

Document 0619

[20619001]

Southern Co.'s Gulf Power Co. unit may plead guilty this week to charges that it illegally steered company money to politicians through outside vendors, according to individuals close to an investigation of the utility holding company.

[20619002]

The tentative settlement between Gulf Power, a Pensacola, Fla., electric company, and federal prosecutors would mark the end of one part of a wide-ranging inquiry of Southern Co. in the past year.

[20619004]

The grand jury has also been investigating whether Gulf Power executives violated the federal Utility Holding Company Act, which prohibits certain utilities from making political contributions.

[20619005]

The individuals said Gulf Power and federal prosecutors are considering a settlement under which the company would plead guilty to two felony charges and pay fines totaling between \$ 500,000 and \$ 1.5 million.

[20619006]

Under one count, Gulf Power would plead guilty to conspiring to violate the Utility Holding Company Act.

[20619007]

Under the second count, the company would plead guilty to conspiring to evade taxes.

[20619008]

The guilty pleas would be made solely by Gulf Power, the individuals said.

[20619009]

No employee or vendor would be involved.

[20619010]

A spokesman for Southern Co. would say only that discussions are continuing between Gulf Power and federal prosecutors.

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"We have no further developments to report," he said.

[20619012]

Officials at Gulf Power could n't be reached for comment.

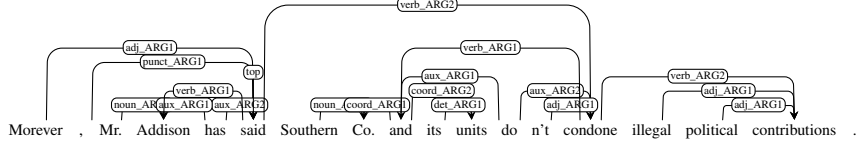
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And prosecutors declined to comment.

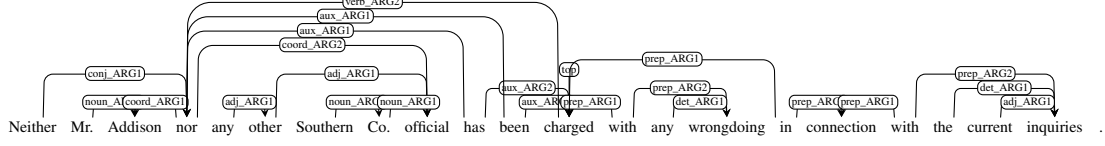
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While Southern Co. has been reluctant to discuss the grand jury investigations, Edward L. Addison, chief executive officer, has said the company is prepared to defend its tax and accounting practices if any charges are brought against it.

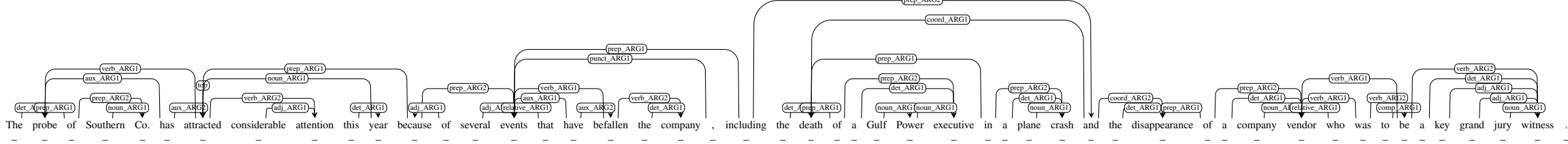
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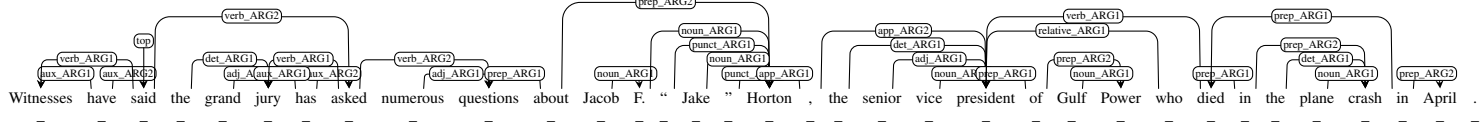
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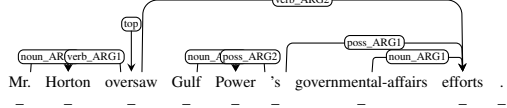
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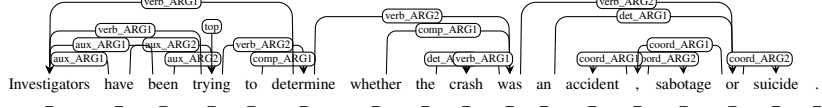
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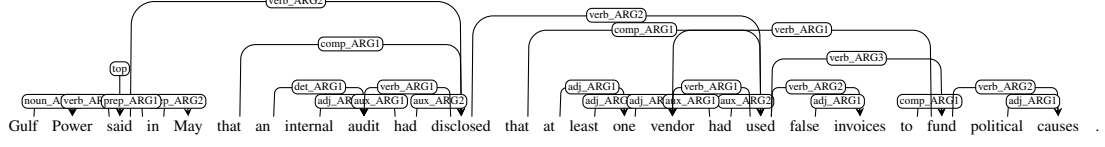
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