2016 were as follows:

	Pipeline Charges, Storage Capacity, and Gas Supply (in millions)
2017	$ 822
2018	602
2019	447
2020	394
2021	352
2022 and thereafter	2,591
Total	$ 5,208

Operating Leases

The Company has operating lease agreements with various terms and expiration dates primarily for real estate. Total rent expense was $8 million, $6 million, $12 million, and $13 million for the successor period of July 1, 2016 through December 31, 2016 and the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, respectively. The Company includes any step rents, escalations, and lease concessions in its computation of minimum lease payments, which are recognized on a straight-line basis over the minimum lease terms.

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As of December 31, 2016, the Company's estimated minimum lease payments under operating leases were as follows:

	Minimum Lease Payments (in millions)
2017	$ 18
2018	17
2019	16
2020	15
2021	15
2022 and thereafter	38
Total	$ 119

Financial Guarantees

AGL Equipment Leasing Inc. (AEL), a wholly-owned subsidiary of the Company, holds the Company's interest in Triton and has an obligation to restore to zero any deficit in its equity account for income tax purposes in the unlikely event that Triton is liquidated and a deficit balance remains. This obligation was not impacted by the 2014 sale of Tropical Shipping and continues for the life of the Triton partnerships. Any payment is effectively limited to the net assets of AEL, which was less than $1 million at December 31, 2016. The Company believes the likelihood of any such payment by AEL is remote and, as such, no liability has been recorded for this obligation at December 31, 2016.

Indemnities

In certain instances, the Company has undertaken to indemnify current property owners and others against costs associated with the effects and/or remediation of contaminated sites for which it may be responsible under applicable federal or state environmental laws, generally with no limitation as to the amount. These indemnifications relate primarily to ongoing coal tar cleanup. See Note 3 under "Environmental Matters" for additional information regarding these matters. The Company believes that the likelihood of payment under its other environmental indemnifications is remote. No liability has been recorded for such indemnifications as the fair value was inconsequential at inception.

8. STOCK COMPENSATION

Stock-Based Compensation

Successor

At the effective time of the Merger, each share of Southern Company Gas common stock, other than certain excluded shares, was converted into the right to receive $66 in cash, without interest. Also at the effective time of the Merger:

- Southern Company Gas' outstanding restricted stock units, restricted stock awards, and non-employee director stock awards were deemed fully vested and were canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Southern Company Gas' common stock subject to such award and (ii) the Merger consideration of $66 per share;
- Southern Company Gas' outstanding stock options, all of which were fully vested, were canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Southern Company Gas' common stock subject to such options and (ii) the excess of the Merger consideration of $66 per share over the applicable exercise price per share of such options; and
- each outstanding award of a performance share unit was converted into an award of Southern Company's restricted stock units (RSUs).

In conjunction with the Merger, stock-based compensation, in the form of Southern Company restricted stock and performance share units, was granted to certain executives of the Company through the Southern Company Omnibus Incentive Compensation Plan.

Southern Company Restricted Stock Awards
Under the terms of the RSU awards, the employees received a specified number of RSUs that vest when the employees have satisfied the requisite service period(s) at which time the employee receives Southern Company common stock. The terms of the

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award require the employee to be continuously employed through the original three-year vesting schedule of the award being replaced.

For the successor period ended December 31, 2016, employees of the Company were granted 742,461 RSUs. The grant-date fair value of the RSUs granted was $53.83, based on the closing stock price of Southern Company common stock on the date of the grant. As a portion of the fair value of the award related to pre-combination service, the grant date fair value was allocated to pre- or post-combination service and accounted for as Merger consideration or compensation cost, respectively. Approximately $13 million of the grant date fair value was allocated to Merger consideration. The remaining fair value of $12 million will be recognized as compensation expense on a straight-line basis over the remaining vesting period.

The compensation cost related to the grant of RSUs to the Company's employees are recognized in the Company's financial statements with a corresponding credit to equity, representing a capital contribution from Southern Company. For the successor period of July 1, 2016 through December 31, 2016, total compensation cost for RSUs recognized in income was $13 million, with the related tax benefit also recognized in income of $4 million. As of December 31, 2016, $12 million of total unrecognized compensation cost related to RSUs will be recognized over a weighted-average period of approximately 20 months. See "Performance Share Unit Awards" herein for additional information.

Change in Control Awards

Southern Company awarded performance share units to certain employees remaining with the Company in lieu of certain change in control benefits the employee was entitled to receive following the Merger (change-in-control awards). Shares of Southern Company common stock and/or cash equal to the dollar value of the change-in-control benefit will vest and be issued one-third each year as long as the employee remains in service with the Company, or any of its affiliates, at each vest date. In addition to the change-in-control benefit, Southern Company common stock could be issued to the employees at the end of a performance period with the number of shares issued ranging from 0% to 100% of the target number of performance share units granted, based on achievement of certain Southern Company common stock price metrics, as well as performance goals established by the Compensation Committee of the Southern Company Board of Directors (achievement shares).

The change-in-control benefits are accounted for as a liability award with the fair value equal to the guaranteed dollar value of the change-in-control benefit. The grant-date fair value of the achievement portion of the award was determined using a Monte Carlo simulation model to estimate the number of achievement shares expected to vest based on the Southern Company common stock price. The expected payout is reevaluated annually with expense recognized to date increased or decreased proportionately based on the expected performance. The compensation expense ultimately recognized for the achievement shares will be based on the actual performance.

For the successor period July 1, 2016 through December 31, 2016, total compensation cost for the change-in-control awards recognized in income was $4 million, with less than $1 million related tax benefit recognized in income. The compensation cost related to the grant of Southern Company change-in-control benefit and achievement shares to the Company's employees are recognized in the Company's financial statements with a corresponding credit to a liability or equity, representing a capital contribution from Southern Company, respectively. As of December 31, 2016, $20 million of total unrecognized compensation cost related to change in control awards will be recognized over a weighted-average period of approximately 23 months.

Predecessor

For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the employees of Southern Company Gas and subsidiaries participated in the AGL Resources Inc. Omnibus Performance Incentive Plan, as amended and restated.

The AGL Resources Inc. Omnibus Performance Incentive Plan, as amended and restated, and the Long-Term Incentive Plan (1999) provided for the grant of incentive and nonqualified stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance cash awards, and other stock-based awards to officers and key employees. Under the AGL Resources Inc. Omnibus Performance Incentive Plan, as of December 31, 2015, the number of shares that were issuable upon exercise of outstanding stock options, warrants, and rights was 359,586 shares. Under the Long-Term Incentive Plan (1999), as of December 31, 2015, the number of shares that were issuable upon exercise of outstanding stock options, warrants, and rights was 80,600 shares. The maximum number of shares that were available for future issuance under the AGL Resources Inc. Omnibus Performance Incentive Plan was 3,513,992 shares, which included 1,514,116 shares previously available under the Nicor Inc. 2006 Long-Term Incentive Plan, as amended, pursuant to New York Stock Exchange rules. Effective July 1, 2016, all Southern Company Gas shares of stock were canceled and/or converted as a result of the Merger. No further grants will be made from the Long-Term Incentive Plan (1999) or the AGL Resources Inc. Omnibus Performance Incentive Plan, as amended and restated.

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For the predecessor periods, the Company recognized stock-based compensation expense for its stock-based awards over the requisite service period based on the estimated fair value at the date of grant for its stock-based awards using the modified prospective method. These stock awards included: stock options, stock and restricted stock awards, and performance units (restricted stock units, performance share units, and performance cash units).

Performance-based stock awards and performance units contained market and performance conditions. Stock options, restricted stock awards, and performance units also contained a service condition. The Company estimated forfeitures over the requisite service period when recognizing compensation expense. These estimates were adjusted to the extent that actual forfeitures differ, or were expected to materially differ, from such estimates. Excess tax benefits were reported as a financing cash inflow. The difference between the proceeds from the exercise of the Company's stock-based awards and the par value of the stock was recorded within additional paid-in capital.

Southern Company Gas granted stock awards with a grant price that was equal to the fair market value on the date of the grant. Fair market value was defined under the terms of the applicable plans as the closing price per share of Southern Company Gas' common stock on the grant date. For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, total compensation cost for cash and stock-based awards recognized in income was $24 million, $40 million, and $24 million, respectively, with related tax benefits also recognized in income, which were immaterial.

Incentive and Nonqualified Stock Options

The stock options that the Company granted prior to the Merger had a three-year vesting period and expired ten years after the date of grant. The exercise price for stock options granted equaled the stock price of Southern Company Gas common stock on the date of grant. Participants realized value from option grants only to the extent that the fair market value of the Company's common stock on the date of exercise of the option exceeded the fair market value of the common stock on the date of the grant. No stock options have been issued under the plan since 2009.

The Company used shares purchased under its 2006 share repurchase program to satisfy exercises to the extent that repurchased shares were available. Otherwise, the Company issued new shares from its authorized common stock.

The Company measured compensation cost related to stock options based on the fair value of these awards at their date of grant using the Black-Scholes option-pricing model. For the predecessor period ended December 31, 2015, the Company had no unrecognized compensation costs related to stock options. Cash received from stock option exercises for the predecessor periods ended June 30, 2016 and December 31, 2015 were less than $1 million and $5 million, respectively, and the income tax benefit from stock option exercises was immaterial for both periods.

For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the total intrinsic value of options exercised was $3 million, $13 million, and $4 million, respectively.

Effective July 1, 2016, all of the Company's outstanding stock options, all of which were fully vested, were canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Southern Company Gas' common stock subject to such options and (ii) the excess of the Merger consideration of $66 per share over the applicable exercise price per share of such options.

Restricted Stock Units

A restricted stock unit was an award that represented the opportunity to receive a specified number of shares of the Company's common stock, subject to the achievement of certain pre-established performance criteria. For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the Company granted 25,166, 47,546, and 44,272, respectively, of restricted stock units (including dividends) to certain employees. At the effective time of the Merger, all 65,042 restricted stock units outstanding were deemed fully vested and were canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Southern Company Gas' common stock subject to such award and (ii) the Merger consideration of $66 per share.

Performance Share Unit Awards

A performance share unit award represented the opportunity to receive cash and shares subject to the achievement of certain pre-established performance criteria. For the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the Company granted performance share unit awards to certain officers. The Company's 2016 and 2015 performance share units had two performance measures. One measure, which accounted for 75%, related to the Company's total shareholder return relative to a group of peer companies. The second measure, which accounted for 25%, related to the Company's earnings per share, excluding wholesale gas services, over the three-year performance period. The 2014 performance share units were measured entirely based on the Company's total shareholder return relative to a group of peer companies.

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At the effective time of the Merger, each outstanding performance share unit was converted into an award of Southern Company's restricted stock units. The conversion ratio was the product of (i) the greater of (a) 125% of the number of units underlying such award based on target level achievement of all relevant performance goals and (b) the number of units underlying such award based on the actual level of achievement of all relevant performance goals against target and (ii) an exchange ratio based on the Merger consideration of $66 per share as compared to the volume-weighted average price per share of Southern Company common stock. The resulting Southern Company restricted stock units will follow the vesting schedule and payment terms, and otherwise be issued on similar terms and conditions, as were applicable to such performance share unit awards, subject to certain exceptions. See "Southern Company Restricted Stock Awards" for additional information.

Stock and Restricted Stock Awards

The compensation cost of both stock awards and restricted stock awards was equal to the grant date fair value of the awards, recognized over the requisite service period. No other assumptions were used to value the awards. The Company referred to restricted stock as an award of Company common stock subject to time-based vesting or achievement of performance measures. Prior to vesting, restricted stock awards were subject to certain transfer restrictions and forfeiture upon termination of employment.

Restricted Stock Awards — Employees

Total unvested restricted stock awards outstanding as of December 31, 2015 were 398,832. During 2016, 303,618 restricted stock awards were granted, 699,960 restricted stock awards were vested, and 2,466 restricted stock awards were forfeited. At the effective time of the Merger, Southern Company Gas' outstanding restricted stock awards were deemed fully vested and were canceled and converted into the right to receive an amount in cash equal to the product of (i) the total number of shares of Southern Company Gas' common stock subject to such award and (ii) the Merger consideration of $66 per share.

9. FAIR VALUE MEASUREMENTS

Fair value measurements are based on inputs of observable and unobservable market data that a market participant would use in pricing the asset or liability. The use of observable inputs is maximized where available and the use of unobservable inputs is minimized for fair value measurement and reflects a three-tier fair value hierarchy that prioritizes inputs to valuation techniques used for fair value measurement. See Note 1 for additional information.

As of December 31, 2016, assets and liabilities measured at fair value on a recurring basis during the period, together with their associated level of the fair value hierarchy, were as follows:

	Fair Value Measurements Using(a)(b)				
Successor – As of December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient (NAV)	Total
	(in millions)				
Assets:					
Energy-related derivatives	$338	$ 239	$ —	$ —	$577
Liabilities:					
Energy-related derivatives	$345	$ 224	$ —	$ —	$569

(a) Energy-related derivatives excludes $4 million associated with certain weather derivatives accounted for based on intrinsic value rather than fair value.
(b) Energy-related derivatives excludes cash collateral of $62 million.

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As of December 31, 2015, assets and liabilities measured at fair value on a recurring basis during the period, together with their associated level of the fair value hierarchy, were as follows:

Predecessor – As of December 31, 2015	Fair Value Measurements Using[(a)(b)] Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient (NAV)	Total
	(in millions)				
Assets:					
Energy-related derivatives	$53	$ 113	$ —	$ —	$166
Interest rate derivatives	—	9	—	—	9
Total	$53	$ 122	$ —	$ —	$175
Liabilities:					
Energy-related derivatives	$63	$ 46	$ —	$ —	$109

(a) Energy-related derivatives excludes $10 million associated with certain weather derivatives accounted for based on intrinsic value rather than fair value.
(b) Energy-related derivatives excludes cash collateral of $96 million.

Valuation Methodologies

The energy-related derivatives primarily consist of exchange-traded financial products for natural gas, including, from time to time, basis swaps. These are standard products used within the energy industry and are valued using the market approach. The inputs used are mainly from observable market sources, such as forward natural gas prices, implied volatility, and overnight index swap interest rates. Interest rate derivatives are also standard OTC products that are valued using observable market data and assumptions commonly used by market participants. See Note 10 for additional information on how these derivatives are used.

Debt

The Company's long-term debt is recorded at amortized cost, including the fair value adjustments at the effective date of the Merger. The Company amortizes the fair value adjustments over the lives of the respective bonds. The following table presents the carrying amount and fair value of the Company's long-term debt as of December 31:

	Carrying Amount	Fair Value
	(in millions)	
Long-term debt, including securities due within one year:		
Successor – As of December 31, 2016	$5,281	$5,491
Predecessor – As of December 31, 2015	$3,820	$4,066

The fair values are determined using Level 2 measurements and are based on quoted market prices for the same or similar issues or on the current rates available to the Company.

10. DERIVATIVES

The Company is exposed to market risks, primarily commodity price risk, interest rate risk, and weather risk. To manage the volatility attributable to these exposures, the Company nets its exposures, where possible, to take advantage of natural offsets and enters into various derivative transactions for the remaining exposures pursuant to the Company's policies in areas such as counterparty exposure and risk management practices. Wholesale gas operations use various contracts in its commercial activities that generally meet the definition of derivatives. For other businesses, the Company's policy is that derivatives are to be used primarily for hedging purposes. In both cases, the Company mandates strict adherence to all applicable risk management policies. Derivative positions are monitored using techniques including, but not limited to, market valuation, value at risk, stress testing, and sensitivity analysis. Derivative instruments are recognized at fair value in the balance sheets as either assets or liabilities and are presented on a net basis. See Note 9 for additional information. In the statements of cash flows, the cash impacts of settled energy-related and interest rate derivatives are recorded as operating activities.

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Energy-Related Derivatives
The Company enters into energy-related derivatives to hedge exposures to natural gas price changes. However, due to cost-based rate regulations and other various cost recovery mechanisms, gas distribution operations has limited exposure to market volatility in prices of natural gas. The Company manages fuel-hedging programs, implemented per the guidelines of the natural gas distribution utilities' respective state regulatory agencies, through the use of financial derivative contracts, which is expected to continue to mitigate price volatility. However, the Company retains exposure to price changes that can, in a volatile energy market, be extremely material and can adversely affect the Company.
The Company also enters into weather derivative contracts as economic hedges of adjusted operating margins in the event of warmer-than-normal weather. Exchange-traded options are carried at fair value, with changes reflected in operating revenues. Non-exchange-traded options are accounted for using the intrinsic value method. Changes in the intrinsic value for non-exchange-traded contracts are reflected in the statements of income.
Energy-related derivative contracts are accounted for under one of three methods:

- Regulatory Hedges — Energy-related derivative contracts which are designated as regulatory hedges relate primarily to the Company's fuel-hedging programs, where gains and losses are initially recorded as regulatory liabilities and assets, respectively, and then are included in the cost of natural gas as the underlying natural gas is used in operations and ultimately recovered through the respective cost recovery clauses.
- Cash Flow Hedges — Gains and losses on energy-related derivatives designated as cash flow hedges (which are mainly used to hedge anticipated purchases and sales) are initially deferred in other OCI before being recognized in the statements of income in the same period as the hedged transactions are reflected in earnings.
- Not Designated — Gains and losses on energy-related derivative contracts that are not designated or fail to qualify as hedges are recognized in the statements of income in the period of change.

Some energy-related derivative contracts require physical delivery as opposed to financial settlement, and this type of derivative is both common and prevalent within the natural gas industry. When an energy-related derivative contract is settled physically, any cumulative unrealized gain or loss is reversed and the contract price is recognized in the respective line item representing the actual price of the underlying goods being delivered.
At December 31, 2016, the net volume of energy-related derivative contracts for natural gas positions totaled 157 million mmBtu for the Company, together with the longest hedge date of 2018 over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions and the longest non-hedge date of 2022 for derivatives not designated as hedges.
For cash flow hedges, the amounts expected to be reclassified from accumulated OCI to earnings for the next 12-month period ending December 31, 2017 are immaterial.
Interest Rate Derivatives
The Company may also enter into interest rate derivatives to hedge exposure to changes in interest rates. The derivatives employed as hedging instruments are structured to minimize ineffectiveness. Derivatives related to existing variable rate securities or forecasted transactions are accounted for as cash flow hedges where the effective portion of the derivatives' fair value gains or losses is recorded in OCI and is reclassified into earnings at the same time the hedged transactions affect earnings, with any ineffectiveness recorded directly to earnings. Derivatives related to existing fixed rate securities are accounted for as fair value hedges, where the derivatives' fair value gains or losses and hedged items' fair value gains or losses are both recorded directly to earnings, providing an offset, with any difference representing ineffectiveness. Fair value gains or losses on derivatives that are not designated or fail to qualify as hedges are recognized in the statements of income as incurred.
In January 2015, the Company executed $800 million in notional value of 10-year and 30-year fixed-rate forward-starting interest rate swaps to hedge potential interest rate volatility prior to its issuances of long-term debt in the fourth quarter 2015 and during 2016. The Company designated the forward-starting interest rate swaps, which

were settled in conjunction with the debt issuances, as cash flow hedges. The Company settled $200 million of these interest rate swaps in November 2015 for an immaterial loss, $400 million upon pricing the senior notes in May 2016 at a loss of $26 million, and the remaining $200 million upon pricing the senior notes in September 2016 at a loss of $35 million. Due to the application of acquisition accounting, only $5 million of the pre-tax loss incurred and deferred in the successor period will be amortized to interest expense through 2046, which is immaterial on an annual basis.

Derivative Financial Statement Presentation and Amounts

The derivative contracts of the Company are subject to master netting arrangements or similar agreements and are reported net in the financial statements. Some of these energy-related and interest rate derivative contracts may contain certain provisions that

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permit intra-contract netting of derivative receivables and payables for routine billing and offsets related to events of default and settlements.

At December 31, 2016 and 2015, the fair value of energy-related derivatives and interest rate derivatives was reflected in the consolidated balance sheets as follows:

		Asset Derivatives			Liability Derivatives	
Derivative Category	Balance Sheet Location	Successor December 31, 2016 (in millions)	Predecessor December 31, 2015 (in millions)	Balance Sheet Location	Successor December 31, 2016 (in millions)	Predecessor December 31, 2015 (in millions)
Derivatives designated as hedging instruments for regulatory purposes						
Energy-related derivatives:						
	Assets from risk management activities – current	$24	$ 10	Liabilities from risk management activities – current	$3	$ 28
	Other deferred charges and assets	1	—	Other deferred credits and liabilities	—	2
Total derivatives designated as hedging instruments for regulatory purposes		$25	$ 10		$3	$ 30
Derivatives designated as hedging instruments in cash flow and fair value hedges						
Energy-related derivatives:						
	Assets from risk management activities – current	$4	$ 3	Liabilities from risk management activities – current	$3	$ 5
	Other deferred charges and assets	—	—	Other deferred credits and liabilities	—	2
Interest rate derivatives:						
	Assets from risk management activities – current	—	9	Liabilities from risk management activities – current	—	—
Total derivatives designated as hedging instruments in cash flow and fair value hedges		$4	$ 12		$3	$ 7
Derivatives not designated as hedging instruments						
Energy-related derivatives:						
	Assets from risk management activities – current	$486	$ 741	Liabilities from risk management activities – current	$482	$ 644
	Other deferred charges and assets	66	179	Other deferred credits and liabilities	81	185
Total derivatives not designated as hedging instruments		$552	$ 920		$563	$ 829
Gross amounts of recognized assets and liabilities[(a)(b)]		$581	$ 942		$569	$ 866

Gross amounts offset in the Balance Sheet	$(435)	$ (724)	$(497)	$ (820)
Net amounts of derivatives assets and liabilities, presented in the Balance Sheet[(c)]	$146	$ 218	$72	$ 46

(a) The gross amounts of recognized assets and liabilities are netted on the balance sheets to the extent that there were netting arrangements with the counterparties.

(b) The gross amounts of recognized assets and liabilities do not include cash collateral held on deposit in broker margin accounts of $62 million as of December 31, 2016 and $96 million as of December 31, 2015.

(c) As of December 31, 2016 and 2015, letters of credit from counterparties offset an immaterial portion of these assets under master netting arrangements.

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At December 31, 2016 and 2015, the pre-tax effect of unrealized derivative gains (losses) arising from energy-related derivatives designated as regulatory hedging instruments and deferred were as follows:

Derivative Category	Balance Sheet Location	Unrealized Losses Successor December 31, 2016 (in millions)	Unrealized Losses Predecessor December 31, 2015 (in millions)	Balance Sheet Location	Unrealized Gains Successor December 31, 2016 (in millions)	Unrealized Gains Predecessor December 31, 2015 (in millions)
Energy-related derivatives:						
	Other regulatory assets, current	$ (1)	$ (15)	Other regulatory liabilities, current	$ 17	$ 15
	Other regulatory assets, deferred	—	(2)	Other regulatory liabilities, deferred	1	—
Total energy-related derivative gains (losses)(*)		$ (1)	$ (17)		$ 18	$ 15

(*) Fair value gains and losses included in regulatory assets and liabilities include cash collateral held on deposit in broker margin accounts of $8 million as of December 31, 2016 and $19 million as of December 31, 2015.

For the successor period of July 1, 2016 through December 31, 2016 and the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the pre-tax effect of energy-related derivatives and interest rate derivatives designated as cash flow hedging instruments recognized in OCI and those reclassified from accumulated OCI into earnings were as follows:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI on Derivative (Effective Portion) Successor July 1, 2016 through December 31, 2016 (in millions)	Gain (Loss) Recognized in OCI on Derivative (Effective Portion) Predecessor January 1, 2016 through June 30, 2016 (in millions)	Statements of Income Location	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) Successor July 1, 2016 through December 31, 2016 (in millions)	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) Predecessor January 1, 2016 through June 30, 2016 (in millions)
Energy-related derivatives	$ 2	$ —	Cost of natural gas	$ (1)	$ (1)
Interest rate derivatives	(5)	(64)	Interest expense, net of amounts capitalized	—	—
Total derivatives in cash flow hedging relationships	$ (3)	$ (64)		$ (1)	$ (1)

	Gain (Loss) Recognized in OCI on Derivative		Gain (Loss) Reclassified from Accumulated

Derivatives in Cash Flow Hedging Relationships	(Effective Portion) Predecessor 2015	2014	Statements of Income Location	OCI into Income (Effective Portion) Predecessor 2015	2014
	(in millions)			(in millions)	
Energy-related derivatives	$ 3	$ (8)	Cost of natural gas	$ (10)	$ 4
			Other operations and maintenance	(1)	1
Interest rate derivatives	—	—	Interest expense, net of amounts capitalized	2	—
Total derivatives in cash flow hedging relationships	$ 3	$ (8)		$ (9)	$ 5

There was no material ineffectiveness recorded in earnings for any period presented.

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NOTES (continued)
Southern Company Gas and Subsidiary Companies 2016 Annual Report

For the successor period of July 1, 2016 through December 31, 2016 and the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, the pre-tax effects of energy-related derivatives and interest rate derivatives not designated as hedging instruments on the statements of income were as follows:

		Gain (Loss)			
		Successor	Predecessor		
Derivatives in Non-Designated Hedging Relationships	Statements of Income Location	July 1, 2016 through December 31, 2016	January 1, 2016 through June 30, 2016	Years Ended December 31, 2015	2014
		(in millions)	(in millions)		
Energy-related derivatives	Natural gas revenues(*)	$33	$(1)	$56	$149
	Cost of natural gas	3	(62)	(6)	(7)
Total derivatives in non-designated hedging relationships		$36	$(63)	$50	$142

(*) Excludes gains (losses) recorded in cost of natural gas associated with weather derivatives of $6 million for the successor periods of July 1, 2016 through December 31, 2016 and $3 million, $12 million, and $(7) million for the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014, respectively.

Contingent Features

The Company does not have any credit arrangements that would require material changes in payment schedules or terminations as a result of a credit rating downgrade. There are certain derivatives that could require collateral, but not accelerated payment, in the event of a credit rating change below BBB- and/or Baa3. At December 31, 2016, the Company had no collateral posted with derivative counterparties to satisfy these arrangements.

At December 31, 2016, the fair value of derivative liabilities with contingent features was $5 million and the maximum potential collateral requirements arising from the credit-risk-related contingent features was $9 million. Generally, collateral may be provided by a guaranty, letter of credit, or cash. If collateral is required, fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral are not offset against fair value amounts recognized for derivatives executed with the same counterparty.

