

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

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**FORM 10-Q**

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended March 31, 2024**
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

<b>Commission File Number</b>	<b>Registrant, State of Incorporation, Address and Telephone Number</b>	<b>I.R.S. Employer Identification No.</b>
1-3526	<b>The Southern Company</b>  (A Delaware Corporation) 30 Ivan Allen Jr. Boulevard, N.W. Atlanta, Georgia 30308 (404) 506-5000	58-0690070
1-3164	<b>Alabama Power Company</b>  (An Alabama Corporation) 600 North 18th Street Birmingham, Alabama 35203 (205) 257-1000	63-0004250
1-6468	<b>Georgia Power Company</b>  (A Georgia Corporation) 241 Ralph McGill Boulevard, N.E. Atlanta, Georgia 30308 (404) 506-6526	58-0257110
001-11229	<b>Mississippi Power Company</b>  (A Mississippi Corporation) 2992 West Beach Boulevard Gulfport, Mississippi 39501 (228) 864-1211	64-0205820
001-37803	<b>Southern Power Company</b>	58-2598670

(A Delaware Corporation)  
30 Ivan Allen Jr. Boulevard, N.W.  
Atlanta, Georgia 30308  
(404) 506-5000

1-14174

**Southern Company Gas**

58-2210952

(A Georgia Corporation)  
Ten Peachtree Place, N.E.  
Atlanta, Georgia 30309  
(404) 584-4000

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Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
			New York Stock Exchange
The Southern Company	Common Stock, par value \$5 per share	SO	(NYSE)
The Southern Company	Series 2017B 5.25% Junior Subordinated Notes due 2077	SOJC	NYSE
The Southern Company	Series 2020A 4.95% Junior Subordinated Notes due 2080	SOJD	NYSE
The Southern Company	Series 2020C 4.20% Junior Subordinated Notes due 2060	SOJE	NYSE
The Southern Company	Series 2021B 1.875% Fixed-to-Fixed Reset Rate Junior Subordinated Notes due 2081	SO 81	NYSE
Georgia Power Company	Series 2017A 5.00% Junior Subordinated Notes due 2077	GPJA	NYSE
Southern Power Company	Series 2016B 1.850% Senior Notes due 2026	SO/26A	NYSE

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

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

<b>Registrant</b>	<b>Large Accelerated Filer</b>	<b>Accelerated Filer</b>	<b>Non-accelerated Filer</b>	<b>Smaller Reporting Company</b>	<b>Emerging Growth Company</b>
The Southern Company	X				
Alabama Power Company			X		
Georgia Power Company			X		
Mississippi Power Company			X		
Southern Power Company			X		
Southern Company Gas			X		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

<b>Registrant</b>	<b>Description of Common Stock</b>	<b>Shares Outstanding at March 31, 2024</b>
The Southern Company	Par Value \$5 Per Share	1,093,426,111
Alabama Power Company	Par Value \$40 Per Share	30,537,500
Georgia Power Company	Without Par Value	9,261,500
Mississippi Power Company	Without Par Value	1,121,000
Southern Power Company	Par Value \$0.01 Per Share	1,000
Southern Company Gas	Par Value \$0.01 Per Share	100

This combined Form 10-Q is separately filed by The Southern Company, Alabama Power Company, Georgia Power Company, Mississippi Power Company, Southern Power Company, and Southern Company Gas. Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants.

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## **DEFINITIONS**

<b>Term</b>	<b>Meaning</b>
2022 ARP	Alternate Rate Plan approved by the Georgia PSC in 2022 for Georgia Power for the years 2023 through 2025
AFUDC	Allowance for funds used during construction
Alabama Power	Alabama Power Company
Amended and Restated Loan Guarantee Agreement	Loan guarantee agreement entered into by Georgia Power with the DOE in 2014, as amended and restated in March 2019, under which the proceeds of borrowings may be used to reimburse Georgia Power for Eligible Project Costs incurred in connection with its construction of Plant Vogtle Units 3 and 4
ARO	Asset retirement obligation
Atlanta Gas Light	Atlanta Gas Light Company, a wholly-owned subsidiary of Southern Company Gas
CCR	Coal combustion residuals
Chattanooga Gas	Chattanooga Gas Company, a wholly-owned subsidiary of Southern Company Gas
COD	Commercial operation date
Cooperative Energy	Electric generation and transmission cooperative in Mississippi
COVID-19	The novel coronavirus disease declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention in March 2020
CWIP	Construction work in progress
Dalton	City of Dalton, Georgia, an incorporated municipality in the State of Georgia, acting by and through its Board of Water, Light, and Sinking Fund Commissioners
Dalton Pipeline	A pipeline facility in Georgia in which Southern Company Gas has a 50% undivided ownership interest
DOE	U.S. Department of Energy
ELG	Effluent limitations guidelines
Eligible Project Costs	Certain costs of construction relating to Plant Vogtle Units 3 and 4 that are eligible for financing under the loan guarantee program established under Title XVII of the Energy Policy Act of 2005
EPA	U.S. Environmental Protection Agency
EPC Contractor	Westinghouse and its affiliate, WECTEC Global Project Services Inc.; the former engineering, procurement, and construction contractor for Plant Vogtle Units 3 and 4
FCC	Federal Communications Commission
FERC	Federal Energy Regulatory Commission
FFB	Federal Financing Bank
First Solar	First Solar Electric, LLC
Fitch	Fitch Ratings, Inc.
Form 10-K	Annual Report on Form 10-K of Southern Company, Alabama Power, Georgia Power, Mississippi Power, Southern Power, and Southern Company Gas for the year ended December 31, 2023, as applicable
GAAP	U.S. generally accepted accounting principles
Georgia Power	Georgia Power Company
GHG	Greenhouse gas
Guarantee Settlement Agreement	The June 9, 2017 settlement agreement between the Vogtle Owners and Toshiba related to certain payment obligations of the EPC Contractor under the Toshiba





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**DEFINITIONS  
(continued)**

<b>Term</b>	<b>Meaning</b>
Illinois Commission	Illinois Commerce Commission
IRP	Integrated resource plan
ITC	Investment tax credit
KWH	Kilowatt-hour
LIFO	Last-in, first-out
LTSA	Long-term service agreement
MEAG Power	Municipal Electric Authority of Georgia
Mississippi Power	Mississippi Power Company
mmBtu	Million British thermal units
Moody's	Moody's Investors Service, Inc.
MRA	Municipal and Rural Associations
MW	Megawatt
natural gas distribution utilities	Southern Company Gas' natural gas distribution utilities (Nicor Gas, Atlanta Gas Light, Virginia Natural Gas, and Chattanooga Gas)
NCCR	Georgia Power's Nuclear Construction Cost Recovery tariff
NDR	Alabama Power's Natural Disaster Reserve
Nicor Gas	Northern Illinois Gas Company, a wholly-owned subsidiary of Southern Company Gas
N/M	Not meaningful
NRC	U.S. Nuclear Regulatory Commission
OCI	Other comprehensive income
OPC	Oglethorpe Power Corporation (an electric membership corporation)
PEP	Mississippi Power's Performance Evaluation Plan
PowerSecure	PowerSecure, Inc., a wholly-owned subsidiary of Southern Company
PPA	Power purchase agreements, as well as, for Southern Power, contracts for differences that provide the owner of a renewable facility a certain fixed price for the electricity sold to the grid
Prudency Stipulation	Stipulated agreement among Georgia Power, the staff of the Georgia PSC, and certain intervenors modifying Georgia Power's August 2023 application to adjust retail rates to include reasonable and prudent Plant Vogtle Units 3 and 4 costs and approved by the Georgia PSC in December 2023
PSC	Public Service Commission
PTC	Production tax credit
Rate CNP	Alabama Power's Rate Certificated New Plant, consisting of Rate CNP New Plant, Rate CNP Compliance, Rate CNP PPA, and Rate CNP Depreciation
Rate ECR	Alabama Power's Rate Energy Cost Recovery
Registrants	Southern Company, Alabama Power, Georgia Power, Mississippi Power, Southern Power Company, and Southern Company Gas
ROE	Return on equity
S&P	S&P Global Ratings, a division of S&P Global Inc.
SCS	Southern Company Services, Inc., the Southern Company system service company and a wholly-owned subsidiary of Southern Company
SEC	U.S. Securities and Exchange Commission
SEGCO	Southern Electric Generating Company, 50% owned by each of Alabama Power and Georgia Power



**DEFINITIONS  
(continued)**

<b>Term</b>	<b>Meaning</b>
Southern Company Gas Capital	Southern Company Gas Capital Corporation, a wholly-owned subsidiary of Southern Company Gas
Southern Company power pool	The operating arrangement whereby the integrated generating resources of the traditional electric operating companies and Southern Power (excluding subsidiaries) are subject to joint commitment and dispatch in order to serve their combined load obligations
Southern Company system	Southern Company, the traditional electric operating companies, Southern Power, Southern Company Gas, SEGCO, Southern Nuclear, SCS, Southern Communications Services, Inc., PowerSecure, and other subsidiaries
Southern Holdings	Southern Company Holdings, Inc., a wholly-owned subsidiary of Southern Company
Southern Nuclear	Southern Nuclear Operating Company, Inc., a wholly-owned subsidiary of Southern Company
Southern Power	Southern Power Company and its subsidiaries
SouthStar	SouthStar Energy Services, LLC (a Marketer), a wholly-owned subsidiary of Southern Company Gas
SP Solar	SP Solar Holdings I, LP, a limited partnership indirectly owning substantially all of Southern Power's solar and battery energy storage facilities, in which Southern Power has a 67% ownership interest
SP Wind	SP Wind Holdings II, LLC, a holding company owning a portfolio of eight operating wind facilities, in which Southern Power is the controlling partner in a tax equity arrangement
SRR	Mississippi Power's System Restoration Rider, a tariff for retail property damage cost recovery and reserve
Subsidiary Registrants	Alabama Power, Georgia Power, Mississippi Power, Southern Power, and Southern Company Gas
Toshiba	Toshiba Corporation, the parent company of Westinghouse
traditional electric operating companies	Alabama Power, Georgia Power, and Mississippi Power
VIE	Variable interest entity
Virginia Natural Gas	Virginia Natural Gas, Inc., a wholly-owned subsidiary of Southern Company Gas
Vogle Owners	Georgia Power, OPC, MEAG Power, and Dalton
WACOG	Weighted average cost of gas
Westinghouse	Westinghouse Electric Company LLC

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This Quarterly Report on Form 10-Q contains forward-looking statements. Forward-looking statements include, among other things, statements concerning regulated rates, the strategic goals for the business, customer and sales growth, economic conditions, including inflation, cost recovery and other rate actions, current and proposed environmental regulations and related compliance plans and estimated expenditures, pending or potential litigation matters, access to sources of capital, financing activities, completion dates and costs of construction projects, matters related to the abandonment of the Kemper IGCC, filings with state and federal regulatory authorities, and estimated construction plans and expenditures. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," or "continue" or the negative of these terms or other similar terminology. There are various factors that could cause actual results to differ materially from those suggested by the forward-looking statements; accordingly, there can be no assurance that such indicated results will be realized. These factors include:

- the impact of recent and future federal and state regulatory changes, including tax, environmental, and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations;
- the extent and timing of costs and legal requirements related to CCR;
- current and future litigation or regulatory investigations, proceedings, or inquiries, including litigation and other disputes related to the Kemper County energy facility and Plant Vogtle Units 3 and 4;
- the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources;
- variations in demand for electricity and natural gas;
- available sources and costs of natural gas and other fuels and commodities;
- the ability to complete necessary or desirable pipeline expansion or infrastructure projects, limits on pipeline capacity, public and policymaker support for such projects, and operational interruptions to natural gas distribution and transmission activities;
- transmission constraints;
- the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects due to challenges which include, but are not limited to, changes in labor costs, availability, and productivity; challenges with the management of contractors or vendors; subcontractor performance; adverse weather conditions; shortages, delays, increased costs, or inconsistent quality of equipment, materials, and labor; contractor or supplier delay; the impacts of inflation; delays due to judicial or regulatory action; nonperformance under construction, operating, or other agreements; operational readiness, including specialized operator training and required site safety programs; engineering or design problems or any remediation related thereto; design and other licensing-based compliance matters; challenges with start-up activities, including major equipment failure, or system integration; and/or operational performance; challenges related to pandemic health events; continued public and policymaker support for projects;

environmental and geological conditions; delays or increased costs to interconnect facilities to transmission grids; and increased financing costs as a result of changes in interest rates or as a result of project delays;

- legal proceedings and regulatory approvals and actions related to past, ongoing, and proposed construction projects, including PSC approvals and FERC and NRC actions;
- the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction;
- investment performance of the employee and retiree benefit plans and nuclear decommissioning trust funds;
- advances in technology, including the pace and extent of development of low- to no-carbon energy and battery energy storage technologies and negative carbon concepts;
- performance of counterparties under ongoing renewable energy partnerships and development agreements;
- state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to ROE, equity ratios, additional generating capacity, and fuel and other cost recovery mechanisms;
- the ability to successfully operate the traditional electric operating companies' and SEGCO's generation, transmission, and distribution facilities, Southern Power's generation facilities, and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions;
- the inherent risks involved in operating nuclear generating facilities;

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**  
**(continued)**

- the inherent risks involved in generation, transmission, and distribution of electricity and transportation and storage of natural gas, including accidents, explosions, fires, mechanical problems, discharges or releases of toxic or hazardous substances or gases, and other environmental risks;
- the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities;
- internal restructuring or other restructuring options that may be pursued;
- potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries;
- the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required;
- the ability to obtain new short- and long-term contracts with wholesale customers;
- the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or physical attack and the threat of cyber and physical attacks;
- global and U.S. economic conditions, including impacts from geopolitical conflicts, recession, inflation, interest rate fluctuations, and financial market conditions, and the results of financing efforts;
- access to capital markets and other financing sources;
- changes in Southern Company's and any of its subsidiaries' credit ratings;
- the ability of the traditional electric operating companies to obtain additional generating capacity (or sell excess generating capacity) at competitive prices;
- catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events, political unrest, wars, or other similar occurrences;
- the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources;
- impairments of goodwill or long-lived assets;
- the effect of accounting pronouncements issued periodically by standard-setting bodies; and
- other factors discussed elsewhere herein and in other reports (including the Form 10-K) filed by the Registrants from time to time with the SEC.

**The Registrants expressly disclaim any obligation to update any forward-looking statements.**

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## **PART I**

### **Item 1. Financial Statements (Unaudited).**



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

For the Three  
Months Ended  
March 31,

**2024**      **2023**

(in millions)

<b>Operating Revenues:</b>		
Retail electric revenues	<b>\$ 3,941</b>	\$ 3,599
Wholesale electric revenues	<b>571</b>	599
Other electric revenues	<b>199</b>	190
Natural gas revenues (includes alternative revenue programs of \$34 and \$12, respectively)	<b>1,707</b>	1,875
Other revenues	<b>228</b>	217
Total operating revenues	<b>6,646</b>	6,480
<b>Operating Expenses:</b>		
Fuel	<b>996</b>	1,050
Purchased power	<b>198</b>	242
Cost of natural gas	<b>605</b>	898
Cost of other sales	<b>131</b>	127
Other operations and maintenance	<b>1,472</b>	1,440
Depreciation and amortization	<b>1,145</b>	1,111
Taxes other than income taxes	<b>396</b>	394
Total operating expenses	<b>4,943</b>	5,262
<b>Operating Income</b>	<b>1,703</b>	1,218
<b>Other Income and (Expense):</b>		
Allowance for equity funds used during construction	<b>58</b>	65
Earnings from equity method investments	<b>45</b>	48
Interest expense, net of amounts capitalized	<b>(665)</b>	(582)
Other income (expense), net	<b>153</b>	147
Total other income and (expense)	<b>(409)</b>	(322)
<b>Earnings Before Income Taxes</b>	<b>1,294</b>	896
Income taxes	<b>223</b>	97
<b>Consolidated Net Income</b>	<b>1,071</b>	799
Net loss attributable to noncontrolling interests	<b>(58)</b>	(63)
<b>Consolidated Net Income Attributable to Southern Company</b>	<b>\$ 1,129</b>	\$ 862
<b>Common Stock Data:</b>		
Earnings per share -		
Basic	<b>\$ 1.03</b>	\$ 0.79
Diluted	<b>\$ 1.03</b>	\$ 0.79
Average number of shares of common stock outstanding (in millions)		
Basic	<b>1,094</b>	1,091
Diluted	<b>1,100</b>	1,098

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

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

	For the Three Months Ended March 31,	
	<b>2024</b>	2023
	(in millions)	
<b>Consolidated Net Income</b>	<b>\$ 1,071</b>	<b>\$ 799</b>
Other comprehensive income (loss):		
Qualifying hedges:		
Changes in fair value, net of tax of \$— and \$(23), respectively	<b>1</b>	(63)
Reclassification adjustment for amounts included in net income, net of tax of \$12 and \$7, respectively	<b>32</b>	19
Pension and other postretirement benefit plans:		
Benefit plan net gain (loss), net of tax of \$1 and \$—, respectively	<b>4</b>	—
Total other comprehensive income (loss)	<b>37</b>	(44)
<b>Comprehensive Income</b>	<b>1,108</b>	755
Comprehensive loss attributable to noncontrolling interests	<b>(58)</b>	(63)
<b>Consolidated Comprehensive Income Attributable to Southern Company</b>	<b>\$ 1,166</b>	<b>\$ 818</b>

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

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

For the Three Months  
Ended March 31,

**2024**      2023

(in millions)

**Operating Activities:**

Consolidated net income **\$ 1,071** \$ 799

Adjustments to reconcile consolidated net income to net cash provided from operating activities —

Depreciation and amortization, total **1,261** 1,233

Allowance for equity funds used during construction **(58)** (65)

Pension, postretirement, and other employee benefits **(129)** (126)

Settlement of asset retirement obligations **(132)** (113)

Stock based compensation expense **83** 92

Retail fuel cost under recovery - long-term **—** 454

Other, net **76** 51

Changes in certain current assets and liabilities —

-Receivables **52** 790

-Retail fuel cost under recovery **257** (470)

-Prepayments **(83)** (100)

-Fossil fuel for generation **(52)** (203)

-Materials and supplies **(75)** (98)

-Natural gas for sale, net of temporary LIFO liquidation **237** 267

-Natural gas cost under recovery **—** 108

-Other current assets **(27)** 34

-Accounts payable **(423)** (1,056)

-Accrued taxes **(226)** (237)

-Accrued compensation **(488)** (478)

-Accrued interest **(70)** (127)

-Customer refunds **(1)** (103)

-Natural gas cost over recovery **(65)** 117

-Other current liabilities **103** 75

Net cash provided from operating activities **1,311** 844

**Investing Activities:**

Property additions **(1,770)** (1,850)

Nuclear decommissioning trust fund purchases **(404)** (256)

Nuclear decommissioning trust fund sales **403** 251

Proceeds from dispositions **—** 103

Cost of removal, net of salvage **(138)** (135)

Change in construction payables, net **(365)** (140)

Other investing activities **(111)** (91)

Net cash used for investing activities **(2,385)** (2,118)

**Financing Activities:**

Increase in notes payable, net **236** 187

Proceeds —

Long-term debt **2,359** 1,979

Short-term borrowings **450** 100



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

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

<b>Assets</b>	<b>At March 31, 2024</b>	<b>At December 31, 2023</b>
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 713	\$ 748
Receivables —		
Customer accounts	2,191	2,030
Unbilled revenues	620	786
Under recovered fuel clause revenues	701	696
Other accounts and notes	512	519
Accumulated provision for uncollectible accounts	(78)	(68)
Materials and supplies	2,063	1,989
Fossil fuel for generation	995	943
Natural gas for sale	210	420
Prepaid expenses	474	406
Regulatory assets – asset retirement obligations	313	274
Other regulatory assets	1,066	1,120
Other current assets	763	569
Total current assets	10,543	10,432
<b>Property, Plant, and Equipment:</b>		
In service	129,228	128,428
Less: Accumulated depreciation	38,347	37,725
Plant in service, net of depreciation	90,881	90,703
Other utility plant, net	483	499
Nuclear fuel, at amortized cost	881	858
Construction work in progress	8,225	7,784
Total property, plant, and equipment	100,470	99,844
<b>Other Property and Investments:</b>		
Goodwill	5,161	5,161
Nuclear decommissioning trusts, at fair value	2,512	2,424
Equity investments in unconsolidated subsidiaries	1,395	1,368
Other intangible assets, net of amortization of \$385 and \$376, respectively	359	368
Miscellaneous property and investments	673	665
Total other property and investments	10,100	9,986
<b>Deferred Charges and Other Assets:</b>		
Operating lease right-of-use assets, net of amortization	1,400	1,432
Deferred charges related to income taxes	888	886
Prepaid pension costs	2,184	2,079
Unamortized loss on reacquired debt	216	220
Deferred under recovered fuel clause revenues	1,044	1,261
Regulatory assets – asset retirement obligations, deferred	5,379	5,459
Other regulatory assets, deferred	6,318	6,264
Other deferred charges and assets	1,578	1,468
Total deferred charges and other assets	19,007	19,069
<b>Total Assets</b>	<b>\$ 140,120</b>	<b>\$ 139,331</b>

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

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

<b>Liabilities and Stockholders' Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Securities due within one year	\$ 1,964	\$ 2,476
Notes payable	2,445	2,314
Accounts payable	2,154	2,898
Customer deposits	456	503
Accrued taxes —		
Accrued income taxes	76	8
Other accrued taxes	503	860
Accrued interest	583	652
Accrued compensation	618	1,151
Asset retirement obligations	749	744
Liabilities from risk management activities, net of collateral	299	294
Operating lease obligations	184	183
Natural gas cost over recovery	150	214
Other regulatory liabilities	169	141
Other current liabilities	1,108	1,029
<b>Total current liabilities</b>	<b>11,458</b>	<b>13,467</b>
<b>Long-term Debt</b>	<b>59,361</b>	<b>57,210</b>
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	11,195	10,990
Deferred credits related to income taxes	4,607	4,674
Accumulated deferred ITCs	2,046	2,067
Employee benefit obligations	1,096	1,115
Operating lease obligations, deferred	1,292	1,307
Asset retirement obligations, deferred	9,657	9,573
Other cost of removal obligations	1,989	1,957
Other regulatory liabilities, deferred	731	715
Other deferred credits and liabilities	1,074	1,031
<b>Total deferred credits and other liabilities</b>	<b>33,687</b>	<b>33,429</b>
<b>Total Liabilities</b>	<b>104,506</b>	<b>104,106</b>
<b>Total Stockholders' Equity</b> (See accompanying statements)	<b>35,614</b>	<b>35,225</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 140,120</b>	<b>\$ 139,331</b>

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

**SOUTHERN COMPANY AND SUBSIDIARY COMPANIES**  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

Southern Company Common Stockholders' Equity									
Number of Common Shares		Common Stock					Accumulated Other Comprehensive		
Issued	Treasury	Par Value	Paid-In Capital	Treasury	Retained Earnings	Income (Loss)	Noncontrolling Interests	Total	
(in millions)									
Balance at December 31, 2022	1,090	(1)	\$5,417	\$13,673	\$ (53)	\$ 11,538	\$ (167)	\$ 4,124	\$34,532
Consolidated net income (loss)	—	—	—	—	—	862	—	(63)	799
Other comprehensive income (loss)	—	—	—	—	—	—	(44)	—	(44)
Stock issued	2	—	4	11	—	—	—	—	15
Stock-based compensation	—	—	—	29	—	—	—	—	29
Cash dividends of \$0.68 per share	—	—	—	—	—	(742)	—	—	(742)
Capital contributions from noncontrolling interests	—	—	—	—	—	—	—	21	21
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(48)	(48)
Other	—	—	—	2	(2)	—	—	—	—
Balance at March 31, 2023	1,092	(1)	\$5,421	\$13,715	\$ (55)	\$ 11,658	\$ (211)	\$ 4,034	\$34,562

<b>Balance at</b>										
<b>December 31, 2023</b>	<b>1,092</b>	<b>(1)</b>	<b>\$5,423</b>	<b>\$13,775</b>	<b>\$ (59)</b>	<b>\$12,482</b>	<b>\$ (177)</b>	<b>\$ 3,781</b>	<b>\$35,225</b>	
Consolidated net income (loss)	—	—	—	—	—	1,129	—	(58)	1,071	
Other comprehensive income	—	—	—	—	—	—	37	—	37	
Stock issued	3	—	8	53	—	—	—	—	61	
Stock-based compensation	—	—	—	8	—	—	—	—	8	
Dividends of \$0.70 per share	—	—	—	—	—	(766)	—	—	(766)	
Capital contributions from noncontrolling interests	—	—	—	—	—	—	—	9	9	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(38)	(38)	
Other	—	—	—	10	(2)	(1)	—	—	7	
<b>Balance at March 31, 2024</b>	<b>1,095</b>	<b>(1)</b>	<b>\$5,431</b>	<b>\$13,846</b>	<b>\$ (61)</b>	<b>\$12,844</b>	<b>\$ (140)</b>	<b>\$ 3,694</b>	<b>\$35,614</b>	

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



**ALABAMA POWER COMPANY**  
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended March 31,	
	<b>2024</b>	2023
	(in millions)	
<b>Operating Revenues:</b>		
Retail revenues	\$ 1,565	\$ 1,381
Wholesale revenues, non-affiliates	85	141
Wholesale revenues, affiliates	41	19
Other revenues	100	106
Total operating revenues	<u>1,791</u>	<u>1,647</u>
<b>Operating Expenses:</b>		
Fuel	331	308
Purchased power, non-affiliates	52	101
Purchased power, affiliates	42	59
Other operations and maintenance	412	424
Depreciation and amortization	361	345
Taxes other than income taxes	120	115
Total operating expenses	<u>1,318</u>	<u>1,352</u>
<b>Operating Income</b>	<b>473</b>	295
<b>Other Income and (Expense):</b>		
Allowance for equity funds used during construction	14	21
Interest expense, net of amounts capitalized	(110)	(103)
Other income (expense), net	41	40
Total other income and (expense)	<u>(55)</u>	<u>(42)</u>
<b>Earnings Before Income Taxes</b>	<b>418</b>	253
Income taxes (benefit)	85	(2)
<b>Net Income and Comprehensive Income</b>	<u><b>\$ 333</b></u>	<u>\$ 255</u>

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



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**ALABAMA POWER COMPANY**  
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Three Months  
Ended March 31,

**2024**      2023

(in millions)

**Operating Activities:**

Net income \$ 333 \$ 255

Adjustments to reconcile net income to net cash provided from operating activities —

Depreciation and amortization, total 398 398

Deferred income taxes (38) (75)

Pension, postretirement, and other employee benefits (53) (51)

Settlement of asset retirement obligations (53) (52)

Retail fuel cost under recovery – long-term — 100

Other, net 8 (3)

Changes in certain current assets and liabilities —

-Receivables 65 90

-Fossil fuel stock (6) (78)

-Prepayments (94) (89)

-Retail fuel cost under recovery 73 1

-Other current assets (17) (38)

-Accounts payable (403) (400)

-Accrued taxes 160 109

-Accrued compensation (93) (102)

-Other current liabilities (32) (35)

Net cash provided from operating activities 248 30

**Investing Activities:**

Property additions (416) (389)

Nuclear decommissioning trust fund purchases (190) (87)

Nuclear decommissioning trust fund sales 190 87

Cost of removal, net of salvage (34) (41)

Change in construction payables (43) (70)

Other investing activities (3) (9)

Net cash used for investing activities (496) (509)

**Financing Activities:**

Increase in notes payable, net 65 170

Proceeds — Other long-term debt 2 16

Redemptions — Revenue bonds (21) —

Capital contributions from parent company 425 325

Payment of common stock dividends (295) (285)

Other financing activities (1) (7)

Net cash provided from financing activities 175 219

**Net Change in Cash, Cash Equivalents, and Restricted Cash** (73) (260)

**Cash, Cash Equivalents, and Restricted Cash at Beginning of Period** 409 687

**Cash, Cash Equivalents, and Restricted Cash at End of Period** \$ 336 \$ 427

**Supplemental Cash Flow Information:**

Cash paid during the period for —

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

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**ALABAMA POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

<b>Assets</b>	<b>At March 31, 2024</b>	<b>At December 31, 2023</b>
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 292	\$ 324
Receivables —		
Customer accounts	544	513
Unbilled revenues	145	191
Affiliated	69	72
Other accounts and notes	68	109
Accumulated provision for uncollectible accounts	(18)	(16)
Fossil fuel stock	400	394
Materials and supplies	682	655
Prepaid expenses	149	62
Regulatory assets - under recovered retail fuel clause revenues	173	246
Other regulatory assets	382	385
Other current assets	100	142
<b>Total current assets</b>	<b>2,986</b>	<b>3,077</b>
<b>Property, Plant, and Equipment:</b>		
In service	35,736	35,429
Less: Accumulated provision for depreciation	11,343	11,131
Plant in service, net of depreciation	24,393	24,298
Other utility plant, net	483	499
Nuclear fuel, at amortized cost	269	253
Construction work in progress	1,095	1,095
<b>Total property, plant, and equipment</b>	<b>26,240</b>	<b>26,145</b>
<b>Other Property and Investments:</b>		
Nuclear decommissioning trusts, at fair value	1,327	1,261
Equity investments in unconsolidated subsidiaries	47	52
Miscellaneous property and investments	158	155
<b>Total other property and investments</b>	<b>1,532</b>	<b>1,468</b>
<b>Deferred Charges and Other Assets:</b>		
Operating lease right-of-use assets, net of amortization	91	87
Deferred charges related to income taxes	264	262
Prepaid pension and other postretirement benefit costs	708	659
Regulatory assets - asset retirement obligations	1,767	1,810
Other regulatory assets, deferred	1,836	1,858
Other deferred charges and assets	418	414
<b>Total deferred charges and other assets</b>	<b>5,084</b>	<b>5,090</b>
<b>Total Assets</b>	<b>\$ 35,842</b>	<b>\$ 35,780</b>

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



**ALABAMA POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

<b>Liabilities and Stockholder's Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Securities due within one year	\$ 319	\$ 223
Notes payable	105	40
Accounts payable —		
Affiliated	194	330
Other	326	630
Customer deposits	107	105
Accrued taxes	205	51
Accrued interest	85	122
Accrued compensation	134	222
Asset retirement obligations	351	346
Other regulatory liabilities	43	44
Other current liabilities	195	191
Total current liabilities	2,064	2,304
<b>Long-term Debt</b>	<b>10,847</b>	10,960
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	4,164	4,170
Deferred credits related to income taxes	1,475	1,506
Accumulated deferred ITCs	73	74
Employee benefit obligations	156	155
Operating lease obligations	83	81
Asset retirement obligations, deferred	3,793	3,812
Other regulatory liabilities, deferred	288	291
Other deferred credits and liabilities	102	94
Total deferred credits and other liabilities	10,134	10,183
<b>Total Liabilities</b>	<b>23,045</b>	23,447
<b>Common Stockholder's Equity</b> (See accompanying statements)	<b>12,797</b>	12,333
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 35,842</b>	\$ 35,780

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



<b>ALABAMA POWER COMPANY</b>						
<b>CONDENSED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY (UNAUDITED)</b>						
	<b>Number of Common Shares Issued</b>	<b>Common Stock</b>	<b>Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
(in millions)						
<b>Balance at December 31, 2022</b>	31	\$ 1,222	\$ 6,710	\$ 3,764	\$ (9)	\$ 11,687
Net income	—	—	—	255	—	255
Capital contributions from parent company	—	—	330	—	—	330
Cash dividends on common stock	—	—	—	(285)	—	(285)
<b>Balance at March 31, 2023</b>	31	\$ 1,222	\$ 7,040	\$ 3,734	\$ (9)	\$ 11,987
<b>Balance at December 31, 2023</b>	31	\$ 1,222	\$ 7,125	\$ 3,993	\$ (7)	\$ 12,333
Net income	—	—	—	333	—	333
Capital contributions from parent company	—	—	427	—	—	427
Cash dividends on common stock	—	—	—	(295)	—	(295)
Other	—	—	—	(1)	—	(1)
<b>Balance at March 31, 2024</b>	31	\$ 1,222	\$ 7,552	\$ 4,030	\$ (7)	\$ 12,797

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

**GEORGIA POWER COMPANY**  
CONDENSED STATEMENTS OF INCOME (UNAUDITED)

For the Three  
Months Ended  
March 31,

**2024**      2023

(in millions)

<b>Operating Revenues:</b>		
Retail revenues	<b>\$ 2,155</b>	\$ 1,981
Wholesale revenues	<b>58</b>	31
Other revenues	<b>185</b>	164
Total operating revenues	<b>2,398</b>	2,176
<b>Operating Expenses:</b>		
Fuel	<b>389</b>	402
Purchased power, non-affiliates	<b>140</b>	123
Purchased power, affiliates	<b>181</b>	206
Other operations and maintenance	<b>515</b>	496
Depreciation and amortization	<b>425</b>	408
Taxes other than income taxes	<b>147</b>	131
Total operating expenses	<b>1,797</b>	1,766
<b>Operating Income</b>	<b>601</b>	410
<b>Other Income and (Expense):</b>		
Allowance for equity funds used during construction	<b>39</b>	40
Interest expense, net of amounts capitalized	<b>(173)</b>	(146)
Other income (expense), net	<b>49</b>	45
Total other income and (expense)	<b>(85)</b>	(61)
<b>Earnings Before Income Taxes</b>	<b>516</b>	349
Income taxes	<b>79</b>	53
<b>Net Income</b>	<b>\$ 437</b>	\$ 296

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the Three Months Ended March 31,	
	2024	2023
	(in millions)	
<b>Net Income</b>	<b>\$ 437</b>	<b>\$ 296</b>
Other comprehensive income:		
Qualifying hedges:		
Changes in fair value, net of tax of \$4 and \$—, respectively	<b>12</b>	(1)
Reclassification adjustment for amounts included in net income, net of tax of \$— and \$—, respectively	<b>1</b>	1
<b>Total other comprehensive income</b>	<b>13</b>	—
<b>Comprehensive Income</b>	<b>\$ 450</b>	<b>\$ 296</b>

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

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**GEORGIA POWER COMPANY**  
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Three Months  
Ended March 31,

**2024**      2023

(in millions)

**Operating Activities:**

Net income \$ **437**    \$    296

Adjustments to reconcile net income to net cash provided from operating activities —

Depreciation and amortization, total **491**      455

Deferred income taxes **31**      57

Allowance for equity funds used during construction **(39)**      (40)

Pension, postretirement, and other employee benefits **(68)**      (64)

Settlement of asset retirement obligations **(70)**      (54)

Retail fuel cost under recovery - long-term **—**      354

Other, net **2**      (32)

Changes in certain current assets and liabilities —

-Receivables **35**      311

-Retail fuel cost under recovery **181**      (447)

-Fossil fuel stock **(34)**      (107)

-Materials and supplies **(36)**      (46)

-Other current assets **14**      6

-Accounts payable **(153)**      (293)

-Accrued taxes **(281)**      (266)

-Accrued compensation **(66)**      (85)

-Customer refunds **(1)**      (103)

-Other current liabilities **50**      5

Net cash provided from (used for) operating activities **493**      (53)

**Investing Activities:**

Property additions **(987)**      (1,042)

Nuclear decommissioning trust fund purchases **(214)**      (169)

Nuclear decommissioning trust fund sales **213**      164

Cost of removal, net of salvage **(79)**      (64)

Change in construction payables, net of joint owner portion **(282)**      (27)

Payments pursuant to LTSAs **(59)**      (3)

Proceeds from dispositions **—**      56

Other investing activities **(9)**      (32)

Net cash used for investing activities **(1,417)**      (1,117)

**Financing Activities:**

Increase (decrease) in notes payable, net **(546)**      465

Proceeds —

Senior notes **1,400**      —

Short-term borrowings **150**      100

Revenue bonds **—**      229

Redemptions and repurchases —

Short-term borrowings **(250)**      (200)

FFB loan **(21)**      (21)

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



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**GEORGIA POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

Assets	At March 31, 2024	At December 31, 2023
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ —	\$ 9
Receivables —		
Customer accounts, net	864	843
Unbilled revenues	222	275
Under recovered retail fuel clause revenues	679	694
Joint owner accounts	101	119
Affiliated	45	51
Other accounts and notes	96	81
Fossil fuel stock	514	480
Materials and supplies	918	883
Regulatory assets – asset retirement obligations	137	98
Other regulatory assets	420	423
Other current assets	531	305
Total current assets	4,527	4,261
<b>Property, Plant, and Equipment:</b>		
In service	49,593	49,370
Less: Accumulated provision for depreciation	14,138	13,955
Plant in service, net of depreciation	35,455	35,415
Nuclear fuel, at amortized cost	612	605
Construction work in progress	5,409	4,975
Total property, plant, and equipment	41,476	40,995
<b>Other Property and Investments:</b>		
Nuclear decommissioning trusts, at fair value	1,185	1,163
Equity investments in unconsolidated subsidiaries	43	47
Miscellaneous property and investments	159	151
Total other property and investments	1,387	1,361
<b>Deferred Charges and Other Assets:</b>		
Operating lease right-of-use assets, net of amortization	848	884
Deferred charges related to income taxes	594	594
Prepaid pension costs	724	706
Deferred under recovered retail fuel clause revenues	1,044	1,211
Regulatory assets – asset retirement obligations, deferred	3,368	3,407
Other regulatory assets, deferred	2,977	2,890
Other deferred charges and assets	590	508
Total deferred charges and other assets	10,145	10,200
<b>Total Assets</b>	<b>\$ 57,535</b>	<b>\$ 56,817</b>

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

**GEORGIA POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

<b>Liabilities and Stockholder's Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Securities due within one year	\$ 502	\$ 502
Notes payable	684	1,329
Accounts payable —		
Affiliated	603	840
Other	974	1,147
Customer deposits	250	250
Accrued taxes	300	582
Accrued interest	181	175
Accrued compensation	133	250
Operating lease obligations	135	135
Asset retirement obligations	341	338
Other regulatory liabilities	16	22
Other current liabilities	378	365
Total current liabilities	4,497	5,935
<b>Long-term Debt</b>	17,567	16,198
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	4,084	4,018
Deferred credits related to income taxes	2,135	2,161
Accumulated deferred ITCs	323	326
Employee benefit obligations	240	248
Operating lease obligations, deferred	729	740
Asset retirement obligations, deferred	5,432	5,327
Other deferred credits and liabilities	458	481
Total deferred credits and other liabilities	13,401	13,301
<b>Total Liabilities</b>	35,465	35,434
<b>Common Stockholder's Equity</b> (See accompanying statements)	22,070	21,383
<b>Total Liabilities and Stockholder's Equity</b>	\$ 57,535	\$ 56,817

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



**GEORGIA POWER COMPANY**  
CONDENSED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY (UNAUDITED)

	<b>Number of Common Shares Issued</b>	<b>Common Stock</b>	<b>Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
(in millions)						
<b>Balance at December 31, 2022</b>	9	\$ 398	\$ 15,626	\$ 2,846	\$ (12)	\$ 18,858
Net income	—	—	—	296	—	296
Capital contributions from parent company	—	—	752	—	—	752
Cash dividends on common stock	—	—	—	(464)	—	(464)
Other	—	—	—	1	—	1
<b>Balance at March 31, 2023</b>	9	\$ 398	\$ 16,378	\$ 2,679	\$ (12)	\$ 19,443
<b>Balance at December 31, 2023</b>	9	\$ 398	\$ 17,923	\$ 3,071	\$ (9)	\$ 21,383
Net income	—	—	—	437	—	437
Capital contributions from parent company	—	—	750	—	—	750
Other comprehensive income	—	—	—	—	13	13
Cash dividends on common stock	—	—	—	(513)	—	(513)
<b>Balance at March 31, 2024</b>	9	\$ 398	\$ 18,673	\$ 2,995	\$ 4	\$ 22,070

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



**MISSISSIPPI POWER COMPANY**  
CONDENSED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended March 31,	
	2024	2023
	(in millions)	
<b>Operating Revenues:</b>		
Retail revenues	\$ 221	\$ 236
Wholesale revenues, non-affiliates	59	68
Wholesale revenues, affiliates	51	75
Other revenues	11	11
Total operating revenues	342	390
<b>Operating Expenses:</b>		
Fuel and purchased power	111	151
Other operations and maintenance	88	82
Depreciation and amortization	47	47
Taxes other than income taxes	31	32
Total operating expenses	277	312
<b>Operating Income</b>	<b>65</b>	<b>78</b>
<b>Other Income and (Expense):</b>		
Interest expense, net of amounts capitalized	(19)	(16)
Other income (expense), net	14	9
Total other income and (expense)	(5)	(7)
<b>Earnings Before Income Taxes</b>	<b>60</b>	<b>71</b>
Income taxes	10	13
<b>Net Income</b>	<b>\$ 50</b>	<b>\$ 58</b>

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)



For the Three  
Months Ended  
March 31,

**2024**      2023

(in millions)

<b>Net Income</b>	<b>\$ 50</b>	<b>\$ 58</b>
Other comprehensive income:		
Qualifying hedges:		
Changes in fair value, net of tax of \$2 and \$—, respectively	<b>5</b>	—
<b>Total other comprehensive income</b>	<b>5</b>	—
<b>Comprehensive Income</b>	<b>\$ 55</b>	<b>\$ 58</b>

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

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**MISSISSIPPI POWER COMPANY**  
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Three  
Months Ended  
March 31,

**2024**      **2023**

(in millions)

<b>Operating Activities:</b>			
Net income	\$	<b>50</b>	\$ 58
Adjustments to reconcile net income to net cash provided from operating activities —			
Depreciation and amortization, total		<b>50</b>	58
Pension, postretirement, and other employee benefits		<b>(4)</b>	(5)
Settlement of asset retirement obligations		<b>(4)</b>	(3)
Other, net		<b>4</b>	—
Changes in certain current assets and liabilities —			
-Receivables		<b>21</b>	73
-Retail fuel cost under recovery		<b>3</b>	(23)
-Other current assets		<b>(13)</b>	(1)
-Accounts payable		<b>(34)</b>	(74)
-Accrued taxes		<b>(59)</b>	(62)
-Accrued compensation		<b>(21)</b>	(17)
-Other current liabilities		<b>—</b>	(7)
Net cash used for operating activities		<b>(7)</b>	(3)
<b>Investing Activities:</b>			
Property additions		<b>(79)</b>	(94)
Cost of removal, net of salvage		<b>(12)</b>	(6)
Construction payables		<b>(7)</b>	(9)
Payments pursuant to LTSAs		<b>(5)</b>	(8)
Other investing activities		<b>(1)</b>	—
Net cash used for investing activities		<b>(104)</b>	(117)
<b>Financing Activities:</b>			
Increase in notes payable, net		<b>8</b>	126
Proceeds — Senior notes		<b>150</b>	—
Payment of common stock dividends		<b>(47)</b>	(46)
Other financing activities		<b>—</b>	(1)
Net cash provided from financing activities		<b>111</b>	79
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>		<b>—</b>	(41)
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Period</b>		<b>38</b>	59
<b>Cash, Cash Equivalents, and Restricted Cash at End of Period</b>	\$	<b>38</b>	\$ 18
<b>Supplemental Cash Flow Information:</b>			
Cash paid during the period for —			
Interest	\$	<b>29</b>	\$ 25
Noncash transactions —			
Accrued property additions at end of period		<b>27</b>	13
Right-of-use assets obtained under operating leases		<b>—</b>	1

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

**MISSISSIPPI POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

<b>Assets</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 38	\$ 38
Receivables —		
Customer accounts, net	57	36
Unbilled revenues	33	40
Affiliated	16	29
Other accounts and notes	59	20
Fossil fuel stock	60	47
Materials and supplies	89	89
Other regulatory assets	59	56
Other current assets	8	10
Total current assets	419	365
<b>Property, Plant, and Equipment:</b>		
In service	5,587	5,523
Less: Accumulated provision for depreciation	1,821	1,792
Plant in service, net of depreciation	3,766	3,731
Construction work in progress	172	203
Total property, plant, and equipment	3,938	3,934
<b>Other Property and Investments</b>	156	158
<b>Deferred Charges and Other Assets:</b>		
Deferred charges related to income taxes	28	28
Prepaid pension costs	102	99
Deferred under recovered retail fuel clause revenues	—	50
Regulatory assets - asset retirement obligations	245	244
Other regulatory assets, deferred	285	285
Accumulated deferred income taxes	93	96
Other deferred charges and assets	88	85
Total deferred charges and other assets	841	887
<b>Total Assets</b>	<b>\$ 5,354</b>	<b>\$ 5,344</b>

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



**MISSISSIPPI POWER COMPANY**  
CONDENSED BALANCE SHEETS (UNAUDITED)

<b>Liabilities and Stockholder's Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Securities due within one year	\$ 201	\$ 201
Notes payable	8	—
Accounts payable —		
Affiliated	45	82
Other	72	73
Accrued taxes	58	117
Accrued compensation	22	43
Asset retirement obligations	29	29
Over recovered retail fuel clause revenues	—	27
Other regulatory liabilities	10	17
Other current liabilities	89	90
<b>Total current liabilities</b>	<b>534</b>	<b>679</b>
<b>Long-term Debt</b>	<b>1,592</b>	<b>1,443</b>
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	469	469
Deferred credits related to income taxes	228	229
Employee benefit obligations	67	67
Asset retirement obligations, deferred	137	139
Other cost of removal obligations	186	186
Other regulatory liabilities, deferred	95	92
Other deferred credits and liabilities	34	37
<b>Total deferred credits and other liabilities</b>	<b>1,216</b>	<b>1,219</b>
<b>Total Liabilities</b>	<b>3,342</b>	<b>3,341</b>
<b>Common Stockholder's Equity</b> (See accompanying statements)	<b>2,012</b>	<b>2,003</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 5,354</b>	<b>\$ 5,344</b>

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

MISSISSIPPI POWER COMPANY						
CONDENSED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY (UNAUDITED)						
	Number of Common Shares Issued	Common Stock	Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
(in millions)						
<b>Balance at December 31, 2022</b>	<b>1</b>	<b>\$ 38</b>	<b>\$ 4,652</b>	<b>\$ (2,759)</b>	<b>\$ —</b>	<b>\$ 1,931</b>
Net income	—	—	—	58	—	58
Cash dividends on common stock	—	—	—	(46)	—	(46)
<b>Balance at March 31, 2023</b>	<b>1</b>	<b>\$ 38</b>	<b>\$ 4,652</b>	<b>\$ (2,747)</b>	<b>\$ —</b>	<b>\$ 1,943</b>
<b>Balance at December 31, 2023</b>	<b>1</b>	<b>\$ 38</b>	<b>\$ 4,721</b>	<b>\$ (2,756)</b>	<b>\$ —</b>	<b>\$ 2,003</b>
Net income	—	—	—	50	—	50
Capital contributions from parent company	—	—	1	—	—	1
Other comprehensive income	—	—	—	—	5	5
Cash dividends on common stock	—	—	—	(47)	—	(47)
<b>Balance at March 31, 2024</b>	<b>1</b>	<b>\$ 38</b>	<b>\$ 4,722</b>	<b>\$ (2,753)</b>	<b>\$ 5</b>	<b>\$ 2,012</b>

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



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

	For the Three Months Ended March 31,	
	<b>2024</b>	2023
	(in millions)	
<b>Operating Revenues:</b>		
Wholesale revenues, non-affiliates	\$ 369	\$ 362
Wholesale revenues, affiliates	92	135
Other revenues	12	11
Total operating revenues	<u>473</u>	<u>508</u>
<b>Operating Expenses:</b>		
Fuel	156	191
Purchased power	18	26
Other operations and maintenance	121	107
Depreciation and amortization	118	128
Taxes other than income taxes	10	13
Gain on dispositions, net	—	(20)
Total operating expenses	<u>423</u>	<u>445</u>
<b>Operating Income</b>	<b>50</b>	63
<b>Other Income and (Expense):</b>		
Interest expense, net of amounts capitalized	(29)	(33)
Other income (expense), net	3	2
Total other income and (expense)	<u>(26)</u>	<u>(31)</u>
<b>Earnings Before Income Taxes</b>	<b>24</b>	32
Income taxes (benefit)	<u>(14)</u>	<u>(7)</u>
<b>Net Income</b>	<b>38</b>	39
Net loss attributable to noncontrolling interests	(58)	(63)
<b>Net Income Attributable to Southern Power</b>	<u><b>\$ 96</b></u>	<u>\$ 102</u>

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the Three  
Months Ended  
March 31,

**2024**      2023

(in millions)

<b>Net Income</b>	<b>\$ 38</b>	<b>\$ 39</b>
Other comprehensive income (loss):		
Qualifying hedges:		
Changes in fair value, net of tax of \$(4) and \$(3), respectively	<b>(11)</b>	(8)
Reclassification adjustment for amounts included in net income, net of tax of \$4 and \$—, respectively	<b>12</b>	1
Pension and other postretirement benefit plans:		
Benefit plan net gain (loss), net of tax of \$— and \$—, respectively	<b>1</b>	—
Total other comprehensive income (loss)	<b>2</b>	(7)
Comprehensive Income	<b>40</b>	32
Comprehensive loss attributable to noncontrolling interests	<b>(58)</b>	(63)
<b>Comprehensive Income Attributable to Southern Power</b>	<b>\$ 98</b>	<b>\$ 95</b>

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

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

For the Three  
Months Ended  
March 31,

**2024**      **2023**

(in millions)

<b>Operating Activities:</b>			
Net income	\$	<b>38</b>	\$ 39
Adjustments to reconcile net income to net cash provided from operating activities —			
Depreciation and amortization, total		<b>121</b>	133
Amortization of ITCs		<b>(15)</b>	(15)
Gain on dispositions, net		<b>—</b>	(20)
Other, net		<b>(5)</b>	(11)
Changes in certain current assets and liabilities —			
-Receivables		<b>46</b>	120
-Prepaid income taxes		<b>2</b>	15
-Other current assets		<b>—</b>	(13)
-Accounts payable		<b>(57)</b>	(92)
-Accrued compensation		<b>(14)</b>	(13)
-Other current liabilities		<b>5</b>	(8)
Net cash provided from operating activities		<b>121</b>	135
<b>Investing Activities:</b>			
Property additions		<b>(28)</b>	(11)
Proceeds from dispositions		<b>—</b>	46
Change in construction payables		<b>(12)</b>	(15)
Payments pursuant to LTSAs		<b>(11)</b>	(16)
Other investing activities		<b>7</b>	—
Net cash provided from (used for) investing activities		<b>(44)</b>	4
<b>Financing Activities:</b>			
Increase (decrease) in notes payable, net		<b>4</b>	(59)
Capital contributions from noncontrolling interests		<b>9</b>	21
Distributions to noncontrolling interests		<b>(34)</b>	(48)
Payment of common stock dividends		<b>(65)</b>	(63)
Other financing activities		<b>(3)</b>	3
Net cash used for financing activities		<b>(89)</b>	(146)
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>		<b>(12)</b>	(7)
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Period</b>		<b>144</b>	133
<b>Cash, Cash Equivalents, and Restricted Cash at End of Period</b>	<b>\$</b>	<b>132</b>	<b>\$ 126</b>
<b>Supplemental Cash Flow Information:</b>			
Cash paid (received) during the period for —			
Interest (net of \$2 and \$— capitalized for 2024 and 2023, respectively)	\$	<b>23</b>	\$ 30
Income taxes, net		<b>(9)</b>	(9)
Noncash transactions —			
Accrued property additions at end of period		<b>40</b>	12

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

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

<b>Assets</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 115	\$ 124
Receivables —		
Customer accounts, net	124	136
Affiliated	14	37
Other	43	54
Materials and supplies	83	80
Prepaid income taxes	42	2
Other current assets	85	90
Total current assets	506	523
<b>Property, Plant, and Equipment:</b>		
In service	14,659	14,690
Less: Accumulated provision for depreciation	4,200	4,119
Plant in service, net of depreciation	10,459	10,571
Construction work in progress	298	278
Total property, plant, and equipment	10,757	10,849
<b>Other Property and Investments:</b>		
Intangible assets, net of amortization of \$153 and \$148, respectively	238	243
Net investment in sales-type leases	147	148
Total other property and investments	385	391
<b>Deferred Charges and Other Assets:</b>		
Operating lease right-of-use assets, net of amortization	486	488
Prepaid LTSAs	262	248
Other deferred charges and assets	266	262
Total deferred charges and other assets	1,014	998
<b>Total Assets</b>	<b>\$ 12,662</b>	<b>\$ 12,761</b>

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

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

<b>Liabilities and Stockholders' Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Notes payable	\$ 140	\$ 138
Accounts payable —		
Affiliated	39	82
Other	69	91
Accrued taxes	20	26
Accrued interest	27	27
Operating lease obligations	29	29
Other current liabilities	83	97
Total current liabilities	407	490
<b>Long-term Debt</b>	<b>2,699</b>	2,711
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	667	614
Accumulated deferred ITCs	1,483	1,498
Operating lease obligations, deferred	515	517
Other deferred credits and liabilities	248	233
Total deferred credits and other liabilities	2,913	2,862
<b>Total Liabilities</b>	<b>6,019</b>	6,063
<b>Total Stockholders' Equity</b> (See accompanying statements)	<b>6,643</b>	6,698
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 12,662</b>	\$ 12,761

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

**SOUTHERN POWER COMPANY AND SUBSIDIARY COMPANIES**  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Common Stockholders' Equity	Noncontrolling Interests	Total
(in millions)						
<b>Balance at December 31, 2022</b>	\$ 1,069	\$ 1,741	\$ (18)	\$ 2,792	\$ 4,124	\$ 6,916
Net income (loss)	—	102	—	102	(63)	39
Other comprehensive income (loss)	—	—	(7)	(7)	—	(7)
Cash dividends on common stock	—	(63)	—	(63)	—	(63)
Capital contributions from noncontrolling interests	—	—	—	—	21	21
Distributions to noncontrolling interests	—	—	—	—	(48)	(48)
<b>Balance at March 31, 2023</b>	\$ 1,069	\$ 1,780	\$ (25)	\$ 2,824	\$ 4,034	\$ 6,858
<b>Balance at December 31, 2023</b>	<b>\$ 1,088</b>	<b>\$ 1,846</b>	<b>\$ (17)</b>	<b>\$ 2,917</b>	<b>\$ 3,781</b>	<b>\$ 6,698</b>
Net income (loss)	—	96	—	96	(58)	38
Other comprehensive income	—	—	2	2	—	2
Cash dividends on common stock	—	(65)	—	(65)	—	(65)
Capital contributions from noncontrolling interests	—	—	—	—	9	9
Distributions to noncontrolling interests	—	—	—	—	(38)	(38)
Other	—	(1)	—	(1)	—	(1)
<b>Balance at March 31, 2024</b>	<b>\$ 1,088</b>	<b>\$ 1,876</b>	<b>\$ (15)</b>	<b>\$ 2,949</b>	<b>\$ 3,694</b>	<b>\$ 6,643</b>

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



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

	For the Three Months Ended March 31,	
	<b>2024</b>	2023
	(in millions)	
<b>Operating Revenues:</b>		
Natural gas revenues (includes revenue taxes of \$53 and \$66, respectively)	<b>\$ 1,707</b>	\$ 1,875
Total operating revenues	<b>1,707</b>	1,875
<b>Operating Expenses:</b>		
Cost of natural gas	<b>605</b>	898
Other operations and maintenance	<b>293</b>	305
Depreciation and amortization	<b>155</b>	141
Taxes other than income taxes	<b>87</b>	102
Total operating expenses	<b>1,140</b>	1,446
<b>Operating Income</b>	<b>567</b>	429
<b>Other Income and (Expense):</b>		
Earnings from equity method investments	<b>44</b>	45
Interest expense, net of amounts capitalized	<b>(84)</b>	(76)
Other income (expense), net	<b>20</b>	14
Total other income and (expense)	<b>(20)</b>	(17)
<b>Earnings Before Income Taxes</b>	<b>547</b>	412
Income taxes	<b>138</b>	103
<b>Net Income</b>	<b>\$ 409</b>	\$ 309

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the Three  
Months Ended  
March 31,

**2024**      2023

(in millions)

<b>Net Income</b>	<b>\$ 409</b>	<b>\$ 309</b>
Other comprehensive income (loss):		
Qualifying hedges:		
Changes in fair value, net of tax of \$(2) and \$(10), respectively	<b>(5)</b>	(24)
Reclassification adjustment for amounts included in net income, net of tax of \$7 and \$6, respectively	<b>17</b>	14
<b>Total other comprehensive income (loss)</b>	<b>12</b>	(10)
<b>Comprehensive Income</b>	<b>\$ 421</b>	<b>\$ 299</b>

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

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

For the Three  
Months Ended  
March 31,

**2024**      **2023**

(in millions)

**Operating Activities:**

Net income	\$ 409	\$ 309
Adjustments to reconcile net income to net cash provided from operating activities —		
Depreciation and amortization, total	155	141
Deferred income taxes	61	27
Other, net	(10)	(3)
Changes in certain current assets and liabilities —		
-Receivables	(16)	266
-Natural gas for sale, net of temporary LIFO liquidation	237	267
-Prepaid income taxes	53	33
-Natural gas cost under recovery	—	108
-Other current assets	(27)	(18)
-Accounts payable	(127)	(303)
-Accrued taxes	7	36
-Accrued compensation	(55)	(36)
-Natural gas cost over recovery	(65)	117
-Other current liabilities	(24)	34
Net cash provided from operating activities	598	978

**Investing Activities:**

Property additions	(255)	(299)
Cost of removal, net of salvage	(12)	(24)
Change in construction payables, net	(40)	(53)
Other investing activities	(12)	(3)
Net cash used for investing activities	(319)	(379)

**Financing Activities:**

Decrease in notes payable, net	(81)	(448)
Redemptions — Short-term borrowings	—	(200)
Capital contributions from parent company	—	192
Payment of common stock dividends	(151)	(146)
Other financing activities	(3)	9
Net cash used for financing activities	(235)	(593)

**Net Change in Cash, Cash Equivalents, and Restricted Cash**

**44**      **6**

**Cash, Cash Equivalents, and Restricted Cash at Beginning of Period**

**35**      **83**

**Cash, Cash Equivalents, and Restricted Cash at End of Period**

**\$ 79**      **\$ 89**

**Supplemental Cash Flow Information:**

Cash paid (received) during the period for —

Interest (net of \$5 and \$4 capitalized for 2024 and 2023, respectively)	\$ 89	\$ 76
Income taxes, net	(3)	—

Noncash transactions —

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

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

<b>Assets</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 77	\$ 33
Receivables —		
Customer accounts	474	405
Unbilled revenues	204	261
Other accounts and notes	53	47
Accumulated provision for uncollectible accounts	(52)	(44)
Materials and supplies	68	66
Natural gas for sale	210	420
Prepaid expenses	60	107
Other regulatory assets	162	141
Other current assets	57	50
Total current assets	<u>1,313</u>	<u>1,486</u>
<b>Property, Plant, and Equipment:</b>		
In service	21,078	20,840
Less: Accumulated depreciation	5,620	5,534
Plant in service, net of depreciation	15,458	15,306
Construction work in progress	1,112	1,110
Total property, plant, and equipment	<u>16,570</u>	<u>16,416</u>
<b>Other Property and Investments:</b>		
Goodwill	5,015	5,015
Equity investments in unconsolidated subsidiaries	1,260	1,235
Other intangible assets, net of amortization of \$168 and \$166, respectively	14	16
Miscellaneous property and investments	26	25
Total other property and investments	<u>6,315</u>	<u>6,291</u>
<b>Deferred Charges and Other Assets:</b>		
Operating lease right-of-use assets, net of amortization	46	47
Prepaid pension costs	164	158
Other regulatory assets, deferred	503	504
Other deferred charges and assets	180	181
Total deferred charges and other assets	<u>893</u>	<u>890</u>
<b>Total Assets</b>	<u><u>\$ 25,091</u></u>	<u><u>\$ 25,083</u></u>

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

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

<b>Liabilities and Stockholder's Equity</b>	<b>At March 31, 2024</b>	At December 31, 2023
	(in millions)	
<b>Current Liabilities:</b>		
Notes payable	\$ 334	\$ 415
Accounts payable —		
Affiliated	44	89
Other	308	424
Customer deposits	79	126
Accrued taxes	84	77
Accrued interest	76	77
Accrued compensation	57	112
Natural gas cost over recovery	150	214
Other regulatory liabilities	60	19
Other current liabilities	172	155
<b>Total current liabilities</b>	<b>1,364</b>	1,708
<b>Long-term Debt</b>	<b>7,825</b>	7,833
<b>Deferred Credits and Other Liabilities:</b>		
Accumulated deferred income taxes	1,736	1,671
Deferred credits related to income taxes	752	759
Employee benefit obligations	105	110
Operating lease obligations	38	40
Other cost of removal obligations	1,804	1,771
Accrued environmental remediation	194	192
Other deferred credits and liabilities	199	196
<b>Total deferred credits and other liabilities</b>	<b>4,828</b>	4,739
<b>Total Liabilities</b>	<b>14,017</b>	14,280
<b>Common Stockholder's Equity</b> (See accompanying statements)	<b>11,074</b>	10,803
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 25,091</b>	\$ 25,083

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



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**SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES**  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (UNAUDITED)

	<b>Paid-In Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
(in millions)				
<b>Balance at December 31, 2022</b>	\$ 10,445	\$ (79)	\$ 31	\$ 10,397
Net income	—	309	—	309
Capital contributions from parent company	203	—	—	203
Other comprehensive income (loss)	—	—	(10)	(10)
Cash dividends on common stock	—	(146)	—	(146)
Other	1	(1)	—	—
<b>Balance at March 31, 2023</b>	<b>\$ 10,649</b>	<b>\$ 83</b>	<b>\$ 21</b>	<b>\$ 10,753</b>
<b>Balance at December 31, 2023</b>	<b>\$ 10,836</b>	<b>\$ (49)</b>	<b>\$ 16</b>	<b>\$ 10,803</b>
Net income	—	409	—	409
Capital contributions from parent company	2	—	—	2
Other comprehensive income	—	—	12	12
Cash dividends on common stock	—	(151)	—	(151)
Other	—	(1)	—	(1)
<b>Balance at March 31, 2024</b>	<b>\$ 10,838</b>	<b>\$ 208</b>	<b>\$ 28</b>	<b>\$ 11,074</b>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR  
THE SOUTHERN COMPANY AND SUBSIDIARY COMPANIES  
ALABAMA POWER COMPANY  
GEORGIA POWER COMPANY  
MISSISSIPPI POWER COMPANY  
SOUTHERN POWER COMPANY AND SUBSIDIARY COMPANIES  
SOUTHERN COMPANY GAS AND SUBSIDIARY COMPANIES  
(UNAUDITED)**

INDEX TO THE NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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INDEX TO APPLICABLE NOTES TO FINANCIAL STATEMENTS BY REGISTRANT

The following unaudited notes to the condensed financial statements are a combined presentation; however, information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf and each Registrant makes no representation as to information related to the other Registrants. The list below indicates the Registrants to which each note applies.

<b>Registrant</b>	<b>Applicable Notes</b>
Southern Company	A, B, C, D, E, F, G, H, I, J, K, L
Alabama Power	A, B, C, D, F, G, H, I, J
Georgia Power	A, B, C, D, F, G, H, I, J
Mississippi Power	A, B, C, D, F, G, H, I, J
Southern Power	A, C, D, E, F, G, H, I, J, K
Southern Company Gas	A, B, C, D, E, F, G, H, I, J, L

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)****(A) INTRODUCTION**

The condensed quarterly financial statements of each Registrant included herein have been prepared by such Registrant, without audit, pursuant to the rules and regulations of the SEC. The Condensed Balance Sheets at December 31, 2023 have been derived from the audited financial statements of each Registrant. In the opinion of each Registrant's management, the information regarding such Registrant furnished herein reflects all adjustments, which, except as otherwise disclosed, are of a normal recurring nature, necessary to present fairly the results of operations for the periods ended March 31, 2024 and 2023. Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations, although each Registrant believes that the disclosures regarding such Registrant are adequate to make the information presented not misleading. Disclosures which would substantially duplicate the disclosures in the Form 10-K and details which have not changed significantly in amount or composition since the filing of the Form 10-K are generally omitted from this Quarterly Report on Form 10-Q unless specifically required by GAAP. Therefore, these Condensed Financial Statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K. Due to the seasonal variations in the demand for energy and other factors, operating results for the periods presented are not necessarily indicative of the operating results to be expected for the full year.

Certain prior year data presented in the financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on the overall results of operations, financial position, or cash flows of any Registrant.

**Goodwill and Other Intangible Assets**

Goodwill at March 31, 2024 and December 31, 2023 was as follows:

	<b>Goodwill</b>	
	(in millions)	
Southern Company	\$	5,161
Southern Company Gas:		
Gas distribution operations	\$	4,034
Gas marketing services		981
Southern Company Gas total	\$	5,015

Goodwill is not amortized but is subject to an annual impairment test during the fourth quarter of each year, or more frequently if goodwill impairment indicators exist.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

Other intangible assets were as follows:

	At March 31, 2024			At December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Other Intangible Assets, Net
	(in millions)			(in millions)		
Southern Company						
Subject to amortization:						
Customer relationships	\$ 211	\$ (174)	\$ 37	\$ 212	\$ (172)	\$ 40
Trade names	64	(55)	9	64	(53)	11
PPA fair value adjustments	390	(153)	237	390	(148)	242
Other	4	(3)	1	3	(3)	—
Total subject to amortization	\$ 669	\$ (385)	\$ 284	\$ 669	\$ (376)	\$ 293
Not subject to amortization:						
FCC licenses	75	—	75	75	—	75
Total other intangible assets	\$ 744	\$ (385)	\$ 359	\$ 744	\$ (376)	\$ 368
Southern Power <sup>(*)</sup>						
PPA fair value adjustments	\$ 390	\$ (153)	\$ 237	\$ 390	\$ (148)	\$ 242
Southern Company Gas <sup>(*)</sup>						
Gas marketing services						
Customer relationships	\$ 156	\$ (146)	\$ 10	\$ 156	\$ (145)	\$ 11
Trade names	26	(22)	4	26	(21)	5
Total other intangible assets	\$ 182	\$ (168)	\$ 14	\$ 182	\$ (166)	\$ 16

(\*) All subject to amortization.