The Company is exposed to losses related to financial instruments in the event of counterparties' nonperformance. The Company has established risk management policies and controls to determine and monitor the creditworthiness of counterparties in order to mitigate the Company's exposure to counterparty credit risk. Prior to entering into a physical transaction, the Company assigns physical wholesale counterparties an internal credit rating and credit limit based on the counterparties' Moody's, S&P, and Fitch ratings, commercially available credit reports, and audited financial statements. The Company may require counterparties to pledge additional collateral when deemed necessary. Credit evaluations are conducted and appropriate internal approvals are obtained for a counterparty's line of credit before any transaction with the counterparty is executed. In most cases, the counterparty must have an investment grade rating, which includes a minimum long-term debt rating of Baa3 from Moody's and BBB- from S&P. Generally, the Company requires credit enhancements by way of a guaranty, cash deposit, or letter of credit for transaction counterparties that do not have investment grade ratings.

The Company also utilizes master netting agreements whenever possible to mitigate exposure to counterparty credit risk. When the Company is engaged in more than one outstanding derivative transaction with the same counterparty and it also has a legally enforceable netting agreement with that counterparty, the "net" mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty and a reasonable measure of the Company's credit risk. The Company also uses other netting agreements with certain counterparties with whom it conducts significant transactions. Master netting agreements enable the Company to net certain assets and liabilities by counterparty. The Company also nets across product lines and against cash collateral, provided the master netting and cash collateral agreements include such provisions. The Company may require counterparties to pledge additional collateral when deemed necessary. Therefore, the Company does not anticipate a material adverse effect on the financial statements as a result of counterparty nonperformance.

NOTES (continued)
Southern Company Gas and Subsidiary Companies 2016 Annual Report

11. MERGER AND ACQUISITION
Merger with Southern Company
On July 1, 2016, the Company completed the Merger with Southern Company. A wholly-owned, direct subsidiary of Southern Company merged with and into Southern Company Gas, with the Company surviving as a wholly-owned, direct subsidiary of Southern Company.
At the effective time of the Merger, each share of Southern Company Gas common stock, other than certain excluded shares, was converted into the right to receive $66 in cash, without interest. Also at the effective time of the Merger, all of the outstanding restricted stock units, restricted stock awards, non-employee director stock awards, stock options, and performance share units were either redeemed or converted into Southern Company's restricted stock units. See Note 8 for additional information.
The application of the acquisition method of accounting was pushed down to the Company. The excess of the purchase price over the fair values of the Company's assets and liabilities was recorded as goodwill, which represents a different basis of accounting from the historical basis prior to the Merger. The following table presents the final purchase price allocation:

	Successor	Predecessor	
	New Basis	Old Basis	Change in Basis
	(in millions)	(in millions)	
Current assets	$ 1,557	$ 1,474	$ 83
Property, plant, and equipment	10,108	10,148	(40)
Goodwill	5,967	1,813	4,154
Other intangible assets	400	101	299
Regulatory assets	1,118	679	439
Other assets	229	273	(44)
Current liabilities	(2,201)	(2,205)	4
Other liabilities	(4,742)	(4,600)	(142)
Long-term debt	(4,261)	(3,709)	(552)
Contingently redeemable noncontrolling interest	(174)	(41)	(133)
Total purchase price/equity	$ 8,001	$ 3,933	$ 4,068

Measurement period adjustments were recorded to the purchase price allocation during the fourth quarter 2016, which resulted in a net $30 million increase in goodwill to establish intangible liabilities for transportation contracts at wholesale services, partially offset by adjustments to deferred tax balances.
In determining the fair value of assets and liabilities subject to rate regulation that allows recovery of costs and/or a fair return on investments, historical cost was deemed to be a reasonable proxy for fair value, as it is included in rate base or otherwise specified in regulatory recovery mechanisms. Property, plant, and equipment subject to rate regulation was reflected based on the historical gross amount of assets in service and accumulated depreciation, as they are included in rate base. For certain assets and liabilities subject to rate regulation (such as debt instruments and employee benefit obligations), the fair value adjustment was applied to historical cost with a corresponding offset to regulatory asset or liability based on the assessment of probable future recovery in rates.
For unregulated assets and liabilities, fair value adjustments were applied to historical cost of natural gas for sale, property, plant, and equipment, debt instruments, and noncontrolling interest. The valuation of other intangible assets included customer relationships, trade names, and favorable/unfavorable contracts. The valuation of these assets and liabilities applied either the market approach or income approach. The market approach was utilized when prices and other relevant market information were available. The income approach, which is based on discounted cash flows, was

primarily based on significant unobservable inputs (Level 3). Key estimates and inputs included forecasted profitability and cash flows, customer retention rates, royalty rates, and discount rates.
The estimated fair value of deferred income taxes was determined by applying the appropriate enacted statutory tax rate to the temporary differences that arose on the differences between the financial reporting value and tax basis of the assets acquired and liabilities assumed.

NOTES (continued)
Southern Company Gas and Subsidiary Companies 2016 Annual Report

The excess of the purchase price over the estimated fair value of assets and liabilities of $6.0 billion was recognized as goodwill, which is primarily attributable to positioning Southern Company to provide natural gas infrastructure to meet customers' growing energy needs and to compete for growth across the energy value chain. The Company anticipates that the majority of the value assigned to goodwill will not be deductible for tax purposes.

The Company's results for the successor period of July 1, 2016 through December 31, 2016 include a $20 million decrease in consolidated earnings comprised of $17 million of reduced revenues and $22 million of increased amortization, partially offset by lower interest expense of $19 million, as a result of the fair value adjustment of assets and liabilities in the application of acquisition accounting. Transaction costs included $18 million in rate credits provided to the customers of Elizabethtown Gas and Elkton Gas as a condition of the Merger, $3 million for financial advisory fees, legal expenses, and other Merger-related costs, including certain amounts payable upon successful completion of the Merger, and $20 million for additional compensation-related expenses, including accelerated vesting of share-based compensation expenses and change-in-control compensation charges.

During the predecessor period of January 1, 2016 through June 30, 2016, the Company recorded in its statements of income transaction costs of $56 million. Transaction costs included $31 million for financial advisory fees, legal expenses, and other Merger-related costs, including certain amounts payable upon successful completion of the Merger, which was deemed probable on June 29, 2016, and $25 million of additional compensation related expenses, including accelerated vesting of share-based compensation expenses and certain Merger-related compensation charges. The Company recorded Merger-related expenses of $44 million for the predecessor year ended December 31, 2015. The Company previously treated these costs as tax deductible since the requisite closing conditions to the Merger had not yet been satisfied. During the second quarter 2016, when the Merger became probable, the Company re-evaluated the tax deductibility of these costs and reflected any non-deductible amounts in the effective tax rate.

The receipt of required regulatory approvals was conditioned upon certain terms and commitments. In connection with these regulatory approvals, certain regulatory agencies prohibited the Company from recovering goodwill and Merger-related expenses, required the Company to maintain a minimum number of employees for a set period of time to ensure that certain pipeline safety standards and the competence level of the employee workforce is not degraded, and/or required the Company to maintain its pre-Merger level of support for various social and charitable programs. The most notable terms and commitments with potential financial impacts included:

- rate credits of $18 million to be paid to customers in New Jersey and Maryland;
- sharing of Merger savings with customers in Georgia starting in 2020;
- phasing-out the use of the Nicor name or logo by certain of the Company's gas marketing services subsidiaries in conducting non-utility business in Illinois;
- reaffirming that Elizabethtown Gas would file a base rate case no later than September 1, 2016, with another base rate case no later than three years after the 2016 rate case; and
- requiring Elkton Gas to file a base rate case within two years of closing the Merger.

There is no restriction on the Company's other utilities' ability to file future rate cases. The rate credits to customers in New Jersey and Maryland were paid during the third and fourth quarters of 2016, respectively, and Elizabethtown Gas filed a base rate case with the New Jersey BPU on September 1, 2016. Upon completion of the Merger, the Company amended and restated its Bylaws and Articles of Incorporation, under which it now has the authority to issue no more than 110 million shares of stock consisting of (i) 100 million shares of common stock and (ii) 10 million shares of preferred stock, both categories of which have a par value of $0.01 per share. The amended and restated Articles of Incorporation do not allow any treasury shares to be held.

Investment in SNG

On September 1, 2016, the Company, through a wholly-owned, indirect subsidiary, acquired a 50% equity interest in SNG pursuant to a definitive agreement between Southern Company and Kinder Morgan, Inc. on July 10, 2016, to which Southern Company assigned all rights and obligations to the Company on August 31, 2016. SNG owns a

7,000-mile pipeline system connecting natural gas supply basins in Texas, Louisiana, Mississippi, and Alabama to markets in Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina, and Tennessee. The purchase price of $1.4 billion was financed by a $1.05 billion equity contribution from Southern Company and $360 million of cash paid by the Company, which was financed by a promissory note from Southern Company and repaid with a portion of the proceeds from the senior notes issued in September 2016. The purchase price of the 50% equity interest exceeded the underlying ownership interest in the net assets of SNG by approximately $700 million. This basis difference is attributable to goodwill and deferred tax assets. While the deferred tax assets will be amortized through deferred tax expense, the goodwill will not be amortized and is not required to be tested for impairment on an annual basis. See Note 4 under "Equity Method Investments" for additional information on this investment.

NOTES (continued)
Southern Company Gas and Subsidiary Companies 2016 Annual Report

12. SEGMENT AND RELATED INFORMATION

The Company manages its business through four reportable segments - gas distribution operations (formerly referred to as distribution operations), gas marketing services (formerly referred to as retail operations), wholesale gas services (formerly referred to as wholesale services), and gas midstream operations (formerly referred to as midstream operations). The non-reportable segments are combined and presented as all other. In conjunction with the Merger, the Company changed the names of certain reportable segments to better align with its new parent company.

Gas distribution operations is the largest component of the Company's business and includes natural gas local distribution utilities that construct, manage, and maintain intrastate natural gas pipelines and gas distribution facilities in seven states. Gas marketing services includes natural gas marketing to end-use customers primarily in Georgia and Illinois. Additionally, gas marketing services provides home equipment protection products and services. Wholesale gas services provides natural gas asset management and/or related logistics services for each of the Company's utilities except Nicor Gas as well as for non-affiliated companies. Additionally, this segment engages in natural gas storage and gas pipeline arbitrage and related activities. Since the acquisition of the Company's 50% interest in SNG, gas midstream operations primarily consists of the Company's gas pipeline investments, with storage and fuel operations also aggregated into this segment. The all other column includes segments below the quantitative threshold for separate disclosure, including the subsidiaries that fall below the quantitative threshold for separate disclosure.

After the Merger, the Company changed the segment performance measure to net income, which is utilized by its new parent company. In order to properly assess net income by segment, the Company executed various intercompany note agreements to revise interest charges to its segments. Since such agreements did not exist in the predecessor periods, the Company is unable to provide the comparable net income for those periods.

Financial data for business segments for the successor period of July 1, 2016 through December 31, 2016 and for the predecessor periods of January 1, 2016 through June 30, 2016 and the years ended December 31, 2015 and 2014 were as follows:

	Gas Distribution Operations	Gas Marketing Services	Wholesale Gas Services(*)	Gas Midstream Operations	Total	All Other	Eliminations	Consolidated
	(in millions)							
Successor – July 1, 2016 through December 31, 2016								
Operating revenues	$1,342	$ 354	$ 24	$ 31	$1,751	$ 3	$ (102)	$ 1,652
Depreciation and amortization	185	35	1	9	230	8	—	238
Earnings from equity method investments	—	—	—	58	58	2	—	60
Interest expense	(105)	(1)	(3)	(16)	(125)	44	—	(81)
Income taxes	51	7	(3)	16	71	5	—	76
Segment net income (loss)	77	19	—	20	116	(2)	—	114
Gross property additions	561	5	1	54	621	11	—	632
Successor – Total assets at December 31, 2016	19,453	2,084	1,127	2,211	24,875	11,145	(14,167)	21,853

(*) The revenues for wholesale gas services are netted with costs associated with its energy and risk management activities. A reconciliation of operating revenues and intercompany revenues is shown in the following table.

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Explanation of Responses:

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	Gas Distribution Operations	Gas Marketing Services	Wholesale Gas Services(*)	Gas Midstream Operations	Total	All Other	Eliminations	Consolidated
	(in millions)							
Predecessor – January 1, 2016 through June 30, 2016								
Operating revenues	$1,575	$ 435	$ (32)	$ 25	$2,003	$ 4	$ (102)	$ 1,905
Depreciation and amortization	178	11	1	9	199	7	—	206
EBIT	353	109	(68)	(6)	388	(60)	—	328
Gross property additions	484	4	1	43	532	16	—	548
Predecessor – Year Ended December 31, 2015								
Operating revenues	$3,049	$ 835	$ 202	$ 55	$4,141	$ 11	$ (211)	$ 3,941
Depreciation and amortization	336	25	1	18	380	17	—	397
EBIT	581	152	110	(23)	820	(59)	—	761
Gross property additions	957	7	2	27	993	34	—	1,027
Predecessor – Total assets at December 31, 2015	12,519	686	935	692	14,832	9,662	(9,740)	14,754
Predecessor – Year Ended December 31, 2014								
Operating revenues	$4,001	$ 994	$ 578	$ 88	5,661	$ 7	$ (283)	$ 5,385
Depreciation and amortization	317	28	1	18	364	16	—	380
EBIT	582	132	425	(17)	1,122	(10)	—	1,112
Gross property additions	715	11	2	15	743	26	—	769
Predecessor – Total assets at December 31, 2014	12,038	670	1,402	694	14,804	9,705	(9,647)	14,862

(*) The revenues for wholesale gas services are netted with costs associated with its energy and risk management activities. A reconciliation of operating revenues and intercompany revenues is shown in the following table.

	Third Party Gross Revenues	Intercompany Revenues	Total Gross Revenues	Less Gross Gas Costs	Operating Revenues
	(in millions)				
Successor – July 1, 2016 through December 31, 2016	$5,807	$ 333	$ 6,140	$6,116	$ 24
	(in millions)				
Predecessor – January 1, 2016 through June 30, 2016	$2,500	$ 143	$ 2,643	$2,675	$ (32)
Year Ended December 31, 2015	6,286	408	6,694	6,492	202
Year Ended December 31, 2014	10,709	718	11,427	10,849	578

13. DISCONTINUED OPERATIONS

In 2014, the Company sold Tropical Shipping, which was previously reported as its own segment, to an unrelated third party. The after-tax cash proceeds and distributions from the transaction were approximately $225 million. The

Company determined that the cumulative foreign earnings of Tropical Shipping would no longer be indefinitely reinvested offshore. Accordingly, the Company recognized income tax expense of $60 million, of which $31 million was recorded in the first quarter 2014, and the remaining $29 million was recorded in the third quarter 2014 related to the cumulative foreign earnings for which no tax liabilities had been previously recorded, resulting in the repatriation of $86 million in cash.

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NOTES (continued)
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During 2014, based upon the negotiated sales price, the Company recorded a non-cash goodwill impairment charge of $19 million, for which there was no income tax benefit. Additionally, the Company recognized a total charge of $7 million in 2014 related to the suspension of depreciation and amortization on assets for which the Company was not compensated by the buyer.

The components of discontinued operations recorded on the statements of income for the predecessor year ended December 31, 2014 are as follows:

	Year Ended December 31, 2014 (in millions)
Operating revenues	$ 243
Operating expenses	
Cost of goods sold	149
Operation and maintenance	75
Depreciation and amortization	5
Taxes other than income taxes	5
Loss on sale and goodwill impairment(*)	28
Total operating expenses	262
Operating (loss) income	(19)
(Loss) income before income taxes	(19)
Income tax expense	(61)
(Loss) income from discontinued operations, net of tax	$ (80)

(*) Primarily reflects $7 million due to the suspension of depreciation and amortization during 2014 and $19 million of goodwill attributable to Tropical Shipping that was impaired in 2014, based on the negotiated sales price.

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14. CAPITALIZATION

The capitalization for the years ended December 31, 2016 and 2015 are as follows:

	Successor 2016 (in millions)	Predecessor 2015 (in millions)	Successor 2016 (percent of total)	Predecessor 2015 (percent of total)
Long-Term Debt:				
Long-term notes payable —				
1.47% to 9.10% due 2016-2046[(a)]	$ 3,887	$ 3,181		
Other long-term debt —				
First mortgage bonds —				
2.66% to 6.58% due 2016-2038[(b)]	625	375		
Gas facility revenue bonds —				
Variable rate (1.28% at 1/1/17) due 2022-2033	200	200		
Total other long-term debt	825	575		
Unamortized fair value adjustment of long-term debt	578	68		
Unamortized debt discount	(9)	(4)		
Total long-term debt (annual interest requirement — $207 million)	5,281	3,820		
Less amount due within one year	22	545		
Long-term debt excluding amount due within one year	5,259	3,275	36.6 %	45.2 %
Common Stockholder's Equity:				
Common stock — 2016: par value $0.01 per share				
— 2015 par value $5 per share				
Authorized — 2016: 100 million shares				
— 2015: 750 million shares				
Outstanding — 2016: 100 shares				
— 2015: 120.4 million shares				
Treasury — 2016: no shares				
— 2015: 0.2 million shares				
Paid-in capital	9,095	2,702		
Treasury, at cost	—	(8)		
Retained earnings (accumulated deficit)	(12)	1,421		
Accumulated other comprehensive income (loss)	26	(186)		
Total common stockholder's equity	9,109	3,929	63.4	54.2
Noncontrolling interest	—	46	—	0.6
Total stockholders' equity	9,109	3,975		
Total Capitalization	$ 14,368	$ 7,250	100.0 %	100.0 %

(a) Long-term notes payable maturities are as follows: $22 million in 2017 (7.20%); $155 million in 2018 (3.50%); $300 million in 2019 (5.25%); $330 million in 2021 (3.50% to 9.10%); and $3.1 billion in 2022-2046 (2.45% to 8.70%).

(b) First mortgage bonds maturities are as follows: $50 million in 2019 (4.70%) and $575 million in 2023-2038 (2.66% to 6.58%).

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15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly financial information for the successor period of July 1, 2016 through December 31, 2016 and for the predecessor periods of January 1, 2016 through June 30, 2016 and the year ended December 31, 2015 are as follows:

Quarter Ended	Operating Revenues	Operating Income (Loss)	EBIT	Net Income (Loss)
	(in millions)			
Predecessor - January 1, 2016 through June 30, 2016				
March 2016	$1,334	$ 348	$351	$ 182
June 2016	571	(27)	(23)	(51)
Successor - July 1, 2016 through December 31, 2016				
September 2016	$543	$ 12	$50	$ 4
December 2016	1,109	185	221	110
Predecessor - 2015				
March 2015	$1,721	$ 364	$367	$ 193
June 2015	674	107	111	42
September 2015	584	59	62	11
December 2015	962	216	221	107

The Company's business is influenced by seasonal weather conditions.

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA 2012-2016
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	Successor July 1, 2016 through December 31, 2016	Predecessor January 1, 2016 through June 30, 2016	2015	2014	2013	2012
Operating Revenues (in millions)	$ 1,652	$ 1,905	$ 3,941	$ 5,385	$ 4,209	$ 3,562
Income From Continuing Operations (in millions)	$ 114	$ 145	$ 373	$ 580	$ 308	$ 274
Net Income Attributable to Southern Company Gas (in millions)	$ 114	$ 131	$ 353	$ 482	$ 295	$ 260
Cash Dividends on Common Stock (in millions)	$ 126	$ 128	$ 244	$ 233	$ 222	$ 203
Return on Average Common Equity (percent)	1.74	3.31	9.05	12.96	8.42	7.77
Total Assets (in millions)	$ 21,853	$ 14,488	$ 14,754	$ 14,888	$ 14,528	$ 14,051
Gross Property Additions (in millions)	$ 632	$ 548	$ 1,027	$ 769	$ 731	$ 775
Capitalization (in millions):						
Common stock equity	$ 9,109	$ 3,933	$ 3,975	$ 3,828	$ 3,613	$ 3,391
Long-term debt	5,259	3,709	3,275	3,581	3,791	3,307
Total (excluding amounts due within one year)	$ 14,368	$ 7,642	$ 7,250	$ 7,409	$ 7,404	$ 6,698
Capitalization Ratios (percent):						
Common stock equity	63.4	51.5	54.8	51.7	48.8	50.6
Long-term debt	36.6	48.5	45.2	48.3	51.2	49.4
Total (excluding amounts due within one year)	100.0	100.0	100.0	100.0	100.0	100.0
Service Contracts (year-end)	1,198,263	1,197,096	1,205,476	1,162,065	1,176,908	673,506
Customers (year-end)						
Gas distribution operations	4,586,477	4,544,489	4,557,729	4,529,114	4,504,067	4,477,986
Gas marketing services	655,999	630,475	654,475	633,460	632,337	608,711
Total (year-end)	5,242,476	5,174,964	5,212,204	5,162,574	5,136,404	5,086,697
Employees (year-end)	5,292	5,284	5,203	5,165	6,094	6,121

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA 2012-2016 (continued)
Southern Company Gas and Subsidiary Companies 2016 Annual Report

	Successor	Predecessor				
	July 1, 2016 through December 31, 2016	January 1, 2016 through June 30, 2016	2015	2014	2013	2012
Operating Revenues (in millions)						
Residential	$ 899	$1,101	$2,129	$2,877	$2,422	$2,011
Commercial	260	310	617	861	696	656
Transportation	269	290	526	458	487	474
Industrial	74	72	203	242	180	262
Other	150	132	466	947	424	159
Total	$ 1,652	$1,905	$3,941	$5,385	$4,209	$3,562
Heating Degree Days:						
Illinois	1,903	3,340	5,433	6,556	6,305	4,863
Georgia	727	1,448	2,204	2,882	2,689	1,934
Gas Sales Volumes (mmBtu in millions):						
Gas distributions operations						
Firm	274	396	695	766	720	606
Interruptible	47	49	99	106	111	107
Total	321	445	794	872	831	713
Gas marketing services						
Firm:						
Georgia	13	21	35	41	38	31
Illinois	4	8	13	17	9	8
Other emerging markets	5	7	11	10	8	8
Interruptible (large commercial and industrial)	6	8	14	17	18	17
Total	28	44	73	85	73	64
Market share in Georgia (percent)	29.4	29.3	29.7	30.6	31.4	32.1
Wholesale gas services						
Daily physical sales (mmBtu in millions/day)	7.2	7.6	6.8	6.3	5.7	5.5

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PART III

Items 10, 11, 12 (other than the information under "Code of Ethics" below in Item 10), 13, and 14 for Southern Company are incorporated by reference to Southern Company's Definitive Proxy Statement relating to the 2017 Annual Meeting of Stockholders. Specifically, reference is made to "Corporate Governance at Southern Company" and "Section 16(a) Beneficial Ownership Reporting Compliance" for Item 10, "Compensation Discussion and Analysis," "Executive Compensation Tables," and "Director Compensation" for Item 11, "Stock Ownership Information" and "Executive Compensation Tables" for Item 12, "Southern Company Board" for Item 13, and "Principal Independent Registered Public Accounting Firm Fees" for Item 14.

Items 10, 11, 12 (other than the information under "Code of Ethics" below in Item 10), 13, and 14 for Alabama Power, Georgia Power, and Mississippi Power are incorporated by reference to the Definitive Information Statements of Alabama Power, Georgia Power, and Mississippi Power relating to each of their respective 2017 Annual Meetings of Shareholders. Specifically, reference is made to "Nominees for Election as Directors," "Corporate Governance," and "Section 16(a) Beneficial Ownership Reporting Compliance" for Item 10, "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Director Compensation," "Director Deferred Compensation Plan," and "Director Compensation Table" for Item 11, "Stock Ownership Table" and "Executive Compensation" for Item 12, "Certain Relationships and Related Transactions" and "Director Independence" for Item 13, and "Principal Independent Registered Public Accounting Firm Fees" for Item 14.

Items 10, 11, 12, 13, and 14 for Gulf Power are contained herein.

Items 10, 11, 12, and 13 for each of Southern Power and Southern Company Gas are omitted pursuant to General Instruction I(2)(c) of Form 10-K. Item 14 for each of Southern Power and Southern Company Gas is contained herein.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Identification of directors of Gulf Power (1)

S. W. Connally, Jr. Chairman, President, and Chief Executive Officer Age 47 Served as Director since 2012	Julian B. MacQueen (2) Age 66 Served as Director since 2013
Allan G. Bense (2) Age 65 Served as Director since 2010	J. Mort O'Sullivan, III (2) Age 65 Served as Director since 2010
Deborah H. Calder (2) Age 56 Served as Director since 2010	Michael T. Rehwinkel (2) Age 60 Served as Director since 2013
William C. Cramer, Jr. (2) Age 64 Served as Director since 2002	Winston E. Scott (2) Age 66 Served as Director since 2003

(1) Ages listed are as of December 31, 2016.

(2) No position other than director.

Each of the above is currently a director of Gulf Power, serving a term running from the last annual meeting of Gulf Power's shareholders (June 28, 2016) for one year until the next annual meeting or until a successor is elected and qualified.

There are no arrangements or understandings between any of the individuals listed above and any other person pursuant to which he or she was or is to be selected as a director, other than any arrangements or understandings with directors or officers of Gulf Power acting solely in their capacities as such.

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Identification of executive officers of Gulf Power (1)

S. W. Connally, Jr.
Chairman, President, and Chief Executive Officer
Age 47
Served as Executive Officer since 2012

Jim R. Fletcher
Vice President — External Affairs and Corporate Services
Age 50
Served as Executive Officer since 2014

Xia Liu
Vice President and Chief Financial Officer
Age 46
Served as Executive Officer since 2015

Michael L. Burroughs
Vice President — Senior Production Officer
Age 56
Served as Executive Officer since 2010

Wendell E. Smith
Vice President — Power Delivery
Age 51
Served as Executive Officer since 2014

Bentina C. Terry
Vice President — Customer Service and Sales
Age 46
Served as Executive Officer since 2007

(1) Ages listed are as of December 31, 2016.

Each of the above is currently an executive officer of Gulf Power, serving a term until the next annual organizational meeting of the Board of Directors or until a successor is elected and qualified.

There are no arrangements or understandings between any of the individuals listed above and any other person pursuant to which he or she was or is to be selected as an officer, other than any arrangements or understandings with directors or officers of Gulf Power acting solely in their capacities as such.

Identification of certain significant employees. None.

Family relationships. None.

Business experience. Unless noted otherwise, each director has served in his or her present position for at least the past five years.

DIRECTORS

Gulf Power's Board of Directors possesses collective knowledge and experience in accounting, finance, leadership, business operations, risk management, corporate governance, and Gulf Power's industry.

S. W. Connally, Jr. - Mr. Connally has served as President, Chief Executive Officer, and Director of Gulf Power since July 2012. He has served as Chairman of Gulf Power's Board of Directors since July 2012 and was first elected to that position in July 2015. Mr. Connally previously served as Senior Vice President and Chief Production Officer of Georgia Power from August 2010 through June 2012. He has been a member of the board of directors of Capital City Bank Group, Inc. since January 2017.

Allan G. Bense - Panama City businessman and former Speaker of the Florida House of Representatives. Mr. Bense is a partner in several companies involved in road building, mechanical contracting, insurance, general contracting, golf courses, and farming. He has more than 43 years of business and leadership experience. Mr. Bense also has been a member of the board of directors of Capital City Bank Group, Inc. since 2013.

Deborah H. Calder - Executive Vice President for Navy Federal Credit Union since 2014. From 2008 to 2014, she served as Senior Vice President. Ms. Calder directs the day-to-day operations of more than 5,000 employees and the ongoing construction of Navy Federal Credit Union's campus in the Pensacola area. Ms. Calder has been with Navy Federal Credit Union for over 25 years, serving in previous positions as Vice President of Consumer and Credit Card Lending, Vice President of Collections, Vice President of Call Center Operations, and Assistant Vice President of Credit Cards.

William C. Cramer, Jr. - President and Owner of automobile dealerships in Florida and Alabama. Mr. Cramer has been an authorized Chevrolet dealer for over 27 years. In 2009, Mr. Cramer became an authorized dealer of Cadillac, Buick, and GMC vehicles.

Julian B. MacQueen - Founder and Chief Executive Officer of Innisfree Hotels, Inc. for over 30 years. He is currently a member of the American Hotel & Lodging Association and a director of the Beach Community Bank.

J. Mort O'Sullivan, III - Managing Member of the Gulf Coast region of Warren Averett, LLC, a CPA and Advisory firm. Mr. O'Sullivan currently focuses on consulting and management advisory services to clients, while continuing to offer his expertise in litigation support, business valuations, and mergers and acquisitions. He is a registered investment advisor. Mr. O'Sullivan has over 35 years of leadership experience in public accounting.
Michael T. Rehwinkel - Mr. Rehwinkel previously served as Executive Chairman of EVRAZ North America, a steel manufacturer, from July 2013 to December 2015 and as Chief Executive Officer and President from February 2010 to July

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2013. Mr. Rehwinkel also served as Chairman of the American Iron and Steel Institute in 2012 and 2013. Mr. Rehwinkel has more than 35 years of industrial business and leadership experience.

Winston E. Scott - Senior Advisor to the President, Florida Institute of Technology since January 2017. Mr. Scott previously served as Senior Vice President for External Relations and Economic Development, Florida Institute of Technology from March 2012 to January 2017 and Dean, College of Aeronautics, Florida Institute of Technology from August 2008 through March 2012. Mr. Scott is also a member of the board of directors of Environmental Tectonics Corporation.

EXECUTIVE OFFICERS

Michael L. Burroughs - Vice President and Senior Production Officer since August 2010.

Jim R. Fletcher - Vice President of External Affairs and Corporate Services since March 2014. He previously served as Vice President of Governmental and Regulatory Affairs for Georgia Power from January 2011 to February 2014.

Xia Liu - Vice President and Chief Financial Officer since June 2015. She previously served as Treasurer of Southern Company and Senior Vice President of Finance and Treasurer of SCS from March 2014 to June 2015 and Assistant Treasurer of Southern Company and Vice President of Finance and Assistant Treasurer of SCS from July 2010 to March 2014.

Wendell E. Smith - Vice President of Power Delivery since March 2014. He previously served as the General Manager of Distribution Engineering, Construction and Maintenance and Distribution Operations Systems for Georgia Power from January 2012 to February 2014.

Bentina C. Terry - Vice President of Customer Service and Sales since March 2014. She previously served as Vice President of External Affairs and Corporate Services from March 2007 to March 2014.

Involvement in certain legal proceedings. None.

Promoters and Control Persons. None.

Section 16(a) Beneficial Ownership Reporting Compliance. No late filings to report.

Code of Ethics

The registrants collectively have adopted a code of business conduct and ethics (Code of Ethics) that applies to each director, officer, and employee of the registrants and their subsidiaries. The Code of Ethics can be found on Southern Company's website located at www.southerncompany.com. The Code of Ethics is also available free of charge in print to any shareholder by requesting a copy from Myra C. Bierria, Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308. Any amendment to or waiver from the Code of Ethics that applies to executive officers and directors will be posted on the website.

Corporate Governance

Southern Company has adopted corporate governance guidelines and committee charters. The corporate governance guidelines and the charters of Southern Company's Audit Committee, Compensation and Management Succession Committee, Finance Committee, Governance Committee, and Nuclear/Operations Committee can be found on Southern Company's website located at www.southerncompany.com. The corporate governance guidelines and charters are also available free of charge in print to any shareholder by requesting a copy from Myra C. Bierria, Corporate Secretary, Southern Company, 30 Ivan Allen Jr. Boulevard NW, Atlanta, Georgia 30308.

Southern Company owns all of Gulf Power's outstanding common stock. Under the rules of the SEC, Gulf Power is exempt from the audit committee requirements of Section 301 of the Sarbanes-Oxley Act of 2002 and, therefore, is not required to have an audit committee or an audit committee report on whether it has an audit committee financial expert.

Item 11. EXECUTIVE COMPENSATION

GULF POWER

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

In this CD&A and this Form 10-K, references to the "Compensation Committee" are to the Compensation and Management Succession Committee of the Board of Directors of Southern Company.

This section describes the compensation program for Gulf Power's Chief Executive Officer and Chief Financial Officer in 2016, as well as each of its other three most highly compensated executive officers serving at the end of the year. Collectively, these officers are referred to as the named executive officers.

S. W. Connally, Jr.	Chairman, President, and Chief Executive Officer
Xia Liu	Vice President and Chief Financial Officer
Jim R. Fletcher	Vice President
Wendell E. Smith	Vice President
Bentina C. Terry	Vice President

EXECUTIVE SUMMARY

Pay for Performance

Performance-based pay represents a substantial portion of the total direct compensation paid or granted to the named executive officers for 2016.

	Salary ($)(1)	% of Total	Annual Cash Incentive Award ($)(2)	% of Total	Long-term Equity Incentive Award ($)(3)	% of Total
S. W. Connally, Jr.	453,521	26%	510,624	29%	805,355	45%
X. Liu	281,309	42%	220,461	33%	169,904	25%
J. R. Fletcher	252,461	42%	202,464	33%	148,596	25%
W. E. Smith	218,707	48%	158,447	34%	84,719	18%
B. C. Terry	284,498	42%	219,620	32%	173,191	26%

(1) Salary is the actual amount paid in 2016.
(2) Annual Cash Incentive Award is the actual amount earned in 2016 under the Performance Pay Program based on achievement of annual performance goals.
(3) Long-Term Equity Incentive Award reflects the target value of the performance shares granted in 2016 under the Performance Share Program.

The executive compensation program places significant focus on rewarding performance. The program is performance-based in several respects:

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- Business unit financial and operational performance and Southern Company earnings per share (EPS), based on actual results as adjusted by the Compensation Committee, compared to target performance levels established early in the year, determine the actual payouts under the annual cash incentive award program (Performance Pay Program).

- Southern Company's total shareholder return (TSR) compared to those of industry peers, cumulative EPS, and equity-weighted return on equity (ROE) over a three-year period lead to higher or lower payouts under the long-term equity incentive award program (Performance Share Program).

In support of this performance-based pay philosophy, Gulf Power has no general employment contracts with the named executive officers.

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The pay-for-performance principles apply not only to the named executive officers but to hundreds of Gulf Power's employees. The Performance Pay Program covers almost all of the approximately 1,400 employees of Gulf Power. Performance shares were granted to 133 employees of Gulf Power in 2016. These programs engage employees and encourage alignment of their interests with Gulf Power's customers and Southern Company's stockholders.

Gulf Power's financial and operational goal results and Southern Company's EPS goal results for 2016, as adjusted and further described in this CD&A, are shown below:
Financial: 187% of Target Operational: 161% of Target EPS: 171% of Target

Southern Company's annualized TSR has been:
1-Year: 9.9% 3-Year: 11.2% 5-year: 5.9%

These levels of achievement, as adjusted, resulted in payouts that were aligned with Gulf Power's and Southern Company's performance.

Compensation Philosophy

Gulf Power's compensation program is based on the following beliefs:

- Employees' commitment and performance have a significant impact on achieving business results;
- Compensation and benefits offered must attract, retain, and engage employees and must be financially sustainable;
- Compensation should be consistent with performance: higher pay for higher performance and lower pay for lower performance; and
- Both business drivers and culture should influence the compensation and benefit program.

Based on these beliefs, the Compensation Committee believes that Gulf Power's executive compensation program should:

- Be competitive with Gulf Power's industry peers;
- Reward achievement of Gulf Power's goals;
- Be aligned with the interests of Southern Company's stockholders and Gulf Power's customers; and
- Not encourage excessive risk-taking.

Executive compensation is targeted at the market median of industry peers, but actual compensation is primarily determined by achievement of Gulf Power's and Southern Company's business goals. Gulf Power believes that focusing on the customer drives achievement of financial objectives and delivery of a premium, risk-adjusted TSR for Southern Company's stockholders. Therefore, short-term performance pay is based on achievement of Gulf Power's operational and financial performance goals and Southern Company's EPS goal. Long-term performance pay is tied to Southern Company's TSR performance, cumulative EPS, and equity-weighted ROE.

Key Compensation Practices

- Annual pay risk assessment required by the Compensation Committee charter.
- Retention by the Compensation Committee of an independent compensation consultant, Pay Governance LLC (Pay Governance), that provides no other services to Gulf Power or Southern Company.
- Inclusion of a claw-back provision that permits the Compensation Committee to recoup performance pay from any employee if determined to have been based on erroneous results, and requires recoupment from an executive officer in the event of a material financial restatement due to fraud or misconduct of the executive officer.
- No excise tax gross-up on change-in-control severance arrangements.

- Provision of limited perquisites with no income tax gross-ups for the Chairman, President, and Chief Executive Officer, except on certain relocation-related benefits.
- "No-hedging" provision in Gulf Power's insider trading policy that is applicable to all employees.
- Policy against pledging of Southern Company stock applicable to all executive officers and directors of Southern Company,
including Gulf Power's Chief Executive Officer.
- Strong stock ownership requirements that are being met by all named executive officers.

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Establishing
Executive
Compensation

The Compensation Committee establishes the Southern Company system executive compensation program. In doing so, the Compensation Committee relies on input from its independent compensation consultant, Pay Governance. The Compensation Committee also relies on input from the Southern Company Human Resources staff and, for individual executive officer performance, from Southern Company's and Gulf Power's respective Chief Executive Officers. The role and information provided by each of these sources is described throughout this CD&A.

Consideration of Southern Company Stockholder Advisory Vote on Executive Compensation

The Compensation Committee considered the stockholder vote on Southern Company's executive compensation at the Southern Company 2016 annual meeting of stockholders. In light of the significant support of Southern Company's stockholders (93% of votes cast voting in favor of the proposal) and the actual payout levels of the performance-based compensation program, the Compensation Committee continues to believe that the executive compensation program is competitive, aligned with Gulf Power's and Southern Company's financial and operational performance, and in the best interests of Gulf Power's customers and Southern Company's stockholders.

ESTABLISHING MARKET-BASED COMPENSATION LEVELS

Pay Governance develops and presents to the Compensation Committee a competitive market-based compensation level for Gulf Power's Chief Executive Officer, while the Southern Company Human Resources staff develops competitive market-based compensation levels for the other Gulf Power named executive officers. The market-based compensation levels for Gulf Power's Chief Executive Officer are developed from the Willis Towers Watson Energy Services Survey focusing on regulated utilities with revenues above $6 billion, listed below. The market-based compensation levels for the other Gulf Power named executive officers are developed from a size-appropriate energy services executive compensation survey database comprised of several general industry and utility national surveys. For 2016, these levels were market tested using the Willis Towers Watson 2016 CDB Energy Services Executive Compensation Survey Report. The survey participants, listed below, are utilities with revenues of $1 billion or more.

Market data for Gulf Power's Chief Executive Officer position and other positions in terms of scope of responsibilities that most closely resemble the positions held by the named executive officers is reviewed. When appropriate, the market data is size-adjusted, up or down, to accurately reflect comparable scopes of responsibilities. Based on that data, a total target compensation opportunity is established for each named executive officer. Total target compensation opportunity is the sum of base salary, the annual cash incentive award at target performance level, and the long-term equity incentive award at target performance level. Actual compensation paid may be more or less than the total target compensation opportunity based on actual performance above or below target performance levels. As a result, the compensation program is designed to result in payouts that are market-appropriate given Gulf Power's and Southern Company's performance for the year or period.

A specified weight was not targeted for base salary, the annual cash incentive award, or the long-term equity incentive award as a percentage of total target compensation opportunities, nor did amounts realized or realizable from prior compensation serve to increase or decrease 2016 compensation amounts.

Total target compensation opportunities for senior management as a group, including the named executive officers, are managed to be at the median of the market for companies of similar size in the electric utility industry. Therefore, some executives may be paid above and others below market. This practice allows for differentiation based on time in the position, scope of responsibilities, and individual performance. The differences in the total pay opportunities for each named executive officer are based almost exclusively on the differences indicated by the market data for persons holding similar positions. Because of the use of market data from a large number of industry peer companies for positions that are not identical in terms of scope of responsibility from company to company, differences are not considered to be material and the compensation program is believed to be market-appropriate, as long as senior management as a group is within an appropriate range. Generally, compensation is considered to be within an appropriate range if it is not more or less than 15% of the applicable market data.

Gulf Power Chief Executive Officer Compensation Peer Group

American Electric Power Company, Inc.	Duke Energy Corporation	NRG Energy, Inc.
Ameren Corporation	Edison International	PG&E Corporation
Berkshire Hathaway Energy Company	Energy Transfer Partners, L.P.	PPL Corporation
Calpine Corporation	Entergy Corporation	Public Service Enterprise Group, Inc.
CenterPoint Energy, Inc.	Exelon Corporation	Sempra Energy
CMS Energy Corporation	FirstEnergy Corp.	Tennessee Valley Authority
Consolidated Edison, Inc.	Kinder Morgan, Inc.	The AES Corporation
Direct Energy	Monroe Energy LLC	The Williams Companies
Dominion Resources, Inc.	NextEra Energy, Inc.	UGI Corporation
DTE Energy Company	NiSource Inc.	Xcel Energy

Gulf Power Named Executive Officer Peer Group (non-Chief Executive Officer)

AGL Resources Inc.	Exelon Corporation	PNM Resources Inc.
Allete, Inc.	FirstEnergy Corp.	Portland General Electric Company
Alliant Energy Corporation	First Solar Inc.	PPL Corporation
Ameren Corporation	GE Energy	Public Service Enterprise Group Inc.
American Electric Power Company, Inc.	GE Oil & Gas	Puget Sound Energy, Inc.
American Water Works Company, Inc.	Genesis Energy	Questar Corporation
Areva Inc.	Idaho Power Company	Sacramento Municipal Utility District
Atmos Energy Corporation	ITC Holdings	Salt River Project
Avista Corporation	JEA	SCANA Corporation
Black Hills Corporation	Kinder Morgan Energy Partners, L.P.	ShawCor Ltd.
Boardwalk Pipeline Partners, L.P.	LG&E and KU Energy LLC	Sempra Energy
Bonneville Power Administration	Lower Colorado River Authority	Southwest Gas Corporation
Calpine Corporation	MDU Resources Group, Inc.	Spectra Energy Corp.
CenterPoint Energy, Inc.	Monroe Energy	Talen Energy
Cleco Corporation	National Grid USA	TECO Energy, Inc.
CMS Energy Corporation	New York Power Authority	Tennessee Valley Authority
Covanta Corporation	NextEra Energy, Inc.	The AES Corporation
CPS Energy	NorthWestern Corporation	The Williams Companies, Inc.
Direct Energy	NOVA Chemicals Corporation	TransCanada Corporation
Dominion Resources, Inc.	NRG Energy, Inc.	Tri-State Generation & Transmission
DTE Energy Company	OGE Energy Corp.	Association, Inc.
Duke Energy Corporation	Oglethorpe Power Corporation	UGI Corporation
Edison International	Old Dominion Electric	UIL Holdings
Enable Midstream Partners	Omaha Public Power District	UNS Energy Corporation
Energy Future Holdings Corp.	Oncor Electric Delivery Company LLC	Vectren Corporation
Energy Transfer Partners, L.P.	ONE Gas, Inc.	Westar Energy, Inc.
EnLink Midstream	ONEOK, Inc.	WEC Energy Group, Inc.
Entergy Corporation	Pacific Gas & Electric Company	Xcel Energy Inc.
EQT Corporation	Pinnacle West Capital Corporation	

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EXECUTIVE COMPENSATION PROGRAM

The primary components of the 2016 executive compensation program include:

- Short-term compensation
  - Base salary
  - Performance Pay Program
- Long-term compensation
  - Performance Share Program
- Benefits

The performance-based compensation components are linked to Gulf Power's financial and operational performance as well as Southern Company's financial and stock price performance, including TSR, EPS, and ROE. The executive compensation program is approved by the Compensation Committee, which consists entirely of independent directors of Southern Company. The Compensation Committee believes that the executive compensation program is a balanced program that provides market-based compensation and rewards performance.

2016 Base Salary

Most employees, including all of the named executive officers, received base salary increases in 2016.

With the exception of Southern Company executive officers, including Mr. Connally, base salaries for all Southern Company system officers are within a position level with a base salary range that is established by Southern Company Human Resources staff using the market data described above. Each officer is within one of these established position levels based on the scope of responsibilities that most closely resemble the positions included in the market data described above. The base salary level for individual officers is set within the applicable pre-established range. Factors that influence the specific base salary level within the range include the need to retain an experienced team, internal equity, time in position, and individual performance. Individual performance includes the degree of competence and initiative exhibited and the individual's relative contribution to the achievement of financial and operational goals in prior years.

Base salaries are reviewed annually in February, and changes are made effective March 1. The 2016 base salary levels for the named executive officers, other than for the Chief Executive Officer, were set within the applicable position level salary range and approved by Gulf Power's Chief Executive Officer. Mr. Connally's base salary was recommended by the Chief Executive Officer of Southern Company and approved by the Compensation Committee.

	March 1, 2015 Base Salary ($)	March 1, 2016 Base Salary ($)
S. W. Connally, Jr.	426,119	460,208
X. Liu	258,124	283,188
J. R. Fletcher	240,470	247,684
W. E. Smith	204,555	211,715
B. C. Terry	280,264	288,672

In 2016, Mr. Fletcher and Mr. Smith received mid-year salary increases. Mr. Fletcher's salary was adjusted to $260,068, and Mr. Smith's salary was adjusted to $228,970. Mr. Fletcher's salary was adjusted to better align his compensation with that of his peers. Mr. Smith's salary was also adjusted to better align with that of his peers as well as to reflect his additional duties at Southern Company subsidiary PowerSecure. Ms. Terry's 2016 salary was adjusted after the March 1 increase to $282,108 pursuant to the Southern Company Club Dues Guidelines (Guidelines). The Guidelines detail the Southern Company system's treatment of expenses and dues related to business dining clubs and country clubs.

2016 Performance-Based Compensation

This section describes short-term and long-term performance-based compensation for 2016.

Achieving Operational and Financial Performance Goals - The Guiding Principle for Performance-Based Compensation

The Southern Company system's number one priority is to provide customers outstanding reliability and superior service at reasonable prices while achieving a level of financial performance that benefits Southern Company's stockholders in the short and long term. Operational excellence and business unit and Southern Company financial performance are integral to the achievement of business results that benefit customers and stockholders.

Therefore, in 2016, Gulf Power strove for and rewarded:

- Continuing industry-leading reliability and customer satisfaction, while maintaining reasonable retail prices;
- Meeting energy demand with the best economic and environmental choices;
- Long-term, risk-adjusted Southern Company relative TSR performance against a group of peer companies;
- Achieving net income goals to support the Southern Company financial plan and dividend growth; and
- Financial integrity - an attractive risk-adjusted return and sound financial policy.

The performance-based compensation program is designed to encourage achievement of these goals.

2016 Annual Performance-Based Pay Program

Annual Performance Pay Program Highlights

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Rewards achievement of annual performance goals; performance results can range from 0 to 200% of target, based on actual level of goal achievement

EPS: earned at 171% of target

Net Income: earned at 187% of target

Operations: earned at 161% of target

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2016 Payout: Exceeded target performance

Chief Executive Officer payout at 171% of target

Other named executive officers' payouts at 173% of target

Overview of Program Design

Almost all employees of Gulf Power, including the named executive officers, are participants.

The performance goals are set at the beginning of each year by the Compensation Committee and include financial and operational goals for all employees. In setting goals, the Compensation Committee relies on information on financial and operational goals from the Finance Committee and the Nuclear/Operations Committee of the Southern Company Board of Directors, respectively.

- Business Unit Financial Goal: Net Income

For Southern Company's traditional electric operating companies, including Gulf Power, the business unit financial performance goal is net income.

- Business Unit Operational Goals: Varies by business unit

For Southern Company's traditional electric operating companies, including Gulf Power, operational goals are customer satisfaction, safety, culture, transmission and distribution system reliability, plant availability, and major projects (if applicable to the specific traditional electric operating company). Each of these operational goals is explained in more detail under Goal Details below. The level of achievement for each operational goal is determined according to the respective performance schedule, and the total operational goal performance is determined by the weighted average result. Each business unit has its own operational goals.

• Southern Company Financial Goal: EPS

EPS is defined as Southern Company's net income from ongoing business activities divided by average shares outstanding during the year, as adjusted and approved by the Compensation Committee. The EPS performance measure is applicable to all participants in the Performance Pay Program.

• Individual Performance Goals for the Chief Executive Officer

The Performance Pay Program incorporates individual goals for all executive officers of Southern Company, including Mr. Connally. The Chief Executive Officer of Southern Company reviews the individual performance of Mr. Connally and recommends the payout level for approval by the Compensation Committee. The individual goals account for 10% of Mr. Connally's Performance Pay Program goals.

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Under the terms of the program, no payout can be made if events occur that impact Southern Company's financial ability to fund the Southern Company common stock (Common Stock) dividend.

Goal Details

Operational Goals	Description	Why It Is Important
Customer Satisfaction	Customer satisfaction surveys evaluate performance. The survey results provide an overall ranking for each traditional electric operating company, including Gulf Power, as well as a ranking for each customer segment: residential, commercial, and industrial.	Customer satisfaction is key to operations. Performance of all operational goals affects customer satisfaction.
Safety	Southern Company's Target Zero program is focused on continuous improvement in striving for a safe work environment. The performance is measured by the applicable company's ranking, as compared to peer utilities in the Southeastern Electric Exchange.	Essential for the protection of employees, customers, and communities.
Culture	The culture goal seeks to improve Gulf Power's inclusive workplace. This goal includes measures for work environment (employee satisfaction survey), representation of minorities and females in leadership roles (subjectively assessed), and supplier diversity.	Supports workforce development efforts and helps to assure diversity of suppliers.
Reliability	Transmission and distribution system reliability performance is measured by the frequency and duration of outages. Performance targets for reliability are set internally based on recent historical performance.	Reliably delivering power to customers is essential to Gulf Power's operations.
Availability	Peak season equivalent forced outage rate is an indicator of availability and efficient generation fleet operations during the months when generation needs are greatest. Availability is measured as a percentage of the hours of forced outages out of the total generation hours.	Availability of sufficient power during peak season fulfills the obligation to serve and provide customers with the least cost generating resources.

Financial Performance Goals	Description	Why It Is Important
EPS	Southern Company's net income from ongoing business activities divided by average shares outstanding during the year.	Supports commitment to provide Southern Company's stockholders solid, risk-adjusted returns and to support and grow the dividend.
Net Income	For the traditional electric operating companies, including Gulf Power, the business unit financial performance goal is net income after dividends on preferred and preference stock. Overall corporate performance is determined by the equity-weighted average of the business unit net income goal payouts.	Supports delivery of Southern Company stockholder value and contributes to Gulf Power's and Southern Company's sound financial policies and stable credit ratings.

Individual Performance Goals (Mr. Connally only)	Description	Why It Is Important
Individual Factors	Focus on overall business performance as well as factors including leadership	Individual goals provide the Compensation Committee the ability to balance quantitative results with

development, succession planning, and fostering the culture and diversity of the organization.	qualitative inputs by focusing on both business performance and behavioral aspects of leadership that lead to sustainable long-term growth.

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The Compensation Committee approves threshold, target, and maximum performance levels for each of the operational goals. The ranges for the net income goal for Gulf Power and the Southern Company EPS goal for 2016 are shown below. If goal achievement is below threshold, there is no payout associated with the applicable goal.

Level of Performance	Gulf Power Net Income ($, in millions)	Southern Company EPS ($)
Maximum	132.4	2.96
Target	118.8	2.82
Threshold	105.1	2.68

Calculating Payouts

All of the named executive officers are paid based on Southern Company EPS performance as well as Gulf Power's net income and operational performance.

2016 goal achievement is shown in the following tables.

Gulf Power Operational Goal Results

Goal	Achievement
Customer Satisfaction	Maximum
Safety	Below target
Culture	Above target
Reliability	Significantly above target
Availability	Maximum
Total Gulf Power Operational Goal Performance Factor	161%

Financial Performance Goal Results

Goal	Result	Achievement Percentage (%)
Gulf Power Net Income (in millions)*	$130.7	187
Southern Company EPS (from ongoing business activities)*	$2.89	171

*The Compensation Committee may make adjustments, both positive and negative, to goal achievement for purposes of determining payouts.

- EPS: Southern Company's adjusted EPS result was $2.89, exceeding the $2.82 target. The adjusted EPS result excludes the impact of charges related to the Kemper IGCC, equity return related to the Kemper IGCC schedule extension, and earnings, acquisition costs, integration costs, and financing costs related to Southern Company Gas, PowerSecure, and Southern Natural Gas. This is consistent with the earnings results publicly communicated to investors.
- Net Income: Gulf Power's adjusted net income result was $130.7 million, exceeding the $118.8 million target. The adjusted result excludes the impact of integration costs.