Amortization associated with other intangible assets was as follows:

	<b>Three Months Ended</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	(in millions)	
Southern Company <sup>(a)</sup>	\$ 9	\$ 10
Southern Power <sup>(b)</sup>	5	5
Southern Company Gas	2	3

(a) Includes \$5 million recorded as a reduction to operating revenues for both periods presented.

(b) Recorded as a reduction to operating revenues.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

### Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed balance sheets that total to the amount shown in the condensed statements of cash flows for the applicable Registrants:

	Southern Company	Alabama Power	Georgia Power	Southern Power	Southern Company Gas
(in millions)					
<b>At March 31, 2024</b>					
Cash and cash equivalents	\$ 713	\$ 292	\$ —	\$ 115	\$ 77
Restricted cash <sup>(a)</sup> :					
Other current assets	99	44	36	17	2
Other deferred charges and assets	19	—	19	—	—
Total cash, cash equivalents, and restricted cash <sup>(b)</sup>	\$ 832	\$ 336	\$ 55	\$ 132	\$ 79
<b>At December 31, 2023</b>					
Cash and cash equivalents	\$ 748	\$ 324	\$ 9	\$ 124	\$ 33
Restricted cash <sup>(a)</sup> :					
Other current assets	141	85	37	17	2
Other deferred charges and assets	31	—	29	3	—
Total cash, cash equivalents, and restricted cash <sup>(b)</sup>	\$ 921	\$ 409	\$ 75	\$ 144	\$ 35

(a) For Alabama Power and Georgia Power, reflects proceeds from the issuance of solid waste disposal facility revenue bonds in 2023 and 2022, respectively. For Southern Power, reflects \$17 million at both March 31, 2024 and December 31, 2023 resulting from an arbitration award held to fund future replacement costs and \$3 million at December 31, 2023 held to fund estimated construction completion costs at the Deuel Harvest wind facility. See Note (C) under "General Litigation Matters – Southern Power" for additional information related to the arbitration award. For Southern Company Gas, reflects collateral for workers' compensation, life insurance, and long-term disability insurance.

(b) Total may not add due to rounding.

### Natural Gas for Sale

With the exception of Nicor Gas, Southern Company Gas records natural gas inventories on a WACOG basis. For any declines in market prices below the WACOG considered to be other than temporary, an adjustment is recorded to reduce the value of natural gas inventories to market value. Nicor Gas' natural gas inventory is carried at cost on a LIFO basis. Inventory decrements occurring during the year that are restored prior to year-end are charged to cost of natural gas at the estimated annual replacement cost. Inventory decrements that are not restored prior to year-end are charged to cost of natural gas at the actual LIFO cost of the inventory layers liquidated.

Southern Company Gas recorded no material adjustments to natural gas inventories for either period presented. Nicor Gas' inventory decrement at March 31, 2024 is expected to be restored prior to year-end.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)****Storm Damage Reserves**

See Note 1 to the financial statements under "Storm Damage and Reliability Reserves" in Item 8 of the Form 10-K for additional information.

Storm damage reserve activity for the traditional electric operating companies during the three months ended March 31, 2024 was as follows:

	<b>Southern Company</b>	<b>Alabama Power</b>	<b>Georgia Power</b>	<b>Mississippi Power</b>
	(in millions)			
Balance at December 31, 2023	\$ 66	\$ 76	\$ (54)	\$ 44
Accrual	14	3	8	3
Weather-related damages	(17)	(5)	(12)	—
Balance at March 31, 2024	\$ 63	\$ 74	\$ (58)	\$ 47

**Asset Retirement Obligations**

See Note 6 to the financial statements in Item 8 of the Form 10-K for additional information.

Following initial criticality for Plant Vogtle Unit 4 on February 14, 2024, Georgia Power recorded AROs of approximately \$118 million. See Note (B) under "Georgia Power – Nuclear Construction" for additional information on Plant Vogtle Units 3 and 4.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

### (B) REGULATORY MATTERS

See Note 2 to the financial statements in Item 8 of the Form 10-K for additional information relating to regulatory matters.

The recovery balances for certain retail regulatory clauses of the traditional electric operating companies and Southern Company Gas at March 31, 2024 and December 31, 2023 were as follows:

Regulatory Clause	Balance Sheet Line Item	March 31, 2024	December 31, 2023
(in millions)			
<b>Alabama Power</b>			
Rate CNP Compliance	Other regulatory assets, current	\$ 8	\$ 8
	Other regulatory assets, deferred	19	25
Rate CNP PPA	Other regulatory assets, current	18	18
	Other regulatory assets, deferred	82	85
Rate ECR	Regulatory assets - under recovered retail fuel clause revenues	173	246
<b>Georgia Power</b>			
Fuel Cost Recovery	Receivables - under recovered retail fuel clause revenues	\$ 679	\$ 694
	Deferred under recovered retail fuel clause revenues	1,044	1,211
<b>Mississippi Power</b>			
Fuel Cost Recovery <sup>(*)</sup>	Receivables - customer accounts, net	\$ 20	\$ —
	Deferred under recovered retail fuel clause revenues	—	50
	Over recovered retail fuel clause revenues	—	27
Ad Valorem Tax	Other regulatory assets, deferred	13	12
<b>Southern Company Gas</b>			
Natural Gas Cost Recovery	Natural gas cost over recovery	\$ 150	\$ 214

(\*) Mississippi Power also has wholesale MRA and Market Based (MB) fuel cost recovery factors. At March 31, 2024 and December 31, 2023, wholesale MRA fuel costs were over recovered \$10 million and \$5 million, respectively, and were included in other current liabilities on Mississippi Power's balance sheets. The wholesale MB fuel cost recovery was immaterial for both periods presented.

## **Alabama Power**

### **Plant Greene County**

Alabama Power jointly owns Plant Greene County Units 1 and 2 with an affiliate, Mississippi Power. See Note 5 to the financial statements under "Joint Ownership Agreements" in Item 8 of the Form 10-K for additional information.

On April 26, 2024, Mississippi Power filed its 2024 IRP with the Mississippi PSC. The filing includes a schedule to retire Mississippi Power's 40% ownership interest in Plant Greene County Units 1 and 2 by the end of 2028.

Alabama Power currently expects to retire Plant Greene County Units 1 and 2 (300 MWs based on 60% ownership) by the end of 2028. Alabama Power and Mississippi Power continue to evaluate operating conditions and business needs relevant to the anticipated retirement of Plant Greene County Units 1 and 2. Additionally, the unit retirements require the completion by Alabama Power of transmission and system reliability improvements, as well as agreement by Alabama Power.

The ultimate outcome of this matter cannot be determined at this time. See "Mississippi Power – Integrated Resource Plan" herein for additional information.

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**

### **(UNAUDITED)**

#### **Georgia Power**

##### **Integrated Resource Plan**

On April 16, 2024, the Georgia PSC approved Georgia Power's updated IRP (2023 IRP Update) as modified by a stipulated agreement among Georgia Power, the staff of the Georgia PSC, and certain intervenors. In the 2023 IRP Update decision, the Georgia PSC approved the following requests:

- Authority to develop, own, and operate up to 1,400 MWs from three simple cycle combustion turbines at Plant Yates with the recoverable costs not to exceed the certified amount, which is projected to be approved by the Georgia PSC in the second half of 2024. In doing so, the Georgia PSC recognized the potential for circumstances beyond Georgia Power's control that could cause the project costs to exceed the certified amount, in which case Georgia Power would provide documentation to the Georgia PSC to explain and justify potential recovery of the additional costs.
- Certification of an affiliate PPA with Mississippi Power for 750 MWs, which began January 1, 2024 and will continue through December 2028.
- Certification of a non-affiliate PPA for 230 MWs, which began May 1, 2024 and will continue through December 2028.
- Authority to develop, own, and operate up to 500 MWs of battery energy storage facilities, including storage systems collocated with existing Georgia Power-owned solar facilities, as well as the issuance of a request for proposals for an additional 500 MWs of battery energy storage facilities.
- Approval of transmission projects necessary to support the generation resources approved in the 2023 IRP Update.

On January 12, 2024, Georgia Power entered into an Agreement for Engineering, Procurement, and Construction with Mitsubishi Power Americas, Inc. and Black & Veatch Construction, Inc. to construct three 442-MW simple cycle combustion turbine units at Plant Yates (Plant Yates Units 8, 9, and 10), which are projected to be placed in service in the fourth quarter 2026, the second quarter 2027, and the third quarter 2027, respectively. The ultimate outcome of this matter cannot be determined at this time.

##### **Transmission Asset Sales**

On March 7, 2024, the FERC approved the sale of transmission line assets under the integrated transmission system agreement, with a net book value of \$230 million which is classified as held for sale at March 31, 2024 and included in other current assets on Southern Company's and Georgia Power's balance sheets. Subsequent to March 31, 2024, the sale, with a purchase price of \$341 million, was completed resulting in a pre-tax gain of approximately \$110 million (\$81 million after tax) to be recorded in the second quarter 2024.

##### **Nuclear Construction**

In 2009, the Georgia PSC certified construction of Plant Vogtle Units 3 and 4, in which Georgia Power holds a 45.7% ownership interest. In 2012, the NRC issued the related combined construction and operating licenses, which allowed full construction of the two AP1000 nuclear units (with electric generating capacity of approximately 1,100 MWs each) and related facilities to begin.

Georgia Power placed Unit 3 in service on July 31, 2023. On February 14, 2024, Unit 4 achieved self-sustaining nuclear fission, commonly referred to as initial criticality, and, on March 1, 2024, the generator successfully synchronized to the power grid and generated electricity for the first time. Georgia Power placed Unit 4 in service on April 29, 2024.

See Note 2 to the financial statements under "Georgia Power – Nuclear Construction" in Item 8 of the Form 10-K for additional information on Plant Vogtle Units 3 and 4 construction and cost recovery. See Note 8 to the financial statements under "Long-term Debt – DOE Loan Guarantee Borrowings" in Item 8 of the Form 10-K for information on the Amended and Restated Loan Guarantee Agreement, including applicable covenants, events of default, and mandatory prepayment events.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)****Cost and Schedule**

Georgia Power's net capital costs incurred through March 31, 2024 in connection with Plant Vogtle Units 3 and 4, and its approximate proportionate share of additional capital costs to be incurred after March 31, 2024, including completion of testing and start-up for Unit 4 through April 2024 and demobilizing the site after Unit 4's in-service date, is as follows:

	(in millions)
Total project capital cost forecast <sup>(a)(b)</sup>	\$ 10,753
Net investment at March 31, 2024 <sup>(b)</sup>	(10,608)
<b>Remaining estimate to complete</b>	<b>\$ 145</b>

(a) Includes approximately \$610 million of costs that are not shared with the other Vogtle Owners, including \$33 million of construction monitoring costs, and approximately \$567 million of incremental costs under the cost-sharing provisions of the Vogtle Joint Ownership Agreements (as defined below). Excludes financing costs expected to be capitalized through AFUDC of approximately \$440 million, of which \$435 million had been accrued through March 31, 2024.

(b) Net of \$1.7 billion received from Toshiba under the Guarantee Settlement Agreement and approximately \$188 million in related customer refunds.

Georgia Power estimates that its financing costs for construction of Plant Vogtle Units 3 and 4 will total approximately \$3.53 billion, of which \$3.52 billion had been incurred and \$3.07 billion had been recovered through March 31, 2024.

**Joint Owner Contracts**

In September 2022, Georgia Power and MEAG Power reached an agreement to resolve a dispute regarding the cost-sharing and tender provisions of the joint ownership agreements for Plant Vogtle Units 3 and 4, as amended (Vogtle Joint Ownership Agreements). Under the terms of the agreement, among other items, (i) MEAG Power will not exercise its tender option and will retain its full ownership interest in Plant Vogtle Units 3 and 4; (ii) Georgia Power will reimburse a portion of MEAG Power's costs of construction for Plant Vogtle Units 3 and 4 as such costs are incurred and with no further adjustment for force majeure costs, which payments will total approximately \$92 million based on the current project capital cost forecast; and (iii) Georgia Power will reimburse 20% of MEAG Power's costs of construction with respect to any amounts over the current project capital cost forecast, with no further adjustment for force majeure costs.

In October 2023, Georgia Power reached agreements with both OPC and Dalton to resolve its respective dispute with each of OPC and Dalton regarding the cost-sharing and tender provisions of the Vogtle Joint Ownership Agreements. Under the terms of the agreements with OPC and Dalton, among other items, (i) each of OPC and Dalton retracted its exercise of the tender option and will retain its full ownership interest in Plant Vogtle Units 3 and 4, (ii) Georgia Power made payments immediately after execution of the agreements of \$308 million and \$17 million to OPC and Dalton, respectively, representing payment for a portion of each of OPC's



and Dalton's costs of construction for Plant Vogtle Units 3 and 4 previously incurred, (iii) Georgia Power will pay a portion of each of OPC's and Dalton's further costs of construction for Plant Vogtle Units 3 and 4 as such costs are incurred and with no further adjustment for force majeure costs, which payments will be in an aggregate amount of approximately \$105 million and \$6 million for OPC and Dalton, respectively, based on the current project capital cost forecast, and (iv) Georgia Power will pay 66% of each of OPC's and Dalton's costs of construction with respect to any amounts above the current project capital cost forecast, with no further adjustment for force majeure costs.

The ultimate impact of these matters on the project capital cost forecast for Plant Vogtle Units 3 and 4 cannot be determined at this time.

#### Regulatory Matters

Georgia Power increased annual retail base rates by \$318 million effective August 1, 2023 based on the in-service date of July 31, 2023 for Unit 3. Financing costs (debt and equity) on the remaining portion of the total Unit 3 and the common facilities construction costs continued to be recovered through the NCCR tariff or deferred. Georgia

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)** **(UNAUDITED)**

Power deferred as a regulatory asset the debt component of financing costs (\$22 million at March 31, 2024) as well as the remaining depreciation expense (\$28 million at March 31, 2024) until Unit 4 costs were placed in retail base rates as described below. The equity component of financing costs (\$38 million at March 31, 2024) represents an unrecognized ratemaking amount that is not reflected on Georgia Power's balance sheets. This amount will be recognized in Georgia Power's income statements in the periods it is billable to customers.

After considering construction and capital costs already in retail base rates of \$2.1 billion and \$362 million of associated retail rate base items for Unit 3 and common facilities, Georgia Power included in retail rate base the remaining \$5.462 billion of construction and capital costs as well as \$647 million of associated retail rate base items effective with the April 29, 2024 in-service date for Unit 4, pursuant to the approved Prudency Stipulation. Annual retail base revenues increased approximately \$730 million and the average retail base rates were adjusted by approximately 5% (net of the elimination of the NCCR tariff described below) effective May 1, 2024.

Reductions to the ROE used to calculate the NCCR tariff (pursuant to prior Georgia PSC orders) negatively impacted earnings by approximately \$310 million in 2023 and \$60 million in the first quarter 2024 and are projected to have additional negative earnings impact of approximately \$20 million in the second quarter 2024. Further, as included in the approved Prudency Stipulation, since commercial operation for Unit 4 was not achieved by March 31, 2024, Georgia Power's ROE used to determine the NCCR tariff and calculate AFUDC was reduced to zero effective April 1, 2024, which is projected to result in an estimated negative impact to earnings of approximately \$10 million (for one month) in the second quarter 2024 based on the April 29, 2024 in-service date. Effective May 1, 2024, following commercial operation of Unit 4, Georgia Power's NCCR tariff was eliminated and related financing costs are included in Georgia Power's general retail revenue requirements and collected through retail base rates.

### **Mississippi Power**

#### **Performance Evaluation Plan**

On March 15, 2024, Mississippi Power submitted its annual retail PEP filing for 2024 to the Mississippi PSC indicating no change in retail rates. The ultimate outcome of this matter cannot be determined at this time.

#### **Ad Valorem Tax Adjustment**

On April 22, 2024, Mississippi Power submitted its annual ad valorem tax adjustment filing for 2024 to the Mississippi PSC, which requested a \$5 million annual decrease in revenues. The ultimate outcome of this matter cannot be determined at this time.

#### **System Restoration Rider**

On April 11, 2024, the Mississippi PSC approved Mississippi Power's annual SRR filing, which indicated no change in retail rates. Mississippi Power's minimum annual SRR accrual was increased from \$12 million to \$13 million.

### **Integrated Resource Plan**

On April 26, 2024, Mississippi Power filed its 2024 IRP with the Mississippi PSC. The filing includes a schedule to retire Plant Watson Unit 4 (268 MWs) and Plant Greene County Units 1 and 2 (206 MWs based on 40% ownership) and to retire early Plant Daniel Units 1 and 2 (502 MWs based on 50% ownership), all by the end of 2028, which is consistent with the completion of Mississippi Power's affiliate PPA with Georgia Power. The Plant Greene County unit retirements require the completion by Alabama Power of transmission and system reliability improvements, as well as agreement by Alabama Power.

The remaining net book value of Plant Daniel Units 1 and 2 was approximately \$485 million at March 31, 2024 and Mississippi Power is continuing to depreciate these units using the current approved rates. Mississippi Power expects to reclassify the net book value remaining at retirement to a regulatory asset to be amortized over a period to

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**

### **(UNAUDITED)**

be determined by the Mississippi PSC in future proceedings, consistent with a 2020 Mississippi PSC order. The Plant Watson and Plant Greene County units are expected to be fully depreciated upon retirement.

The 2024 IRP is subject to review by the Mississippi PSC and is expected to conclude in the third quarter 2024.

The ultimate outcome of this matter cannot be determined at this time.

### **Municipal and Rural Associations Tariff**

On March 29, 2024, Mississippi Power filed a request with the FERC for an \$8 million increase in annual wholesale base revenues under the MRA tariff and requested an effective date of May 29, 2024. On April 19, 2024, Cooperative Energy challenged the new rates in a filing with the FERC. The ultimate outcome of this matter cannot be determined at this time.

### **(C) CONTINGENCIES**

See Note 3 to the financial statements in Item 8 of the Form 10-K for information relating to various lawsuits and other contingencies.

### **General Litigation Matters**

The Registrants are involved in various matters being litigated and regulatory matters. The ultimate outcome of such pending or potential litigation or regulatory matters against each Registrant and any subsidiaries 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 such Registrant's financial statements.

The Registrants intend to dispute the allegations raised in and vigorously defend against the pending legal challenges discussed below; however, the ultimate outcome of each of these matters cannot be determined at this time.

### **Southern Company and Mississippi Power**

In 2010, the DOE, through a cooperative agreement with SCS, agreed to fund \$270 million of the Kemper County energy facility through the grants awarded to the project by the DOE under the Clean Coal Power Initiative Round 2. In 2016, additional DOE grants in the amount of \$137 million were awarded to the Kemper County energy facility. In 2018, Mississippi Power filed with the DOE its request for property closeout certification under the contract related to the \$387 million of total grants received. In 2020, Mississippi Power and Southern Company executed an agreement with the DOE completing Mississippi Power's request, which enabled Mississippi Power to proceed with full dismantlement of the abandoned gasifier-related assets and site restoration activities. In connection with the DOE closeout discussions, in 2019, the Civil Division of the Department of Justice informed Southern Company and Mississippi Power of a civil investigation related to the DOE grants. In August 2023, the U.S. District Court for the Northern District of Georgia

unsealed a civil action in which defendants Southern Company, SCS, and Mississippi Power are alleged to have violated certain provisions of the False Claims Act by fraudulently inducing the DOE to disburse funds pursuant to the grants. The federal government declined to intervene in the action. In October 2023, the plaintiff, a former SCS employee, filed an amended complaint, again alleging certain violations of the False Claims Act. The plaintiff seeks to recover all damages incurred personally and on behalf of the federal government caused by the defendants' alleged violations, as well as treble damages and attorneys' fees, among other relief. On February 2, 2024, the defendants moved to dismiss the amended complaint. An adverse outcome could have a material impact on Southern Company's and Mississippi Power's financial statements.

### **Alabama Power**

In September 2022, Mobile Baykeeper filed a citizen suit in the U.S. District Court for the Southern District of Alabama alleging that Alabama Power's plan to close the Plant Barry ash pond utilizing a closure-in-place

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**

### **(UNAUDITED)**

methodology violates the Resource Conservation and Recovery Act (RCRA) and regulations governing CCR. Among other relief requested, Mobile Baykeeper sought a declaratory judgment that the RCRA and regulations governing CCR were being violated, preliminary and injunctive relief to prevent implementation of Alabama Power's closure plan, and the development of a closure plan that satisfies regulations governing CCR requirements. In December 2022, Alabama Power filed a motion to dismiss the case. On January 4, 2024, the lawsuit was dismissed without prejudice by the U.S. District Court judge. On February 1, 2024, the plaintiff filed a motion to reconsider.

In January 2023, the EPA issued a Notice of Potential Violations associated with Alabama Power's plan to close the Plant Barry ash pond. Alabama Power has affirmed to the EPA its position that it is in compliance with CCR requirements.

These matters could have a material impact on Alabama Power's financial statements, including ARO estimates and cash flows. See Note 6 to the financial statements in Item 8 of the Form 10-K for a discussion of Alabama Power's ARO liabilities.

### **Georgia Power**

In July 2020, a group of individual plaintiffs filed a complaint, which was amended in December 2022, in the Superior Court of Fulton County, Georgia against Georgia Power alleging that the construction and operation of Plant Scherer has impacted groundwater and air, resulting in alleged personal injuries and property damage. The plaintiffs seek an unspecified amount of monetary damages including punitive damages, a medical monitoring fund, and injunctive relief. In December 2022, the Superior Court of Fulton County, Georgia granted Georgia Power's motion to transfer the case to the Superior Court of Monroe County, Georgia. In May 2023, the Superior Court of Monroe County, Georgia denied Georgia Power's motion to dismiss the case for lack of subject matter jurisdiction. In July 2023, the Superior Court of Monroe County, Georgia denied the remaining motions to dismiss certain claims and plaintiffs that Georgia Power filed at the outset of the case. On March 11, 2024, Georgia Power filed a motion to dismiss certain claims. On March 14, 2024, Georgia Power filed motions for summary judgment.

In October 2021, February 2022, and January 2023, a total of eight additional complaints were filed in the Superior Court of Monroe County, Georgia against Georgia Power alleging that releases from Plant Scherer have impacted groundwater and air, resulting in alleged personal injuries and property damage. The plaintiffs sought an unspecified amount of monetary damages including punitive damages. After Georgia Power removed these cases to the U.S. District Court for the Middle District of Georgia, the plaintiffs voluntarily dismissed their complaints without prejudice in November 2022 and January 2023. In May 2023, the plaintiffs in the cases originally filed in October 2021, February 2022, and January 2023 refiled their eight complaints in the Superior Court of Monroe County, Georgia. Also in May 2023, a new complaint was filed in the Superior Court of Monroe County, Georgia against Georgia Power alleging that the construction and operation of Plant Scherer have

impacted groundwater and air, resulting in alleged personal injuries. The plaintiff seeks an unspecified amount of monetary damages, including punitive damages. Also in May 2023, Georgia Power removed all of these cases to the U.S. District Court for the Middle District of Georgia. The plaintiffs are requesting the court remand the cases back to the Superior Court of Monroe County, Georgia.

The amount of possible loss, if any, from these matters cannot be estimated at this time.

### **Mississippi Power**

In 2018, Ray C. Turnage and 10 other individual plaintiffs filed a putative class action complaint against Mississippi Power and the three then-serving members of the Mississippi PSC in the U.S. District Court for the Southern District of Mississippi, which was amended in March 2019 to include four additional plaintiffs. Mississippi Power received Mississippi PSC approval in 2013 to charge a mirror CWIP rate premised upon including in its rate base pre-construction and construction costs for the Kemper County energy facility prior to placing the Kemper County energy facility into service. The Mississippi Supreme Court reversed that approval and ordered Mississippi Power to refund the amounts paid by customers under the previously-approved mirror CWIP rate. The plaintiffs allege that

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

the initial approval process, and the amount approved, were improper and make claims for gross negligence, reckless conduct, and intentional wrongdoing. They also allege that Mississippi Power underpaid customers by up to \$23.5 million in the refund process by applying an incorrect interest rate. The plaintiffs seek to recover, on behalf of themselves and their putative class, actual damages, punitive damages, pre-judgment interest, post-judgment interest, attorney's fees, and costs. The district court dismissed the amended complaint; however, in March 2020, the plaintiffs filed a motion seeking to name the new members of the Mississippi PSC, the Mississippi Development Authority, and Southern Company as additional defendants and add a cause of action against all defendants based on a dormant commerce clause theory under the U.S. Constitution. In July 2020, the plaintiffs filed a motion for leave to file a third amended complaint, which included the same federal claims as the proposed second amended complaint, as well as several additional state law claims based on the allegation that Mississippi Power failed to disclose the annual percentage rate of interest applicable to refunds. In November 2020, the district court denied each of the plaintiffs' pending motions and entered final judgment in favor of Mississippi Power. In January 2021, the district court denied further motions by the plaintiffs to vacate the judgment and to file a revised second amended complaint. In February 2021, the plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Fifth Circuit. In March 2022, the U.S. Court of Appeals for the Fifth Circuit issued an opinion affirming the dismissal of the claims against the Mississippi PSC defendants but reversing the dismissal of the claims against Mississippi Power. In May 2022, the U.S. Court of Appeals for the Fifth Circuit denied a petition by Mississippi Power for a rehearing en banc and remanded the case to the U.S. District Court for the Southern District of Mississippi for further proceedings. In June 2022, Mississippi Power filed with the trial court a motion to dismiss the complaint with prejudice, which was granted on March 15, 2023. On March 28, 2023, the plaintiffs filed a notice of appeal with the U.S. Court of Appeals for the Fifth Circuit. In December 2023, the U.S. Court of Appeals for the Fifth Circuit affirmed the district court's order dismissing the plaintiffs' complaint against Mississippi Power, and the plaintiffs filed a petition for panel rehearing, which was denied on January 10, 2024. The plaintiffs did not file a petition for writ of certiorari with the U.S. Supreme Court. This matter is now concluded.

**Southern Power**

In 2021, Southern Power and certain of its subsidiaries filed an arbitration demand with the American Arbitration Association against First Solar for defective design of actuators on trackers and inverters installed by First Solar under the engineering, procurement, and construction agreements associated with five solar projects owned by Southern Power and partners and managed by Southern Power. In 2023, Southern Power received an award of approximately \$36 million and filed for confirmation in the Delaware Court of Chancery. Subsequently in 2023, First Solar filed a motion to dismiss the confirmation and, in February 2024, filed a petition to vacate the arbitration award in the Supreme Court of New York County, New York. In March 2024, Southern Power dismissed the proceeding in Delaware without prejudice and filed an opposition to First Solar's petition in the New York matter.



At March 31, 2024, \$17 million of the award remains on the balance sheet as restricted cash and as a liability to fund future replacement costs. See Note (A) under "Cash, Cash Equivalents, and Restricted Cash" for additional information.

### **Environmental Remediation**

The Southern Company system must comply with environmental laws and regulations governing the handling and disposal of waste and releases of hazardous substances. Under these various laws and regulations, the Southern Company system could incur substantial costs to clean up affected sites. The traditional electric operating companies and the natural gas distribution utilities in Illinois and Georgia have each received authority from their respective state PSCs or other applicable state regulatory agencies to recover approved environmental remediation costs through regulatory mechanisms. These regulatory mechanisms are adjusted annually or as necessary within limits approved by the state PSCs or other applicable state regulatory agencies.

Georgia Power's environmental remediation liability was \$14 million at both March 31, 2024 and December 31, 2023, respectively. Georgia Power has been designated or identified as a potentially responsible party at sites

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

governed by the Georgia Hazardous Site Response Act and/or by the federal Comprehensive Environmental Response, Compensation, and Liability Act, and assessment and potential cleanup of such sites is expected.

Southern Company Gas' environmental remediation liability was \$228 million and \$222 million at March 31, 2024 and December 31, 2023, respectively, based on the estimated cost of environmental investigation and remediation associated with known former manufactured gas plant operating sites.

The ultimate outcome of these matters cannot be determined at this time; however, as a result of the regulatory treatment for environmental remediation expenses described above, the final disposition of these matters is not expected to have a material impact on the financial statements of the applicable Registrants.

**Other Matters****Traditional Electric Operating Companies**

In April 2019, Bellsouth Telecommunications d/b/a AT&T Alabama (AT&T) filed a complaint against Alabama Power with the FCC alleging that the pole rental rate AT&T is required to pay pursuant to the parties' joint use agreement is unjust and unreasonable under federal law. The complaint sought a new rate and approximately \$87 million in refunds of alleged overpayments for the preceding six years. In August 2019, the FCC stayed the case in favor of arbitration, which AT&T has not pursued. The joint use agreement remains in effect. The ultimate outcome of this matter cannot be determined at this time, but an adverse outcome could have a material impact on the financial statements of Southern Company and Alabama Power. Georgia Power and Mississippi Power have joint use agreements with other AT&T affiliates.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)****(D) REVENUE FROM CONTRACTS WITH CUSTOMERS AND LEASE INCOME****Revenue from Contracts with Customers**

The Registrants generate revenues from a variety of sources, some of which are not accounted for as revenue from contracts with customers, such as leases, derivatives, and certain cost recovery mechanisms. Included in the wholesale electric revenues of the traditional electric operating companies and Southern Power are revenues associated with affiliate transactions. These revenues are generated through long-term PPAs or short-term energy sales made in accordance with the IIC, as approved by the FERC. Amounts related to these affiliate revenues are eliminated in consolidation for Southern Company. See Note 1 to the financial statements under "Revenues" and "Affiliate Transactions" in Item 8 of the Form 10-K for additional information. See "Lease Income" herein and Note (J) for additional information on revenue accounted for under lease and derivative accounting guidance, respectively.