A total performance factor for the named executive officers is determined by adding the applicable business unit financial and operational goal performance results and the EPS result and dividing by three, except for Mr. Connally. For Mr. Connally, the business unit financial and operational goal performance results and the EPS result are worth 30% each of the total performance factor, while his individual performance goal result is worth the remaining 10%. The total performance factor is multiplied by the target Performance Pay Program opportunity to determine the payout for each named executive officer.

	Southern Company EPS Result	Business Unit Financial Goal	Business Unit Operational Goal Result	Individual Goal Result (%)	Total Performance Factor

	(%)	Result (%)	(%)		(%)
S. W. Connally, Jr.	171	187	161	150	171
X. Liu	171	187	161	N/A	173
J. R. Fletcher	171	187	161	N/A	173
W. E. Smith	171	187	161	N/A	173
B. C. Terry	171	187	161	N/A	173

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	Target Annual Performance Pay Program Opportunity (% of base salary)	Target Annual Performance Pay Program Opportunity ($)	Total Performance Factor (% of target)	Actual Annual Performance Pay Program Payout ($)
S. W. Connally, Jr.	65	299,135	171	510,624
X. Liu	45	127,434	173	220,461
J. R. Fletcher	45	117,031	173	202,464
W. E. Smith	40	91,588	173	158,447
B. C. Terry	45	126,948	173	219,620

Long-Term Performance-Based Compensation

2016 Long-Term Pay Program Highlights

- Long-term performance-based awards are intended to promote long-term success and increase stockholder value by directly tying a substantial portion of the named executive officers' total compensation to the interests of Southern Company stockholders.
- Performance shares represent 100% of long-term target value

TSR relative to industry peers (50%)

Cumulative three-year EPS (25%)

Equity-weighted ROE (25%)
- Three-year performance period from 2016 through 2018
- Performance results can range from 0 to 200% of target
- Paid in Common Stock at the end of the performance period; accrued dividends only received if and when award is earned

2016-2018 Performance Share Program Grant

Performance shares are denominated in units, meaning no actual shares are issued on the grant date. A grant date fair value per unit was determined. For the portion of the grant attributable to the relative TSR goal, the value per unit was $45.19. For the portion of the grant attributable to the cumulative three-year EPS and equity-weighted ROE goals, the value per unit was $48.82. A target number of performance shares are granted to a participant, based on the total target value as determined as a percentage of a participant's base salary, which varies by grade level. The total target value for performance share units is divided by the value per unit to determine the number of performance share units granted to each participant, including the named executive officers. Each performance share unit represents one share of Common Stock.

The award includes three performance measures for the 2016 - 2018 performance period, as well as a credit quality threshold requirement.

Goal	What it Measures	Why it's Important
Relative TSR (50% weighting)	Total shareholder return relative to peer companies	Aligns employee pay with investor returns relative to peers
Cumulative EPS (25% weighting)	Cumulative EPS over the three-year performance period	Aligns employee pay with Southern Company's earnings growth
Equity-Weighted ROE (25% weighting)	Equity-weighted ROE of the traditional electric operating companies	Aligns employee pay with Southern Company's ability to maximize return on capital invested

The EPS and ROE goals are also both subject to a credit quality threshold requirement that encourages the maintenance of adequate credit ratings to provide an attractive return to investors. If the primary credit rating of Southern Company, Alabama Power, or Georgia Power falls below investment grade at the end of the three-year performance period, the payout for the EPS and ROE goals will be reduced to zero.

For each of the performance measures, a threshold, target, and maximum goal was set at the beginning of the performance period.

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	Relative TSR Performance (50% weighting)	Cumulative EPS Performance (25% weighting)	Equity-Weighted ROE Performance (25% weighting)	Payout (% of Performance Share Units Paid)
Maximum	90th percentile or higher	$9.37	6.1%	200%
Target	50th percentile	$8.85	4.9%	100%
Threshold	10th percentile	$8.34	4.5%	0%

TSR is measured relative to a peer group of companies that are believed to be most similar to Southern Company in both business model and investors. The peer group is subject to change based on merger and acquisition activity.

TSR Performance Share Peer Group for 2016 - 2018 Performance Period

Alliant Energy Corporation	Eversource Energy
Ameren Corporation	OGE Energy Corporation
American Electric Power Company, Inc.	PG&E Corporation
CMS Energy Corporation	Pinnacle West Capital Corporation
Consolidated Edison, Inc.	PPL Corporation
DTE Energy Company	SCANA Corporation
Duke Energy Corporation	Westar Energy Inc.
Edison International	WEC Energy Group, Inc.
Entergy Corporation	Xcel Energy Inc.

The following table shows the grant date fair value and target number of the long-term equity incentive awards granted in 2016.

	Target Value (% of base salary)	Relative TSR (50%)		Cumulative EPS (25%)		Equity-Weighted ROE (25%)		Total Long-Term Grant	
		Grant Date Fair Value ($)	Target Number of Shares (#)	Grant Date Fair Value ($)	Target Number of Shares (#)	Grant Date Fair Value ($)	Target Number of Shares (#)	Grant Date Fair Value ($)	Target Number of Shares (#)
S. W. Connally, Jr.	175	402,688	8,911	201,334	4,124	201,334	4,124	805,355	17,159
X. Liu	60	84,957	1,880	42,473	870	42,473	870	169,904	3,620
J. R. Fletcher	60	74,292	1,644	37,152	761	37,152	761	148,596	3,166
W. E. Smith	40	42,343	937	21,188	434	21,188	434	84,719	1,805
B. C. Terry	60	86,584	1,916	43,303	887	43,303	887	173,191	3,690

Other Details about the Program

Performance shares are not earned until the end of the three-year performance period and after certification of the results by the Compensation Committee. A participant can earn from 0 to 200% of the target number of performance shares granted at the beginning of the performance period based solely on achievement of the performance goals over the three-year performance period. Dividend equivalents are credited during the three-year performance period but are only paid out if and when the award is earned. If no performance shares are earned, then no dividends are paid out. Payout for performance between points will be interpolated on a straight-line basis.

Participants who retire during the performance period will receive the full amount of performance shares actually earned at the end of the three-year period. Participants who become disabled or die during the performance period will receive a prorated number of performance shares based on the performance shares actually earned at the end of the three-year period. A participant who terminates employment, other than due to retirement, death, or disability, forfeits all unearned performance shares.

The Compensation Committee retains the discretion to approve adjustments in determining actual performance goal achievement.

2014 Long-Term Incentive Compensation Grants

In 2014, 60% of the target value of the long-term incentive program was granted in the form of performance shares under the Performance Share Program. For the three-year performance period of 2014 - 2016, performance shares could be earned based on a relative TSR performance goal. The Southern Company three-year TSR performance relative to the custom peer group selected by the Compensation Committee was below the threshold performance level. As a result, no participants in the program, including the named executive officers, earned performance share awards for the 2014 - 2016 performance period.

TSR Performance Share Peer Group for 2014 - 2016 Performance Period

Alliant Energy Corporation	Eversource Energy
Ameren Corporation	PG&E Corporation
American Electric Power Company, Inc.	Pinnacle West Capital Corporation
CMS Energy Corporation	PPL Corporation
Consolidated Edison, Inc.	SCANA Corporation
DTE Energy Company	WEC Energy Group, Inc.
Duke Energy Corporation	Xcel Energy Inc.
Edison International	

	Target Performance Shares Granted (#)	Grant Date Target Value of Performance Shares ($)	Performance Shares Earned (#)	Value of Performance Shares Earned ($)
S. W. Connally, Jr.	8,274	310,606	0	0
X. Liu	2,320	87,093	0	0
J. R. Fletcher	1,350	50,679	0	0
W. E. Smith	748	28,080	0	0
B. C. Terry	2,608	97,904	0	0

In 2014, the remaining 40% of the target value of the long-term incentive program was granted in the form of stock options which vested one-third each year on the anniversary of the grant date. The 2014 stock option grants had an exercise price of $41.28 per share. The Common Stock closing stock price on December 30, 2016 was $49.19.

Timing of Performance-Based Compensation

The establishment of performance-based compensation goals and the granting of equity awards are not timed to coincide with the release of material, non-public information.

Southern Excellence Awards

Mr. Smith received a Southern Excellence Award in 2016 in the amount of $5,000 for the significant contributions and leadership he provided to Southern Company subsidiary PowerSecure during Hurricane Matthew restoration efforts.

Retirement and Severance Benefits

Certain post-employment compensation is provided to employees, including the named executive officers, consistent with Gulf Power's goal of providing market-based compensation and benefits.

Retirement Benefits

Substantially all employees of Gulf Power participate in the funded Pension Plan. Normal retirement benefits become payable when participants attain age 65. Employees are vested after completing five years of vesting service. One year of vesting service is equivalent to working at least 1,000 hours in a one-year period. Gulf Power also provides unfunded benefits to certain employees, including the named executive officers, under two nonqualified plans: the Supplemental Benefit Plan (Pension-Related) (SBP-P) and the Supplemental Executive Retirement Plan (SERP). The SBP-P and the SERP provide additional benefits the Pension Plan cannot pay due to limits prescribed for the Pension Plan under the Internal Revenue Code. See the Pension Benefits table and accompanying information for more pension-related benefits information.

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Substantially all employees are eligible to participate in the Employee Savings Plan (ESP), Southern Company's 401(k) plan. The named executive officers are also eligible to participate in the Supplemental Benefit Plan (SBP), which is a nonqualified deferred compensation plan where employer contributions are made that are prohibited under the ESP due to limits prescribed for 401(k) plans under the Internal Revenue Code.

Gulf Power and its affiliates also provide supplemental retirement benefits to certain employees that were first employed by Gulf Power, or an affiliate of Gulf Power, in the middle of their careers. Gulf Power has had a supplemental retirement agreement (SRA) with Ms. Terry since 2010. Prior to her employment with the Southern Company system, Ms. Terry provided legal services to Southern Company's subsidiaries. Ms. Terry's agreement provides retirement benefits as if she was employed an additional 10 years. Ms. Terry must remain employed at Gulf Power or an affiliate of Gulf Power for 10 years from the effective date of the SRA before vesting in the benefits. This agreement provides a benefit which recognizes the expertise she brought to Gulf Power and provides a strong retention incentive to remain with Gulf Power, or one of its affiliates, for the vesting period and beyond.

Gulf Power also provides the Deferred Compensation Plan (DCP), which is an unfunded plan that permits participants to defer income as well as certain federal, state, and local taxes until a specified date or their retirement, disability, death, or other separation from service. Up to 50% of base salary and up to 100% of performance-based non-equity compensation may be deferred at the election of eligible employees. All of the named executive officers are eligible to participate in the DCP.

Change-in-Control Protections

Change-in-control protections, including severance pay and, in some situations, vesting or payment of long-term performance-based awards, are provided upon a change in control of Southern Company or Gulf Power coupled with an involuntary termination not for cause or a voluntary termination for "good reason." This means there is a "double trigger" before severance benefits are paid; i.e., there must be both a change in control and a termination of employment. For 2016, severance payment amounts were two times salary plus target Performance Pay Program opportunity for Mr. Connally and one times salary plus Performance Pay Program opportunity for the other named executive officers. No excise tax gross-up would be provided. Change-in-control protections allow executive officers to focus on potential transactions that are in the best interest of shareholders.

Perquisites

Gulf Power provides limited perquisites to its executive officers, including the named executive officers, consistent with Gulf Power's goal of providing market-based compensation and benefits. The perquisites provided in 2016 are described in detail in the information accompanying the Summary Compensation Table. No tax assistance is provided on perquisites for the Chairman, President, and Chief Executive Officer, except on certain relocation-related benefits.

OTHER COMPENSATION POLICIES

Executive Stock Ownership Requirements

Officers of Gulf Power that are in a position of Vice President or above are subject to stock ownership requirements, which align the interests of officers and Southern Company stockholders by promoting a long-term focus and long-term share ownership. The ownership requirement is reduced by one-half at age 60.

The requirements are expressed as a multiple of base salary as shown below.

	Multiple of Salary without	Multiple of Salary Counting

	Counting Stock Options	Portion of Vested Stock Options
S. W. Connally, Jr.	3 Times	6 Times
X. Liu	2 Times	4 Times
J. R. Fletcher	2 Times	4 Times
W. E. Smith	1 Times	2 Times
B. C. Terry	2 Times	4 Times

Ownership arrangements counted toward the requirements include shares owned outright, those held in Southern Company-sponsored plans, and Common Stock accounts in the DCP and the SBP. A portion of vested stock options may be counted, but in that case the ownership requirement is doubled.

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Newly-elected and newly-promoted officers have approximately six years from the date of their election or promotion to meet the applicable ownership requirement. Compliance with the applicable ownership requirement is measured as of September 30 each year. All of the named executive officers are meeting their respective ownership requirements.

Clawback of Awards

Southern Company's Omnibus Incentive Compensation Plan provides that, if Southern Company or Gulf Power is required to prepare an accounting restatement due to material noncompliance as a result of misconduct, and if an executive officer of Gulf Power knowingly or grossly negligently engaged in or failed to prevent the misconduct or is subject to automatic forfeiture under the Sarbanes-Oxley Act of 2002, the executive officer must repay the amount of any payment in settlement of awards earned or accrued during the 12-month period following the first public issuance or filing that was restated.

Policy Regarding Hedging and Pledging of Common Stock

Southern Company's insider trading policy provides that employees, officers, and outside directors will not trade Southern Company options on the options market and will not engage in short sales. In early 2016, Southern Company added a "no pledging" provision to the insider trading policy that prohibits pledging of Common Stock for all Southern Company directors and executive officers, including the Gulf Power President and Chief Executive Officer.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee met with management to review and discuss the CD&A. Based on such review and discussion, the Compensation Committee recommended to the Southern Company Board of Directors that the CD&A be included in Gulf Power's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Members of the Compensation Committee:

Henry A. Clark III, Chair
David J. Grain
Donald M. James
Dale E. Klein
Steven R. Specker

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SUMMARY COMPENSATION TABLE

The Summary Compensation Table shows the amount and type of compensation received or earned in 2014, 2015, and 2016 by the named executive officers, except as noted below.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($) (j)
S. W. Connally, Jr.	2016	453,521	—	805,355	—	510,624	536,810	24,523	2,330,833
President, Chief Executive	2015	420,758	—	553,946	—	391,000	160,338	30,485	1,556,527
Officer, and Director	2014	393,907	—	310,606	207,086	339,302	496,800	25,948	1,773,649
X. Liu	2016	281,309	—	169,904	—	220,461	187,312	20,897	879,883
Vice President and Chief Financial Officer	2015	265,380	—	154,865	—	188,996	59,936	283,417	952,594
J. R. Fletcher	2016	252,461	—	148,596	—	202,464	259,385	34,822	897,728
Vice President	2015	238,711	—	144,315	—	169,891	48,436	120,417	721,770
	2014	224,547	25,045	50,679	33,801	149,633	273,148	89,971	846,824
W. E. Smith	2016	218,707	5,000	84,719	—	158,447	257,056	14,843	738,772
Vice President	2015	203,401	—	81,813	—	128,461	42,181	144,040	599,896
B. C. Terry	2016	284,498	—	173,191	—	219,620	226,913	16,402	920,624
Vice President	2015	278,682	—	168,195	—	198,007	34,345	19,421	698,650
	2014	270,543	—	97,904	65,287	173,833	245,578	17,664	870,809

Column (a)

Ms. Liu and Mr. Smith first became named executive officers in 2015.

Column (d)

The amount shown for 2016 for Mr. Smith represents a Southern Excellence Award as described in the CD&A.

Column (e)

This column does not reflect the value of stock awards that were actually earned or received in 2016. Rather, as required by applicable rules of the SEC, this column reports the aggregate grant date fair value of performance shares granted in 2016. The value reported is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model (50% of grant value) and the closing price of Common Stock on the grant date (50% of grant value). No amounts will be earned until the end of the three-year performance period on December 31, 2018. The value then can be earned based on performance ranging from 0 to 200%, as established by the Compensation Committee.

The aggregate grant date fair value of the performance shares granted in 2016 to the named executive officers, assuming that the highest level of performance is achieved, is as follows: Mr. Connally - $1,610,711; Ms. Liu - $339,808; Mr. Fletcher - $297,193; Mr. Smith - $169,438; Ms. Terry - $346,381 (200% of the amount shown in the table). See Note 8 to the financial statements of Gulf Power in Item 8 herein for a discussion of the assumptions used in calculating these amounts.

Column (f)

The Compensation Committee moved away from granting stock options as part of the long-term incentive program in 2015. No stock options were granted in 2015 or 2016. This column reports the aggregate grant date fair value of stock options granted in 2014.

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Column (g)

The amounts in this column reflect actual payouts under the annual Performance Pay Program. The amount reported for 2016 is for the one-year performance period that ended on December 31, 2016. The Performance Pay Program is described in detail in the CD&A.

Column (h)

This column reports the aggregate change in the actuarial present value of each named executive officer's accumulated benefit under the Pension Plan and the supplemental pension plans (collectively, Pension Benefits) as of December 31 of the applicable year. The Pension Benefits as of each measurement date are based on the named executive officer's age, pay, and service accruals and the plan provisions applicable as of the measurement date. The actuarial present values as of each measurement date reflect the assumptions Gulf Power selected for cost purposes as of that measurement date; however, the named executive officers were assumed to remain employed at Gulf Power or another Southern Company subsidiary until their benefits commence at the pension plans' stated normal retirement date, generally age 65. As a result, the amounts in column (h) related to Pension Benefits represent the combined impact of several factors: growth in the named executive officer's Pension Benefits over the measurement year; impact on the total present values of one year shorter discounting period due to the named executive officer being one year closer to normal retirement; impact on the total present values attributable to changes in assumptions from measurement date to measurement date; and impact on the total present values attributable to plan changes between measurement dates.

This column also reports any above-market earnings on deferred compensation under the DCP. However, there were no above-market earnings on deferred compensation in the years reported.

Column (i)

The amounts reported for 2016 are itemized below.

	Relocation Benefits ($)	Other Perquisites ($)	Tax Reimbursements ($)	Company Contributions to ESP ($)	Company Contributions to SBP ($)	Total ($)
S. W. Connally, Jr.	—	1,385	—	12,407	10,731	24,523
X. Liu	500	6,097	42	13,425	832	20,897
J. R. Fletcher	12,059	2,754	7,133	12,875	—	34,822
W. E. Smith	—	2,107	2,038	8,458	2,241	14,843
B. C. Terry	—	1,721	172	13,515	994	16,402

Description of Perquisites

Relocation Benefits. Relocation benefits are provided to cover the costs associated with geographic relocation. In 2016, Ms. Liu received relocation-related benefits in the amount of $500 in connection with her 2015 relocation from Atlanta, Georgia to Pensacola, Florida. In 2016, Mr. Fletcher received relocation-related benefits in the amount of $12,059 in connection with his 2014 relocation from Atlanta to Pensacola. These amounts were for the shipment of household goods, incidental expenses related to the moves, and/or home sale and home repurchase assistance. Also, as provided in Gulf Power's relocation policy, tax assistance is provided on the taxable relocation benefits. If the named executive officer terminates within two years of relocation, these amounts must be repaid.

Other Perquisites includes financial planning, personal use of corporate aircraft, and other miscellaneous perquisites.

- Financial planning is provided for most officers of Gulf Power, including all of the named executive officers. Gulf Power provides an annual subsidy of up to $8,200 to be used for financial planning, tax preparation fees, and estate planning. In the initial year, the maximum allowed amount is $13,200.
- The Southern Company system has aircraft that are used to facilitate business travel. All flights on these aircraft must have a business purpose, except limited personal use that is associated with business travel is permitted for the President and Chief Executive Officer. Additionally, limited personal use related to relocation is permissible but must be approved. The amount reported for such personal use is the incremental cost of providing the benefit, primarily fuel costs. Also, if seating is available, Southern Company permits a spouse or other family member to accompany an employee on a flight. However, because in such cases the aircraft is being used for a business purpose, there is no incremental cost associated with the family travel, and no amounts are included for such travel. Any additional expenses incurred that are related to family travel are included.

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- Other miscellaneous perquisites reflects the full cost to Gulf Power of providing the following items: personal use of company-provided computers, personal use of company-provided tickets for sporting and other entertainment events, and gifts distributed to and activities provided to attendees at company-sponsored events.

GRANTS OF PLAN-BASED AWARDS IN 2016

This table provides information on short-term and long-term incentive compensation awards made in 2016.

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	Grant Date Fair Value of Stock and Option Awards ($) (i)
S. W. Connally, Jr.		2,991	299,135	598,270				
	2/8/2016				172	17,159	34,318	805,355
X. Liu		1,274	127,434	254,868				
	2/8/2016				36	3,620	7,240	169,904
J. R. Fletcher		1,170	117,031	234,062				
	2/8/2016				32	3,166	6,332	148,596
W. E. Smith		916	91,588	183,176				
	2/8/2016				18	1,805	3,610	84,719
B. C. Terry		1,269	126,948	253,896				
	2/8/2016				37	3,690	7,380	173,191

Columns (c), (d), and (e)

These columns reflect the annual Performance Pay Program opportunity granted to the named executive officers in 2016. The information shown as "Threshold," "Target," and "Maximum" reflects the range of potential payouts established by the Compensation Committee. The actual amounts earned for 2016 are included in column (g) of the Summary Compensation Table.

Columns (f), (g), and (h)

These columns reflect the performance shares granted to the named executive officers in 2016. The information shown as "Threshold," "Target," and "Maximum" reflects the range of potential shares that can be earned established by the Compensation Committee. Earned performance shares and accrued dividends will be paid out in Common Stock following the end of the 2016-2018 performance period, based on the extent to which the performance goals are achieved. Any shares not earned are forfeited.

Column (i)

This column reflects the aggregate grant date fair value of the performance shares granted in 2016. 50% of the value is based on the probable outcome of the performance conditions as of the grant date using a Monte Carlo simulation model ($45.19), while the other 50% is based on the closing price of the Common Stock on the grant date ($48.82). The assumptions used in calculating these amounts are discussed in Note 8 to the financial statements of Gulf Power in Item 8 herein.

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OUTSTANDING EQUITY AWARDS AT 2016 FISCAL YEAR-END

This table provides information about stock options and stock awards (performance shares) as of December 31, 2016.

	Option Awards				Stock Awards	
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options Unexercisable (#) (c)	Option Exercise Price ($) (d)	Option Expiration Date (e)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (f)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (g)
S. W. Connally, Jr.	16,100	0	37.97	02/14/2021		
	16,053	0	44.42	02/13/2022		
	66,905	0	44.06	02/11/2023	12,922	635,633
	62,753	31,377	41.28	02/10/2024	17,945	882,714
X. Liu	10,079	0	37.97	02/14/2021		
	9,976	0	44.42	02/13/2022		
	12,016	0	44.06	02/11/2023	3,613	177,723
	17,595	8,798	41.28	02/10/2024	3,786	186,233
J. R.Fletcher	0	5,121	41.28	02/10/2024	3,366	165,574
					3,311	162,868
W. E. Smith	5,037	0	44.42	2/13/2022		
	6,011	0	44.06	2/11/2023	1,908	93,854
	5,676	2,838	41.28	2/10/2024	1,888	92,871
B. C. Terry	18,163	0	44.42	02/13/2022		
	21,719	0	44.06	02/11/2023	3,924	193,022
	0	9,892	41.28	02/10/2024	3,859	189,824

Columns (b), (c), (d), and (e)

Stock options were not granted in 2015 or 2016. Stock options vest one-third per year on the anniversary of the grant date. Options granted from 2011 through 2013 with expiration dates from 2021 through 2023 were fully vested as of December 31, 2016. Options granted in 2014 became fully vested on February 10, 2017 and expire on February 10, 2024.

Options also fully vest upon death, total disability, or retirement and expire three years following death or total disability, five years following retirement, or, if earlier, on the original expiration date.

Columns (f) and (g)

In accordance with SEC rules, column (f) reflects the target number of performance shares granted under the Performance Share Program that can be earned at the end of each three-year performance period (January 1, 2015 through December 31, 2017 and January 1, 2016 through December 31, 2018). The number of shares reflected in column (f) also reflects the deemed reinvestments of dividends on the target number of performance shares. Dividends are credited over the performance period but are only received at the end of the performance period if the underlying performance shares are earned.

The performance shares granted for the January 1, 2014 through December 31, 2016 performance period vested on December 31, 2016. Due to Southern Company's TSR performance relative to the selected peer group, no performance shares were paid out to any participants, including the named executive officers.

The value in column (g) is derived by multiplying the number of shares in column (f) by the Common Stock closing price on December 30, 2016 ($49.19). The ultimate number of shares earned, if any, will be based on the actual performance results at the end of each respective performance period.

OPTION EXERCISES AND STOCK VESTED IN 2016

Name (a)	Option Awards Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Stock Awards Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
S. W. Connally, Jr.	14,392	321,805	—	—
X. Liu	—	—	—	—
J. R. Fletcher	34,174	352,649	—	—
W. E. Smith	—	—	—	—
B. C. Terry	38,358	466,326	—	—

Columns (b) and (c)

Column (b) reflects the number of shares acquired upon the exercise of stock options during 2016 and column (c) reflects the value realized. The value realized is the difference in the market price over the exercise price on the exercise date.

Columns (d) and (e)

While the performance shares granted for the January 1, 2014 through December 31, 2016 performance period vested on December 31, 2016, there were no shares paid out due to the level of performance relative to the selected peer group. No other stock awards vested in 2016 for the named executive officers.

PENSION BENEFITS AT 2016 FISCAL YEAR-END

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
(a)	(b)	(c)	(d)	(e)
S.W. Connally, Jr.	Pension Plan	25.17	658,389	0
	SBP-P	25.17	894,191	0
	SERP	25.17	545,110	0
X. Liu	Pension Plan	16.92	455,857	0
	SBP-P	16.92	130,662	0
	SERP	16.92	172,855	0
J. R. Fletcher	Pension Plan	26.58	731,921	0
	SBP-P	26.58	184,848	0
	SERP	26.58	254,833	0
W. E. Smith	Pension Plan	29.17	726,236	0
		29.17	142,898	0

	SBP-P	29.17	230,814	0
	SERP			
B. C. Terry	Pension Plan	14.50	389,796	0
	SBP-P	14.50	128,349	0
	SERP	14.50	132,793	0
	SRA	10.00	484,907	0

Pension Plan

The Pension Plan is a tax-qualified, funded plan. It is Southern Company's primary retirement plan. Substantially all employees participate in this plan after one year of service. Normal retirement benefits become payable when participants attain age 65 and complete five years of participation. The plan benefit equals the greater of amounts computed using a "1.7% offset formula" and a "1.25% formula," as described below. Benefits are limited to a statutory maximum.