The following table disaggregates revenue from contracts with customers for the three months ended March 31, 2024 and 2023:

	Southern Alabama Company Power		Georgia Power	Mississippi Power	Southern Company Gas	
(in millions)						
Three Months Ended March 31, 2024						
Operating revenues						
Retail electric revenues						
Residential	\$ 1,852	\$ 765	\$ 1,016	\$ 71	\$ —	\$ —
Commercial	1,471	468	932	71	—	—
Industrial	871	410	383	78	—	—
Other	30	3	25	2	—	—
Total retail electric revenues	4,224	1,646	2,356	222	—	—
Natural gas distribution revenues						
Residential	745	—	—	—	—	745
Commercial	176	—	—	—	—	176
Transportation	361	—	—	—	—	361
Industrial	16	—	—	—	—	16
Other	113	—	—	—	—	113
Total natural gas distribution revenues	1,411	—	—	—	—	1,411
Wholesale electric revenues						
PPA energy revenues	272	57	18	1	202	—
PPA capacity revenues	153	24	32	16	97	—
Non-PPA revenues	58	41	—	93	58	—
Total wholesale electric revenues	483	122	50	110	357	—
Other natural gas revenues						
Gas marketing services	233	—	—	—	—	233
Other natural gas revenues	5	—	—	—	—	5
Total natural gas revenues	238	—	—	—	—	238
Other revenues	326	52	151	11	12	—
Total revenue from contracts with customers						
	6,682	1,820	2,557	343	369	1,649
Other revenue sources <sup>(*)</sup>	(36)	(29)	(159)	(1)	104	58
Total operating revenues	\$ 6,646	\$ 1,791	\$ 2,398	\$ 342	\$ 473	\$ 1,707



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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

**Southern**

	<b>Southern Alabama Company Power</b>	<b>Georgia Power</b>	<b>Mississippi Power</b>	<b>Southern Power</b>	<b>Company Gas</b>
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(in millions)

**Three Months Ended  
March 31, 2023**

**Operating revenues**

Retail electric revenues

Residential	\$ 1,525	\$ 659	\$ 801	\$ 65	\$ —	\$ —
Commercial	1,251	430	753	68	—	—
Industrial	789	398	313	78	—	—
Other	27	3	22	2	—	—

**Total retail electric  
revenues**

3,592    1,490    1,889    213    —    —

Natural gas distribution  
revenues

Residential	896	—	—	—	—	896
Commercial	232	—	—	—	—	232
Transportation	319	—	—	—	—	319
Industrial	23	—	—	—	—	23
Other	117	—	—	—	—	117

**Total natural gas**

**distribution revenues**

1,587    —    —    —    —    1,587

Wholesale electric  
revenues

PPA energy revenues	284	72	12	4	202	—
PPA capacity revenues	190	60	11	32	89	—
Non-PPA revenues	36	20	3	107	103	—

**Total wholesale electric  
revenues**

510    152    26    143    394    —

Other natural gas  
revenues

Gas marketing services	231	—	—	—	—	231
Other natural gas revenues	11	—	—	—	—	11

**Total natural gas  
revenues**

242    —    —    —    —    242

Other revenues

310    54    132    11    11    —

**Total revenue from  
contracts with  
customers**

6,241    1,696    2,047    367    405    1,829

Other revenue sources<sup>(\*)</sup>

239    (49)    129    23    103    46

**Total operating  
revenues**

\$ 6,480    \$ 1,647    \$ 2,176    \$ 390    \$ 508    \$ 1,875

(\*) Other revenue sources relate to revenues from customers accounted for as derivatives and leases, alternative revenue programs at Southern Company Gas, and cost recovery mechanisms and revenues (including those related to fuel costs) that meet other scope exceptions for revenues from contracts with customers at the traditional electric operating companies.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

### Contract Balances

The following table reflects the closing balances of receivables, contract assets, and contract liabilities related to revenues from contracts with customers at March 31, 2024 and December 31, 2023:

	Southern Alabama Company		Power	Georgia Power	Mississippi Power	Southern Power	Southern Company Gas					
(in millions)												
Accounts Receivable												
At March 31, 2024	\$	2,793	\$	737	\$	986	\$	80	\$	80	\$	699
At December 31, 2023		2,820		821		1,011		90		122		684
Contract Assets												
At March 31, 2024	\$	290	\$	3	\$	119	\$	—	\$	—	\$	59
At December 31, 2023		271		2		121		—		—		56
Contract Liabilities												
At March 31, 2024	\$	207	\$	—	\$	19	\$	—	\$	1	\$	—
At December 31, 2023		116		—		1		—		4		—

Contract assets for Georgia Power primarily relate to retail customer fixed bill programs, where the payment is contingent upon Georgia Power's continued performance and the customer's continued participation in the program over a one-year contract term, and unregulated service agreements, where payment is contingent on project completion. Contract liabilities for Georgia Power primarily relate to cash collections recognized in advance of revenue for unregulated service agreements. Southern Company Gas' contract assets relate to work performed on an energy efficiency enhancement and upgrade contract with the U.S. General Services Administration. Southern Company Gas receives cash advances from a third-party financial institution to fund work performed, of which approximately \$65 million had been received at March 31, 2024. These advances have been accounted for as long-term debt on the balance sheets. See Note 1 to the financial statements under "Affiliate Transactions" in Item 8 of the Form 10-K for additional information regarding the construction contract. At March 31, 2024 and December 31, 2023, Southern Company's unregulated distributed generation business had contract assets of \$108 million and \$91 million, respectively, and contract liabilities of \$188 million and \$115 million, respectively, for outstanding performance obligations, all of which are expected to be satisfied within one year.

Revenues recognized in the three months ended March 31, 2024, which were included in contract liabilities at December 31, 2023, were \$28 million for Southern Company and immaterial for the other Registrants. Contract liabilities are primarily classified as current on the balance sheets as the corresponding revenues are generally expected to be recognized within one year.

## **Remaining Performance Obligations**

Southern Company's subsidiaries may enter into long-term contracts with customers in which revenues are recognized as performance obligations are satisfied over the contract term. For the traditional electric operating companies and Southern Power, these contracts primarily relate to PPAs whereby electricity and generation capacity are provided to a customer. The revenue recognized for the delivery of electricity is variable; however, certain PPAs include a fixed payment for fixed generation capacity over the term of the contract. For Southern Company Gas, these contracts primarily relate to the U.S. General Services Administration contract described above. Southern Company's unregulated distributed generation business also has partially satisfied performance

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### (UNAUDITED)

obligations related to certain fixed price contracts. Revenues from contracts with customers related to these performance obligations remaining at March 31, 2024 are expected to be recognized as follows:

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Thereafter</b>
	<b>(remaining)</b>					
(in millions)						
Southern Company	\$ 882	\$ 597	\$ 343	\$ 430	\$ 325	2,052
Alabama Power	18	9	—	—	—	—
Georgia Power	58	50	18	17	17	17
Mississippi Power <sup>(*)</sup>	45	63	66	69	73	—
Southern Power <sup>(*)</sup>	284	301	299	306	297	2,041
Southern Company Gas	18	—	—	—	—	—

(\*) Includes performance obligations related to affiliate PPAs with Georgia Power. See Note 1 to the financial statements under "Affiliate Transactions" in Item 8 of the Form 10-K for additional information.

### Lease Income

Lease income for the three months ended March 31, 2024 and 2023 is as follows:

**Southern**

<b>Southern Alabama Company</b>	<b>Georgia Power</b>	<b>Mississippi Power</b>	<b>Southern Company</b>	<b>Southern Gas</b>
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(in millions)

**For the Three Months Ended March 31, 2024**

Lease income - interest income on sales-type leases	\$ 5	\$ —	\$ —	\$ 3	\$ 2	\$ —
Lease income - operating leases	35	3	7	1	21	9
Variable lease income	72	—	—	—	79	—
<b>Total lease income</b>	<b>\$ 112</b>	<b>\$ 3</b>	<b>\$ 7</b>	<b>\$ 4</b>	<b>\$ 102</b>	<b>\$ 9</b>

**For the Three Months Ended March 31, 2023**

Lease income - interest income on sales-type leases	6	—	—	4	2	—
Lease income - operating leases	49	18	7	1	21	9
Variable lease income	69	—	—	—	75	—
<b>Total lease income</b>	<b>\$ 124</b>	<b>\$ 18</b>	<b>\$ 7</b>	<b>\$ 5</b>	<b>\$ 98</b>	<b>\$ 9</b>

Lease payments received under tolling arrangements and PPAs consist of either scheduled payments or variable payments based on the amount of energy produced by the underlying electric generating units. Lease income related to PPAs for Alabama Power and Southern Power is included in wholesale revenues.

**(E) CONSOLIDATED ENTITIES AND EQUITY METHOD INVESTMENTS**

See Note 7 to the financial statements in Item 8 of the Form 10-K for additional information.

**Southern Company**

At March 31, 2024 and December 31, 2023, Southern Holdings had equity method investments totaling \$128 million and \$126 million, respectively, primarily related to investments in venture capital funds focused on energy and utility investments. Earnings from these investments were immaterial for both periods presented.

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**

### **(UNAUDITED)**

#### **Southern Power**

##### **Variable Interest Entities**

Southern Power has certain subsidiaries that are determined to be VIEs. Southern Power is considered the primary beneficiary of these VIEs because it controls the most significant activities of the VIEs, including operating and maintaining the respective assets, and has the obligation to absorb expected losses of these VIEs to the extent of its equity interests.

##### **SP Solar and SP Wind**

At March 31, 2024 and December 31, 2023, SP Solar had total assets of \$5.6 billion, total liabilities of \$407 million and \$399 million, respectively, and noncontrolling interests of \$1.0 billion. Cash distributions from SP Solar are allocated 67% to Southern Power and 33% to the limited partner in accordance with their partnership interest percentage. Under the terms of the limited partnership agreement, distributions without limited partner consent are limited to available cash and SP Solar is obligated to distribute all such available cash to its partners each quarter. Available cash includes all cash generated in the quarter subject to the maintenance of appropriate operating reserves.

At March 31, 2024 and December 31, 2023, SP Wind had total assets of \$2.1 billion, total liabilities of \$196 million and \$187 million, respectively, and noncontrolling interests of \$37 million and \$38 million, respectively. Under the terms of the limited liability agreement, distributions without Class A member consent are limited to available cash and SP Wind is obligated to distribute all such available cash to its members each quarter. Available cash includes all cash generated in the quarter subject to the maintenance of appropriate operating reserves. Cash distributions from SP Wind are generally allocated 60% to Southern Power and 40% to the three financial investors in accordance with the limited liability agreement.

Southern Power consolidates both SP Solar and SP Wind, as the primary beneficiary, since it controls the most significant activities of each entity, including operating and maintaining their assets. Certain transfers and sales of the assets in the VIEs are subject to partner consent and the liabilities are non-recourse to the general credit of Southern Power. Liabilities consist of customary working capital items and do not include any long-term debt.

##### **Other Variable Interest Entities**

Southern Power has other consolidated VIEs that relate to certain subsidiaries that have either sold noncontrolling interests to tax equity investors or acquired less than a 100% interest from facility developers. These entities are considered VIEs because the arrangements are structured similar to a limited partnership and the noncontrolling members do not have substantive kick-out rights.

At March 31, 2024 and December 31, 2023, the other VIEs had total assets of \$1.7 billion, total liabilities of \$238 million and \$230 million, respectively, and noncontrolling interests of \$742 million and \$761 million, respectively. Under the

terms of the partnership agreements, distributions of all available cash are required each month or quarter and additional distributions require partner consent.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)****Southern Company Gas****Equity Method Investments**

The carrying amounts of Southern Company Gas' equity method investments at March 31, 2024 and December 31, 2023 and related earnings from those investments for the three months ended March 31, 2024 and 2023 were as follows:

<b>Investment Balance</b>	<b>December 31,</b>	
	<b>March 31, 2024</b>	<b>2023</b>
	(in millions)	
SNG	\$ 1,227	\$ 1,202
Other	33	33
Total	\$ 1,260	\$ 1,235

<b>Earnings from Equity Method Investments</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
	(in millions)	
SNG	\$ 44	\$ 44
Other	—	1
Total	\$ 44	\$ 45

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

### (F) FINANCING

#### Bank Credit Arrangements

See Note 8 to the financial statements under "Bank Credit Arrangements" in Item 8 of the Form 10-K for additional information.

At March 31, 2024, committed credit arrangements with banks were as follows:

Company	Expires					Expires within	
	2024	2026	2027	2028	Total	Unused	One Year
(in millions)							
Southern Company parent <sup>(a)</sup>	\$ 150	\$ —	\$ —	\$ 1,850	\$ 2,000	\$ 1,998	\$ 150
Alabama Power	—	650	—	700	1,350	1,350	—
Georgia Power	—	—	—	1,750	1,750	1,726	—
Mississippi Power	—	150	125	—	275	275	—
Southern Power <sup>(a)(b)</sup>	—	—	—	600	600	600	—
Southern Company Gas <sup>(c)</sup>	100	—	—	1,500	1,600	1,598	100
SEGCO	30	—	—	—	30	30	30
Southern Company	\$ 280	\$ 800	\$ 125	\$ 6,400	\$ 7,605	\$ 7,577	\$ 280

(a) Arrangement expiring in 2028 represents a \$2.45 billion combined arrangement for Southern Company and Southern Power as borrowers. Pursuant to the combined facility, the allocations between Southern Company and Southern Power may be adjusted.

(b) Does not include Southern Power Company's \$75 million and \$100 million continuing letter of credit facilities for standby letters of credit, expiring in 2025 and 2026, respectively, of which \$8 million and \$7 million, respectively, was unused at March 31, 2024. Southern Power's subsidiaries are not parties to its bank credit arrangements or letter of credit facilities.

(c) Southern Company Gas, as the parent entity, guarantees the obligations of Southern Company Gas Capital, which is the borrower of \$800 million of the credit arrangement expiring in 2028. Southern Company Gas' committed credit arrangement expiring in 2028 also includes \$700 million for which Nicor Gas is the borrower and which is restricted for working capital needs of Nicor Gas. Pursuant to the multi-year credit arrangement expiring in 2028, the allocations between Southern Company Gas Capital and Nicor Gas may be adjusted. Nicor Gas is also the borrower under a \$100 million credit arrangement expiring in 2024.

As reflected in the table above, in March 2024, Mississippi Power amended and restated a \$125 million multi-year credit arrangement, which, among other things, extended the maturity date from 2025 to 2027.

Subject to applicable market conditions, Southern Company and its subsidiaries expect to renew or replace their bank credit arrangements as needed, prior to expiration. In connection therewith, Southern Company and its subsidiaries may



extend the maturity dates and/or increase or decrease the lending commitments thereunder.

These bank credit arrangements, as well as the term loan arrangements of the Registrants, Nicor Gas, and SEGCO, contain covenants that limit debt levels and contain cross-acceleration provisions to other indebtedness (including guarantee obligations) that are restricted only to the indebtedness of the individual company. The cross-acceleration provisions to other indebtedness would trigger an event of default if the applicable borrower defaulted on indebtedness, the payment of which was then accelerated. At March 31, 2024, the Registrants, Nicor Gas, and SEGCO were in compliance with all such covenants. None of the bank credit arrangements contain material adverse change clauses at the time of borrowings.

A portion of the unused credit with banks is allocated to provide liquidity support to certain revenue bonds of the traditional electric operating companies and the commercial paper programs of the Registrants, Nicor Gas, and SEGCO. At March 31, 2024, outstanding variable rate demand revenue bonds of the traditional electric operating companies with allocated liquidity support totaled approximately \$1.7 billion (comprised of approximately \$796 million at Alabama Power, \$819 million at Georgia Power, and \$69 million at Mississippi Power). In addition, at March 31, 2024, Alabama Power and Georgia Power had approximately \$120 million and \$155 million, respectively, of fixed rate revenue bonds outstanding that are required to be remarketed within the next 12 months.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

Alabama Power's \$120 million of fixed rate revenue bonds are classified as securities due within one year on its balance sheets as they are not covered by long-term committed credit. All other variable rate demand revenue bonds and fixed rate revenue bonds required to be remarketed within the next 12 months are classified as long-term debt on the balance sheets as a result of available long-term committed credit.

**Earnings per Share**

For Southern Company, the only difference in computing basic and diluted earnings per share (EPS) is attributable to awards outstanding under stock-based compensation plans and the Series 2023A convertible senior notes. EPS dilution resulting from stock-based compensation plans is determined using the treasury stock method and EPS dilution resulting from the Series 2023A convertible senior notes is determined using the net share settlement method. See Note 8 to the financial statements under "Convertible Senior Notes" and Note 12 to the financial statements in Item 8 of the Form 10-K for additional information. Shares used to compute diluted EPS were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	(in millions)	
As reported shares	<b>1,094</b>	1,091
Effect of stock-based compensation	<b>6</b>	7
Diluted shares	<b>1,100</b>	1,098

For the three months ended March 31, 2024, an immaterial number of stock-based compensation awards was excluded from the diluted EPS calculation because the awards were anti-dilutive. For the three months ended March 31, 2023, there were no anti-dilutive shares.

For both periods presented, there was no dilution resulting from the Series 2023A convertible senior notes.

**(G) INCOME TAXES**

See Note 10 to the financial statements in Item 8 of the Form 10-K for additional tax information.

**Effective Tax Rate**

Southern Company's effective tax rate is typically lower than the statutory rate due to employee stock plans' dividend deduction, non-taxable AFUDC equity at the traditional electric operating companies, flowback of excess deferred income taxes at the regulated utilities, and federal income tax benefits from ITCs and PTCs.

Details of significant changes in the effective tax rate for the applicable Registrants are provided herein.

**Southern Company**

Southern Company's effective tax rate was 17.2% for the three months ended March 31, 2024 compared to 10.8% for the corresponding period in 2023. The effective tax rate increase was primarily due to a decrease in the flowback of certain excess deferred income taxes at Alabama Power and higher pre-tax earnings, partially offset by an increase in PTCs primarily at Georgia Power.

**Alabama Power**

Alabama Power's effective tax rate was 20.4% for the three months ended March 31, 2024 compared to an effective tax benefit rate of (0.8)% for the corresponding period in 2023. The effective tax rate increase was primarily due to a decrease in the flowback of certain excess deferred income taxes.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)****Georgia Power**

Georgia Power's effective tax rate was 15.3% for the three months ended March 31, 2024 compared to 15.1% for the corresponding period in 2023. The effective tax rate increase was primarily due to higher pre-tax earnings, partially offset by an increase in PTCs.

**Southern Power**

Southern Power's effective tax benefit rate was (57.1)% for the three months ended March 31, 2024 compared to (20.7)% for the corresponding period in 2023. The effective tax rate decrease was primarily due to an increase in PTCs and lower pre-tax earnings.

**(H) RETIREMENT BENEFITS**

The Southern Company system has a qualified defined benefit, trustee, pension plan covering substantially all employees, with the exception of employees at PowerSecure. The qualified pension plan is funded in accordance with requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA). No mandatory contributions to the qualified pension plan are anticipated for the year ending December 31, 2024. The Southern Company system also provides certain non-qualified defined benefits for a select group of management and highly compensated employees, which are funded on a cash basis. In addition, the Southern Company system provides certain medical care and life insurance benefits for retired employees through other postretirement benefit plans. The traditional electric operating companies fund other postretirement trusts to the extent required by their respective regulatory commissions. Southern Company Gas has a separate unfunded supplemental retirement health care plan that provides medical care and life insurance benefits to employees of discontinued businesses.

See Note 11 to the financial statements in Item 8 of the Form 10-K for additional information.

# **NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)** **(UNAUDITED)**

On each Registrant's condensed statements of income, the service cost component of net periodic benefit costs is included in other operations and maintenance expenses and all other components of net periodic benefit costs are included in other income (expense), net. Components of the net periodic benefit costs for the three months ended March 31, 2024 and 2023 are presented in the following tables.

	Southern Company		Alabama Power		Georgia Power		Mississippi Power		Southern Power		Southern Company Gas	
(in millions)												
Three Months Ended March 31, 2024												
Pension Plans												
Service cost	\$	73	\$	17	\$	18	\$	3	\$	2	\$	7
Interest cost		159		37		48		7		2		10
Expected return on plan assets		(316)		(77)		(99)		(14)		(4)		(21)
Amortization:												
Prior service costs		—		—		—		—		—		(1)
Regulatory asset		—		—		—		—		—		4
Net loss		14		4		5		—		—		—
Net periodic pension income	\$	(70)	\$	(19)	\$	(28)	\$	(4)	\$	—	\$	(1)
Postretirement Benefits												
Service cost	\$	4	\$	1	\$	1	\$	—	\$	—	\$	—
Interest cost		16		4		6		1		—		2
Expected return on plan assets		(22)		(9)		(8)		—		—		(2)
Amortization:												
Prior service costs		1		—		—		—		—		—
Regulatory asset		—		—		—		—		—		2
Net gain		(4)		—		(1)		(1)		—		(1)
Net periodic postretirement benefit cost (income)	\$	(5)	\$	(4)	\$	(2)	\$	—	\$	—	\$	1

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

	Southern Company	Alabama Power	Georgia Power	Mississippi Power	Southern Power	Southern Company Gas
(in millions)						
Three Months Ended March 31, 2023						
Pension Plans						
Service cost	\$ 69	\$ 16	\$ 17	\$ 3	\$ 2	\$ 6
Interest cost	156	36	48	7	2	11
Expected return on plan assets	(307)	(74)	(96)	(14)	(4)	(22)
Amortization:						
Prior service costs	—	—	—	—	—	(1)
Regulatory asset	—	—	—	—	—	4
Net (gain) loss	8	2	3	—	—	(1)
Net periodic pension income	\$ (74)	\$ (20)	\$ (28)	\$ (4)	\$ —	\$ (3)
Postretirement Benefits						
Service cost	\$ 4	\$ 1	\$ 1	\$ —	\$ —	\$ —
Interest cost	18	4	6	1	—	2
Expected return on plan assets	(21)	(8)	(7)	(1)	—	(2)
Amortization:						
Regulatory asset	—	—	—	—	—	2
Net gain	(3)	(1)	(1)	—	—	(1)
Net periodic postretirement benefit cost (income)	\$ (2)	\$ (4)	\$ (1)	\$ —	\$ —	\$ 1

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(I) FAIR VALUE MEASUREMENTS

At March 31, 2024, 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:**

<b>At March 31, 2024</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Net Asset Value as a Practical Expedient (NAV)</b>	<b>Total</b>
(in millions)					
<b>Southern Company</b>					
Assets:					
Energy-related derivatives <sup>(a)</sup>	\$ 3	\$ 45	\$ —	\$ —	\$ 48
Investments in trusts:					
<sup>(b)</sup>					
Domestic equity	789	234	—	—	1,023
Foreign equity	155	180	—	—	335
U.S. Treasury and government agency securities	—	373	—	—	373
Municipal bonds	—	44	—	—	44
Pooled funds – fixed income	—	7	—	—	7
Corporate bonds	—	425	—	—	425
Mortgage and asset backed securities	—	93	—	—	93
Private equity	—	—	—	170	170
Cash and cash equivalents	1	—	—	—	1
Other	44	4	—	9	57
Cash equivalents and restricted cash	161	21	—	—	182
Other investments	9	24	8	—	41
<b>Total</b>	<b>\$ 1,162</b>	<b>\$ 1,450</b>	<b>\$ 8</b>	<b>\$ 179</b>	<b>\$ 2,799</b>
Liabilities:					
Energy-related derivatives <sup>(a)</sup>	\$ 38	\$ 292	\$ —	\$ —	\$ 330
Interest rate derivatives	—	295	—	—	295
Foreign currency derivatives	—	166	—	—	166
Contingent consideration	3	—	16	—	19
Other	—	13	—	—	13
<b>Total</b>	<b>\$ 41</b>	<b>\$ 766</b>	<b>\$ 16</b>	<b>\$ —</b>	<b>\$ 823</b>





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At March 31, 2024	Fair Value Measurements Using:				Total
	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)	

(in millions)

### Alabama Power

#### Assets:

Energy-related derivatives	\$	—	\$	12	\$	—	\$	—	\$	12
Nuclear decommissioning trusts: <sup>(b)</sup>										
Domestic equity		438		226		—		—		664
Foreign equity		155		—		—		—		155
U.S. Treasury and government agency securities		—		22		—		—		22
Municipal bonds		—		1		—		—		1
Corporate bonds		—		258		—		—		258
Mortgage and asset backed securities		—		28		—		—		28
Private equity		—		—		—		170		170
Other		19		1		—		9		29
Cash equivalents and restricted cash		46		21		—		—		67
Other investments		—		24		—		—		24
<b>Total</b>	<b>\$</b>	<b>658</b>	<b>\$</b>	<b>593</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>179</b>	<b>\$</b>	<b>1,430</b>

#### Liabilities:

Energy-related derivatives	\$	—	\$	101	\$	—	\$	—	\$	101
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### Georgia Power

#### Assets:

Energy-related derivatives	\$	—	\$	13	\$	—	\$	—	\$	13
Nuclear decommissioning trusts: <sup>(b)</sup>										
Domestic equity		351		1		—		—		352
Foreign equity		—		179		—		—		179
U.S. Treasury and government agency securities		—		351		—		—		351
Municipal bonds		—		43		—		—		43
Corporate bonds		—		167		—		—		167
Mortgage and asset backed securities		—		65		—		—		65



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At March 31, 2024	Fair Value Measurements Using:				Total
	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)	
(in millions)					
Mississippi Power					
Assets:					
Energy-related derivatives	\$ —	\$ 13	\$ —	\$ —	\$ 13
Liabilities:					
Energy-related derivatives	\$ —	\$ 60	\$ —	\$ —	\$ 60
Southern Power					
Assets:					
Energy-related derivatives	\$ —	\$ 3	\$ —	\$ —	\$ 3
Liabilities:					
Energy-related derivatives	\$ —	\$ 5	\$ —	\$ —	\$ 5
Foreign currency derivatives	—	36	—	—	36
Contingent consideration	3	—	16	—	19
Other	—	13	—	—	13
Total	\$ 3	\$ 54	\$ 16	\$ —	\$ 73
Southern Company Gas					
Assets:					
Energy-related derivatives <sup>(a)</sup>	\$ 3	\$ 4	\$ —	\$ —	\$ 7
Non-qualified deferred compensation trusts:					
Domestic equity		7	—	—	7
Foreign equity		1	—	—	1
Pooled funds – fixed income		7	—	—	7
Cash and cash equivalents	1	—	—	—	1
Total	\$ 4	\$ 19	\$ —	\$ —	\$ 23
Liabilities:					
Energy-related derivatives <sup>(a)</sup>	\$ 38	\$ 11	\$ —	\$ —	\$ 49
Interest rate derivatives	—	83	—	—	83

(a) Excludes cash collateral of \$54 million.

(b) Excludes receivables related to investment income, pending investment sales, payables related to pending investment purchases, and currencies. See Note 6 to the financial statements in Item 8 of the Form 10-K for additional information.

Southern Company, Alabama Power, and Georgia Power continue to elect the option to fair value investment securities held in the nuclear decommissioning trust funds. The fair value of the funds, including reinvested interest and dividends and excluding the funds' expenses, increased (decreased) by the amounts shown in the table below for

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

the three months ended March 31, 2024 and 2023. The changes were recorded as a change to the regulatory assets and liabilities related to AROs for Georgia Power and Alabama Power, respectively.

Fair value increases (decreases)	Three Months Ended	
	March 31, 2024	March 31, 2023
	(in millions)	
<b>Southern Company</b>	\$ 103	\$ 102
<b>Alabama Power</b>	68	45
<b>Georgia Power</b>	35	57

### Valuation Methodologies

The energy-related derivatives primarily consist of exchange-traded and over-the-counter financial products for natural gas and physical power products, 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, power prices, implied volatility, and overnight index swap interest rates. Interest rate derivatives are also standard over-the-counter products that are valued using observable market data and assumptions commonly used by market participants. The fair value of interest rate derivatives reflects the net present value of expected payments and receipts under the swap agreement based on the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk, and occasionally, implied volatility of interest rate options. The fair value of cross-currency swaps reflects the net present value of expected payments and receipts under the swap agreement based on the market's expectation of future foreign currency exchange rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk, and discount rates. The interest rate derivatives and cross-currency swaps are categorized as Level 2 under Fair Value Measurements as these inputs are based on observable data and valuations of similar instruments. See Note (J) for additional information on how these derivatives are used.

For fair value measurements of the investments within the nuclear decommissioning trusts and the non-qualified deferred compensation trusts, external pricing vendors are designated for each asset class with each security specifically assigned a primary pricing source. For investments held within commingled funds, fair value is determined at the end of each business day through the net asset value, which is established by obtaining the underlying securities' individual prices from the primary pricing source. A market price secured from the primary source vendor is then evaluated by management in its valuation of the assets within the trusts. As a general approach, fixed income market pricing vendors gather market data (including indices and market research reports) and integrate relative credit information, observed market movements, and sector news into proprietary pricing



models, pricing systems, and mathematical tools. Dealer quotes and other market information, including live trading levels and pricing analysts' judgments, are also obtained when available.

The NRC requires licensees of commissioned nuclear power reactors to establish a plan for providing reasonable assurance of funds for future decommissioning. See Note 6 to the financial statements under "Nuclear Decommissioning" in Item 8 of the Form 10-K for additional information.

Southern Power has contingent payment obligations related to two of its acquisitions whereby it is primarily obligated to make generation-based payments to the seller, commencing at the commercial operation of each facility and continuing through 2026 and 2035, respectively. The obligations are primarily categorized as Level 3 under Fair Value Measurements as the fair value is determined using significant unobservable inputs for the forecasted facility's generation in MW-hours, as well as other inputs such as a fixed dollar amount per MW-hour, and a discount rate. The fair value of contingent consideration reflects the net present value of expected payments and any periodic change arising from forecasted generation is expected to be immaterial.

Southern Power also has payment obligations through 2040 whereby it must reimburse the transmission owners for interconnection facilities and network upgrades constructed to support connection of a Southern Power generating

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

facility to the transmission system. The obligations are categorized as Level 2 under Fair Value Measurements as the fair value is determined using observable inputs for the contracted amounts and reimbursement period, as well as a discount rate. The fair value of the obligations reflects the net present value of expected payments.

"Other investments" primarily includes investments traded in the open market that have maturities greater than 90 days, which are categorized as Level 2 under Fair Value Measurements and are comprised of corporate bonds, bank certificates of deposit, treasury bonds, and/or agency bonds.

At March 31, 2024, the fair value measurements of private market investments held in Alabama Power's nuclear decommissioning trusts that are calculated at net asset value per share (or its equivalent) as a practical expedient totaled \$179 million and unfunded commitments related to the private market investments totaled \$83 million. Private market investments include high-quality private equity funds across several market sectors, funds that invest in real estate assets, and a private credit fund. Private market funds do not have redemption rights. Distributions from these funds will be received as the underlying investments in the funds are liquidated.

At March 31, 2024, other financial instruments for which the carrying amount did not equal fair value were as follows:

	Southern Company <sup>(*)</sup>		Alabama Power	Georgia Power	Mississippi Power	Southern Power	Southern Company Gas <sup>(*)</sup>					
	(in billions)											
Long-term debt, including securities due within one year:												
Carrying amount	\$	61.0	\$	11.2	\$	17.8	\$	1.8	\$	2.7	\$	7.8
Fair value		55.9		9.9		16.2		1.6		2.6		6.7

(\*) The carrying amount of Southern Company Gas' long-term debt includes fair value adjustments from the effective date of the 2016 merger with Southern Company. Southern Company Gas amortizes the fair value adjustments over the remaining lives of the respective bonds, the latest being through 2043.

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 Registrants.

### (J) DERIVATIVES

The Registrants are exposed to market risks, including commodity price risk, interest rate risk, weather risk, and occasionally foreign currency exchange rate risk. To manage the volatility attributable to these exposures, each company nets its exposures, where possible, to take advantage of natural offsets and enters into various derivative transactions for the remaining exposures pursuant to each company's policies in areas such as counterparty exposure and risk management practices. For the traditional electric operating companies, Southern Power, and

Southern Company Gas' other businesses, each company's policy is that derivatives are to be used primarily for hedging purposes and 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 (I) for additional fair value information. In the statements of cash flows, any cash impacts of settled energy-related and interest rate derivatives are recorded as operating activities. Any cash impacts of settled foreign currency derivatives are classified as operating or financing activities to correspond with the classification of the hedged interest or principal, respectively. See Note 1 to the financial statements under "Financial Instruments" in Item 8 of the Form 10-K for additional information.

### **Energy-Related Derivatives**

The Subsidiary Registrants enter into energy-related derivatives to hedge exposures to electricity, natural gas, and other fuel price changes. However, due to cost-based rate regulations and other various cost recovery mechanisms, the traditional electric operating companies and the natural gas distribution utilities have limited exposure to market volatility in energy-related commodity prices. Each of the traditional electric operating companies and certain of the

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
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natural gas distribution utilities of Southern Company Gas manage fuel-hedging programs, implemented per the guidelines of their respective state PSCs or other applicable state regulatory agencies, through the use of financial derivative contracts, which are expected to continue to mitigate price volatility. The traditional electric operating companies (with respect to wholesale generating capacity) and Southern Power have limited exposure to market volatility in energy-related commodity prices because their long-term sales contracts shift substantially all fuel cost responsibility to the purchaser. However, the traditional electric operating companies and Southern Power may be exposed to market volatility in energy-related commodity prices to the extent any uncontracted capacity is used to sell electricity. Southern Company Gas retains exposure to price changes that can, in a volatile energy market, be material and can adversely affect its results of operations.

Southern Company Gas also enters into weather derivative contracts as economic hedges in the event of warmer-than-normal weather. Exchange-traded options are carried at fair value, with changes reflected in natural gas 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 natural gas revenues.

Energy-related derivative contracts are accounted for under one of three methods:

- **Regulatory Hedges** – Energy-related derivative contracts designated as regulatory hedges relate primarily to the traditional electric operating companies' and the natural gas distribution utilities' fuel-hedging programs, where gains and losses are initially recorded as regulatory liabilities and assets, respectively, and then are included in fuel expense as the underlying fuel is used in operations and ultimately recovered through an approved cost recovery mechanism.
- **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 accumulated OCI before being recognized in the statements of income in the same period and in the same income statement line item as the earnings effect of the hedged transactions.
- **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 as incurred.

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 electric and natural gas industries. 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 March 31, 2024, the net volume of energy-related derivative contracts for natural gas positions, together with the longest hedge date over which the respective entity is hedging its exposure to the variability in future cash flows for forecasted

transactions and the longest non-hedge date for derivatives not designated as hedges, were as follows:

	<b>Net Purchased mmBtu</b>	<b>Longest Hedge Date</b>	<b>Longest Non- Hedge Date</b>
	(in millions)		
Southern Company <sup>(*)</sup>	475	2030	2028
Alabama Power	125	2027	2024
Georgia Power	142	2026	2024
Mississippi Power	108	2028	2024
Southern Power	7	2030	2024
Southern Company Gas <sup>(*)</sup>	93	2027	2028

(\*) Southern Company Gas' derivative instruments include both long and short natural gas positions. A long position is a contract to purchase natural gas and a short position is a contract to sell natural gas. Southern Company Gas' volume represents the net of 100.7 million mmBtu long natural gas positions and 7.8 million mmBtu short natural gas positions at March 31, 2024, which is also included in Southern Company's total volume.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

In addition to the volumes discussed above, the traditional electric operating companies and Southern Power enter into physical natural gas supply contracts that provide the option to sell back excess natural gas due to operational constraints. The maximum expected volume of natural gas subject to such a feature is 13 million mmBtu for Southern Company, which includes 3 million mmBtu for Alabama Power, 5 million mmBtu for Georgia Power, 2 million mmBtu for Mississippi Power, and 3 million mmBtu for Southern Power.