The 1.7% offset formula amount equals 1.7% of final average pay times years of participation less an offset related to Social Security benefits. The offset equals a service ratio times 50% of the anticipated Social Security benefits in excess of $4,200. The service ratio adjusts the offset for the portion of a full career that a participant has worked. The highest three rates of payout of a participant's last

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10 calendar years of service are averaged to derive final average pay. The rates of pay considered for this formula are the base salary rates with no adjustments for voluntary deferrals after 2008. A statutory limit restricts the amount considered each year; the limit for 2016 was $265,000.

The 1.25% formula amount equals 1.25% of final average pay times years of participation. For this formula, the final average pay computation is the same as above, but annual performance-based compensation earned each year is added to the base salary rates.

Early retirement benefits become payable once plan participants have, during employment, attained age 50 and completed 10 years of participation. Participants who retire early from active service receive benefits equal to the amounts computed using the same formulas employed at normal retirement. However, a 0.3% reduction applies for each month (3.6% for each year) prior to normal retirement that participants elect to have their benefit payments commence. For example, 64% of the formula benefits are payable starting at age 55. As of December 31, 2016, Mr. Fletcher and Mr. Smith were retirement-eligible.

The Pension Plan's benefit formulas produce amounts payable monthly over a participant's post-retirement lifetime. At retirement, plan participants can choose to receive their benefits in one of seven alternative forms of payment. All forms pay benefits monthly over the lifetime of the retiree or the joint lifetimes of the retiree and a beneficiary. A reduction applies if a retiring participant chooses a payment form other than a single life annuity. The reduction makes the value of the benefits paid in the form chosen comparable to what it would have been if benefits were paid as a single life annuity over the retiree's life.

Participants vest in the Pension Plan after completing five years of service. As of December 31, 2016, all of the named executive officers are vested in their Pension Plan benefits. Participants who terminate employment after vesting can elect to have their pension benefits commence at age 50 if they participated in the Pension Plan for 10 years. If such an election is made, the early retirement reductions that apply are actuarially determined factors and are larger than 0.3% per month.

Prior to January 1, 2017, if a participant died while actively employed and was either age 50 or vested in the Pension Plan as of date of death, benefits would have been payable to a beneficiary. For deaths occurring on or after January 1, 2017, a participant must be vested in the Pension Plan as of the date of death. After commencing, survivor benefits are payable monthly for the remainder of a survivor's life.

If participants become totally disabled, periods that Social Security or employer-provided disability income benefits are paid will count as service for benefit calculation purposes. The crediting of this additional service ceases at the point a disabled participant elects to commence retirement payments. Outside of this extra service crediting, the normal Pension Plan provisions apply to disabled participants.

The SBP-P

The SBP-P is an unfunded retirement plan that is not tax qualified. This plan provides high-paid employees any benefits that the Pension Plan cannot pay due to statutory pay/benefit limits. The SBP-P's vesting and early retirement provisions mirror those of the Pension Plan. Its disability provisions mirror those of the Pension Plan but cease upon a participant's separation from service.

The amounts paid by the SBP-P are based on the additional monthly benefit that the Pension Plan would pay if the statutory limits and pay deferrals were ignored. When a SBP-P participant separates from service, vested monthly benefits provided by the benefit formulas are converted into a single sum value. It equals the present value of what would have been paid monthly for an actuarially determined average post-retirement lifetime. The discount rate used in the calculation is based on the 30-year U.S. Treasury yields for the September preceding the calendar year of separation, but not more than six percent.

Vested participants terminating prior to becoming eligible to retire will be paid their single sum value as of September 1 following the calendar year of separation. If the terminating participant is retirement-eligible, the single sum value will be paid in 10 annual installments starting shortly after separation. The unpaid balance of a retiree's single sum will be credited with interest at the prime rate published in The Wall Street Journal. If the separating participant is a "key man" under Section 409A of the Internal Revenue Code, the first installment will be delayed for six months after the date of separation.

If a SBP-P participant dies after becoming vested in the Pension Plan, the beneficiary of the deceased participant will receive the installments the participant would have been paid upon retirement.

The SERP

The SERP is also an unfunded retirement plan that is not tax qualified. This plan provides high-paid employees additional benefits that the Pension Plan and the SBP-P would pay if the 1.7% offset formula calculations reflected a portion of annual performance-based compensation. To derive the SERP benefits, a final average pay is determined reflecting participants' base rates of pay and their annual performance-based compensation amounts, whether or not deferred, to the extent they exceed 15% of those base rates (ignoring statutory limits). This final average pay is used in the 1.7% offset formula to derive a gross benefit. The Pension Plan and the SBP-P benefits are subtracted from the gross benefit to calculate the SERP benefit. The SERP's early retirement, survivor benefit, disability, and form of payment provisions mirror the SBP-P's provisions. However, except upon a change in control, SERP benefits do not vest until participants retire, so no benefits are paid if a participant terminates prior to becoming retirement-eligible. More information about vesting and payment of SERP benefits following a change in control is included under Potential Payments upon Termination or Change in Control. Effective January 1, 2016, participation in the SERP was closed to new participants.

SRA

Gulf Power also provides supplemental retirement benefits to certain employees that were first employed by Gulf Power, or an affiliate of Gulf Power, in the middle of their careers and generally provide for additional retirement benefits by giving credit for years of employment prior to employment with Gulf Power or one of its affiliates. These supplemental retirement benefits are also unfunded and not tax-qualified. Information about the SRA with Ms. Terry is included in the CD&A.

Pension Benefit Assumptions

The following assumptions were used in the present value calculations for all pension benefits:

- Discount rate - 4.46% Pension Plan and 3.89% supplemental plans as of December 31, 2016,
- Retirement date - Normal retirement age (65 for all named executive officers),
- Mortality after normal retirement - Adjusted RP-2014 mortality tables with generational projections,
- Mortality, withdrawal, disability, and retirement rates prior to normal retirement - None,
- Form of payment for Pension Benefits:
  - Male retirees: 25% single life annuity; 25% level income annuity; 25% joint and 50% survivor annuity; and 25% joint and 100% survivor annuity,
  - Female retirees: 50% single life annuity; 30% level income annuity; 15% joint and 50% survivor annuity; and 5% joint and 100% survivor annuity,
- Spouse ages - Wives two years younger than their husbands,
- Annual performance-based compensation earned but unpaid as of the measurement date - 130% of target opportunity percentages times base rate of pay for year amount is earned, and
- Installment determination - 3.75% discount rate for single sum calculation and 4.25% prime rate during installment payment period.

For all of the named executive officers, the number of years of credited service for the Pension Plan, the SBP-P, and the SERP is one year less than the number of years of employment.

NONQUALIFIED DEFERRED COMPENSATION AS OF 2016 FISCAL YEAR-END

Name (a)	Executive Contributions in Last FY ($) (b)	Employer Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
S. W. Connally, Jr.	27,230	10,731	14,263	—	196,129

X. Liu	47,249	832	6,153	—	187,251
J. R. Fletcher	—	—	—	—	—
W. E. Smith	69,491	2,241	7,520	—	180,315
B. C. Terry	99,004	994	22,977	—	488,758

Southern Company provides the DCP, which is designed to permit participants to defer income as well as certain federal, state, and local taxes until a specified date or their retirement or other separation from service. Up to 50% of base salary and up to 100% of performance-based non-equity compensation may be deferred at the election of eligible employees. All of the named executive officers are eligible to participate in the DCP.

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DCP participants have two options for the deemed investments of the amounts deferred - the Stock Equivalent Account and the Prime Equivalent Account. Under the terms of the DCP, participants are permitted to transfer between investments at any time.
The amounts deferred in the Stock Equivalent Account are treated as if invested at an equivalent rate of return to that of an actual investment in Common Stock, including the crediting of dividend equivalents as such are paid by Southern Company from time to time. It provides participants with an equivalent opportunity for the capital appreciation (or loss) and income of that of a Southern Company stockholder. During 2016, the rate of return in the Stock Equivalent Account was 9.99%.

Alternatively, participants may elect to have their deferred compensation deemed invested in the Prime Equivalent Account, which is treated as if invested at a prime interest rate compounded monthly, as published in The Wall Street Journal as the base rate on corporate loans posted as of the last business day of each month by at least 75% of the United States' largest banks. The interest rate earned on amounts deferred during 2016 in the Prime Equivalent Account was 3.59%.

Column (b)

This column reports the actual amounts of compensation deferred under the DCP by each named executive officer in 2016. The amount of salary deferred by the named executive officers, if any, is included in the Salary column in the Summary Compensation Table. The amounts of performance-based compensation deferred in 2016 were the amounts that were earned as of December 31, 2015 but not payable until the first quarter of 2016. These amounts are not reflected in the Summary Compensation Table because that table reports performance-based compensation that was earned in 2016 but not payable until early 2017. These deferred amounts may be distributed in a lump sum or in up to 10 annual installments at termination of employment or in a lump sum at a specified date, at the election of the participant.

Column (c)

This column reflects contributions under the SBP. Under the Internal Revenue Code, employer-matching contributions are prohibited under the ESP on employee contributions above stated limits in the ESP, and, if applicable, above legal limits set forth in the Internal Revenue Code. The SBP is a nonqualified deferred compensation plan under which contributions are made that are prohibited from being made in the ESP. The contributions are treated as if invested in Common Stock and are payable in cash upon termination of employment in a lump sum or in up to 20 annual installments, at the election of the participant. The amounts reported in this column also were reported in the All Other Compensation column in the Summary Compensation Table.

Column (d)

This column reports earnings or losses on compensation the named executive officers elected to defer and on employer contributions under the SBP.

Column (f)

This column includes amounts that were deferred under the DCP and contributions under the SBP in prior years and reported in Gulf Power's prior years' Annual Reports on Form 10-K. The following chart shows the amounts reported in Gulf Power's prior years' Annual Reports on Form 10-K.

	Amounts Deferred under the	Employer Contributions under the SBP	Total

Name	DCP Prior to 2016 and Reported in Prior Years' Annual Reports on Form 10-K ($)	Prior to 2016 and Reported in Prior Years' Annual Reports on Form 10-K ($)	($)
S. W. Connally, Jr.	31,742	26,830	58,572
X. Liu	—	19	19
J. R. Fletcher	—	—	—
W. E. Smith	49,139	1,563	50,702
B. C. Terry	374,074	2,186	376,260

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

This section describes and estimates payments that could be made to the named executive officers serving as of December 31, 2016 under different termination and change-in-control events. The estimated payments would be made under the terms of Southern Company's compensation and benefit program or the change-in-control severance program. All of the named executive officers are participants in Southern Company's change-in-control severance program for officers. The amount of potential payments is calculated as if the triggering events occurred as of December 31, 2016 and assumes that the price of Common Stock is the closing market price on December 30, 2016.

Description of Termination and Change-in-Control Events

Different types of termination and change-in-control events that can affect the treatment of payments under the compensation and benefit programs are listed below. No payments are made under the change-in-control severance program unless, within two years of the change in control, the named executive officer is involuntarily terminated or voluntarily terminates for good reason.

Traditional Termination Events

- Retirement or Retirement-Eligible - Termination of a named executive officer who is at least 50 years old and has at least 10 years of credited service.
- Resignation - Voluntary termination of a named executive officer who is not retirement-eligible.
- Lay Off - Involuntary termination of a named executive officer who is not retirement-eligible not for cause.
- Involuntary Termination - Involuntary termination of a named executive officer for cause. Cause includes individual performance below minimum performance standards and misconduct, such as violation of the Company's Drug and Alcohol Policy.
- Death or Disability - Termination of a named executive officer due to death or disability.

Change-in-Control-Related Events

At the Southern Company or Gulf Power level:

- Southern Company Change-in-Control I - Consummation of an acquisition by another entity of 20% or more of Common Stock or, following consummation of a merger with another entity, Southern Company's stockholders own 65% or less of the entity surviving the merger.
- Southern Company Change-in-Control II - Consummation of an acquisition by another entity of 35% or more of Common Stock or, following consummation of a merger with another entity, Southern Company's stockholders own less than 50% of Southern Company surviving the merger.
- Southern Company Does Not Survive a Merger - Consummation of a merger or other event and Southern Company is not the surviving company or the Common Stock is no longer publicly traded.
- Company Change-in-Control - Consummation of an acquisition by another entity, other than another subsidiary of Southern Company, of 50% or more of the stock of Gulf Power, consummation of a merger with another entity and Gulf Power is not the surviving company, or the sale of substantially all the assets of Gulf Power.

At the employee level:

- Involuntary Change-in-Control Termination or Voluntary Change-in-Control Termination for Good Reason - Employment is terminated within two years of a change in control, other than for cause, or the employee voluntarily terminates for good reason. Good reason for voluntary termination within two years of a change in control generally is satisfied when there is a material reduction in salary, performance-based compensation opportunity, or benefits; relocation of over 50 miles; or a diminution in duties and responsibilities.

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The following chart describes the treatment of different pay and benefit elements in connection with the Traditional Termination Events as described above.

Program	Retirement/ Retirement-Eligible	Lay Off (Involuntary Termination Not For Cause)	Resignation	Death or Disability	Involuntary Termination (For Cause)
Pension Benefits Plans	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.	Benefits payable as described in the notes following the Pension Benefits table.
Annual Performance Pay Program	Prorated if before 12/31.	Prorated if before 12/31.	Forfeit.	Prorated if before 12/31.	Forfeit.
Stock Options	Vest; expire earlier of original expiration date or five years.	Vested options expire in 90 days; unvested are forfeited.	Vested options expire in 90 days; unvested are forfeited.	Vest; expire earlier of original expiration date or three years.	Forfeit.
Performance Shares	No proration if retirement prior to end of performance period. Will receive full amount actually earned.	Forfeit.	Forfeit.	Death - prorated based on number of months employed during performance period. Disability - not affected. Will receive full amount actually earned.	Forfeit.
Financial Planning Perquisite	Continues for one year.	Terminates.	Terminates.	Continues for one year.	Terminates.
DCP	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable per prior elections (lump sum or up to 10 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 10 annual installments).
SBP - non-pension related	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable per prior elections (lump sum or up to 20 annual installments).	Payable to beneficiary or participant per prior elections. Amounts deferred prior to 2005 can be paid as a lump sum per the benefit administration committee's discretion.	Payable per prior elections (lump sum or up to 20 annual installments).

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The following chart describes the treatment of payments under compensation and benefit programs under different change-in-control events, except the Pension Plan. The Pension Plan is not affected by change-in-control events.

Program	Southern Company Change in Control I	Southern Company Change in Control II	Southern Company Does Not Survive Merger or Gulf Power Change in Control	Involuntary Change-in-Control-Related Termination or Voluntary Change-in-Control-Related Termination for Good Reason
Nonqualified Pension Benefits (except SRA)	All SERP-related benefits vest if participants vested in tax-qualified pension benefits; otherwise, no impact. SBP-P benefits vest for all participants and single sum value of benefits earned to change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Benefits vest for all participants and single sum value of benefits earned to the change-in-control date paid following termination or retirement.	Based on type of change-in-control event.
SRA	Not affected.	Not affected.	Not affected.	Vest.
Annual Performance Pay Program	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	If no program termination, paid at greater of target or actual performance. If program terminated within two years of change in control, prorated at target performance level.	Prorated at target performance level.	If not otherwise eligible for payment, if the program is still in effect, prorated at target performance level.
Stock Options	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
Performance Shares	Not affected.	Not affected.	Vest and convert to surviving company's securities; if cannot convert, pay spread in cash.	Vest.
DCP	Not affected.	Not affected.	Not affected.	Not affected.
SBP	Not affected.	Not affected.	Not affected.	Not affected.
Severance Benefits	Not applicable.	Not applicable.	Not applicable.	One or two times base salary plus target annual performance-based pay.
Healthcare Benefits	Not applicable.	Not applicable.	Not applicable.	Up to five years participation in group healthcare plan plus payment of two or three years' premium amounts.
	Not applicable.	Not applicable.	Not applicable.	Six months.

Outplacement
Services

Potential Payments

This section describes and estimates payments that would become payable to the named executive officers upon a termination or change in control as of December 31, 2016.

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Pension Benefits

The amounts that would have become payable to the named executive officers if the Traditional Termination Events occurred as of December 31, 2016 under the Pension Plan, the SBP-P, the SERP, and, if applicable, an SRA are itemized in the following chart. The amounts shown under the Retirement column are amounts that would have become payable to the named executive officers that were retirement-eligible on December 31, 2016 and are the monthly Pension Plan benefits and the first of 10 annual installments from the SBP-P and the SERP. The amounts shown under the Resignation or Involuntary Termination column are the amounts that would have become payable to the named executive officers who were not retirement-eligible on December 31, 2016 and are the monthly Pension Plan benefits that would become payable as of the earliest possible date under the Pension Plan and the single sum value of benefits earned up to the termination date under the SBP-P, paid as a single payment rather than in 10 annual installments. Benefits under the SERP would be forfeited. The amounts shown that are payable to a spouse in the event of the death of the named executive officer are the monthly amounts payable to a spouse under the Pension Plan and the first of 10 annual installments from the SBP-P and the SERP.

The amounts in this chart are very different from the pension values shown in the Summary Compensation Table and the Pension Benefits table. Those tables show the present values of all the benefit amounts anticipated to be paid over the lifetimes of the named executive officers and their spouses. Those plans are described in the notes following the Pension Benefits table. Only Mr. Fletcher and Mr. Smith were retirement-eligible on December 31, 2016. The SRA for Ms. Terry contains an additional service requirement for benefit eligibility which was not met as of December 31, 2016. Therefore, she was not eligible to receive retirement benefits under the agreement. However, death benefits would be paid to her surviving spouse.

Name		Retirement ($)	Resignation or Involuntary Termination ($)	Death (payments to a spouse) ($)
S. W. Connally, Jr.	Pension	n/a	2,830	4,240
	SBP-P	n/a	1,135,437	122,294
	SERP	n/a	—	74,552
X. Liu	Pension	n/a	1,884	2,849
	SBP-P	n/a	166,291	18,041
	SERP	n/a	—	23,867
J. R. Fletcher	Pension	4,144	All plans treated as retiring	3,882
	SBP-P	23,062		23,062
	SERP	31,794		31,794
W. E. Smith	Pension	4,247	All plans treated as retiring	3,641
	SBP-P	18,189		18,189
	SERP	29,380		29,380
B. C. Terry	Pension	n/a	1,628	2,463
	SBP-P	n/a	163,196	17,892
	SERP	n/a	—	18,511

SRA n/a	—	67,596

As described in the Change-in-Control chart, the only change in the form of payment, acceleration, or enhancement of the pension benefits is that the single sum value of benefits earned up to the change-in-control date under the SBP-P, the SERP, and the SRA could be paid as a single payment rather than in 10 annual installments. Also, the SERP benefits vest for participants who are not retirement-eligible upon a change in control. Estimates of the single sum payment that would have been made to the named executive officers, assuming termination as of December 31, 2016 following a change-in-control-related event, other than a Southern Company Change-in-Control I (which does not impact how pension benefits are paid), are itemized below. These amounts would be paid instead of the benefits shown in the Traditional Termination Events chart above; they are not paid in addition to those amounts.

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Name	SBP-P ($)	SERP ($)	SRA ($)	Total ($)
S. W. Connally, Jr.	1,116,343	680,537	—	1,796,880
X. Liu	163,495	216,289	—	379,784
J. R. Fletcher	230,621	317,936	—	548,557
W. E. Smith	181,892	293,798	—	475,690
B. C. Terry	160,452	166,007	606,192	932,651

The pension benefit amounts in the tables above were calculated as of December 31, 2016 assuming payments would begin as soon as possible under the terms of the plans. Accordingly, appropriate early retirement reductions were applied. Any unpaid annual performance-based compensation was assumed to be paid at 1.30 times the target level. Pension Plan benefits were calculated assuming each named executive officer chose a single life annuity form of payment, because that results in the greatest monthly benefit. The single sum values were based on a 2.95 % discount rate.

Annual Performance Pay Program

The amount payable if a change in control had occurred on December 31, 2016 is the greater of target or actual performance. Because actual payouts for 2016 performance were above the target level for all of the named executive officers, the amount that would have been payable to the named executive officers was the actual amount paid as reported in the Summary Compensation Table.

Stock Options and Performance Shares (Equity Awards)

Equity Awards would be treated as described in the Termination and Change-in-Control charts above. If Southern Company consummates a merger and is not the surviving company, all Equity Awards vest. However, there is no payment associated with Equity Awards in that situation unless the participants' Equity Awards cannot be converted into surviving company awards. In that event, the value of outstanding Equity Awards would be paid to the named executive officers. In addition, if there is an Involuntary Change-in-Control Termination or Voluntary Change-in-Control Termination for Good Reason, Equity Awards vest.

For stock options, the value is the excess of the exercise price and the closing price of Common Stock on December 30, 2016. The value of performance shares is calculated using the closing price of Common Stock on December 30, 2016.

The chart below shows the number of stock options for which vesting would be accelerated and the amount that would be payable if there were no conversion to the surviving company's stock options. It also shows the number and value of performance shares that would be paid.

	Number of Equity	Total Number of Equity Awards

Name	Awards with Accelerated Vesting (#)		Following Accelerated Vesting (#)		Total Payable in Cash without Conversion of Equity Awards ($)
	Stock Options	Performance Shares	Stock Options	Performance Shares	
S. W. Connally, Jr.	31,377	30,867	193,188	30,867	2,863,353
X. Liu	8,798	7,399	58,464	7,399	795,039
J. R. Fletcher	5,121	6,677	5,121	6,677	368,949
W. E. Smith	2,838	3,796	19,562	3,796	308,934
B. C. Terry	9,892	7,783	49,774	7,783	659,147

DCP and SBP

The aggregate balances reported in the Nonqualified Deferred Compensation table would be payable to the named executive officers as described in the Traditional Termination and Change-in-Control-Related Events charts above. There is no enhancement or acceleration of payments under these plans associated with termination or change-in-control events, other than the lump-sum payment opportunity described in the above charts. The lump sums that would be payable are those that are reported in the Nonqualified Deferred Compensation table.

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Healthcare Benefits

Mr. Smith and Mr. Fletcher are the only named executive officers who were retirement-eligible as of December 31, 2016. Healthcare benefits are provided to retirees, and there is no incremental payment associated with the termination or change-in-control events, except in the case of a change-in-control-related termination, as described in the Change-in-Control-Related Events chart. Because the other named executive officers were not retirement-eligible, healthcare benefits would not become available until each reaches age 50, except in the case of a change-in-control-related termination, as described in the Change-in-Control-Related Events chart.

The estimated cost of providing Ms. Liu and Ms. Terry two years of healthcare insurance premiums is approximately $19,391 and $11,772, respectively. The estimated cost of providing Mr. Connally three years of healthcare insurance premiums is approximately $47,656.

Financial Planning Perquisite

An additional year of the financial planning perquisite, which is set at a maximum of $8,200 per year, will be provided after retirement for retirement-eligible named executive officers.

There are no other perquisites provided to the named executive officers under any of the traditional termination or change-in-control-related events.

Severance Benefits

The named executive officers are participants in a change-in-control severance plan. The plan provides severance benefits, including outplacement services, if within two years of a change in control, they are involuntarily terminated, not for cause, or they voluntarily terminate for good reason. The severance benefits are not paid unless the named executive officer releases the employing company from any claims he or she may have against the employing company.

- As of December 31, 2016, the severance payment was two times the base salary and target payout under the annual Performance Pay Program for Mr. Connally and one times the base salary and target payout under the annual Performance Pay Program for the other named executive officers.
- The estimated cost of providing the six months of outplacement services is $6,000 per named executive officer.
- If any portion of the severance amount constitutes an "excess parachute payment" under Section 280G of the Internal Revenue Code and is therefore subject to an excise tax, the severance amount will be reduced unless the after-tax "unreduced amount" exceeds the after-tax "reduced amount." Excise tax gross-ups will not be provided on change-in-control severance payments.

The table below estimates the severance payments that would be made to the named executive officers if they were terminated as of December 31, 2016 in connection with a change in control.

Name	Severance Amount ($)
S. W. Connally, Jr.	1,518,687
X. Liu	410,622
J. R. Fletcher	377,098

W. E. Smith	320,558
B. C. Terry	409,056

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DIRECTOR COMPENSATION

Only non-employee directors of Gulf Power are compensated for service on the board of directors.

During 2016, the pay components for non-employee directors were:

Annual cash retainer:	$22,000 per year
Annual stock retainer:	$19,500 per year in Common Stock
Board meeting fees:	If more than five meetings are held in a calendar year, $1,200 will be paid for participation beginning with the sixth meeting.
Committee meeting fees:	If more than five meetings of any one committee are held in a calendar year, $1,000 will be paid for participation in each meeting of that committee beginning with the sixth meeting.

DIRECTOR DEFERRED COMPENSATION PLAN

Any deferred quarterly equity grants or stock retainers are required to be deferred in the Deferred Compensation Plan For Outside Directors of Gulf Power Company (Director Deferred Compensation Plan) and are invested in Common Stock units which earn dividends as if invested in Common Stock. Earnings are reinvested in additional stock units. Upon leaving the board, distributions are made in shares of Common Stock or cash.

In addition, directors may elect to defer up to 100% of their remaining compensation in the Director Deferred Compensation Plan until membership on the board ends. Deferred compensation may be invested as follows, at the director's election:

- in Common Stock units which earn dividends as if invested in Common Stock and are distributed in shares of Common Stock or cash upon leaving the board; or
- at the prime interest rate which is paid in cash upon leaving the board.

All investments and earnings in the Director Deferred Compensation Plan are fully vested and, at the election of the director, may be distributed in a lump sum payment or in up to 10 annual distributions after leaving the board. A grantor trust has been established that primarily holds Common Stock that funds the Common Stock units that are distributed in shares of Common Stock. Directors have voting rights in the shares held in the trust attributable to these units.