For cash flow hedges of energy-related derivatives, the estimated pre-tax losses expected to be reclassified from accumulated OCI to earnings for the 12-month period ending March 31, 2025 are \$20 million for Southern Company, \$16 million for Southern Company Gas, and immaterial for Southern Power.

### Interest Rate Derivatives

Southern Company and certain subsidiaries may enter into interest rate derivatives to hedge exposure to changes in interest rates. Derivatives related to existing variable rate securities or forecasted transactions are accounted for as cash flow hedges where the derivatives' fair value gains or losses are recorded in OCI and are reclassified into earnings at the same time and presented on the same income statement line item as the earnings effect of the hedged transactions. 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 on the same income statement line item. 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.

At March 31, 2024, the following interest rate derivatives were outstanding:

	Notional Amount	Weighted Average Interest Rate Paid	Interest Rate Received	Hedge Maturity Date	Fair Value Gain (Loss) at March 31, 2024
	(in millions)				(in millions)
<b>Fair Value Hedges of Existing Debt</b>					
Southern Company parent	\$ 400	1-month SOFR + 0.80%	1.75%	March 2028	\$ (46)
Southern Company parent	1,000	1-month SOFR + 2.48%	3.70%	April 2030	(166)
Southern Company Gas	500	1-month SOFR + 0.49%	1.75%	January 2031	(83)
Southern Company	\$ 1,900				\$ (295)

For cash flow hedges of interest rate derivatives, the estimated pre-tax gains and (losses) expected to be reclassified from accumulated OCI to interest expense for

the 12-month period ending March 31, 2025 are \$(17) million for Southern Company and immaterial for the traditional electric operating companies and Southern Company Gas. Deferred gains and losses related to interest rate derivatives are expected to be amortized into earnings through 2054 for Southern Company, Georgia Power, and Mississippi Power, 2052 for Alabama Power, and 2046 for Southern Company Gas.

### **Foreign Currency Derivatives**

Southern Company and certain subsidiaries, including Southern Power, may enter into foreign currency derivatives to hedge exposure to changes in foreign currency exchange rates, such as that arising from the issuance of debt denominated in a currency other than U.S. dollars. Derivatives related to forecasted transactions are accounted for as cash flow hedges where the derivatives' fair value gains or losses are recorded in OCI and are reclassified into earnings at the same time and on the same income statement line as the earnings effect of the hedged transactions, including foreign currency gains or losses arising from changes in the U.S. currency exchange rates. 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 on the same income

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

statement line item, including foreign currency gains or losses arising from changes in the U.S. currency exchange rates. Southern Company has elected to exclude the cross-currency basis spread from the assessment of effectiveness in the fair value hedges of its foreign currency risk and record any difference between the change in the fair value of the excluded components and the amounts recognized in earnings as a component of OCI.

At March 31, 2024, the following foreign currency derivatives were outstanding:

								Fair Value Gain (Loss) at March 31, 2024
	Pay Notional	Pay Rate	Receive Notional	Receive Rate	Hedge Maturity Date			(in millions)
	(in millions)		(in millions)					
<b>Cash Flow Hedges of Existing Debt</b>								
Southern Power	\$ 564	3.78%	€ 500	1.85%	June 2026	\$		(36)
<b>Fair Value Hedges of Existing Debt</b>								
Southern Company parent	1,476	3.39%	1,250	1.88%	September 2027			(130)
Southern Company	\$ 2,040		€ 1,750			\$		(166)

For cash flow hedges of foreign currency derivatives, the estimated pre-tax losses expected to be reclassified from accumulated OCI to earnings for the 12-month period ending March 31, 2025 are immaterial for Southern Power.

### Derivative Financial Statement Presentation and Amounts

The Registrants enter into derivative contracts that may contain certain provisions that permit intra-contract netting of derivative receivables and payables for routine billing and offsets related to events of default and settlements. Southern Company and certain subsidiaries also utilize master netting agreements to mitigate exposure to counterparty credit risk. These agreements may contain provisions that permit netting across product lines and against cash collateral. The fair value amounts of derivative assets and liabilities on the balance sheets are presented net to the extent that there are netting arrangements or similar agreements with the counterparties.



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The fair value of energy-related derivatives, interest rate derivatives, and foreign currency derivatives was reflected in the balance sheets as follows:

Derivative Category and Balance Sheet Location	At March 31, 2024		At December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	(in millions)		(in millions)	
Southern Company				
Energy-related derivatives designated as hedging instruments for regulatory purposes				
Other current assets/Liabilities from risk management activities, net of collateral	\$ 13	\$ 208	\$ 12	\$ 198
Other current assets/Other deferred credits and liabilities	29	98	31	117
Total derivatives designated as hedging instruments for regulatory purposes	42	306	43	315
Derivatives designated as hedging instruments in cash flow and fair value hedges				
Energy-related derivatives:				
Other current assets/Liabilities from risk management activities, net of collateral	—	19	—	29
Other deferred charges and assets/Other deferred credits and liabilities	3	1	3	4
Interest rate derivatives:				
Other current assets/Liabilities from risk management activities, net of collateral	—	77	—	74
Other deferred charges and assets/Other deferred credits and liabilities	—	218	—	190
Foreign currency derivatives:				
Other current assets/Liabilities from risk management activities, net of collateral	—	35	—	34
Other deferred charges and assets/Other deferred credits and liabilities	—	131	—	88
Total derivatives designated as hedging instruments in cash flow and fair value hedges	3	481	3	419
Energy-related derivatives not designated as hedging instruments				
Other current assets/Liabilities from risk management activities, net of collateral	3	4	8	8
Other deferred charges and assets/Other deferred credits and liabilities	—	—	1	2
Total derivatives not designated as hedging instruments	3	4	9	10
Gross amounts recognized	48	791	55	744
Gross amounts offset <sup>(a)</sup>	(19)	(73)	(23)	(85)
Net amounts recognized in the Balance Sheets <sup>(b)</sup>	\$ 29	\$ 718	\$ 32	\$ 659



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Derivative Category and Balance Sheet Location	At March 31, 2024		At December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	(in millions)		(in millions)	
Alabama Power <sup>(c)</sup>				
Energy-related derivatives designated as hedging instruments for regulatory purposes				
Other current assets/Other current liabilities	\$ 4	\$ 68	\$ 6	\$ 69
Other deferred charges and assets/Other deferred credits and liabilities	8	33	9	41
Total derivatives designated as hedging instruments for regulatory purposes	12	101	15	110
Gross amounts offset	(9)	(9)	(10)	(10)
Net amounts recognized in the Balance Sheets	\$ 3	\$ 92	\$ 5	\$ 100
Georgia Power				
Energy-related derivatives designated as hedging instruments for regulatory purposes				
Other current assets/Other current liabilities	\$ 3	\$ 82	\$ 2	\$ 82
Other deferred charges and assets/Other deferred credits and liabilities	9	33	10	42
Total derivatives designated as hedging instruments for regulatory purposes	12	115	12	124
Energy-related derivatives not designated as hedging instruments				
Other current assets/Other current liabilities	1	—	1	—
Gross amounts recognized	13	115	13	124
Gross amounts offset	(11)	(11)	(11)	(11)
Net amounts recognized in the Balance Sheets	\$ 2	\$ 104	\$ 2	\$ 113
Mississippi Power <sup>(c)</sup>				
Energy-related derivatives designated as hedging instruments for regulatory purposes				
Other current assets/Other current liabilities	\$ 3	\$ 30	\$ 3	\$ 27
Other deferred charges and assets/Other deferred credits and liabilities	10	30	12	34
Total derivatives designated as hedging instruments for regulatory purposes	13	60	15	61
Gross amounts offset	(13)	(13)	(14)	(14)
Net amounts recognized in the Balance Sheets	\$ —	\$ 47	\$ 1	\$ 47



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	At March 31, 2024		At December 31, 2023	
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Derivative Category and Balance Sheet Location	Assets	Liabilities	Assets	Liabilities
	(in millions)		(in millions)	

### Southern Power

#### Derivatives designated as hedging instruments in cash flow and fair value hedges

Energy-related derivatives:

Other current assets/Other current liabilities	\$	—	\$	4	\$	—	\$	5
--	----	---	----	---	----	---	----	---

Other deferred charges and assets/Other deferred credits and liabilities		3		—		3		—
--	--	---	--	---	--	---	--	---

Foreign currency derivatives:

Other current assets/Other current liabilities		—		11		—		11
--	--	---	--	----	--	---	--	----

Other deferred charges and assets/Other deferred credits and liabilities		—		25		—		11
--	--	---	--	----	--	---	--	----

#### Total derivatives designated as hedging instruments in cash flow and fair value hedges

		3		40		3		27
--	--	---	--	----	--	---	--	----

#### Energy-related derivatives not designated as hedging instruments

Other current assets/Other current liabilities		—		1		—		—
--	--	---	--	---	--	---	--	---

#### Net amounts recognized in the Balance Sheets

	\$	3	\$	41	\$	3	\$	27
--	----	---	----	----	----	---	----	----

### Southern Company Gas

#### Energy-related derivatives designated as hedging instruments for regulatory purposes

Other current assets/Other current liabilities	\$	3	\$	28	\$	1	\$	20
--	----	---	----	----	----	---	----	----

Other deferred charges and assets/Other deferred credits and liabilities		2		2		—		—
--	--	---	--	---	--	---	--	---

#### Total derivatives designated as hedging instruments for regulatory purposes

		5		30		1		20
--	--	---	--	----	--	---	--	----

#### Derivatives designated as hedging instruments in cash flow and fair value hedges

Energy-related derivatives:

Other current assets/Other current liabilities		—		15		—		24
--	--	---	--	----	--	---	--	----

Other deferred charges and assets/Other deferred credits and liabilities		—		1		—		4
--	--	---	--	---	--	---	--	---

Interest rate derivatives:

Other current assets/Other current liabilities		—		19		—		20
--	--	---	--	----	--	---	--	----

Other deferred charges and assets/Other





## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

- (a) Gross amounts offset includes cash collateral held on deposit in broker margin accounts of \$54 million and \$62 million at March 31, 2024 and December 31, 2023, respectively.
- (b) Net amounts of derivative instruments outstanding exclude immaterial premium and intrinsic value associated with weather derivatives for both periods presented.
- (c) Energy-related derivatives not designated as hedging instruments were immaterial for Alabama Power and Mississippi Power at March 31, 2024. There were no such instruments for Alabama Power and Mississippi Power at December 31, 2023.

At March 31, 2024 and December 31, 2023, the pre-tax effects of unrealized derivative gains (losses) arising from energy-related derivative instruments designated as regulatory hedging instruments and deferred were as follows:

Regulatory Hedge Unrealized Gain (Loss) Recognized in the Balance Sheet					
Derivative Category and Balance Sheet Location	Southern Company	Alabama Power	Georgia Power	Mississippi Power	Southern Company Gas
(in millions)					
At March 31, 2024:					
Energy-related derivatives:					
Other regulatory assets, current \$	(181) \$	(66) \$	(79) \$	(27) \$	(9)
Other regulatory assets, deferred	(71)	(26)	(25)	(20)	—
Other regulatory liabilities, current	13	2	—	—	11
Other regulatory liabilities, deferred	2	1	1	—	—
Total energy-related derivative gains (losses)	\$ (237) \$	(89) \$	(103) \$	(47) \$	2
At December 31, 2023:					
Energy-related derivatives:					
Other regulatory assets, current \$	(180) \$	(67) \$	(80) \$	(25) \$	(8)
Other regulatory assets, deferred	(87)	(32)	(33)	(22)	—
Other regulatory liabilities, current	9	4	—	1	4
Other regulatory liabilities, deferred	1	—	1	—	—
Total energy-related derivative gains (losses)	\$ (257) \$	(95) \$	(112) \$	(46) \$	(4)



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

For the three months ended March 31, 2024 and 2023, the pre-tax effects of cash flow and fair value hedge accounting on accumulated OCI for the applicable Registrants were as follows:

Gain (Loss) Recognized in OCI on Derivatives	For the Three Months Ended March 31,	
	2024	2023
	(in millions)	
Southern Company		
Cash flow hedges:		
Energy-related derivatives	\$ (8)	\$ (45)
Interest rate derivatives	23	(13)
Foreign currency derivatives	(14)	—
Fair value hedges <sup>(*)</sup> :		
Foreign currency derivatives	—	(28)
Total	\$ 1	\$ (86)
Georgia Power		
Cash flow hedges:		
Interest rate derivatives	\$ 16	\$ (1)
Mississippi Power		
Cash flow hedges:		
Interest rate derivatives	\$ 7	\$ —
Southern Power		
Cash flow hedges:		
Energy-related derivatives	\$ (1)	\$ (11)
Foreign currency derivatives	(14)	—
Total	\$ (15)	\$ (11)
Southern Company Gas		
Cash flow hedges:		
Energy-related derivatives	\$ (7)	\$ (34)
Interest rate derivatives	—	1
Total	\$ (7)	\$ (33)

(\*) Represents amounts excluded from the assessment of effectiveness for which the difference between changes in fair value and periodic amortization is recorded in OCI.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

For the three months ended March 31, 2024 and 2023, the pre-tax effects of cash flow and fair value hedge accounting on income were as follows:

	For the Three Months Ended March 31,	
Location and Amount of Gain (Loss) Recognized in Income on Cash Flow and Fair Value Hedging Relationships	2024	2023
	(in millions)	
Southern Company		
Total cost of natural gas	\$ 605	\$ 898
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(23)	(20)
Total other operations and maintenance	1,472	1,440
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(1)	—
Total depreciation and amortization	1,145	1,111
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(1)	(9)
Total interest expense, net of amounts capitalized	(665)	(582)
Gain (loss) on interest rate cash flow hedges <sup>(a)</sup>	(4)	(4)
Gain (loss) on foreign currency cash flow hedges <sup>(a)</sup>	(3)	(3)
Gain (loss) on interest rate fair value hedges <sup>(b)</sup>	(31)	43
Total other income (expense), net	153	147
Gain (loss) on foreign currency cash flow hedges <sup>(a)(c)</sup>	(12)	10
Gain (loss) on foreign currency fair value hedges	39	(2)
Amount excluded from effectiveness testing recognized in earnings	—	28
Southern Power		
Total depreciation and amortization	\$ 118	\$ 128
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(1)	(9)
Total interest expense, net of amounts capitalized	(29)	(33)
Gain (loss) on foreign currency cash flow hedges <sup>(a)</sup>	(3)	(3)
Total other income (expense), net	3	2
Gain (loss) on foreign currency cash flow hedges <sup>(a)(c)</sup>	(12)	10
Southern Company Gas		
Total cost of natural gas	\$ 605	\$ 898
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(23)	(20)
Total other operations and maintenance	293	305
Gain (loss) on energy-related cash flow hedges <sup>(a)</sup>	(1)	—
Total interest expense, net of amounts capitalized	(84)	(76)
Gain (loss) on interest rate cash flow hedges <sup>(a)</sup>	—	(1)
Gain (loss) on interest rate fair value hedges <sup>(b)</sup>	(4)	13

(a) Reclassified from accumulated OCI into earnings.

(b) For fair value hedges, changes in the fair value of the derivative contracts are generally equal to changes in the fair value of the underlying debt and have no material impact on income.

(c) The reclassification from accumulated OCI into other income (expense), net completely offsets currency gains and losses arising from changes in the U.S. currency exchange rates used to record the euro-denominated notes.

The pre-tax effects of cash flow hedge accounting on income for interest rate derivatives were immaterial for the traditional electric operating companies for both periods presented.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

At March 31, 2024 and December 31, 2023, the following amounts were recorded on the balance sheets related to cumulative basis adjustments for fair value hedges:

Balance Sheet Location of Hedged Items	Carrying Amount of the Hedged Item		Cumulative Amount of Fair Value Hedging Adjustment included in Carrying Amount of the Hedged Item	
	At March 31, 2024	At December 31, 2023	At March 31, 2024	At December 31, 2023
	(in millions)		(in millions)	
Southern Company				
Long-term debt	\$ (2,971)	\$ (3,024)	\$ 259	\$ 235
Southern Company Gas				
Long-term debt	\$ (418)	\$ (427)	\$ 79	\$ 70

For the three months ended March 31, 2024 and 2023, pre-tax gains on energy-related derivatives not designated as hedging instruments were \$47 million and \$13 million, respectively, and reflected in cost of natural gas on the statements of income of Southern Company and Southern Company Gas and were immaterial for the other Registrants.

### Contingent Features

The Registrants do 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 various credit rating changes of certain Southern Company subsidiaries. Generally, collateral may be provided by a Southern Company guaranty, letter of credit, or cash. At March 31, 2024, the Registrants had no collateral posted with derivative counterparties to satisfy these arrangements.

For Southern Company, the fair value of foreign currency derivative liabilities and interest rate derivative liabilities with contingent features, and the maximum potential collateral requirements arising from the credit-risk-related contingent features at a rating below BBB- and/or Baa3, was \$66 million at March 31, 2024. For Southern Power, the fair value of foreign currency derivative liabilities with contingent features, and the maximum potential collateral requirements arising from the credit-risk-related contingent features at a rating below BBB- and/or Baa3, was \$17 million at March 31, 2024. For the traditional electric operating companies and Southern Power, energy-related derivative liabilities with contingent features and the maximum potential collateral requirements arising from the credit-risk-related contingent features, at a rating below BBB- and/or Baa3, were immaterial at March 31, 2024. The maximum potential collateral requirements arising from the credit-risk-related contingent features for the traditional electric operating companies and Southern Power include certain agreements that could require



collateral in the event that one or more Southern Company power pool participants has a credit rating change to below investment grade.

Alabama Power and Southern Power maintain accounts with certain regional transmission organizations to facilitate financial derivative transactions and they may be required to post collateral based on the value of the positions in these accounts and the associated margin requirements. At March 31, 2024, cash collateral posted in these accounts was \$13 million for Southern Power and immaterial for Alabama Power. Southern Company Gas maintains accounts with brokers or the clearing houses of certain exchanges to facilitate financial derivative transactions. Based on the value of the positions in these accounts and the associated margin requirements, Southern Company Gas may be required to deposit cash into these accounts. At March 31, 2024, cash collateral held on deposit in broker margin accounts was \$54 million.

The Registrants are exposed to losses related to financial instruments in the event of counterparties' nonperformance. The Registrants generally enter into agreements and material transactions with counterparties that have investment grade credit ratings by Moody's and S&P or with counterparties who have posted collateral to

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

cover potential credit exposure. The Registrants have also established risk management policies and controls to determine and monitor the creditworthiness of counterparties in order to mitigate their exposure to counterparty credit risk.

Southern Company Gas uses established credit policies to determine and monitor the creditworthiness of counterparties, including requirements to post collateral or other credit security, as well as the quality of pledged collateral. Collateral or credit security is most often in the form of cash or letters of credit from an investment-grade financial institution, but may also include cash or U.S. government securities held by a trustee. Prior to entering a physical transaction, Southern Company Gas assigns its 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. Southern Company Gas may require counterparties to pledge additional collateral when deemed necessary.

Southern Company Gas utilizes netting agreements whenever possible to mitigate exposure to counterparty credit risk. Netting agreements enable Southern Company Gas to net certain assets and liabilities by counterparty across product lines and against cash collateral, provided the netting and cash collateral agreements include such provisions. While the amounts due from, or owed to, counterparties are settled net, they are recorded on a gross basis on the balance sheet as energy marketing receivables and energy marketing payables.

The Registrants do not anticipate a material adverse effect on their respective financial statements as a result of counterparty nonperformance.

**(K) ACQUISITIONS AND DISPOSITIONS**

See Note 15 to the financial statements in Item 8 of the Form 10-K for additional information.

**Southern Power****Construction Projects**

During the three months ended March 31, 2024, Southern Power continued construction of the Millers Branch and South Cheyenne solar facilities. At March 31, 2024, total costs of construction incurred for these projects were \$272 million, which is primarily included in CWIP.

<b>Project Facility</b>	<b>Resource</b>	<b>Approximate Nameplate Capacity (MW)</b>	<b>Location</b>	<b>Projected/ Actual COD</b>	<b>PPA Contract Period</b>
<b>Projects Under Construction at March 31, 2024</b>					
Millers Branch <sup>(a)</sup>					
Phase I	Solar	200	Haskell County, TX	Fourth quarter 2025	20 years
Phase II	Solar	180	Haskell County, TX	Second quarter 2026	15 years
South Cheyenne	Solar	150	Laramie County, WY	Second quarter 2024 <sup>(b)</sup>	20 years

(a) The Millers Branch project includes an option to expand capacity up to a total of approximately 500 MWs.

(b) Subsequent to March 31, 2024, Southern Power completed construction of and placed in service the 150-MW South Cheyenne solar facility.

#### (L) SEGMENT AND RELATED INFORMATION

##### **Southern Company**

The primary businesses of the Southern Company system are electricity sales by the traditional electric operating companies and Southern Power and the distribution of natural gas by Southern Company Gas. The traditional electric operating companies are vertically integrated utilities providing electric service in three Southeastern states. Southern Power develops, constructs, acquires, owns, and manages power generation assets, including renewable energy and battery energy storage projects, and sells electricity at market-based rates in the wholesale market.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)**  
**(UNAUDITED)**

Southern Company Gas distributes natural gas through its natural gas distribution utilities and is involved in several other complementary businesses including gas pipeline investments and gas marketing services.

Southern Company's reportable business segments are the sale of electricity by the traditional electric operating companies, the sale of electricity in the competitive wholesale market by Southern Power, and the sale of natural gas and other complementary products and services by Southern Company Gas. Revenues from sales by Southern Power to the traditional electric operating companies were \$92 million and \$135 million for the three months ended March 31, 2024 and 2023, respectively. Revenues from sales of natural gas from Southern Company Gas to the traditional electric operating companies and Southern Power were immaterial for both periods presented. The "All Other" column includes the Southern Company parent entity, which does not allocate operating expenses to business segments. Also, this category includes segments below the quantitative threshold for separate disclosure. These segments include providing distributed energy and resilience solutions and deploying microgrids for commercial, industrial, governmental, and utility customers, as well as investments in telecommunications. All other inter-segment revenues are not material.

Financial data for business segments and products and services for the three months ended March 31, 2024 and 2023 was as follows:

<b>Electric Utilities</b>								
	<b>Traditional Electric Operating Companies</b>	<b>Southern Power</b>	<b>Eliminations</b>	<b>Total</b>	<b>Southern Company Gas</b>	<b>All Other Eliminations</b>	<b>Consolidated</b>	
(in millions)								
<b>Three Months Ended March 31, 2024</b>								
Operating revenues \$	<b>4,438</b>	<b>\$ 473</b>	<b>\$ (96)</b>	<b>\$ 4,815</b>	<b>\$ 1,707</b>	<b>\$ 161</b>	<b>\$ (37)</b>	<b>6,646</b>
Segment net income (loss) <sup>(a)</sup>	<b>819</b>	<b>96</b>	<b>—</b>	<b>915</b>	<b>409</b>	<b>(187)</b>	<b>(8)</b>	<b>1,129</b>
<b>At March 31, 2024</b>								
Goodwill \$	<b>—</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 5,015</b>	<b>\$ 144</b>	<b>\$ —</b>	<b>5,161</b>
Total assets	<b>101,130</b>	<b>12,662</b>	<b>(471)</b>	<b>113,321</b>	<b>25,091</b>	<b>2,472</b>	<b>(764)</b>	<b>140,120</b>
<b>Three Months Ended March 31, 2023</b>								
Operating revenues \$	<b>4,113</b>	<b>\$ 508</b>	<b>\$ (138)</b>	<b>\$ 4,483</b>	<b>\$ 1,875</b>	<b>\$ 166</b>	<b>\$ (44)</b>	<b>6,480</b>
Segment net income (loss) <sup>(a)(b)</sup>	<b>610</b>	<b>102</b>	<b>—</b>	<b>712</b>	<b>309</b>	<b>(154)</b>	<b>(5)</b>	<b>862</b>
<b>At December 31, 2023</b>								
Goodwill \$	<b>—</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 5,015</b>	<b>\$ 144</b>	<b>\$ —</b>	<b>5,161</b>
Total assets	<b>100,429</b>	<b>12,761</b>	<b>(545)</b>	<b>112,645</b>	<b>25,083</b>	<b>2,446</b>	<b>(843)</b>	<b>139,331</b>

(a) Attributable to Southern Company.

(b) For Southern Power, includes a \$16 million pre-tax gain (\$12 million after tax) on the sale of spare parts.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) (UNAUDITED)

### Products and Services

	Electric Utilities' Revenues			
	Retail	Wholesale	Other	Total
	(in millions)			
<b>Three Months Ended March 31, 2024</b>	<b>\$ 3,941</b>	<b>\$ 571</b>	<b>\$ 303</b>	<b>\$ 4,815</b>
Three Months Ended March 31, 2023	3,599	599	285	4,483

	Southern Company Gas' Revenues			
	Gas Distribution Operations	Gas Marketing Services	Other	Total
	(in millions)			
<b>Three Months Ended March 31, 2024</b>	<b>\$ 1,459</b>	<b>\$ 235</b>	<b>\$ 13</b>	<b>\$ 1,707</b>
Three Months Ended March 31, 2023	1,610	246	19	1,875

### Southern Company Gas

Southern Company Gas manages its business through three reportable segments – gas distribution operations, gas pipeline investments, and gas marketing services. The non-reportable segments are combined and presented as all other.

Gas distribution operations is the largest component of Southern Company Gas' business and includes natural gas local distribution utilities that construct, manage, and maintain intrastate natural gas pipelines and gas distribution facilities in four states.

Gas pipeline investments consists of joint ventures in natural gas pipeline investments including a 50% interest in SNG and a 50% joint ownership interest in the Dalton Pipeline. These natural gas pipelines enable the provision of diverse sources of natural gas supplies to the customers of Southern Company Gas. See Note 7 to the financial statements under "Southern Company Gas" in Item 8 of the Form 10-K for additional information.

Gas marketing services provides natural gas marketing to end-use customers primarily in Georgia and Illinois through SouthStar.

The "All other" column includes segments and subsidiaries that fall below the quantitative threshold for separate disclosure, including storage and fuels operations. The "All other" column included a natural gas storage facility in California through its sale in September 2023. See Note 15 to the financial statements in Item 8 of the Form 10-K for additional information.

Business segment financial data for the three months ended March 31, 2024 and 2023 was as follows:

	Gas Distribution Operations	Gas Pipeline Investments	Gas Marketing Services	Total	All Other	Eliminations	Consolidated
(in millions)							
<b>Three Months Ended March 31, 2024</b>							
Operating revenues	\$ 1,463	\$ 8	\$ 235	\$ 1,706	\$ 6	\$ (5)	\$ 1,707
Segment net income	302	30	65	397	12	—	409
<b>Total assets at March 31, 2024</b>	<b>23,017</b>	<b>1,557</b>	<b>1,677</b>	<b>26,251</b>	<b>9,798</b>	<b>(10,958)</b>	<b>25,091</b>
<b>Three Months Ended March 31, 2023</b>							
Operating revenues	\$ 1,618	\$ 8	\$ 246	\$ 1,872	\$ 12	\$ (9)	\$ 1,875
Segment net income	221	31	50	302	7	—	309
Total assets at December 31, 2023	22,906	1,534	1,615	26,055	9,675	(10,647)	25,083

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

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Combined Management's Discussion and Analysis of Financial Condition and Results of Operations	
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The following Management's Discussion and Analysis of Financial Condition and Results of Operations is a combined presentation; however, information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf and each Registrant makes no representation as to information related to the other Registrants.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **OVERVIEW**

Southern Company is a holding company that owns all of the common stock of three traditional electric operating companies (Alabama Power, Georgia Power, and Mississippi Power), Southern Power, and Southern Company Gas and owns other direct and indirect subsidiaries. The primary businesses of the Southern Company system are electricity sales by the traditional electric operating companies and Southern Power and the distribution of natural gas by Southern Company Gas. Southern Company's reportable segments are the sale of electricity by the traditional electric operating companies, the sale of electricity in the competitive wholesale market by Southern Power, and the sale of natural gas and other complementary products and services by Southern Company Gas. Southern Company Gas' reportable segments are gas distribution operations, gas pipeline investments, and gas marketing services. See Note (L) to the Condensed Financial Statements herein for additional information on segment reporting. Alabama Power, Georgia Power, and Mississippi Power each operate with one reportable business segment, since substantially all of their business is providing electric service to customers. Southern Power also operates its business with one reportable business segment, the sale of electricity in the competitive wholesale market. For additional information on the Registrants' primary business activities, see BUSINESS – "The Southern Company System" in Item 1 of the Form 10-K.

The Registrants continue to focus on several key performance indicators. For the traditional electric operating companies and Southern Company Gas, these indicators include, but are not limited to, customer satisfaction, plant availability, electric and natural gas system reliability, and execution of major construction projects. Southern Company Gas also continues to focus on several operating metrics, including Heating Degree Days, customer count, and volumes of natural gas sold. Southern Company Gas measures weather and the effect on its business using Heating Degree Days. Generally, increased Heating Degree Days result in higher demand for natural gas on Southern Company Gas' distribution system. For Southern Power, key performance indicators include, but are not limited to, the equivalent forced outage rate and contract availability to evaluate operating results and help ensure its ability to meet its contractual commitments to customers. In addition, Southern Company and the Subsidiary Registrants focus on earnings per share and net income, respectively, as a key performance indicator.

### **Recent Developments**

#### **Georgia Power**

##### **Plant Vogtle Units 3 and 4 Construction and Start-Up Status**

Georgia Power placed Plant Vogtle Unit 3 in service on July 31, 2023 and placed Plant Vogtle Unit 4 in service on April 29, 2024 (each with electric generating capacity of approximately 1,100 MWs), in each of which it holds a 45.7% ownership interest. Georgia Power's share of the total project capital cost forecast, including demobilizing the site after Unit 4's in-service date, is \$10.8 billion. See Note (B) to

the Condensed Financial Statements under "Georgia Power – Nuclear Construction" herein for additional information.

#### Plant Vogtle Units 3 and 4 Regulatory Matters

Georgia Power included in retail rate base \$5.462 billion of construction and capital costs as well as \$647 million of associated retail rate base items effective with the April 29, 2024 in-service date for Unit 4, pursuant to the approved Prudency Stipulation. Annual retail base revenues increased approximately \$730 million and the average retail base rates were adjusted by approximately 5% (net of the elimination of the NCCR tariff described below) effective May 1, 2024.

Further, as included in the approved Prudency Stipulation, since commercial operation for Unit 4 was not achieved by March 31, 2024, Georgia Power's ROE used to determine the NCCR tariff and calculate AFUDC was reduced to zero effective April 1, 2024. Effective May 1, 2024, following commercial operation of Unit 4, Georgia Power's NCCR tariff was eliminated and related financing costs are included in Georgia Power's general retail revenue requirements and collected through retail base rates.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

See Note (B) to the Condensed Financial Statements under "Georgia Power – Nuclear Construction – Regulatory Matters" herein for additional information.

### **Integrated Resource Plan**

On April 16, 2024, the Georgia PSC approved Georgia Power's updated IRP (2023 IRP Update) as modified by a stipulated agreement among Georgia Power, the staff of the Georgia PSC, and certain intervenors, which includes the authority to develop, own, and operate up to 1,400 MWs from three simple cycle combustion turbines at Plant Yates. See Note (B) to the Condensed Financial Statements under "Georgia Power – Integrated Resource Plan" herein for additional information.

### **Mississippi Power**

On April 26, 2024, Mississippi Power filed its 2024 IRP with the Mississippi PSC. The filing includes a schedule to retire Plant Watson Unit 4 (268 MWs) and Plant Greene County Units 1 and 2 (206 MWs based on 40% ownership) and to retire early Plant Daniel Units 1 and 2 (502 MWs based on 50% ownership), all by the end of 2028. The 2024 IRP is subject to review by the Mississippi PSC and is expected to conclude in the third quarter 2024.

On March 29, 2024, Mississippi Power filed a request with the FERC for an \$8 million increase in annual wholesale base revenues under the MRA tariff and requested an effective date of May 29, 2024. On April 19, 2024, Cooperative Energy challenged the new rates in a filing with the FERC.

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

See Note (B) to the Condensed Financial Statements under "Mississippi Power" herein for additional information.

### **Southern Power**

During the three months ended March 31, 2024, Southern Power continued construction of the 200-MW Millers Branch solar facility and began construction of the 180-MW second phase of the solar project. The second phase of the facility's output is contracted under seven 15-year PPAs and commercial operation is projected to occur in the second quarter 2026. Southern Power also continued construction of the 150-MW South Cheyenne solar facility. Subsequent to March 31, 2024, Southern Power completed construction of and placed in service the 150-MW South Cheyenne solar facility. See Note (K) to the Condensed Financial Statements under "Southern Power" herein for additional information.

At March 31, 2024, Southern Power's average investment coverage ratio for its generating assets, including those owned with various partners, based on the ratio of investment under contract to total investment using the respective facilities' net book value (or expected in-service value for facilities under construction) as the investment amount was 97% through 2028 and 89% through 2033, with an average remaining contract duration of approximately 12 years.

## **RESULTS OF OPERATIONS**

**Southern Company**

**Net Income**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$267	31.0

Consolidated net income attributable to Southern Company in the first quarter 2024 was \$1.1 billion (\$1.03 per share) compared to \$862 million (\$0.79 per share) for the corresponding period in 2023. The increase was primarily due to an increase in retail electric revenues associated with rates and pricing, colder weather in the first quarter 2024 as compared to the corresponding period in 2023, and sales growth and an increase in natural gas revenues

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

from rate increases, partially offset by increases in interest expense, depreciation and amortization, non-fuel operations and maintenance costs, and income taxes.

### Retail Electric Revenues

In the first quarter 2024, retail electric revenues were \$3.9 billion compared to \$3.6 billion for the corresponding period in 2023. Details of the changes in retail electric revenues were as follows:

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Rates and pricing	\$ 239	6.6 %
Sales growth	49	1.4
Weather	92	2.6
Fuel and other cost recovery	(38)	(1.1)
Retail electric revenues	\$ 342	9.5 %

Revenues associated with changes in rates and pricing increased in the first quarter 2024 when compared to the corresponding period in 2023 primarily due to the inclusion of Plant Vogtle Unit 3 in retail rates at Georgia Power, base tariff increases at Georgia Power in accordance with its 2022 ARP, customer bill credits in 2023 at Alabama Power related to the flowback of certain excess accumulated deferred income taxes, and an increase in Rate CNP New Plant revenues at Alabama Power. See Note 2 to the financial statements under "Alabama Power" and "Georgia Power" in Item 8 of the Form 10-K for additional information.

Revenues attributable to changes in sales increased in the first quarter 2024 when compared to the corresponding period in 2023. Weather-adjusted residential KWH sales increased 1.0% primarily due to customer growth. Weather-adjusted commercial KWH sales increased 3.8% primarily due to increased customer usage. Industrial KWH sales increased 0.4% primarily due to increases in the lumber and paper sectors, partially offset by decreases in the chemicals and primary metals sectors.

Fuel and other cost recovery revenues decreased \$38 million in the first quarter 2024 compared to the corresponding period in 2023 primarily due to lower fuel and purchased power costs. Electric rates for the traditional electric operating companies include provisions to adjust billings for fluctuations in fuel costs, including the energy component of purchased power costs. Under these provisions, fuel revenues generally equal fuel expenses, including the energy component of PPA costs, and do not affect net income. The traditional electric operating companies each have one or more regulatory mechanisms to recover other costs such as environmental and other compliance costs, storm damage, new plants, and PPA capacity costs. See Note 2 to the financial statements in Item 8 of the Form 10-K and Note (B) to the Condensed Financial Statements herein for additional information.

## Wholesale Electric Revenues

### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(28)	(4.7)

In the first quarter 2024, wholesale electric revenues were \$571 million compared to \$599 million for the corresponding period in 2023. The decrease was primarily due to decreases of \$18 million in energy revenues resulting from lower natural gas prices and \$10 million in capacity revenues primarily resulting from power sales agreements that ended in May 2023 at Alabama Power, partially offset by an increase related to new capacity contracts at Georgia Power and an increase associated with a change in rates from natural gas PPAs at Southern Power.

Wholesale electric revenues consist of revenues from PPAs and short-term opportunity sales. Wholesale electric revenues from PPAs (other than solar and wind PPAs) have both capacity and energy components. Capacity

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS (Continued)**

revenues generally represent the greatest contribution to net income and are designed to provide recovery of fixed costs plus a return on investment. Energy revenues will vary depending on fuel prices, the market prices of wholesale energy compared to the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation. Increases and decreases in energy revenues that are driven by fuel prices are accompanied by an increase or decrease in fuel costs and do not have a significant impact on net income. Energy sales from solar and wind PPAs do not have a capacity charge and customers either purchase the energy output of a dedicated renewable facility through an energy charge or through a fixed price related to the energy. As a result, the ability to recover fixed and variable operations and maintenance expenses is dependent upon the level of energy generated from these facilities, which can be impacted by weather conditions, equipment performance, transmission constraints, and other factors. Wholesale electric revenues at Mississippi Power include FERC-regulated municipal and rural association sales under cost-based tariffs as well as market-based sales. Short-term opportunity sales are made at market-based rates that generally provide a margin above the Southern Company system's variable cost to produce the energy.

**Other Electric Revenues****First Quarter 2024 vs. First Quarter 2023**

(change in millions)	(% change)
\$9	4.7

In the first quarter 2024, other electric revenues were \$199 million compared to \$190 million for the corresponding period in 2023. The increase was primarily due to increases of \$13 million in transmission revenues primarily associated with open access transmission tariff sales and \$6 million in regulated outdoor lighting sales at Georgia Power, partially offset by a \$6 million decrease in gains on the resale of gas at Alabama Power and a \$5 million decrease associated with price stability products for retail customers on variable demand-driven pricing tariffs at Georgia Power.

**Natural Gas Revenues**

In the first quarter 2024, natural gas revenues were \$1.7 billion compared to \$1.9 billion for the corresponding period in 2023. Details of the changes in natural gas revenues were as follows:

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Rate changes	\$ 152	8.1 %
Gas costs and other cost recovery	(291)	(15.5)
Gas marketing services	(9)	(0.5)
Other	(20)	(1.1)
Natural gas revenues	\$ (168)	(9.0)%

Revenues from rate changes at the natural gas distribution utilities increased in the first quarter 2024 compared to the corresponding period in 2023 primarily due to rate increases and a change in timing of revenues at Nicor Gas.

Revenues from gas costs and other cost recovery decreased in the first quarter 2024 compared to the corresponding period in 2023 primarily due to lower natural gas cost recovery associated with lower natural gas prices and lower demand associated with warmer weather in the first quarter 2024 when compared to the corresponding period in 2023. Natural gas distribution rates include provisions to adjust billings for fluctuations in natural gas costs. Therefore, gas costs recovered through natural gas revenues generally equal the amount expensed in cost of natural gas and do not affect net income from the natural gas distribution utilities.

Revenues from gas marketing services decreased in the first quarter 2024 compared to the corresponding period in 2023 primarily due to lower commodity prices.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Other Revenues

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$11	5.1

In the first quarter 2024, other revenues were \$228 million compared to \$217 million for the corresponding period in 2023. The increase was primarily due to increases in unregulated sales at Georgia Power primarily associated with energy conservation projects, power delivery construction and maintenance projects, and outdoor lighting.

### Fuel and Purchased Power Expenses

#### First Quarter 2024 vs. First Quarter 2023

	(change in millions)	(% change)
Fuel	\$ (54)	(5.1)
Purchased power	(44)	(18.2)
Total fuel and purchased power expenses	\$ (98)	

In the first quarter 2024, total fuel and purchased power expenses were \$1.2 billion compared to \$1.3 billion for the corresponding period in 2023. The decrease was due to a \$52 million net decrease in the average cost of fuel and purchased power and a \$46 million net decrease in the volume of KWHs generated and purchased.

Fuel and purchased power energy transactions at the traditional electric operating companies are generally offset by fuel revenues and do not have a significant impact on net income. See Note 2 to the financial statements in Item 8 of the Form 10-K for additional information. Fuel expenses incurred under Southern Power's PPAs are generally the responsibility of the counterparties and do not significantly impact net income.

Details of the Southern Company system's generation and purchased power were as follows:

	<b>First Quarter 2024</b>	First Quarter 2023
Total generation (in billions of KWHs) <sup>(a)</sup>	<b>45</b>	44
Total purchased power (in billions of KWHs)	<b>4</b>	5
Sources of generation (percent) —		
Gas	<b>50</b>	54
Nuclear <sup>(a)</sup>	<b>20</b>	17
Coal	<b>17</b>	15
Hydro	<b>5</b>	5
Wind, Solar, and Other	<b>8</b>	9
Cost of fuel, generated (in cents per net KWH)—		
Gas	<b>2.89</b>	3.13
Nuclear <sup>(a)</sup>	<b>0.81</b>	0.71
Coal	<b>3.81</b>	4.02
Average cost of fuel, generated (in cents per net KWH) <sup>(a)</sup>	<b>2.59</b>	2.80
Average cost of purchased power (in cents per net KWH) <sup>(b)</sup>	<b>5.72</b>	5.50

(a) Excludes KWHs generated from test period energy at Plant Vogtle Unit 4 prior to its in-service date. The related fuel costs are charged to CWIP in accordance with FERC guidance. See Note (B) to the Condensed Financial Statements under "Georgia Power – Nuclear Construction" herein for additional information on Plant Vogtle Units 3 and 4.

(b) Average cost of purchased power includes fuel purchased by the Southern Company system for tolling agreements where power is generated by the provider.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Fuel

In the first quarter 2024, fuel expense was \$1.0 billion compared to \$1.1 billion for the corresponding period in 2023. The decrease was primarily due to a 7.7% decrease in the average cost of natural gas per KWH generated, a 6.6% decrease in the volume of KWHs generated by natural gas, and a 5.2% decrease in the average cost of coal per KWH generated, partially offset by an 18.2% increase in the volume of KWHs generated by nuclear, a 17.7% increase in the volume of KWHs generated by coal, a 14.1% increase in the average cost of nuclear per KWH generated, and a 13.0% decrease in the volume of KWHs generated by hydro.

### Purchased Power

In the first quarter 2024, purchased power expense was \$198 million compared to \$242 million for the corresponding period in 2023. The decrease was primarily due to a 21.2% decrease in the volume of KWHs purchased primarily as a result of a PPA that ended in May 2023 and the availability of Plant Barry Unit 8 and Central Alabama Generating Station generation, both at Alabama Power, partially offset by a 4.0% increase in the average cost per KWH purchased.

Energy purchases will vary depending on demand for energy within the Southern Company system's electric service territory, the market prices of wholesale energy as compared to the cost of the Southern Company system's generation, and the availability of the Southern Company system's generation.

### Cost of Natural Gas

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(293)	(32.6)

Excluding Atlanta Gas Light, which does not sell natural gas to end-use customers, the natural gas distribution utilities' rates include provisions to adjust billings for fluctuations in natural gas costs. Therefore, gas costs recovered through natural gas revenues generally equal the amount expensed in cost of natural gas and do not affect net income from the natural gas distribution utilities. See Note 2 to the financial statements under "Southern Company Gas – Natural Gas Cost Recovery" in Item 8 of the Form 10-K for additional information. Cost of natural gas at the natural gas distribution utilities represented 81% of the total cost of natural gas in the first quarter 2024.

In the first quarter 2024, cost of natural gas was \$605 million compared to \$898 million for the corresponding period in 2023. The decrease reflects lower gas cost recovery as a result of a 35% decrease in natural gas prices.

### Other Operations and Maintenance Expenses

### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$32	2.2

In the first quarter 2024, other operations and maintenance expenses were \$1.5 billion compared to \$1.4 billion for the corresponding period in 2023. The increase was primarily due to an increase of \$52 million in generation expenses primarily associated with Plant Vogtle Unit 3 being placed in service in July 2023 at Georgia Power and Rate CNP Compliance-related expenses at Alabama Power, \$20 million in gains in 2023 from sales of integrated transmission system assets at Georgia Power, a \$16 million gain on the sale of spare parts in 2023 at Southern Power, and a \$12 million increase in employee compensation and benefit expenses, partially offset by decreases of \$26 million in technology infrastructure and application production costs, \$18 million in expenses passed through to customers primarily related to bad debt and energy efficiency programs at Southern Company Gas, and \$10 million related to the injuries and damages reserve primarily at Alabama Power and Southern Company Gas.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Depreciation and Amortization

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$34	3.1

In the first quarter 2024, depreciation and amortization was \$1.15 billion compared to \$1.11 billion for the corresponding period in 2023. The increase was primarily due to an increase of \$60 million from additional plant in service, partially offset by a \$15 million decrease in amortization of regulatory assets related to CCR AROs at Georgia Power as approved in the 2024 compliance filing under the terms of the 2022 ARP, a \$5 million decrease from insurance proceeds received for damaged generation equipment at Southern Power, and a \$5 million decrease in units-of-production depreciation at Southern Power related to lower production from natural gas generating facilities. See Note 2 to the financial statements under "Georgia Power" in Item 8 of the Form 10-K for additional information.

### Taxes Other Than Income Taxes

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$2	0.5

In the first quarter 2024, taxes other than income taxes were \$396 million compared to \$394 million for the corresponding period in 2023. The increase was primarily due to an increase of \$14 million in property taxes at Georgia Power primarily resulting from an increase in the assessed value of property, partially offset by a decrease of \$13 million in revenue taxes as a result of lower natural gas revenues at Nicor Gas.

### Allowance for Equity Funds Used During Construction

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(7)	(10.8)

In the first quarter 2024, allowance for equity funds used during construction was \$58 million compared to \$65 million for the corresponding period in 2023. The decrease was primarily associated with Plant Vogtle Unit 3 being placed in service in July 2023 at Georgia Power and Plant Barry Unit 8 being placed in service in November 2023 at Alabama Power, partially offset by an increase in capital expenditures subject to AFUDC. See Note 2 to the financial statements under "Alabama Power" and "Georgia Power" in Item 8 of the Form 10-K for additional information.

### Interest Expense, Net of Amounts Capitalized

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First Quarter 2024 vs. First Quarter 2023

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(change in millions)

(% change)

\$83

14.3

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In the first quarter 2024, interest expense, net of amounts capitalized was \$665 million compared to \$582 million for the corresponding period in 2023. The increase primarily reflects approximately \$51 million related to higher interest rates and \$45 million related to higher average outstanding borrowings, partially offset by the deferral of \$9 million in financing costs related to Plant Vogtle Unit 3 at Georgia Power. See FINANCIAL CONDITION AND LIQUIDITY – "Sources of Capital" and "Financing Activities" herein for additional information on borrowings and Note (B) to the Condensed Financial Statements herein under "Georgia Power – Nuclear Construction" for additional information on Plant Vogtle Unit 3.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Income Taxes

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$126	129.9

In the first quarter 2024, income taxes were \$223 million compared to \$97 million for the corresponding period in 2023. The increase was primarily due to higher pre-tax earnings and a \$42 million decrease in the flowback of certain excess deferred income taxes at Alabama Power, partially offset by the generation of \$19 million of advanced nuclear PTCs at Georgia Power. See Note 2 to the financial statements in Item 8 of the Form 10-K and Note (G) to the Condensed Financial Statements herein for additional information.

### Alabama Power

#### Net Income

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$78	30.6

Alabama Power's net income in the first quarter 2024 was \$333 million compared to \$255 million for the corresponding period in 2023. The increase was primarily due to an increase in retail revenues associated with customer bill credits in 2023 related to the flowback of certain excess accumulated deferred income taxes, an increase in Rate CNP New Plant revenues, and colder weather in the Alabama Power service territory in the first quarter 2024 compared to the corresponding period in 2023. These increases to income were partially offset by an increase in income tax expense related to a decrease in the flowback of certain excess deferred income taxes. See Note 2 to the financial statements under "Alabama Power" in Item 8 of the Form 10-K for additional information.

### Retail Revenues

In the first quarter 2024, retail revenues were \$1.57 billion compared to \$1.38 billion for the corresponding period in 2023. Details of the changes in retail revenues were as follows:

First Quarter 2024 vs.  
First Quarter 2023

	(change in millions)	(% change)
Rates and pricing	\$ 126	9.1 %
Sales growth	3	0.2
Weather	40	2.9
Fuel and other cost recovery	15	1.1
Retail revenues	\$ 184	13.3 %

Revenues associated with changes in rates and pricing increased in the first quarter 2024 when compared to the corresponding period in 2023 primarily due to customer bill credits in 2023 related to the flowback of certain excess accumulated deferred income taxes as well as an increase in Rate CNP New Plant revenues. See Note 2 to the financial statements under "Alabama Power" in Item 8 of the Form 10-K for additional information.

Revenues attributable to changes in sales were relatively flat in the first quarter 2024 when compared to the corresponding period in 2023. Weather-adjusted residential KWH sales decreased 0.6% primarily due to a decrease in customer usage. Weather-adjusted commercial KWH sales increased 2.5% primarily due to an increase in customer usage. Industrial KWH sales decreased 0.8% primarily due to a decrease in the primary metals sector.

Fuel and other cost recovery revenues increased in the first quarter 2024 when compared to the corresponding period in 2023 primarily as a result of higher recoverable fuel costs.



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Electric rates include provisions to recognize the recovery of fuel costs, purchased power costs, PPAs certificated by the Alabama PSC, and costs associated with the NDR. Under these provisions, fuel and other cost recovery revenues generally equal fuel and other cost recovery expenses and do not affect net income. See Note 2 to the financial statements under "Alabama Power" in Item 8 of the Form 10-K for additional information.

**Wholesale Revenues - Non-Affiliates**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$(56)	(39.7)

In the first quarter 2024, wholesale revenues from sales to non-affiliates were \$85 million compared to \$141 million for the corresponding period in 2023. The decrease was primarily due to a 59.5% decrease in the volume of KWHs sold as a result of power sales agreements that ended in May 2023 and a 49.5% decrease in the price of energy due to lower natural gas prices.

Wholesale revenues from sales to non-affiliates will vary depending on fuel prices, the market prices of wholesale energy compared to the cost of Alabama Power's and the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation. Increases and decreases in energy revenues that are driven by fuel prices are accompanied by an increase or decrease in fuel costs and do not affect net income. Short-term opportunity energy sales are also included in wholesale energy sales to non-affiliates. These opportunity sales are made at market-based rates that generally provide a margin above Alabama Power's variable cost to produce the energy.

**Wholesale Revenues - Affiliates**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$22	115.8

In the first quarter 2024, wholesale revenues from sales to affiliates were \$41 million compared to \$19 million for the corresponding period in 2023. The increase was primarily due to a 207.9% increase in the volume of KWH sales due to affiliated company energy needs, partially offset by a 31.6% decrease in the price of energy due to lower gas prices.

Wholesale revenues from sales to affiliated companies will vary depending on demand and the availability and cost of generating resources at each company. These affiliate sales are made in accordance with the IIC, as approved by the FERC. Energy revenues related to these transactions do not have a significant impact on earnings since this energy is generally sold at marginal cost and energy purchases

are generally offset by energy revenues through Alabama Power's energy cost recovery clause.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Fuel and Purchased Power Expenses

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Fuel	\$ 23	7.5
Purchased power – non-affiliates	(49)	(48.5)
Purchased power – affiliates	(17)	(28.8)
Total fuel and purchased power expenses	\$ (43)	

In the first quarter 2024, total fuel and purchased power expenses were \$425 million compared to \$468 million for the corresponding period in 2023. The decrease was due to a \$38 million net decrease related to the volume of KWHs generated and purchased and a \$5 million net decrease in the cost of fuel and purchased power.

Fuel and purchased power energy transactions do not have a significant impact on earnings, since energy expenses are generally offset by energy revenues through Alabama Power's energy cost recovery clause. See Note 2 to the financial statements under "Alabama Power – Rate ECR" in Item 8 of the Form 10-K for additional information.

Details of Alabama Power's generation and purchased power were as follows:

	First Quarter 2024	First Quarter 2023
Total generation (in billions of KWHs)	15	14
Total purchased power (in billions of KWHs)	1	3
Sources of generation (percent) —		
Gas	33	29
Coal	30	30
Nuclear	26	28
Hydro	11	13
Cost of fuel, generated (in cents per net KWH) —		
Gas	2.95	3.37
Coal	3.27	3.33
Nuclear	0.69	0.67
Average cost of fuel, generated (in cents per net KWH)	2.40	2.49
Average cost of purchased power (in cents per net KWH) <sup>(*)</sup>	7.81	6.35

(\*) Average cost of purchased power includes fuel, energy, and transmission purchased by Alabama Power for tolling agreements where power is generated by the provider.

Fuel

In the first quarter 2024, fuel expense was \$331 million compared to \$308 million for the corresponding period in 2023. The increase was primarily due to a 28.8% increase in the volume of KWHs generated by natural gas, an 8.3% increase in the volume of KWHs generated by coal, and a 15.0% decrease in the volume of KWHs generated by hydro facilities as a result of less rainfall, partially offset by a 12.5% decrease in the average cost of natural gas per KWH generated, which excludes tolling agreements.

#### Purchased Power – Non-Affiliates

In the first quarter 2024, purchased power expense from non-affiliates was \$52 million compared to \$101 million for the corresponding period in 2023. The decrease was primarily due to a 55.5% decrease in the volume of KWHs purchased as a result of a PPA that ended in May 2023 and the availability of Plant Barry Unit 8 and Central Alabama Generating Station generation.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Energy purchases from non-affiliates will vary depending on the market prices of wholesale energy as compared to the cost of the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation.

### **Purchased Power – Affiliates**

In the first quarter 2024, purchased power expense from affiliates was \$42 million compared to \$59 million for the corresponding period in 2023. The decrease was primarily due to a 35.8% decrease in the volume of KWHs purchased due to the availability of Plant Barry Unit 8 and Central Alabama Generating Station generation.

Energy purchases from affiliates will vary depending on demand for energy and the availability and cost of generating resources at each company within the Southern Company system. These purchases are made in accordance with the IIC or other contractual agreements, as approved by the FERC.

### **Other Operations and Maintenance Expenses**

#### **First Quarter 2024 vs. First Quarter 2023**

(change in millions)	(% change)
<b>\$ (12)</b>	<b>(2.8)</b>

In the first quarter 2024, other operations and maintenance expenses were \$412 million compared to \$424 million for the corresponding period in 2023. The decrease was primarily due to decreases of \$7 million in technology infrastructure and application production costs, \$7 million related to the injuries and damages reserve, \$5 million in expenses related to unregulated products and services, and \$3 million in employee compensation and benefits, as well as a \$5 million increase in nuclear property insurance refunds. The decreases were partially offset by a \$17 million increase in generation expenses primarily associated with Rate CNP Compliance-related expenses. See Note 2 to the financial statements under "Alabama Power – Rate CNP Compliance" in Item 8 of the Form 10-K for additional information.

### **Depreciation and Amortization**

#### **First Quarter 2024 vs. First Quarter 2023**

(change in millions)	(% change)
<b>\$16</b>	<b>4.6</b>

In the first quarter 2024, depreciation and amortization was \$361 million compared to \$345 million for the corresponding period in 2023. The increase was primarily due to additional plant in service related to transmission and distribution systems as well as Plant Barry Unit 8 being placed in service in November 2023. See Note 2 to the financial statements under "Alabama Power" in Item 8 of the Form 10-K for additional information.

### **Allowance for Equity Funds Used During Construction**

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First Quarter 2024 vs. First Quarter 2023

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(change in millions)

(% change)

\$(7)

(33.3)

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In the first quarter 2024, allowance for equity funds used during construction was \$14 million compared to \$21 million for the corresponding period in 2023. The decrease was primarily due to Plant Barry Unit 8 being placed in service in November 2023. See Note 2 to the financial statements under "Alabama Power – Rate CNP New Plant" in Item 8 of the Form 10-K for additional information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Income Taxes (Benefit)

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$87	N/M

In the first quarter 2024, income tax expense was \$85 million compared to income tax benefit of \$2 million for the corresponding period in 2023. The change was primarily due to higher pre-tax earnings and a \$42 million decrease in the flowback of certain excess deferred income taxes. See Note 2 to the financial statements under "Alabama Power – Excess Accumulated Deferred Income Tax Accounting Order" in Item 8 of the Form 10-K and Note (G) to the Condensed Financial Statements herein for additional information.

### Georgia Power

#### Net Income

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$141	47.6

Georgia Power's net income in the first quarter 2024 was \$437 million compared to \$296 million for the corresponding period in 2023. The increase was primarily due to higher retail revenues associated with the inclusion of Plant Vogtle Unit 3 in retail rates, base tariff increases in accordance with the 2022 ARP, and colder weather in the first quarter 2024 as compared to the corresponding period in 2023. See Note 2 to the financial statements under "Georgia Power" in Item 8 of the Form 10-K for additional information.

#### Retail Revenues

In the first quarter 2024, retail revenues were \$2.16 billion compared to \$1.98 billion for the corresponding period in 2023. Details of the changes in retail revenues were as follows:

First Quarter 2024 vs. First Quarter 2023		
	(change in millions)	(% change)
Rates and pricing	\$ 110	5.6 %
Sales growth	41	2.1
Weather	53	2.7
Fuel cost recovery	(30)	(1.5)
Retail revenues	\$ 174	8.9 %

Revenues associated with changes in rates and pricing increased in the first quarter 2024 when compared to the corresponding period in 2023 primarily due to the inclusion of Plant Vogtle Unit 3 in retail rates and base tariff increases in accordance with the 2022 ARP. See Note 2 to the financial statements under "Georgia Power" in Item 8 of the Form 10-K for additional information.

Revenues attributable to changes in sales increased in the first quarter 2024 when compared to the corresponding period in 2023. Weather-adjusted residential KWH sales increased 1.8% primarily due to customer growth. Weather-adjusted commercial KWH sales increased 4.1% primarily due to increased customer usage and customer growth. Weather-adjusted industrial KWH sales increased 1.8% primarily due to increases in the primary metals, lumber, and paper sectors, partially offset by decreases in the chemicals, electronics, and pipeline sectors.

Fuel revenues and costs are allocated between retail and wholesale jurisdictions. Retail fuel cost recovery revenues decreased in the first quarter 2024 when compared to the corresponding period in 2023 due to lower fuel and



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

purchased power costs. Electric rates include provisions to adjust billings for fluctuations in fuel costs, including the energy component of purchased power costs. Under these fuel cost recovery provisions, fuel revenues generally equal fuel expenses and do not affect net income. See Note (B) to the Condensed Financial Statements herein and Note 2 to the financial statements under "Georgia Power – Fuel Cost Recovery" in Item 8 of the Form 10-K for additional information.

### Wholesale Revenues

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$27	87.1

In the first quarter 2024, wholesale revenues were \$58 million compared to \$31 million for the corresponding period in 2023. The increase was primarily due to a \$20 million increase related to new capacity contracts and a \$9 million increase related to the volume of KWH sales associated with higher market demand, partially offset by a \$6 million decrease related to the average cost per KWH sold due to lower Southern Company system fuel and purchased power costs.

Wholesale revenues from sales to non-affiliates consist of PPAs and short-term opportunity sales. Wholesale revenues from PPAs have both capacity and energy components. Wholesale capacity revenues from PPAs are recognized in amounts billable under the contract terms and provide for recovery of fixed costs and a return on investment. Wholesale revenues from sales to non-affiliates will vary depending on fuel prices, the market prices of wholesale energy compared to the cost of Georgia Power's and the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation. Increases and decreases in energy revenues that are driven by fuel prices are accompanied by an increase or decrease in fuel costs and do not have a significant impact on net income. Short-term opportunity sales are made at market-based rates that generally provide a margin above Georgia Power's variable cost of energy.

Wholesale revenues from sales to affiliated companies will vary depending on demand and the availability and cost of generating resources at each company. These affiliate sales are made in accordance with the IIC, as approved by the FERC. Energy revenues related to these transactions do not have a significant impact on earnings since this energy is generally sold at marginal cost.

### Other Revenues

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$21	12.8

In the first quarter 2024, other revenues were \$185 million compared to \$164 million for the corresponding period in 2023. The increase was primarily due to increases of \$8 million in unregulated sales primarily associated with energy conservation projects, power delivery construction and maintenance, and outdoor lighting, \$6 million in regulated outdoor lighting sales, and \$5 million in open access transmission tariff sales.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Fuel and Purchased Power Expenses

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Fuel	\$ (13)	(3.2)
Purchased power – non-affiliates	17	13.8
Purchased power – affiliates	(25)	(12.1)
Total fuel and purchased power expenses	\$ (21)	

In the first quarter 2024, total fuel and purchased power expenses were \$710 million compared to \$731 million for the corresponding period in 2023. The decrease was primarily due to a net decrease of \$37 million related to the average cost of fuel and purchased power, partially offset by a net increase of \$16 million related to the volume of KWHs generated and purchased.

Fuel and purchased power energy transactions do not have a significant impact on earnings since these fuel expenses are generally offset by fuel revenues through Georgia Power's fuel cost recovery mechanism. See Note 2 to the financial statements under "Georgia Power – Fuel Cost Recovery" in Item 8 of the Form 10-K for additional information.

Details of Georgia Power's generation and purchased power were as follows:

	First Quarter 2024	First Quarter 2023
Total generation (in billions of KWHs) <sup>(a)</sup>	15	13
Total purchased power (in billions of KWHs)	7	8
Sources of generation (percent) —		
Gas	46	55
Nuclear <sup>(a)</sup>	32	26
Coal	18	14
Hydro and other	4	5
Cost of fuel, generated (in cents per net KWH) —		
Gas	3.15	3.57
Nuclear <sup>(a)</sup>	0.90	0.75
Coal	4.35	5.24
Average cost of fuel, generated (in cents per net KWH) <sup>(a)</sup>	2.62	3.05
Average cost of purchased power (in cents per net KWH) <sup>(b)</sup>	4.63	4.52

- (a) Excludes KWHs generated from test period energy at Plant Vogtle Unit 4 prior to its in-service date. The related fuel costs are charged to CWIP in accordance with FERC guidance. See Note (B) to the Condensed Financial Statements under "Georgia Power – Nuclear Construction" herein for additional information on Plant Vogtle Units 3 and 4.
- (b) Average cost of purchased power includes fuel purchased by Georgia Power for tolling agreements where power is generated by the provider.

## Fuel

In the first quarter 2024, fuel expense was \$389 million compared to \$402 million for the corresponding period in 2023. The decrease was primarily due to decreases of 17.0% in the average cost per KWH generated by coal, 11.8% in the average cost per KWH generated by natural gas, and 6.6% in the volume of KWHs generated by natural gas, partially offset by increases of 37.6% in the volume of KWHs generated by coal, 36.2% in the volume of KWHs generated by nuclear, and 20.0% in the average cost per KWH generated by nuclear.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

### **Purchased Power – Non-Affiliates**

In the first quarter 2024, purchased power expense from non-affiliates was \$140 million compared to \$123 million for the corresponding period in 2023. The increase for the first quarter 2024 was primarily due to an increase of 26.3% in the volume of KWHs purchased as Georgia Power and other Southern Company system units generally dispatched at a higher cost than available market resources, partially offset by a decrease of 8.8% in the average cost per KWH purchased primarily due to lower natural gas prices.

Energy purchases from non-affiliates will vary depending on the market prices of wholesale energy as compared to the cost of the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation.

### **Purchased Power – Affiliates**

In the first quarter 2024, purchased power expense from affiliates was \$181 million compared to \$206 million for the corresponding period in 2023. The decrease was primarily due to a decrease of 13.9% in the volume of KWHs purchased as Southern Company system units generally dispatched at a higher cost than available market resources, partially offset by capacity purchased through a new PPA with Mississippi Power. See Note (B) to the Condensed Financial Statements herein under "Georgia Power – Integrated Resource Plan" for additional information.

Energy purchases from affiliates will vary depending on the demand and the availability and cost of generating resources at each company within the Southern Company system. These purchases are made in accordance with the IIC or other contractual agreements, all as approved by the FERC.

### **Other Operations and Maintenance Expenses**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$19	3.8

In the first quarter 2024, other operations and maintenance expenses were \$515 million compared to \$496 million for the corresponding period in 2023. The increase was primarily due to \$20 million in gains in 2023 from sales of integrated transmission system assets and an increase of \$17 million in generation expenses associated with non-outage maintenance costs primarily due to Plant Vogtle Unit 3 being placed in service in July 2023, partially offset by a decrease of \$14 million in technology infrastructure and application production costs. See Note (B) to the Condensed Financial Statements herein under "Georgia Power – Nuclear Construction" for additional information on Plant Vogtle Unit 3.

### **Depreciation and Amortization**

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First Quarter 2024 vs. First Quarter 2023

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(change in millions)

(% change)

\$17

4.2

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In the first quarter 2024, depreciation and amortization was \$425 million compared to \$408 million for the corresponding period in 2023. The increase was primarily due to an increase of \$29 million associated with additional plant in service, partially offset by a decrease of \$15 million in amortization of regulatory assets related to CCR AROs as approved in the 2024 compliance filing under the terms of the 2022 ARP. See Note 2 to the financial statements under "Georgia Power – Rate Plans" in Item 8 of the Form 10-K for additional information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Taxes Other Than Income Taxes

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$16	12.2

In the first quarter 2024, taxes other than income taxes were \$147 million compared to \$131 million for the corresponding period in 2023. The increase was primarily due to an increase of \$14 million in property taxes primarily resulting from an increase in the assessed value of property.