DIRECTOR COMPENSATION TABLE

The following table reports all compensation to Gulf Power's non-employee directors during 2016, including amounts deferred in the Director Deferred Compensation Plan. Non-employee directors do not receive non-equity incentive plan compensation or stock option awards, and there is no pension plan for non-employee directors.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Allan G. Bense	22,000	19,500	100	41,600
Deborah H. Calder	22,000	19,500	100	41,600
William C. Cramer, Jr.	22,000	19,500	100	41,600
Julian B. MacQueen	22,000	19,500	100	41,600
J. Mort O'Sullivan III	22,000	19,500	100	41,600
Michael T. Rehwinkel	22,000	19,500	100	41,600
Winston E. Scott	22,000	19,500	100	41,600

(1) Includes amounts voluntarily deferred in the Director Deferred Compensation Plan.

(2) Includes fair market value of equity grants on grant dates. All such stock awards are vested immediately upon grant.

(3) Includes value of charitable contribution made in each director's name.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is made up of independent directors of Southern Company who have never served as executive officers of Southern Company or Gulf Power. During 2016, none of Southern Company's or Gulf Power's directors or executive officers served on the board of directors of any entities whose executive officers serve on the Compensation Committee.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership (Applicable to Gulf Power only).

Security Ownership of Certain Beneficial Owners. Southern Company is the beneficial owner of 100% of the outstanding common stock of Gulf Power. The number of outstanding shares reported in the table below is as of January 31, 2017.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Southern Company 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308		100 %
	Registrant: Gulf Power	7,392,717	

Security Ownership of Management. The following table shows the number of shares of Common Stock of Southern Company owned by the directors, nominees, and executive officers of Gulf Power as of December 31, 2016. It is based on information furnished by the directors, nominees, and executive officers. The shares beneficially owned by all directors, nominees, and executive officers as a group constitute less than one percent of the total number of shares of Common Stock of Southern Company outstanding on December 31, 2016.

Name of Directors, Nominees, and Executive Officers	Shares Beneficially Owned (1)	Shares Beneficially Owned Include: Deferred Stock Units (2)	Shares Individuals Have Rights to Acquire Within 60 Days (3)	Shares Held By Family Member (4)
S. W. Connally, Jr.	209,213	0	193,188	0
Allan G. Bense	11,240	0	0	0
Deborah H. Calder	3,482	2,929	0	0
William C. Cramer, Jr.	20,567	20,567	0	0
Julian B. MacQueen	1,919	0	0	0
J. Mort O'Sullivan III	5,226	5,226	0	0
Michael T. Rehwinkel	1,489	0	0	0
Winston E. Scott	8,622	0	0	0
Jim R. Fletcher	12,225	0	5,121	0
Xia Liu	63,406	0	58,464	0
Wendell E. Smith	24,230	0	19,562	0
Bentina C. Terry	60,554	0	49,774	633
Directors, Nominees, and Executive Officers as a group (13 people)	467,903	28,722	355,408	633

(1) "Beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security and/or investment power with respect to a security or any combination thereof.

(2) Indicates the number of deferred stock units held under the Director Deferred Compensation Plan.

(3) Indicates shares of Common Stock that certain executive officers have the right to acquire within 60 days. Shares indicated are included in the Shares Beneficially Owned column.

(4) Shares indicated are included in the Shares Beneficially Owned column.

Changes in Control. Southern Company and Gulf Power know of no arrangements which may at a subsequent date result in any change in control.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Transactions with Related Persons.

In 2016, Mr. Antonio Terry, the spouse of Ms. Bentina Terry, an executive officer of Gulf Power, was employed by Gulf Power as a Senior Engineer and received compensation of $134,076.

Review, Approval or Ratification of Transactions with Related Persons.

Gulf Power does not have a written policy pertaining solely to the approval or ratification of "related party transactions" and has a robust system for identifying potential related party transactions.

- The Southern Company Audit Committee is responsible for overseeing the Code of Ethics, which includes policies relating to conflicts of interest. The Code of Ethics requires that all employees and directors avoid conflicts of interest, defined as situations where the person's private interests conflict, or even appear to conflict, with the interests of Southern Company as a whole.
- Southern Company also has a Contract Manual and other formal written procurement policies and procedures that guide the purchase of goods and services, including requiring competitive bids for purchases of materials for $10,000 and above and for purchases of services for $25,000 and above or approval based on documented business needs for sole sourcing arrangements.
- At least annually, each director and executive officer completes a detailed questionnaire that asks about any business relationship that may give rise to a conflict of interest and all transactions in which the Southern Company or a subsidiary is involved and in which the executive officer, director, or a related party has a direct or indirect material interest.
- Southern Company also conducts a review of financial systems to identify potential conflicts of interest and related party transactions.

The approval and ratification of any related party transactions would be subject to these written policies and procedures which include:

- A determination of the need for the goods and services;
- Preparation and evaluation of requests for proposals by the lead support organization;
- The writing of contracts;
- Controls and guidance regarding the evaluation of the proposals; and
- Negotiation of contract terms and conditions.

As appropriate, these contracts are also reviewed by individuals in the legal, accounting, and/or risk management/services departments prior to being approved by the responsible individual. The responsible individual will vary depending on the department requiring the goods and services, the dollar amount of the contract, and the appropriate individual within that department who has the authority to approve a contract of the applicable dollar amount.

In the ordinary course of the Southern Company system's business, electricity is provided to some directors and entities with which the directors are associated on the same terms and conditions as provided to other customers of the Southern Company system.

Director Independence.

The board of directors of Gulf Power consists of seven non-employee directors (Ms. Deborah H. Calder and Messrs. Allan G. Bense, William C. Cramer, Jr., Julian B. MacQueen, J. Mort O'Sullivan, III, Michael T. Rehwinkel, and Winston E. Scott) and Mr. Connally.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following represents the fees billed to Gulf Power and Southern Power for the last two fiscal years by Deloitte & Touche LLP, each company's principal public accountant for 2016 and 2015:

	2016	2015
	(in thousands)	
Gulf Power		
Audit Fees (1)	$1,346	$1,359
Audit-Related Fees	3	2
Tax Fees	—	—
All Other Fees (2)	2	1
Total	$1,351	$1,362
Southern Power		
Audit Fees (1)	$1,817	$1,478
Audit-Related Fees	372	3
Tax Fees	—	—
All Other Fees (2)	6	5
Total	$2,195	$1,486

(1) Includes services performed in connection with financing transactions.

(2) Represents registration fees for attendance at Deloitte & Touche LLP-sponsored education seminars in 2015 and 2016 and subscription fees for Deloitte & Touche LLP's technical accounting research tool in 2015.

The following represents the fees billed to Southern Company Gas for the last two fiscal years by PricewaterhouseCoopers LLP, Southern Company Gas' principal public accountant for 2015 and through February 11, 2016, and Deloitte & Touche LLP, Southern Company Gas' principal public accountant since February 11, 2016:

	2016	2015
	(in thousands)	
Audit Fees (1)	$5,131	$3,967
Audit-Related Fees (2)	59	88
Tax Fees (3)	65	75
All Other Fees (4)	7	—
Total	$5,262	$4,130

(1) Includes fees for services performed in connection with financing transactions billed by Deloitte & Touche LLP in 2016 and PricewaterhouseCoopers LLP in 2015. Also includes fees for audits of several subsidiaries by Deloitte & Touche LLP in 2016 and PricewaterhouseCoopers LLP in 2015.

(2) Represents fees for a review report on internal controls provided to third parties billed by Deloitte & Touche LLP in 2016 and PricewaterhouseCoopers LLP in 2015.

(3) Represents fees billed by Deloitte & Touche LLP for tax compliance services in 2016 and PricewaterhouseCoopers LLP for tax compliance, planning, and advisory services in 2015.

(4) Represents registration fees for attendance at Deloitte & Touche LLP-sponsored education seminars in 2016 and subscription fees for Deloitte & Touche LLP's technical accounting research tool in 2016.

The Southern Company Audit Committee (on behalf of Southern Company and its subsidiaries) adopted a Policy of Engagement of the Independent Auditor for Audit and Non-Audit Services that includes requirements for such Audit

Committee to pre-approve audit and non-audit services provided by Deloitte & Touche LLP. All of the audit services provided

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by Deloitte & Touche LLP in fiscal years 2016 and 2015 (described in the footnotes to the table above) and related fees were approved in advance by the Southern Company Audit Committee.

Prior to the closing of the Merger, the Southern Company Gas Audit Committee had responsibility for appointing, setting compensation, and overseeing the work of Southern Company Gas' independent registered public accounting firm. In recognition of this responsibility, Southern Company Gas' Audit Committee adopted a policy that required specific Audit Committee approval before any services were provided by the independent registered public accounting firm. All of the audit services provided by PricewaterhouseCoopers LLP in fiscal year 2015 and PricewaterhouseCoopers LLP and Deloitte & Touche LLP in fiscal year 2016 (described in the footnotes to the table above) prior to the closing of the Merger and related fees were approved in advance by the Southern Company Gas Audit Committee.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report on Form 10-K:

(1) Financial Statements and Financial Statement Schedules:

Management's Report on Internal Control Over Financial Reporting for Southern Company and Subsidiary Companies is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Alabama Power is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Georgia Power is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Gulf Power is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Mississippi Power is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Southern Power and Subsidiary Companies is listed under Item 8 herein.

Management's Report on Internal Control Over Financial Reporting for Southern Company Gas and Subsidiary Companies is listed under Item 8 herein.

Reports of Independent Registered Public Accounting Firm on the financial statements and financial statement schedules for Southern Company and Subsidiary Companies, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Southern Company Gas and Subsidiary Companies, as well as the Report of Independent Registered Public Accounting Firm on the financial statements of Southern Power and Subsidiary Companies are listed under Item 8 herein.

The financial statements filed as a part of this report for Southern Company and Subsidiary Companies, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power and Subsidiary Companies, and Southern Company Gas and Subsidiary Companies are listed under Item 8 herein.

The financial statement schedules for Southern Company and Subsidiary Companies, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Southern Company Gas and Subsidiary Companies are listed in the Index to the Financial Statement Schedules at page S-1.

The financial statements of Southern Natural Gas Company, L.L.C. as of December 31, 2016 and for the four months ended December 31, 2016 are provided by Southern Company Gas as separate financial statements of subsidiaries not consolidated pursuant to Rule 3-09 of Regulation S-X, and are incorporated by reference herein from Exhibit 99(g) hereto.

(2) Exhibits:

Exhibits for Southern Company, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power, and Southern Company Gas are listed in the Exhibit Index at page E-1.

Item 16. FORM 10-K SUMMARY

None.

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THE SOUTHERN COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: Thomas A. Fanning
Chairman, President, and
Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Thomas A. Fanning
Chairman, President, and
Chief Executive Officer
(Principal Executive Officer)

Art P. Beattie
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Ann P. Daiss
Comptroller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

Juanita Powell Baranco	Donald M. James
Jon A. Boscia	John D. Johns
Henry A. Clark III	Dale E. Klein
David J. Grain	William G. Smith, Jr.
Veronica M. Hagen	Steven R. Specker
Warren A. Hood, Jr.	Larry D. Thompson
Linda P. Hudson	E. Jenner Wood III

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

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ALABAMA POWER COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ALABAMA POWER COMPANY

By: Mark A. Crosswhite
Chairman, President, and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Mark A. Crosswhite
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

Philip C. Raymond
Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer)

Anita Allcorn-Walker
Vice President and Comptroller
(Principal Accounting Officer)

Directors:

Whit Armstrong	James K. Lowder
David J. Cooper, Sr.	Robert D. Powers
O. B. Grayson Hall, Jr.	Catherine J. Randall
Anthony A. Joseph	C. Dowd Ritter
Patricia M. King	R. Mitchell Shackleford, III

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

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GEORGIA POWER COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: W. Paul Bowers
Chairman, President, and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

W. Paul Bowers
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

W. Ron Hinson
Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer)

David P. Poroch
Comptroller and Vice President
(Principal Accounting Officer)

Directors:

Robert L. Brown, Jr.
Anna R. Cablik
Stephen S. Green
Kessel D. Stelling, Jr.
Jimmy C. Tallent

Charles K. Tarbutton
Beverly Daniel Tatum
Clyde C. Tuggle
Richard W. Ussery

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

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GULF POWER COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

GULF POWER COMPANY

By: S. W. Connally, Jr.
Chairman, President, and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

S. W. Connally, Jr.
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

Xia Liu
Vice President and Chief Financial Officer
(Principal Financial Officer)

Janet J. Hodnett
Comptroller
(Principal Accounting Officer)

Directors:

Allan G. Bense
Deborah H. Calder
William C. Cramer, Jr.
Julian B. MacQueen
J. Mort O'Sullivan, III
Michael T. Rehwinkel
Winston E. Scott

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

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MISSISSIPPI POWER COMPANY
SIGNATURES
Pursuant to the requirements of Section 13 or 15(d) 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.
MISSISSIPPI POWER COMPANY

By: Anthony L. Wilson
Chairman, President, and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017
Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Anthony L. Wilson
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

Moses H. Feagin
Vice President, Treasurer, and
Chief Financial Officer
(Principal Financial Officer)

Cynthia F. Shaw
Comptroller
(Principal Accounting Officer)
Directors:

Carl J. Chaney	Mark E. Keenum
L. Royce Cumbest	Christine L. Pickering
Thomas A. Dews	Phillip J. Terrell
	M. L. Waters

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)
Date: February 21, 2017

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SOUTHERN POWER COMPANY
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SOUTHERN POWER COMPANY

By: Joseph A. Miller
Chairman, President and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Joseph A. Miller
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

William C. Grantham
Senior Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer)

Elliott L. Spencer
Comptroller and Corporate Secretary
(Principal Accounting Officer)

Directors:

Art P. Beattie	Mark S. Lantrip
Thomas A. Fanning	Christopher C. Womack
Kimberly S. Greene	
James Y. Kerr II	

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017

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SOUTHERN COMPANY GAS
SIGNATURES
Pursuant to the requirements of Section 13 or 15(d) 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.
SOUTHERN COMPANY GAS

By: Andrew W. Evans
Chairman, President, and Chief Executive Officer

By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)

Date: February 21, 2017
Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. The signature of each of the undersigned shall be deemed to relate only to matters having reference to the above-named company and any subsidiaries thereof.

Andrew W. Evans
Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

Elizabeth W. Reese
Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial Officer)

Grace A. Kolvereid
Senior Vice President, Accounting
(Principal Accounting Officer)
Directors:
Sandra N. Bane
Thomas D. Bell, Jr.
Charles R. Crisp
Brenda J. Gaines
Kimberly S. Greene
John E. Rau
James A. Rubright
By: /s/Melissa K. Caen
(Melissa K. Caen, Attorney-in-fact)
Date: February 21, 2017

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act:

Southern Company Gas is not required to send an annual report or proxy statement to its sole shareholder and parent company, The Southern Company, and will not prepare such a report after filing this Annual Report on Form 10-K for fiscal year 2016. Accordingly, Southern Company Gas will not file an annual report with the Securities and Exchange Commission.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Southern Company

We have audited the consolidated financial statements of Southern Company and Subsidiaries (the Company) as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and the Company's internal control over financial reporting as of December 31, 2016, and have issued our report (which expresses an unqualified opinion and includes an explanatory paragraph regarding uncertainty relating to the rate recovery process with the Mississippi Public Service Commission regarding recovery of the cost of the Kemper Integrated Coal Gasification Combined Cycle) thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company (page S-2) listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Atlanta, Georgia
February 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Alabama Power Company

We have audited the financial statements of Alabama Power Company (the Company) (a wholly owned subsidiary of The Southern Company) as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and have issued our report thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company (Page S-3) listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Birmingham, Alabama
February 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Georgia Power Company

We have audited the financial statements of Georgia Power Company (the Company) (a wholly owned subsidiary of The Southern Company) as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and have issued our report thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company (Page S-4) listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Atlanta, Georgia
February 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Gulf Power Company

We have audited the financial statements of Gulf Power Company (the Company) (a wholly owned subsidiary of The Southern Company) as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and have issued our report thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company (Page S-5) listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Atlanta, Georgia
February 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Mississippi Power Company

We have audited the financial statements of Mississippi Power Company (the Company) (a wholly owned subsidiary of The Southern Company) as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, and have issued our report (which expresses an unqualified opinion and includes an explanatory paragraph regarding uncertainty relating to the rate recovery process with the Mississippi Public Service Commission regarding recovery of the cost of the Kemper Integrated Coal Gasification Combined Cycle) thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company (Page S-6) listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Atlanta, Georgia
February 21, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Southern Company Gas

We have audited the consolidated financial statements of Southern Company Gas and Subsidiary Companies (formerly known as AGL Resources Inc.) (the Company) (a wholly owned subsidiary of The Southern Company) as of December 31, 2016 (Successor), and for the six-month periods ended June 30, 2016 (Predecessor) and December 31, 2016 (Successor), and have issued our report thereon dated February 21, 2017; such report is included elsewhere in this Form 10-K. As indicated in that report, we did not audit the financial statements of Southern Natural Gas Company, L.L.C. (SNG), the Company's investment in which is accounted for by the use of the equity method. The Company's consolidated financial statements include its equity investment in SNG of $1,394 million as of December 31, 2016, and its earnings from its equity method investment in SNG of $56 million for the six-month period ended December 31, 2016. Those statements were audited by other auditors, who have furnished their report to us (which expresses an unqualified opinion on SNG's financial statements and contains an emphasis of matter paragraph concerning the extent of its operations and relationships with affiliated entities), and our opinion, insofar as it relates to amounts included for SNG, is based solely on the report of the other auditors. Our audit also included the financial statement schedule of the Company for the six-month periods ended June 30, 2016 (Predecessor) and December 31, 2016 (Successor) (Page S-7) listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Atlanta, Georgia
February 21, 2017

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Gulf Power Company	S-5
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Schedules I through V not listed above are omitted as not applicable or not required. A Schedule II for Southern Power Company and Subsidiary Companies is not being provided because there were no reportable items for the three-year period ended December 31, 2016. Columns omitted from schedules filed have been omitted because the information is not applicable or not required.

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THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Stated in Thousands of Dollars)

		Additions				
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Acquisitions	Deductions (Note)	Balance at End of Period
Provision for uncollectible accounts						
2016	$ 13,341	$39,959	$(1,257)	$ 40,629	$ 49,243	$43,429
2015	18,253	31,074	—	—	35,986	13,341
2014	17,855	43,537	—	—	43,139	18,253

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

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ALABAMA POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Stated in Thousands of Dollars)

		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions (Note)	Balance at End of Period
Provision for uncollectible accounts					
2016	$ 9,597	$11,310	$ —	$ 10,420	$10,487
2015	9,143	13,500	—	13,046	9,597
2014	8,350	14,309	—	13,516	9,143

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

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GEORGIA POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Stated in Thousands of Dollars)

		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions (Note)	Balance at End of Period
Provision for uncollectible accounts					
2016	$ 2,147	$14,476	$ —	$ 13,787	$ 2,836
2015	6,076	16,862	—	20,791	2,147
2014	5,074	24,141	—	23,139	6,076

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

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GULF POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Stated in Thousands of Dollars)

Description	Balance at Beginning of Period	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions (Note)	Balance at End of Period
Provision for uncollectible accounts					
2016	$ 775	$ 2,946	$ —	$ 2,989	$ 732
2015	2,087	2,041	—	3,353	775
2014	1,131	4,304	—	3,348	2,087

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

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MISSISSIPPI POWER COMPANY
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Stated in Thousands of Dollars)

Description	Balance at Beginning of Period	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions (Note)	Balance at End of Period
Provision for uncollectible accounts					
2016	$ 287	$ 1,295	$ —	$ 1,088	$ 494
2015[(*)]	825	(1,994)	—	(1,456)	287
2014	3,018	562	—	2,755	825

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

(*) The refund ordered by the Mississippi PSC pursuant to the 2015 Mississippi Supreme Court decision relative to Mirror CWIP involved refunding all billed amounts to all historical customers and included an interest component. The refund of approximately $371 million in 2015 was of sufficient magnitude to resolve most past due amounts beyond 30 days aged receivables, accounting for the negative provision of $(2.0) million where risk of collectibility was offset by applying the refund to past due amounts. It was also of sufficient size to offset amounts previously written off in the 2012-2015 time frame, accounting for the net recoveries of $1.5 million.

For more information regarding the 2015 decision of the Mississippi Supreme Court related to the Mirror CWIP refund in fourth quarter 2015, see Note 3 to the financial statement of Mississippi Power under "Integrated Coal Gasification Combined Cycle – 2013 MPSC Rate Order" in Item 8 herein.

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SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
FOR THE SUCCESSOR PERIOD OF JULY 1, 2016 THROUGH DECEMBER 31, 2016
AND THE PREDECESSOR PERIODS OF JANUARY 1, 2016 THROUGH JUNE 30, 2016
AND THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Stated in Thousands of Dollars)

Description	Balance at Beginning of Period	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions (Note)	Balance at End of Period
Successor – December 31, 2016					
Provision for uncollectible accounts	$ 37,663	$9,500	$(1,257)	$ 18,590	$27,316
Income tax valuation	19,182	—	—	—	19,182
Predecessor – June 30, 2016					
Provision for uncollectible accounts	$ 29,142	$15,976	$1,608	$ 9,063	$37,663
Income tax valuation	19,182	—	—	—	19,182
Predecessor – 2015					
Provision for uncollectible accounts	$ 35,069	$27,050	$3,017	$ 35,994	$29,142
Income tax valuation	19,637	—	—	455	19,182
Predecessor – 2014					
Provision for uncollectible accounts	$ 29,261	$54,790	$1,414	$ 50,396	$35,069
Income tax valuation	22,329	—	—	2,692	19,637

(Note) Represents write-off of accounts considered to be uncollectible, less recoveries of amounts previously written off.

EXHIBIT INDEX

The exhibits below with an asterisk (*) preceding the exhibit number are filed herewith. The remaining exhibits have previously been filed with the SEC and are incorporated herein by reference. The exhibits marked with a pound sign (#) are management contracts or compensatory plans or arrangements required to be identified as such by Item 15 of Form 10-K.

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession

Southern Company

(a) 1 — Agreement and Plan of Merger by and among Southern Company, AMS Corp., and Southern Company Gas, dated August 23, 2015. (Designated in Form 8-K dated August 23, 2015, File No. 1-3526, as Exhibit 2.1.)

Southern Company Gas

(g) 1 — Agreement and Plan of Merger by and among Southern Company, AMS Corp., and Southern Company Gas, dated August 23, 2015. See Exhibit 2(a)1 herein.

(g) 2 — Purchase and Sale Agreement, dated as of July 10, 2016, among Kinder Morgan SNG Operator LLC, Southern Natural Gas Company, L.L.C., and Southern Company.(Designated in Form 8-K dated August 31, 2016, File No. 1-14174, as Exhibit 2.1a.)

(g) 3 — Assignment, Assumption and Novation of Purchase and Sale Agreement, dated as of August 31, 2016, between Southern Company and Evergreen Enterprise Holdings LLC.(Designated in Form 8-K dated August 31, 2016, File No. 1-14174, as Exhibit 2.1b.)

(3) Articles of Incorporation and By-Laws

Southern Company

(a) 1 — Composite Certificate of Incorporation of Southern Company, reflecting all amendments thereto through May 26, 2016. (Designated in Registration No. 33-3546 as Exhibit 4(a), in Certificate of Notification, File No. 70-7341, as Exhibit A, in Certificate of Notification, File No. 70-8181, as Exhibit A, in Form 8-K dated May 26, 2010, File No. 1-3526, as Exhibit 3.1, and in Form 8-K dated May 25, 2016, File No. 1-3526, as Exhibit 3.1.)

(a) 2 — By-laws of Southern Company as amended effective May 25, 2016, and as presently in effect. (Designated in Form 8-K dated May 25, 2016, File No. 1-3526, as Exhibit 3.2.)

Alabama Power

(b) 1 — Charter of Alabama Power and amendments thereto through April 25, 2008. (Designated in Registration Nos. 2-59634 as Exhibit 2(b), 2-60209 as Exhibit 2(c), 2-60484 as Exhibit 2(b), 2-70838 as Exhibit 4(a)-2, 2-85987 as Exhibit 4(a)-2, 33-25539 as Exhibit 4(a)-2, 33-43917 as Exhibit 4(a)-2, in Form 8-K dated February 5, 1992, File No. 1-3164, as Exhibit 4(b)-3, in Form 8-K dated July 8, 1992, File No. 1-3164, as Exhibit 4(b)-3, in Form 8-K dated October 27, 1993, File No. 1-3164, as Exhibits 4(a) and 4(b), in Form 8-K dated November 16, 1993, File No. 1-3164, as Exhibit 4(a), in Certificate of Notification, File No. 70-8191, as Exhibit A, in Form 10-K for the year ended December 31, 1997, File No. 1-3164, as Exhibit 3(b)2, in Form 8-K dated August 10, 1998, File No. 1-3164, as Exhibit 4.4, in Form 10-K for the year ended December 31, 2000, File No. 1-3164, as Exhibit 3(b)2, in Form 10-K for the year ended December 31, 2001, File No. 1-3164, as Exhibit 3(b)2, in Form 8-K dated February 5, 2003, File No. 1-3164, as Exhibit 4.4, in Form 10-Q for the quarter ended March 31, 2003, File No 1-3164, as Exhibit 3(b)1, in Form 8-K dated February 5, 2004, File No. 1-3164, as Exhibit 4.4, in Form 10-Q for the quarter ended March 31, 2006, File No. 1-3164, as Exhibit 3(b)(1), in Form 8-K dated December 5, 2006, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated September 12, 2007, File No. 1-3164, as Exhibit 4.5, in Form 8-K dated October 17, 2007, File No. 1-3164, as Exhibit 4.5, and in Form 10-Q for the quarter ended March 31, 2008, File No. 1-3164, as Exhibit 3(b)1.)

(b) 2 — Amended and Restated By-laws of Alabama Power effective February 10, 2014, and as presently in effect. (Designated in Form 8-K dated February 10, 2014, File No 1-3164, as Exhibit 3.1.)