### Interest Expense, Net of Amounts Capitalized

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$27	18.5

In the first quarter 2024, interest expense, net of amounts capitalized was \$173 million compared to \$146 million for the corresponding period in 2023. The increase was primarily associated with increases of approximately \$17 million related to higher interest rates and \$15 million related to higher average outstanding borrowings, partially offset by the deferral of \$9 million in financing costs related to Plant Vogtle Unit 3. See FINANCIAL CONDITION AND LIQUIDITY – "Sources of Capital" and "Financing Activities" herein for additional information on borrowings and Note (B) to the Condensed Financial Statements herein under "Georgia Power – Nuclear Construction" for additional information on Plant Vogtle Unit 3.

### Income Taxes

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$26	49.1

In the first quarter 2024, income taxes were \$79 million compared to \$53 million for the corresponding period in 2023. The increase was primarily due to higher pre-tax earnings, partially offset by the generation of \$19 million of advanced nuclear PTCs. See Note (G) to the Condensed Financial Statements herein for additional information.

### Mississippi Power

### Net Income

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First Quarter 2024 vs. First Quarter 2023

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(change in millions)

(% change)

\$(8)

(13.8)

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Mississippi Power's net income for the first quarter 2024 was \$50 million compared to \$58 million for the corresponding period in 2023. The decrease was primarily due to a decrease in affiliate wholesale capacity revenues.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Retail Revenues

In the first quarter 2024, retail revenues were \$221 million compared to \$236 million for the corresponding period in 2023. Details of the changes in retail revenues were as follows:

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Rates and pricing	\$ 3	1.3 %
Sales growth	6	2.5
Weather	—	—
Fuel and other cost recovery	(24)	(10.2)
Retail revenues	\$ (15)	(6.4)%

Revenues associated with changes in rates and pricing increased in the first quarter 2024 when compared to the corresponding period in 2023 primarily due to the amortization of certain regulatory assets that ended in December 2023.

Revenues attributable to changes in sales increased in the first quarter 2024 when compared to the corresponding period in 2023. Weather-adjusted residential and commercial KWH sales increased 4.7% and 7.4%, respectively, primarily due to increased customer usage. Industrial KWH sales decreased 1.7% primarily due to decreases in the petroleum and transportation sectors.

Fuel and other cost recovery revenues decreased in the first quarter 2024 when compared to the corresponding period in 2023 primarily as a result of lower recoverable fuel costs. Recoverable fuel costs include fuel and purchased power expenses reduced by the fuel and emissions portion of wholesale revenues from energy sold to customers outside Mississippi Power's service territory. Electric rates include provisions to adjust billings for fluctuations in fuel costs, including the energy component of purchased power costs. Under these provisions, fuel revenues generally equal fuel expenses, including the energy component of purchased power costs, and do not affect net income. See Note 2 to the financial statements in Item 8 of the Form 10-K for additional information.

### Wholesale Revenues - Non-Affiliates

	First Quarter 2024 vs. First Quarter 2023
	(change in millions)
	\$(9)
	(% change)
	(13.2)

In the first quarter 2024, wholesale revenues from sales to non-affiliates were \$59 million compared to \$68 million for the corresponding period in 2023. The decrease was primarily due to a \$6 million decrease associated with MRA customers largely

due to lower recoverable fuel costs and a \$4 million decrease associated with changes in power supply agreements.

Wholesale revenues from sales to non-affiliates will vary depending on fuel prices, the market prices of wholesale energy compared to the cost of Mississippi Power's and the Southern Company system's generation, demand for energy within the Southern Company system's electric service territory, and the availability of the Southern Company system's generation. Increases and decreases in energy revenues that are driven by fuel prices are accompanied by an increase or decrease in fuel costs and do not have a significant impact on net income. In addition, Mississippi Power provides service under long-term contracts with rural electric cooperative associations and municipalities located in southeastern Mississippi under cost-based electric tariffs which are subject to regulation by the FERC. Short-term opportunity energy sales are also included in sales for resale to non-affiliates. These opportunity sales are made at market-based rates that generally provide a margin above Mississippi Power's variable cost to produce the energy. See Note 2 to the financial statements under "Mississippi Power – Municipal and Rural Associations Tariff" in Item 8 of the Form 10-K for additional information.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Wholesale Revenues - Affiliates

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(24)	(32.0)

In the first quarter 2024, wholesale revenues from sales to affiliates were \$51 million compared to \$75 million for the corresponding period in 2023. The decrease was primarily due to a decrease of \$31 million in capacity revenues mainly associated with Mississippi Power's lower availability of generation reserves to the Southern Company power pool and a \$9 million decrease primarily associated with lower KWH sales. These decreases were partially offset by a \$15 million increase in capacity revenues associated with a new PPA with Georgia Power. See Note 2 to the financial statements under "Mississippi Power – Integrated Resource Plan" in Item 8 of the Form 10-K for additional information.

Wholesale revenues from sales to affiliated companies will vary depending on demand and the availability and cost of generating resources at each company. These affiliate sales are made in accordance with the IIC or other contractual agreements, as approved by the FERC. Energy revenues related to these transactions do not have a significant impact on earnings since this energy is generally sold at marginal cost.

### Fuel and Purchased Power Expenses

#### First Quarter 2024 vs. First Quarter 2023

	(change in millions)	(% change)
Fuel	\$ (42)	(28.6)
Purchased power	2	50.0
Total fuel and purchased power expenses	\$ (40)	

In the first quarter 2024, total fuel and purchased power expenses were \$111 million compared to \$151 million for the corresponding period in 2023. The decrease was due to a \$27 million decrease related to the average cost of fuel and purchased power and a \$13 million net decrease related to the volume of KWHs generated and purchased.

Fuel and purchased power energy transactions do not have a significant impact on earnings since energy expenses are generally offset by energy revenues through Mississippi Power's fuel cost recovery clause.

Details of Mississippi Power's generation and purchased power were as follows:

	<b>First Quarter 2024</b>	First Quarter 2023
Total generation (in millions of KWHs)	<b>3,952</b>	4,443
Total purchased power (in millions of KWHs)	<b>171</b>	100
Sources of generation (percent) –		
Gas	<b>91</b>	94
Coal	<b>9</b>	6
Cost of fuel, generated (in cents per net KWH) –		
Gas	<b>2.69</b>	3.34
Coal	<b>4.70</b>	5.78
Average cost of fuel, generated (in cents per net KWH)	<b>2.88</b>	3.51
Average cost of purchased power (in cents per net KWH)	<b>3.64</b>	4.10

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)****Fuel**

In the first quarter 2024, fuel expense was \$105 million compared to \$147 million for the corresponding period in 2023. The decrease was primarily due to a 19.5% decrease in the average cost of natural gas per KWH generated and a 15.2% decrease in the volume of KWHs generated by natural gas.

**Other Operations and Maintenance Expenses**

## First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$6	7.3

For first quarter 2024, other operations and maintenance expenses were \$88 million compared to \$82 million for the corresponding period in 2023. The increase was primarily due to an increase in generation expenses primarily associated with planned outages and maintenance.

**Other Income (Expense), Net**

## First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$5	55.6

In the first quarter 2024, other income (expense), net was \$14 million compared to \$9 million for the corresponding period in 2023. The increase was primarily due to customer charges related to contributions in aid of construction.

**Southern Power****Net Income Attributable to Southern Power**

## First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(6)	(5.9)

Net income attributable to Southern Power in the first quarter 2024 was \$96 million compared to \$102 million for the corresponding period in 2023. The decrease was primarily related to a gain on the sale of spare parts in 2023.

**Operating Revenues**

## First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(35)	(6.9)

Total operating revenues include PPA capacity revenues, which are derived primarily from long-term contracts involving natural gas facilities, and PPA energy revenues from Southern Power's generation facilities. To the extent Southern Power has capacity not contracted under a PPA, it may sell power into an accessible wholesale market, or, to the extent those generation assets are part of the FERC-approved IIC, it may sell power into the Southern Company power pool.

#### Natural Gas Capacity and Energy Revenue

Capacity revenues generally represent the greatest contribution to operating income and are designed to provide recovery of fixed costs plus a return on investment.

Energy is generally sold at variable cost or is indexed to published natural gas indices. Energy revenues will vary depending on the energy demand of Southern Power's customers and their generation capacity, as well as the market

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

prices of wholesale energy compared to the cost of Southern Power's energy. Energy revenues also include fees for support services, fuel storage, and unit start charges. Increases and decreases in energy revenues under PPAs that are driven by fuel or purchased power prices are accompanied by an increase or decrease in fuel and purchased power costs and do not have a significant impact on net income.

### Solar and Wind Energy Revenue

Southern Power's energy sales from solar and wind generating facilities are predominantly through long-term PPAs that do not have capacity revenue. Customers either purchase the energy output of a dedicated renewable facility through an energy charge or pay a fixed price related to the energy generated from the respective facility and sold to the grid. As a result, Southern Power's ability to recover fixed and variable operations and maintenance expenses is dependent upon the level of energy generated from these facilities, which can be impacted by weather conditions, equipment performance, transmission constraints, and other factors.

See FUTURE EARNINGS POTENTIAL – "Southern Power's Power Sales Agreements" in Item 7 of the Form 10-K for additional information regarding Southern Power's PPAs.

### Operating Revenues Details

Details of Southern Power's operating revenues were as follows:

	First Quarter 2024	First Quarter 2023
	(in millions)	
PPA capacity revenues	\$ 120	\$ 112
PPA energy revenues	281	277
Total PPA revenues	401	389
Non-PPA revenues	60	108
Other revenues	12	11
Total operating revenues	\$ 473	\$ 508

In the first quarter 2024, total operating revenues were \$473 million, reflecting a \$35 million, or 6.9%, decrease from the corresponding period in 2023. The change in operating revenues was primarily due to the following:

- PPA capacity revenues increased \$8 million, or 7.1%, primarily due to an increase associated with a change in rates from natural gas PPAs.
- Non-PPA revenues decreased \$48 million, or 44.4%, primarily due to a \$51 million decrease in the volume of KWHs sold through short-term sales.

### Fuel and Purchased Power Expenses

Details of Southern Power's generation and purchased power were as follows:

	<b>First Quarter 2024</b>	First Quarter 2023
	(in billions of KWHs)	
Generation	<b>10.3</b>	12.3
Purchased power	<b>0.4</b>	0.7
Total generation and purchased power	<b>10.7</b>	13.0
Total generation and purchased power (excluding solar, wind, fuel cells, and tolling agreements)	<b>6.7</b>	8.4



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Southern Power's PPAs for natural gas generation generally provide that the purchasers are responsible for either procuring the fuel (tolling agreements) or reimbursing Southern Power for substantially all of the cost of fuel relating to the energy delivered under such PPAs. Consequently, changes in such fuel costs are generally accompanied by a corresponding change in related fuel revenues and do not have a significant impact on net income. Southern Power is responsible for the cost of fuel for generating units that are not covered under PPAs. Power from these generating units is sold into the wholesale market or into the Southern Company power pool for capacity owned directly by Southern Power.

Purchased power expenses will vary depending on demand, availability, and the cost of generating resources throughout the Southern Company system and other contract resources. Load requirements are submitted to the Southern Company power pool on an hourly basis and are fulfilled with the lowest cost alternative, whether that is generation owned by Southern Power, an affiliate company, or external parties. Such purchased power costs are generally recovered through PPA revenues.

Details of Southern Power's fuel and purchased power expenses were as follows:

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Fuel	\$ (35)	(18.3)
Purchased power	(8)	(30.8)
Total fuel and purchased power expenses	\$ (43)	

In the first quarter 2024, total fuel and purchased power expenses decreased \$43 million, or 19.8%, compared to the corresponding period in 2023. Fuel expense decreased \$35 million primarily due to a \$36 million decrease associated with the volume of KWHs generated. Purchased power expense decreased \$8 million primarily due to a \$10 million decrease associated with the volume of KWHs purchased.

**Other Operations and Maintenance Expenses**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$14	13.1

In the first quarter 2024, other operations and maintenance expenses were \$121 million compared to \$107 million for the corresponding period in 2023. The increase was primarily due to the timing of generation maintenance and scheduled outage expenses.

**Depreciation and Amortization**

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First Quarter 2024 vs. First Quarter 2023

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(change in millions)

(% change)

\$(10)

(7.8)

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In the first quarter 2024, depreciation and amortization was \$118 million compared to \$128 million for the corresponding period in 2023. The decrease was primarily due to insurance proceeds received for damaged generation equipment and a decrease in units-of-production depreciation related to lower production from natural gas generating facilities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)****Gain on Dispositions, Net**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$ (20)	(100.0)

In the first quarter 2024, gain on dispositions, net decreased by \$20 million compared to the corresponding period in 2023. The decrease was primarily due to a \$16 million gain on the sale of spare parts in 2023.

**Southern Company Gas**

Southern Company Gas has various regulatory mechanisms, such as weather and revenue normalization and straight-fixed-variable rate design, which limit its exposure to weather changes within typical ranges in each of its utility's respective service territory. Southern Company Gas also utilizes weather hedges to limit the negative income impacts in the event of warmer-than-normal weather in Illinois for gas distribution operations and in Illinois and Georgia for gas marketing services. Therefore, weather typically does not have a significant net income impact.

During the Heating Season, natural gas usage and operating revenues are generally higher as more customers are connected to the gas distribution systems and natural gas usage is higher in periods of colder weather. In addition, because of a rate design change affecting volumetric rates ordered by the Illinois Commission in Nicor Gas' 2023 rate case, additional revenues are expected in the Heating Season, with a corresponding decrease expected in revenues in the second and third quarters of each year. This change will affect the comparison of the prior year revenue for the impacted quarters. Southern Company Gas' base operating expenses, excluding cost of natural gas and bad debt expense, are incurred relatively evenly throughout the year. Seasonality also affects the comparison of certain balance sheet items across quarters, including receivables, unbilled revenues, natural gas for sale, and notes payable. However, these items are comparable when reviewing Southern Company Gas' annual results. Thus, Southern Company Gas' operating results for the interim periods presented are not necessarily indicative of annual results and can vary significantly from quarter to quarter.

**Net Income**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$100	32.4

Southern Company Gas' net income in the first quarter 2024 was \$409 million compared to \$309 million for the corresponding period in 2023. The increase was primarily due to an \$81 million increase in net income at gas distribution operations and a \$15 million increase in net income at gas marketing services.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Natural Gas Revenues

In the first quarter 2024, natural gas revenues were \$1.7 billion compared to \$1.9 billion for the corresponding period in 2023. Details of the changes in natural gas revenues were as follows:

	First Quarter 2024 vs. First Quarter 2023	
	(change in millions)	(% change)
Rate changes	\$ 152	8.1 %
Gas costs and other cost recovery	(291)	(15.5)
Gas marketing services	(9)	(0.5)
Other	(20)	(1.1)
Natural gas revenues	\$ (168)	(9.0)%

Revenues from rate changes increased in the first quarter 2024 compared to the corresponding period in 2023 primarily due to rate increases and a change in timing of revenues at Nicor Gas.

Revenues from gas costs and other cost recovery decreased in the first quarter 2024 compared to the corresponding period in 2023 primarily due to lower natural gas cost recovery associated with lower natural gas prices and lower demand associated with warmer weather when compared to the corresponding period in 2023. See "Cost of Natural Gas" herein for additional information.

Revenues from gas marketing services decreased in the first quarter 2024 compared to the corresponding period in 2023 primarily due lower commodity prices.

### Cost of Natural Gas

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$(293)	(32.6)

Excluding Atlanta Gas Light, which does not sell natural gas to end-use customers, natural gas distribution rates include provisions to adjust billings for fluctuations in natural gas costs. Therefore, gas costs recovered through natural gas revenues generally equal the amount expensed in cost of natural gas and do not affect net income from gas distribution operations. Cost of natural gas at gas distribution operations represented 81% of the total cost of natural gas in the first quarter 2024. See MANAGEMENT'S DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS - "Southern Company Gas - Cost of Natural Gas" in Item 7 of the Form 10-K and "Natural Gas Revenues" herein for additional information.

In the first quarter 2024, cost of natural gas was \$605 million compared to \$898 million for the corresponding period in 2023. The decrease reflects lower gas cost recovery as a result of a 35% decrease in natural gas prices.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The following table details the volumes of natural gas sold during both periods presented:

	First Quarter		
	2024	2023	2024 vs. 2023
Gas distribution operations (mmBtu in millions)			
Firm	266	258	3.1 %
Interruptible	25	25	—
Total	291	283	2.8 %
Gas marketing services (mmBtu in millions)			
Firm:			
Georgia	17	13	30.8 %
Illinois	2	3	(33.3)
Other	6	5	20.0
Interruptible large commercial and industrial	4	4	—
Total	29	25	16.0 %

### Other Operations and Maintenance Expenses

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$(12)	(3.9)

In the first quarter 2024, other operations and maintenance expenses were \$293 million compared to \$305 million for the corresponding period in 2023. The decrease was primarily due to decreases of \$18 million in expenses passed through to customers primarily related to bad debt and energy efficiency programs at gas distribution operations, \$4 million in operating expenses, \$4 million in service maintenance and meter sets maintenance expenses at Nicor Gas, and \$3 million in bad debt expenses. The decreases were partially offset by increases of \$14 million in compensation and benefit expenses and \$3 million related to energy service contracts.

### Depreciation and Amortization

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$14	9.9

In the first quarter 2024, depreciation and amortization was \$155 million compared to \$141 million for the corresponding period in 2023. The increase was primarily due to continued investments at the natural gas distribution utilities.

**Taxes Other Than Income Taxes**

First Quarter 2024 vs. First Quarter 2023	
(change in millions)	(% change)
\$(15)	(14.7)

In the first quarter 2024, taxes other than income taxes was \$87 million compared to \$102 million for the corresponding period in 2023. The decrease primarily reflects a decrease of \$13 million in revenue taxes as a result of lower natural gas revenues at Nicor Gas.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Interest Expense, Net of Amounts Capitalized

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$8	10.5

In the first quarter 2024, interest expense, net of amounts capitalized was \$84 million compared to \$76 million for the corresponding period in 2023. The increase was primarily associated with increases of approximately \$5 million related to higher interest rates and approximately \$3 million related to higher outstanding debt. See FINANCIAL CONDITION AND LIQUIDITY – "Sources of Capital" and "Financing Activities" herein for additional information on borrowings.

### Income Taxes

#### First Quarter 2024 vs. First Quarter 2023

(change in millions)	(% change)
\$35	34.0

In the first quarter 2024, income taxes were \$138 million compared to \$103 million for the corresponding period in 2023. The increase was primarily due to higher pre-tax earnings.

### Segment Information

Operating revenues, operating expenses, and net income for each segment are provided in the table below. See Note (L) to the Condensed Financial Statements under "Southern Company Gas" herein for additional information.

	2024			2023		
	Operating Revenues	Operating Expenses	Net Income	Operating Revenues	Operating Expenses	Net Income
	(in millions)			(in millions)		
First Quarter						
Gas distribution operations	\$ 1,463	\$ 989	\$ 302	\$ 1,618	\$ 1,264	\$ 221
Gas pipeline investments	8	3	30	8	3	31
Gas marketing services	235	148	65	246	175	50
All other	6	2	12	12	9	7
Intercompany eliminations	(5)	(2)	—	(9)	(5)	—
Consolidated	\$ 1,707	\$ 1,140	\$ 409	\$ 1,875	\$ 1,446	\$ 309

## Gas Distribution Operations

Gas distribution operations is the largest component of Southern Company Gas' business and is subject to regulation and oversight by regulatory agencies in each of the states it serves. These agencies approve natural gas rates designed to provide Southern Company Gas with the opportunity to generate revenues to recover the cost of natural gas delivered to its customers and its fixed and variable costs, including depreciation, interest expense, operations and maintenance, taxes, and overhead costs, and to earn a reasonable return on its investments.

With the exception of Atlanta Gas Light, Southern Company Gas' second largest utility that operates in a deregulated natural gas market and has a straight-fixed-variable rate design that minimizes the variability of its revenues based on consumption, the earnings of the natural gas distribution utilities can be affected by customer consumption patterns that are a function of weather conditions, price levels for natural gas, and general economic conditions that may impact customers' ability to pay for natural gas consumed. Southern Company Gas has various regulatory and other mechanisms, such as weather and revenue normalization mechanisms and weather derivative instruments, that limit its exposure to changes in customer consumption, including weather changes within typical

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

ranges in its natural gas distribution utilities' service territories. See Note 2 to the financial statements under "Southern Company Gas" in Item 8 of the Form 10-K for additional information.

In the first quarter 2024, net income increased \$81 million, or 36.7%, when compared to the corresponding period in 2023, as described further below:

- Operating revenues decreased \$155 million primarily due to lower gas cost over recovery, partially offset by rate increases and a change in timing of revenues at Nicor Gas. Gas costs recovered through natural gas revenues generally equal the amount expensed in cost of natural gas.
- Operating expenses decreased \$275 million primarily due to a \$273 million decrease in cost of natural gas as a result of lower gas prices and lower volume sold compared to 2023, partially offset by higher depreciation resulting from additional assets placed in service, higher compensation and benefit expenses, and higher revenue taxes.
- Interest expense, net of amounts capitalized increased \$10 million primarily due to higher interest rates and higher average outstanding debt.
- Income taxes increased \$32 million primarily as a result of higher pre-tax earnings.

### **Gas Pipeline Investments**

Gas pipeline investments consists primarily of joint ventures in natural gas pipeline investments including SNG and Dalton Pipeline. See Note (E) to the Condensed Financial Statements under "Southern Company Gas" herein for additional information.

### **Gas Marketing Services**

Gas marketing services provides energy-related products and services to natural gas markets and participants in customer choice programs that were approved in various states to increase competition. These programs allow customers to choose their natural gas supplier while the local distribution utility continues to provide distribution and transportation services. Gas marketing services is weather sensitive and uses a variety of hedging strategies, such as weather derivative instruments and other risk management tools, to partially mitigate potential weather impacts.

In the first quarter 2024, net income increased \$15 million, or 30.0%, when compared to the corresponding period in 2023 primarily due to retail margins and decreases in cost of natural gas.

### **All Other**

All other includes a renewable natural gas business, AGL Services Company, and Southern Company Gas Capital, as well as various corporate operating expenses that are not allocated to the reportable segments and interest income (expense) associated with affiliate financing arrangements. All other included a natural gas storage facility in California through its sale in September 2023. See Note 15 to the financial statements in Item 8 of the Form 10-K for additional information.

In the first quarter 2024, net income increased \$5 million when compared to the corresponding period in 2023. The increase was primarily related to decreases in operating expenses and income taxes, partially offset by a decrease in operating revenue.

### **FUTURE EARNINGS POTENTIAL**

Each Registrant's results of operations are not necessarily indicative of its future earnings potential. The level of the Registrants' future earnings depends on numerous factors that affect the opportunities, challenges, and risks of the Registrants' primary businesses of selling electricity and/or distributing natural gas, as described further herein.

For the traditional electric operating companies, these factors include the ability to maintain constructive regulatory environments that allow for the timely recovery of prudently-incurred costs during a time of increasing costs, including those related to projected long-term demand growth, stringent environmental standards, including CCR

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

rules, safety, system reliability and resiliency, fuel, restoration following major storms, and capital expenditures, including constructing new electric generating plants and expanding and improving the transmission and distribution systems; continued customer growth; and the trends of higher inflation and reduced electricity usage per customer, especially in residential and commercial markets.

Earnings in the electricity business will also depend upon maintaining and growing sales, considering, among other things, recent trends driving projected growth in electricity consumption including the increasing digitization of the economy and growth in data centers, an increase in industrial activity in the Southern Company system's electric service territory, and continued electrification of transportation. These growth opportunities could be offset by energy efficiency trends in each market.

Global and U.S. economic conditions continue to be affected by higher-than-expected inflation that arose from the COVID-19 pandemic and associated policy responses of governments and central banks. In response to elevated inflation levels, the U.S. Federal Reserve raised interest rates faster than any rate increase cycle in the last 40 years. The actions by the U.S. Federal Reserve have helped to slow the rate of inflation and curtail economic activity. Although target levels of inflation have yet to be achieved, the U.S. Federal Reserve has indicated its current intention to pause future rate increases and evaluate rate cuts depending on the current economic data. The shifting economic policy variables and weakening of historic relationships among economic activity, prices, and employment have increased the uncertainty of future levels of economic activity which will directly impact future energy demand and operating costs. Weakening economic activity increases the risk of slowing or declining energy sales. See RESULTS OF OPERATIONS herein for information on energy sales in the Southern Company system's service territory during the first three months of 2024.

The level of future earnings for Southern Power's competitive wholesale electric business depends on numerous factors including the parameters of the wholesale market and the efficient operation of its wholesale generating assets; Southern Power's ability to execute its growth strategy through the development, construction, or acquisition of renewable facilities and other energy projects while containing costs; regulatory matters; customer creditworthiness; total electric generating capacity available in Southern Power's market areas; Southern Power's ability to successfully remarket capacity as current contracts expire; renewable portfolio standards; continued availability of federal and state ITCs and PTCs, which could be impacted by future tax legislation; transmission constraints; cost of generation from units within the Southern Company power pool; and operational limitations. See MANAGEMENT'S DISCUSSION AND ANALYSIS – FUTURE EARNINGS POTENTIAL – "Income Tax Matters" in Item 7 of the Form 10-K for information regarding the Inflation Reduction Act's expansion of the availability of federal ITCs and PTCs and Note (K) to the Condensed Financial Statements under "Southern Power" herein for information regarding construction projects.

The level of future earnings for Southern Company Gas' primary business of distributing natural gas and its complementary businesses in the gas pipeline investments and gas marketing services sectors depends on numerous factors. These factors include the natural gas distribution utilities' ability to maintain constructive regulatory environments that allow for the timely recovery of prudently-incurred costs, including those related to projected long-term demand growth, safety, system reliability and resiliency, natural gas, and capital expenditures, including expanding and improving the natural gas distribution systems; the completion and subsequent operation of ongoing infrastructure and other construction projects; customer creditworthiness; and certain policies to limit the use of natural gas, such as the potential in Illinois and across certain other parts of the U.S. for state or municipal bans on the use of natural gas or policies designed to promote electrification. The volatility of natural gas prices has an impact on Southern Company Gas' customer rates, its long-term competitive position against other energy sources, and the ability of Southern Company Gas' gas marketing services business to capture value from locational and seasonal spreads. Additionally, changes in commodity prices, primarily driven by tight gas supplies, geopolitical events, and diminished gas production, subject a portion of Southern Company Gas' operations to earnings variability and may result in higher natural gas prices. Additional economic factors may contribute to this environment. The demand for natural gas may increase, which may cause natural gas prices to rise and drive higher volatility in the natural gas markets on a longer-term basis. Alternatively, a significant drop in oil and natural gas prices could lead to a consolidation of natural gas producers or reduced levels of natural gas production.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

Earnings for both the electricity and natural gas businesses are subject to a variety of other factors. These factors include weather; competition; developing new and maintaining existing energy contracts and associated load requirements with wholesale customers; customer energy conservation practices; the use of alternative energy sources by customers; government incentives to reduce overall energy usage; fuel, labor, and material prices in an environment of heightened inflation and material and labor supply chain disruptions; and the price elasticity of demand. Demand for electricity and natural gas in the Registrants' service territories is primarily driven by the pace of economic growth or decline that may be affected by changes in regional and global economic conditions, which may impact future earnings.

As part of its ongoing effort to adapt to changing market conditions, Southern Company continues to evaluate and consider a wide array of potential business strategies. These strategies may include business combinations, partnerships, and acquisitions involving other utility or non-utility businesses or properties, disposition of, or the sale of interests in, certain assets or businesses, internal restructuring, or some combination thereof. Furthermore, Southern Company may engage in new business ventures that arise from competitive and regulatory changes in the utility industry. Pursuit of any of the above strategies, or any combination thereof, may significantly affect the business operations, risks, and financial condition of Southern Company. In addition, Southern Power and Southern Company Gas regularly consider and evaluate joint development arrangements as well as acquisitions and dispositions of businesses and assets as part of their business strategies. See Note 15 to the financial statements in Item 8 of the Form 10-K and Note (K) to the Condensed Financial Statements herein for additional information.

For additional information relating to these issues, see RISK FACTORS in Item 1A and MANAGEMENT'S DISCUSSION AND ANALYSIS – FUTURE EARNINGS POTENTIAL in Item 7 of the Form 10-K.

### **Environmental Matters**

See MANAGEMENT'S DISCUSSION AND ANALYSIS – FUTURE EARNINGS POTENTIAL – "Environmental Matters" in Item 7 and Note 3 to the financial statements under "Environmental Remediation" in Item 8 of the Form 10-K, as well as Note (C) to the Condensed Financial Statements under "General Litigation Matters" and "Environmental Remediation" herein, for additional information.

### **Environmental Laws and Regulations**

#### **Water Quality**

On April 25, 2024, the EPA released a pre-publication copy of the final rule revising the Steam Effluent Guidelines (ELG Final Rule), which will establish more stringent limits for flue gas desulfurization wastewater, bottom ash transport water, and combustion residual leachate to be met no later than December 31, 2029. The ELG Final Rule maintains the existing rule's permanent cessation of coal subcategory and the existing rule's voluntary incentive program and adds a new cessation

subcategory which allows units to cease coal combustion by December 31, 2034 as opposed to meeting the new more stringent requirements. The ELG Final Rule will also establish limitations for legacy wastewater which will be effective 60 days from the date of publication. The ultimate impact of the ELG Final Rule cannot be determined at this time; however, it may result in significant compliance costs.

#### Coal Combustion Residuals

On April 25, 2024, the EPA released a pre-publication copy of the final legacy CCR surface impoundments rule which will establish two new categories of federally regulated CCR, legacy surface impoundments and CCR management units (CCRMU). The rule will require legacy surface impoundments and CCRMUs to meet certain existing regulatory requirements, including a requirement to initiate closure within 42 months after the effective date of the final rule for legacy surface impoundments and within 54 months after the effective date of the final rule for CCRMUs. The final rule also includes an option to defer closure of previously closed units where certain criteria have been met. The EPA is also finalizing an alternative provision for closure by removal. The ultimate impact of the final rule cannot be determined at this time; however, it may result in significant compliance costs.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

### **Greenhouse Gases**

On April 25, 2024, the EPA released pre-publication copies of the final GHG rules for existing fossil fuel-fired steam electric generating units and new fossil fuel-fired combustion turbines and combined cycle generation facilities, which will require GHG limits for subcategories of both new and existing units. The new rules do not include standards for existing fossil fuel-fired combustion turbines and combined cycle generation facilities, which will be deferred to a future rulemaking. Requirements for existing coal-fired units are based on technologies such as carbon capture and sequestration (CCS) and natural gas co-firing. States have 24 months after the rule's publication to submit state plans for existing units. The rule allows states to consider remaining useful life and other factors to specify alternative, unit-specific emissions limits and compliance timelines for existing units, as needed to address reliability and other concerns. Existing source compliance will begin as early as January 1, 2030, depending on the subcategory. The final rule incorporates some limited reliability mechanisms including a provision for short-term grid emergencies and a "reliability assurance mechanism" that allows for a one-time, up to one year, extension of existing coal unit retirement dates specified in an approved state plan. The standards for new combustion turbines include subcategories for low, intermediate, and base load operations. Compliance with new source standards begins when the unit comes online, with requirements for CCS beginning on January 1, 2032. The EPA also simultaneously repealed the Affordable Clean Energy rule. The ultimate impact of the final rules cannot be determined at this time; however, it may result in significant compliance costs.

### **Regulatory Matters**

See Note 2 to the financial statements in Item 8 of the Form 10-K, OVERVIEW – "Recent Developments" herein, and Note (B) to the Condensed Financial Statements herein for a discussion of regulatory matters related to Alabama Power, Georgia Power, Mississippi Power, and Southern Company Gas, including items that could impact the applicable Registrants' future earnings, cash flows, and/or financial condition.

### **Construction Programs**

The Southern Company system strategy continues to include developing and constructing new electric generating facilities, expanding and improving the electric transmission and electric and natural gas distribution systems, and undertaking projects to comply with environmental laws and regulations.

The traditional electric operating companies are engaged in continuous construction programs to accommodate existing and estimated future loads on their respective systems. Major generation construction projects are subject to state PSC approval in order to be included in retail rates. See Note 2 to the financial statements in Item 8 of the Form 10-K and Note (B) to the Condensed Financial Statements herein under "Georgia Power – Integrated Resource Plan" for information regarding Georgia Power's construction of three simple cycle combustion turbines at Plant Yates.

See Note (K) to the Condensed Financial Statements under "Southern Power" herein for information relating to Southern Power's construction of renewable energy facilities.

Southern Company Gas is engaged in various infrastructure improvement programs designed to update or expand the natural gas distribution systems of the natural gas distribution utilities to improve reliability and resiliency, reduce emissions, and meet operational flexibility and growth. The natural gas distribution utilities recover their investment and a return associated with these infrastructure programs through their regulated rates. See Note 2 to the financial statements under "Southern Company Gas" in Item 8 of the Form 10-K for additional information on Southern Company Gas' construction program.