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Georgia Power

(c) 1 — Charter of Georgia Power and amendments thereto through October 9, 2007. (Designated in Registration Nos. 2-63392 as Exhibit 2(a)-2, 2-78913 as Exhibits 4(a)-(2) and 4(a)-(3), 2-93039 as Exhibit 4(a)-(2), 2-96810 as Exhibit 4(a)-2, 33-141 as Exhibit 4(a)-(2), 33-1359 as Exhibit 4(a)(2), 33-5405 as Exhibit 4(b)(2), 33-14367 as Exhibits 4(b)-(2) and 4(b)-(3), 33-22504 as Exhibits 4(b)-(2), 4(b)-(3) and 4(b)-(4), in Form 10-K for the year ended December 31, 1991, File No. 1-6468, as Exhibits 4(a)(2) and 4(a)(3), in Registration No. 33-48895 as Exhibits 4(b)-(2) and 4(b)-(3), in Form 8-K dated December 10, 1992, File No. 1-6468 as Exhibit 4(b), in Form 8-K dated June 17, 1993, File No. 1-6468, as Exhibit 4(b), in Form 8-K dated October 20, 1993, File No. 1-6468, as Exhibit 4(b), in Form 10-K for the year ended December 31, 1997, File No. 1-6468, as Exhibit 3(c)2, in Form 10-K for the year ended December 31, 2000, File No. 1-6468, as Exhibit 3(c)2, in Form 8-K dated June 27, 2006, File No. 1-6468, as Exhibit 3.1, and in Form 8-K dated October 3, 2007, File No. 1-6468, as Exhibit 4.5.)

(c) 2 — By-laws of Georgia Power as amended effective November 9, 2016, and as presently in effect. (Designated in Form 8-K dated November 9, 2016, File No. 1-6468, as Exhibit 3.1.)

Gulf Power

(d) 1 — Amended and Restated Articles of Incorporation of Gulf Power and amendments thereto through June 17, 2013. (Designated in Form 8-K dated October 27, 2005, File No. 001-31737, as Exhibit 3.1, in Form 8-K dated November 9, 2005, File No. 001-31737, as Exhibit 4.7, in Form 8-K dated October 16, 2007, File No. 001-31737, as Exhibit 4.5, and in Form 8-K dated June 10, 2013, File No. 001-31737, as Exhibit 4.7.)

(d) 2 — By-laws of Gulf Power as amended effective November 2, 2005, and as presently in effect. (Designated in Form 8-K dated October 27, 2005, File No. 001-31737, as Exhibit 3.2.)

Mississippi Power

(e) 1 — Articles of Incorporation of Mississippi Power, articles of merger of Mississippi Power Company (a Maine corporation) into Mississippi Power and articles of amendment to the articles of incorporation of Mississippi Power through April 2, 2004. (Designated in Registration No. 2-71540 as Exhibit 4(a)-1, in Form U5S for 1987, File No. 30-222-2, as Exhibit B-10, in Registration No. 33-49320 as Exhibit 4(b)-(1), in Form 8-K dated August 5, 1992, File No. 001-11229, as Exhibits 4(b)-2 and 4(b)-3, in Form 8-K dated August 4, 1993, File No. 001-11229, as Exhibit 4(b)-3, in Form 8-K dated August 18, 1993, File No. 001-11229, as Exhibit 4(b)-3, in Form 10-K for the year ended December 31, 1997, File No. 001-11229, as Exhibit 3(e)2, in Form 10-K for the year ended December 31, 2000, File No. 001-11229, as Exhibit 3(e)2, and in Form 8-K dated March 3, 2004, File No. 001-11229, as Exhibit 4.6.)

(e) 2 — By-laws of Mississippi Power as amended effective October 25, 2016, and as presently in effect. (Designated in Form 8-K dated October 25, 2016, File No. 001-11229, as Exhibit 3.1)

Southern Power

(f) 1 — Certificate of Incorporation of Southern Power Company dated January 8, 2001. (Designated in Registration No. 333-98553 as Exhibit 3.1.)

(f) 2 — By-laws of Southern Power Company effective January 8, 2001. (Designated in Registration No. 333-98553 as Exhibit 3.2.)

Southern Company Gas

(f) 1 — Amended and Restated Articles of Incorporation of Southern Company Gas dated July 11, 2016. (Designated in Form 8-K dated July 8, 2016, File No. 1-14174, as Exhibit 3.1.)

(f) 2 — By-laws of Southern Company Gas effective July 11, 2016. (Designated in Form 8-K dated July 8, 2016, File No. 1-14174, as Exhibit 3.2.)

(4) Instruments Describing Rights of Security Holders, Including Indentures

With respect to each of Southern Company, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and Southern Company Gas such registrant has not included any instrument with respect to long-term debt that does not exceed 10% of the total assets of such registrant and its subsidiaries. Each such registrant agrees, upon request of the SEC, to furnish copies of any or all such instruments to the SEC.

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Southern Company

(a) 1 — Senior Note Indenture dated as of January 1, 2007, between Southern Company and Wells Fargo Bank, National Association, as Trustee, and indentures supplemental thereto through May 24, 2016. (Designated in Form 8-K dated January 11, 2007, File No. 1-3526, as Exhibits 4.1 and 4.2, in Form 8-K dated March 20, 2007, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated August 13, 2008, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated May 11, 2009, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated October 19, 2009, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated September 13, 2010, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated August 16, 2011, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated August 21, 2013, File No. 1-3526, as Exhibit 4.2, in Form 8-K dated August 19, 2014, File No. 1-3526, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated June 9, 2015, File No. 1-3526, as Exhibit 4.2, and in Form 8-K dated May 19, 2016, File No. 1-3526, as Exhibits 4.2(a), 4.2(b), 4.2(c), 4.2(d), 4.2(e), 4.2(f) and 4.2(g).)

(a) 2 — Subordinated Note Indenture dated as of October 1, 2015, between The Southern Company and Wells Fargo Bank, National Association, as Trustee, and indentures supplemental thereto through December 8, 2016. (Designated in Form 8-K dated October 1, 2015, File No. 1-3526, as Exhibits 4.3 and 4.4, in Form 8-K dated September 12, 2016, File No. 1-3526, as Exhibit 4.4, and in Form 8-K dated December 5, 2016, File No. 1-3526, as Exhibit 4.4.)

Alabama Power

(b) 1 — Subordinated Note Indenture dated as of January 1, 1997, between Alabama Power and Regions Bank, as Successor Trustee, and indentures supplemental thereto through October 2, 2002. (Designated in Form 8-K dated January 9, 1997, File No. 1-3164, as Exhibits 4.1 and 4.2, in Form 8-K dated February 18, 1999, File No. 1-3164, as Exhibit 4.2, and in Form 8-K dated September 26, 2002, File No. 3164, as Exhibits 4.9-A and 4.9-B.)

(b) 2 — Senior Note Indenture dated as of December 1, 1997, between Alabama Power and Regions Bank, as Successor Trustee, and indentures supplemental thereto through January 13, 2016. (Designated in Form 8-K dated December 4, 1997, File No. 1-3164, as Exhibits 4.1 and 4.2, in Form 8-K dated February 20, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated April 17, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated August 11, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated September 8, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated September 16, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated October 7, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated October 28, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated November 12, 1998, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated May 19, 1999, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated August 13, 1999, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated September 21, 1999, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated May 11, 2000, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated August 22, 2001, File No. 1-3164, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated June 21, 2002, File No. 1-3164, as Exhibit 4.2(a), in Form 8-K dated October 16, 2002, File No. 1-3164, as Exhibit 4.2(a), in Form 8-K dated November 20, 2002, File No. 1-3164, as Exhibit 4.2(a), in Form 8-K dated December 6, 2002, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated February 11, 2003, File No. 1-3164, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated March 12, 2003, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated April 15, 2003, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated May 1, 2003, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated November 14, 2003, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated February 10, 2004, File No. 1-3164, as Exhibit 4.2 in Form 8-K dated April 7, 2004, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated August 19, 2004, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated November 9, 2004, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated March 8, 2005, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated January 11, 2006, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated January 13, 2006, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated February 1, 2006, File No. 1-3164, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated March 9, 2006, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated June 7, 2006, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated January 30, 2007, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated April 4, 2007, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated October 11, 2007, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated December 4, 2007, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated May 8, 2008, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated November 14, 2008, File No. 1-3164 as Exhibit 4.2, in Form 8-K dated February 26, 2009, File No. 1-3164 as Exhibit 4.2, in Form 8-K dated September 27, 2010, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated March 3, 2011, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated May 18, 2011, File No. 1-3164, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated January 10, 2012, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated October 9, 2012, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated November 27, 2012, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated December 3, 2013, File No. 1-3164, as Exhibit 4.2, in Form 8-K dated August 20, 2014, File No. 1-3164, as Exhibit 4.6, in Form 8-K dated March 5, 2015, File No. 1-3164, as Exhibit 4.6, in Form 8-K dated April 9, 2015, File No. 1-3164, as Exhibit 4.6(b), and in Form 8-K dated January 8, 2016, File No. 1-3164, as Exhibit 4.6.)

(b) 3 — Amended and Restated Trust Agreement of Alabama Power Capital Trust V dated as of September 1, 2002. (Designated in Form 8-K dated September 26, 2002, File No. 1-3164, as Exhibit 4.12-B.)

(b) 4 — Guarantee Agreement relating to Alabama Power Capital Trust V dated as of September 1, 2002. (Designated in Form 8-K dated September 26, 2002, File No. 1-3164, as Exhibit 4.16-B.)

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Georgia Power

(c) 1 — Senior Note Indenture dated as of January 1, 1998, between Georgia Power and Wells Fargo Bank, National Association, as Successor Trustee, and indentures supplemental thereto through March 8, 2016. (Designated in Form 8-K dated January 21, 1998, File No. 1-6468, as Exhibits 4.1 and 4.2, in Forms 8-K each dated November 19, 1998, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated March 3, 1999, File No. 1-6469 as Exhibit 4.2, in Form 8-K dated February 15, 2000, File No. 1-6469 as Exhibit 4.2, in Form 8-K dated January 26, 2001, File No. 1-6469 as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated February 16, 2001, File No. 1-6469 as Exhibit 4.2, in Form 8-K dated May 1, 2001, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated June 27, 2002, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated November 15, 2002, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated February 13, 2003, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated February 21, 2003, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated April 10, 2003, File No. 1-6468, as Exhibits 4.1, 4.2 and 4.3, in Form 8-K dated September 8, 2003, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated September 23, 2003, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated January 12, 2004, File No. 1-6468, as Exhibits 4.1 and 4.2, in Form 8-K dated February 12, 2004, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated August 11, 2004, File No. 1-6468, as Exhibits 4.1 and 4.2, in Form 8-K dated January 13, 2005, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated April 12, 2005, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated November 30, 2005, File No. 1-6468, as Exhibit 4.1, in Form 8-K dated December 8, 2006, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated March 6, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated June 4, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated June 18, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated July 10, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated August 24, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated November 29, 2007, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated March 12, 2008, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated June 5, 2008, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated November 12, 2008, File No. 1-6468, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated February 4, 2009, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated December 8, 2009, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated March 9, 2010, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated May 24, 2010, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated August 26, 2010, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated September 20, 2010, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated January 13, 2011, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated April 12, 2011, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated February 29, 2012, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated May 8, 2012, File No. 1-6468, as Exhibit 4.2(b), in Form 8-K dated August 7, 2012, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated November 8, 2012, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated March 12, 2013, File No. 1-6468, as Exhibits 4.2(a) and 4.2(b), in Form 8-K dated August 12, 2013, File No. 1-6468, as Exhibit 4.2, in Form 8-K dated December 1, 2015, File No. 1-6468, as Exhibit 4.2, and in Form 8-K dated March 2, 2016, File No. 1-6468, as Exhibits 4.2(a) and 4.2(b).)

(c) 2 — Loan Guarantee Agreement between Georgia Power and the DOE dated as of February 20, 2014, Amendment No. 1 thereto dated as of June 4, 2015, and Amendment No. 2 thereto dated as of March 9, 2016. (Designated in Form 8-K dated February 20, 2014, File No. 1-6468, as Exhibit 4.1, in Form 10-Q for the quarter ended June 30, 2015, File No. 1-6468, as Exhibit 10(c)1, and in Form 10-Q for the quarter ended March 31, 2016, File No. 1-6468, as Exhibit 4(c)3.)

(c) 3 — Note Purchase Agreement among Georgia Power, the DOE, and the Federal Financing Bank dated as of February 20, 2014. (Designated in Form 8-K dated February 20, 2014, File No. 1-6468, as Exhibit 4.2.)

(c) 4 — Future Advance Promissory Note dated February 20, 2014 made by Georgia Power to the FFB. (Designated in Form 8-K dated February 20, 2014, File No. 1-6468, as Exhibit 4.3.)

(c) 5 — Deed to Secure Debt, Security Agreement and Fixture Filing between Georgia Power and PNC Bank, National Association, doing business as Midland Loan Services Inc., a division of PNC Bank, National Association dated as of February 20, 2014. (Designated in Form 8-K dated February 20, 2014, File No. 1-6468, as Exhibit 4.4.)

(c) 6 —

Owners Consent to Assignment and Direct Agreement and Amendment to Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement by and among Georgia Power, OPC, MEAG Power, and Dalton dated as of February 20, 2014. (Designated in Form 8-K dated February 20, 2014, File No. 1-6468, as Exhibit 4.5.)

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Gulf Power

(d) 1 — Senior Note Indenture dated as of January 1, 1998, between Gulf Power and Wells Fargo Bank, National Association, as Successor Trustee, and indentures supplemental thereto through September 23, 2014. (Designated in Form 8-K dated June 17, 1998, File No. 0-2429, as Exhibits 4.1 and 4.2, in Form 8-K dated August 17, 1999, File No. 0-2429, as Exhibit 4.2, in Form 8-K dated July 31, 2001, File No. 0-2429, as Exhibit 4.2, in Form 8-K dated October 5, 2001, File No. 0-2429, as Exhibit 4.2, in Form 8-K dated January 18, 2002, File No. 0-2429, as Exhibit 4.2, in Form 8-K dated March 21, 2003, File No. 0-2429, as Exhibit 4.2, in Form 8-K dated July 10, 2003, File No. 001-31737, as Exhibits 4.1 and 4.2, in Form 8-K dated September 5, 2003, File No. 001-31737, as Exhibit 4.1, in Form 8-K dated April 6, 2004, File No. 001-31737, as Exhibit 4.1, in Form 8-K dated September 13, 2004, File No. 001-31737, as Exhibit 4.1, in Form 8-K dated August 11, 2005, File No. 001-31737, as Exhibit 4.1, in Form 8-K dated October 27, 2005, File No. 001-31737, as Exhibit 4.1, in Form 8-K dated November 28, 2006, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated June 5, 2007, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated June 22, 2009, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated April 6, 2010, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated September 9, 2010, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated May 12, 2011, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated May 15, 2012, File No. 001-31737, as Exhibit 4.2, in Form 8-K dated June 10, 2013, File No. 001-31737, as Exhibit 4.2, and in Form 8-K dated September 16, 2014, File No. 001-31737, as Exhibit 4.2.)

Mississippi Power

(e) 1 — Senior Note Indenture dated as of May 1, 1998, between Mississippi Power and Wells Fargo Bank, National Association, as Successor Trustee, and indentures supplemental thereto through March 9, 2012. (Designated in Form 8-K dated May 14, 1998, File No. 001-11229, as Exhibits 4.1, 4.2(a) and 4.2(b), in Form 8-K dated March 22, 2000, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated March 12, 2002, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated April 24, 2003, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated March 3, 2004, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated June 24, 2005, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated November 8, 2007, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated November 14, 2008, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated March 3, 2009, File No. 001-11229, as Exhibit 4.2, in Form 8-K dated October 11, 2011, File No. 001-11229, as Exhibits 4.2(a) and 4.2(b), and in Form 8-K dated March 5, 2012, File No. 001-11229, as Exhibit 4.2(b).)

(e) 2 — Term Loan Agreement among Mississippi Power and the lenders identified therein, dated as of March 8, 2016. (Designated in Form 10-Q for the quarter ended March 31, 2016, File No. 001-11229, as Exhibit 4(e)1.)

Southern Power

(f) 1 — Senior Note Indenture dated as of June 1, 2002, between Southern Power Company and Wells Fargo Bank, National Association, as Successor Trustee, and indentures supplemental thereto through November 16, 2016. (Designated in Registration No. 333-98553 as Exhibits 4.1 and 4.2, in Form 10-Q for the quarter ended June 30, 2003, File No. 333-98553, as Exhibit 4(g)1, in Form 8-K dated November 13, 2006, File No. 333-98553, as Exhibit 4.2, in Form 8-K dated September 14, 2011, File No. 333-98553, as Exhibit 4.4, in Form 8-K dated July 10, 2013, File No. 333-98553, as Exhibit 4.4, in Form 8-K dated May 14, 2015, File No. 333-98553, as Exhibits 4.4(a) and 4.4(b), in Form 8-K dated November 12, 2015, File No. 333-98553, as Exhibits 4.4(a) and 4.4(b), in Form 8-K dated June 13, 2016, File No. 001-37803, as Exhibits 4.4(a) and 4.4(b), in Form 10-Q for the quarter ended September 30, 2016, File No. 001-37803, as Exhibits 4(f)1 and 4(f)2, and in Form 8-K dated November 10, 2016, File No. 001-37803, as Exhibits 4.4(a), 4.4(b), and 4.4(c).)

Southern Company Gas

(g) 1 — Indenture dated February 20, 2001 between AGL Capital Corporation, AGL Resources Inc. and The Bank of New York, as Trustee. (Designated in Form S-3, File No. 333-69500, as Exhibit 4.2.)

Explanation of Responses:

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(g) 2 — Southern Company Gas Capital Corporation's 6.00% Senior Notes due 2034, 6.375% Senior Notes due 2016, 5.25% Senior Notes due 2019, Form of 3.50% Senior Notes due 2021, 5.875% Senior Notes due 2041, Form of Series A Senior Notes due 2016, Form of Series B Senior Notes due 2018, 4.40% Senior Notes due 2043, 3.875% Senior Notes due 2025, 3.250% Senior Notes due 2026, Form of 2.450% Senior Note due October 1, 2023, and Form of 3.950% Senior Note due October 1, 2046. (Designated in Form 8-K dated September 22, 2004, File No. 1-14174, as Exhibit 4.1, in Form 8-K dated December 11, 2007, File No. 1-14174, as Exhibit 4.1, in Form 8-K dated August 5, 2009, File No. 1-14174, as Exhibit 4.1, in Form 8-K dated September 15, 2011, File No. 1-14174, as Exhibit 4.1, in Form 8-K dated March 16, 2011, File No. 1-14174, as Exhibit 4.1, in Form 8-K dated August 31, 2011, File No. 1-14174, as Exhibits 4.1 and 4.2, in Form 8-K dated May 13, 2013, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated November 13, 2015, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated May 13, 2016, File No. 1-14174, as Exhibit 4.2, and in Form 8-K dated September 8, 2016, File No. 1-14174, as Exhibits 4.1(a) and 4.1(b), respectively.)

(g) 3 — Southern Company Gas' Guarantee related to the 6.00% Senior Notes due 2034, Guarantee related to the 6.375% Senior Notes due 2016, Guarantee related to the 5.25% Senior Notes due 2019, Guarantee related to the 5.875% Senior Notes due 2041, Form of Guarantee related to the 3.50% Senior Notes due 2021, Guarantee related to the 4.40% Senior Notes due 2043, Guarantee related to the 3.875% Senior Notes due 2025, Guarantee related to the 3.250% Senior Notes due 2026, Form of Guarantee related to the 2.450% Senior Notes due October 1, 2023, and Form of Guarantee related to the 3.950% Senior Notes due October 1, 2046. (Designated in Form 8-K dated September 22, 2004, File No. 1-14174, as Exhibit 4.3, in Form 8-K dated December 11, 2007, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated August 5, 2009, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated March 16, 2011, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated September 15, 2011, File No. 1-14174, as Exhibit 4.2, in Form 8-K dated May 13, 2013, File No. 1-14174, as Exhibit 4.3, in Form 8-K dated November 13, 2015, File No. 1-14174, as Exhibit 4.3, in Form 8-K dated May 13, 2016, File No. 1-14174, as Exhibit 4.3, and in Form 8-K dated September 8, 2016, File No. 1-14174, as Exhibits 4.3(a) and 4.3(b), respectively.)

(g) 4 — Indenture dated December 1, 1989 of Atlanta Gas Light Company and First Supplemental Indenture thereto dated March 16, 1992. (Designated in Form S-3, File No. 33-32274, as Exhibit 4(a) and in Form S-3, File No. 33-46419, as Exhibit 4(a).)

(g) 5 — Indenture of Commonwealth Edison Company to Continental Illinois National Bank and Trust Company of Chicago, Trustee, dated as of January 1, 1954, Indenture of Adoption of Northern Illinois Gas Company to Continental Illinois National Bank and Trust Company of Chicago, Trustee, dated February 9, 1954, and certain indentures supplemental thereto. (Designated in Form 10-K for the year ended December 31, 1995, File No. 1-7296, as Exhibits 4.01 and 4.02, in Registration No. 2-56578 as Exhibits 2.21 and 2.25, in Form 10-Q for the quarter ended June 30, 1996, File No. 1-7296, as Exhibit 4.01, in Form 10-K for the year ended December 31, 1997, File No. 1-7296, as Exhibit 4.19, in Form 10-K for the year ended December 31, 2003, File No. 1-7296, as Exhibits 4.09, 4.10 and 4.11, in Form 10-K for the year ended December 31, 2006, File No. 1-7296, as Exhibit 4.11, in Form 10-Q for the quarter ended September 30, 2008, File No. 1-7296, as Exhibit 4.01, in Form 10-Q for the quarter ended June 31, 2009, File No. 1-7296, as Exhibit 4.01, and in Form 10-Q for the quarter ended September 30, 2012, File No. 1-7296, as Exhibit 4.)

*(g) 6 — Supplemental Indenture dated June 16, 2016 of Northern Illinois Gas Company to The Bank of New York Mellon Trust Company, N.A., under Indenture dated January 1, 1954.

(10) Material Contracts

Southern Company

#(a) 1 — Southern Company 2011 Omnibus Incentive Compensation Plan effective May 25, 2011. (Designated in Form 8-K dated May 25, 2011, File No. 1-3526, as Exhibit 10.1.)

#(a) 2 —	Form of Stock Option Award Agreement for Executive Officers of Southern Company under the Southern Company Omnibus Incentive Compensation Plan. (Designated in Form 10-Q for the quarter ended March 31, 2011, File No. 1-3526, as Exhibit 10(a)3.)
#(a) 3 —	Deferred Compensation Plan for Outside Directors of The Southern Company, Amended and Restated effective January 1, 2008 and First Amendment thereto effective April 1, 2015. (Designated in Form 10-K for the year ended December 31, 2007, File No. 1-3526, as Exhibit 10(a)3 and in Form 10-Q for the quarter ended June 30, 2015, File No. 1-3526, as Exhibit 10(a)1.)

#	(a) 4	—	Southern Company Deferred Compensation Plan, Amended and Restated as of January 1, 2009, First Amendment thereto effective January 1, 2010, and Second Amendment thereto effective October 29, 2014. (Designated in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)4, in Form 10-K for the year ended December 31, 2009, File No. 1-3526, as Exhibit 10(a)5, and in Form 10-K for the year ended December 31, 2015, File No. 1-3526, as Exhibit 10(a)21.)
#	(a) 5	—	The Southern Company Supplemental Executive Retirement Plan, Amended and Restated effective June 30, 2016. (Designated in Form 10-Q for the quarter ended June 30, 2016, File No. 1-3526, as Exhibit 10(a)1.)
#	(a) 6	—	The Southern Company Supplemental Benefit Plan, Amended and Restated effective as of June 30, 2016. (Designated in Form 10-Q for the quarter ended June 30, 2016, File No. 1-3526, as Exhibit 10(a)2.)
#	(a) 7	—	The Southern Company Change in Control Benefits Protection Plan (an amendment and restatement of The Southern Company Change in Control Benefit Plan Determination Policy), effective December 31, 2008. (Designated in Form 8-K dated December 31, 2008, File No. 1-3526, as Exhibit 10.1.)
#	(a) 8	—	Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, SCS, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern LINC, Southern Company Energy Solutions, LLC, and Southern Nuclear and First Amendment thereto effective January 1, 2009. (Designated in Form 10-K for the year ended December 31, 2000, File No. 1-3526, as Exhibit 10(a)103 and in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)16.)
#	(a) 9	—	Deferred Stock Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2000, between Reliance Trust Company, Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. (Designated in Form 10-K for the year ended December 31, 2000, File No. 1-3526, as Exhibit 10(a)104 and in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)18.)
#	(a) 10	—	Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective September 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. (Designated in Form 10-K for the year ended December 31, 2001, File No. 1-3526, as Exhibit 10(a)92 and in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)20.)
#	(a) 11	—	Southern Company Senior Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008, First Amendment thereto effective October 19, 2009, and Second Amendment thereto effective February 22, 2011. (Designated in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)23, in Form 10-K for the year ended December 31, 2009, File No. 1-3526, as Exhibit 10(a)22, and in Form 10-K for the year ended December 31, 2010, File No. 1-3526, as Exhibit 10(a)16.)
#	(a) 12	—	Southern Company Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008 and First Amendment thereto effective January 1, 2010. (Designated in Form 10-K for the year ended December 31, 2008, File No. 1-3526, as Exhibit 10(a)24 and in Form 10-K for the year ended December 31, 2009, File No. 1-3526, as Exhibit 10(a)24.)
#	(a) 13	—	Form of Terms for Performance Share Awards granted under the Southern Company 2011 Omnibus Incentive Compensation Plan. (Designated in Form 10-K for the year ended December 31, 2014, File No. 1-3526, as Exhibit 10(a)17).
#	(a) 14	—	Outside Directors Stock Plan for The Southern Company and its Subsidiaries effective June 1, 2015. (Designated in Definitive Proxy Statement filed April 10, 2015, File No. 1-3526, as Appendix A.)
	(a) 15	—	

		Commitment Letter dated August 23, 2015. (Designated in Form 8-K dated August 23, 2015, File No. 1-3526, as Exhibit 10.1.)
	(a) 16	— Bridge Credit Agreement dated as of September 30, 2015, among Southern Company, as the Borrower, the Lenders identified therein, and Citibank, N.A., as Administrative Agent. (Designated in Form 8-K dated September 30, 2015, File No. 1-3526, as Exhibit 10.1.)
#	*(a) 17	— Deferred Compensation Agreement between Southern Company, SCS, Alabama Power, and Mark A. Crosswhite, effective July 30, 2008.