See FINANCIAL CONDITION AND LIQUIDITY - "Cash Requirements" herein for additional information regarding the Registrants' capital requirements for their construction programs.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

### **Income Tax Matters**

See Note (G) to the Condensed Financial Statements herein and MANAGEMENT'S DISCUSSION AND ANALYSIS – FUTURE EARNINGS POTENTIAL – "Income Tax Matters" in Item 7 of the Form 10-K for additional information.

### **Inflation Reduction Act**

Alabama Power and Georgia Power have nuclear generating facilities that may qualify to generate and claim PTCs under the Inflation Reduction Act beginning in 2024, subject to the issuance of additional guidance by the U.S. Treasury Department and the Internal Revenue Service. The ultimate outcome of this matter cannot be determined at this time.

### **Georgia State Tax Legislation**

On April 18, 2024, the State of Georgia enacted tax legislation that reduces the corporate income tax rate from 5.75% to 5.39% effective for the 2024 tax year. This legislation will reduce the amount of Southern Company's and certain subsidiaries' income tax expense in the State of Georgia, reduce existing state accumulated deferred tax liabilities, and increase regulatory liabilities at Georgia Power and Southern Company Gas. The impacted Registrants are still evaluating the impacts of this legislation, which is not expected to have a material impact on net income. The ultimate outcome of this matter cannot be determined at this time.

### **General Litigation and Other Matters**

The Registrants are involved in various matters being litigated and/or regulatory and other matters that could affect future earnings, cash flows, and/or financial condition. The ultimate outcome of such pending or potential litigation against each Registrant and any subsidiaries or regulatory and other matters cannot be determined at this time; however, for current proceedings and/or matters not specifically reported herein or in Notes (B) and (C) to the Condensed Financial Statements herein, management does not anticipate that the ultimate liabilities, if any, arising from such current proceedings and/or matters would have a material effect on such Registrant's financial statements. See Notes (B) and (C) to the Condensed Financial Statements for a discussion of various contingencies, including matters being litigated, regulatory matters, and other matters which may affect future earnings potential.

### **ACCOUNTING POLICIES**

See MANAGEMENT'S DISCUSSION AND ANALYSIS – ACCOUNTING POLICIES in Item 7 of the Form 10-K for a complete discussion of the Registrants' critical accounting policies and estimates, as well as recently issued accounting standards.

### **Application of Critical Accounting Policies and Estimates**

The Registrants prepare their financial statements in accordance with GAAP. Significant accounting policies are described in the notes to the financial statements in Item 8 of the Form 10-K. In the application of these policies, certain estimates are

made that may have a material impact on the Registrants' results of operations and related disclosures. Different assumptions and measurements could produce estimates that are significantly different from those recorded in the financial statements.

## **FINANCIAL CONDITION AND LIQUIDITY**

### **Overview**

See MANAGEMENT'S DISCUSSION AND ANALYSIS – FINANCIAL CONDITION AND LIQUIDITY – "Overview" in Item 7 of the Form 10-K for additional information. The financial condition of each Registrant remained stable at March 31, 2024. The Registrants intend to continue to monitor their access to short-term and long-term capital markets as well as their bank credit arrangements to meet future capital and liquidity needs. See "Cash Requirements," "Sources of Capital," and "Financing Activities" herein for additional information.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

At the end of the first quarter 2024, the market price of Southern Company's common stock was \$71.74 per share (based on the closing price as reported on the NYSE) and the book value was \$29.19 per share, representing a market-to-book ratio of 246%, compared to \$70.12, \$28.83, and 243%, respectively, at the end of 2023. Southern Company's common stock dividend for the first quarter 2024 was \$0.70 per share compared to \$0.68 per share in the first quarter 2023.

### **Cash Requirements**

See MANAGEMENT'S DISCUSSION AND ANALYSIS – FINANCIAL CONDITION AND LIQUIDITY – "Cash Requirements" in Item 7 of the Form 10-K for a description of the Registrants' significant cash requirements.

The Registrants' significant cash requirements include estimated capital expenditures associated with their construction programs and, for the traditional electric operating companies, operating cash flows related to fuel cost under recovery. The fuel cost under recovery balances are primarily the result of higher than forecasted prices for natural gas and purchased power. See Note (B) to the Condensed Financial Statements herein for additional information.

The construction programs are subject to periodic review and revision, and actual construction costs may vary from these estimates because of numerous factors. These factors include: changes in business conditions; changes in load projections; changes in environmental laws and regulations; the outcome of any legal challenges to environmental rules; changes in electric generating plants, including unit retirements and replacements and adding or changing fuel sources at existing electric generating units, to meet regulatory requirements; changes in FERC rules and regulations; state regulatory agency approvals; changes in the expected environmental compliance program; changes in legislation and/or regulation; the cost, availability, and efficiency of construction labor, equipment, and materials; project scope and design changes; abnormal weather; delays in construction due to judicial or regulatory action; storm impacts; and the cost of capital. In addition, there can be no assurance that costs related to capital expenditures and AROs will be fully recovered. Additionally, expenditures associated with Southern Power's planned acquisitions may vary due to market opportunities and the execution of its growth strategy.

See Note (B) to the Condensed Financial Statements under "Georgia Power – Integrated Resource Plan" herein for information regarding Georgia Power's 2023 IRP Update, which includes incremental cash requirements for capital expenditures through 2027 of approximately \$700 million.

Southern Power's construction program includes the Millers Branch and South Cheyenne solar projects. The remaining aggregate construction costs for these projects are expected to be between \$500 million and \$620 million. The ultimate outcome of these matters cannot be determined at this time. See Note (K) to the Condensed Financial Statements under "Southern Power" herein for additional information.

Long-term debt maturities and the interest payable on long-term debt each represent a significant cash requirement for the Registrants. See "Financing Activities" herein for information on changes in the Registrants' long-term debt balances since December 31, 2023.

### **Sources of Capital**

See MANAGEMENT'S DISCUSSION AND ANALYSIS – FINANCIAL CONDITION AND LIQUIDITY – "Sources of Capital" in Item 7 of the Form 10-K for additional information. Southern Company intends to meet its future capital needs through operating cash flows, borrowings from financial institutions, and debt, hybrid, and/or equity issuances. Equity capital can be provided from any combination of Southern Company's stock plans, private placements, or public offerings.

The Subsidiary Registrants plan to obtain the funds to meet their future capital needs from sources similar to those they used in the past, which were primarily from operating cash flows, external securities issuances, borrowings from financial institutions, and equity contributions from Southern Company. Operating cash flows provide a substantial portion of the Registrants' cash needs. Georgia Power intends to utilize a mix of senior note issuances, short-term floating rate bank loans, and commercial paper issuances to continue funding operating cash flows related to fuel cost under recovery.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The amount, type, and timing of any financings in 2024, as well as in subsequent years, will be contingent on investment opportunities and the Registrants' capital requirements and will depend upon prevailing market conditions, regulatory approvals (for certain of the Subsidiary Registrants), and other factors. See "Cash Requirements" and "Financing Activities" herein for additional information.

Southern Power utilizes tax equity partnerships as one of its financing sources, where the tax partner takes significantly all of the federal tax benefits. These tax equity partnerships are consolidated in Southern Power's financial statements and are accounted for using HLBV methodology to allocate partnership gains and losses. During the three months ended March 31, 2024, Southern Power's tax equity funding for existing tax equity partnerships was immaterial. See Note 1 to the financial statements under "General" in Item 8 of the Form 10-K for additional information.

By regulation, Nicor Gas is restricted, up to 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. At March 31, 2024, the amount of subsidiary retained earnings restricted to dividend totaled \$1.9 billion. This restriction did not impact Southern Company Gas' ability to meet its cash obligations, nor does management expect such restriction to materially impact Southern Company Gas' ability to meet its currently anticipated cash obligations.

Certain Registrants' current liabilities frequently exceed their current assets because of long-term debt maturities and the periodic use of short-term debt as a funding source, as well as significant seasonal fluctuations in cash needs. The Registrants generally plan to refinance long-term debt as it matures. The following table shows the amount by which current liabilities exceeded current assets at March 31, 2024 for the applicable Registrants:

<b>At March 31, 2024</b>	<b>Southern Company</b>	<b>Mississippi Power</b>	<b>Southern Company Gas</b>
	(in millions)		
Current liabilities in excess of current assets	\$ 915	\$ 115	\$ 51

The Registrants believe the need for working capital can be adequately met by utilizing operating cash flows, as well as commercial paper, lines of credit, and short-term bank notes, as market conditions permit. In addition, under certain circumstances, the Subsidiary Registrants may utilize equity contributions and/or loans from Southern Company.

### Bank Credit Arrangements

At March 31, 2024, the Registrants' unused committed credit arrangements with banks were as follows:

<b>At March 31, 2024</b>	<b>Southern Company parent</b>	<b>Alabama Power</b>	<b>Georgia Power</b>	<b>Mississippi Power</b>	<b>Southern Power<sup>(a)</sup></b>	<b>Southern Company Gas<sup>(b)</sup></b>	<b>Southern SEGCO Company</b>
(in millions)							
Unused committed credit	\$ 1,998	\$ 1,350	\$ 1,726	\$ 275	\$ 600	\$ 1,598	\$ 30
							\$ 7,577

(a) At March 31, 2024, Southern Power also had two continuing letters of credit facilities for standby letters of credit, of which \$15 million was unused. Southern Power's subsidiaries are not parties to its bank credit arrangements or letter of credit facilities.

(b) Includes \$798 million and \$800 million at Southern Company Gas Capital and Nicor Gas, respectively.

Subject to applicable market conditions, the Registrants, Nicor Gas, and SEGCO expect to renew or replace their bank credit arrangements as needed, prior to expiration. In connection therewith, the Registrants, Nicor Gas, and SEGCO may extend the maturity dates and/or increase or decrease the lending commitments thereunder.

A portion of the unused credit with banks is allocated to provide liquidity support to certain revenue bonds of the traditional electric operating companies and the commercial paper programs of the Registrants, Nicor Gas, and SEGCO. At March 31, 2024, outstanding variable rate demand revenue bonds of the traditional electric operating companies with allocated liquidity support totaled approximately \$1.7 billion (comprised of approximately \$796



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

million at Alabama Power, \$819 million at Georgia Power, and \$69 million at Mississippi Power). In addition, at March 31, 2024, Alabama Power and Georgia Power had approximately \$120 million and \$155 million, respectively, of fixed rate revenue bonds outstanding that are required to be remarketed within the next 12 months. Alabama Power's \$120 million of fixed rate revenue bonds are classified as securities due within one year on its balance sheets as they are not covered by long-term committed credit. All other variable rate demand revenue bonds and fixed rate revenue bonds required to be remarketed within the next 12 months are classified as long-term debt on the balance sheets as a result of available long-term committed credit.

See Note 8 to the financial statements in Item 8 of the Form 10-K and Note (F) to the Condensed Financial Statements herein under "Bank Credit Arrangements" for additional information.

### **Short-term Borrowings**

The Registrants, Nicor Gas, and SEGCO make short-term borrowings primarily through commercial paper programs that have the liquidity support of the committed bank credit arrangements described above. Southern Power's subsidiaries are not issuers or obligors under its commercial paper program. Commercial paper and short-term bank term loans are included in notes payable in the balance sheets. Details of the Registrants' short-term borrowings were as follows:

	Short-term Debt at March 31, 2024		Short-term Debt During the Period <sup>(*)</sup>		
	Amount Outstanding	Weighted Average Interest Rate	Average Amount Outstanding	Weighted Average Interest Rate	Maximum Amount Outstanding
	(in millions)		(in millions)		(in millions)
Southern Company	\$ 2,445	5.7 %	\$ 2,638	5.7 %	\$ 1,843
Alabama Power	105	5.4	77	5.4	210
Georgia Power	684	6.1	1,088	6.0	1,422
Mississippi Power	8	5.5	73	5.5	154
Southern Power	140	5.5	141	5.6	191
Southern Company Gas:					
Southern Company Gas Capital	\$ 101	5.5 %	\$ 45	5.5 %	\$ 152
Nicor Gas	233	5.5	272	5.5	397
Southern Company Gas Total	\$ 334	5.5 %	\$ 317	5.5 %	

(\*) Average and maximum amounts are based upon daily balances during the three-month period ended March 31, 2024.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

### Analysis of Cash Flows

Net cash flows provided from (used for) operating, investing, and financing activities for the three months ended March 31, 2024 and 2023 are presented in the following table:

Net cash provided from (used for):	Southern Alabama Company	Power	Georgia Power	Mississippi Power	Southern Power	Southern Company Gas
(in millions)						
<b>Three Months Ended March 31, 2024</b>						
Operating activities \$	1,311 \$	248 \$	493 \$	(7) \$	121 \$	598
Investing activities	(2,385)	(496)	(1,417)	(104)	(44)	(319)
Financing activities	985	175	904	111	(89)	(235)
<b>Three Months Ended March 31, 2023</b>						
Operating activities \$	844 \$	30 \$	(53) \$	(3) \$	135 \$	978
Investing activities	(2,118)	(509)	(1,117)	(117)	4	(379)
Financing activities	454	219	850	79	(146)	(593)

Fluctuations in cash flows from financing activities vary from year to year based on capital needs and the maturity or redemption of securities.

### Southern Company

Net cash provided from operating activities increased \$467 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023 primarily due to the timing of vendor payments and increased fuel cost recovery at the traditional electric operating companies, partially offset by the timing of customer receivable collections and decreased natural gas cost recovery at the natural gas distribution utilities.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to the Subsidiary Registrants' construction programs.

The net cash provided from financing activities for the three months ended March 31, 2024 was primarily related to net issuances of long-term debt, partially offset by common stock dividend payments.

### Alabama Power

Net cash provided from operating activities increased \$218 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023

primarily due to an increase in retail revenues associated with customer bill credits in 2023 and timing of fuel stock purchases.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to gross property additions.

The net cash provided from financing activities for the three months ended March 31, 2024 was primarily related to capital contributions from Southern Company, partially offset by the payment of common stock dividends.

### **Georgia Power**

Net cash provided from operating activities increased \$546 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023 primarily due to increased fuel cost recovery and the timing of vendor payments, partially offset by the timing of customer receivable collections.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to gross property additions.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

The net cash provided from financing activities for the three months ended March 31, 2024 was primarily related to the issuances of senior notes and capital contributions from Southern Company, partially offset by a net decrease in short-term borrowings and the payment of common stock dividends.

### **Mississippi Power**

Net cash used for operating activities increased \$4 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023 primarily due to the timing of customer receivable collections, partially offset by the timing of vendor payments.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to gross property additions.

The net cash provided from financing activities for the three months ended March 31, 2024 was primarily related to the issuances of senior notes, partially offset by common stock dividend payments.

### **Southern Power**

Net cash provided from operating activities decreased \$14 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023 primarily due to the timing of customer receivable collections, partially offset by the timing of vendor payments.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to ongoing construction activities. See Note (K) to the Condensed Financial Statements under "Southern Power" herein for additional information.

The net cash used for financing activities for the three months ended March 31, 2024 was primarily related to common stock dividend payments and net distributions to noncontrolling interests.

### **Southern Company Gas**

Net cash provided from operating activities decreased \$380 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023 primarily due to the timing of customer receivable collections and lower natural gas cost recovery, partially offset by the timing of vendor payments.

The net cash used for investing activities for the three months ended March 31, 2024 was primarily related to construction of transportation and distribution assets recovered through base rates.

The net cash used for financing activities for the three months ended March 31, 2024 was primarily related to common stock dividend payments and a decrease in commercial paper borrowings.

## **Significant Balance Sheet Changes**

### **Southern Company**

Significant balance sheet changes for the three months ended March 31, 2024 included:

- an increase of \$1.6 billion in long-term debt (including securities due within one year) primarily related to net issuances of senior notes;
- a decrease of \$0.7 billion in accounts payable primarily related to the timing of vendor payments;
- an increase of \$0.6 billion in total property, plant, and equipment primarily related to the Subsidiary Registrants' construction programs;
- a decrease of \$0.5 billion in accrued compensation due to the timing of payments; and
- an increase of \$0.4 billion in total stockholders' equity primarily related to net income, partially offset by common stock dividend payments.

See "Financing Activities" herein for additional information.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

### **Alabama Power**

Significant balance sheet changes for the three months ended March 31, 2024 included:

- an increase of \$464 million in common stockholder's equity primarily due to capital contributions from Southern Company and net income, partially offset by dividends paid to Southern Company;
- a decrease of \$304 million in other accounts payable primarily due to the timing of vendor payments;
- an increase of \$154 million in accrued taxes primarily due to the timing of income tax payments;
- a decrease of \$136 million in affiliated accounts payable primarily due to the timing of payments; and
- an increase of \$95 million in total property, plant, and equipment primarily related to the construction of transmission and distribution facilities.

### **Georgia Power**

Significant balance sheet changes for the three months ended March 31, 2024 included:

- an increase of \$1.4 billion in long-term debt (including securities due within one year) primarily due to issuances of senior notes;
- an increase of \$687 million in common stockholder's equity primarily due to capital contributions from Southern Company and net income, partially offset by dividends paid to Southern Company;
- a decrease of \$645 million in notes payable primarily due to repayments of short-term bank debt;
- an increase of \$481 million in total property, plant, and equipment primarily related to the construction of generation, transmission, and distribution facilities, including costs associated with Plant Vogtle Units 3 and 4; and
- a decrease of \$282 million in accrued taxes primarily due to payments for municipal franchise fees and property taxes.

See "Financing Activities – Georgia Power" herein and Note (B) to the Condensed Financial Statements herein under "Georgia Power – Nuclear Construction" for additional information.

### **Mississippi Power**

Significant balance sheet changes for the three months ended March 31, 2024 included:

- an increase of \$149 million in long-term debt (including securities due within one year) primarily due to issuances of senior notes;
- a decrease of \$59 million in accrued taxes primarily due to the payment of ad valorem taxes;

- an increase of \$39 million in other accounts and notes receivable primarily related to timing on collections of contributions in aid of construction; and
- a decrease of \$37 million in affiliated accounts payable primarily due to timing of payments.

See "Financing Activities – Mississippi Power" herein for additional information.

### **Southern Power**

Significant balance sheet changes for the three months ended March 31, 2024 included:

- a decrease of \$92 million in total property, plant, and equipment due to continued depreciation of assets, partially offset by an increase in CWIP primarily related to the construction of the Millers Branch and South Cheyenne solar facilities;
- a decrease of \$55 million in total stockholders' equity primarily due to dividends paid to Southern Company;
- increases of \$53 million in accumulated deferred income tax liabilities and \$40 million in prepaid income taxes primarily related to the expected utilization of ITCs in 2024; and
- a decrease of \$43 million in affiliated accounts payable due to the timing of vendor payments.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

See Note (K) to the Condensed Financial Statements herein for additional information.

### Southern Company Gas

Significant balance sheet changes for the three months ended March 31, 2024 included:

- an increase of \$271 million in common stockholder's equity related to net income, partially offset by dividends paid to Southern Company;
- a decrease of \$210 million in natural gas for sale due to lower gas prices;
- an increase of \$154 million in total property, plant, and equipment primarily related to the construction of transportation and distribution assets;
- a decrease of \$116 million in other accounts payable due to seasonality and the timing of vendor payments; and
- a decrease of \$81 million in notes payable due to a reduction in commercial paper borrowings.

### Financing Activities

The following table outlines the Registrants' long-term debt financing activities for the first three months of 2024:

Company	Issuances and Reofferings		Maturities and Redemptions		
	Senior Notes	Other Long-Term Debt	Senior Notes	Revenue Bonds	Other Long-Term Debt <sup>(a)</sup>
(in millions)					
Southern Company parent	\$ 800	\$ —	\$ 600	\$ —	\$ —
Alabama Power	—	2	—	21	1
Georgia Power	1,400	—	—	—	23
Mississippi Power	150	—	—	—	—
Southern Company Gas	—	6	—	—	—
Other <sup>(b)</sup>	—	—	—	—	12
Elimination <sup>(c)</sup>	—	—	—	—	(1)
Southern Company	\$ 2,350	\$ 8	\$ 600	\$ 21	\$ 35

(a) Includes reductions in finance lease obligations resulting from cash payments under finance leases and, for Georgia Power, principal amortization payments totaling \$21 million for FFB borrowings. See Note 8 to the financial statements under "Long-term Debt – DOE Loan Guarantee Borrowings" in Item 8 of the Form 10-K for additional information.

- (b) Includes repayment by SEGCO of \$10 million of its \$100 million principal amount long-term bank loan due November 15, 2024, which is guaranteed by Alabama Power. See Note 3 to the financial statements under "Guarantees" in Item 8 of the Form 10-K for additional information.
- (c) Represents reductions in affiliate finance lease obligations at Georgia Power, which are eliminated in Southern Company's consolidated financial statements.

Except as otherwise described herein, the Registrants used the proceeds of debt issuances for their redemptions and maturities shown in the table above, to repay short-term indebtedness, and for general corporate purposes, including working capital. The Subsidiary Registrants also used the proceeds for their construction programs.

In addition to any financings that may be necessary to meet capital requirements and contractual obligations, the Registrants plan to continue, when economically feasible, a program to retire higher-cost securities and replace these obligations with lower-cost capital if market conditions permit.

### **Southern Company**

During the first three months of 2024, Southern Company issued approximately 2.6 million shares of common stock primarily through employee equity compensation plans.

In February 2024, Southern Company issued an additional \$400 million aggregate principal amount of its Series 2023D 5.50% Senior Notes due March 15, 2029 (Series 2023D Senior Notes) and an additional \$400 million

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**

aggregate principal amount of its Series 2023E 5.70% Senior Notes due March 15, 2034 (Series 2023E Senior Notes). Upon these issuances, the aggregate principal amount of outstanding Series 2023D Senior Notes and Series 2023E Senior Notes was \$1.0 billion and \$1.1 billion, respectively.

Also in February 2024, Southern Company borrowed \$300 million pursuant to a short-term uncommitted bank credit arrangement, which was repaid in March 2024.

Also in February 2024, Southern Company repaid at maturity \$600 million aggregate principal amount of its Series 2021A 0.60% Senior Notes.

### **Alabama Power**

In January 2024, Alabama Power repaid at maturity its obligations with respect to approximately \$21 million aggregate principal amount of The Industrial Development Board of the Town of Wilsonville (Alabama) Pollution Control Revenue Bonds (Alabama Power Company Gaston Plant Project), Series D.

### **Georgia Power**

In January 2024, Georgia Power borrowed an additional \$150 million pursuant to a short-term uncommitted bank credit arrangement. In February 2024, Georgia Power repaid the aggregate \$250 million outstanding.

Also in February 2024, Georgia Power issued \$500 million aggregate principal amount of Series 2024A 5.004% Senior Notes due February 23, 2027 and \$900 million aggregate principal amount of Series 2024B 5.250% Senior Notes due March 15, 2034.

### **Mississippi Power**

In March 2024, Mississippi Power issued in a private placement \$100 million aggregate principal amount of Series 2024A 5.62% Senior Notes due March 15, 2034 and \$50 million aggregate principal amount of Series 2024B 5.72% Senior Notes due March 15, 2036. Pursuant to the same agreement, Mississippi Power agreed to issue in a private placement in June 2024 \$100 million aggregate principal amount of Series 2024C 5.91% Senior Notes due June 15, 2054.

### **Southern Company Gas**

During the first three months of 2024, Southern Company Gas received cash advances totaling \$6 million under a long-term financing agreement related to a construction contract.

### **Credit Rating Risk**

At March 31, 2024, the Registrants did 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 contracts that could require collateral, but not accelerated payment, in the event of a credit rating change of certain Registrants to BBB and/or Baa2 or below. These contracts are primarily for physical electricity and natural gas

purchases and sales, fuel purchases, fuel transportation and storage, energy price risk management, transmission, interest rate management, and, for Georgia Power, services at Plant Vogtle Units 3 and 4.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The maximum potential collateral requirements under these contracts at March 31, 2024 were as follows:

<b>Credit Ratings</b>	<b>Southern Company<sup>(*)</sup></b>	<b>Alabama Power</b>	<b>Georgia Power</b>	<b>Mississippi Power</b>	<b>Southern Power<sup>(*)</sup></b>	<b>Southern Company Gas</b>
(in millions)						
At BBB and/or Baa2	\$ 33	\$ 1	\$ —	\$ —	\$ 32	\$ —
At BBB- and/or Baa3	462	2	60	1	400	—
At BB+ and/or Ba1 or below	2,126	404	939	316	1,326	21

(\*) Southern Power has PPAs that could require collateral, but not accelerated payment, in the event of a downgrade of Southern Power's credit. The PPAs require credit assurances without stating a specific credit rating. The amount of collateral required would depend upon actual losses resulting from a credit downgrade. Southern Power had \$106 million of cash collateral posted related to PPA requirements at March 31, 2024.

The amounts in the previous table for the traditional electric operating companies and Southern Power include certain agreements that could require collateral if either Alabama Power or Georgia Power has a credit rating change to below investment grade. Generally, collateral may be provided by a Southern Company guaranty, letter of credit, or cash. Additionally, a credit rating downgrade could impact the ability of the Registrants to access capital markets and would be likely to impact the cost at which they do so.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

During the three months ended March 31, 2024, there were no material changes to Southern Company's, Alabama Power's, Georgia Power's, Mississippi Power's, Southern Power's, or Southern Company Gas' disclosures about market risk. For an in-depth discussion of each Registrant's market risks, see MANAGEMENT'S DISCUSSION AND ANALYSIS – FINANCIAL CONDITION AND LIQUIDITY – "Market Price Risk" in Item 7 of the Form 10-K and Note 1 to the financial statements under "Financial Instruments" and Notes 13 and 14 to the financial statements in Item 8 of the Form 10-K, as well as Notes (I) and (J) to the Condensed Financial Statements herein.

**Item 4. Controls and Procedures.**

(a) Evaluation of disclosure controls and procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, Southern Company, Alabama Power, Georgia Power, Mississippi Power, Southern Power, and Southern Company Gas conducted separate evaluations under the supervision and with the participation of each company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon these evaluations, the Chief Executive Officer and the Chief Financial Officer, in each case, concluded that the disclosure controls and procedures are effective.

(b) Changes in internal control over financial reporting.

There have been no changes in Southern Company's, Alabama Power's, Georgia Power's, Mississippi Power's, Southern Power's, or Southern Company Gas' internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the first quarter 2024 that have materially affected or are reasonably likely to materially affect Southern Company's, Alabama Power's, Georgia Power's, Mississippi Power's, Southern Power's, or Southern Company Gas' internal control over financial reporting.

**PART II — OTHER INFORMATION****Item 1. Legal Proceedings.**

See the Notes to the Condensed Financial Statements herein for information regarding certain legal and administrative proceedings in which the Registrants are involved. The Registrants' threshold for disclosing material environmental legal proceedings involving a governmental authority where potential monetary sanctions are involved is \$1 million.

**Item 1A. Risk Factors.**

See RISK FACTORS in Item 1A of the Form 10-K for a discussion of the risk factors of the Registrants. There have been no material changes to these risk factors from those previously disclosed in the Form 10-K.

**Item 5. Other Information.**

The following table reports information regarding the adoption of "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements," as defined in Item 408(a) of Regulation S-K, during the three months ended March 31, 2024 for Southern Company's directors and "officers," as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended. There were no modifications or terminations of such trading arrangements during the three months ended March 31, 2024. Unless otherwise indicated, each trading arrangement listed below is a "Rule 10b5-1 trading arrangement," provides for the sale of shares of Southern Company's common stock, commences no earlier than the 120<sup>th</sup> day after the "Date of Adoption" listed below, and terminates upon the earlier of the "Expiration Date" listed below or the completion of all sales. The Subsidiary Registrants had no reportable trading arrangements for the three months ended March 31, 2024.

Name	Title	Date of Adoption	Expiration Date	Aggregate Number of Shares Covered
Christopher Cummiskey	Executive Vice President	February 26, 2024	February 3, 2026	3,248 <sup>(1)</sup>
Sloane N. Drake	Executive Vice President and Chief Human Resources Officer	March 4, 2024	July 1, 2025	12,000
Sterling A. Spainhour	Executive Vice President and Chief Legal Officer	March 6, 2024	September 5, 2025	5,553
Anthony L. Wilson	Chairman, President, and Chief Executive Officer of Mississippi Power	March 6, 2024	July 7, 2025	6,900

(1) Includes shares underlying equity awards subject to accrual of dividend-equivalent rights.

Accordingly, the total number of shares ultimately available for sale could be more than the amount

shown. The amount shown is based on the dividend-equivalent rights accrued as of the date of adoption.

## **Item 6. Exhibits.**

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.

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

#### **Georgia Power**

- (c)1 Sixty-Ninth Supplemental Indenture to Senior Note Indenture dated as of February 23, 2024 providing for the issuance of the Series 2024A 5.004% Senior Notes due February 23, 2027. ([Designated in Form 8-K dated February 20, 2024, File No. 1-6468 as Exhibit 4.2\(a\).](#))
- (c)2 Seventieth Supplemental Indenture to Senior Note Indenture dated as of February 23, 2024 providing for the issuance of the Series 2024B 5.250% Senior Notes due March 15, 2034. ([Designated in Form 8-K dated February 20, 2024, File No. 1-6468 as Exhibit 4.2\(b\).](#))



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## **Mississippi Power**

- \* (d)1 [Third Supplemental Indenture to Senior Note Indenture dated as of March 27, 2024, providing for the issuance of the Series 2024A 5.62% Senior Notes due March 15, 2034.](#)
- \* (d)2 [Fourth Supplemental Indenture to Senior Note Indenture dated as of March 27, 2024, providing for the issuance of the Series 2024B 5.72% Senior Notes due March 15, 2036.](#)

## **(24) Power of Attorney and Resolutions**

### **Southern Company**

- (a) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 1-3526 as Exhibit 24\(a\)1.](#))

### **Alabama Power**

- (b) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 1-3164 as Exhibit 24\(b\)1.](#))

### **Georgia Power**

- (c) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 1-6468 as Exhibit 24\(c\)1.](#))

### **Mississippi Power**

- (d) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 001-11229 as Exhibit 24\(d\)1.](#))

### **Southern Power**

- (e) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 001-37803 as Exhibit 24\(e\)1.](#))

### **Southern Company Gas**

- (f) - Power of Attorney and resolution. ([Designated in the Form 10-K for the year ended December 31, 2023, File No. 1-14174 as Exhibit 24\(f\)1.](#))

## **(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**



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- \* (d)2 - [Certificate of Mississippi Power's Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.](#)

#### **Southern Power**

- \* (e)1 - [Certificate of Southern Power Company's Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- \* (e)2 - [Certificate of Southern Power Company's Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.](#)

#### **Southern Company Gas**

- \* (f)1 - [Certificate of Southern Company Gas' Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- \* (f)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.](#)

#### **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.](#)

#### **Mississippi Power**

- \* (d) - [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**

- \* (e) - [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**

- \* (f) - [Certificate of Southern Company Gas' Chief Executive Officer and Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.](#)

### **(101) Interactive Data Files**

- \* INS - Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
- \* SCH - Inline XBRL Taxonomy Extension Schema Document
- \* CAL - Inline XBRL Taxonomy Calculation Linkbase Document
- \* DEF - Inline XBRL Definition Linkbase Document
- \* LAB - Inline XBRL Taxonomy Label Linkbase Document
- \* PRE - Inline XBRL Taxonomy Presentation Linkbase Document



**THE SOUTHERN COMPANY****SIGNATURES**

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

THE SOUTHERN COMPANY

By Christopher C. Womack  
Chairman, President, and Chief Executive Officer  
(Principal Executive Officer)

By Daniel S. Tucker  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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

Date: May 1, 2024

**ALABAMA POWER COMPANY****SIGNATURES**

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

ALABAMA POWER COMPANY

By J. Jeffrey Peoples  
Chairman, President, and Chief Executive Officer  
(Principal Executive Officer)

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

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

Date: May 1, 2024



**GEORGIA POWER COMPANY****SIGNATURES**

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

GEORGIA POWER COMPANY

By     Kimberly S. Greene  
         Chairman, President, and Chief Executive Officer  
         (Principal Executive Officer)

By     Aaron P. Abramovitz  
         Executive Vice President, Chief Financial Officer, and Treasurer  
         (Principal Financial Officer)

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

Date: May 1, 2024

**MISSISSIPPI POWER COMPANY****SIGNATURES**

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

MISSISSIPPI POWER COMPANY

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

By     Matthew P. Grice  
         Vice President, Chief Financial Officer, and Treasurer  
         (Principal Financial Officer)

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

Date: May 1, 2024

**SOUTHERN POWER COMPANY****SIGNATURES**

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

SOUTHERN POWER COMPANY

By Christopher Cummiskey  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

By Gary Kerr  
Senior Vice President, Chief Financial Officer, and Treasurer  
(Principal Financial Officer)

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

Date: May 1, 2024

**SOUTHERN COMPANY GAS****SIGNATURES**

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

**SOUTHERN COMPANY GAS**

By James Y. Kerr II  
Chairman, President, and Chief Executive Officer  
(Principal Executive Officer)

By Grace A. Kolvereid  
Executive Vice President, Chief Financial Officer, and Treasurer  
(Principal Financial Officer)

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

Date: May 1, 2024