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#	*(a)	18	— First Amendment to The Southern Company Supplemental Executive Retirement Plan effective January 1, 2017.
#	*(a)	19	— First Amendment to The Southern Company Supplemental Benefit Plan effective January 1, 2017.
Alabama Power			
	(b)	1	— Intercompany Interchange Contract as revised effective May 1, 2007, among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and SCS. (Designated in Form 10-Q for the quarter ended March 31, 2007, File No. 1-3164, as Exhibit 10(b)5.)
#	(b)	2	— Southern Company 2011 Omnibus Incentive Compensation Plan effective May 25, 2011. See Exhibit 10(a)1 herein.
#	(b)	3	— Form of Stock Option Award Agreement for Executive Officers of Southern Company under the Southern Company Omnibus Incentive Compensation Plan. See Exhibit 10(a)2 herein.
#	(b)	4	— Southern Company Deferred Compensation Plan, Amended and Restated as of January 1, 2009, First Amendment thereto effective January 1, 2010, and Second Amendment thereto effective October 29, 2014. See Exhibit 10(a)4 herein.
#	(b)	5	— The Southern Company Supplemental Executive Retirement Plan, Amended and Restated effective June 30, 2016. See Exhibit 10(a)5 herein.
#	(b)	6	— The Southern Company Supplemental Benefit Plan, Amended and Restated effective as of June 30, 2016. See Exhibit 10(a)6 herein.
#	(b)	7	— Southern Company Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008 and First Amendment thereto effective January 1, 2010. See Exhibit 10(a)12 herein.
#	(b)	8	— Deferred Compensation Plan for Outside Directors of Alabama Power Company, Amended and Restated effective January 1, 2008 and First Amendment thereto effective June 1, 2015. (Designated in Form 10-Q for the quarter ended June 30, 2008, File No. 1-3164, as Exhibit 10(b)1 and in Form 10-Q for the quarter ended June 30, 2015, File No. 1-3164, as Exhibit 10(b)1.)
#	(b)	9	— The Southern Company Change in Control Benefits Protection Plan (an amendment and restatement of The Southern Company Change in Control Benefit Plan Determination Policy), effective December 31, 2008. See Exhibit 10(a)7 herein.
#	(b)	10	— Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, SCS, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern LINC, Southern Company Energy Solutions, LLC, and Southern Nuclear and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)8 herein.
#	(b)	11	— Deferred Stock Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2000, between Reliance Trust Company, Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)9 herein.
#	(b)	12	— Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective September 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)10 herein.
#	(b)	13	— Southern Company Senior Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008, First Amendment thereto effective October 19, 2009, and Second Amendment thereto effective February 22, 2011. See Exhibit 10(a)11 herein.
#	(b)	14	— Form of Terms for Performance Share Awards granted under the Southern Company 2011 Omnibus Incentive Compensation Plan. See Exhibit 10(a)13 herein.
#	(b)	15	— Deferred Compensation Agreement between Southern Company, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and SCS and Philip C. Raymond dated September 15, 2010.

			(Designated in Form 10-Q for the quarter ended September 30, 2010, File No. 1-3164, as Exhibit 10(b)2.)
#	(b)	16 —	Deferred Compensation Agreement between Southern Company, SCS, Alabama Power, and Mark A. Crosswhite, effective July 30, 2008. See Exhibit 10(a)17 herein.
#	(b)	17 —	Outside Directors Stock Plan for The Southern Company and its Subsidiaries effective June 1, 2015. See Exhibit 10(a)14 herein.

#(b) 18 — Employment Agreement between Alabama Power and Steven R. Spencer effective April 1, 2016. (Designated in Form 10-K for the year ended December 31, 2015, File No. 1-3164, as Exhibit 10(b)21.

#(b) 19 — First Amendment to The Southern Company Supplemental Executive Retirement Plan effective January 1, 2017. See Exhibit 10(a)18 herein.

#(b) 20 — First Amendment to The Southern Company Supplemental Benefit Plan effective January 1, 2017. See Exhibit 10(a)19 herein.

Georgia Power

(c) 1 — Intercompany Interchange Contract as revised effective May 1, 2007, among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and SCS. See Exhibit 10(b)1 herein.

(c) 2 — Revised and Restated Integrated Transmission System Agreement dated as of November 12, 1990, between Georgia Power and OPC. (Designated in Form 10-K for the year ended December 31, 1990, File No. 1-6468, as Exhibit 10(g).)

(c) 3 — Revised and Restated Integrated Transmission System Agreement between Georgia Power and Dalton dated as of December 7, 1990. (Designated in Form 10-K for the year ended December 31, 1990, File No. 1-6468, as Exhibit 10(gg).)

(c) 4 — Revised and Restated Integrated Transmission System Agreement between Georgia Power and MEAG Power dated as of December 7, 1990. (Designated in Form 10-K for the year ended December 31, 1990, File No. 1-6468, as Exhibit 10(hh).)

#(c) 5 — Southern Company 2011 Omnibus Incentive Compensation Plan effective May 25, 2011. See Exhibit 10(a)1 herein.

#(c) 6 — Form of Stock Option Award Agreement for Executive Officers of Southern Company under the Southern Company Omnibus Incentive Compensation Plan. See Exhibit 10(a)2 herein.

#(c) 7 — Southern Company Deferred Compensation Plan, Amended and Restated as of January 1, 2009, First Amendment thereto effective January 1, 2010, and Second Amendment thereto effective October 29, 2014. See Exhibit 10(a)4 herein.

#(c) 8 — The Southern Company Supplemental Executive Retirement Plan, Amended and Restated effective June 30, 2016. See Exhibit 10(a)5 herein.

#(c) 9 — The Southern Company Supplemental Benefit Plan, Amended and Restated effective as of June 30, 2016. See Exhibit 10(a)6 herein.

#(c) 10 — Southern Company Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008 and First Amendment thereto effective January 1, 2010. See Exhibit 10(a)12 herein.

#(c) 11 — Deferred Compensation Plan For Outside Directors of Georgia Power Company, Amended and Restated Effective January 1, 2008 and First Amendment thereto effective April 1, 2015. (Designated in Form 10-K for the year ended December 31, 2007, File No. 1-6468, as Exhibit 10(c)12 and in Form 10-Q for the quarter ended March 31, 2015, File No. 1-6468, as Exhibit 10(c)2.)

#(c) 12 — The Southern Company Change in Control Benefits Protection Plan (an amendment and restatement of The Southern Company Change in Control Benefit Plan Determination Policy), effective December 31, 2008. See Exhibit 10(a)7 herein.

#(c) 13 — Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, SCS, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern LINC, Southern Company Energy Solutions, LLC, and Southern Nuclear and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)8 herein.

#(c) 14 — Deferred Stock Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2000, between Reliance Trust Company, Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)9 herein.

#(c) 15 — Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective September 1, 2001, between Wells Fargo Bank, N.A., as successor to

Wachovia Bank, N.A., Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)10 herein.

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#(c) 16 — Southern Company Senior Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008, First Amendment thereto effective October 19, 2009, and Second Amendment thereto effective February 22, 2011. See Exhibit 10(a)11 herein.

(c) 17 — Engineering, Procurement and Construction Agreement, dated as of April 8, 2008, between Georgia Power, for itself and as agent for OPC, MEAG Power, and Dalton, as owners, and a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc., as contractor, for Units 3 & 4 at the Vogtle Electric Generating Plant Site, Amendment No. 1 thereto dated as of December 11, 2009, Amendment No. 2 thereto dated as of January 15, 2010, Amendment No. 3 thereto dated as of February 23, 2010, Amendment No. 4 thereto dated as of May 2, 2011, Amendment No. 5 thereto dated as of February 7, 2012, Amendment No. 6 thereto dated as of January 23, 2014, Amendment No. 7 thereto dated as of January 6, 2016, and Amendment No. 8 thereto dated as of April 20, 2016. (Georgia Power requested confidential treatment for certain portions of these documents pursuant to applications for confidential treatment sent to the SEC. Georgia Power omitted such portions from the filings and filed them separately with the SEC.) (Designated in Form 10-Q/A for the quarter ended June 30, 2008, File No. 1-6468, as Exhibit 10(c)1, in Form 10-K for the year ended December 31, 2009, File No. 1-6468, as Exhibit 10(c)29, in Form 10-Q for the quarter ended March 31, 2010, File No. 1-6468, as Exhibits 10(c)1 and 10(c)2, in Form 10-Q for the quarter ended June 30, 2011, File No. 1-6468, as Exhibit 10(c)2, in Form 10-Q for the quarter ended March 31, 2012, File No. 1-6468, as Exhibit 10(c)2, in Form 10-Q for the quarter ended March 31, 2014, File No. 1-6468, as Exhibit 10(c)2, in Form 10-K for the year ended December 31, 2015, File No. 1-6468, as Exhibit 10(c)25, and in Form 10-Q for the quarter ended June 30, 2016, File No. 1-6468, as Exhibit 10(c)3.)

#(c) 18 — Form of Terms for Performance Share Awards granted under the Southern Company 2011 Omnibus Incentive Compensation Plan. See Exhibit 10(a)13 herein.

#(c) 19 — Deferred Compensation Agreement between Southern Company, Southern Company Services, Inc., and John L. Pemberton, effective October 10, 2008. (Designated in Form 10-Q for the quarter ended March 31, 2015, File No. 1-6468, as Exhibit 10(c)3.)

#(c) 20 — Outside Directors Stock Plan for The Southern Company and its Subsidiaries effective June 1, 2015. See Exhibit 10(a)14 herein.

#(c) 21 — First Amendment to The Southern Company Supplemental Executive Retirement Plan effective January 1, 2017. See Exhibit 10(a)18 herein.

#(c) 22 — First Amendment to The Southern Company Supplemental Benefit Plan effective January 1, 2017. See Exhibit 10(a)19 herein.

Gulf Power

(d) 1 — Intercompany Interchange Contract as revised effective May 1, 2007, among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and SCS. See Exhibit 10(b)1 herein.

#(d) 2 — Southern Company 2011 Omnibus Incentive Compensation Plan effective May 25, 2011. See Exhibit 10(a)1 herein.

#(d) 3 — Form of Stock Option Award Agreement for Executive Officers of Southern Company under the Southern Company Omnibus Incentive Compensation Plan. See Exhibit 10(a)2 herein.

#(d) 4 — Southern Company Deferred Compensation Plan, Amended and Restated as of January 1, 2009, First Amendment thereto effective January 1, 2010, and Second Amendment thereto effective October 29, 2014. See Exhibit 10(a)4 herein.

#(d) 5 — The Southern Company Supplemental Benefit Plan, Amended and Restated effective as of June 30, 2016. See Exhibit 10(a)6 herein.

#(d) 6 — Southern Company Executive Change in Control Severance Plan, Amended and Restated effective June 30, 2016 and First Amendment thereto effective January 1, 2010. See Exhibit 10(a)12 herein.

#(d) 7 — The Southern Company Supplemental Executive Retirement Plan, Amended and Restated effective June 30, 2016. See Exhibit 10(a)5 herein.

#(d) 8 —

		Deferred Compensation Plan For Outside Directors of Gulf Power Company, Amended and Restated effective January 1, 2008 and First Amendment thereto effective April 1, 2015. (Designated in Form 10-Q for the quarter ended March 31, 2008, File No. 0-2429, as Exhibit 10(d)1 and in Form 10-Q for the quarter ended June 30, 2015, File No. 001-11229, as Exhibit 10(d)1.)
#(d) 9	—	The Southern Company Change in Control Benefits Protection Plan (an amendment and restatement of The Southern Company Change in Control Benefit Plan Determination Policy), effective December 31, 2008. See Exhibit 10(a)7 herein.

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#(d)	10	— Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, SCS, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern LINC, Southern Company Energy Solutions, LLC, and Southern Nuclear and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)8 herein.
#(d)	11	— Deferred Stock Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2000, between Reliance Trust Company, Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)9 herein.
#(d)	12	— Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective September 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)10 herein.
#(d)	13	— Southern Company Senior Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008, First Amendment thereto effective October 19, 2009, and Second Amendment thereto effective February 22, 2011. See Exhibit 10(a)11 herein.
#(d)	14	— Form of Terms for Performance Share Awards granted under the Southern Company 2011 Omnibus Incentive Compensation Plan. See Exhibit 10(a)13 herein.
#(d)	15	— Deferred Compensation Agreement between Southern Company, Georgia Power, Gulf Power, and Southern Nuclear and Bentina C. Terry dated August 1, 2010. (Designated in Form 10-Q for the quarter ended September 30, 2010, File No. 001-31737, as Exhibit 10(d)2.)
#(d)	16	— Outside Directors Stock Plan for The Southern Company and its Subsidiaries effective June 1, 2015. See Exhibit 10(a)14 herein.
#(d)	17	— First Amendment to The Southern Company Supplemental Executive Retirement Plan effective January 1, 2017. See Exhibit 10(a)18 herein.
#(d)	18	— First Amendment to The Southern Company Supplemental Benefit Plan effective January 1, 2017. See Exhibit 10(a)19 herein.
Mississippi Power		
(e)	1	— Intercompany Interchange Contract as revised effective May 1, 2007, among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and SCS. See Exhibit 10(b)1 herein.
(e)	2	— Transmission Facilities Agreement dated February 25, 1982, Amendment No. 1 dated May 12, 1982 and Amendment No. 2 dated December 6, 1983, between Entergy Corporation (formerly Gulf States) and Mississippi Power. (Designated in Form 10-K for the year ended December 31, 1981, File No. 001-11229, as Exhibit 10(f), in Form 10-K for the year ended December 31, 1982, File No. 001-11229, as Exhibit 10(f)(2), and in Form 10-K for the year ended December 31, 1983, File No. 001-11229, as Exhibit 10(f)(3).)
#(e)	3	— Southern Company 2011 Omnibus Incentive Compensation Plan effective May 25, 2011. See Exhibit 10(a)1 herein.
#(e)	4	— Form of Stock Option Award Agreement for Executive Officers of Southern Company under the Southern Company Omnibus Incentive Compensation Plan. See Exhibit 10(a)2 herein.
#(e)	5	— Southern Company Deferred Compensation Plan, Amended and Restated as of January 1, 2009, First Amendment thereto effective January 1, 2010, and Second Amendment thereto effective October 29, 2014. See Exhibit 10(a)4 herein.
#(e)	6	— The Southern Company Supplemental Benefit Plan, Amended and Restated effective as of June 30, 2016. See Exhibit 10(a)6 herein.
#(e)	7	— Southern Company Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008 and First Amendment thereto effective January 1, 2010. See Exhibit 10(a)12 herein.
#(e)	8	— The Southern Company Supplemental Executive Retirement Plan, Amended and Restated effective June 30, 2016. See Exhibit 10(a)5 herein.

#(e) 9	— Deferred Compensation Plan for Outside Directors of Mississippi Power Company, Amended and Restated effective January 1, 2008 and First Amendment thereto effective April 1, 2015. (Designated in Form 10-Q for the quarter ended March 31, 2008, File No. 001-11229 as Exhibit 10(e)1 and in Form 10-Q for the quarter ended June 30, 2015, File No. 001-11229 as Exhibit 10(e)1.)

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#(e)	10 —	The Southern Company Change in Control Benefits Protection Plan (an amendment and restatement of The Southern Company Change in Control Benefit Plan Determination Policy), effective December 31, 2008. See Exhibit 10(a)7 herein.
#(e)	11 —	Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, SCS, Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern LINC, Southern Company Energy Solutions, LLC, and Southern Nuclear and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)8 herein.
#(e)	12 —	Deferred Stock Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective January 1, 2000, between Reliance Trust Company, Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)9 herein.
#(e)	13 —	Deferred Cash Compensation Trust Agreement for Directors of Southern Company and its Subsidiaries, Amended and Restated effective September 1, 2001, between Wells Fargo Bank, N.A., as successor to Wachovia Bank, N.A., Southern Company, Alabama Power, Georgia Power, Gulf Power, and Mississippi Power and First Amendment thereto effective January 1, 2009. See Exhibit 10(a)10 herein.
#(e)	14 —	Southern Company Senior Executive Change in Control Severance Plan, Amended and Restated effective December 31, 2008, First Amendment thereto effective October 19, 2009, and Second Amendment thereto effective February 22, 2011. See Exhibit 10(a)11 herein.
(e)	15 —	Cooperative Agreement between the DOE and SCS dated as of December 12, 2008. (Designated in Form 10-K for the year ended December 31, 2008, File No. 001-11229, as Exhibit 10(e)22.) (Mississippi Power requested confidential treatment for certain portions of this document pursuant to an application for confidential treatment sent to the SEC. Mississippi Power omitted such portions from this filing and filed them separately with the SEC.)
#(e)	16 —	Form of Terms for Performance Share Awards granted under the Southern Company 2011 Omnibus Incentive Compensation Plan. See Exhibit 10(a)13 herein.
#(e)	17 —	Amended Deferred Compensation Agreement effective December 31, 2008 between Southern Company, SCS, Georgia Power, Gulf Power and G. Edison Holland, Jr. (Designated in Form 10-Q for the quarter ended March 31, 2011, File No. 001-11229, as Exhibit 10(a)2.)
#(e)	18 —	Outside Directors Stock Plan for The Southern Company and its Subsidiaries effective June 1, 2015. See Exhibit 10(a)14 herein.
#(e)	19 —	Letter Agreement between Mississippi Power and Emile J. Troxclair III dated December 11, 2014. (Designated in Form 10-Q for the quarter ended March 31, 2016, File No. 001-11229, as Exhibit 10(e)1.)
#(e)	20 —	Performance Award Agreement between Southern Company Services, Inc. and Emile J. Troxclair III effective as of January 3, 2015. (Designated in Form 10-Q for the quarter ended March 31, 2016, File No. 001-11229, as Exhibit 10(e)2.)
*(e)	21 —	Promissory Note dated November 10, 2015 between Mississippi Power and Southern Company.
*(e)	22 —	Amended and Restated Promissory Note dated December 22, 2015 between Mississippi Power and Southern Company.
*(e)	23 —	Promissory Note dated January 28, 2016 between Mississippi Power and Southern Company.
#(e)	24 —	First Amendment to The Southern Company Supplemental Executive Retirement Plan effective January 1, 2017. See Exhibit 10(a)18 herein.
#(e)	25 —	First Amendment to The Southern Company Supplemental Benefit Plan effective January 1, 2017. See Exhibit 10(a)19 herein.
Southern Power		
(f)	1 —	Service contract dated as of January 1, 2001, between SCS and Southern Power Company. (Designated in Form 10-K for the year ended December 31, 2001, File No. 1-3526, as Exhibit 10(a)(2).)
(f)	2 —	Intercompany Interchange Contract as revised effective May 1, 2007, among Alabama Power, Georgia Power, Gulf Power, Mississippi Power, Southern Power Company, and SCS. See Exhibit 10(b)1 herein.

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(f) 3 —	Amended and Restated Engineering, Procurement and Construction Agreement between Desert Stateline LLC and First Solar Electric (California), Inc. dated as of August 31, 2015. (Southern Power has requested confidential treatment for certain portions of this document pursuant to an application for confidential treatment sent to the SEC. Southern Power omitted such portions from the filing and filed them separately with the SEC.)(Designated in Form 10-Q for the quarter ended September 30, 2015, File No. 333-98533, as Exhibit 10(e)1.)
Southern Company Gas	
#(g) 1 —	Form of Director Indemnification Agreement dated April 28, 2004. (Designated in Form 10-Q for the quarter ended June 30, 2004, File No. 1-14174, as Exhibit 10.3.)
#(g) 2 —	Nonqualified Savings Plan as amended and restated as of January 1, 2009, First Amendment effective December 18, 2009, Second Amendment effective January 1, 2013, and Third Amendment effective January 1, 2013. (Designated in Form 10-K for the year ended December 31, 2008, File No. 1-14174, as Exhibit 10.1.av and in Form 10-K for the year ended December 31, 2013, File No. 1-14174, as Exhibits 10.1.aa, 10.1.ab, and 10.1.ac.)
#(g) 3 —	Excess Benefit Plan as amended and restated as of January 1, 2009. (Designated in Form 10-K for the year ended December 31, 2008, File No. 1-14174, as Exhibit 10.1.az.)
(g) 4 —	Note Purchase Agreement dated August 31, 2011. (Designated in Form 8-K dated August 31, 2011, File No. 1-14174, as Exhibit 10.1.)
(g) 5 —	Final Allocation Agreement dated January 3, 2008. (Designated in Form 10-K for the year ended December 31, 2007, File No. 1-14174, as Exhibit 10.15.)
(g) 6 —	Second Amended and Restated Limited Liability Company Agreement of SouthStar Energy Services LLC dated September 6, 2013 by and between Georgia Natural Gas Company and Piedmont Energy Company. (Designated in Form 10-Q for the quarter ended September 30, 2013, File No. 1-14174, as Exhibit 10.)
(g) 7 —	Credit Agreement dated as of December 15, 2011 and First Amendment thereto dated as of February 26, 2013. Designated in Form 8-K dated December 9, 2011, File No. 1-14174, as Exhibit 10.1 and in Form 10-Q for the quarter ended June 30, 2015, File No. 1-14174, as Exhibit 10.2.)
(g) 8 —	Amended and Restated Credit Agreement dated as of November 10, 2011. (Designated in Form 8-K dated November 10, 2011, File No. 1-14174, as Exhibit 10.1.)
(g) 9 —	Second Amendment and Extension Agreement dated as of October 30, 2015. (Designated in Form 8-K dated October 30, 2015, File No. 1-14174, as Exhibit 10.1.)
(g) 10 —	Guarantee Agreement dated as of November 10, 2011. (Designated in Form 8-K dated November 10, 2011, File No. 1-14174, as Exhibit 10.2.)
(g) 11 —	Bank Rate Mode Covenants Agreement, dated as of February 26, 2013 and First Amendment to Bank Rate Mode Covenants Agreement dated as of October 30, 2015. (Designated in Form 8-K dated February 26, 2013, File No. 1-14174, as Exhibit 10.1 and in Form 8-K dated October 30, 2015, File No. 1-14174, as Exhibit 10.3.)
(g) 12 —	Loan Agreement dated as of February 1, 2013. (Designated in Form 8-K dated March 1, 2013, File No. 1-14174, as Exhibit 10.2.)
(g) 13 —	Loan Agreement dated as of March 1, 2013. (Designated in Form 8-K dated March 25, 2013, File No. 1-14174, as Exhibit 10.1.)
(g) 14 —	Amended and Restated Loan Agreement dated as of March 1, 2013. (Designated in Form 8-K dated March 25, 2013, File No. 1-14174, as Exhibit 10.2.)
(g) 15 —	Amended and Restated Loan Agreement dated as of March 1, 2013. (Designated in Form 8-K dated March 25, 2013, File No. 1-14174, as Exhibit 10.3.)
(g) 16 —	Amended and Restated Loan Agreement dated as of March 1, 2013. (Designated in Form 8-K dated March 25, 2013, File No. 1-14174, as Exhibit 10.4.)

(14) Code of Ethics

Southern Company

*(a) —The Southern Company Code of Ethics.

Alabama Power

(b) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.

Georgia Power

(c) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.

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(d) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.
Mississippi Power
(e) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.
Southern Power
(f) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.
Southern Company Gas
(g) —The Southern Company Code of Ethics. See Exhibit 14(a) herein.

(21) Subsidiaries of Registrants
Southern Company
*(a) —Subsidiaries of Registrant.
Alabama Power
(b) —Subsidiaries of Registrant. See Exhibit 21(a) herein.
Georgia Power
(c) —Subsidiaries of Registrant. See Exhibit 21(a) herein.
Gulf Power
(d) —Subsidiaries of Registrant. See Exhibit 21(a) herein.
Mississippi Power
(e) —Subsidiaries of Registrant. See Exhibit 21(a) herein.
Southern Power
Omitted pursuant to General Instruction I(2)(b) of Form 10-K.
Southern Company Gas
Omitted pursuant to General Instruction I(2)(b) of Form 10-K

(23) Consents of Experts and Counsel
Southern Company
*(a) 1 —Consent of Deloitte & Touche LLP.
Alabama Power
*(b) 1 —Consent of Deloitte & Touche LLP.
Georgia Power
*(c) 1 —Consent of Deloitte & Touche LLP.
Gulf Power
*(d) 1 —Consent of Deloitte & Touche LLP.
Southern Power
*(f) 1 —Consent of Deloitte & Touche LLP.
Southern Company Gas
*(g) 1 —Consent of Deloitte & Touche LLP.
*(g) 2 —Consent of PricewaterhouseCoopers LLP.
*(g) 3 —Consent of PricewaterhouseCoopers LLP.

(24) Powers of Attorney and Resolutions
Southern Company
*(a) —Power of Attorney and resolution.
Alabama Power
*(b) —Power of Attorney and resolution.
Georgia Power
*(c) —Power of Attorney and resolution.

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Mississippi Power
*(e) — Power of Attorney and resolution.
Southern Power
*(f) — Power of Attorney and resolution.
Southern Company Gas
*(g) — Power of Attorney and resolution.

(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.
Alabama Power
*(b) 1 — Certificate of Alabama Power's Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
*(b) 2 — Certificate of Alabama Power'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.
Gulf Power
*(d) 1 — Certificate of Gulf Power's Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
*(d) 2 — Certificate of Gulf Power's Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
Mississippi Power
*(e) 1 — Certificate of Mississippi Power's Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
*(e) 2 — Certificate of Mississippi Power's Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
Southern Power
*(f) 1 — Certificate of Southern Power Company's Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
*(f) 2 — Certificate of Southern Power Company's Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
Southern Company Gas
*(g) 1 — Certificate of Southern Company Gas' Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
*(g) 2 — Certificate of Southern Company Gas' 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.

Alabama Power

*(b) — Certificate of Alabama Power's Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

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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.

Gulf Power

*(d)	— Certificate of Gulf Power's Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

Mississippi Power

*(e)	— Certificate of Mississippi Power's Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

Southern Power

*(f)	— Certificate of Southern Power Company's Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

Southern Company Gas

*(g)	— Certificate of Southern Company Gas' Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

(99) Additional Exhibits

Southern Company Gas

*(g)	— The financial statements of Southern Natural Gas Company, L.L.C., pursuant to Rule 3-09 of Regulation S-X.

(101) XBRL-Related Documents

*INS	— XBRL Instance Document
*SCH	— XBRL Taxonomy Extension Schema Document
*CAL	— XBRL Taxonomy Calculation Linkbase Document
*DEF	— XBRL Definition Linkbase Document
*LAB	— XBRL Taxonomy Label Linkbase Document
*PRE	— XBRL Taxonomy Presentation Linkbase Document